Submission on the Baku to Belém Roadmap to 1.3T

The Global Center on Adaptation (GCA) is an international organization dedicated to accelerating climate adaptation efforts worldwide. We drive adaptation solutions at both global and local levels by partnering with public and private sector stakeholders. Our work encompasses high-level policy development, research, advocacy, and strategic communication to advance impactful and scalable climate adaptation initiatives. We collaborate closely with partners to ensure effective and efficient implementation where it is needed most. GCA welcomes the opportunity to contribute its insights to the Baku to Belém Roadmap to 1.3T.

(a) What are your overall expectations for the "Baku to Belém Roadmap to 1.3T"?

Given the accelerating climate crisis, where the 1.5ºC threshold is expected to be breached by mid-2027[1] (UNEP, 2024). and the risk of exceeding 2ºC has significantly increased, In this context, the Baku to Belém Roadmap to 1.3T offers a pivotal opportunity to implement a transformative financial framework that can drive the global climate agenda forward.

The roadmap may prioritize the following areas:

Dramatically Scaling Up Adaptation Finance

- Recent trends in international public adaptation finance underscore the urgency for adaptation. While flows to developing countries increased from US$22 billion in 2021 to US$28 billion in 2022—marking the largest year-on-year increase since the Paris Agreement—this still falls far short of what is needed. The Glasgow Climate Pact urged developed nations to at least double adaptation finance from 2019 levels (US$19 billion) by 2025, but even if this goal is met, it would only narrow the estimated annual adaptation finance gap of US$187-359 billion by about 5%[2] (UNEP,2024). It is crucial that the roadmap significantly increases adaptation finance.

Ensures Balance Between Adaptation and Mitigation

- The global adaptation funding gap is widening at an alarming rate, driven by the accelerating impacts of climate change and slower growth in adaptation finance flows. All countries are facing increasing pressure to invest in adaptation as climate-related risks and impacts intensify. Developing countries, in particular, will be under significant strain to meet their projected investment needs, which are estimated to range from USD 130 to 415 billion per year by 2030, in order to bridge the adaptation funding gap.[3] Striking this balance is critical for effectively addressing the impacts of climate change in vulnerable regions, while also advancing ambitious mitigation goals.

Aligning Climate Finance with the Global Goal on Adaptation (GGA)

- The UAE Framework for Global Climate Resilience, introduced at COP28, outlines key areas where adaptation action is needed across all countries, including food, water, and health. For instance, small-scale food producers in vulnerable regions, who are responsible for over a third

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[1] Based on the available carbon budget to reach 1.5ºC of warming and the current yearly emissions, both of which are outlined in the UNEP report.

[2] UNEP's Adaptation Gap Report 2024: Come hell and high water

[3] Global Center on Adaptation, & Climate Policy Initiative. (2024). *State and trends in climate adaptation finance 2024*.

of the world's food supply, currently receive only 0.8% of global climate finance (CPI, 2023).[4] To address this shortage aligning the road map with the outcomes of the GGA is recommended.

The Baku to Belém Roadmap to 1.3T is an opportunity to transform global finance to effectively tackle climate change while advancing sustainable development and poverty eradication. It is imperative that the design and implementation of this future financial regime applies a systemic mobilization of both public and private finance, ensuring that climate funding is significantly scaled up. The roadmap presents a crucial opportunity to reshape financial systems in line with the Paris Agreement.

(b) Which topics and thematic issues should be explored to inform the Roadmap, within the scope of the mandate?

To inform the Baku to Belém Roadmap to 1.3T, it is essential to examine existing works within and outside the UNFCCC process. This will help avoid duplication, ensure coherence, and make the most effective use of time and resources. Additionally, significant work has already been done leading up to the formulation of the New Collective Quantified Goal (NCQG), which may be leveraged as key input to guide the roadmap's development. With this foundation, key topics and thematic issues might be explored to scale up climate finance and support low greenhouse gas emissions and climate-resilient development pathways in developing countries:

- Scaling Up Finance: Identifying innovative financial mechanisms, including grants, concessional finance, and non-debt-creating instruments, to meet the $1.3T goal and enhance climate resilience.
- Fiscal Space and Debt Sustainability: Exploring solutions to reduce debt burdens and create fiscal space, enabling developing countries to invest in both mitigation and adaptation efforts.
- Equitable Access to Finance: Addressing barriers faced by Least Developed Countries (LDCs) and Small Island Developing States (SIDS), ensuring they have equitable access to climate finance for their national adaptation plans and NDCs.
- Private Sector Engagement: Developing strategies to unlock private capital alongside public finance, leveraging blended finance models to accelerate investment in climate action.
- Multilateral Coordination: Aligning efforts with existing multilateral financial initiatives, ensuring coherence and avoiding duplication while enhancing the efficiency of climate finance deployment.
- Accountability and Transparency: Establishing robust mechanisms to track finance flows, monitor progress, and ensure that commitments are met, fostering trust and accountability in the process.

By building on existing efforts, including the work done in the lead-up to the NCQG, the Baku to Belém Roadmap can maximize its effectiveness and drive scalable, equitable climate finance for developing countries.

[4] CPI [Daniela Chiriac, Harsha Vishnumolakala, Paul Rosane], 2023. The Climate Finance Gap for Small-Scale Agri-food systems: A growing challenge. Climate Policy Initiative

(c) What country experiences, best practices and lessons learned can be shared related to barriers and enabling environments; innovative sources of finance; grants, concessional and non-debt creating instruments, and measures to create fiscal space?

Addressing climate change requires overcoming key barriers such as financial constraints, lack of private sector engagement, and the need for enabling environments. Public-private partnerships (PPPs) are a powerful solution to address these challenges, particularly in mobilizing innovative sources of finance and integrating climate adaptation into development programs. By involving both public and private stakeholders, PPPs can lower the financial costs and risks associated with adaptation projects, thus making them more attractive to investors. They also help create fiscal space by leveraging private sector investment, which reduces the financial burden on governments.

Best practices from countries implementing PPPs for climate adaptation reveal several key strategies:

- Innovative Finance Models: PPPs can tap into non-debt creating instruments such as grants, concessional financing, and climate bonds to fund adaptation initiatives. These financial tools help address barriers to financing by ensuring lower-cost capital and shared risk between public and private sectors.

- Project Cycle Approach: Mainstreaming climate adaptation requires integrating climate risk into every stage of the PPP project cycle, from identification to contract management. This de-risks investments and promotes resilience by ensuring that adaptation measures are considered early on.

- Capacity Building and Standards: Developing capacity among practitioners and establishing climate-informed PPP standards are essential to ensuring that adaptation is embedded effectively in infrastructure projects. Training ensures that both public and private sectors are equipped to address climate risks.

- Case Study - Kenya Nairobi-Mombasa Expressway: A successful example of integrating climate adaptation into a PPP is the Kenya Nairobi-Mombasa Expressway, where climate risks were assessed and included in the project framework. This enhanced resilience while optimizing access to climate finance and fostering public-private collaboration for long-term sustainability.

- AfDB Senegambia Bridge Project: GCA provided preliminary climate hazards assessment and advisory under this project which is set up as a PPP

(d) Which multilateral initiatives do you see as most relevant to take into account in the Roadmap and why?

Several multilateral initiatives are highly relevant to the Roadmap, as they contribute significantly to climate finance, sustainable development, and financial system reforms. These initiatives facilitate global cooperation, enhance investment flows, and improve access to climate finance. Key initiatives include:

- The Africa Adaptation Acceleration Program (AAAP), is Africa's response to the impacts of the climate crisis. Co-designed between the African Development Bank (AfDB) and GCA, and endorsed by the African Union (AU), the initiative is climate proofing $25 billion worth of investments to accelerate climate change adaptation by 2025.

- The Resilience and Sustainability Facility (RSF) provides affordable long-term financing to countries undertaking reforms to reduce risks to prospective balance of payments stability, including those related to climate change and pandemic preparedness.

- The African Financial Alliance on Climate Change (AFAC) collaborates with the financial industry to enhance private sector participation in climate finance, supporting Nationally Determined Contributions (NDCs).
- The Resilience and Sustainability Facility (RSF) provides affordable long-term financing to countries undertaking reforms to reduce risks to prospective balance of payments stability, including those related to climate change and pandemic preparedness.
- The G20 Roadmap towards Better, Bigger, and More Effective MDBs seeks to redefine MDBs' role in addressing global challenges, ensuring more effective financial flows to climate projects.
- The Task Force on Access to Climate Finance develops solutions to improve access to climate finance, particularly for vulnerable countries.
- The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) enhances climate risk management in the financial sector, strengthening financial resilience.
- The Glasgow Financial Alliance for Net Zero (GFANZ) mobilizes private sector finance to accelerate the transition to net zero.
- The Bridgetown Initiative proposes actions to reform the international financial architecture to better serve climate-vulnerable nations.
- The Paris Pact for People and Planet (4P) promotes collaboration on financial architecture reform and sustainable climate financing.
- The Coalition of Finance Ministers for Climate Action drives climate-conscious economic and financial policies across more than 90 countries.

These initiatives collectively enhance the effectiveness of climate finance and investment strategies. Their inclusion in the Roadmap ensures that financial flows align with global climate goals, facilitating sustainable development and economic resilience.