

# Global Shield Secretariat Submission on the Baku to Belém Roadmap to 1.3T

The Global Shield Secretariat appreciates the opportunity to contribute to the “Baku to Belém Roadmap to 1.3T” in response to the invitation from 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<sup>1</sup>. This inclusive and forward-looking process is essential to mobilise climate finance at the scale and speed required to meet the urgent needs of climate-vulnerable countries.

This submission draws on Global Shield’s experience supporting countries in designing and delivering pre-arranged, non-debt finance solutions for climate and disaster risks. By referring to country-led financial protection strategies, we aim to contribute constructively to the Roadmap’s ambition by demonstrating how timely, targeted pre-arranged finance can enhance resilience, protect fiscal space, and deliver fast-acting support in the face of escalating climate shocks.

## Global Shield against Climate Risks

Launched at COP27 by the V20 and G7, the Global Shield against Climate Risks is a collaborative initiative designed to close the financial protection gap. It expands access to predictable and appropriately structured climate and disaster risk finance. These include capitalised national disaster risk funds, insurance-based mechanisms, supported by premium subsidies, and other instruments for catastrophic risk, all of which provide rapid liquidity following extreme weather events without increasing debt burdens.

Global Shield’s In-Country-Process (ICP) enables governments, civil society, and private actors in an inclusive multistakeholder approach to co-develop tailored financial protection packages (see figure 1). These are delivered through three dedicated financing vehicles – the Global Shield Financing Facility (GSFF), Global Shield Solutions Platform (GSSP), and CVF-V20 Joint Multi-Donor Fund (JMDF)<sup>2</sup> – each supporting distinct yet complementary elements of implementation.

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<sup>1</sup>Message to Parties and Observers - Baku to Belem Roadmap to 1.3T

[https://unfccc.int/sites/default/files/resource/message\\_to\\_parties\\_and\\_observers\\_baku\\_to\\_belem\\_roadmap.pdf](https://unfccc.int/sites/default/files/resource/message_to_parties_and_observers_baku_to_belem_roadmap.pdf)

<sup>2</sup> Global Shield Financing Facility (GSFF), hosted by the World Bank, is a multi-donor trust fund that supports vulnerable countries by providing increased access to financial protection against climate shocks and disasters. Global Shield Solutions Platform (GSSP), a multi-donor grant facility hosted by the Frankfurt School of Finance & Management, focuses on developing and implementing Climate and Disaster Risk Finance and Insurance (CDRFI) solutions to address climate-induced loss and damage. Both GSFF and GSSP are key financing vehicles of the Global Shield against Climate Risks initiative, working alongside the Climate Vulnerable Forum (CVF) and V20 Joint Multi-Donor Fund (JMDF) to scale up pre-arranged finance mechanisms for vulnerable countries.



## In-Country Process

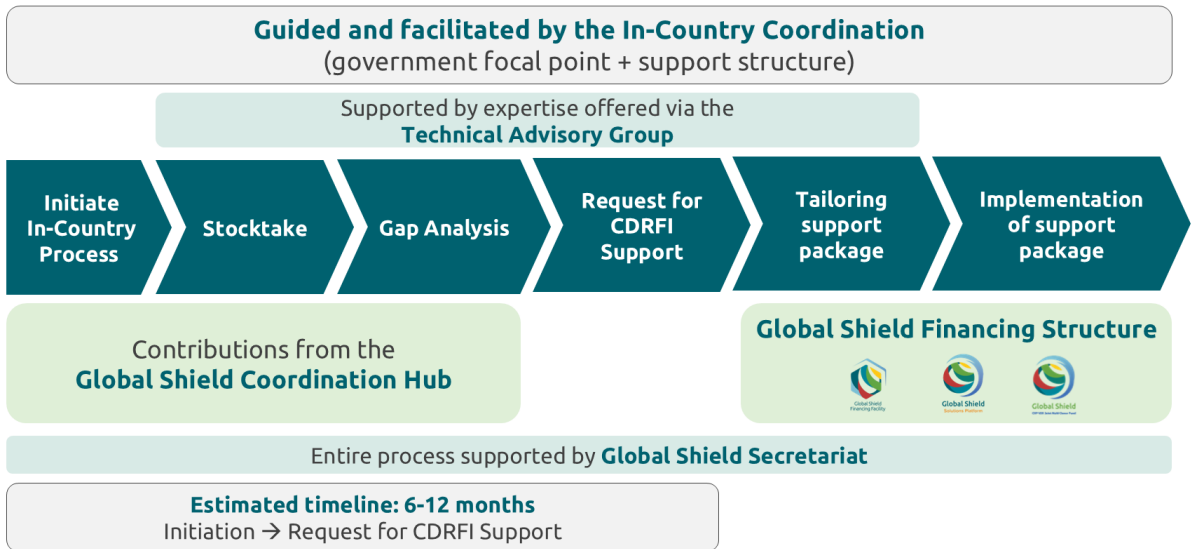


Figure 1. Bottom-up, Country-Led In-Country Process of the Global Shield against Climate Risks.

In 2024, the Global Shield marked several milestones across 12 countries and one region – the Pacific (figure 2). Ghana received its first payout from the African Risk Capacity (ARC) drought insurance product. Pakistan and Costa Rica advanced requests for support, while regional and fragile state processes were launched in the Pacific and Somalia, respectively. These achievements reflect the initiative's growing reach and the demand for scalable, pre-arranged finance solutions.



Figure 2. Countries and regions where the Global Shield against Climate Risks is currently active (as of May 2025).

Global Shield's approach and financing architecture enable layered support at macro, meso, and micro levels. The solutions provided through Global Shield strengthen public financial management, support adaptive social protection, and deliver fast liquidity during crises. The V20's 14<sup>th</sup> Ministerial

Communiqué further calls for a scale-up of global pre-arranged finance by 2030, highlighting that less than 2 percent of crisis finance is currently pre-arranged, with only a fraction reaching low-income countries.<sup>3</sup>

## Driving the Roadmap Forward: The Global Shield's Commitment and Contribution

With robust governance, active country engagement, and an expanding pipeline, the Global Shield stands ready to contribute to the Roadmap's vision by:

- Delivering scalable, predictable, and country-owned climate finance;
- Mobilising pre-arranged financial solutions to protect populations most vulnerable to climate impacts;
- Enabling risk-informed and integrated fiscal strategies; and
- Strengthening global response to loss and damage financing.

## Responses to the *Baku to Belém Roadmap to 1.3T* Guiding Questions

### 1. What are your overall expectations for the “Baku to Belém Roadmap to 1.3T”?

The Global Shield Secretariat views the Roadmap as a critical opportunity to reset the ambition and structure of international climate finance toward a model that is more anticipatory, equitable, and effective. We expect the Roadmap to chart a clear pathway for scaling up timely, needs-responsive finance for climate-vulnerable countries, including through pre-arranged and non-debt instruments.

To achieve this, the Roadmap should prioritise systems and mechanisms that deliver finance before climate shocks escalate into humanitarian or fiscal crises. The objective should not only focus on the volume of finance mobilised, but also on how it is structured to maximise speed, quality, and impact. Pre-arranged finance stands out in this regard, enabling timely, fit-for-purpose disbursements while reinforcing country ownership and fiscal sustainability. The Global Shield stands ready to support the realisation of this vision through its scalable, country-led approach to financial protection.

As part of a diversified and innovative climate finance architecture, pre-arranged finance should be recognised for its unique contribution in delivering rapid and equitable support in the face of shocks. While it is not the only instrument needed, pre-arranged finance is a proven, effective approach that complements broader mechanisms by acting early, helping safeguard hard-won development gains, and improving the understanding of climate risks. This enhanced risk understanding forms the foundation for taking targeted measures and supports other elements of climate risk management within a climate-smart adaptation framework.

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<sup>3</sup> V20 Ministerial Dialogue Communiqué (April 24, 2025, Washington D.C., USA) emphasises the need for scaling up pre-arranged finance. The communiqué highlights that less than 2 percent of the \$76 billion spent on crisis finance in 2022 was pre-arranged. Of that already limited share, only 1.4 percent reached low-income countries.

## **2. Which topics and thematic issues should be explored to inform the Roadmap, within the scope of the mandate?**

To meaningfully support vulnerable countries and implement NDCs, NAPs, and loss and damage responses, the Roadmap should address the following themes:

- a. **Pre-arranged and Trigger-Based Finance:** Position pre-arranged finance as an effective strategy across adaptation, resilience, and loss and damage responses, recognising its efficiency, timeliness, and potential to reduce reliance on post-disaster aid and debt. Emphasise the importance of linking pre-arranged finance to anticipatory action and robust early warning systems, enabling proactive responses before disasters strike.
- b. **Country Platforms and Ownership:** Highlight models which embed national leadership, inclusive stakeholder consultation, and coherent investment planning.
- c. **Non-debt instruments:** Expand and simplify access to premium subsidies, grants, and guarantees to ensure financial protection without worsening sovereign debt.

## **3. 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?**

The Global Shield is currently supporting 12 countries and one region (Pacific), advancing inclusive financial protection frameworks focused on pre-arranged finance.

Country Experiences:

- **Ghana:** Defined a multisectoral financial protection plan through its in-country process. Coordinated by the Global Shield Secretariat, the African Risk Capacity (ARC) Ltd. issued Ghana's first-ever sovereign drought insurance policy, financed with US\$1 million by KfW Development Bank on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Global Shield Solutions Platform (GSSP), managed by Frankfurt School of Finance & Management. The drought insurance was triggered in 2024, resulting in a USD 960,000 payout that was rapidly disbursed, and a second payout of nearly USD 2 million is being processed.
- **Malawi:** Linking adaptive social protection with GSFF's disaster risk finance. A contingency fund provides emergency cash transfers in response to moderate droughts, and a macro/sovereign risk transfer instrument covers the cost of larger scale-ups for more severe droughts. The cash transfer programme is scalable in two ways: it can provide additional emergency funds to existing beneficiaries, and it can extend coverage to include new participants who have been pre-identified as vulnerable in the country's social registry.

Key Lessons include:

- The value of collaborative multilateral partnerships in designing and delivering risk transfer tools, such as Ghana's engagement with ARC Ltd. for drought insurance.
- The integration of sovereign risk transfer instruments, contingency funds, and social protection systems, as demonstrated in Malawi, where the Social Cash Transfer Programme (SCTP) was scaled up using a macro/sovereign risk transfer instrument.

- The role of innovation in structuring multi-layered disaster risk finance, including support for agricultural insurance funds, forecast-based finance, etc.
- The importance of inclusive national ownership and strong political leadership in building national consensus and coordinated efforts.
- The effectiveness of pre-arranged, non-debt instruments in unlocking fast liquidity.
- The critical role of public financial management reform, local capacity, and legal and regulatory frameworks.

As the Roadmap calls for scaling climate finance to USD 1.3 trillion annually by 2035, Global Shield offers more than just a complementary delivery model for anticipatory, pre-arranged, non-debt finance. Through its in-country processes, Global Shield enables the identification of tailor-made, country-specific needs to close protection gaps – a demand-side approach guided by each country. It provides targeted support through structured, replicable packages that combine premium subsidies, risk transfer, contingency finance and other risk retention financial solutions. By leveraging contributions from bilateral donors, mobilising private insurance partnerships, and aligning with national systems, Global Shield strengthens financial readiness and enables rapid, country-led disbursements, protecting fiscal space and locking in development gains.

In the course of 2025 and beyond, Global Shield would have completed around 15 country support packages. Implementation of these packages will offer valuable lessons and opportunities for innovation with Global Shield's ecosystem of partners.

#### **4. Which multilateral initiatives do you see as most relevant to take into account in the Roadmap and why?**

- V20 Climate Prosperity Plans: Country-led platforms integrating climate resilience, development, and investment, with entry points for anticipatory finance.
- Regional Risk Pools (ARC, CCRIF, SEADRIF, PCRIC): Sovereign risk transfer mechanisms delivering timely payouts and large-scale financial protection.
- IMF Resilience and Sustainability Trust (RSF) and SDR rechannelling: Instruments providing macroeconomic buffers to help countries maintain fiscal space during climate shocks.
- Private Sector Initiatives (e.g., Insurance Development Forum): Leverage private sector expertise in risk analytics, scalable solutions, and innovative finance channels.
- Bridgetown Initiative: Advocates global financial reform to mobilise resources for climate resilience and development.
- Early Warnings for All: Supports universal early warning systems to enable anticipatory action and reduce disaster impacts.
- Multilateral Funding Arrangements (MCFs including the FRLD, MDBs, Global Shield): These institutions are central to scaling-up concessional, non-debt, and pre-arranged climate finance, enabling programmatic investments, co-financing, and risk-layered solutions tailored to national priorities.

Global Shield remains committed to working with partners to accelerate equitable, timely climate finance and strengthen delivery systems that help operationalise the Roadmap's collective ambition.