

Global Shield against Climate Risks

Second Submission on the Baku to Belém Roadmap to 1.3T

The Global Shield Secretariat welcomes the Presidencies' invitation to provide further input to the *Baku to Belém Roadmap to 1.3T*.¹ We commend the inclusive, participatory process established under CMA 6 and CMA 7 and the continued outreach following the Bonn consultations.

The Global Shield against Climate Risks², launched at COP27 by the V20 and G7, works to close the financial protection gap by scaling up pre-arranged, non-debt finance solutions for climate-vulnerable countries. Drawing on country-led financial protection strategies and implementation experience across Global Shield countries and regions, this submission builds on our earlier input and responds directly to questions (a)-(d). It highlights how timely, predictable finance can mobilise resources, safeguard fiscal space, and deliver rapid, targeted support for adaptation, resilience, and responses to climate-related loss and damage.

(a) Priority short-term and medium-to-long-term actions

Short-term (by 2028):

To build momentum toward the USD 1.3 trillion goal, the immediate priority is to establish the financial and institutional infrastructure that allows developing countries to access and absorb pre-arranged, non-debt finance at scale. These actions strengthen market readiness, lower entry barriers, and create investable opportunities for public and private partners.

- **Build national CDRFI infrastructure:** support countries in developing enabling regulations, insurance markets, and fiscal frameworks for climate and disaster risk finance, ensuring systems are investment-ready.
- **Strengthen risk sharing through regional pools:** expand participation in ARC, CCRIF, SEADRIF, and PCRIC, supported by premium subsidies, to leverage collective risk sharing and attract private (re)insurance capital.
- **Enhance data and analytics for parametric triggers:** improve climate and disaster risk modelling to ensure credible, transparent trigger design, which builds confidence for public treasuries and private investors.
- **Integrate pre-arranged finance into national systems:** align contingency finance and risk transfer instruments with adaptive social protection and disaster management plans, enabling rapid and rules-based delivery.

¹ Message to Parties and Observers - Baku to Belém Roadmap to 1.3T. Available at: <https://unfccc.int/documents/649088>

² Global Shield against Climate Risks – see: <https://www.globalshield.org>

Medium to long-term (beyond 2028):

Beyond 2028, scaling finance requires institutionalisation of pre-arranged mechanisms and systemic reforms that anchor them into the global financial architecture. These steps embed predictability, sustainability, and fiscal resilience into developing countries' climate strategies.

- **Institutionalise pre-arranged finance globally:** Embed sovereign risk transfer, contingency finance, and premium support facilities within MDBs, IMF, and multilateral funds, with predictable replenishment cycles.
- **Leverage the remittances-insurance nexus:** Pilot products that link remittance flows with climate risk insurance at the household or community level. This can reduce vulnerability for remittance-receiving families, crowd in private capital through financial service providers, and complement public risk financing measures.
- **Align with debt sustainability and fiscal space measures:** Integrate pre-arranged finance with debt relief tools, SDR reallocation, and climate-contingent clauses to ensure climate responses do not exacerbate debt burdens.
- **Scale adaptive social protection through financial protection:** Expand shock-responsive safety nets linked to pre-arranged liquidity, ensuring household-level resilience and safeguarding development gains.
- **Crowd in private capital through layered solutions:** Deepen the role of (re)insurers and capital markets in providing risk layers beyond sovereign retention, supported by public guarantees and blended finance structures.

These actions collectively accelerate progress toward predictable, equitable, and debt-sensitive climate finance, aligned with the Roadmap's ambition.

(b) Strategies to enhance public and private financing for adaptation

Scaling adaptation finance requires strategies that reduce entry barriers for vulnerable countries, create confidence for private investors, and ensure resources reach communities quickly. Global Shield experience shows that combining public concessional support with risk-sharing mechanisms can unlock private sector capacity while preserving fiscal space.

- **Layered financing architecture:** Deploy sovereign risk transfer, contingency funds, and micro/meso insurance in a complementary structure. This ensures fiscal buffers at the macro level, while leveraging reinsurance and local insurance markets at meso and micro levels, thereby crowding in private capital across risk layers.
- **Public-private co-investment platforms:** Expand initiatives such as the Insurance Development Forum's Global Risk Modelling Alliance and Global Shield's partnership models to mobilise reinsurance, analytics, and capital market resources for resilience investments.
- **Local delivery through adaptive social protection:** Link risk-contingent sovereign payouts and contingency funds directly to national cash transfer systems. This ensures finance flows rapidly to households during shocks, increasing both the effectiveness of public funds and the confidence of private actors in system delivery.

- **Risk-sharing guarantees:** Scale donor-backed guarantees that de-risk private investments in climate-resilient infrastructure, agriculture, and MSMEs. These instruments can extend the reach of adaptation finance by reducing perceived risk and catalysing private co-financing.

(C) Additional experiences and approaches to mobilise finance

Mobilising USD 1.3 trillion annually will require scaling existing approaches while introducing innovations that expand fiscal space, strengthen public financial management, and create space for private sector engagement. Global Shield's country experiences demonstrate how pre-arranged, non-debt instruments can deliver predictable resources, protect fiscal stability, and channel liquidity rapidly to vulnerable households, while laying the groundwork for deeper market participation over time.

- **Country case evidence:**

Ghana: The ARC drought insurance policy, financed with premium support through the Global Shield Solutions Platform, delivered two payouts in 2024–25. This demonstrated how regional risk pools can provide predictable, rules-based liquidity to governments, protecting fiscal space without adding debt. ARC's model combines public premium contributions with risk transfer to international reinsurance markets, thereby linking sovereign risk pooling with private sector capacity.

Malawi: Contingency funds and sovereign risk transfer mechanisms enabled the Social Cash Transfer Programme to scale in response to droughts. This shows how adaptive social protection systems can absorb and channel liquidity quickly to households.

- **Innovative instruments:** Expand the use of forecast-based finance and regional agricultural insurance schemes, and pilot sovereign insurance products tailored to country needs. These innovations, supported through Global Shield's in-country processes, complement grants and subsidies by providing countries with more predictable and timely access to climate finance.
- **Fiscal space measures:** Provide targeted premium support facilities and capitalise national contingency funds so governments can retain and access liquidity without increasing debt. Embedding these facilities in public financial management frameworks ensures climate shocks can be absorbed without displacing other critical budget priorities.
- **Blended finance models:** Use donor contributions and guarantees to catalyse private sector co-investment in risk transfer solutions, extending market participation beyond reinsurance into capital markets.

(d) Key actors and initiatives for the Roadmap

Delivering USD 1.3 trillion annually requires leveraging existing multilateral initiatives while ensuring coordination to avoid duplication. We believe that the following actors and initiatives will be critical to achieving the objectives of the Roadmap:

Key Actors

- **V20 / Climate Vulnerable Forum (CVF):** Through frameworks such as Climate Prosperity Plans, the V20 integrates resilience, development, and investment strategies, providing entry points for anticipatory finance.
- **Regional risk pools (ARC, CCRIF, SEADRIF, PCRIC):** Proven mechanisms for sovereign payouts and collective risk sharing, supported by premium subsidies and reinsurance.
- **IMF and MDBs:** Essential actors for embedding pre-arranged finance into fiscal frameworks, supporting debt sustainability, and scaling concessional finance alongside risk transfer solutions.
- **Multilateral climate funds:** Key delivery channels for concessional, pre-arranged, and programmatic finance, supporting integrated risk-layered strategies.

Key Initiatives

- **Global Shield against Climate Risks:** A V20–G7 initiative with dedicated financing vehicles and a Secretariat, supporting countries to design and implement pre-arranged, non-debt financial protection packages. These packages help governments access and integrate instruments such as risk pools, contingency funds, and premium support, aligning with national systems and complementing other multilateral funds to strengthen fiscal resilience and close the financial protection gap.
- **Insurance Development Forum (IDF):** A global public–private partnership platform that mobilises insurers, reinsurers, and technical expertise to expand risk analytics and scale risk transfer solutions.
- **Bridgetown Initiative:** Advancing reforms to global financial architecture that expand access to concessional and non-debt finance.
- **Early Warnings for All initiative:** Critical for linking forecast-based triggers with anticipatory finance at the community level.

Together, these actions and partnerships can help ensure that the Roadmap to 1.3T not only mobilises finance at scale, but also delivers it in ways that are predictable, equitable, and non-debt creating. The Global Shield remains committed to working with countries and partners to strengthen financial protection, safeguard fiscal space, and channel timely support to those most vulnerable to climate shocks.