Government of Norway

Submission form Norway on Baku to Belém Roadmap to 1.3T

23 September 2025

Norway welcomes the opportunity to provide additional comments and input on the COP29 Presidency and the incoming COP30 Presidency's work on the Baku to Belém Roadmap to 1.3T (referred to as the "Roadmap"). This submission builds on our first submission (sent in April 2025) and our intervention during the consultations in Bonn in June 2025. We would also like to elaborate on adaptation finance, answering question b.

Last year was the warmest year on record, and "*The past ten years have all been in the Top Ten, in an extraordinary streak of record-breaking temperatures*" according to WMO[1]. This is a stark reminder of how important our efforts are to limit the temperature increase to 1.5 °C. Every fraction of a degree over 1.5 °C makes a difference in avoiding the most severe effects of climate change.

To achieve the goals of the Paris Agreement, financing needs to be increased manyfold. Public finance remains central, especially for adaptation and for support to the most vulnerable countries and communities, particularly LDCs and SIDS. However, public finance will never be sufficient to meet the global scale of finance needed. The IPCC highlights that there is sufficient global capital to close the global investment gap, but there are barriers to redirecting capital to climate action. Norway considers that the purpose of the Roadmap should identify such barriers – and ways to overcome them.

The most important enablers for directing global finance flows towards renewable and low-carbon solutions are ambitious NDCs, supported by policy instruments such as carbon pricing.

Governments play a pivotal role in shaping **institutional and regulatory frameworks** that are conducive to attracting investments. This includes addressing policies that cause finance flows to run counter to climate objectives, such as harmful subsidies for fossil fuels. The High-Level Expert Group on Climate Finance also highlights the importance of well-articulated strategies and transition plans, as well as strengthening institutional structures for translating strategies

[1] WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level

into tangible investment programmes and project pipelines, including establishing country platforms.

In addition, directing sufficient finance flows to mitigation and adaption action will be dependent on our ability to overcome a large range of barriers. Barriers exist at all levels, international, regional, sub-national and local, and vary across time and geographical scales. Barriers are also interlinked with economic, financial, political, institutional and social structures. Hence, a range of different instruments, channels and policies will be needed to overcome them. Different country contexts may also require different solutions. **Norway would like to share four examples of relevant channels/instruments based on our own experiences:**

1. Cooperation through **multilateral channels** can contribute to enabling environments that support policy implementation, sustainable investments and participation in carbon markets. Examples of such efforts for the forest and land sector are the UN-REDD Programme and The World Bank Carbon Funds.

2. **De-risking instruments** can be effective in supporting climate actions, such as the energy transition. The Norwegian Investment Fund for developing countries, Norfund, attracts private investors and lenders, and significantly leverages public funds as a minority investor, by providing equity capital and other risk capital.

3. **Cooperation under Article 6** was set up to increase ambition in mitigation and adaptation and can help make activities commercially viable. Norway recently launched the Norwegian Global Emission Reduction Initiative, which aims to contribute to emission cuts and green transition in developing countries with an approved envelope of 740 million USD.

4. **Voluntary carbon markets** can also be a powerful tool to mobilize finance from the private sector. Norway supported the development of the LEAF Coalition, where governments and companies have come together to catalyse demand and pledge over a billion USDs to purchase verified emission reductions from high integrity REDD+ programs at national or sub-national level.

(b) What strategies can be implemented to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions?

Norway considers that directing finance to adaptation should have a prominent role in the Roadmap. We know that current levels of financing are insufficient, and that lack of resources is a key barrier for adaptation.

IPCC (AR5) highlights that adaptation finance come predominantly from public sources. A small proportion of global tracked climate finance was targeted to adaptation and an overwhelming majority to mitigation.

The development of strategies for climate adaptation support by donor counties is one example of efforts to address this. As described in our 9.5 reporting, Norway has developed a strategy that directs our support for climate adaptation, titled “Climate change, hunger and vulnerability: Strategy for climate change adaptation, disaster risk reduction and the fight against hunger”. The strategy has five focus areas: early warning systems and climate services, nature-based solutions, climate-resilient food production, infrastructure and innovative financing mechanisms.

The IPCC furthermore highlights the importance of increased access to finance. The funds and entities under the financial mechanism, while quantitatively small, both in absolute terms and relative to other public and private sources, have strengths that enable them to play an important catalytic role in advancing systemic change by working with development partners including MDBs, building markets, and mobilizing additional finance aligned with the Paris Agreement. They also play a critical role in reducing the cost of capital, supporting policy work, planning, project preparation, and implementation, as well as mobilizing private sector action.

Each of the funds and entities have their specific mandates reflected in their operation modalities. To deliver at their full potential and enhance their impact they should build on work to date on specific measures to improve efficiency, including in accreditation processes, project approval times, and accelerated disbursements, with particular attention on increasing access for LDCs and Small Island Developing States (SIDs), and on engaging the private sector. There is also a need to harmonize procedures across the funds and entities to reduce transaction costs. They should work together—strategically and sequentially—based on their comparative advantages, leveraging and connecting with existing sources of climate finance, public and private.

In an environment of increasingly scarce public finance, ensuring the quality—not just quantity—of adaptation finance will be critical. A better understanding of climate finance quality can ensure that limited resources are used optimally to catalyze sustained, transformational change rather than one-off, incremental improvements.

The IPCC also addresses the role of governance, to enable both mitigation and adaptation actions. For example, the development of national strategies for climate adaptation finance, building upon NAPs, can help attract investments in climate adaptation projects. And different kind of incentives (regulation, standards, etc.) can help make commercial investments climate-robust, for example in the agriculture, water and infrastructure sectors.

For Norway's national climate adaptation work, the integration of climate risk into planning and decision-making processes is key. Through our national Climate Services Centre, downscaled climate scenarios and regional climate profiles are made available to support municipalities and other actors in assessing and addressing climate risks. National policies and standards encourage the use of climate data in planning and risk assessments, helping ensure that infrastructure and land use are adapted to future climate conditions. These efforts contribute to climate-related risks being included in actions by different actors, including their investment decisions. Globally, Norway supports the whole value chain of climate services and early warning systems, from data observations and monitoring to "the last mile" – bringing impact-based forecasts to end-users: local communities in vulnerable countries. To this end, Norway is a strong supporter of the Early Warning 4 All-initiative.

To sum up, Norway would like to see the roadmap addressing different barriers for increased financing for climate adaptation, from various sources. Norway would also like to point at three concrete examples of financial mechanisms which can play a role for increased adaptation finance:

1. **Blended finance**: Public climate finance can serve as catalytic capital by reducing risk and thus trigger investments from banks, Development Finance Institutions (DFIs) and private investors in resilience projects. Financing Agri-SMEs in Africa (FASA) is a new multi-donor fund initiated by Norway and launched together with USAID during the UN General Assembly in 2023. The fund mobilizes commercial and private capital for small and medium-sized agricultural enterprises in Africa – a sector that is critical for food security and employment.

   Using blended finance, investments are made in funds that support agri-SMEs with climate friendly and inclusive business models. The fund channels capital to, among other things, climate adaptation measures related to climate-smart agriculture, value-chain efficiency, and biodiversity. Norwegian funds are used as first-loss capital to reduce risk and thereby trigger investments from banks, DFIs and private investors. FASA demonstrates how public climate finance can act as a catalytic effort to scale investments in climate adaptation, strengthen food systems and build resilient communities.

2. **Parametric insurance:** Parametric insurance schemes, where insurance premiums are triggered by warnings before a disaster happens, can enable vulnerable populations to take appropriate action to prevent damage to lives, livelihoods and property. Such insurance payments can channel large financial resources faster and more effectively to countries and people affected by natural disasters than traditional humanitarian aid often does.

Norway is supporting the African Risk Capacity (ARC), which is an insurance scheme initiated by the African Union for countries in Africa to insure against the financial consequences of natural disasters. Norway is also contributing to a fund in the African Development Bank, named African Disaster Risk Financing Program (ADRiFi), that is funding insurance premiums so that African countries Africa can access ARC.

3. **Innovative sources:** Funding to the Adaptation Fund from the share of proceeds under the Clean Development Mechanism, an arrangement which is replicated with a higher share under article 6.4. of the Paris Agreement, are examples of how innovative sources of finance can help scale up financing for climate adaptation in developing countries. Norway would like to see the Roadmap looking into other innovative sources of financing as well.