The Baku to Belèm Roadmap to $1.3 Trillion

Submission by the IMAL Initiative for Climate and Development

> *We are now faced with the fact, my friends, that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there is such a thing as being too late. Procrastination is still the thief of time. Life often leaves us standing bare, naked, and dejected with a lost opportunity. The tide in the affairs of men does not remain at flood — it ebbs. We may cry out desperately for time to pause in her passage, but time is adamant to every plea and rushes on. Over the bleached bones and jumbled residues of numerous civilizations are written the pathetic words, "Too late." There is an invisible book of life that faithfully records our vigilance or our neglect. Omar Khayyam is right: "The moving finger writes, and having writ moves on." We still have a choice today: nonviolent coexistence or violent coannihilation. — Martin Luther King, Jr.* [1]

Context

The "Roadmap to 1.3T" represents an opportunity to make amends for past errors, correct course, and point toward the international engagement needed to deliver the goals of the Paris Agreement and United Nations Framework Convention on Climate Change (UNFCCC).

As noted at the conclusion of COP29, the decision on the New Collective Quantified Goal (NCQG) on climate finance was (in our and others' view[2]) inconsistent with the spirit of the UNFCCC and its Paris Agreement, inadequate to deliver their ambitious aims. The weak mobilisation goal of $300 billion per year for 2035 should have been much stronger in various respects, in order to repair trust between countries and to provide confidence that there would be adequate finance for developing country Nationally Determined Contributions (NDCs).[3]

In the heat of the COP, the decision was rushed as it was claimed that a failure to close a deal in Baku could lead to the demise of the post-Paris process — and yet there is the risk of overlooking that, after a certain point in time, a failure to commit sufficient climate finance, from those countries in the clearest position to contribute, could lead to failure in the process and Paris objectives themselves.

As even the COP29 President acknowledged, "western countries stood in the way"[4] of a much better deal on climate finance. The Roadmap is an opportunity to indicate, without fear or favour, what a better deal — aligned with necessity and pragmatism, based on science and equity — might look like.

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[1] Martin Luther King, Jr. (1967) "Beyond Vietnam: A Time to Break Silence" Cont.: *[L]et us rededicate ourselves to the long and bitter, but beautiful, struggle for a new world. This is the calling of the sons of God, and our brothers wait eagerly for our response. Shall we say the odds are too great? Shall we tell them the struggle is too hard? Will our message be that the forces of American life militate against their arrival as full men, and we send our deepest regrets? Or will there be another message — of longing, of hope, of solidarity with their yearnings, of commitment to their cause, whatever the cost? The choice is ours, and though we might prefer it otherwise, we must choose in this crucial moment of human history.*

[2] See: View(s) from Africa: Verdicts on the "shameful" COP29 climate talks | African Arguments

[3] IMAL Initiative (2024) Rebuilding Confidence and Trust after the $100 billion: Recommendations for the New Collective Quantified Goal (NCQG)

[4] See: I'm glad we got a deal at Cop29 – but western nations stood in the way of a much better one | Mukhtar Babayev | The Guardian

(a) What are your overall expectations for the "Baku to Belém Roadmap to 1.3T"?[5]

Key expectation #1: The Roadmap is the opportunity to quantify and emphasize the unprecedented surge of public international climate finance that is required in this crucial decade from contributor countries, offering a non-negotiated scenario pathway for international provision and mobilisation of $1.3 trillion per annum (well beyond $300 billion), not including wider catalyzed private finance flows (under Article 2.1c) which requires a larger goal — in order to deliver the common objectives agreed under the UNFCCC and its Paris Agreement, across mitigation, adaptation, and loss and damage.

International climate finance must be increased to be at-scale for delivery of existing and future NDCs, but also to to keep 1.5C within reach; to deliver the UAE Consensus, notably to triple renewable energy, to double energy efficiency, and to transition away from fossil fuels; to deliver the targets of the Global Goal on Adaptation; and to support responses to loss and damage caused by climate change.

There is no successful pathway to the $1.3 trillion, delivering the objectives above, in which public international climate finance is not increased significantly, well beyond $300 billion a year. Private finance similarly under any scenario delivering these objectives must and will increase, and there is considerable room for innovation in this regard, but this will require some catalyzation and mobilization by international public finance as leverage. Governments as contributors of international climate finance have greater agency to allocate counter-cyclically than financial institutions in international capital markets. As the Presidencies of the Conference of the Parties, the Presidencies should therefore address the Roadmap, first and foremost, to Parties providing climate finance.

A recent Comment article published in Nature, co-authored by an IMAL staff-member,[6] reviews analyses of needs across mitigation, adaptation, and loss and damage, concluding that international public finance provision needs for developing countries, if equitably assessed, could approach $1–1.5 trillion USD per year in grant-equivalent terms:

- Estimate of at least $300bn a year needed for mitigation in grant-equivalent support for developing countries, including nature and land use, with support for just energy transition based on a combination of International Energy Agency (IEA) figures not including China, as well as other analyses, notably of the social costs of transition
- At least $215-387bn a year for adaptation costs in developing countries according to the 2023 UNEP Adaptation Gap, with estimated adaptation costs at $215bn/year before 2030 only if adaptation measures fall short of national plans and permit some loss and damage, with actual current domestic adaptation plans of developing countries estimated to cost $387bn/year.
- $450–900 billion per year (in 2023 USD) for loss and damage is the projected economic cost to be faced by developing countries before 2030, according to the best available analysis in the

[5] The mandate is *"to launch, under the guidance of 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, in consultation with Parties, the "Baku to Belém Roadmap to 1.3T", aiming at scaling up climate finance to developing country Parties to support low greenhouse gas emissions and climate-resilient development pathways and implement nationally determined contributions and national adaptation plans, including through grants, concessional and nondebt-creating instruments, and measures to create fiscal space, taking into account relevant multilateral initiatives as appropriate; and requests the Presidencies to produce a report summarizing the work as they conclude the work by the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (November 2025)"*

[6] Sieber and Erzini Vernoit (2024) Quantifying international public finance provision needs for the new UN climate finance goal | (https://www.nature.com/articles/s44168-024-00190-6)

scientific literature, with this representing an underestimate in that it does not include "non-economic" losses, such as loss of a way of life, which are difficult to price.

This grant-equivalent $1–1.5 trillion translates to a larger figure when the international public finance is measured in nominal (non-grant-equivalent) terms including loans at face value, whereby a concessional loan with 50% grant-equivalence would have its full value counted. Meanwhile, the overall annual financing need across all finance (public and private, domestic and international) is even larger still (as the IEA analysis suggests, at least $1.9 trillion a year for energy transition in developing countries alone). This puts the $1.3 trillion target into perspective, suggesting that it should be a non-negotiated goal for provision and potentially mobilization (with the scope of the negotiated $100bn and $300bn mobilization goals), rather than a goal for wider global investments and finance flows (for Article 2.1c), which would have to be larger to be adequate to ambitions agreed under the UNFCCC.

Key expectation #2: The Roadmap cannot be treated as a purely technical exercise, as it inevitably entails political considerations and choices — the Roadmap should be explicit about different pathways, assessing and prioritizing pathways for scaling finance according to equity principles.

Roadmaps to scaling finance are political and not only technical — as shown in the aforementioned Nature article, we would problematize often-cited studies, such as those of the International High Level Expert Group (IHLEG), for some of their political assumptions, notably that areas such as adaptation would not be financed primarily by grant instruments. This assumption would be rejected by many developing country governments and civil society groups on ethical grounds, given that this would essentially require many Global South countries to pay for costs of climate change emissions which they were not responsible for — or for which the Global North is mostly responsible.

There is no single pathway to $1.3 trillion. Pathways to $1.3 trillion may differ in various respects, notably in terms of the ratio of public to private finance and the grant-equivalence or concessionality of overall flows — with serious implications both in terms of their ethics and their plausibility:

- The quality of projected finance in a Roadmap has important implications in terms of ethical principles of equity, justice, and common but differentiated responsibilities. This is particularly acute in terms of implying which countries are footing the bill for adaptation and loss and damage from climate change for which they may not be responsible. Frontline communities unjustly bear the heaviest burden of climate change infringing on their rights[7], while their governments, with already limited budgets, are forced to shoulder additional costs.

- The type of finance projected in a Roadmap matters not only from an ethical standpoint, but also in terms of pragmatism and the plausibility of actually delivering the Roadmap.[8] There is a legitimate question as to the degree to which fiscally constrained developing countries may reasonably be expected to (i) incur further debts at relatively high non-concessional market rates and (ii) to prioritize, in so doing, specific climate-related spending purposes, amid a host of urgent development priorities (e.g. poverty eradication, healthcare). Of course, the plausibility of contributor countries providing grant-equivalent financial support at scale is another legitimate question (see below), but the two questions are not the same.

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[7] The IMAL Initiative for Climate and Development (2024) 'Loss and damage from climate change: Impacts on the human rights of Moroccan nomads'. Submission to OHCHR, January. (www.ohchr.org/sites/default/files/documents/issues/climatechange/cfis/cfi-loss-damagestudy/submissions/subm-impact-loss-damage-cso-imal-initiative-climate-developmpment.pdf).

[8] Erzini Vernoit, Lopez, Sharma (2024) For a finance goal fit for 1.5°C, now is the time for pragmatism and courage

Key expectation #3: In line with ambitious aims agreed under the UNFCCC and its Paris Agreement, the Roadmap should be ambitious, sending a strong unbiased message to climate finance contributor countries about the new ambition required from them in terms of international cooperation and provision of public finance support to developing countries — suggesting a better future that is necessary and possible, rather than being mired in present-day politics.

Today, of course, many climate finance contributor Parties are currently diminishing their provision of climate finance or even their provision of assistance for developing countries in general.

This is precisely why the Roadmap must unabashedly send a clear signal about what is needed over the coming decade, to point to the ambition in international cooperation that others must work to make possible, rather than strike a political note of defeatism which reinforces a problematic status quo. The status quo today is one where political interests in wealthy countries may claim to support the Paris Agreement, for political gain, but are not committed to international assistance at scale to deliver it. In envisioning the pathway to 2035, however, the Roadmap should not limit itself to addressing political interests in 2025 but can also provide inspiration for political changes to come.

In this sense, the Roadmap to 1.3 trillion can gain a larger political significance — akin to the global goals to triple renewable energy and related targets — setting new standards for ambition and reshaping the politics of future climate finance contributions. Since the Roadmap is not a negotiated outcome, it can be designed freely and fairly by the Presidencies, to be 'taking into account the needs and priorities of developing countries' in a way which the NCQG decision was not able to achieve, for reasons of opposition from "western countries" (according to the COP29 Presidency[9]) and other forces.

The Roadmap should propose a rough burden-sharing framework, or options for this, to ensure public finance provision at scale — including a recommendation for the percentage of their GDP that wealthy countries should spend annually on international climate finance. It should suggest specific innovative solutions and "measures to create fiscal space" and raise public funds in contributor countries, not only in recipient countries, to support provision of "grants, concessional and non-debt-creating instruments" per the mandate. Examples are explored further under the response to question (c).

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

Please refer to the section above for a range of topics and thematic issues which should be explored.

(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?

The Roadmap must be actionable and practical, drawing on experiences of burden-sharing frameworks and offering recommendations for spending on international climate finance as a percentage of GDP, as well as offering specific innovative solutions in terms of sources of new public finance, particularly fiscal measures which might be employed within contributor countries. In so doing, the Roadmap will vividly illustrate that the primary issue is not a lack of financial resources, but a lack of political will.

[9] See: www.theguardian.com/commentisfree/2024/nov/25/cop-29-western-nations-global-south-brazil

A non-exhaustive selection of potential fiscal measures are identified below:

- *Elimination of wasteful subsidies and notably fossil fuel subsidies, especially in wealthy countries*. Together, implicit and explicit fossil fuel subsidies from the EU and US alone amounted to over $1 trillion in 2022, according to an International Monetary Fund (IMF) working paper.[10]
- *Preventing tax losses from cross-border tax abuse*. International tax cooperation to crack down on tax havens and tax avoidance will boost public finance, with OECD members and their dependencies (responsible for the majority of global tax avoidance) suffering tax losses of US$374 billion a year, and non-OECD countries losing roughly US$100 billion in tax revenue per year to cross-border tax abuse.[11]
- *Taxation of the ultra-rich*: According to Zucman (2024), a minimum tax on the wealth of billionaires could raise between $200 to $250 billion per year.[12] Chancel, Bothe, and Voituriez (2024) propose a "1.5% wealth tax for 1.5°C", targeted at centimillionaires, an estimated 65,000 individuals worldwide, which could generate an estimated $295 billion annually.[13]
- *Taxation of emissions-intensive sectors*. A paper supported by various developing countries in the UNFCCC negotiations last year noted that taxes on the defense, fashion, technology and financial sectors could raise hundreds of billions (USD) per year.[14]
- *Taxation of aviation and shipping, avoiding regressive impacts on poorer countries*. According to a study by the International Monetary Fund (IMF), taxing international aviation and maritime sectors could both raise up to $200 billion annually in climate finance by 2035 [15] — though this must be done in a non-regressive way to prevent adverse impacts on poorer countries.

Here, however, caution must be exercised. Whereas some proposed measures are items which might be instituted domestically within wealthy countries, some proposed measures may not be immediately feasible and may require international cooperation to effectively implement, to prevent leakage, to ensure fair competition, and to avoid unfair impacts on poorer countries. Moreover, the absence of international cooperation at any given time should not be used as an excuse by developed countries to avoid measures which can be instituted domestically.

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

With the caveat that developed countries can raise public resources for international climate finance without multilateral initiatives — we see multilateral initiatives under the United Nations (UN) as being the most relevant and legitimate to take into account, and we caution against giving equal footing to non-inclusive multilateral initiatives which prioritize wealthy countries or larger economies.

In terms of UN initiatives, we refer to the precedent and process for the 4th International Conference on Financing for Development (FfD4), as well as the nascent UN Framework Convention on International Tax Cooperation spearheaded by the African Group (see statistic in the section above on how many hundreds of billions of USD it might render available per year), in addition to potential discussions

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[10] Black, S., Liu, A.A., Parry, I. and Vernon, N. (2023) 'Fossil fuel subsidies data: 2023 update'. IMF Working Paper WP/23/169. www.elibrary.imf.org/view/journals/001/2023/169/001.2023.issue-169-en.xml
[11] Tax Justice Network. State of Tax Justice. taxjustice.net. https://taxjustice.net/wp-content/uploads/SOTJ/SOTJ23/English/State%20of%20Tax%20Justice%202023%20-%20Tax%20Justice%20Network%20-%20English.pdf (2023).
[12] See: https://gabriel-zucman.eu/files/report-g20.pdf
[13] See: https://hal.science/hal-04385157v1/document
[14] See: Developing countries suggest rich nations tax arms, fashion and tech firms for climate
[15] IMF Destination Net Zero: The Urgent Need for a Global Carbon Tax on Aviation and Shipping

under the International Maritime Organization (IMO) and International Civil Aviation Organization (ICAO) on possible non-regressive revenue-raising mechanisms. Finally, the International Court of Justice (ICJ), as the principal judicial arm of the UN, is expected to deliver an Advisory Opinion on the Obligations of States in respect of Climate Change, which should address the obligation to provide international climate finance.[16]

About IMAL

The Imal Initiative for Climate and Development (IMAL) is the first independent non-profit North African climate think-tank — based in Morocco, with an African, Arab, and Mediterranean perspective. With a focus on North Africa, the think-tank aims to serve African and Arab countries by working to support the transition to a green economy and a lasting multidimensional resilience.

The think-tank is named after "imal", the word for "future" in Tamazight, the ancient indigenous language group (sometimes called Berber) still widely spoken in North Africa.

For questions regarding this submission, please write to "contact [at] imalinitiative.org"

[16] See: [Four African countries part of a new group of 15 states seeking an ICJ opinion on legal liability for climate change]()