



## United Nations Development Programme

Submission by the United Nations Development Programme (UNDP) to the Presidencies of the sixth and seventh sessions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA-6 and CMA-7) on the “Baku to Belém Roadmap to 1.3T.”

### **Background**

- **UNDP welcomes the opportunity to share its responses to the questions proposed by the CMA-6 and CMA-7 Presidencies on the “Baku to Belém Roadmap to 1.3T.”** This submission also provides examples and case studies drawn from UNDP’s experience, as well as perspectives on opportunities, best practices, actionable solutions, challenges, and barriers.
- **Through its [Climate Promise](#) – the world’s largest offer of support to countries on national climate pledges under the Paris Agreement – UNDP is uniquely positioned to help developing economies achieve their climate-related objectives.** With its mandate to support sustainable growth and its extensive in-country presence, UNDP has decades of experience in supporting countries as they work to achieve their national climate goals.
- **For UNDP, addressing climate change makes economic sense.** Strengthened climate action could boost GDP by +0.2 per cent in 2040 (OECD 2025). Recent findings show that all regions would see robust economic growth under an Enhanced NDCs scenario. Factoring in avoided climate damages further strengthens the economic case, showing up to 13 per cent of avoided global GDP loss, compared with current policies. However, it is likely that continued support to countries will be needed to raise the finance needed to make these investments.

### Responses to questions on the “Baku to Belém Roadmap to 1.3T.”

**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?**

#### **1. Short-Term Actions (by end of 2028)**

##### ***a) Set-up, Launch and Enhance Coordination Mechanisms***

**Action:** Countries should establish or strengthen voluntary, country-owned, and country-led coordination mechanisms, including country platforms to coordinate financing in line with national priorities, such as Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and Long-Term Strategies (LTS). These platforms should facilitate collaboration among development

partners—Vertical Climate and Environmental Funds (VCEFs), Multilateral Development Banks (MDBs), National Development Banks (NDBs), and the private sector—leveraging their strengths.

Critically, this work should build upon ongoing, established strategy and policy initiatives, such as the development of National Integrated Financing Frameworks (INFFs) and platforms like the Financial Centres for Sustainability (FC4S) Network, ensuring coherence and momentum from existing efforts.

**Rationale:** Coordination mechanisms, such as country platforms can improve coordination, ensure strategic alignment of financing, enhance development impact, and can lead to a more integrated, programmatic approach to climate transition. They help translate national climate and development roadmaps into investable plans.

**UNDP Experience:** UNDP supports the development of coordination mechanisms, including country platforms in response to sovereign NDCs and Integrated National Financing Frameworks (INFFs), collaborating with numerous partners like UNICEF, UN DESA, OECD the World Bank and MDBs. The INFF approach, supported by the G20, helps countries align financing with their national development plans and NDCs, with over 85 countries using it and 12 linking it to both. UNDP also organizes Regional Climate Weeks to facilitate regional exchange and support for countries.

#### ***b) Enhance Capacity Building and Technical Assistance (TA)***

**Action:** Prioritize and scale up capacity-building and technical assistance programs for emerging markets and developing economies (EMDEs) and Small and Medium-sized Enterprises (SMEs) to help them understand and implement sustainable finance approaches. These efforts should focus on areas such as transition finance frameworks, sustainability risk analysis, data collection and reporting, and the issuance of Green, Social, and Sustainability bonds. Training should be tailored, include local languages, and leverage digital platforms for wider access.

**Rationale:** Many EMDEs and SMEs face capacity constraints, lack of expertise, and limited means for tracking and reporting sustainability impacts, hindering their participation in the sustainable finance shift. Robust capacity building is critical for orderly, just, and affordable transitions.

**UNDP Experience:** UNDP supports governments in tracking and reporting SDG progress and helps share knowledge. The G20 Technical Assistance Action Plan calls on international organizations and TA providers to coordinate capacity-building efforts, with UNDP tasked with its implementation.

UNDP has initiatives like Project Savannah, aiming to provide basic ESG metrics for Micro, Small and Medium Enterprises (MSME) sustainability reporting, and collaborates with the International Sustainability Standards Board (ISSB) on capacity building for developing economies and SMEs. Other initiatives include the Global Actuarial Initiative for actuarial capacity building, Insurance Innovation Challenges for financial protection, and the LDC Engagement Initiative for long-term financial resilience. UNDP's SDG Impact Standards expertise is relevant for future capacity-building efforts.

#### ***c) Leverage Fiscal and Tax Policies for Sustainable Finance***

**Action:** Introduce targeted fiscal incentives, subsidies, and government guarantees for key green and low-carbon sectors, strategic companies, and SMEs. Consider using revenues from carbon pricing mechanisms to support climate-aligned investments, dividend/rebate programs for impacted communities, and just transition projects. Countries should explore green tax resources and aligning tax policy with sustainable development and climate priorities.

**Rationale:** Fiscal policies are vital for orienting much-needed investments towards mitigation and adaptation, while maximizing employment dividends and ensuring adequate support for negatively

impacted groups. They can influence financing conditions, enhance project returns, and address socio-economic consequences.

**UNDP Experience:** UNDP supports countries in aligning fiscal and tax policies with sustainable development and climate priorities through initiatives like its Integrated National Financing Frameworks (INFFs), utilized by over 85 countries globally. Complementing these efforts, the joint OECD-UNDP Tax Inspectors Without Borders initiative strengthens tax audit and investigation capacities in developing countries, leading to USD 2.40 billion in additional tax collected and USD 6.39 billion in additional tax assessed for host administrations to date, thereby enhancing domestic resource mobilization for sustainable investments.

#### ***d) Promote Innovative Financial Instruments and De-risking Mechanisms***

**Action:** Scale up the use of innovative financial instruments such as guarantees, concessional finance, blended finance, and local currency solutions to de-risk sustainable investments and attract private capital, especially for projects that are socio-economically positive but not commercially viable, particularly in adaptation and EMDEs. This should include leveraging MDBs' balance sheets and VCEFs' catalytic grants to activate the full financing stack.

**Rationale:** Private capital mobilization is crucial, but many sustainable projects, particularly in adaptation and EMDEs, may not offer the necessary risk-adjusted financial returns without targeted public support. De-risking measures are essential to bridge this gap. Globally, adaptation finance in EMDEs is merely one-third of the estimated annual needs through 2030, with only around 2% of current adaptation finance coming from private sources.

**UNDP Experience:** UNDP is helping transform the global financial landscape to achieve the SDGs, including efforts to leverage, scale, and align private sector investments. The SDG Investor Map is a market intelligence tool identifying private sector investment opportunities aligned with SDGs.

In a complementary role, the Fourth International Conference on Financing for Development Sevilla outcome document specifically encourages the United Nations Capital Development Fund (UNCDF) to act as an early-stage provider of catalytic concessional first-loss capital for Least Developed Countries (LDCs) and countries in special situations. This is aimed at de-risking investments and improving the risk profile of early-stage markets, thus facilitating the subsequent mobilization of private sector financing through DFIs and MDBs.

## **2. Medium-to-Long-Term Actions (beyond 2028)**

#### ***a) Achieve Full Integration of Sustainability in Fiscal and Financial Systems***

**Action:** Move beyond initial climate-related reporting to encompass all environmental, social, and governance (ESG) matters across all financial institutions and corporates, ensuring consistent and comparable disclosure that enables optimal investor decisions. This includes the ongoing work by ISSB to extend coverage beyond climate to other sustainability topics like nature, biodiversity, and human capital.

**Rationale:** Sustainability-related financial disclosures consider additional risks, opportunities, and outcomes that affect cash flows in the short-, medium-, or long-term. A comprehensive view of ESG factors is necessary for robust risk management and capital allocation for sustainable development.

**UNDP Experience:** UNDP supports governments in integrating SDGs into budgetary policies and other performance metrics [initial response]. UNDP's work on INFFs and engagement with ISSB aims to create a common language for sustainability reporting, paving the way for more impact-oriented private sector reporting.

### ***b) Invest in Advanced Digital Public Infrastructure***

**Action:** Develop robust digital public infrastructure at national and international levels to scale sustainability reporting and facilitate green financial decision-making, including leveraging earth observation data, AI, and digital platforms for data aggregation, verification, and dissemination.

**Rationale:** Digitalization is critical for addressing data gaps, improving transparency, and enhancing the efficiency and usability of sustainability information. This will support advanced risk analysis and strategic decision-making.

**UNDP Experience:** UNDP works on building evidence and digital tools to help SMEs understand and manage risk.

### ***c) Deepen Fiscal and Regulatory Integration for Sustainable Development***

**Action:** Implement comprehensive environmental tax reforms that align with broader SDG needs and national priorities. Develop fiscal and financial regulatory policies that explicitly support and incentivize the transition to a low-carbon economy and resilience, for example, by integrating climate-related financial risks into prudential frameworks and central banking operations. This includes promoting frameworks that allow the internalization of green externalities through both price and non-price mechanisms.

**Rationale:** Ensure sustained and predictable funding for climate action and just transition. Provide long-term policy visibility and stability to incentivize private sector engagement and integrate climate-related risks into financial stability considerations.

**UNDP Experience:** UNDP's INFF approach supports aligning tax policy with sustainable development and climate priorities. UNDP promotes integrating just transition considerations into macroeconomic policy, planning, and budgeting.

## **B. What strategies can be implemented to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions?**

### **1. Governments, Policymakers, and Financial Authorities**

#### ***a) Develop and Implement Comprehensive Policy and Regulatory Frameworks***

- **Clarity on Long-Term Pathways:** Provide clear long-term policy pathways towards carbon neutrality and climate adaptation to reduce uncertainty for investors.
- **National Adaptation Plans (NAPs) & NDCs:** Develop national adaptation plans and integrate adaptation objectives into Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs) to define priorities, project pipelines, and enabling policies.
- **SME Support:** Create proportionate and voluntary reporting frameworks adapted to SMEs' needs and resources, provide incentives for innovation, and support SMEs in assessing and managing nature-related issues.

#### ***b) Leverage Fiscal Policies and Incentives***

- **Carbon Pricing and Non-Pricing Mechanisms:** Implement a policy mix of fiscal, market, and regulatory mechanisms, including carbon pricing and non-pricing approaches, to incentivize investment in green technologies and practices.
- **Tax Incentives:** Explore targeted tax incentives to encourage private sector participation in adaptation investments.
- **Rationalize Fossil Fuel Subsidies:** Increase efforts to phase out and rationalize inefficient fossil fuel subsidies, providing targeted support for vulnerable populations.

**c) Promote Innovative Finance Mechanisms**

- **Debt-for-Climate/Nature Swaps:** Explore debt-for-climate swaps to reallocate debt obligations towards climate and nature investments.
- **Resilience Bonds:** Explore potential of innovative instruments like resilience bonds.
- **Public-Private Insurance Programs:** Facilitate access to insurance by creating a conducive regulatory environment, providing guarantees or subsidies transparently, and fostering public-private partnerships (PPPs) to enhance risk transfer mechanisms.

**2. Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs)**

**a) Increase Financial Commitments and Ambition**

- **Prioritize Adaptation:** Raise ambition in financing climate actions, with a specific focus on increasing and prioritizing adaptation finance, especially in contexts where urgent adaptation is required.
- **Quantitative Targets:** Set internal quantitative targets for adaptation finance, including geographic targets for vulnerable countries, to ensure effective resource allocation and mainstreaming into broader development projects.

**b) Scale Up De-risking and Blended Finance Mechanisms**

- **De-risking Facilities:** Scale up de-risking facilities and use financial and non-financial tools (e.g., credit enhancement, guarantees, political risk insurance, first-loss capital) to help governments and the private sector overcome real and perceived risks and other barriers to climate investment.
- **Innovative Blending Operations:** Use a range of innovative financial instruments that blend new and traditional resources to finance climate actions, aiming to lower risks for private sector actors.
- **Concessional Finance:** Deploy a wide range of tools, including grants, equity, and concessional finance, to mitigate risks and unique characteristics associated with nature-based solutions (NbS) investments.

**c) Enhance Capacity Building and Technical Assistance (TA)**

- **Policy Frameworks:** Step up efforts to support developing countries in developing policy frameworks for sustainable finance, including taxonomies and disclosure requirements.

- **Project Preparation:** Devote resources and expertise to help clients prepare bankable and sustainable projects and programs for developing countries.

### 3. Private Sector (Financial Institutions and Corporates)

#### *a) Integrate Adaptation into Transition Plans*

- **Assess Physical Risks and Opportunities:** Develop and implement transition plans that explicitly address adaptation, focusing on identifying and managing exposure to physical risks and seizing adaptation-related business opportunities.
- **Align with National Priorities:** Align transition plans with national priorities and NDCs to support an orderly and inclusive transition.

#### *b) Develop Innovative Financial Products and Services*

- **Tailored Insurance Products:** Offer specialized insurance products like parametric insurance, micro-insurance, and risk transfer mechanisms, incentivizing adaptation-enhancing practices through better pricing and terms.
- **Green Financing:** Develop green financing products that help businesses invest in climate-resilient infrastructure (e.g., flood-resistant buildings, drought-adaptive agriculture).
- **Just Transition Products:** Develop financial products to address just transition-related financing and protection needs, supporting place-based priorities and investments in green technologies.

#### *c) Improve Data and Disclosure*

- **Voluntary Reporting:** Take voluntary actions to identify, assess, and report on nature and biodiversity-related risks, dependencies, opportunities, and impacts.

### 4. International Organizations (IOs) and Climate Funds

#### *a) Streamline Access to Finance*

- **Simplify Procedures:** Simplify and improve the interoperability of application procedures across different climate finance providers.
- **Direct Access:** Support direct access models, allowing recipient countries to directly access funds through national and regional implementing entities.

#### *b) Promote and Innovate Financial Instruments*

- **Results-Based Financing:** Encourage the use of results-based financing frameworks, like the Green Climate Fund's (GCF) pilot program, to incentivize transparent monitoring and evaluation practices.
- **Credit Guarantee Platforms:** Create credit guarantee platforms to boost clean energy uptake in developing countries by reducing perceived risks for private lenders.
- **Commercialize Solutions:** Establish specific funds to commercialize existing adaptation solutions and foster the development of adaptation markets, anchoring these funds with catalytic capital.

### c) *Enhance Coordination and Collaboration*

- **Align Capacity Building:** Coordinate and align capacity building efforts with priorities identified in sustainable finance roadmaps.
- **Transformational Finance:** Jointly identify where financial collaboration can establish new markets in climate finance, particularly for adaptation and biodiversity.

#### Example of successful strategies

**UNDP-FAO's joint Scaling up Climate Ambition on Land Use and Agriculture through NDCs and NAPs (SCALA) programme** supports more than 20 countries to translate their NDC and/or NAP into actionable and transformative climate solutions in land use and agriculture, with a specific emphasis on multi-stakeholder collaboration and private sector engagement. The programme uses a structured methodology to increase private sector engagement (PSE) and scale up financing for climate change adaptation initiatives that has been applied across several programme countries.

This begins with barrier and opportunity analyses conducted through private sector-focused studies, which systematically identify the constraints and incentives shaping private investment in adaptation. Based on these analyses, tailored de-risking strategies are then designed to address market gaps and create enabling conditions for investment. This stepwise approach ensures that private sector engagement is not ad hoc but grounded in evidence, linked to national adaptation priorities, and adaptable across different contexts.

Recognizing the importance of financing adaptation, UNDP is launching the Adaptation Finance Strategy Guideline. The Guideline aims to support ministries and agencies in formulating a viable and inclusive Adaptation Finance Strategy (AFS) as part of their mandate to develop and implement National Adaptation Plans (NAPs). The AFS provides a framework for mobilizing and aligning finance for investments identified in, or implied by, a country's NAP and/ or nationally determined contribution (NDC). This framework includes guidance on engagement and data collection, investment prioritization, financing strategy development, and operational planning and coordination. The Adaptation Finance Strategy Guideline has been soft-launched, and will be published ahead of CoP30 in 2025, with roll out in target countries proceeding in 2026.

## 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?**

### 1. **Grants**

- **IDA Grant Facility for Project Preparation:** A new World Bank initiative that provides grant funding to the poorest countries to help develop projects earlier in their preparation phase, leading to higher quality and more bankable proposals.
- **Dedicated VCEF Funding for NDBs:** Vertical Climate and Environmental Funds (VCEFs) could establish dedicated funding for proposals from Accredited Entities, including Multilateral Development Banks (MDBs) that involve co-financing or partnering with unaccredited National Development Banks (NDBs). This expands NDBs' access to VCEF funds and leverages their local knowledge.

- **Concessional First-Loss Capital for LDCs:** The United Nations Capital Development Fund (UNCDF) is encouraged to support Least Developed Countries (LDCs) as an early-stage provider of catalytic concessional first-loss capital. This ‘de-risks’ investments and alters the risk profile of early-stage markets, fostering subsequent private sector involvement.
- **EU's Just Transition Fund (JTF):** This fund provides primarily grants to support economic diversification and reconversion in high-emitting regions within EU member states, directly contributing to EU climate goals.
- **Government Grants for Early-Stage Climate Technologies:** Governments can be a key source of funding for early-stage climate technologies, offering grants at national and sub-national levels, as exemplified by Innovation Norway and ENOVA in Norway, and Start-Up Chile.

## 2. Non-Debt Creating Instruments

- **Credit Default Swaps (CDS) Purchased by MDBs:** MDBs can purchase CDS on behalf of private investors from international CDS sellers using funds provisioned for grants. This mechanism reduces default and political risks for private investors, thereby incentivizing debt-based climate financing at lower rates.
- **Global Guarantee Company (GGC) Model:** This scalable model provides 5 to 20-year hard currency guarantees and includes a Technical Assistance (TA) facility. It works with Public Development Banks (PDBs) and commercial financial intermediaries in Emerging Market and Developing Economies (EMDEs) to facilitate access to international capital markets for bonds and loans through credit enhancement.
- **AGRI3 Fund's Credit Enhancement & TA Facility:** A blended finance fund that offers credit enhancement (guarantees) to financial intermediaries for sustainable agriculture and forest conservation. It integrates a TA Facility for training, research, and feasibility studies, utilizing concessional capital as a first-loss tranche to mobilize private capital.
- **Blue Forest's Revolving Loan Facility for Forest Resilience Bonds (FRB):** This model employs a revolving loan facility (Catalyst Facility) that allows capital to be redeployed. It combines concessional and market-rate capital to finance FRB projects, focusing on pilot initiatives with high long-term impact despite potentially limited immediate returns.
- **State-Contingent Debt Instruments (SCDIs):** These innovative instruments are designed to adjust debt service obligations based on a country's economic performance, thereby enhancing long-term fiscal sustainability.

## 3. New Sources of Finance

- **International Maritime Organization's (IMO) Economic Measure:** A proposed economic measure designed to tackle global shipping emissions could serve as a new source of finance to support adaptation and resilience efforts.
- **Carbon Assets under Article 6 of the Paris Agreement (Mitigation Contribution Units - MCUs):** The Paris Agreement's crediting mechanism (Article 6.4) generates MCUs, which hold significant potential for attracting private sector finance by recognizing mitigation efforts in developing countries.

- **Linking Voluntary Carbon Markets (VCMs) with Compliance Mechanisms:** Countries are encouraged to establish offset pathways that connect VCMs with carbon taxes or emissions trading schemes, which can boost demand and liquidity in VCMs and attract investment.
- **Loss and Damage Fund:** A newly created fund specifically designed to respond to losses and damages from climate change, deemed critical for enabling finance in high-risk contexts where private capital is typically unwilling to engage.
- **Renewed Voluntary Carbon Market Programs:** The renewal of programs like China's Certified Emission Reduction (CCER) program and Brazil's efforts to establish a regulated domestic carbon market indicate new and expanding avenues for carbon-linked finance.

#### 4. Strategies to Create Fiscal Space

- **Reallocating Existing National Expenditures:** Countries can leverage the opportunity to reallocate existing public and private national expenditures towards mitigation and adaptation. This prevents climate action from being undermined by counter-productive spending and reduces the need for additional external finance.
- **Integrating Adaptation into Broader Economic Policies:** The IMF's Resilience and Sustainability Facility emphasizes the integration of adaptation into macroeconomic policies to attract additional financing and enhance overall financial stability.
- **Developing Market Development Strategies for Taxonomy-Reflected Investments:** Beyond establishing taxonomies, strategies are needed to implement the investments they outline. This includes fostering collaboration to aggregate projects and reduce preparation costs, thereby creating successful lending opportunities for financial institutions.
- **Optimizing Climate Fund Operations and Access:** MDBs and VCEFs should collaboratively improve efficiency by streamlining approval processes, enhancing coordination, and increasing access for EMDEs and LDCs/SIDS. This includes rebalancing upfront appraisal requirements and delegating more responsibilities to accredited entities for program modalities, thereby enhancing speed to market and predictability.
- **Harmonization and Interoperability of Processes:** Reducing problematic and time-consuming duplication in co-financed projects through harmonized eligibility criteria, streamlined co-financing processes, consistent investment frameworks, and interoperable due diligence processes. This minimizes administrative burdens and accelerates financial flows.

#### [Example of successful proposals](#)

UNDP was a partner to the UN Secretary General's Adaptation Pipeline Accelerator (APA) initiative, which aimed to bring together governments, financiers, and development partners to support developing countries to translate their national adaptation plans into economy-wide investment plans. The APA achieved political level results, including galvanizing bilateral partnerships, including between Australia and Tuvalu and Spain and the Dominican Republic, and enhancing multilateral cooperation, such as the Adaptation Accelerator Hub, supported by the Government of Italy in its role as Chair of the G7. The AAH will build on the APA cooperation model and lessons learned and seeks to leverage and build synergies with ongoing initiatives.

## 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?

### 1. General Institutions and Alliances

- **G20:** As the premier forum for international economic cooperation, the G20 has a crucial role in supporting global efforts.
- **Governments (National, Regional, and Local):** play a critical role in identifying projects, setting policy frameworks, and providing catalytic finance for projects. Governments can also use policy and legal incentives, market development through information provision, and public finance, such as grants and reverse auctions, to support early-stage climate technologies.
- **Real-Economy Companies/Corporates:** They need to finance technology development, deployment, and business model adjustments for the transition. They are expected to monitor, assess, and transparently disclose their risks, dependencies, and impacts on biodiversity. Ensuring their residual emissions are uniquely neutralized is also essential.
- **Financial Institutions (FIs):** Have a pivotal role in the transition by providing capital to fund technology development, deployment, and business model adjustments. They can catalyze decarbonization efforts of high emitters and finance the transition through their portfolios. They need to enhance their capacities to develop necessary financial products for risk-adjusted lending or value-add insurance and improve sustainability management systems to facilitate a just transition. FIs also act as both preparers of their own transition plans and users of corporate transition plans of their investees and clients.
- **Multilateral Development Banks (MDBs):** Play a critical role in supporting the goals of the Paris Agreement and the 2030 Agenda by providing stable, long-term, and counter-cyclical lending, and supporting climate action through new financing instruments. They are instrumental in offering technical assistance (TA) and long-term financing, especially to developing countries, for creating and executing policies that support transition projects. They are also important providers of credit enhancement tools.
- **National Development Banks (NDBs) and Public Development Banks (PDBs):** Have a crucial role in mobilizing investments for sustainable development. They serve as important local intermediaries, leveraging their proximity to domestic actors and markets, providing finance in local currency, and sharing understanding of the national climate finance context. NDBs can play a central role in program design, project preparation, domestic currency lending, or coordinating local actors within country platforms.
- **International Organizations (IOs):** Provide analysis on policies that could support global mitigation efforts and enhanced climate resilience through adaptation and transition policies. They should coordinate efforts to support ambitious voluntary financial sector commitments, provide capacity-building services, improve comparability and transparency, and offer knowledge/data sharing platforms.
- **Civil Society Organizations, Local Communities, Workers, Youth, Women, and Trade Unions:** Active social dialogues with these groups are essential for climate response plans and transition planning to address needs and promote social dialogue. They are also key stakeholders whose impacts from sustainability actions need to be considered.

## 2. Specific Institutions, Alliances, and Expert Bodies

- **Central Banks (and Supervisors), Finance Ministries, Market Regulators:** Should encourage science-based interim targets and transparency of climate transition plans, including regular assessment and verification of their quality. They have a whole-of-economy vision to drive capital mobilization and reallocation for sustainable economies and promote positive social outcomes. Central banks, in particular, should assess the resilience of the financial system to climate-related risks through stress tests and scenario analysis.
- **Glasgow Financial Alliance for Net Zero (GFANZ):** As a leading coalition, GFANZ explicitly identifies the objectives of a just transition in its frameworks.
- **Climate Action 100+:** An initiative including 700 global investors responsible for over \$68 trillion in assets under management, which financial institutions use as a strategy to achieve their climate goals.
- **International Association of Insurance Supervisors (IAIS):** Works with the World Bank to provide practical guidance and tools to policymakers and supervisors in Emerging Market and Developing Economies (EMDEs) to address natural catastrophe (NatCat) protection gaps.
- **Network for Greening the Financial System (NGFS):** Leads the development of input papers on adaptation and transition plans and provides climate reference scenarios that inform target setting and transition planning.
- **IFRS-ISSB (International Financial Reporting Standards - International Sustainability Standards Board):** Its global baseline for sustainability disclosure should be adopted, with flexibility for EMDEs and MSMEs. It is also involved in discussions on supporting implementation.
- **UN-convened High Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities (UN HLEG) and Task Force on Net-Zero Regulation (TFNZR):** These bodies signal an intent to establish regulation to drive alignment with the Paris Agreement goals.
- **Coalition of Finance Ministers for Climate Action:** Plays a leadership role in mainstreaming climate action and collaborates with the NGFS on capacity building.