Submission to the UNFCCC and COP30: Baku to Belem Roadmap/Adaptation Finance

Adaptation Finance Part of the Baku to Belem Roadmap: Three Potential Action Ideas to Make an Impact on Adaptation Finance for COP30

Submitted for consideration under the UNFCCC Call for Ideas on Climate Finance

Executive Summary

This submission outlines three practical and action-oriented ideas that could be advanced at COP30 to make a material difference in mobilizing and scaling adaptation finance as part o the Roadmap from Baku to Belem. This compliments our earlier submission, ReInvest+, on the mitigation and private capital mobilisation component of the Roadmap. The proposals here focus on improving the resilience of financial systems, expanding access to low-cost adaptation lending, and creating innovative mechanisms to release fiscal space for adaptation.

1. Making the Financial System More Fit for a World of Increasing Shocks

We propose calling for the widespread adoption of zero-cost Pause Clauses in all debt instruments, not just for small states or multilateral development bank (MDB) lending. International standards already exist, such as the ICMA (International Capital Markets Association) model clauses and the recently issued Eurobond with pause clauses. To create momentum, a core group of governments and investors could announce their willingness to borrow with zero-cost natural-disaster pause clauses. A register could be established to track adoption and encourage others. Likely early supporters include the UK, Spain, Canada, and Barbados. Engagement with SB COP could help bring asset managers and asset owners into a Zero-cost Pause Clause Alliance. The addition of the qualifier of "zero-cost" is to distinguish this instrument from one in which the borrower pays for an insurance feature of the borrowing instrument as opposed to the zero-cost reshuffling of payments from the disaster to later.

2. Expanding Low-Cost Finance for Resilient Public Infrastructure

We recommend calling on MDBs to raise their target for adaptation and resilience to 50% of all climate-related lending. In 2024, MDBs lent and directly mobilised approximately $118

billion for climate finance to developing cuntries yet only 27% of this was for adaptation. A COP30 commitment from MDB Climate Heads to reach 50% adaptation would send a powerful signal and preedent for a further ratcheting up in the future. For example, alongside this commitment, the Inter-American Development Bank (IDB) could highlight adaptation-focused loans, such as the financing of 25 heat-ready schools in Pará State, Brazil. This call could be elevated through a dedicated COP30 event that showcases the benefits of MDB adaptation loans, complimented by a Joint MDB Statement on commitment to and innovation in MDB Resilience and Adaptation lending instruments.

3. Expanding Debt-for-Resilience Swaps

We propose the creation and launch at COP30 of the first Multinational Multi-guarantor Debt-for-Resilience Swap Facility. This facility would deliver economies of scale, lower costs, and greater speed by standardizing core features such as the way different guarantors fit their guarantees together, governance of trust funds, and monitoring structures. It would also establish a commitment that at least 20% of the proceeds from participating debt swaps are directed toward regional public goods. To ensure this initiative is action-oriented, the IDB, CAF, CDB, and possibly the World Bank would launch the Facility at COP30, alongside the first transaction: a $400 million debt-for-social-resilience swap in Barbados focused on health resilience, including the funding of mobile clinics and the establishment of a regional pharmaceutical hub.

Conclusion

These three proposals—mainstreaming pause clauses, increasing MDB adaptation lending, and establishing a Multinational, Multi-guarantor Debt-for-Resilience Swap Facility—offer practical, impactful, and politically viable pathways to scale adaptation finance. We respectfully submit them for consideration under the UNFCCC and COP30 call for ideas.

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