Submission on views regarding the

“Baku to Belém Roadmap to 1.3T”

Index

Introduction

The **Climate Finance Group for Latin America and the Caribbean (GFLAC, for its acronym in Spanish),** the **Center for Economic and Social Rights (CESR); the Global Initiative for Economic, Social and Cultural Rights (GI-ESCR); Instituto Talanoa; Sustainable Strategic Solutions (SESSA, for its acronym in Spanish); ClimaInfo, Argentina 1.5, as members of the Latin American and Caribbean Network for a Sustainable Financial System (REDFIS, for its acronym in Spanish),** welcome the opportunity to present views on the overall expectations, thematic issues and relevant multilateral initiatives related to the “Baku to Belém Roadmap to 1.3T” established by the new collective quantified goal (NCQG) on climate finance decision at the 29° Conference of the Parties (COP29) of the United Nations Framework Convention on Climate Change (UNFCCC).

COP29 was known as the “Finance COP” due to the adoption of the NCQG, which replaced the 100 billion dollar (USD) goal set at COP15 in 2009. Unlike its predecessor, the NCQG had to start at a minimum of USD 100 billion and consider the needs and priorities of developing countries.

Despite differing positions on the NCQG's amount or *quantum* both during and in the process leading up to COP29, the NCQG decision establishes two goals: USD 300 billion and at least USD 1.3 trillion[1]. Both targets are: a) directed at supporting developing countries' climate action; b) annually by 2035; and c) from all sources of finance -with the USD 300 billion goal including alternative ones-.

However, the USD 300 billion states that a) developed countries should take the lead, b) the possibility of counting "all climate-related outflows from and climate-related finance mobilized by multilateral development banks" -not only by developed countries but by developing as well-, and c) includes the option by developing countries of making contributions, including through South-South cooperation.

Moreover, given the more aspirational nature of the USD 1.3 trillion, the decision created the "Baku to Belém Roadmap to 1.3T", with the following purpose:

> "... scaling up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways and implement nationally determined contributions (NDCs) and national adaptation plans (NAPs), including through grants, concessional and non debt-creating instruments, and measures to create fiscal space, taking into account relevant multilateral initiatives as appropriate" (UNFCCC, 2024).

The Roadmap will be led by Azerbaijan and Brazil as the COP29 and incoming COP30 Presidencies, respectively, in consultation with Parties. They also have to produce a report summarizing their work by COP30, when the work is concluded.

In an effort to support the Presidencies' important task, the listed organisations present their expectations and recommendations taking into account the process and content of the Roadmap, as is included below. Guiding questions useful for the discussions on the Roadmap are also included throughout the submission.

Overall expectations

There are five critical points that the Roadmap must consider:

1) ***Guiding principles:*** *Finance flows included as part of the Roadmap must be accessible, ensuring that developing countries can effectively access the funds; scalable, capable of expanding to cover the needs of developing countries; predictable, enabling long-term*

[1] For a more detailed analysis on the NCQG outcomes, please see "COP29 Results. Analysis of the new collective quantified goal on climate finance" (GFLAC, 2024), available at: https://www.gflac.org/_files/ugd/32948d_fe76b26e50ed4e198090916726af5ed6.pdf

planning certainty and financial stability; accountable; transparent backed by a measurable tracking system; well-governed, ensuring equitable fund management with human rights and gender equity at its core; and inclusive and participatory, involving diverse stakeholders as both providers and recipients, including local communities, Indigenous Peoples, women, youth and other vulnerable groups.

2) ***Strengthening the role of public finance:*** *While private sector engagement is key for scaling up climate finance, public finance remains central, particularly for adaptation and sectors with uncertain or low financial returns. Public finance must play a leading role in addressing market failures and ensuring an equitable distribution of resources.*
3) ***Closing financial gaps:*** *Adaptation finance remains vastly insufficient compared to actual needs. The Roadmap must ensure the scaling up of funding, particularly through grants and concessional finance. This is essential to ensure developing countries can build resilience without increasing debt burdens.*
4) ***Ensuring the quality of finance:*** *Beyond increasing financial flows, it is essential to enhance their effectiveness. Developing countries need improved access to concessional finance, reduced debt burdens and stronger alignment with their national priorities. All financial institutions, including the World Bank (WB), the International Monetary Fund (IMF), and multilateral and national development banks, must undergo deep reforms to integrate climate change into their investment priorities. These reforms should ensure a diverse set of financial instruments, with a strong emphasis on highly concessional finance.*
5) ***Differences between the Roadmap and Article 2.1.c:*** *The Roadmap should function as an operational plan to enhance the provision and mobilization of climate finance for developing countries, focusing on qualitative mechanisms. In contrast, Article 2.1.c calls for a systemic transformation of global financial flows. While both processes are interconnected, they are distinct and must be clearly delineated. In this context, it is crucial that the Roadmap is formally included as an agenda item for adoption at the 30th Conference of the Parties (COP30) to ensure its implementation and continuity beyond 2025.*

1. Process to develop the Roadmap

Guiding question for the discussions:

- *How should progress under the Roadmap be monitored and evaluated to maintain momentum beyond COP30?*

The process led by the Presidencies must be open, transparent, inclusive and participatory, ensuring accountability and broad engagement from all relevant actors. It should encompass two key dimensions: the formal process under the UNFCCC and complementary discussions outside the UNFCCC that can help shape the Roadmap. Additionally, active involvement of key stakeholders is essential to ensure effectiveness, legitimacy and the successful appropriation of its activities.

1.1 Formal process under the UNFCCC

Although the following activities within the formal process are presented as distinct steps, they are related and could overlap:

a. **Active communication, collection and presentation of inputs:** It is important that the Presidencies establish an official mechanism to receive inputs (through submissions and other channels), which clearly state how they will be collected and presented. It should be noted that transparency and inclusivity are vital throughout the process. Each activity under the Roadmap should be announced well in advance -at least one month ahead of time-, to ensure meaningful participation. Observer involvement, which has proven crucial in past processes, must be guaranteed in all Roadmap activities[2]. The recent technical experts dialogues (TEDs) and meetings of the ad hoc work programme (MAHWP) of the NCQG offer a useful precedent for best practices in this area.
b. **Virtual consultations:** Besides this call for submissions, the Presidencies could initiate virtual bilateral informal consultations with negotiation groups to gather expectations, suggestions and concerns. Additionally, they could host virtual informal multilateral consultations with heads of delegations on the road to Belém, drawing from past practices by other Presidencies.
c. **In-person side-events:** The above mentioned consultations would also allow sufficient time for organizing a robust in-person event at the 62° Sessions of the Subsidiary Bodies (SB62) in Bonn in June, which would help assess progress, as well as ensure broad participation from all Parties and non-Parties stakeholders. Furthermore, the Presidencies could organize side events alongside other UNFCCC meetings, such as the Regional Climate Weeks and Pre-COP30, and even beyond the UNFCCC at the 80° Session of the UN General Assembly (UNGA80), among others.
d. **Key findings and next steps:** The design and execution of the Roadmap must remain closely aligned with its ultimate objective. While the NCQG decision clearly defines the purpose of the Roadmap, there is no certainty that its report will be considered as an agenda item at COP30. To ensure continuity in the discussions on the NCQG in the years ahead, Brazil should consider incorporating key findings and next steps from the final report into a cover decision, if this aligns with its broader COP30 strategy. Additionally, the Presidencies could consider appointing an external expert group, with equal representation from developed and developing countries, as well as representatives from relevant international organizations, to support the

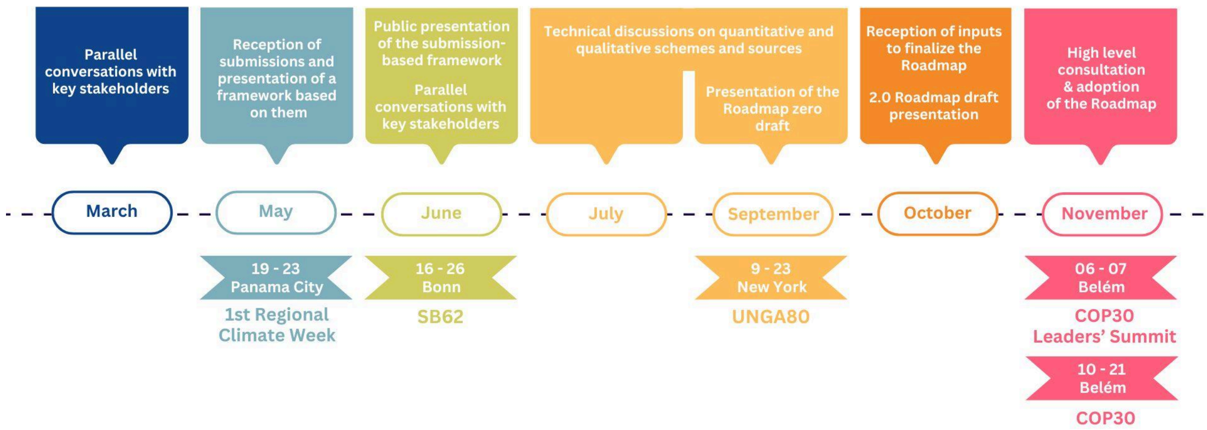
[2] Climate Action Network (CAN) International sent a letter to Azerbaijan, Brazil and the UNFCCC Secretariat on February 4 to flag concerns regarding the participation of observers in the Roadmap process.

Roadmap's technical activities, such as the publication of thematic reports. They could also request the UNFCCC Secretariat's assistance in drafting the report so as to keep this process within the multilateral process.

e. **Beyond COP30:** The Roadmap must go beyond merely diagnosing the state of climate finance flows; it should serve as a concrete guide outlining what needs to happen to mobilize the USD 1.3 trillion. In this context, and as mentioned previously, it is essential to ensure the continuity of the Roadmap's work beyond COP30 by adopting a clear COP decision that future Presidencies can build upon and advance.

f. **Key topics to create synergies under the UNFCCC:** While the Roadmap is clearly embedded in the NCQG, there are other important discussions taking place under the UNFCCC that are relevant for the design of the Roadmap:
   - **Global goal on adaptation (GGA):** The United Arab Emirates (UAE) Framework for Global Climate Resilience and its work programme on indicators. Thus far, there are no clear linkages between the NCQG and the Framework, even though the 11 targets should be achieved by 2030 and the lack of financial resources is the most important obstacle to adaptation action. The Roadmap needs to build a clear linkage with the GGA.
   - **Fund for Responding to Loss and Damage:** The Fund should prioritize the most vulnerable communities by ensuring effective direct access mechanisms and streamlined procedures, reducing bureaucratic barriers. Recognizing that limited financial resources are a major obstacle to preventing and responding to loss and damage, the Fund must facilitate timely and equitable access to support. In this sense, the Roadmap needs to recognise the role of the Fund and the importance of mobilizing resources for L&D as part of its design.
   - **Global Stocktake (GST):** It is necessary to ensure that the Roadmap's findings contribute to assessing global climate finance progress, as established in the NCQG decision.
   - **Article 2.1.c:** While the Roadmap is clearly embedded in the NCQG, it is important to identify synergies and differences across the Roadmap and Article 2.1.c discussions, to avoid duplication of efforts, or confusions about what is the Roadmap for. One important element is that the Roadmap to mobilize at least USD 1.3 trillion is dedicated solely to developing countries, while article 2.1.c aims to transform all financial flows.

Proposed next steps



1.2 Discussions outside the UNFCCC

Guiding questions for the discussions:

- *How could the Roadmap engage with key financial stakeholders outside the UNFCCC multilateral process to address barriers and ensure more grant-based and concessional finance for developing countries?*
- *What steps should be taken to align the Roadmap with the reform of the international financial system?*
- *What role can spaces such as the UN Tax Convention, the G20, FFD4 and biodiversity finance discussions, among others, play in generating new and additional resources for climate action?*

During 2025, several processes and events outside the UNFCCC are taking place that are highly relevant to the climate finance agenda. While some decisions may not be finalized during the development of the Roadmap, it is essential to consider how relevant outcomes can support its implementation in the short, medium, and long term.

Some important international spaces that can be relevant for the design and implementation of the Roadmap are:

a. **Reform of the international financial system:** According to the NCQG decision, the multilateral development banks (MDBs) will play an important role in the USD 1.3 trillion, yet it is necessary to determine what part of their finance will be considered and under what criteria**.** The Spring and Annual Meetings of the IMF and WB provide a critical platform for advancing key reforms to overcoming structural barriers to climate finance. Some of these reforms are described in the 2024 "G20 Roadmap Towards Better, Bigger and More Effective MDBs", which the South African presidency is already seeking to implement[3]. The Roadmap could consider the following points related to the international financial system reform:

- Maximizing the role of public finance as a critical source of finance for climate actions. MDBs, in collaboration with national development banks (NDBs), can play an important role in closing the gaps between climate finance needs and flows, through mechanisms that avoid further levels of indebtedness.
- Enhancing and transforming the role of MDBs in aligning financial flows with the NCQG decision. This must be based on qualitative elements, such as the use of resources that do not increase uncontrollable levels of debt.
- Increase concessional loans to maximize the strategic use of public funds based on criteria of urgency and public needs.
- Streamlining bureaucratic procedures to improve accessibility and efficiency in disbursements. However, this must be done without increasing the margins of discretion, ensuring that the standards of transparency and accountability are maintained.

b. **UN Tax Convention:** The negotiations around this Convention have direct implications for climate finance as they will shape global fiscal policies. Furthermore, the approved terms of reference of the Convention include a commitment to "international tax cooperation approaches that will contribute to the achievement of sustainable development in its three dimensions, economic, social and environmental", and envisions the possibility of developing a protocol on tax cooperation on environmental challenges. The Roadmap could consider the following aspects of the UN Tax Convention:

- Establishing a fair and transparent global tax system that ensures enhanced resource mobilization for climate action, particularly benefiting developing countries.
- Implementing targeted tax schemes, such as taxing the biggest pollutants, the super and ultra rich and others that accumulate major wealth, and which sources can be redirected to the implementation of mitigation and adaptation measures.
- With access to energy guaranteed for every citizen and understood as a means of access to basic rights, phasing out fossil fuel subsidies, particularly supply subsidies, and taking into consideration the need of consumption

[3] For more information, please see: https://g20.org/g20-media/chairs-summary-1st-finance-ministers-and-central-bank-governors-meeting-cape-town-south-africa-26-27-february-2025/

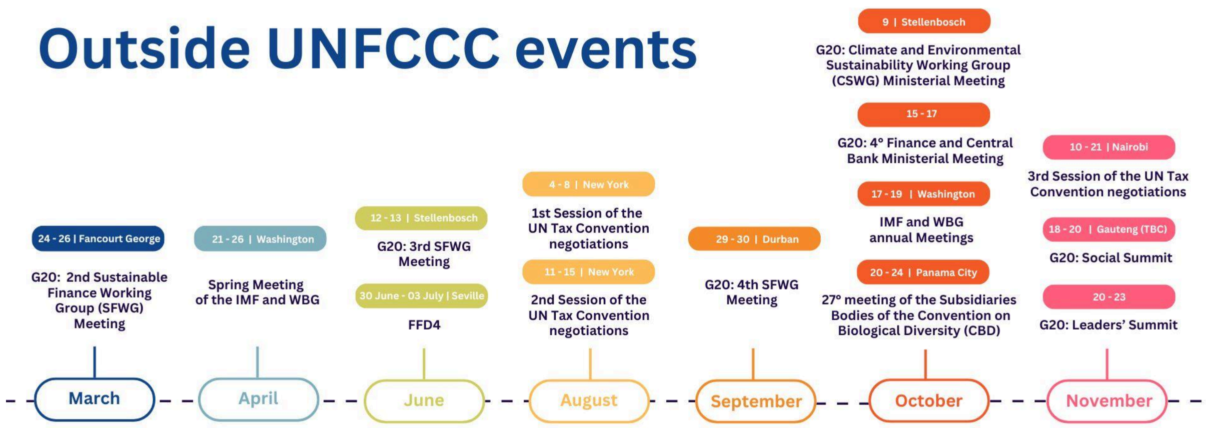
subsidies for access to energy in communities with lower levels of development. It is necessary to redirect the collection of such subsidies towards renewable energies and low-carbon development that fully respects human rights, biodiversity and environmental boundaries.

c. **G20:** Since the aim of the Roadmap is to accelerate the mobilization of resources, it is important to consider the role of the G20, and the work that was done during Brazil's G20 Presidency, particularly in the Sustainable Finance Working Group (SFWG), and advance efforts to facilitate climate finance flows through:
    - Strengthening country platforms as mechanisms to coordinate and streamline financial support, ensuring that resources reach priority sectors and communities.
    - Strengthening the work of the SFWG to ensure that its work aligns with the UNFCCC process, to enhance the consistency, scale and reliability of climate finance.

d. **Biodiversity finance:** While the Roadmap is focused on climate finance, it is relevant to identify synergies with biodiversity finance to avoid duplication of efforts, but also to encourage the maximization of efforts. This could include:
    - Scaling up investments in nature-based solutions (NBS), which offer cost-effective and sustainable ways to enhance climate resilience.
    - Prioritizing conservation finance and ecosystem restoration in climate finance frameworks to enhance resilience against climate impacts.
    - Ensuring that financial flows support the Kunming-Montreal Global Biodiversity Framework, aligning biodiversity and climate finance objectives.
    - Making sure that innovative instruments to finance the world's resilient forests, such as the Tropical Forest Forever Facility (TFFF) proposed by Brazil, will be ready for implementation in the urgency demanded by nature finance.

e. **Fourth International Conference on Financing for Development (FFD4):** This event represents a pivotal moment to create better synergies between climate finance and the broader development finance agenda. Key areas for strategic alignment with the NCQG include:
    - Mobilizing new and additional sources of finance for climate action, ensuring that climate considerations have synergies with the international development finance frameworks. This is particularly relevant for the adaptation agenda.
    - Ensuring climate finance alignment with human rights' obligations assumed by countries in the context of the United Nations.
    - Strengthening the role of public finance, particularly in areas where the private sector cannot or is not interested in playing a role.

- Creating incentives for the participation of the private sector that aim to invest and transform production models, avoiding any type of greenwashing.
- Aligning global financial reforms with UNFCCC decisions to ensure coherence and long-term sustainability.
- Ensure the mobilization of finance that avoids increasing debt and tackle issues such as the increasing cost of capital.



1.3 Key stakeholders

A diverse range of stakeholders play a crucial role in shaping the climate finance landscape and they will be critical to support the design and implementation of the Roadmap. Their engagement is essential for mobilizing diverse financial instruments, enhancing implementation mechanisms and ensuring policy coherence across different international processes. Some important stakeholders to be considered in the consultations are:

a. **International financial institutions:** The WB and IMF have been playing an important role in the mobilization of financial flows, but it is urgent to reform the way they operate, in at least three levels: 1) create more and better instruments to finance climate actions that do not generate or perpetuate the debts of developing countries; 2) mainstream climate change in the portafolio and operation of the MBDs to ensure that all their investments are aligned to the Paris Agreement and human rights' respect and biodiversity protection; 3) accelerate the reduction of fossil fuel investments in the short and medium term; and 4) de-risking investments and expanding concessional finance, particularly for adaptation.
b. **NDBs:** While MBDs are called to transform their operations, it is also important to strengthen the role of NDBs as the institutions that were created to support the implementation of projects at the national level. Finance in Common has been a

space where these institutions have been convening and it is relevant to consider what is the role that they can play in the context of the Roadmap and its implementation, based on local needs, and channeling resources into sustainable infrastructure and climate resilience projects at the national and subnational levels.

c. **Coalition of Finance Ministers for Climate Action:** This coalition is instrumental in mainstreaming climate considerations into fiscal and economic policies, mobilizing domestic resources for climate action, and advocating for global financial system reforms that align with the NCQG decision. The Coalition must play an important role in the design of the Roadmap.

d. **Central banks and financial regulators:** institutions such as the Network for Greening the Financial System (NGFS) can play a key in integrating climate risks into financial regulation, ensuring financial stability and promoting green finance frameworks. Their inputs can be instrumental in the design of the Roadmap.

e. **Risk insurance and guarantee mechanisms:** entities like the Global Risk Financing Facility (GRiF) and regional risk pools (e.g., the Caribbean Catastrophe Risk Insurance Facility -CCRIF-) provide financial protection against climate-related disasters, improving resilience in vulnerable communities. However, further action is needed regarding the way they price climate action and the continuation of fossil investments. Current rating methodologies often fail to adequately reflect climate risks and opportunities, potentially disincentivizing necessary shifts toward resilient and low-carbon economies.

f. **Private sector and institutional investors:** Asset managers, pension funds and sovereign wealth funds are needed for scaling up investments in sustainable infrastructure, clean energy and NBS. It is also relevant to determine specifically what part of the private sector will play a role in the mobilization of financial flows as part of the Roadmap. For instance, mechanisms such as blended finance, public-private partnerships (PPPs), and innovative financial instruments (e.g., sustainability-linked bonds) can be relevant if they consider qualitative aspects, such as accessibility and sustainability.

g. **Civil society and Indigenous Peoples:** Non-Governmental (NGOs), Indigenous and civil society organizations (CSOs), among others, are critical to ensure that climate finance mechanisms are inclusive, equitable and aligned with the needs of frontline communities. The participation of these stakeholders in the Roadmap is important to ensure accountability and transparency.

h. **Philanthropic foundations and impact investors:** Foundations and impact investors can also bring in alternative sources to catalyze climate finance flows. This is particularly relevant to ensure the allocation of resources at the local level.

By engaging these stakeholders in a coordinated manner, the Roadmap can foster a more effective, inclusive and ambitious approach to climate finance, ensuring that resources are mobilized and allocated efficiently toward the USD 1.3 trillion goal.

2. Content to be considered in the Roadmap

The Roadmap is the opportunity to state the sources and actions needed to mobilize the USD 1.3 trillion. However, this tool should be realistic, transparent, clear and concise, while avoiding being speculative and descriptive. The Roadmap must include quantitative and qualitative aspects related to the sources and instruments needed to tackle the different challenges and needs of developing countries.

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2.1. Acknowledgment of existing gaps

Guiding question for the discussions:

- *What are the biggest gaps in climate finance that the Roadmap should address?*

The Roadmap has to consider that available climate finance is inadequate and insufficient, and needs to propose a way to close the gaps that exist, such as distribution, access, thematic allocation and other gaps that perpetuate historic inequalities.

a. **Regional allocation gaps:** According to the "Sixth Biennial Assessment and Overview of Climate Finance Flows" (SCF, 2024) -known as Sixth BA-, East Asia, Northern and Western Europe, and North America continue to be the main recipient regions of climate finance, while other regions face significant deficits. According to the 2024 Sustainable Finance Index (GFLAC, 2024), in 2021, Latin America and the Caribbean received USD 51.597 billion in development finance. Of this amount, only USD 9.2 billion -equivalent to 17.85%- was allocated to initiatives aimed at combating climate change.
Moreover, according to the Economic Commission for Latin America and the Caribbean -CEPAL, for its acronym in Spanish- (2024)[4], the annual investment needed

[4] Please see:

to achieve the region's climate commitments, as reflected in the NDCs, is estimated to be between 3.7% and 4.9% of regional GDP until 2030. This translates into an annual flow of USD 215 to USD 284 billion, amounting to a cumulative total of USD 2.1 to USD 2.8 trillion between 2023 and 2030. The Roadmap needs to provide a strategy to close these gaps, based on a better understanding about what is needed at the regional level, since the Roadmap must benefit developing countries.

b. **Gaps in relation to instruments**: A large part of climate finance provided to developing countries comes in form of loans, perpetuating a cycle of indebtedness in countries in the Global South. According to the Sixth BA (SCF, 2024) more than half of climate finance was provided through debt instruments -while grants only represented 6% of the total-, emphasizing the dependence of developing countries on financial mechanisms that increase their financial burden.[5] In most Latin American and Caribbean countries, more than 90% of climate funds are provided through loans (GFLAC, 2024). Moreover, the "Report on the doubling of adaptation finance" (SCF, 2024) shows that 59% of adaptation finance in 2019-2020 was provided through loans -and 31% in the form of grants-, increasing the pressure on developing countries.

   The need to reverse this trend must be urgently addressed, as climate finance should primarily take the form of concessional grants rather than profit-driven loans. Such loans exacerbate a system where developing countries receive insufficient resources for climate action, only to later face capitalized repayments. Meanwhile, developed countries -historically and currently the largest emitters- profit from this dynamic. This form of neo-colonialism not only deepens economic dependency but also violates the human rights of populations in heavily indebted states facing the climate crisis. Climate action must not be treated as a commodified, profit-driven business for the Global North but rather as a matter of legal obligation, in line with binding international commitments ratified by these same states.

c. **Gaps in relation to thematic allocation:** At the international level, mitigation finance receives most of the financial support, with a 80%-15% ratio compared to adaptation (CPI, 2023). In Latin America and the Caribbean, the majority (USD 6.2 billion) of the USD 9.2 billion destined to address climate change in 2021 was allocated to mitigation activities, whereas adaptation only received USD 2.4 billion and

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[5] For more information, please see: https://www.google.com/url?q=https://cesr.org/sites/default/files/2024/Key_Concepts_-_Climate_Finance_Reparations_and_Human_Rights.pdf&sa=D&source=docs&ust=1742216321663473&usg=AOvVaw32yu2T7eY9eFl2q-EHP2DU

cross-cutting initiatives 600 million (GFLAC, 2024)[6]. With adaptation finance consistently falling short of needs, the Roadmap must instill confidence that substantial concessional funding and grants will be available for developing countries. In addition, to ensure alignment with the GGA, the following measures could be prioritized within the Roadmap:

- Establishing clear commitments and timelines for scaling up adaptation finance going beyond the doubling commitment established at COP26.
- Adaptation finance commitments also have to directly tackle the cost of private finance on the supply side.
- Ensuring that the majority of adaptation finance comes from predictable public finance sources in the form of grants.
- Establishing clear guidelines for tracking climate finance flows, ensuring accountability for their use, and reporting mechanisms to monitor adaptation flows and enhance their accountability. For instance, by identifying the gaps and synergies with the finance indicators of the GGA that will be adopted at COP30.

d. **Transparency and accountability gaps:** Transparency and accountability gaps in global climate finance undermine trust between countries and make it difficult to mobilise resources on an adequate scale. There are still no clear mechanisms to track financial flows, guarantee predictability of contributions and ensure that funds reach the countries and communities that need them the most. Furthermore, the absence of robust criteria for monitoring and evaluating the impact of investments raises concerns about the effectiveness of the NCQG in driving a just and sustainable transition. Therefore, the Roadmap should:

- Establish a clear mechanism to increase transparency and accountability, clarifying to what extent it will be connected to the Enhanced Transparency Framework (ETF) as is stated in the NCQG decision.
- Develop clear metrics to measure the effectiveness of climate finance in achieving desired outcomes, such as reducing emissions, promoting adaptation and achieving sustainable development.

2.2. Sources

Guiding questions for the discussions:

[6] The 2024 Sustainable Finance Index (IFS, for its acronym in Spanish) also reveals that LAC countries received 19 times more revenue from carbon-intensive activities than from climate and biodiversity finance. Additionally, budgets allocated to carbon-intensive sectors are 12 times higher than those for sustainability initiatives (GFLAC, 2024).

- *What mechanisms should be put in place to guarantee clear financial commitments and tracking?*
- *Which financial sources should be prioritized to meet the USD 1.3T target?*

It is crucial to ensure that the sources counted toward the USD 1.3 trillion target are not only sufficient in quantity but also at the qualitative level. Some critical sources to be included are:

a. **Bilateral finance:** Bilateral climate finance plays a critical role in supporting developing countries by providing financial resources through direct agreements between donor and recipient nations. However, current bilateral finance flows face key challenges, including limited transparency, misalignment with national priorities and a preference for loans over grants. To ensure bilateral finance effectively contributes to mobilizing the USD 1.3 trillion target, the Roadmap should particularly promote:
    - Aligning bilateral finance with country-driven priorities by strengthening direct engagement with recipient governments and local stakeholders in decision-making processes.
    - It is critical that bilateral climate finance does not compete with other agendas, such as finance for development and biodiversity finance, meaning that bilateral climate finance has to be new and additional.

b. **Multilateral climate funds:** One of the biggest challenges is to align the climate finance needs with the climate finance flows from the multilateral climate funds that were created to close those gaps. It is necessary to emphasize the role of these channels, particularly of the Adaptation Fund (AF) and the Fund for Responding to Loss and Damage.

c. **Multilateral development finance:** Revamping the role of MDBs has become a central focus in discussions on enhancing the international financial system's ability to address pressing global and development challenges, particularly climate change. Given their instrumental role in mobilizing financial resources to bridge the climate finance gap, improving their effectiveness is increasingly critical. In that regard, the Roadmap should clarify how MDBs and other financial mechanisms beyond the UNFCCC can meaningfully contribute to achieving the USD 1.3 trillion target by advancing reforms to improve access, lower borrowing costs for developing countries and scale up concessional lending. Therefore, the Roadmap should:
    - It is essential to determine the share of climate finance that will come from MDBs and the principles under which these resources will be included. This

requires a clear distinction between funds directly linked to public finance and those leveraged through private sector instruments.

- Enhance collaboration between MDBs and NDBs, which at the same time can create better channels of collaboration with private sector investors to expand blended finance options and reduce investment risks, under clear principles.

d. **Fiscal policies:** Among the measures that can be implemented as part of the Roadmap, fiscal policy should be identified as an opportunity to gather the necessary climate finance under the Paris Agreement. Fiscal policy is a tool to obtain financial resources, yet it also can help tackle inequalities and internalise the costs of environmental damage, while encouraging changes in production and consumption patterns.[7] Thus, fiscal policy can serve a double objective in acting as the means to gather resources necessary to tackle the climate emergency but also to discourage the generation of greenhouse gases and reduce air contamination. There are a number of green and progressive tax policies that can play a crucial role in overcoming dependence on fossil fuels, safeguarding the environment and generating public revenues aimed at transforming economies into sustainable and resilient models. In particular:

- Fiscal policy reforms aligned with human rights obligations have a significant potential to mobilize additional resources for climate finance. Some reforms could include "green" fiscal policy instruments -that impose a cost on activities that are scientifically proven to be harmful to the environment- in the form of general or sectoral taxes or targeted at specific pollutants, properly designed to avoid regressive impacts on lower-income populations.
- A review of current tax incentives is also necessary to guarantee that fiscal policies do not act to the detriment of climate policies, for instance by granting tax preferences or relief measures to carbon-intensive industries.
- Progressive taxes on wealth and capital can also have an important revenue-raising potential, while at the same time encouraging climate-responsible behaviour and promoting equality. Recent debates and commitments -e.g., made by the G20- focused on taxing high-net-worth individuals show the revenue potential of these initiatives. Estimates indicate that "A minimum tax equal to 2% of wealth on global billionaires would raise

[7] For more information, please see:
https://www.gflac.org/_files/ugd/32948d_7e68f6d96e5e462aa50bc50ad8fb41fe.pdf?index=true;
And
https://gi-escr.org/en/resources/publications/green-and-progressive-taxes-for-the-socioecological-transition

$200-$250 billion per year in tax revenue from about 3,000 taxpayers globally; extending the tax to centi-millionaires would generate an additional $100-$140 billion" (Zucman, 2024). In effect, taxing the ultra-rich and their luxury consumption and investments is a progressive and effective measure to reduce emissions, while generating funds for the transition and supporting those most vulnerable to climate impacts.

- The fight against tax avoidance and evasion, as well as against illicit financial flows, is a cornerstone for strengthening public finances and promoting sustainable development more equitably at the global level.

e. **Debt reverting schemes:** These schemes have gained increasing attention as a tool to address the growing debt burden of developing countries while simultaneously mobilizing resources for climate action. To enhance the impact of these mechanisms, which involve restructuring or redirecting debt obligations, the Roadmap should consider:
   - Leveraging international financial institutions: Strengthening collaboration with MDBs and other financial institutions is crucial to integrating debt-reverting mechanisms, including debt cancellation for eligible countries, swaps where appropriate and other innovative financial instruments that enhance long-term sustainability while ensuring developing countries can invest in climate action without exacerbating debt burdens.
   - Encouraging climate-responsive sovereign debt instruments: Supporting the issuance of sustainability-linked bonds and other innovative instruments, such as debt-for-climate swaps and payments for ecosystem services, that tie debt obligations to climate performance indicators. These schemes must be implemented under principles such as accountability, transparency, human rights's respect and gender equity, among others.

f. **Innovative and sustainable sources:** To meet the ambitious climate finance targets, the Roadmap should explore innovative revenue streams that supplement traditional funding sources. Potential mechanisms in this regard include:
   - International tax instruments, like levies on fossil fuels and financial transactions and carbon emissions, to generate additional resources for climate action.
   - Encouraging philanthropic contributions and voluntary commitments from high-net-worth individuals and private foundations.
   - Leveraging Special Drawing Rights (SDRs) and reallocating underutilized financial resources from international financial institutions.

g. **Reform of the International Investment Regime:** The international regime on international investment, composed of more than 3,000 international agreements, has implemented significant constraints on the State's fiscal space to respond to the climate emergency. Many of the International Investment Agreements concluded in the 1980s and early 2000 do not envisage any scope for regulatory flexibility to implement environmental protection measures. The treaty regime establishes protective standards for foreign investment and provides access to investor-State arbitration procedures known as Investor-State Dispute Settlement (ISDS), which are being used to challenge climate policies. The 2022 Intergovernmental Panel on Climate Change (IPCC) report highlighted the risks of ISDS creating regulatory chill and halting climate ambition, as well as diverting essential public resources to pay for breaches of international investment obligations (IPCC, 2014, p. 30). The limited time available to keep global warming within 1.5°C and the impact that ISDS claims may have on the resources available to invest in effective climate action makes it imperative for States to accelerate and deepen the reform of the international investment regime.

2.3. Allocation based on needs

Guiding questions for the discussions: ● *How can the Roadmap ensure a balanced distribution of finance between mitigation, adaptation and loss and damage?* ● *How can the Roadmap ensure that climate finance is allocated based on the needs of developing countries?*

According to the "Second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement" (SCF, 2024), the NDC of 142 Parties included a total of 5,760 needs. Of these, 2,753 (48%) from 98 countries were costed, amounting to between USD 5.036 and 6.876 trillion. Through 2030, this represents between USD 455 and USD 584 billion per year. As stated in the NCQG decision, the Roadmap should focus on:

a. **Ensuring financial support for NDCs and NAPs:** The Roadmap should establish a clear framework or recommendations for directing financial resources towards implementing NDCs and NAPs in line with country-specific priorities. To achieve this, it should address the following:
    - Consider the existing work done in this area, both within the UNFCCC (such as the information contained in the NDCs Synthesis Reports and the Least Developed Countries Expert Group -LEG- reports on NAPs, as well as the Standing Committee on Finance -SCF- reports), and outside the UNFCCC (country platforms by the G20).

- Synthesize initiatives and/or funds focused on concessional finance and non-debt-generating instruments.
- Place adaptation finance as a priority given that the objective of developed countries to double adaptation finance by 2025 established by the Glasgow Climate Pact (decision 1/CMA.3) has not yet been met and ends this year and, in terms of its quantity, it is not aligned with the needs included by developing countries in NDCs, Adaptation Communications, Biennial Transparency Reports, etc.
- Develop strategies to support the presentation and implementation of NDCs and NAPs to access climate finance more efficiently.

2.4 Key principles of the Roadmap

To ensure the Roadmap's effectiveness, it must be guided by at least the following key principles:

a. **Accessibility:** The Roadmap's activities must contribute to the removal of bureaucratic barriers and the simplification of the processes for accessing and disbursing funds, particularly for the most vulnerable countries, and those communities and societies in high risk. This requires financial mechanisms that are inclusive and consider the realities and capacities of each country.
   - **Enhancing direct access:** Including the enhancement of direct access in the Roadmap aligns with the NCQG decision, which calls on multilateral climate funds to improve access and effectiveness. This growing momentum is also evident in mechanisms such as the AF, the Global Environment Facility (GEF) and the Green Climate Fund, which are actively working on policies to expand direct access. Additionally, the newly established Fund for Responding to Loss and Damage highlights the importance of direct access to ensure that resources reach the most affected communities. To advance direct access, the Roadmap should consider:
     - ❖ Strengthening national and local capacities to manage climate finance, ensuring that institutions are equipped to access and administer funds efficiently.
     - ❖ Enhancing financial and technical support for local and indigenous-led initiatives, ensuring climate finance is tailored to local contexts.
     - ❖ Facilitating knowledge-sharing and best practices among countries and institutions to improve direct access implementation.
     - ❖ Developing strategies to ensure equitable distribution, especially for the most climate vulnerable populations and developing countries.

Direct access enhances the efficiency, equity and justice of climate finance by enabling national and local entities to manage funds directly. This strengthens local ownership, integrates traditional knowledge and ensures financial flows effectively support vulnerable communities.

b. **Scalability:** It is essential to ensure that funds are available and scalable in a timely and adequate manner to cover adaptation, loss and damage and mitigation needs. This demands strong financial commitments and efficient disbursement mechanisms that allow beneficiary countries to plan and implement their climate strategies without delays.
c. **Predictability:** Developing countries require certainty regarding the future availability of funds to enable long-term planning. Establishing clear financial commitments and defined disbursement schedules will foster greater trust and facilitate strategic planning for national climate policies.
d. **Governance:** The governance of the funds and resources included in the Roadmap must follow human rights and gender equity principles at all stages of implementation.
e. **Transparency:** Funds management must be transparent, and a system to clearly monitor them is needed.
f. **Inclusivity:** Decision-making processes should involve all relevant stakeholders, including representatives from developing countries, civil society and other key actors such as local communities, indigenous communities, youth and women groups.

Guiding question for the discussions:

- *How can the Roadmap strengthen transparency and finance tracking to improve accountability and effectiveness?*

Conclusions

The "Baku to Belém Roadmap to 1.3T" presents a critical opportunity to mobilize the necessary climate finance to support developing countries in their transition to low-carbon and climate-resilient development pathways. To effectively achieve its goals, it is essential to ensure transparency, inclusivity, and active stakeholder engagement throughout the process. By focusing on critical areas such as financial support for NDCs and NAPs, addressing the adaptation gap, building clear linkages with the UAE Framework on Global Climate Resilience and its 11 targets by 2030, and enhancing direct access and leveraging MDBs, the Roadmap can effectively mobilize the necessary resources and foster collaborative efforts towards climate resilience. The continued commitment of all Parties will be crucial in realizing these ambitious targets.

Moreover, the success of the Roadmap depends on establishing robust mechanisms for tracking and reporting progress. This includes setting clear milestones and timelines for financial commitments, which will not only hold Parties accountable but also enhance trust among stakeholders. Regular updates and transparent reporting can help identify challenges early on and allow for adaptive measures to be implemented promptly. By ensuring that all stakeholders, including civil society and private sectors, have access to this information, the Roadmap will strengthen its legitimacy and support.

The effective delivery of the aforementioned elements is crucial not only for advancing resilience building and mitigation efforts, but also for sending clear political signals on scaling up climate finance. Such signals would strengthen the ongoing commitment of all Parties, as the success of this process largely hinges on the clarity and ambition embedded in the Roadmap, making it a key driver in reoxygenating the climate finance fora.

The COP29 and COP30 Presidencies can lay a foundation for a truly transformative climate finance system by addressing the transparency and accessibility of funds. This will contribute to a sustainable future for all, with focus on the needs of developing countries. Furthermore, it is crucial to prioritize the timely and effective delivery of climate finance, rather than just promising it.

Finally, as the world faces more frequent and severe climate impacts, it is imperative to align the Roadmap's objectives with broader international climate commitments and initiatives. Strengthening synergies with other key processes and discussions under the Paris Agreement will enhance coherence and maximize impacts. In this sense, it is important to clarify the nature of the Roadmap and the need to adopt a decision about it at COP30, to ensure its work and implementation beyond 2025. The responsibility lies with all Parties to work together, ensuring that climate finance is adequate and equitable.

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