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The Baku to Belém Roadmap to $1.3 trillion

Further to decision CMA.6 and the New Collective Quantified Goal on Climate Finance and our previous submission of 21 March, 2025, Aviva welcomes the further opportunity to submit views on the Baku to Belém Roadmap.

Executive Summary

- Effective implementation of the COP30 Action Agenda and Global Stocktake is critical to shifting global economic incentives to scale finance for all countries but especially for the needs of developing countries.
- NDCs must be informed by the Global Stocktake and supported by clear national transition plans that set out implementing policy, as required by the Paris Agreement. These policies will shift the demand for finance as well as incentivising the supply.
- Creating a transition plan ecosystem in which private sector plans that address not only climate but interconnected issues of nature and just transition are informed by and inform national plans in a reinforcing feedback loop can decisively accelerate action.
- Transparency of implementing policy that is targeted to shift information flows and mindsets in the private sector can make a decisive difference to allocation of capital.

About Aviva

Aviva is a more than 325-year-old British company and the UK's leading insurance, wealth, and retirement business (www.aviva.com).

Aviva has set an ambition to be a net zero company by 2040 and is a member of the Net Zero Asset Owners Alliance and the Forum for Insurance Transition to Net Zero. Representatives from Aviva have been attending the UNFCCC COP for over a decade and have also been active participants at the CBD COP and other UN processes. Aviva has published its second iteration of its Transition Plan[1] that includes information about the dependencies and assumptions, including on policy implementation, needed for achievement of our transition ambition across climate, nature and the just transition.

Climate change, and other interconnected and overlapping sustainability crises, including nature loss, represents a source of financially material risks today and increasing risks in the longer term.

[1] Aviva Transition Plan

Climate risks exacerbate familiar financial risks, manifesting in increased credit, liquidity, volatility, and operational risks[2]. The impacts of climate change already influence core financial considerations around price stability and inflation[3], and increasing physical impacts of climate change, both insured and uninsured, continue to worsen increasing the impacts on prices that are central to financial returns but also the impact on individuals.

The risks posed by the changing climate matter for individual financial firms' safety and soundness, the resilience of the financial system as a whole, and, through the impacts already being felt on the macroeconomy, the outlook for inflation[4]. In the medium- to long-term, unaddressed climate change impacts threaten sustainable economic growth and financial stability. Climate change is a system-wide risk that cannot be mitigated through diversification[5] and decisions made about the future trajectory of climate change today will impact whether and when climate change becomes a systemic risk that threatens the functioning of the financial system upon which the global economy, sustainable development, and financial market participants depend.

As a provider of long-term savings, pensions and insurance, climate and sustainability risks present a significant challenge to providing long-term outcomes for our customers and clients. We therefore believe it is in the best interests of our customers, clients and shareholders to play our part in addressing climate and sustainability risks and impacts, including through engagement with policymakers and multilateral processes, such as the UNFCCC[6].

The Baku to Belém Roadmap to $1.3 trillion

The Roadmap focuses on enabling the scaling up of financing to developing country Parties for climate action from all public and private sources. But this dramatic increase of scale can only happen in the context of a **shift of the incentives in the global economy** and as part of **a transition that recognises the globally connected nature of financial flows**. The Roadmap can therefore lay out a clear, time-bound, specific and measurable action plan for transformational change that can not only scale finance for developing countries but also be the foundation of actions that will shift finance decisively towards the achievement of the mitigation, adaptation, sustainable development and poverty eradication aims of the Paris Agreement. This can as secure prosperity and economic stability for present and future generations.

We therefore warmly **welcome and support the Action Agenda for COP30** from the Brazilian Presidency. The shift from negotiation to implementation of actions collectively agreed in **the Global Stocktake has the potential to transform the global economy and accelerate the transition**. This can and will shift financial flows from all sources towards mitigation and adaptation in all countries but, significantly in the context of the Roadmap,

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[2] https://www.bankofengland.co.uk/speech/2020/sarah-breeden-leading-the-change-climate-action-in-the-financial-sector

[3] https://www.bis.org/review/r230425h.pdf

[4] Weathering the storm: stability in a changing climate - speech by Sarah Breeden | Bank of England

[5] https://www.tcfdhub.org/faq/

[6] More information on actions taken on key dependencies is set out in our second Transition Plan https://static.aviva.io/content/dam/aviva-corporate/documents/socialpurpose/pdfs/2024-transition-plan.pdf

shifting incentives for investment in and flows to developing countries who currently receive a disproportionately small proportion of global financial flows, particularly when compared to the needs of those countries.

Considering the demand for finance from the real economy not just the supply

Many of the measures that have been discussed in the context of climate finance, the NCQG, the Baku to Belem Roadmap, and even the broader context of financial flows under Article 2.1c focus on the *supply* and *sources* of finance - whether public or private, philanthropic, and whether domestic or international. This is, of course, very important. However, to understand the broader picture, it is essential that there is also a focus on the *demand signals* for that finance from the real economy and shifting the considerations that impact where finance is allocated by incentivising transition, resilience, and low emissions activity in all sectors and geographies.

Flows of finance are a reflection of the incentives in the global economy, holding up a mirror to show what we collectively choose to prioritise in production and consumption. If we want finance to flow differently to current or historical allocations, then measures need to be implemented that change those incentives. The global economy is a human construct, based on a series of choices made over time. Therefore, we can choose to construct it differently to reflect the global goals that have been collectively agreed but need to do so decisively or we can choose to accept the status quo and its conseqnuences.

The global economy is a complex dynamic system, which is always in a state of transition as technologies, economies of scale, demographics and consumer preferences, and political and regulatory signals shift. However, due to the existence of planetary boundaries, tipping points, and limited carbon budgets, the climate and nature transitions also have temporal limits – when we make decisive shifts matters not just that we do. The cost of inaction is too often ignored, and the cost of delayed action is also significant[7]. We need to trigger positive transition and economic tipping points before negative ecological ones are crossed.

Solely focussing on the financial system and the regulation of finance is unlikely to materially shift flows without changes in the real economy that the financial system invests in, lends to, and underwrites. Private finance will flow to where future profit, and therefore returns, are assessed to be most likely found. The economic incentives that are created by the blend of legal, regulatory, and fiscal frameworks put in place domestically by each party need to shift decisively towards implementation of the goals of the Paris Agreement and the outcomes of the Global Stocktake through changing what is profitable in the whole economy, which is a function of these incentives and frameworks.

Clearer frameworks are needed for the better assessment and pricing of risks, including the risks of inaction or delayed action that does not avoid triggering tipping points and permanent consequences. Better and more comprehensive assessment of physical, transition and liability risks is essential as those risks are not currently comprehensively

[7] For example, the NGFS Short Term Scenario analysis finds that just a 3-year delay in implementing policies could add nearly 1% to global GDP losses (which equates to close to the 2035 $1.3 trillion financing goal of the NCQG) https://www.ngfs.net/system/files/2025-05/NGFS%20Short-term%20scenarios%20-%20Main%20takeaways.pdf

reflected in prices and therefore financial flows[8]. Improving disclosure and the pricing of risks are certainly *necessary*, but in the absence of additional measures and in the face of misaligned incentives and economic externalities[9] these actions will not be *sufficient*. Disclosure and integration of climate into pricing and risk assessments therefore need to be supported by policy and regulation that shifts incentives towards the transition whilst avoiding placing costs on those least able to afford it.

The critical role of implementing policy behind NDCs

The overwhelming importance of incentives, driven by policy frameworks, is why it is not only the emission reduction targets of NDCs of each party that are crucial, but the implementing policy measures that sit behind them. The Paris Agreement sets out that parties "*shall* pursue domestic mitigation measures, with the aim of achieving the objectives of [their NDC]" and that NDCs are to be informed by the outcomes of the global stocktake[10]. The recent advisory opinion of the International Court of Justice on the Obligations of States in Respect of Climate Change interprets these provisions as requiring states to exercise due diligence, which equates to using "all means at their disposal" in their efforts and in deploying appropriate means to undertake domestic mitigation measures, including in relation to activities carried out by private actors[11].

In the Roadmap's focus on the scaling up of financing for developing countries, if it also supports the scaling up of ambition in parties' NDCs and the implementing policies sitting behind them to align more closely with trajectories towards the goals agreed in the Paris Agreement, in developed countries as well as in developing, it can support the transformation of not only finance for the mitigation and adaptation needs of developing countries, but economic incentives throughout the global economy. This would be consistent with significantly greater flows to developing countries even than the $1.3 trillion goal agreed in Baku[12]. There is often a focus on the enabling environment in developing countries seeking to access climate finance and private capital, but it is important that the enabling environment that affects the sources of this capital is also considered, including the regulation of financial entities (which is critical) but also the real economy policy incentives (as set out above). If COP30 represents a global *mutirão* around the achievement of the GST as a global NDC[13], we also need a global transition plan and reporting of progress against it to coordinate each action for the most efficient, effective, and just transition possible.

A transition plan "ecosystem"

National ambition and implementing policy can be brought together into a national transition plan, underpinned by sectoral pathways and clarity on policy priorities, which will differ according to national circumstances. A national plan can also set out the

[8] For example, Bank of England analysis finds that high-yield bonds with a maturity greater than eight years are only pricing 50% of transition risks from an orderly transition let alone a disorderly one, and less than 35% of transition risk is priced into the energy sector Financial Stability Report November 2024

[9] The IPBES Nexus Assessment estimates Unaccounted-for costs of current approaches to be at least US$10-25 trillion per year https://zenodo.org/records/13850289

[10] Paris Agreement Article 4.2 and 4.9

[11] Advisory Opinion of 23 July 2025 at paragraph 252 and 175

[12] The IEA's analysis finds implementation of the global stocktake energy outcomes in full and on time would see in excess of $2 trillion investment into EMDE by 2035 From Taking Stock to Taking Action

[13] Fourth Letter from the Presidency

expected financing dependencies and which sources of finance a country expects to rely on, building a national “capital stack” for transition. These plans will likely take a variety of forms, accordioning to national circumstances and frameworks, but they can inform and be informed by transition plans from financial institutions and non-financial corporates and the dependencies and assumptions in private sector plans can be a critical source of information for policymakers to assess where to deploy policy and financial resources and how and when to shift incentives. Creating this reinforcing “transition plan ecosystem” can be a significant supporting factor as the multilateral process moves from negotiation to implementation[14].

Transparency critical to shifting flows

Transparency and reporting will also be critical to implementing the actions of the Stocktake and Roadmap in a way that is decision-relevant for private finance and the analysis of lending, investment and underwiring decisions over the time horizons of private finance actors.

Each of the 30 objectives of the COP30 Action Agenda needs a clear, time-bound pathway, with clarity on which parties and other supporting actors will take the lead in respect of different actions. If this can be agreed at COP30, and agreement also reached to report to each subsequent COP on the measures each party has taken towards the objectives, these can meaningfully shift the analysis of private sector entities, including in finance, of where and how to deploy capital and their analysis of risk and future return which is critical to strategic asset allocation.

Enhancing private sector awareness and usefulness of BTRs can also be an important lever, if these reports are designed not solely to meet a UNFCCC requirement but to be a tool to raise awareness in the private sector of the actions being taken to implement and accelerate the achievement of the Paris goals, they can be decision useful to better assess future transition trajectories and shift risk-return and allocation assessments accordingly.

Recognising the different roles and capabilities of different parts of private finance

Private capital is critical to the scaling up of financing for developing countries, but it is important to recognise the different roles and requirements of different parts of the private finance system. Institutional investors like insurers and pension funds can provide much needed scale of investment but are generally not well suited to taking higher-risk early-stage project or technological risk, which they have limited appetite for in developed markets and so should not be expected to play this role at scale in developing markets. Where the funders of established projects in developing countries seek an exit or securitisation to move projects off their balance sheet, whether the initial investors are MDBs and the wider development bank and IFI system or projects that have been originated by banks with greater early stage project financing appetite, institutional investors are generally well-placed to invest in the resulting issue of securities, particularly where these are investment grade. The Climate Investment Funds Capital

[14] For more detail on the potential for the transition plan ecosystem and national transition plans see [The tipping point for climate finance - Aviva Investors] and [Taking the lead on climate action and sustainable development - CETEx]

Market Mechanism[15] is a good example of how this can work, and the rise of "originate to distribute models" from MDBs can further crowd in private capital to benefit developing countries[16].

Blended finance is essential, but governments must also shape markets

Blended finance is well-established as part of the range of tools that can be used to crowd in private capital in support of development and the scaling of finance under the Baku to Belem Roadmap. However, it will be important to recognise the limits to blended finance and ensure that scarce public and other concessional financing is used as effectively and efficiently as possible. Blended finance needs to be deployed within a system that also sees reformed economic incentives and structures focused on mobilising finance for development and climate action, not expecting blended finance to be efficient or a "silver bullet" within a system that still sees incentives pushing in different directions[17]. Blended finance has a crucial role to play, especially in establishing markets and opportunities, but to reach and exceed the $1.3 trillion goal for developing countries, as well as move towards achievement of the consistency of all flows, public and private, domestic and international, with Article 2.1c of the Paris Agreement, governments must play a market shaping role consistent with the goals agreed in the Paris Agreement, the Kunming-Montreal Protocol, and the SDGs and put policy, regulation and incentives in place to support their achievement.

Call for inputs

(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?

- The preparation, submission, and (where necessary) enhancement of 2030 and 2035 NDCs with clear implementing policies that are informed by the Global Stocktake.
- Transparency of implementation that is designed to inform the private sector about measures being implemented and timelines.
- Clear, time-bound action plans supporting the COP30 Action Agenda, with responsibility allocated between Parties and non-state actors and agreement to report implementation across multi-COP cycles.

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

- Recognition of the critical role of natural capital and natural infrastructure in adaptation and creating private sector incentives for the protection and

[15] CIF Capital Markets Mechanism | CIF
[16] Originate-to-Distribute Models | CFR Compass
[17] See, for example, Mazzucato and Sa (2025) on the limits of blended finance Mind the Mission, Not the Gap - Rethinking blended finance for public purpose | Bartlett Faculty of the Built Environment

restoration of natural capital as critical infrastructure that is systemically important both ecologically and to the stability of the financial system and price stability, creating supporting regulatory and policy structures accordingly.

(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?

- Implementation of the Global Stocktake and Action Agenda in full and on time will decisively shift incentives and therefore financing in support of the NCQG and the $1.3 trillion goal.

(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?

- Coordination of the Roadmap and Action Agenda can mainstream policy shifts to implement the Global Stocktake that will support the scaling up of financing for developing countries to and beyond the $1.3 trillion goal.
- Continuing the emerging coordination and reinforcing feedback between the UN Conventions on Climate change, Biological Diversity and Desertification in a holistic transition.
- Recognising the preponderance of critical natural capital in developing countries, creating incentives in support of the Kunming-Montreal Protocol Goals for the protection and restoration of at least 30% of degraded ecosystems by 2030 and the alignment of financial flows with the targets of the Framework[18] will support flows of capital to support the development as well as ecological ambitions of developing countries whilst also being critical for the achievement of mitigation and adaptation goals under Paris and ecological and therefore financial stability.

[18] 15/4. Kunming-Montreal Global Biodiversity Framework