CLIMATE JUSTICE COMMITTEE

Report: Baku to Belem

Executive Summary

Many climate-vulnerable nations hoped for more at COP29. However, the negotiated UN text leaves an opportunity to do more. There were two key numbers in the text.

One of these, $300Bn/y, was inadequate, for the minimum amount of climate finance to be mobilised for developing countries by 2035. The other $1.3Tn/y figure was adequate but aspirational, to be drawn from new sources.

Coupled with reference to a “Baku to Belem Roadmap to 1.3T” in the final text that Colombia and Kenya championed, this represents developing countries’ best hope of receiving the quantum of climate finance they need, but it requires a market-oriented mindset

For adaptation and resilience, every government can regulate to reduce default risk from climate impacts. They can require domestic pension funds and insurance companies to invest in an insurable world by investing into adaptation and resilience to manage disaster, as well as emissions reductions and removals to prevent disaster.

The remainder of the Baku to Belem Roadmap need not begin from a tabula rasa. The UAE COP28 Global Climate Finance Framework, which has the signature of 15 developed and developing national governments across the Americas, Africa, Europe and Asia, speaks of the re-channelling of inefficient subsidies and IMF Special Drawing Rights, emissions pricing, and debt-for-climate-swaps and other interventions that can help mobilise the scale of finance required.

The table below enumerates a **menu of policy and financing actions** that developing and developed countries could adopt as part of the *Baku to Belem Roadmap* to meet the **$1.3 trillion/year** climate finance goal for developing countries by 2035. It focuses on **new sources of finance**, rooted in existing international discussions, with suggested **key performance indicators (KPIs)** to track progress.

The proposals are organised under four categories:

1. Government Actions to Enable Investment

2. New Sources of Public Finance

3. New Sources of Blended Finance

4. Cross-cutting Ideas & Submissions

Menu of policy and regulations to mobilise additional financing

Item	KPIs for tracking progress
Government actions to enable more investment	
Country-owned plans and platforms to lead investment in	% increase in FDI
New sources of public financing	
Developing country governments to mainstream climate risk and mitigation into all fiscal decisions	
New levies and taxes · Transaction-based taxes · Carbon levy on shipping and aviation	Additional climate finance mobilised from additional levies and taxes

· Levy on CO_2e emissions from fossil fuel extraction	
New issuance and rechannelling of IMF Special Drawing Rights	SDR allocations to tackle Loss & Damage, investments in resilience, mitigation in developing countries
Debt swaps	Volume of debt swapped for climate outcomes Debt swap / tCO_2e abated
Climate-resilient debt clauses	% of public debt paused when climate events happen
Every government to require institutional investors to disclose their financed emissions and offsets	tCO_2e/$ invested offset purchases under A6/$ invested
Enhance integrity of carbon markets, to increase investor confidence and increase trade	Volume of VCM credits/y Volume of A6.2 & 6.4 credits/y
MDBs to increase investments and enhance access	Annual disbursement into resilience projects Disbursements to commitments ratio Annual private capital mobilised into mitigation Equity-to-loan ratio Additional risk MDBs taking Capitalisation of MDBs Approval and disbursement rates

	Extent of overlap of criteria in application process with other MDBs Metrics for tracking coordination
New sources of private finance and impetus for climate action by private actors	
Government adoption of green and resilience taxonomies	Existence of a national/regional green taxonomy Existence of a national/regional resilience taxonomy
Developing country governments requiring domestic private investors to disclose value-at-climate risk for domestic investments	Volume of investments in climate resilience % of domestic capital exposed to climate risks
Governments requiring domestic institutional investors to invest a minimum % of their Assets-under-Management into resilience	% AuM invested in resilience % of total capital invested in resilience coming from domestic resources
Developing country governments incentivise a savings culture	% of median household income that goes towards savings
Developed country governments requiring institutional investors to invest a minimum % of their Assets-under-Management into resilience in developing countries (to avoid climate-induced migration)	% reduction in climate-induced immigration informed by counterfactual baseline scenarios that are informed by machine-learning

<table>
<tr><td>Disclosures:
· Investors to disclose their financed emissions
· Corporates to disclose their emissions</td><td>% decrease in financed emissions
% decrease in Scope 1 emissions</td></tr>
<tr><td>Emissions caps in developed countries</td><td>decarbonisation rates in developed countries
whether NDC commitments met by developed countries</td></tr>
<tr><td colspan="2">New sources of blended finance</td></tr>
<tr><td>DFIs to offer syndicate services to pension funds in markets where they are fragmented and too small to be able to analyse infrastructure investment opportunities</td><td rowspan="2">mobilisation ratio for DFIs into infrastructure with commercial returns</td></tr>
<tr><td>DFIs to offer institutional investors a higher percent of fees at the expense of profit in infrastructure projects to incentivise greater pension fund investment into infrastructure</td></tr>
<tr><td>MDB-guaranteed investments in diversified international portfolios with a condition to the seller that they use the proceeds of the sale to renew their pipeline</td><td>volume of and liquidity of these securities</td></tr>
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