**Submission by India on the**
**“BAKU TO BELÉM ROADMAP TO 1.3T”**

**Introduction**

1.1 This submission responds to the message from the CMA 6 and CMA 7 Presidencies seeking views on overall expectations for the “Baku to Belém Roadmap to 1.3 Trillion”; topics and thematic issues that should be explored to inform the Roadmap within the scope of the mandate; country experiences, best practices and lessons learned that can be shared; and multilateral initiatives that can be taken into account in the Roadmap.

1.2 At the outset, India expresses concern with the substantial gaps remaining between the current annual quantum provided under the New Collective Quantified Goal (NCQG) on Climate Finance and the financing needs currently identified by developing countries for their 2030 NDC commitments. Without sufficient climate finance, even the proposed NDCs would not fructify, leave alone any enhanced level of ambition in future NDCs. The NCQG outcome of COP 29 was adopted despite India’s objection and signals the unwillingness and failure of developed countries to fulfil their responsibilities under the Convention and its Paris Agreement.

1.3 The “Baku to Belém Roadmap to 1.3T” is an opportunity to put the financial discussion on the right track in accordance with Article 9.1 of Paris Agreement.

**Expectations for the “Baku to Belém Roadmap to 1.3T”:**

1.4 Para 27 of the NCQG decision states that (1) the “Baku to Belém Roadmap to 1.3T” is aimed at scaling climate finance to developing countries and (2) the roadmap is a joint initiative between the sixth and seventh Presidency of the CMA, to prepare a summary in consultation with the Parties, rather than a negotiated outcome of the CMA.

1.5 It is, therefore, expected that the roadmap will adhere to the following:

**a.** It will be developed through a process consistent with Para 27 – that is, the roadmap is a joint initiative of the Presidencies and not a negotiated outcome. It should, however, be developed following a process based on inclusivity, transparency and mutual trust.

**b.** It must reflect the perspectives and concerns of developing country Parties. Its suggestions must adhere to the principles of the UNFCCC and its Paris Agreement, including equity, common but differentiated responsibilities, respective capabilities (CBDR-RC) and national circumstances.

**c.** In its approach to suggest the ways for scaling up climate finance for developing country Parties, the roadmap must be based on approaches that duly recognise the country-led nature of climate action. In the context of developing countries, achieving sustained growth depends on fostering a “virtuous cycle” of domestic savings and productive investment. There is a well-established link between the Human Development Index (HDI) and per capita energy consumption, highlighting the critical role of energy access in advancing human well-being. Furthermore, it must be clearly and unequivocally recognized that imposing high transition costs on developing nations is unacceptable, as it undermines both equity and the broader goals of sustainable development.

**d.** Since the discussion is under the UNFCCC and its Paris Agreement, the focus should be to deliberate within the wireframe provided by this.

**e.** Global tax levies and specific sector approaches must be excluded. These not only lack international consensus but also run counter to the principles of equity and CBDR-RC and the bottom-up, nationally determined nature of climate action.

**f.** The financial commitments of developed nations should reflect their historical responsibilities in their contribution to global cumulative GHG emissions.

1.6 Concerning **topics and thematic issues** that should be explored to inform the Roadmap, India is of the view that the Roadmap should adopt comprehensively the following priorities and areas for discussion:

**a. Implementation of financial provisions of Article 9 of the Paris Agreement.** The aim of developing the roadmap is to scale up climate finance by the developed countries for developing countries. However, there is an inherent gap in the approaches taken so far. The NCQG decision, set in the context of Article 9 of the Paris Agreement, only operationalises Articles 9.2 and 9.3 and leaves out Article 9.1, which is the key to enabling the scaling up of climate finance. Article 9.1 mandates the developed countries to provide climate finance. The provision of climate finance by developed countries’ public sector finance is necessary for reducing the risk of mobilising resources and scaling up even through other sources. In this regard, the roadmap must place Article 9.1 which categorically states that developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation as its central pillar and explore how Article 9.1 can be operationalised to enable the mobilisation of 1.3 trillion dollars annually from 2025 taking into account the needs and priorities of developing countries.

**b. Real financial access through the Financial Mechanism.** An essential aspect of scaling up climate finance for developing countries is to enhance the effectiveness of the operating entities of the financial mechanism so that timely and adequate support is available for projects with respect to mitigation and adaptation in developing countries. This requires addressing the barriers to accessing finance with equity for all developing countries. India emphasizes the need for a comprehensive roadmap that evaluates both provisioned and actual funding provided to developing countries. It calls for clarity on how the implementation of paragraph 16 from the NCQG decision, which focuses on tripling financial outflows from the operating entities of the Financial Mechanism, will be carried out. Additionally, the roadmap should outline the anticipated financial contributions from developed countries through the operating entities including the Adaptation Fund under the UNFCCC financial mechanism. This information would be essential to guide the implementation of the next round of Nationally Determined Contributions (NDCs) in developing nations.

**c. Addressing barriers to resource mobilisation at a reasonable cost:** One of the biggest challenges is to reduce the risk associated with climate-related projects, often due to adoption risks associated with new technology, unproven commercial viability, and longer time horizons. For effective climate action, developed countries (where the majority of global capital is located) and developing countries (where the majority of the growth in demand for energy and materials will occur) must collaborate to mobilise necessary financial resources for climate actions of developing countries. Given the scale of investments needed, public capital should be used strategically to crowd in private investments for climate action at requisite pace and scale, particularly in developing countries.

A critical aspect of climate finance is the efficacy of the instruments we rely upon. The global climate finance architecture is replete with innovative mechanisms that must be tailored to local needs for optimal results. Instruments such as green bonds, blended finance, and carbon credits need a deeper analysis to evaluate their true impact. For instance, green bonds have seen exponential growth but are limited by their dependence on credit ratings and investor confidence.

A key part of blended finance is sharing risk to make investments safer and more appealing for private investors. However, private sector involvement in sustainable projects has been limited because these projects often aren't financially attractive.

On the other hand, the efficacy of carbon credits is hampered by issues such as market volatility and the risk of double-counting.

The absorptive capacity of a country to deploy financial resources effectively towards intended climate goals without overstretching its institutional, infrastructural, or financial systems is critical for meeting climate commitments of developing countries. The roadmap must also focus on ways to create fiscal space in developing countries that face competing demands for limited fiscal resources. This can be done by suggesting ways to address the high cost of capital faced by developing countries given the limited public funding from developed countries, the dominance of loan-based finance, which restricts the absorptive capacity of these countries, access to technologies at reasonable cost which include addressing the IPR barriers, sovereign credit rating methodologies owing to the opaque rating methodologies, and foreign exchange risks.

Besides, given the resource constraints, the predominance of adaptation and resilience building vis-a-vis mitigation needs to be discussed. Funding for adaptation should mainly come in the form of grants and highly concessional finance to prevent adding to the debt burden of developing countries. At the same time, this financing must be reliable, sufficient, and easily accessible to support the implementation of locally relevant solutions that align with national adaptation strategies and priorities.

**Additionality** is an important issue to ensure that sufficient finance is channelled towards climate change needs. Developing countries, despite contributing minimally to historical greenhouse gas emissions, are incurring significant additional costs in adopting green development pathways mandated by global climate commitments. This situation raises concerns of climate justice. Article 4 of UNFCCC states that the developed country Parties shall provide new and additional financial resources including for the transfer of technology, needed by the developing country Parties. The implementation shall take into account the need for adequacy and predictability in the flow of funds. Article 4 of UNFCCC also requires that “agreed full incremental costs” of projects, etc. are to be provided to developing countries by the Financial Mechanism. Additionality of climate finance provided to developing countries is crucial to ensure that climate finance genuinely contributes to the needs of developing countries without undermining their existing development efforts.

**d. Risks to financial stability of Developing Countries:** Overleveraging for climate initiatives through excessive borrowing poses risks to country's fiscal stability. Borrowing beyond sustainable limits can strain debt service capacities, making nations vulnerable to balance of payments crises, especially when debt is in foreign currencies. This increases repayment burdens and limits fiscal flexibility, diverting resources from critical areas like healthcare and education. While borrowing aims to enhance long-term climate resilience, it may threaten short-term development goals. The challenge lies in mobilizing resources for ambitious climate actions while prioritizing development and ensuring that borrowing aligns with macroeconomic realities. There is a need to support developing countries in building their institutional and technical capacities to plan, access, and manage finance for climate action. Financial Mechanism of UNFCCC must play a vital role in supporting developing countries with climate finance.

**e. Nationally determined nature of climate action:** It is crucial for the roadmap to communicate to the private sector, particularly in developed countries, that activities, pathways, timelines, needs, priorities, and circumstances vary from one country to another. There is no uniform approach to climate action. Country-determined nature of climate action in line with the approaches and pathways would be the key to effective action instead of a straitjacket approach. The mobilisation of USD 1.3 trillion in developing countries should be aimed at supporting developing countries instead of creating additional burdens and costs for these countries.

Peer-to-peer experience is significant in a sphere that involves considerable uncertainty and has substantial cost implications. The discussion conducted by the two Presidencies must allow the sharing of insights and experiences on the mobilisation efforts and instruments that have mobilised resources both in terms of the cost and other terms as well as the impact.

**1.8 Multilateral initiatives that be taken into account in the Roadmap**

India underscores that the UNFCCC is the primary multilateral legal instrument for addressing climate change and related issues, including climate finance. Given its universal representation, it is the most appropriate forum for these discussions. In contrast, platforms such as the G7 and G20 lack this representativeness and therefore should not be considered as the main channels for mobilisation of requisite financial resources. It is suggested that the roadmap could identify key issues, such as reforms in the credit rating system and reforms in the international financial architecture for enabling resource flows to developing countries' climate action. However, the scope of discussion should not be limited to these aspects alone. At the same time, it is important to recognise that these reform issues are being addressed in other appropriate forums. This should be reflected in the discourse to avoid forum-shifting. The roadmap should also reflect the fact that not all countries relevant to global climate finance discussions are Parties to the Paris Agreement.

1.9 Finally, it is our expectation that the "Baku to Belém Roadmap to 1.3 Trillion" will be inclusive, focusing on areas of convergence rather than on divergence or differing opinions. The summary should convey the right signals and messages for urgent climate actions enabled by scaling up climate finance to developing countries effectively. Enhanced ambition and enhanced support should be at equal footing. It should take into account meaningful translation of developing country NDCs to concrete actions. Additionally, we expect it to emphasise the importance of international cooperation in the next decade for climate action. This cooperation should be framed within the principles and provisions of the UNFCCC and its Paris Agreement, in particular, Common but Differentiated Responsibilities and Respective Capabilities building on existing foundations rather than reshaping obligations. Otherwise, implementation of NDCs of developing countries will hit a roadblock.