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Submission on the issue:

Title: **Climate Finance under the UNFCCC: Pathways for Scaling Up, Improving Quality, and Restoring Trust**

Topic: Baku to Belém Roadmap 1.3T

Mandate: MOI/MTP/O/BtB Roadmap

This submission was jointly developed by the following organizations: Observatório do Clima, Plataforma Cipó, Conectas Direitos Humanos, WWF-Brasil, LACLIMA, Geledés - Instituto da Mulher Negra, Greenpeace Brasil

Introduction

The current debates on climate finance under the UNFCCC mirror the broader evolution of the global economy, as Parties seek to mobilize both public and private resources through multiple channels and instruments. To advance from negotiations to delivery, it is critical to reaffirm the foundational principles of climate justice embedded in the Convention, the Kyoto Protocol, and the Paris Agreement, while addressing the concerns voiced by civil society.

Parties are engaging in the Roadmap process with a profound lack of trust. Previous commitments, including the Sevilla discussions on debt relief, the high cost of capital, and the urgent need for grants and concessional finance, remain largely unmet. Evidence such as the Jubilee Report underscores this gap: many developing countries today spend more servicing external debt than on food security and basic social needs. Against this backdrop, the Roadmap must provide not only a political signal but also credible operational pathways to restore trust, reduce inequalities, and deliver real support to those most in need.

The Roadmap must therefore establish a **collective vision** and action plan for scaling up climate finance to developing countries, and should use its mandate to put a particular emphasis on public finance, both under the UNFCCC framework and through other relevant international processes. In the context of the UNFCCC, the Roadmap should **help clarify the different gaps, challenges and opportunities that exist in the current climate finance landscape** and identify **processes and avenues to fix and advance those**. This would allow the implementation of specific measures to generate additional, predictable, high-quality, and accessible resources across mitigation, adaptation, just transition, and for addressing loss and damage while ensuring transparency and accountability in the delivery of these resources.

At the same time, the Roadmap should critically assess the constraints imposed by the current **international financial architecture and economic system** on accelerating climate

action in developing countries. It should identify and propose reforms to address systemic issues, such as debt burdens, capital costs, and structural inequities, that currently impede the flow of finance and structurally disadvantage Global South countries. Moreover, **it should consider the fiscal and policy space available to developing countries**, and recommend approaches that strengthen their ability to independently design and implement ambitious climate action.

This submission is presented on behalf of *Observatório do Clima, Plataforma Cipó, Conectas Direitos Humanos, WWF-Brasil, LACLIMA, Geledés - Instituto da Mulher Negra, and Greepeace Brasil*. Our contribution is divided into two parts: The first part sets out the complete rationale, including detailed arguments and evidence, in order to inform the Baku to Belém Roadmap discussions. The second part, added as an annex to this submission, provides a summary of key recommendations structured by themes and timelines (short, medium, and long term).

Section I – Foundations of Climate Finance in the UNFCCC

The ongoing debates on climate finance under the UNFCCC reflect the broader evolution of the global economy, particularly as Parties seek to mobilize private resources alongside public ones through a variety of sources and instruments. In this context, it is essential to reaffirm the foundational pillars that guide this agenda, while acknowledging concerns raised by civil society and advancing solutions to strengthen implementation.

As the process moves from negotiation towards action, discussions on the means of implementation have become increasingly urgent, underscoring the need to safeguard financial resources in line with the principles of climate justice enshrined in the Convention, the Kyoto Protocol, and the Paris Agreement, including the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), in light of national circumstances.

The Bali Action Plan (COP 13, 2007)[1] established that climate finance must be adequate, predictable, sustainable, new, and additional. This principle was reaffirmed in the Cancun Agreements (COP 16, 2010)[2], and further embedded in the

[1] Particularly, under the Bali Action Plan (Decision 1/CP.13), Parties are to address enhanced action to ensure predictable, sustainable, new, and additional financial and technical resources – including concessional funding, positive incentives, innovative mechanisms, and public-private investments – to support developing countries, particularly the most vulnerable, in implementing mitigation, adaptation, technology cooperation, and capacity-building. For more, see this reference: https://tinyurl.com/4m78uzba.

[2] From Cancun to Paris, negotiations advanced from generic references to “new and additional” resources and initial reporting mechanisms (ICA/IAR, BURs) to a more robust regime requiring predictability, transparency, balance between mitigation and adaptation, and establishing the Enhanced Transparency Framework (Art. 13), with common rules, BTRs, and detailed reporting of support provided and received. For more, see this reference: https://tinyurl.com/36mafcwh

Paris Agreement (COP 21, 2015)[3], which under Article 2.1(c) calls for finance flows consistent with low-emission and climate-resilient development; under Article 9.1, developed country Parties are to provide resources for mitigation and adaptation; and under Article 9.3, the leadership of developed countries in providing and mobilizing finance, noting the central role of public funds, is stressed. The Standing Committee on Finance (SCF) has further defined climate finance as encompassing mitigation, adaptation, resilience, and systemic responses.

Section II – The Baku to Belém Roadmap and the NCQG

The Baku to Belém (B2B) Roadmap has the potential to establish a **collective vision and action plan for scaling up climate finance to developing countries, and should use its mandate to put a particular emphasis on public finance**, both under the UNFCCC framework and through other relevant international processes. In the context of the UNFCCC, the Roadmap should help clarify the gaps, challenges, and opportunities that exist in the current climate finance landscape and identify processes and avenues to fix and advance those issues.

At the same time, the Roadmap should critically assess the constraints imposed by the current international financial architecture and economic system on accelerating climate action in developing countries. This includes many issues that were not addressed in the New Collective Quantified Goal (NCQG) decision, but must be clarified for its successful implementation. Many of these are linked to the need for further disaggregation of the NCQG goals in order to enhance transparency and accountability, therefore, ensuring predictability.

The NCQG decision adopted at COP29, paragraph 27, emphasizes the urgent need to scale up climate finance to at least USD 1.3 trillion annually by 2035.[4] **This is not merely another technical financial pledge, but a crucial political signal to sustain multilateralism, rebuild trust, and secure the intergenerational right to a healthy climate, while addressing the deepening inequalities that erode**

[3] The transition from Cancun to Paris marked a shift from quantity to quality and transparency in climate finance, with the SCF(created in Cancun and consolidated in Paris) now central to monitoring flows and informing the NCQG, which, linked to the B2B process, must ensure the delivery of the US$300 billion floor already agreed by Parties, and contribute to scaling up climate finance towards US$1.3 trillion annually by 2035.

[4] Further recalling decision 1/CP.21, paragraph 53, and decisions 14/CMA.1, 9/CMA.3, 5/CMA.4, and 8/CMA.5, which form the basis of the NCQG, paragraph 27 establishes: “Decides to launch, under the guidance of the Presidencies of the sixth and seventh sessions of the CMA, in consultation with Parties, the “Baku to Belém Roadmap to 1.3T”, aiming at scaling up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways and implement the nationally determined contributions and national adaptation plans including through grants, concessional and non-debt creating instruments, and measures to create fiscal space, taking into account relevant multilateral initiatives as appropriate; also requests the Presidencies to produce a report summarizing the work as it concludes the work by CMA 7”.

social cohesion. To meet the mandate of the NCQG, the Roadmap should go beyond reporting by setting out a clear action plan for delivering the **USD 300 billion goal floor**, providing developing countries with a credible pathway for the provision of climate finance.

This is particularly important given that **Article 9.1 of the Paris Agreement establishes a legally binding obligation for developed countries to provide financial resources for climate action in developing countries**. For many developing countries, this remains one of the strongest and most politically salient articles of the Agreement, as it operationalizes the principles of equity and common but differentiated responsibilities. Yet, the persistent shortfalls in meeting past finance commitments have severely eroded trust. The contested NCQG outcome only deepens this mistrust, as it risks undermining the very ambition cycle embedded in the Paris Agreement. Article 4.5 notes that support "shall" be provided to developing countries, and yet the absence of credible and predictable finance commitments disincentivizes ambition from the Global South.

Section III – Transparency, Monitoring, and Accountability

Trust in multilateralism also requires effective transparency and monitoring. Article 9.5 of the Paris Agreement states that developed countries are to biennially communicate indicative information on projected levels of climate finance, and paragraph 30 of the NCQG commits the SCF to produce biennial reports on collective progress beginning in 2028. Although not a negotiated outcome, the **SCF should treat the B2B as an integral element of its NCQG mandate.** In addition, the B2B must provide measurable outcomes to ensure that its outcomes are meaningful to the UNFCCC process and are transparently tracked, using both qualitative and quantitative data, including disaggregated information on the specific needs of LDCs and SIDS.

In this regard, a **robust transparency framework** is essential to address the main gaps in the current climate finance architecture. Beyond aligning with the GST cycle and being integrated with the BTRs, the framework should include:

- clear rules, responsibilities, timelines, and accountability mechanisms to increase predictability and track implementation;
- guidelines to distinguish between public and private sources;
- measures to assess whether mobilized support aligns with nationally determined priorities and pathways; and
- common accounting methodologies to determine what counts as climate finance and to assess progress in grant-equivalent terms.

Section IV – Expanding and Diversifying Public Finance

We welcome elements identified in the summary of submissions[5], notably the call to bridge the UNFCCC process with institutions outside the Convention, in order to address barriers to access such as inequities in allocation, the cost of capital, the influence of credit rating agencies, debt burdens, and the role of the international financial safety net. **The B2B should set out concrete steps to accelerate scaled-up public finance and provide clear recommendations to relevant actors, especially from the Global North, in line with their historical responsibilities**.

The B2B should function as a dynamic, recurring process aligned with NDC and NAP's cycles, reflecting the evolving needs and circumstances of developing countries and their diverse transition pathways. It must **ensure regional and *per capita*[6] balance in the delivery of resources, significantly increase adaptation and loss and damage finance[7], and support communities most vulnerable to climate impacts**[8]. This must be done while respecting the rights and priorities of women and girls, children, indigenous peoples, local communities, people of African descent, migrants, refugees, and persons with disabilities. In line with the principle of sovereignty under international public law, the B2B must avoid a "one-size-fits-all" approach.

In the short and medium term, concessional finance must be expanded, with explicit targets for grants and highly concessional flows to LDCs, SIDS, and for adaptation and loss and damage. **While instruments such as guarantees, insurance, and blended finance may contribute, they must be used with caution, avoiding de-risking frameworks that divert public resources merely to protect private returns and maladaptation projects**. The ongoing rhetorical shift from "de-risking" to "risk-sharing" does not change the underlying rationale, which continues to favor

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[5] See: Baku to Belém Roadmap to 1.3T/2025/HLSummary/3

[6] *Per capita* analysis is a fundamental complement to qualitative assessments of climate finance allocation. Data from the SCF's Sixth Biennial Assessment show that while multilateral climate funds distribute resources more equitably in gross terms across LAC (31%), Africa (25%) and Asia (22%), per capita analysis reveals a stark inequity: citizens in LDCs and SIDS receive only 15% and 5%, respectively, while Oceania, LAC and, in particular, Europe benefit disproportionately more than Africa and Asia. A similar pattern emerges in MDB flows, with Europeans as the main per capita beneficiaries, followed by Oceania and LAC, leaving Africa and Asia last. In the case of private finance, Europe stands out as the overwhelmingly dominant beneficiary, with LAC as a distant second, while Africa and Asia continue to receive only marginal support. See: SCF, Sixth BA, 2022, https://tinyurl.com/j7wpsueb.

[7] Despite the doubling commitment, adaptation finance remains far below needs, with costs in developing countries exceeding USD 350 billion annually and only USD 28 billion provided in 2022. Adaptation finance needs to be scaled up to adequately match the needs by developing country parties. For more, see this reference: https://tinyurl.com/3ce8ppja

[8] See Vianna Junior, A., Ubinger, H. C., Kambeba, M. dos S. C., Miranda, M., Pereira Junior, D., & Luciano, G. (Baniwa). (2025). *Raízes do bem viver: mecanismos financeiros para povos indígenas e outros povos e comunidades locais.* Associação Franciscana de Solidariedade (Sefras), on the evolution of direct finance for Indigenous Peoples and Local Communities since Rio-92, and Rights and Resources Initiative, and Women in Global South Alliance. (2025). *Is global funding reaching Indigenous, Afro-descendant, and local community women? Experiences from the Women in Global South Alliance* (WiGSA), on barriers faced by women's organizations in the Global South to access direct, flexible, and adequate funding. Both texts critique rigid financing models and call for trust-based, partnership approaches that recognize the autonomy and leadership of these communities.

private capital by socializing risks while privatizing benefits. This raises serious concerns regarding equity and the justice dimensions of climate finance.

To expand public climate finance, governments should uphold the "**polluters pay**" principle though measures such as phasing out fossil fuel subsidies[9], implementing cooperation under Article 6.8, utilizing revenue obtained by environmental fines and increasing taxation on premium air travel and private jets (as proposed by the Global Solidarity Levies Task Force), and introducing windfall profit taxes or mandatory climate investments for fossil fuel and other high-emission industries. This would enable re-channelling existing budgets towards mitigation and adaptation measures and to address loss and damage alongside just transition efforts, particularly in the most vulnerable communities, and would also generate significant savings through avoiding environmental and public health harms in the order of trillions of dollars annually.

Several studies indicate that a tax on fossil fuel companies could generate substantial revenue, potentially reaching hundreds of billions of dollars annually, to help address climate change impacts and promote just transitions. Research by Oxfam International suggests a "rich polluter profits tax" could raise up to $400 billion in its first year.[10] Other analyses, such as one by Global Witness, propose a retrospective climate tax on the 30 largest oil and gas companies, potentially raising over $1 trillion.[11] There is already broad political support for these measures, as a survey commissioned by Greenpeace and Oxfam in 13 countries showed that 81% of citizens support taxes on the fossil fuel industry to advance climate action, and 86% support it being directed to the communities most affected by climate change.[12] **The Roadmap should identify and leverage innovative instruments to channel fossil fuel royalties and profits towards financing just transition programs and other relevant initiatives in developing countries**.

Section V – Equity, Access, and Quality of Finance

Beyond the 1.3T quantitative goal per year, the Roadmap should also address problems related to the quality of climate finance. The lack of an agreed climate finance definition contributes to double-counting or consideration of projects not related to climate, as well as debt-creating instruments. **Increasing the quality of finance in the Roadmap can be done through an exclusion list clarifying activities that cannot be considered climate finance[13], and a reintegration that**

[9] According to the IMF, globally, fossil fuel subsidies were $7 trillion or 7.1 percent of GDP in 2022.
[10] Available at: https://tinyurl.com/4hahhvsb.
[11] Available at: https://tinyurl.com/yc2z76ja.
[12] Available at: https://tinyurl.com/48s4zsez.
[13] It should decide that all climate finance must be consistent with pathways limiting global heating to 1.5°C. This requires explicitly excluding fossil fuels and dangerous distractions from climate finance. Carbon credits from voluntary markets should also be excluded as the *offseting* rationale attributed to those mechanisms often do not result in actual mitigation and often do not benefit local communities.

climate finance must be new and additional to existing development finance commitments, in addition to prioritizing grants and non-debt-creating mechanisms.

It is also essential to distinguish climate finance, anchored in Article 9 of the Paris Agreement, from green finance, which more broadly refers to market-based instruments aligned with the Sustainable Development Goals (SDGs). Green finance may be considered under Article 2.1(c) in the context of discussions on reforming the financial architecture to better serve climate objectives. At the same time, while Official Development Assistance (ODA) remains a critical source of support, it must not overlap or be double-counted with the financial mechanisms established under the UNFCCC; such resources should be additional and complementary.[14]

While discussions on Multilateral Development Banks (MDB) reform and country platforms are welcome, there is a concern that current proposals remain narrowly focused on mobilizing private capital through mobilization ratios, guarantee platforms, and coordination mechanisms. Country platforms, though presented as country-owned, often prioritize "investibility" over advancing country-driven policy priorities, reflecting a top-down set of macroeconomic conditions that are not always aligned with the specific needs and realities of developing countries.

By contrast, solidarity levies, the United Nations Framework Convention on International Tax Cooperation (UNFCITC), and the Tropical Forests Forever Fund (TFFF) provide lessons and opportunities to generate new and additional resources. These mechanisms channel finance directly into nationally designed public policies and enhance the predictability of climate and conservation finance in line with NDCs and national plans. In particular, the TFFF presents an innovative experiment by incorporating into its architecture a mandatory portion of at least 20% for direct financing from Indigenous Peoples and Local Communities (IP&LCs), thereby recognizing their crucial contribution to environmental stewardship.[15]

Yet, direct access for IP&LCs remains the exception rather than the norm. Most international climate funds are still routed through national governments or major intermediaries, with only limited amounts reaching communities on the ground. Where available, **direct climate finance enables IP&LCs to craft locally relevant adaptation strategies, combine traditional knowledge with modern**

Commercial loans should not be counted as climate finance as these are investments primarily focused on generating profits. Meanwhile, just transition support should be eligible for climate finance.

[14] There are growing concerns that climate finance reported as ODA may be displacing traditional development assistance, as the overall share of ODA in donors' GNI has remained virtually unchanged since 2009. While non-concessional loans can provide useful liquidity, they are less effective than concessional flows in supporting climate action in recipient countries. A more accurate picture of climate finance and its additionality requires reporting on a grant-equivalent basis, including recognition of the liquidity function of non-concessional loans. see: https://tinyurl.com/47u7zk96 and https://tinyurl.com/3cns9r66.

[15] See TFFF's Concept Note 3.0: https://tinyurl.com/mrx88fxv.

approaches, and strengthen resilience to climate-related challenges such as droughts, food insecurity, and displacement. Secured funding also allows these communities to safeguard cultural continuity, sustain biodiversity, food and water systems, and uphold social and mental well-being, especially when adaptation measures are designed in accordance with their priorities.

The Roadmap should present concrete options for countries to expand fiscal space and mobilize public funds in support of a just energy transition, climate-resilient sustainable development, and other climate finance priorities. These options include phasing out subsidies and public finance for fossil fuels, redirecting investments by state-owned enterprises, applying the "polluter pays" principle through measures such as fossil fuel levies and wealth taxes, and addressing unfair financial rules that constrain fiscal autonomy.

The roadmap should point to concrete options for countries with innovative instruments—such as SDR re-channelling[16], cooperation under Article 6.8, results-based payments, debt restructuring, ending subsidies and public finance for, and SOE investments in, fossil fuels, making polluters pay including through fossil fuel levies and wealth taxes, changing unfair financial rules, green and blue bonds, local currency products—can contribute if designed to safeguard equity and avoid exacerbating debt vulnerabilities. Efforts such as the Borrowers' Club, the UN Debt Convention, and the Bridgetown Initiative highlight the centrality of debt relief and restructuring to enable countries to invest in both development and climate goals. In this regard, the **Roadmap could call for a multilateral debt restructuring mechanism that is timely, fair, and transparent, and for Debt Sustainability Assessments that incorporate a country's capacity to respond not only to economic pressures but also to climate and human rights imperatives**.

Conclusion

Public finance is indispensable to ensure predictability and adequacy, and while private actors can play a complementary role, their engagement must never substitute for the obligations of public finance, notably in the provision of public social infrastructures. This way, the ongoing debates under the B2B could serve as a bridge to the discussions under Article 2.1(c), recognizing the central role that the financial system plays in the contemporary economy, while also valuing financial regulation as a safeguard against abuses and systemic crises, and not only for profit.

[16] See, for example: https://tinyurl.com/33jn3bav.