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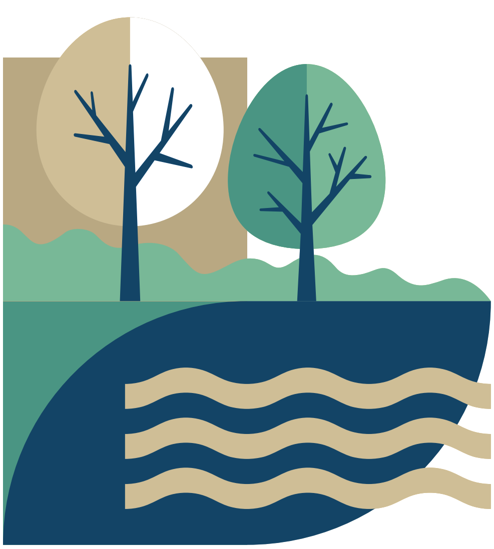
FINANCING ADAPTATION FROM BONN TO BELÉM: STRATEGIC DIRECTIONS FOR THE COP30 PRESIDENCY



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OVERVIEW

Adaptation is now firmly on the political agenda, but disagreements on how to finance it threaten to stall progress heading into COP30 in Belém. At SB62 in Bonn, adaptation finance emerged as both a priority and a point of impasse, particularly in discussions around the Global Goal on Adaptation (GGA), National Adaptation Plans (NAPs), and the Adaptation Fund. The lack of alignment on sources, responsibilities, and instruments of finance risks replicating the deadlock experienced in the New Collective Quantified Goal (NCQG) process.

The incoming COP30 Presidency has a narrow window to shift this dynamic. With adaptation expected to be one of the defining outcomes in Belém, Brazil can shape the tone and ambition of the negotiations by offering early leadership on the political and financial dimensions of the agenda. If done well, this could reframe adaptation finance from a battleground to a space for cooperation and delivery.

To turn adaptation finance from a battleground into a space of cooperation and delivery, we recommend that the Brazilian COP30 Presidency should focus on four immediate priorities:

- **Frame the narrative: Use the Presidency letters and international platforms to reinforce developed countries' obligations under Article 9.1, invite broader contributions under Article 9.2, and emphasize the role of grants and concessional finance.**

- **Mobilize early diplomacy: Engage key donor countries now, before budget cycles close, to update their finance packages.**

- **Activate the Baku–Belém Roadmap: Make adaptation finance a core outcome of COP30, align GGA discussions with clear finance indicators, and elevate the agenda through the High Level dialogue on adaptation.**

- **Showcase delivery: Highlight success stories from Brazil and the Global South, with a focus on Indigenous, local, and women-led solutions, to build trust and momentum.**

- **Apply lessons from past COPs: Avoid the pitfalls of late engagement seen in Baku by acting early and decisively, as done successfully in Glasgow and Dubai, to create political space and secure concrete finance outcomes.**

WHAT HAPPENED IN BONN

The SB62 intersessionals in Bonn clarified that adaptation will be one of the key stories at COP30. It also revealed that finance will continue to be the major point of friction:

- **In the GGA discussions, parties struggled to agree on how to refine finance-related (framed as "means of implementation" or "enablers") indicators.**

Developed countries, particularly the EU and Umbrella Group, resisted language that implied bifurcation of responsibilities. The G77+China insisted on highlighting developed countries' obligations under Article 9.1 of the Paris Agreement to "provide financial resources to assist developing country Parties with respect to both mitigation and adaptation," rejecting references to domestic public finance. At the same time, some parties underscored the need to reflect evolving global realities, highlighting the role of other high-emitting economies, and calling for a differentiated approach that recognises both the capacity and constraints of middle-income countries, including those highly vulnerable like small island developing States. These tensions underscore the need for a finance framework that is legally anchored yet politically responsive.

- **On NAPs, divisions emerged over how to refer to the roles of public versus private finance, and whether developing countries should also contribute through domestic budgets.**

- **Discussions on the Adaptation Fund stalled over terminology related to its transition to Paris-only serving status.**

- **Tensions also arose around a proposed agenda item on Article 9.1, reflecting frustration about the lack of predictability in developed country contributions.**

- **One of the few positive moments came during the Sharm el-Sheikh Dialogue on Article 2.1c, where there was broad support to better align global financial flows with both low-emission and climate-resilient development pathways.**

STRUCTURAL CHALLENGES

Adaptation finance consistently faces more complex political dynamics than mitigation. Three persistent challenges define the current context:

1 BIFURCATION AND LEGAL RESPONSIBILITY

Unlike mitigation, adaptation finance remains closely tied to historical equity debates. Article 9.1 of the Paris Agreement places the responsibility for providing finance clearly on developed countries, and this remains a red line for many in the G77+China. Developed countries increasingly seek more inclusive language to reflect the changing landscape of wealth and emissions.

2 LOW PRIVATE SECTOR ENGAGEMENT

Adaptation projects often lack bankable business models, making them less attractive to private investors.

Mobilising private finance for adaptation remains a long-standing but largely unmet objective, though various reforms can be made in order to **stimulate and incentivize private sector engagement on adaptation and resilience efforts**.

3 UNPREDICTABLE PUBLIC FINANCE

Many major pledges expire in 2025–26, and the political climate in key donor countries has become more constrained. Even where adaptation is prioritised, the lack of multi-year visibility creates uncertainty for planning and delivery. A **credible pathway forward** will require not only replenishment of key funds but also a rebalancing of concessional and grant-based finance to ensure affordability and accessibility. Without proactive leadership, adaptation finance could become a 'mini-NCQG' at COP30, with entrenched language battles over responsibilities, sources, and instruments. Avoiding this outcome requires early positioning from the Presidency.

LESSONS FROM PREVIOUS COPS

The experience of recent COP presidencies offers important insights:

- **COP26 (Glasgow) succeeded in securing new finance commitments, including a pledge to double adaptation finance by 2025. This was only possible because the UK Presidency engaged proactively well in advance, creating the space for ambition.**

- **COP28 (Dubai) demonstrated that political balance on finance, in the context of the Global Stocktake, was only possible because the UAE Presidency actively worked to manage competing expectations by different country groupings from developed and developing nations.**

- **COP29 (Baku) showed the risks of passive engagement. The Presidency waited too long to shape the NCQG discussions, and by the time they intervened, ambition had already been lost.**

Brazil still holds trust among both developed and developing countries. But trust alone is not enough. Political space for compromise needs to be created early—particularly on finance.

OPPORTUNITIES FOR BRAZIL AS COP30 PRESIDENCY

The window is still open to build an ambitious yet balanced adaptation finance package in Belém. This will require the Brazilian Presidency to provide both narrative clarity and political momentum.

With many major climate finance pledges expiring in 2025–26, COP30 can be the moment to influence their renewal. Experience from previous COPs shows that strong finance outcomes depend on early political engagement, not last-minute pushes.

1 SHAPE A CLEAR AND INCLUSIVE NARRATIVE

Brazil can use its Presidency letters and public diplomacy to frame a new narrative that:

- **Reaffirms the legal obligation of developed countries to provide adaptation finance under Article 9.1.**

- **Encourages high-income and high-emitting countries not formally classified as "developed" to contribute under Article 9.2., to strengthen their own resilience and geopolitical credibility in a climate-constrained world. Brazil could lead by example here by showcasing its own recent contributions to South-South cooperation, including regional investments through the Amazon Fund and the potential of the Tropical Forests Forever Fund (TFFF).**

- **Highlights the central role of international public finance, particularly grants and highly concessional loans.**

- **Recognises the role of domestic public finance while stressing the need for debt relief and fiscal space to enable investment.**

- **Catalyses private finance as a complement to public flows, particularly where aligned with NAPs and NDCs. This includes:**
    - Advocating for targeted use of guarantees, blended finance and first-loss instruments to de-risk adaptation investments;
    - Advancing regulatory reform or incentives to expand adaptation-related insurance and financial products, particularly for vulnerable communities and SMEs;
    - Encouraging disclosure and accountability frameworks that reward private actors financing adaptation-aligned activities, including in climate-vulnerable regions.

This narrative should focus on making adaptation finance additive, rather than competitive, bridging rather than dividing. For example, a country's domestic investments in climate-resilient infrastructure (e.g. flood defences or early warning systems) can serve as the foundation for international co-financing, while de-risking entry points for private investment in adjacent sectors like water, agriculture, or insurance. Articulating this synergy is key to avoiding false trade-offs and building a compelling adaptation finance package in Belém.
Also, Brazil could frame public and private, domestic and international sources as complementary, not conflicting. These qualifiers should be used to build ambition, not deflect accountability. At the same time, the Presidency should reject the imposition of new funding conditionalities that could limit access to finance.

2 INITIATE EARLY DIPLOMATIC OUTREACH

Several major developed countries will soon revise their climate finance packages. Brazil should:

- **Engage blocs like the EU and countries like the UK, Canada, France, Ireland, Sweden, Australia, and New Zealand to update their climate finance commitments with a specific focus on adaptation.**

- **Encourage pledges to the Adaptation Fund to ensure continuity of programming until Article 6.4 share of proceeds becomes available in 2026.**

- **Support country-level champions within budget processes, particularly where climate and development ministries already prioritise adaptation.**

3 USE THE BAKU TO BELÉM ROADMAP STRATEGICALLY

The Presidency's roadmap is a key opportunity to consolidate expectations and signal political direction. It can:

- **Make adaptation finance a core component of the official COP30 outcome package.**

- **Provide clarity on the expected trajectory of the GGA, especially regarding finance indicators.**

- **Invite finance ministers to engage in advance, potentially through a dedicated Finance Day at Pre-COP or the Leaders' Summit.**

4 BUILD MOMENTUM AND VISIBILITY THROUGH SUCCESS STORIES

Political trust is more easily built when backed by examples of delivery. Brazil can:

- **Showcase national and regional examples of successful adaptation investments, including from the Amazon, coastal zones, and semi-arid regions.**

- **Highlight leadership by Indigenous communities, local governments, and women-led initiatives.**

- **Use side events and public communications to frame adaptation as a strategic investment, not just a response to vulnerability.**

CONCLUSION

Adaptation will be a defining story of COP30. Whether it becomes a story of delivery or division will depend on how adaptation finance is handled. The SB62 outcome shows how close the system is to gridlock. But Brazil has the tools and trust to change course. If the COP30 Presidency acts now, it can unlock a credible, inclusive finance outcome in Belém. This will not only build confidence among Parties but also show that the UNFCCC process can still deliver where it matters most.

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