UNDRR
UN Office for Disaster Risk Reduction

# UNDRR Submission on the Baku to Belem Roadmap to 1.3T (GST)

10 September 2025

**Issue:** Parties, constituted bodies, operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, invited to submit their views relating to the "Baku to Belém Roadmap to 1.3T"

**Title:** Baku to Belém Roadmap to 1.3T

**Mandate:** 1/CMA.6

## Background

At the 6th meeting of Parties to the Paris Agreement (CMA 6) in Baku, Azerbaijan, in November 2024, the new collective quantified goal (NCQG) on climate finance was adopted.[1] It called on all actors to work together to scale up finance to developing country Parties from public and private sources to at least US$1.3 trillion per year by 2035. Parties also decided, in line with Article 9 of the Paris Agreement, to set a goal of US$300 billion per year by 2035 with developed country Parties taking the lead. These goals were established with recognition of the needs of developing countries, including a dramatic scale up of adaptation finance to account for the global goal on adaptation, as well as gaps in responding to the increased scale and frequency of loss and damage resulting in economic and non-economic losses.

The "Baku to Belém Roadmap to 1.3T" was established to chart the path to achieving the NCQG. It is intended to scale up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways. It will also support the implementation of the nationally determined contributions (NDCs) and national adaptation plans (NAPs).

An invitation was extended to Parties, constituted bodies, operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, to submit their views on 4 guiding questions (see section below).

UNDRR is, through this submission, contributing to the ongoing development of the roadmap, bringing perspectives from a DRR lens, particularly in line with the Sendai Framework for Disaster Risk Reduction 2015-2030.

## UNDRR Submission on the Roadmap

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?*

Priorities for scaling up financing for climate action should be holistic and comprehensive regardless of the timeline to be the most effective. They must leverage complementary and synergistic finance, including for disaster risk reduction (DRR), to better safeguard investments in climate action while simultaneously enhancing the efficient use of limited resources in contexts where there are capacity constraints, such as recognized in many developing country Parties.

Against this backdrop and based on experience to date, the following priority actions are being proposed as critical for enhancing investment and achieving significant progress.

- ***Short term priorities:*** In the time leading up to 2028, in-country systems should be strengthened to absorb, manage and use finance from diverse sources, and should centre around national level governance and budget systems, and scaling financial solutions.
    - Establish or strengthen national budget tagging and tracking systems for climate action and DRR to improve transparency and efficiency.
    - Develop comprehensive national and local financing strategies for climate action and DRR.
    - Ring-fence allocations for resilience in national and subnational budgets.
    - Learn from existing experience in anticipatory financing and explore the potential to scale up anticipatory financing mechanisms, integrating these into existing DRM systems such

[1] https://unfccc.int/sites/default/files/resource/cma2024_17a01_adv.pdf#page=2

as using existing disbursement mechanisms for social protection activities for vulnerable populations and communities.
    - Consider incentives and/or governance mechanisms to encourage and expand private sector engagement at the national, regional and international levels
    - Make increased use of blended financing.

- ***Medium- to long-term priorities:*** Building on the foundations set in the short terms, these priorities could focus on the following:
    - National level:
        - Institutionalize risk-informed public investment systems, including for all major infrastructure to be climate- and disaster-resilient.
        - Scale up or expand innovative financing mechanisms (e.g., risk transfer, resilience bonds, and debt-for-resilience swaps).
        - Embed disaster risk scenarios and stress testing into fiscal and financial stability frameworks.
    - Regional and international levels:
        - Develop and expand international and regional risk pooling mechanisms to absorb shocks.
        - Pursue reforms of the global finance architecture to reduce the debt burden on developing countries, account for vulnerability in concessional finance and ensure more rapid access to emergency liquidity.
        - Lengthen the time horizon of credit rating agencies, aligning risk assessments with resilience investments.

- ***Enabling actions***

  While pursuing the short- to long-term priorities, it is equally important to promote the enablers for action, both to enhance efficiency in actions and to foster sustainability in outcomes.
    - Enhance availability of and access to data to inform policies and decisions, including financing decisions. This includes data on past climate-related impacts, ongoing tracking of hazardous events, and future risks, to set the context in which actions take place and take appropriate measures to address the risks.
    - Strengthen the national and local planning frameworks to build a robust policy basis for implementation. This necessitates pursuing a comprehensive risk management approach to developing and implementing coherent plans, including between national adaptation plans and DRR strategies.
    - Build and strengthen the capacity of national and local actors, stakeholders and institutions to scale-up actions, absorb financing when available, and to maximize resource efficiency.

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

Strong financial systems and absorptive capacity in developing countries are essential for scaling up public and private mechanisms for supporting adaptation in vulnerable countries and communities. Strategies that can be implemented can therefore include the following, which are related to the priorities identified in the question above:

- **Governance and budget systems –** This includes shoring up financing strategies, particularly to account for all time horizons and to adopt a multi-hazard approach. It also involves having monetary and regulatory policies for the finance sector to be more engaged. This will advance wider resilience and sustainable development goals, with particular emphasis on saving lives and building more robust socio-economic systems.

- **Transparency and accountability** – Various methodologies are available to support budget tagging for climate and DRR-related activities. Countries will have greater oversight relating to allocations for climate action and better able to adjust, as needed.
- **Financial systems** – Strategies that can support implementation include creating and fostering an environment that attracts investment, such as standards and taxonomies for resilience finance (e.g., resilience bonds, resilience taxonomies) to attract capital market investments. This also speaks to the reforms necessary at the global level.

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?*

The UNDRR Investor Advisory Board consisting of high-profile investors are working on a number of innovative financing solutions for scaling up investments in DRR which also include climate action.

These innovative financing solutions include:

- Contingent Resilience-Linked (CORL) Bonds - Rewarding issues who meet resilience targets via a lower coupon.
- Credit Enhanced Resilience Monoline Scheme (CEMS) - Unlocking private capital for resilient infrastructure while reducing borrowing costs.
- Innovations in Insurance-Linked Solutions - Adding resiliency triggers in catastrophe bonds.
- Resilience Investment Bank - Mitigate investment barriers, mobilize private capital, and expedite developing and enhancing resilient infrastructure.
- Commercial Bonds for Resilience Asset Development - Financing Resilience-Building Infrastructure through Private capital.
- Disaster Resilience Adaptation Financing (DRAF) - A structured financing facility to support disaster risk insurance coverage and resilience adaptation.
- Resilience Public-Private Partnership (RP3) Investment Platform - Increase equity investment in resilience-related sectors and solutions.

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?*

As part of the 4th International Conference on Financing for Development, the Risk to Resilience Finance Initiative led by UNDRR was selected for the *Sevilla Platform for Action* (SPA) as one of the high-impact initiatives to begin implementation of the Sevilla Commitment. The Risk to Resilience Finance Initiative is a multi-country programme that seeks to support vulnerable countries over the next 5 years—especially least developed countries (LDCs) and small island developing States (SIDS)—in developing national financing systems adapted to their context that ensure funding for DRR measures at all levels, promote risk-informed investment planning across sectors, and establish financial mechanisms to absorb disaster shocks, including through increased use of anticipatory action, and enable faster recovery.

Private capital is key. The Climate Bonds Initiative, in collaboration with UNDRR and partners have developed the Climate Bonds Resilience Taxonomy (CBRT) and the CBRT Methodology. This taxonomy is an important driver for mobilizing finance for climate resilience and will promote a more consistent, transparent and systematic approach to defining and identifying such investments and will expand the opportunity for resilience investments.

Engagement with the G20 DRR Working Group and the development of a voluntary high-level principles for investing in DRR is essential to align global financing flows with resilience priorities.