EIG Submission on the Baku to Belem Roadmap

This submission is submitted on behalf of the Environmental Integrity Group in response to the message from and questions raised by 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, on the “Baku to Belem Roadmap to 1,3tn”.

It is important to mention that some members of our group are recipients of climate finance, others are contributors and some are both. Due to this, our geographic diversity, and diverse climate finance positions, gives our group a wide range of perspectives on the issues associated with climate finance.

Overall expectations

First, we would like to express our full support to you as incoming presidency and appreciate this effort to consult groups, Parties and stakeholders on our expectations for the Baku to Belem Roadmap to 1.3Tn. It is our understanding that the Roadmap will be a product under the authorship of the COP30 and the COP29 presidencies. The NCQG roadmap is an opportunity to assist Parties and stakeholders to enhance the implementation from the decisions taken at COP29. We look forward to working with you on this and all other topics in the run up to and at COP30 in Belem.

The Roadmap will not be a negotiated outcome, but it should be broadly supported by all actors necessary to scaling up climate finance to 1,3 trillion USD to developing countries, including through grants, concessional and non-debt creating instruments and measures to create fiscal space in order to be as impactful as possible.

The roadmap should be relevant for diverse geographies and take into account the annual financing needs in developing countries, ranging according to the SCF between 455–584 billion USD per year for the implementation of NDCs and approximately 215–387 billion USD per year for adaptation.

It should be practical and implementable and speak to all actors involved, in particular, the Roadmap must ensure the inclusion of the diverse range private sector actors. In this context, we believe it could be an opportunity to involve the two Champions in the preparation of the Roadmap, as they have a broad and strong engagement and network with various stakeholders.

We think it is important that the Roadmap will build on the lessons learned from the Sharm el-Sheikh Dialogue and that the two workstreams are mutually supportive and build on lessons learned in other for a.

Topics and thematic issues to be explored to inform the Roadmap, within the scope of its mandate

In our view, the Roadmap should showcase the various possible sources, instruments and actors, including the private sector, for scaling up climate finance to developing country Parties to 1,3tn USD annually by 2035, including concrete possible suggestions to scale the various sources and instruments, taking into account predictability, transparency and sustainability of funding, while also addressing the unique needs of different regions.

The roadmap should also include possible financial instruments, sources and policies to mitigate and address physical and transitional risks associated with climate change. It could also capture best practices in the assessment of risks and risk modelling associated with climate change and its benefits for financial stability.

The Roadmap should give us the opportunity to learn from best practices. We would appreciate it, if the roadmap could showcase examples of innovative financial instruments, especially to enhance finance for adaptation, instruments that generate climate and wider environmental and social benefits, and instruments that are responsive to the needs of communities in vulnerable situations.
Additionally, we emphasize the importance of ensuring that climate finance efforts extend their benefit to women and girls, children, Indigenous Peoples, local communities, migrants, refugees and people with disabilities. In this context, we would welcome best practice examples for enhanced financial inclusion in climate finance.

We would also like to see elements in the Roadmap related to the necessary enabling environments, in a nationally determined manner, including regulatory frameworks, better access to existing financial resources, facilitation of technology transfer and innovation, as well as capacity building to facilitate the urgently needed public and private investments at scale. We would appreciate the inclusion of best practices of nationally determined regulatory frameworks that provide incentives for sustainable investments. Taxonomies that align financial flows with climate goals, policies and measures that help to mitigate and assess financial risks associated with climate change could be addressed, among other enabling actions.

We would welcome if the Roadmap showcases initiatives that seek to overcome barriers hindering the expansion of finance for mitigation and especially also adaptation action in developing country Parties and initiatives that effectively address the factors limiting the access of developing country Parties to climate finance.

Country experiences, best practices and lessons learned related to barriers and enabling environments, innovative sources of finance, grants, concessional and non-debt creating instruments, and measures to create fiscal space

Mexico's ongoing efforts to implement a national sustainable finance taxonomy, aligned with a national strategy to mobilize sustainable finance by integrating climate considerations into fiscal policy, promoting green financial instruments (such as sovereign sustainable bonds), strengthening the role of national development banks, and fostering public-private partnerships to scale up investments in climate action and sustainable development.

In addition, in July 2024, the GCF approved the Basin Approach for Livelihood Sustainability through Adaptation Strategies (BALSAS) project which encompasses a diverse range of funding sources and actors, including grants and loans from climate funds, multilateral development banks, and government entities.

Switzerland would like to share the following best practice examples of possible blended finance schemes, which help to channel public and private investments to developing countries:

- SDG Impact Finance Initiative (SIFI): SIFI supports innovative finance approaches that mobilize funding and contribute to measurable results under the Sustainable Development Goals (SDGs), including goal 13 on climate change, in developing countries. The goal is to support the piloting, seeding, and scaling of innovative impact investment funds and of products and services with a public good character relevant to the overall impact investing ecosystem. Through competitive tenders, applicants have the possibility to apply for project grants. Additionally, SIFI supports the improvement of the overall framework conditions and increasing knowledge about impact investment in the Swiss ecosystem. For more information see: https://www.sdgimpactfinance.org/
- Private Infrastructure Development Group (PIDG): PIDG is an innovative infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia. PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with

its values of pioneering, partnership, safety, inclusivity and urgency. PIDG offers Technical Assistance for upstream, early-stage activities and concessional capital; its project development arm – which includes InfraCo Africa and InfraCo Asia – invests in early-stage project development and project and corporate equity. PIDG credit solutions include EAIF (the Emerging Africa Infrastructure Fund), one of the first and more successful blended debt funds in low-income markets; GuarantCo, its guarantee arm that provides credit enhancement and local currency solutions to de-risk projects; and a growing portfolio of local credit enhancement facilities, which unlocks domestic institutional capital for infrastructure financing. For more information see here: https://www.pidg.org/

- Clean Off-Grid Energy Access (COGEA): The Clean Off-Grid Energy Access (COGEA) programme works to improve rural and peri-urban livelihoods by incentivising the deployment and productive use of renewable energy technologies, and to contribute to climate change mitigation by reducing CO2 emissions. The programme is a contribution to the Clean Energy and Energy Inclusion for Africa foundation (CEI Africa). COGEA promotes new ways and means to support access to climate friendly off-grid energy in rural communities of sub-Saharan Africa by mobilising private investments and public funding through a Social Impact Incentives (SIINC) funding mechanism that rewards companies that have created lasting social impact for their customers. For more information see here: https://www.sdc-cde.ch/en/inclusive-and-green-energy-transition
- Sustainable Energy for All (SEforAll): Among other objectives, the programme aims to create a pipeline of investment-ready sustainable cooling projects through market assessments, addressing barriers to investment with data, and matchmaking between investors and solutions. In Kenya, for example, as part of a pilot project, 13 start-ups from the refrigeration sector and their problems in accessing affordable financing were identified and matched with 4 donors and 4 partner financial institutions resulting in an initial list of over 15 fundable projects. Further, the programme will create and share the knowledge necessary to replicate innovative financing mechanisms for cooling, such that it can be operationalized and capitalized by donors. Building on the previous activities and provided that co-financing can be secured, SEforALL will establish a *Solutions Financing Facility*. This will operate as a dedicated window within the *SEforALL Universal Energy Facility* and will provide catalytic, subsidy-based financing (grants) to private sector actors willing to deploy sustainable cooling solutions together with decentralised renewable energy, such as stand-alone solar or mini-grids. Further information can be found here: https://www.seforall.org/

Multilateral initiatives

In preparing the Roadmap, we suggest, you draw not only on the expertise from within but also on the very rich expertise from the various fora and processes outside the UN climate process, such as:

- the Finance in Common Summit, because it brings together multilateral and bilateral development finance institutions, which are critical to achieve the 1,3 tn goal;
- the Coalition of Finance Ministers for Climate Action, because the process has produced a lot of helpful products including policy recommendations, analytical reports, and capacity-building tools that help countries scale up both public and private finance for climate action in developing countries could be scaled-up and gives a helpful perspective of finance ministries from different geographies;
- the Network for Greening the Financial Sector (NGFS), because it is a very helpful network of national banks and regulators, who have worked on a set of instruments and approaches to make the financial sector more climate resilient and attract more capital for climate action;
- the Financing for Development Process, because it is the UN process, which tackles wider systemic issues in the financial system. The outcome document aims to reflect various factors which are necessary to enhance access to climate finance, improve the enabling environment and reduce the barriers for investment in sustainable development, including the mitigation and adaptation to climate change;

- the Glasgow Financial Alliance for Net Zero, because it brings together key private actors, which are interested to invest in climate change mitigation and adaptation action and make financial flows consistent with the goals of the Paris Agreement. It will be impossible to achieve the 1,3tn goal without the collaboration and input from the various private actors, including private institutional investors.
- related work of the G20, for example the TF-CLIMA during the Brazilian G20 Presidency conducted a lot of relevant work for the Roadmap; also the Sustainable Finance Working Group, including its recommendations on optimizing the operations of the Vertical Climate and Environmental Funds (VCEFs), as well as its ongoing work on strengthening the collaborations among VCEFs, MDBs and NDBs.
- the OECD has produced a lot of interesting reports and studies related to the mobilization of public and private capital for climate action and as well as the necessary enabling environments, innovative financial instruments and policy recommendations to scale-up public and private investments for climate action in developing countries.