

Singapore's Submission on the Baku to Belém Roadmap to US\$1.3 Trillion

Singapore welcomes the opportunity to share our views on the Baku to Belém Roadmap to US\$1.3 trillion. Further to the submissions made by the G77 and China and by the Alliance of Small Island States (AOSIS), Singapore would like to add the following points in our national capacity.

2 The Baku to Belém Roadmap is a critical opportunity to **operationalise key provisions of the Paris Agreement, especially Article 9, and enable the scaling up of climate finance for developing countries**. The Roadmap has to be transformative, action-oriented, and materially improve support for climate action for developing countries. The Roadmap should also address barriers that impede Small Island Developing States' (SIDS') access to climate finance, including high cost of capital, burdensome conditionalities, and credit rating challenges. It should explore and propose concrete steps to address these challenges.

3 A key task of the Roadmap is to work towards the early implementation of the decision on the New Collective Quantified Goal on Climate Finance (NCQG). **Developed countries need to demonstrate leadership by delivering on the US\$300 billion goal. This would form the base from which we can build a robust Roadmap to US\$1.3 trillion**. Grants and highly concessional loans from developed countries should form the core of this exercise, especially to support adaptation projects in SIDS and Least Developed Countries (LDCs). This should include at least a tripling of annual outflows from the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund, and the Special Climate Change Fund from 2022 levels by 2030.

Scaling up

4 To realistically scale to US\$1.3 trillion, the Roadmap would need to **consider innovative financing mechanisms, including first-loss instruments, blended finance, debt-for-climate swaps, green and blue bonds, insurance, and channelling of special drawing rights under the International Monetary Fund (IMF)**. Scarce concessional capital from across the development finance system must be better coordinated to de-risk climate projects and scale financing solutions. **Other mechanisms, such as international cooperation on carbon markets under Article 6 of the Paris Agreement and the voluntary carbon market, play useful roles in galvanising investments and financing for**

projects in developing countries, and should also be considered as part of the options to scale financing to developing countries. Transition credits can be a complementary financing instrument to support the early retirement of coal plants and their replacement with cleaner energy. The Transition Credits Coalition (TRACTION)¹, convened by the Monetary Authority of Singapore at UNFCCC COP28, brings together over 30 industry stakeholders and knowledge partners to identify system-wide barriers and solutions for transition credits to be utilised as a credible financing solution.

5 As we consider innovative financing mechanisms, it is **important not to duplicate the efforts of other UN agencies.** We should also take into due account their respective mandates and competencies.

Enabling financial policies

6 **To reduce barriers to climate finance, countries can introduce and strengthen enabling financial policies, such as corporate disclosures and taxonomy for sustainable activities, in a nationally determined manner.** Such policies can help to build market confidence and promote green and transition finance in support of the net-zero transition. For example, in December 2023, the Monetary Authority of Singapore launched the Singapore-Asia Taxonomy for Sustainable Finance, which sets out detailed science-based thresholds and criteria for defining green and transition activities that contribute to climate change mitigation across eight focus sectors². The Singapore-Asia Taxonomy is the first taxonomy globally to pioneer the concept of a “transition” category. Providing clarity on what constitutes green and transition financing will help to reduce the risk of green or transition washing, as financial institutions will be able to identify and disclose how their financed activities and labelled products are aligned with the taxonomy.

¹ In September 2023, the Monetary Authority of Singapore and McKinsey jointly published a working paper setting out how “transition credits” are a form of high-integrity carbon credits generated from the emissions reduced through retiring a coal-fired power plant (CFPP) early and replacing it with cleaner energy sources. TRACTION will conduct its work over a two-year period, up to December 2025. It is currently focused on three areas: (a) supporting high-integrity transition credits generation; (b) enabling transition credits transaction scalability; and (c) bolstering buyers’ confidence and trust in transition credits. TRACTION published its interim findings on the key challenges and solutions needed to scale transition credits at COP29 and will be publishing its final report at COP30. More information can be found at <https://www.mas.gov.sg/development/sustainable-finance/transition-credits>.

² The eight focus sectors are: Energy, Real Estate, Transportation, Agriculture and Forestry/Land Use, Industrial, Information and Communication Technology, Waste/Circular Economy, and Carbon Capture and Sequestration.