Asia Investor Group on Climate Change (AIGCC)

Submission to the United Nations Framework Convention on Climate Change (UNFCCC) on the “Baku to Belém Roadmap to 1.3T”

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AIGCC's Response to the UNFCCC's Call for Submissions on the Baku to Belém Roadmap to 1.3T

Background

The Asia Investor Group on Climate Change is an initiative to create awareness and encourage action among Asia's asset owners and asset managers about the risks and opportunities associated with climate change and low-carbon investing. AIGCC works with over 80 institutional investors in 11 Asian markets, with total funds under management of over USD36 trillion globally.

AIGCC provides capacity and a trusted forum for investors active in Asia to share best practices and to collaborate on investment activity, risk management, corporate engagement and policy dialogues related to climate change. Since 2021, AIGCC's Physical Risk and Resilience Working Group (PRR WG) has equipped investors with the tools and knowledge necessary to integrate physical risk considerations in their portfolio management, catalyse investment in adaptation solutions, and engage with governments across Asia in dialogues around adaptation and resilience planning.

In March 2025, AIGCC published "Financing Asia's National Adaptation Plans: An assessment of the region's adaptation plans against investors' expectations". This report evaluated adaptation plans and policies from nine markets in Asia against seven investor expectations. It highlighted variable progress on adaptation across markets, with some markets ahead of others in making transparent climate risk data tools, action-oriented plans to mobilise private capital, and implementing mandatory climate risk disclosure. Investor dialogues with governments thus have emphasized identifying opportunities for adaptation financing, providing accurate and actionable data, implementing resilience taxonomies, and encouraging governments to incorporate private sector involvement in national adaptation planning.

The Baku to Belém Roadmap represents a pivotal opportunity to scale up climate finance and foster public-private collaboration. This submission below is in response to the COP Presidencies' call for inputs on climate finance from Parties and Observers to the Roadmap on 6 August 2025.

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(a) What are priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions necessary to enable the scaling up of financing for climate action to developing countries? Based on experience to date and evidence, what can those actions contribute to in terms of progress in enabling the scaling up of financing?

Short-term Actions (by 2028)

1. **Establish and make accessible government-led risk data platforms**: Granular climate hazard, exposure, risk and resilience information made available and accessible to real economy stakeholders including financial institutions, insurers, corporates and planners serves a key function to ensure clear views of local-level or subnational risks, facilitate accurate risk pricing and thus enable action on adaptation and resilience opportunities. This data can comprise hazard assessments, forward-looking flood risk maps, sectoral-level risk heat maps, infrastructure protection standards at the district and at the asset-level, and adaptation actions undertaken by corporates.[1] Governments should ensure adequate investments into climate science and risk analytics to establish local risks and opportunities. In addition, governments should also track and engage with adaptation actions undertaken by corporates and assess their alignment with actual risk exposures to ensure alignment with the latest climate science and to avoid maladaptation risks.

2. **Adopt a whole-of-government' approach in the coordination of adaptation planning:** Interministerial coordination on adaptation planning including the Ministry of Finance is essential to facilitate an enabling environment for risk management and to catalyse private finance for adaptation. While there is a move towards this approach across markets, through the creation of an interministerial or interagency coordinating body to lead adaptation planning and recognise the need for a 'whole-of-government' approach, participation of the ministries of finance in adaptation planning is not often articulated or is unclear.

[1] Emerging examples of these platforms that improve risk transparency have been observed with Japan's Climate Change Adaptation Platform (A-PLAT) and South Korea's VESTAP. For more information, please refer to AIGCC's report on Financing Asia's National Adaptation Plans.

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3. **Institutionalise investor engagement in National Adaptation Plan (NAP) processes:** In developing comprehensive adaptation and resilience strategies, countries should clearly articulate the roles of financial institutions and investors within the design and implementation of the NAPs, and create engagement mechanisms or channels for regular dialogue and consultation among financial institutions, investors, corporations, academia and the government. Such a forum should convene all relevant government departments or bureaus that should be involved in assessing physical climate risk impacts, undertaking planning and examining opportunities for financing within and beyond a market systemically. This forum should also proactively share current and future priorities to address physical risk and resilience, and outline opportunities for the participation of stakeholders.

4. **Accelerate the implementation of mandatory physical risk disclosure among corporates and financial institution:** Mandatory climate risk and resilience strategy disclosure aligned with international standards such as the ISSB reduces information asymmetry and facilitates investor identification of and corporate engagement around strategies to address risks and opportunities. This can translate into lower adaptation investment risk and uncertainty, and facilitate critical dialogue around the implementation of adaptation measures. Sector-specific and targeted guidance on physical climate risk and resilience assessment and reporting can assist corporates in enhancing their resilience efforts and ensure greater transparency of risks.

5. **Develop and implement detailed climate adaptation finance roadmaps that scale action-oriented financing strategies:** Robust and bankable adaptation investment and project pipelines provides investors with policy clarity of the direction of travel. Financing strategies to mobilise private capital can include but are not limited to blended finance vehicles, green bonds or grant facilities. The integration of adaptation objectives and criteria within taxonomies can assist in defining credible adaptation-aligned activities to expand the investable solutions universe and avoid maladaptation risks.

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Medium and Long-term Actions (Post-2028)

6. **Embed transboundary or inter-regional risk into adaptation planning:** The impacts of physical climate risks transcend across boundaries and supply chains, and require systemic collaboration. Collaboration on risk analytics at a regional level such as through ASEAN in the case of Southeast Asia can facilitate or accelerate regional understanding risks through networks such as the ASEAN member.

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

Governments in collaboration with partners throughout the real economy should develop robust national adaptation investment pipelines through project preparation facilities focused on local infrastructure and resilience projects, where priority may be allocated to highly vulnerable and underserved regions. An example has been observed in the case of China's city-level climate investment, financing and matching platforms that aim to consolidate information around project opportunities, financing needs and stakeholder interest and facilitate investment matching. Concessional and catalytic capital can be combined with public grant funding to de-risk adaptation investments and mobilise capital. These should be established on the basis of regulatory and policy clarity, as well as clear roles of and engagement with financiers and the private sector within the planning and implementation stages of the NAP process.

Greater clarity from relevant government bodies on how physical risks are evaluated in the investment process, as well as sector-specific investment strategies related to adaptation financing will provide financial institutions with greater clarity of direction.

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(c) What other experiences, proposals or approaches could help inform and accelerate efforts to mobilize USD 1.3 trillion in financing, including through grants, non-debt creating instruments, new sources of finance, and strategies to create fiscal space?

NAPs, as building blocks that mobilise public and private capital for adaptation financing, should include action-oriented financing strategies and strategies to leverage new sources of financing across actors and crowd in private capital, which can include but is not limited to adaptation bonds, blended finance, concessional and catalytic capital, and insurance mechanisms that de-risk investments and ensure project bankability.

Insurers and reinsurers as a stakeholder group play a critical role in risk modelling and transfer, and can develop innovations that de-risk and incentivise adaptation at the asset-level through pricing of premiums. Parametric risk transfer solutions can provide rapid liquidity for projects with high exposure to climate impacts including natural ecosystems and nature-based instruments.[2]

Governments should leverage and expand upon sustainable finance taxonomies to define credible and eligible adaptation activities and measures across sectors, which should reflect local risks and identified adaptation priorities.

(d) What key actors and existing multilateral initiatives should be considered or involved, as appropriate, to support the delivery of the USD 1.3 trillion target?

Collaborations across actors including national and subnational governments, finance ministries, multilateral institutions (e.g. ASEAN), development banks, private financial institutions including asset owners and managers, investor networks (e.g. AIGCC), insurers/reinsurers, civil society organisations and academia are essential to support the delivery of the USD 1.3 trillion target.

Within Asia, ASEAN is a critical multilateral initiative; it is advancing climate adaptation finance through the ASEAN Climate Finance Platform and ASEAN Catalytic Green Finance Facility supported by the ADB, and coordinates regional efforts to address climate risks through the ASEAN Climate Change Working Group

[2] Howden and Pollination (Oct 2024). The Role of Insurance in Unlocking Nature Finance. https://huk.howdenprod.com/sites/huk.howdenprod.com/files/2024-10/ThroughTheWildernessReport_Pollination%20%281%29.pdf

(AWGCC) and Agreement on Disaster Management and Emergency Response (AADMER). Likewise, the ASEAN Taxonomy for Sustainable Finance is expected to provide the overarching framework guiding capital for adaptation and resilience.

As an investor network, AIGCC will continue to build investor capacity on understanding and responding to climate risks as well as catalyse crucial dialogue with governments across the region on adaptation planning and policy, particularly around the incorporation of private sector and investor perspectives in the development of NAPs and adaptation finance.

Contact Information

The AIGCC welcomes further engagement with the UNFCCC and partners on adaptation planning and financing. Please contact us for any clarifications or questions on this submission.

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