INTERNATIONAL

Salvaging the $1.3 Trillion: Climate Finance in a New Geopolitical Paradigm

Discussion Paper

August 7, 2026

The traditional international climate finance conversation is under strain, facing reduced budgets and reversed finance commitments. While rich countries must still be held to account for their responsibilities, current pressure has not led to real or significant increases in international public finance, nor will public money alone be enough to unlock climate finance at scale. A more flexible two-tier approach—combining formal international processes with cooperative initiatives—could improve delivery of climate finance. The Baku to Belém Roadmap to 1.3T lays out recommendations capable of scaling climate finance in this two-tiered framework, but the recommendations need more formal acknowledgement and follow through. Advancement could be achieved through: (i) the global stocktake; (ii) the Global Climate Action Agenda; or (iii) coordinated efforts outside the UN Framework Convention on Climate Change like the G20 or by a high-level group convened by the UN Secretary-General.

The old climate finance bargain is not working anymore. The erosion of climate budgets in Global North countries reflects a reactive prioritization in response to shifting domestic political and economic conditions. In the current global paradigm, progressive domestic voices continuing to apply pressure and moral logic within Northern governments have not brought about the scale of climate finance needed. Only when all major actors, public and private, realize that climate priorities are aligned with long-term economic growth and energy security will climate finance flow at scale.

We must be clear-eyed about what efforts will productively scale climate finance. This does not mean giving developed countries a free pass on their financial obligations and historical responsibilities; Northern countries must lead on climate finance. But pressure alone has yet to result in the necessary increases in climate finance, a reality that is unlikely to change in the near term.

Multilateral climate negotiations need a new way to talk about climate finance. The relevance of the UN Framework Convention on Climate Change (***UNFCCC***) hinges on its ability to adapt to a world where private finance far exceeds public flows, especially as the most consequential finance decisions and reforms are being made outside its sessions. To remain effective, countries must employ a more flexible structure that strengthens accountability for country climate commitments and embraces two-tier multilateralism—universal consensus-based negotiations *and* international cooperative initiatives (***ICIs***).

Public finance alone cannot meet the scale of global climate needs. A core challenge is whether the international system is prepared to confront this gap without abdicating the responsibility of the richest countries to lead. The system should also use the tools that already exist to scale climate finance, such as the Baku to Belém Roadmap to 1.3T (***Roadmap to 1.3T***), which stands out as the most comprehensive, action-oriented framework with recommendations capable of accelerating the scaling up of finance.

Now is the time for ownership, not more negotiation. Türkiye and Australia are well placed to elevate the Roadmap to 1.3T as a central vehicle for scaling finance. There are several options to advance its recommendations, including by: (i) anchoring the Roadmap to 1.3T to the global stocktake (***GST***) cycle; (ii) embedding parts of the Roadmap to 1.3T through ICIs and the Global Climate Action Agenda (***GCAA***); or (iii) by coordinating efforts outside the UNFCCC, for example through the Group of 20 (***G20***) or a renewed convening of the High-Level Advisory Group on Climate Change Financing (***AGF***).

Contents

Questions for consideration

- How can UNFCCC finance discussions remain relevant in a world where key finance decisions are made outside the international negotiations process?
- What steps could countries take to shift political incentives so that delivering on climate finance becomes aligned with domestic economic and security priorities?
- How can countries make best use of the recommendations in the Roadmap to 1.3T to scale climate finance?

A. Climate Finance in a Geopolitical System Under Stress

An Unworkable Bargain

1. **The allocation of public finance for climate action has always been a political choice**. For decades, Annex II countries[1] have deliberately and tactically prioritized climate finance within their national budgets. **Today, the erosion of climate budgets by those same countries reflects an equally deliberate shifting of priorities**. Progressive voices have failed in recent years to persuade their heads of government and finance ministries to increase, or in many cases even maintain, climate finance and official development assistance (*ODA*).[2] Their global paradigm has changed: new geopolitical threats and domestic economic pressures have made it increasingly difficult for Global North countries to justify directing taxpayer resources abroad. Financial markets compound this pressure, and any budgetary allocations that do not immediately contribute to domestic growth are penalized.
2. This is the classic short-term versus long-term trap. In allocating their public budgets, governments have consistently prioritized the most immediate threats, such as COVID-19, active conflict, and security vulnerabilities. For many, frustration arises when the most powerful countries say they do not have money for climate but can create significant public budgets for other priorities. Climate impacts may feel less pressing than short-term tensions but more than half the global population—including those in the richest countries—is already materially exposed to extreme weather.[3]
3. **Reliance on historical responsibility as the sole organizing principle for finance may be morally legitimate, but it has not effectively increased public budgets**. Unfortunately, the lesson is that sustained pressure on Northern governments to increase public climate finance is not enough to yield funding for adaptation or mitigation action in developing countries at the scale needed. This does not absolve developed countries of their financial obligations and historical responsibilities. It is also entirely justified that developing countries will continue to push the richest countries to increase their public finance. At the same time, it is important to unpack what will be most effective in increasing finance for climate action in today's context: making use of long-term finance reform frameworks already summarized in the Roadmap to 1.3T.
4. Most finance outlooks disregard the growing agency of emerging economies, which have the resources and market influence to shift the trajectory of global decarbonization targets. These forecasts also do not reflect the reality that Northern countries' ODA reductions have diminished their own global soft power.

5. The prevailing transactional structure, in which developed countries provide grants and concessional finance in exchange for mitigation ambition from developing countries, cannot scale to deliver meaningful global emissions reductions of the magnitude and within the timeframes that the science requires.[4] In that context, the traditional "North pays, South mitigates" bargain is now structurally inadequate. The reality shows that major emerging economies—particularly BRICS[5] countries—are largely able to finance their energy transitions using domestic financial resources and have done so with great success, while recognizing that vital support is needed in other sectors, such as agriculture.[6,7]

6. **Finance will only flow at scale when all major actors realize that climate action is synonymous with long-term economic growth and energy security**—and they start coordinating domestic policies and markets accordingly. The war affecting the Strait of Hormuz serves as a pointed reminder that fossil fuel dependence generates systemic economic and security vulnerabilities. There is growing economic pressure to accelerate electrification and renewable deployment as a hedge against fossil fuel exposure. In March 2026, China beat its record for solar panel exports by 49 percent, with the increase concentrated in exports to Asia and Africa.[8] Accelerating the deployment of renewable energy and energy efficiency not only aligns with multilateral goals—it is the only credible pathway currently available to decarbonize in line with the goals of the Paris Agreement and the best available science.[9]

The Structural Misalignment of UNFCCC Finance Negotiations

7. **UNFCCC dynamics are increasingly disconnected from real-world climate action**. Globally, there is finance flowing toward climate action in developing countries, often as part of a regional or international cooperative initiative. This finance is not acknowledged as "climate finance" within the UNFCCC. A central question, then, is how can the UNFCCC and multilateral system ensure their relevance and impact in driving climate action?

8. **The UNFCCC needs to find a new way to think about climate finance if COP outcomes are to remain relevant to the broader conversation**. Negotiations still operate on the fiction that primarily public finance from 23 developed countries can drive mitigation at a global scale. It remains true that public finance from domestic and international sources are crucial for their key driving role; while this does not absolve Northern countries, the reality is that if large emerging economies do not align their domestic finance with transition needs, a pathway that overshoots 2 degrees Celsius, yet alone 1.5, is inevitable.

9. **Making full use of the mechanisms already embedded in the Paris Agreement is vital**. Parties could place greater political importance on progress to achieve nationally determined contributions (***NDCs***), as highlighted in biennial transparency reports (***BTRs***). Greater scrutiny of country progress on NDC implementation would arguably be a more productive use of limited negotiating bandwidth rather than endless debate over the size of public finance allotted to developing countries. But this approach requires prioritization from both countries and civil society.[10]

10. **Negotiating dynamics tied exclusively to public finance have driven the private sector's increasing indifference to COP outcomes**. There is insufficient focus on private finance mobilization within the UNFCCC process, even though nearly two decades of blended finance experience have generated significant learnings. A structured reflection on what has worked, what has not, and how the UNFCCC can make private finance mobilization more effective is long overdue.

11. **What public finance remains available should be prioritized carefully to reach a balance between mitigation, adaptation, and loss and damage**. Small island developing states (***SIDS***) and least-developed countries (***LDCs***) contribute the least to global emissions but struggle disproportionately from climate change impacts and access to capital markets due to high perceived risk, small economic size, currency risk, and limited capacity. Philanthropy can play a key role in focusing grant-based giving to support enabling environments and could work more closely with donor countries to ensure complementarity and that the lessons of past programs are taken forward. A new mindset to climate finance could better prioritize different types of instruments.

B. Reviving the Roadmap to $1.3 Trillion

12. Through COP29's new collective quantified goal (***NCQG***) decision, Parties agreed to explore what a credible path to scaling climate finance into the trillions could look like.[11] The resulting Baku to Belém Roadmap to 1.3T serves as an organizing framework for the implementation of long-standing financial reforms.[12] It is one of the most comprehensive action-oriented outputs the climate finance space has produced in years, but it ultimately received a lukewarm reception in Belém and has no agreed process to take its recommendations forward.

13. Some Parties have raised concerns that the Roadmap to 1.3T lacks legitimacy because it was not formally negotiated through the UNFCCC process. But a formally negotiated text would likely have ended in a watered-down, lowest-common-denominator text with few actionable recommendations.

14. Perhaps a good thing needs time before it can be fully appreciated. The Brazil COP30 Presidency has signaled an interest in developing an implementation platform in 2026,[13] which creates a meaningful handoff opportunity.

15. **The COP31 President-Designate and President of Negotiations—Türkiye and Australia, respectively—are well placed to take ownership of the Roadmap as a key vehicle to scale climate finance.** The COP31 Presidencies could build on this foundation to address concerns around finance and use their combined platform to drive delivery of the Roadmap to 1.3T.

16. The Roadmap to 1.3T contains recommendations organized around five action fronts:
    - *Replenishing* – expanding grants, concessional finance, and low-cost capital
    - *Rebalancing* – addressing fiscal space and debt sustainability
    - *Rechanneling* – transforming private finance and lowering the cost of capital in developing countries
    - *Revamping* – building country capacity, coordination, and investment frameworks
    - *Reshaping* – reforming global systems and rules to enable more equitable finance flows.

17. The final report outlines 15 short-term recommendations, intended to serve as non-binding steps to guide the implementation of the Roadmap until 2028, and thereafter updated accordingly.[14]

18. The COP30 Presidency also formed a Circle of Finance Ministers comprising countries, international organizations, and advisory groups from civil society, the private sector, and academia. This group launched its own report with contributions to the Roadmap to 1.3T,[15] demonstrating precisely the kind of action-oriented multi-stakeholder effort that can make use of the multilateral second tier.

19. Engaging with the Roadmap to 1.3T means accepting the scrutiny of the delivery of its recommendations and, for many Parties, being placed in an uncomfortable position. But it is one of the only actionable guides for climate finance solutions identified by the multilateral process that can take meaningful steps in the short-term and shake the broken dynamics outlined above.

20. Tracking progress against the Roadmap to 1.3T's five action fronts matters, not as a bureaucratic exercise but as a practical measure to assess where the system needs a push. A clearer picture of progress would help focus political energy on the gaps that most need attention, rather than relitigating settled arguments or pushing negotiating positions that have little hope of achieving consensus.

21. One further complexity worth navigating is how the Roadmap to 1.3T relates to the other COP30 initiatives—namely the Roadmap for Transitioning Away from Fossil Fuels in a Just, Orderly and Equitable Manner and the Roadmap for Halting and Reversing Deforestation and Forest Degradation by 2030.[16] These efforts each carry their own political dynamics but both would benefit greatly by learning from the Roadmap to 1.3T. Additionally, neither Roadmap will get very far without scaling climate finance, making the Roadmap to 1.3T invaluable to their achievement. To make durable progress, however, a tangible linkage to feedback into the UNFCCC system will be needed for all three Roadmaps.

C. The Way Forward: Embracing Two-Tier Multilateralism

22. While consensus-based normative signals from COPs will continue to play an important role in shaping global outcomes, there has been a steady increase in the recognition of the need for a two-tiered multilateral system to increase the speed of implementation.[17]

23. As the first tier, universal multilateral consensus-based negotiations through the UNFCCC remain essential. The formal negotiations are institutionally necessary to set the collective direction and to ensure legitimacy, universal participation, and legal clarity. On finance, this includes the operationalization of Article 2.1(c) on aligning all finance flows with the goals of the Paris Agreement, crucial follow-up on progress toward the NCQG, and reporting on these financial commitments through the Paris Agreement's enhanced transparency framework.

24. The second tier represents real near-term progress by international cooperative initiatives that do not require consensus to play a critical role in implementation. These include regional, plurilateral, and minilateral coalitions—for example, the International Conference on Transitioning Away from Fossil Fuels held in Santa Marta, Colombia, earlier this year. Through ICIs, vital reforms to international financial architecture and the multilateral development banks (***MDBs***) might be achieved and progress toward the NCQG's U.S. $1.3 trillion goal could be made.

25. With the considerations above in mind, there are three possible options that could provide needed structure and accountability to the Roadmap to 1.3T. They are not mutually exclusive and are likely stronger in combination.

    - **Option 1: Anchor the Roadmap to 1.3T inside the UNFCCC through the GST process**. Coupling progress reporting on the Roadmap to 1.3T to the GST cycle would give it a consistent rhythm and elevate its political visibility. Parties could formally ask other institutions and bodies (e.g., MDBs, the International Monetary Fund) to consider taking action described in the Roadmap to 1.3T within their own remit and to report back on their progress. These reports could then be compiled in a report through the Standing Committee on Finance as a GST input. An open question remains, however, in where Parties could land this type of outcome at COP31, for instance in a GST or finance decision.
    - **Option 2: Embed the Roadmap to 1.3T recommendations in the Global Climate Action Agenda through the work of international cooperative initiatives.**[18] Based on the GCAA's structure, key ICIs could be identified to support progress on the many Roadmap to 1.3T recommendations under the GCAA's "Axis 6: Cross-cutting issues – Unleashing Enablers and Accelerators, including on Finance, Technology and Capacity Building."[19] However, it may prove difficult to adopt all of the Roadmap to 1.3T's recommendations within this frame. For one, not all of the recommendations can be accomplished by ICIs, as many are directed at national actors or development banks. Another challenge is that the remaining relevant recommendations would mostly fall to Activation Group 20 "Climate and Sustainable Finance, mainstreaming climate in investments, and insurance" or Activation Group 21 "Finance for Adaptation," which could prove difficult to elevate to an ICI priority. It would ultimately be challenging for the GCAA to absorb all of the Roadmap to 1.3T's work within this existing arrangement, unless a dedicated Plan to Accelerate Solutions (***PAS***)[20] is adopted for ICIs join forces in reporting back on Roadmap efforts.
    - **Option 3: Coordinate efforts outside the UNFCCC on the Roadmap to 1.3T.** Recognizing the majority of action on finance reform will take place beyond the UNFCCC's remit, a parallel track for the Roadmap to 1.3T's recommendations through other fora could yield progress if given sufficient political backing. The G20, particularly under the leadership of the UK in 2027, could take up the relevant recommendations of the Roadmap to 1.3T, building on Brazil's Task Force on a Global Mobilization Against Climate Change (***TF-CLIMA***) and the "Independent Review of Multilateral Development Banks" Capital Adequacy Frameworks' (***CAF***) to maximize lending headroom for affordable, long-term climate finance. Another option could be through a renewed convening of the High-Level Advisory Group on Climate Change Financing (***AGF 2.0***),[21] which could be explored by the incoming UN Secretary-General to be chaired by Heads of State, following precedent.

D. C2ES Resources

- **Issues and Options: Framing the New Climate Finance Work Programme** (April 2026), https://www.c2es.org/wp-content/uploads/2026/04/Climate-Finance-Work-Programme-Submission.pdf

- **After COP30, What's Next for the UNFCCC** (March 2026), https://www.c2es.org/document/after-cop30-whats-next-for-the-unfccc/

- **The Baku to Belém Roadmap to 1.3T: Building an effective diplomatic strategy** (February 2025), https://www.c2es.org/document/the-baku-to-belem-roadmap-to-1-3t-building-an-effective-diplomatic-strategy-discussion-paper/

- **Rising to the Climate Finance Challenge** (September 2024), https://www.c2es.org/document/rising-to-the-climate-finance-challenge/

E. References

[1] Annex II Parties to the UN Framework Convention on Climate Change (***UNFCCC***) "are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to adverse effects of climate change." "Parties and Observers," UNFCCC Secretariat, accessed July 28, 2026, https://unfccc.int/parties-observers.

[2] "A historic decline in foreign aid: Preliminary 2025 ODA data," Organisation for Economic Cooperation and Development, April 9, 2026, https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html.

[3] "Climate Shocks: Estimates of People Exposed, Vulnerable, and at High Risk," World Bank Group, December 4, 2023, https://www.worldbank.org/en/topic/poverty/publication/people-exposed-to-vulnerable-to-and-at-high-risk-from-weather-shocks.

[4] Intergovernmental Panel on Climate Change, *Summary for Policymakers, Global Warming of 1.5°C: IPCC Special Report*, (2018), https://www.ipcc.ch/site/assets/uploads/sites/2/2022/06/SPM_version_report_LR.pdf.

[5] BRICS convene eleven major emerging markets and developing countries including Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russia, Saudi Arabia, South Africa, and United Arab Emirates. The bloc serves a platform for consultation and cooperation, and as of 2026 recognizes ten additional partner countries. "About BRICS," BRICS, accessed July 20, 2026, https://www.brics2026.gov.in/about-us/

[6] International Renewable Energy Agency [hereinafter IRENA], *Development banks and energy planning: Attracting private investment for the energy transition; the Brazilian case* (Abu Dhabi, UAE: IRENA, 2024), www.irena.org/-/media/Files/IRENA/Agency/Publication/2024/Sep/IRENA_BNDES_G20_Development_banks_2024.pdf

[7] Sunil Mani, Godwin Paul Chandra Sekar, Swasti Raizada, and Saumya Jain, *Mapping India's Energy Policy 2026*, (International Institute for Sustainable Development, April 2026) https://www.iisd.org/publications/digital-story/mapping-indias-energy-policy-2026.

[8] Chloé Farand, "China's solar exports reach 'gigantic' record in March as energy crisis bites," Climate Home News, April 23, 2026, https://www.climatechangenews.com/2026/04/23/chinas-solar-exports-reach-gigantic-record-in-march-as-energy-crisis-bites/

[9] IRENA, *From energy crisis to energy security: Actions for policy makers* (Abu Dhabi, UAE: IRENA, April 2026), https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2026/Apr/IRENA_policy_advisory_4-26-1_Middle_East-_2026.pdf

[10] Center for Climate and Energy Solutions, *Harnessing the Opportunities of the Facilitative Multilateral Consideration of Progress (FMCP) for Ambition* (Washington, D.C.: C2ES, August 2025) https://www.c2es.org/document/harnessing-the-opportunities-of-the-facilitative-multilateral-consideration-of-progress-fmcp-for-ambition/.

[11] United Nations Framework Convention on Climate Change [hereinafter UNFCCC], *New collective quantified goal on climate finance*, Decision 1/CMA.6, ¶ 27 (March 27, 2025), https://unfccc.int/sites/default/files/resource/cma2024_17a01E.pdf.

[12] COP30 Brasil and COP29 Azerbaijan, *Report on the Baku to Belém Roadmap to 1.3T* (November 2025), https://unfccc.int/sites/default/files/resource/Relatorio_Roadmap_COP29_COP30_EN_final.pdf.

[13] COP30 Brasil, "COP30 Unveils Priorities to Advance the Baku to Belém Roadmap to 1.3T," (April 10, 2026), https://cop30.br/en/cop30-unveils-priorities-to-advance-the-baku-to-belem-roadmap-to-1-3-t.

[14] COP30 Brasil and COP29 Azerbaijan, *Report on the Baku to Belém Roadmap to 1.3T*, (November 2025), 83.

[15] Brasil Ministry of Finance, *Report of the COP30 Circle of Finance Ministers launched during IMF and World Bank meetings* (October 15, 2025), https://cop30.br/en/news-about-cop30/report-of-the-cop30-circle-of-finance-ministers-launched-during-imf-and-world-bank-meetings.

[16] COP30 Brasil, "COP30 Presidency Announces Consultations on Roadmaps," (February 28, 2026), https://cop30.br/en/unfccc-announces-cop30-presidency-consultations-on-roadmaps.

[17] André Aranha Corrêa do Lago, "Twelfth Letter from the Presidency," COP30, January 27, 2026, https://cop30.br/en/brazilian-presidency/letters-from-the-president/twelfth-letter-from-the-president.

[18] In 2025, the COP30 Brazil Presidency announced its five-year vision (2026-2030) for the Global Climate Action Agenda (***GCAA***). The key principles of the GCAA have been structured into six thematic axes, each linked to the outcomes of the first global stocktake (***GST***), and 30 activation groups nested beneath the axes. Axis 6 includes activation groups such as mainstreaming climate in investments and insurance, finance for adaptation, and climate integrated public procurement. Within each activation group, international climate initiatives can independently or jointly submit "plans to accelerate solutions," focusing efforts on specific contributions to a GST outcome. "6. Unleashing Enablers and Accelerators including on Financing, Technology and Capacity-Building," Climate High-Level Champions, accessed May 28, 2026, https://www.climatechampions.net/action-agenda/6-unleashing-enablers-and-accelerators-including-on-financing-technology-and-capacity-building/.

[19] COP30 Brasil, "Activation Groups," (August 28, 2025), https://cop30.br/en/action-agenda/activation-groups

[20] "Plans to Accelerate Solutions: How Climate Action Gets Done," Climate High-Level Champions, accessed July 20, 2026, https://www.climatechampions.net/news/plans-to-accelerate-solutions-how-climate-action-gets-done/

[21] Center for Climate and Energy Solutions, *The Baku to Belém Roadmap to 1.3T: Building an effective diplomatic strategy* (February 2025), https://www.c2es.org/wp-content/uploads/2025/02/C2ES-1.3T-Roadmap-Technical-Paper-v2.1.pdf.

This paper has benefited from the generous feedback, inputs, and insights from a number of experts, in particular Leila Pourarkin.