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A BRICS Agenda for Enhancing Climate Finance

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Abbreviations

AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
AU	African Union
AuM	Assets under management
BRICS	Country grouping consisting of Brazil, China, Egypt, Ethiopia, India, Indonesia, Islamic Republic of Iran, Russian Federation, Saudia Arabia, South Africa, United Arab Emirates[1]
CAGR	Compound Annual Growth Rate
CBDR-RC	Common but differentiated responsibilities and respective capabilities
CEB	Council of Europe Development Bank
COP	Conference of the Parties
CRA	Contingent Reserve Arrangement
DAC	Development Assistance Committee
DFI	Development Finance Institution
GDP	Gross Domestic Product
GFANZ	Glasgow Financial Alliance for Net Zero
GFSN	Global Financial Safety Net
IFI	International Financial Institution
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IsDB	Islamic Development Bank
MDB	Multilateral Development Bank
NCQG	New Collective Quantified Goal on climate finance
NDB	New Development Bank
NZBA	Net Zero Banking Alliance
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development

[1] For the purposes of this paper, BRICS refers to these 11 countries. There are other countries who are in different levels or partnership or membership with the formal grouping, but they are not included in any data referring to 'BRICS' in this publication.

PDB	Public Development Bank
RFA	Regional Financing Arrangement
RMB	Renminbi
SDGs	Sustainable Development Goals
SWF	Sovereign Wealth Fund
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar

Executive Summary

The global climate finance system is under immense strain, with current financial flows falling far short of what is needed to meet the goals of the Paris Agreement. Developing countries face mounting challenges in accessing affordable, timely, and adequate climate finance amidst rising debt, economic volatility, and declining development assistance. In this context, BRICS leadership could offer a transformative alternative, decreasing dependence on finance and policy shifts in Annex II countries and reshaping the climate finance landscape through a coordinated, solidarity-driven agenda.

Key Recommendations

1. Expand Affordable Climate Finance through BRICS Institutions

- **Scale up the New Development Bank's climate offer** by increasing its lending capacity, meeting existing and raising new climate finance targets and considering the establishment of a dedicated climate facility that can cater to both mitigation and adaptation and offer technical assistance.
- **Strengthen the New Development Bank's credit enhancement and risk management toolkits** supporting borrowers to bring down costs, for example with a Guarantee Facility, and expanding the use of local currency lending.
- **Scale up climate financing across BRICS-led MDBs and the 80 strong network of public development banks in BRICS countries,** aligning development models and policy frameworks with climate goals and strengthening the capacities of national institutions to deliver low emissions industrialization in line with a just transition.
- **Mobilize Sovereign Wealth Funds** to use their financial firepower towards green transitions in BRICS members and other developing countries, for example with novel financing facilities, co-financing with development banks, philanthropic initiatives, and support for green technology development.

2. Strengthen South-South Coordination

- **Create a BRICS Public Partnership Network** to strengthen collaboration among BRICS public development banks, climate finance institutions and other institutions in developing countries.
- **Establish a BRICS Country Platforms Working Group** to support integrated, nationally-driven climate strategies and investment plans.
- **Explore interoperability** between climate finance frameworks, taxonomies, carbon markets and other innovative financial instruments across BRICS jurisdictions, and the potential of increased coordination between regulators.
- **Empower national and subnational development banks** to serve as anchor institutions for implementation with capacity building, concessional finance, and technical assistance.

3. Build Resilience to Systemic Shocks

- **Revitalize the BRICS Contingent Reserve Arrangement** by creating a Rapid Crisis Response Facility for climate shocks, establishing macroeconomic surveillance in its operations, expanding membership, and removing the IMF-link to support.
- **Explore options for the New Development Bank to support shock-affected countries,** for example through risk management tools, emergency support, debt suspension mechanisms, and reconstruction financing.

4. Advocate for Global Economic Governance Reform

- **Work together towards key reforms in international financial institutions** to align policy frameworks with climate, development and social goals; ensure the Global Financial Safety Net can meet their needs; and improve representation and voice for all developing countries.
- **Support a multilateral process for sovereign debt workout** for countries facing debt distress to ensure they are not held back from achieving their climate goals.
- **Participate in global efforts to curb illicit financial flows** to make sure that these resources can be better used for public goods and goals.

Introduction

Climate finance stands at a critical juncture. Despite growing global consensus on the gargantuan task of tackling climate change, the financial resources mobilized to deliver climate action —particularly in developing countries— remain woefully inadequate.

In 2022, global climate finance reached \$1.46 trillion, far short of the estimated \$7.4 trillion needed annually to meet the Paris Agreement targets.[2] This shortfall is especially acute for developing countries, which face mounting challenges including high debt burdens, limited fiscal space, and increasingly volatile global economic conditions, even without the added investment needs of responding to climate change in a transformative, just and sustainable way. The inadequacy of current financial flows is not merely a technical issue—it is a profound equity challenge that threatens to derail global climate and development goals.

South-South coordination has long been a means for developing countries to increase the scale and scope of resources available and to build a voice commensurate with their economic weight.[3] In this context, BRICS leadership can be transformative. Representing nearly half of the world's population and 28 per cent of global GDP,[4] BRICS countries are already major players in climate finance through their domestic investments, bilateral support, and contributions to MDBs. With unprecedented threats to global solidarity and the multilateral climate regime, there is renewed urgency to explore opportunities for BRICS countries to enhance climate finance in their countries and the wider South.

The objective of this paper is to address the growing uncertainty of climate finance flows by exploring alternative coordination mechanisms, structures and institutions that BRICS countries can lead to both increase access to finance and decrease the cost of climate action in developing countries. It proposes an array of ideas for a BRICS agenda for enhancing climate finance, grounded in the principles of climate ambition, solidarity, and respect for national sovereignty. The ultimate goal is that innovation in BRICS countries in climate finance leads to more reliable funding for mitigation and adaptation, less dependence on finance and policy shifts in Annex II countries, and enhanced national and regional strategies for all developing countries to meet their climate and development goals.

Four interrelated pillars of action are identified: (1) increase the availability of climate finance through BRICS institutions; (2) strengthen South-South coordination to overcome fragmentation and enhance the effectiveness of climate finance; (3) build resilience to systemic shocks; and (4) advocate for broader reforms in global economic governance to ensure a more just and inclusive financial system.

[2] CPI (2024). Global Landscape of Climate Finance 2024. United States: Climate Policy Initiative. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024/

[3] Barrowclough DV, Gallagher K and Kozul-Wright R (2021). Southern-Led Development Finance: Solutions from the Global South (2021) Routledge Publications.

[4] Data from UNCTADStat Data Centre available at https://unctadstat.unctad.org/. Accessed 19 May 2025.

Section one reviews the status of climate finance flows, identifying trends and challenges that are crucial to understand in considering any BRICS agenda on climate finance. Section two lays out a framework of principles and strategic objectives to guide a shared BRICS approach to enhancing climate finance, identifying four key areas for further cooperation. The following four sections cover these areas and the final section concludes.

By leveraging their distinct experiences and collective strengths, BRICS countries can offer a compelling alternative to the current climate finance paradigm—one that prioritizes development, resilience, and mutual prosperity. While this can be no replacement for a truly functioning multilateralism guided by such key principles as Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC), action from BRICS countries can complement global action by demonstrating what can be achieved with determination, cooperation and commitment.

1. Climate Finance at a Crossroads

Global Outlook

Globally, climate finance is still far below all estimations of levels needed to keep to Paris targets. In 2022, total climate finance was estimated to be $1.46 trillion, compared to the estimated $7.4 trillion needed annually until 2030.[5] While these sums may seem large, they are vastly smaller than future losses should the world exceed 1.5°C of warming.[6] There are some encouraging signs, for example China has managed a CAGR of 36 per cent for climate finance, but this is far lower across all other regions and country groupings despite a significant uptick in flows since 2020.

Article 9 of the Paris Agreement commits developed country Parties to provide and mobilize financial resources to assist developing country Parties in pursuit of their climate goals. At COP 15 in 2009 in Copenhagen, Denmark, developed countries committed to jointly mobilize $100 billion per year to address the needs of developing countries by 2020.[7] According to the OECD, this goal was exceeded in 2022 for the first time, reaching $115.9 billion.[8] However, celebrations from recipients have been muted since the majority of reported contributions have come in the form of loans, mitigation has been prioritized at the expense of adaptation and loss and damage needs, and methodologies for what counts as climate finance vary widely between contributors. The $100 billion goal has been plagued by such criticisms, where persistent ambiguities have ultimately damaged trust between developed and developing country Parties.[9]

Decision 1/CMA.6 agreed at COP 29 in 2024 in Baku, Azerbaijan, agreed the New Collective Quantified Goal on climate finance (NCQG), which calls on developed countries to take the lead in mobilizing at least $300 billion per year for developing countries, within the context of a wider goal involving all actors to scale up financing to developing countries to at least $1.3 trillion per year by 2035.[10] While a significant improvement on the previous goal, UNCTAD recently estimated that the NCQG target should be closer to $900 billion per annum from 2025, reaching $1.46 trillion by 2030.[11] Furthermore, considering inflation since the 2009 goal and the new flows counting towards this target,[12] what at first appears like a tripled goal may in fact not require a bigger fiscal effort from developed countries. Agreed

5 CPI (2024). Global Landscape of Climate Finance 2024. United States: Climate Policy Initiative. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024/

6 *Idem*

7 UNFCCC (2010). Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009. United Nations publication. https://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf

8 OECD (2024). Climate Finance Provided and Mobilised by Developed Countries in 2013-2022. Climate Finance and the USD 100 Billion Goal. OECD Publishing, Paris. Available at: https://doi.org/10.1787/19150727-en.

9 Skounti S and Erzini Vernoit I (2024) Rebuilding Confidence and Trust After the 100billion: Recommendations for the New Collective Quantified Goal (NCQG). The IMAL Initiative for Climate and Development. Finance Working Group. Available at: https://odi.org/en/publications/rebuilding-confidence-and-trust-after-the-100billion/

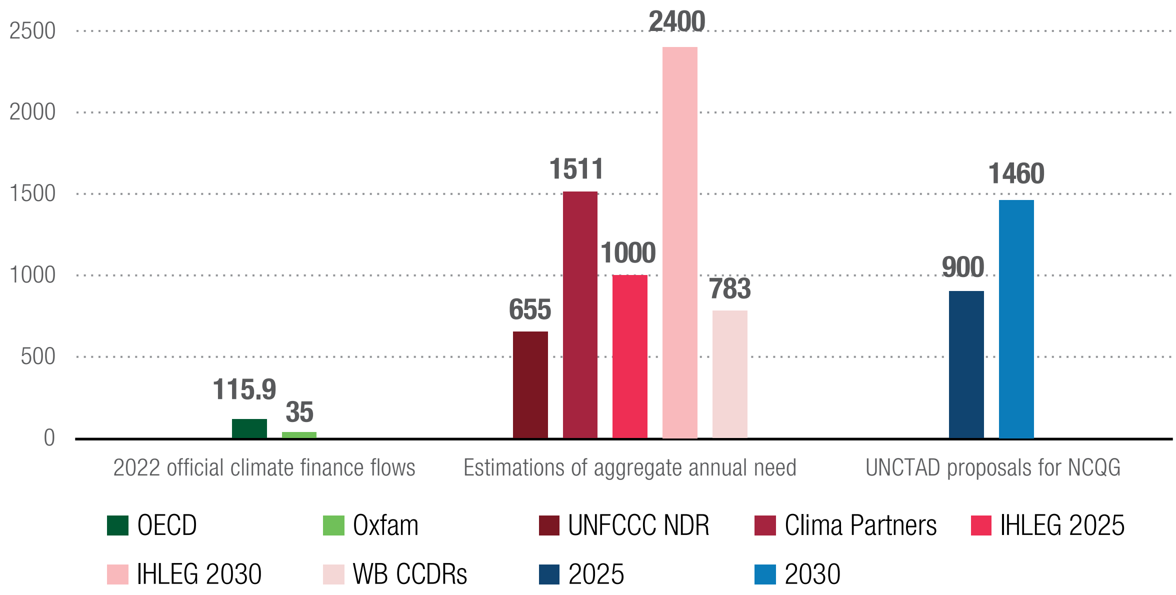
10 UNFCCC (2024). Decision 1/CMA.6 New collective quantified goal on climate finance.

11 UNCTAD (2024). The New Collective Quantified Goal on Climate Finance: Quantitative and Qualitative Elements. United Nations publication. Available at: https://unctad.org/publication/new-collective-quantified-goal-climate-finance-quantitative-and-qualitative-elements

12 The NCQG outcome appears to include all climate finance from MDBs, implying that developing countries will also contribute to this goal.

as part of the NCQG, the "Baku to Belém Roadmap to 1.3T" will see COP 29 and 30 Presidencies, Azerbaijan and Brazil, work together through 2025 to present a report at COP 30 on actions required to secure $1.3 trillion in annual climate finance for developing countries by 2035 from all private and public sources.

Figure 1
Climate finance flows, estimated needs, and proposed NCQG targets
(USD billions)



Source: UNCTAD comparison based on various sources.[13]

Future Headwinds

The wider macroeconomic context for climate-resilient investment in developing countries also faces severe headwinds. Subdued external demand, trade policy shocks, financial turbulence and heightened systemic uncertainty are intensifying pressures – especially for developing countries. Many countries now face a "perfect storm" of worsening external conditions, heavy debt burdens and weakening domestic growth.[14] Recent cuts in ODA add an extra layer of shock and uncertainty for many developing countries.[15]

UNCTAD estimates that global growth will slow to 2.3 per cent in 2025, falling below the 2.5 per cent threshold associated with a global recessionary phase.[16]

13 Since both the UNFCCC NDR and the Clima Partners study use aggregates until 2030 rather than annual financing targets, a simple estimation of annual flows was assumed to be the total divided by the number of years until 2030 since publication.

14 UNCTAD (2025). Trade and development foresights 2025: Under pressure – uncertainty reshapes global economic prospects. United Nations publication. Available at: https://unctad.org/publication/trade-and-development-foresights-2025-under-pressure-uncertainty-reshapes-global

15 UNCTAD (2025). Aid at a Crossroads: Trends in Official Development Assistance. United Nations publication. Available at: https://unctad.org/publication/aid-crossroads-trends-official-development-assistance

16 UNCTAD (2025). Trade and development foresights 2025: Under pressure – uncertainty reshapes global economic prospects. United Nations publication. Available at: https://unctad.org/publication/trade-and-development-foresights-2025-under-pressure-uncertainty-reshapes-global

In April 2025, growing concerns over the global economic outlook and shifting trade policies triggered major financial turbulence. The so-called financial "fear index" – a gauge of the United States stock market volatility – reached its third-highest level on record, behind only the peaks during the COVID-19 pandemic in 2020 and the global financial crisis of 2008. As a consequence of successive shocks in recent years, capital is increasingly flowing towards "safer" or more "stable" assets and markets – typically in advanced economies – to the detriment of financial flows to developing countries. Even as interest rates may be falling in major economies, high levels of global uncertainty mean investors remain reluctant to commit to the long-term, transformative activities needed in developing countries. However, uncertainty alone cannot be blamed for this reluctance: even in recent times of relative stability, market interest in transformative investments in developing countries has been lacking, signaling the larger political economy challenge of redirecting global finance towards public interest activities.

At the same time, developing countries' external debt is at record highs, reaching $11.4 trillion in 2023 – equal to 99 per cent of their export earnings.[17] While public debt can be an essential tool for financing sustainable development, it can also become a problem when debt servicing costs increase more than a country's capacity to pay. This is now the reality for two thirds of developing countries where public sector debt sustainability has deteriorated, often as a consequence of shocks like the pandemic, geopolitical conflict and macroeconomic tightening they had little control over.

The increase in interest rates by central banks worldwide since 2022 pushed net interest payments on public debt to record levels, reaching $847 billion in 2023, a 26 per cent increase compared to 2021.[18] These rising debt burdens are forcing governments into tough trade-offs, with 3.3 billion people living in countries where governments spend more on debt servicing than on health or education.[19] The high cost of capital in developing countries bears heavily on their capacity to invest in climate, with borrowing at rates that can be as much as 12 times higher than developed country counterparts.[20] The prospect of persistently tighter monetary policy as well as unusually elevated government bond yields across the major advanced economies point to a further crowding out of financial flows to the developing world.

At the same time as developing countries are confronted with these macroeconomic challenges, 2025 has seen a huge retreat in support for sustainable development from donor countries. ODA is crucial to supplement domestic resource mobilization efforts in many vulnerable economies where alternative funding is limited and shocks like natural disasters or war can easily destabilize a country. Yet of the 17 biggest DAC donors who account for 95 per cent of total ODA, 14 are reducing their ODA budgets, amounting to over $30 billion in cuts.[21] The announced cuts come on top of a broader downward trend in aid to developing countries, despite an overall increase in global ODA.[22] Furthermore, the share of ODA

17 UNCTAD (2025). Debt crisis: Developing countries' external debt hits record $11.4 trillion. United Nations publication. Available at: https://unctad.org/news/debt-crisis-developing-countries-external-debt-hits-record-114-trillion

18 UNCTAD (2024). A World of Debt. United Nations publication. Available at: https://unctad.org/publication/world-of-debt

19 *Idem*

20 *Idem*

21 Laub K, Setiabudi N, Dwyer S, Barter E, Smole E and Welch Z (2025). The Budget Cuts Tracker. The Donor Tracker. SEEKS Development. Available at: https://donortracker.org/publications/budget-cuts-tracker

22 UNCTAD (2025). Aid at a Crossroads: Trends in Official Development Assistance. United Nations publication. Available at: https://unctad.org/publication/aid-crossroads-trends-official-development-assistance.

directed to economic or productive uses, as compared to humanitarian efforts and funds kept in donor countries, has been falling.[23] These reductions now cast doubt on the achievement of the NCQG outcome, which was already far below estimations of need.

Can Private Finance Fill the Gap?

For some observers, these trends need not imply missed climate targets as long as developing countries can attract adequate private finance. Indeed, the dominant paradigm on mobilizing climate finance continues to put trust in the capacity of private finance and domestic resource mobilization to fill the gaps, despite lacklustre performance in recent decades and deteriorating growth outlooks.

According to the World Bank's Chief Economist, "private capital mobilization efforts have been judged harshly, at least in tone, because of their failure to meet what was, in retrospect, an unrealistic goal."[24] In other words, the problem is not with anticipating a role for private finance, but with overestimating its potential contribution. According to the UNFCCC, private finance mobilization in relation to the $100 billion goal has fallen short of expectations, with a 60 percentage point gap in 2020 compared to the 2016 *Roadmap to $100 Billion*.[25][26] The most recent assessment of the $100 billion goal by the OECD showed that private finance mobilised by public climate finance represented 19 per cent of the total attributed to developed countries' climate finance contributions. In the six years before 2022, the average proportion made up by private finance mobilisation was 17.5 per cent, never exceeding 20 per cent.

As has been demonstrated all too clearly in recent months, many of the challenges facing domestic resources and private finance mobilization in developing countries such as turbulence in financial markets, monetary tightening, and systemic uncertainty depend on multilateral cooperation for their resolution. The lack of local currency-based financial instruments, coupled with a high-debt global economic environment poses additional challenges to reliable market financing for developing countries, whether green or not. Compounding these structural constraints, recent months have seen backward movement from major private finance actors in their departure from voluntary net zero efforts, such as the Net Zero Banking Alliance (NZBA) and the Glasgow Financial Alliance for Net Zero (GFANZ), revealing the severe limitations of self-regulation in driving real change. Indeed, evidence suggests that for private finance to become a part of the solution, many developing countries will first need a strong public investment push, for example with the support of national and multilateral financing institutions.[27][28] These indicators

23 *Idem*.

24 Cull R, Gill I, Pedraza A, Ruiz-Ortega C, Zeni F (2024). Mobilizing Private Capital for the Sustainable Development Goals. Policy Research Working Paper 10838. Office of the Chief Economist and Senior Vice President. Work Bank Group. Washington DC.

25 UNFCCC (2016). Roadmap to $100 Billion. United Nations publication. Available at: https://unfccc.int/sites/default/files/resource/climate-finance-roadmap-to-us100-billion.pdf

26 UNFCCC (2022). Report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation. United Nations publication. Available at: https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20100BN%202022%20Report_Book_v3.2.pdf

27 Ameli N, Dessens O, Winning M, Cronin J, Chenet H, Drummond P, Calzadilla A, Anandarajah G and Grubb M (2021). Higher cost of finance exacerbates a climate investment trap in developing economies. Nat Commun 12, 4046. https://doi.org/10.1038/s41467-021-24305-3

28 UNCTAD (2025). International Investment in Sustainable Infrastructure: The role of public-private partnerships. *Forthcoming.*

point to more challenges for high-quality, green investments from private finance in developing countries, not less.

Conclusion

The world is off track on all indicators for generating adequate climate finance, leading to stalled action, rising costs and further tensions. Support for developing countries under Article 9 of the Paris Agreement has been insufficient, and agreed targets are under threat. Trust in private finance to fill the gaps has proven misplaced, leading to underestimations of the need for grant-based and highly concessional finance. Caught in the crosshairs of cascading macroeconomic crises, developing countries' options for meeting their needs are deteriorating, whether for climate goals or broader development needs. A BRICS agenda on climate finance can learn from these challenges to build on the cooperation achieved so far and offer an alternative approach to meeting climate finance needs.

2. Framework for a BRICS Agenda on Climate Finance

Based on the principles of equity and CBDR-RC enshrined in the Convention and Paris Agreement, there is an urgent need for Annex II countries to scale up their support to developing countries for climate efforts. This should continue to be a priority in climate discussions and broader debates around reform of global economic governance. However, a countervailing risk emerges if developing countries focus only on increasing Annex II support.

When this support wanes, whether because of shifting geopolitical priorities, domestic regime change, or economic crises, developing countries risk being exposed to a cliff edge for their climate plans.

While no replacement for multilateral solutions grounded in CBDR-RC, South-South cooperation has proven resilient through the economic turbulence of recent years. The economic and health shocks during the COVID-19 pandemic, in particular, showed how significant Southern-led development banks can be in helping support their members in a time of distress.[29]

Just as South-South cooperation and regional integration has for decades been appreciated for its broader potential to increase its members' access to foreign exchange reserves, investment capital and technical resources (especially in times of critical need), to enlarge and strengthen local markets, and to reduce transactions and other costs, there is now a growing awareness of its role in scaling up and directing much needed climate finance. New South-South institutions and mechanisms have been created, and existing ones enlarged, significantly enhancing the resilience of their members.[30] In considering the important global and regional roles of their economies, efforts from BRICS countries to enhance climate finance both within their own jurisdictions as well as for other developing countries offer an important counterweight to the risks posed by the current moment.

BRICS and Climate Finance

While not obliged to contribute to Article 9 finance, BRICS countries are already significant actors in global climate finance flows. As well as their own domestic climate finance, they are providers of bilateral support and multilateral climate finance through climate funds and development banks. As can be seen from Figure 2, when taking into account only their multilateral contributions, six BRICS countries would be among the top 30 climate finance contributors globally in 2022.[31] While bilateral support

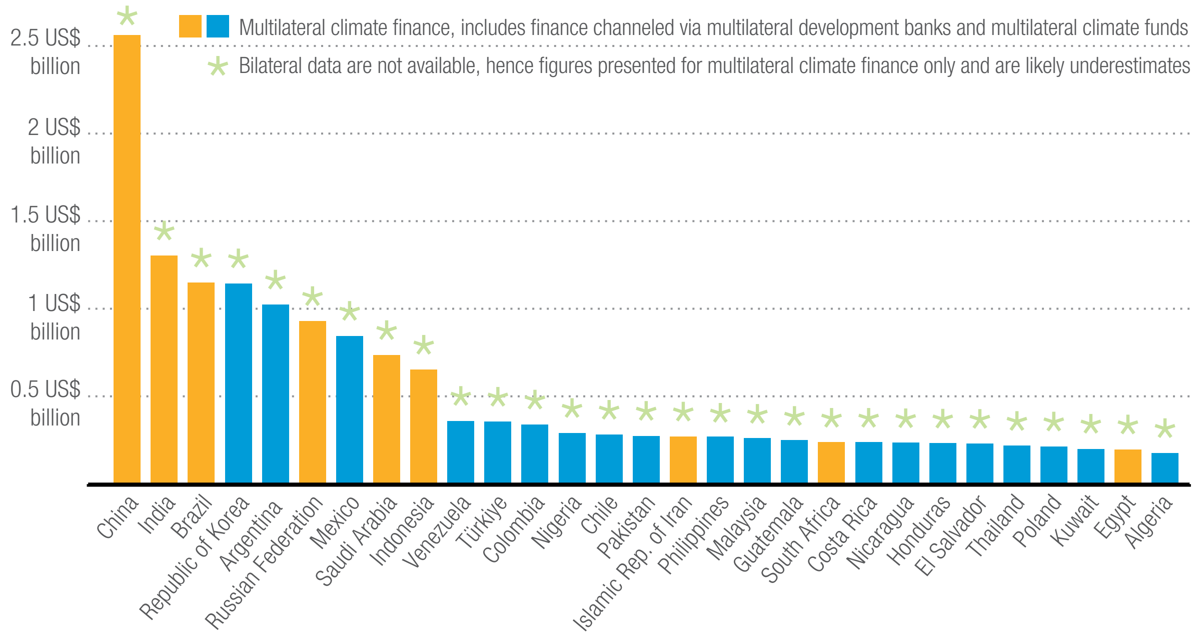
29 McDonald et al (2020). Public banks and Covid-19, combatting the Pandemic with Public Finance. Available at https://unctad.org/publication/public-banks-and-covid-19-combatting-pandemic-public-finance.

30 Barrowclough DV, Gallagher K and Kozul-Wright R (2021). Southern-Led Development Finance: Solutions from the Global South (2021) Routledge Publications.

31 Data taken from Pettinotti L, Kamninga T and Colenbrander S (2024). A fair share of climate finance? The collective aspects of the New Collective Quantified Goal. ODI Working Paper. London: ODI and does not

is more difficult to assess, some BRICS countries have begun to recognize their contributions, for example at COP 29, China announced the amount of climate finance they had provided and mobilized since 2016, amounting to more than RMB 177 billion yuan (approximately $24.5 billion).[32]

Figure 2
External Climate Finance Provision from non-Annex II Countries in 2022 via MDBs



Source: ODI (2024). A fair share of climate finance? The collective aspects of the NCQG.

Overcoming Asymmetries with Solidarity

South-South solidarity and cooperation are critical to overcoming development and climate challenges that persist as a result of deep structural asymmetries.[33] As major economies, counting around 48 per cent of global population and 28 per cent of global GDP,[34] BRICS countries have a central role to play in this effort. With BRICS countries' initiative and resources, they can build on their existing contributions to make a meaningful impact in enhancing overall climate finance flows, including through systemic changes that deliver broader benefits for all developing economies.

A BRICS agenda can offer an alternative approach that diverges from a dominant paradigm that has left developing countries exposed to shocks. This alternative would focus on enhancing the capacities

include BRICS support via the NDB and IsDB.

32 Data on bilateral climate finance flows are partial or absent since developing countries do not have an obligation to report on climate finance flows under the Paris Agreement. For this reason, it is not possible to include a full assessment of BRICS bilateral support.

33 UNCTAD (2022). South-South cooperation and economic integration: The vision and roadmap. United Nations publication. Available at: https://unctad.org/system/files/official-document/gdsinf2023d2_en.pdf

34 Data from UNCTADstat Data Centre available at https://unctadstat.unctad.org/. Accessed 19 May 2025.

of public institutions to coordinate finance for climate-aligned development towards three core goals: increasing access to suitable funding for mitigation and adaptation, decreasing dependence on finance and policy shifts in Annex II countries, and enhancing national and regional strategies for all developing countries to meet their climate and development goals.

Finally, this approach would be informed by BRICS experience in developing modalities of coordination and cooperation that respect and uphold domestic policy space and sovereignty while securing mutual prosperity.

Together, these foundational elements would mean a climate finance agenda guided by solidarity, climate and development ambition, and economic sovereignty in harmony with advancing the needs of the wider Global South.

Four Pillars of Action

A BRICS agenda for enhancing climate finance can be categorized into four essential and interrelated pillars of action:

1. Increasing the scale and availability of affordable, long-term, climate finance in Southern institutions.

2. Improving South-South coordination.

3. Building resilience to shocks in the global financial system.

4. Cooperating on greater reform in global economic governance.

The following sections will explore these different pillars, identifying key actions that BRICS countries and institutions can take forward together.[35]

[35] This report does not go into detail on national level efforts, but rather the opportunity of greater coordination to together shift the agenda.

3. Increasing Climate Finance in BRICS Institutions

The New Development Bank

At the center of any approach to enhancing climate finance from BRICS lies the New Development Bank (NDB). Established in 2015 within the context of the BRICS inter-governmental mechanism, the NDB is mandated by its Articles of Agreement to "mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development." The NDB supports public and private projects through loans, guarantees, equity participation and other financial instruments for infrastructure and sustainable development projects in their member countries. As well as the original five subscribed countries, it now counts Bangladesh, UAE, Egypt and Uruguay as members. To date, the Bank has approved more than $39 billion for 120 projects.[36] Its rapid and expansive response to members' needs during the COVID-19 pandemic offers insights for scaling up and guiding future climate finance, as the Bank's evolving mandate and strong sense of public purpose helped it sale up lending and innovate its services during a time of crisis.[37]

Climate considerations have been a part of the NDB's framework of development since its founding. The first General Strategy acknowledged that the "challenge is to expand prosperity and opportunities rapidly… in a way that supports economic stability, maintains environmental integrity and equitably shares the benefits of growth with all."[38] The first five years of operation focused on 'sustainable infrastructure,' aiming for two-thirds of loan commitments to go to this area. Its first bond was issued as a green bond denominated in RMB, and the strategy foresaw the NDB to "be green not only on the lending, but also on the funding side."

The current 2022-2026 General Strategy sets a target of 40 per cent of its total volume of approvals for projects contributing to climate change mitigation and adaptation.[39] It recognizes climate change as a critical consideration throughout the strategy and identifies the achievement of the Paris Agreement as a key building block to its mission.

An assessment of the NDB's climate record shows that while ambitious, there is still room for further improvement. Of $74.7 billion in climate finance commitments from major MDBs to developing countries in 2023, $1.1 billion came from the NDB, representing only 1.47 per cent of total MDB climate finance.[40] While this represents a doubling of committed finance from 2022, it shows that in multilateral climate finance, the NDB is still a minor player (see Figure 3).

36 New Development Bank (2025). Projects. Available at: https://www.ndb.int/projects/. Accessed 19 May 2025.

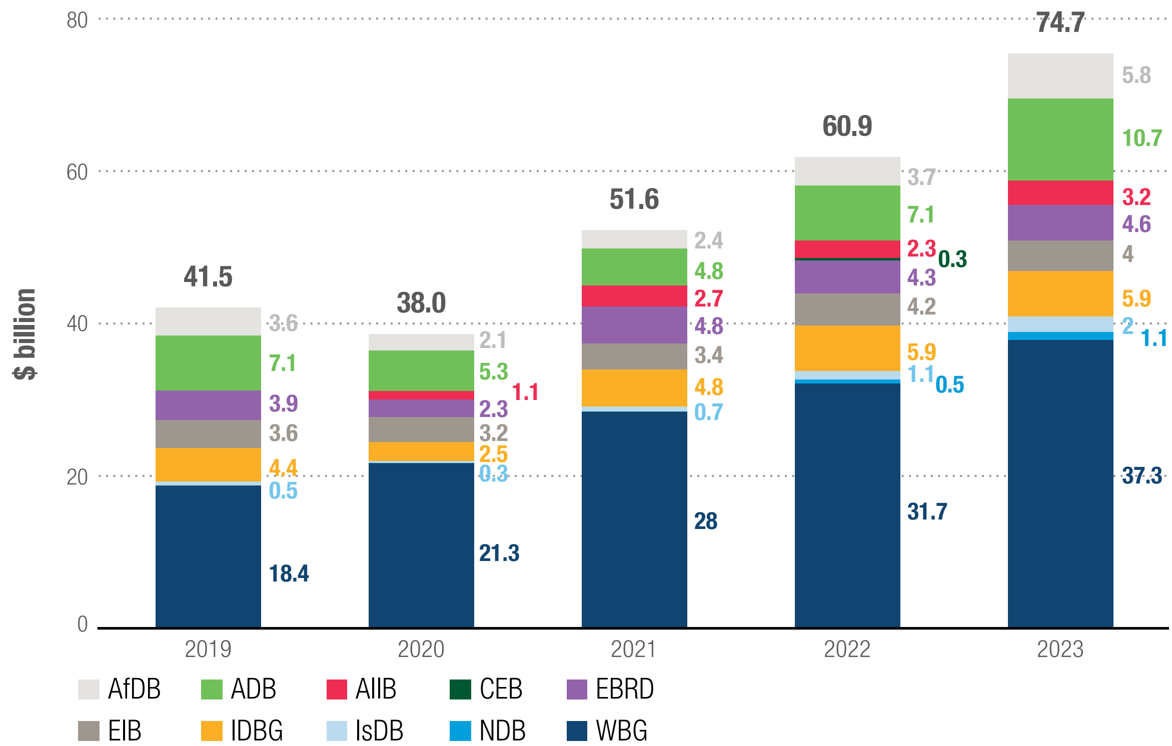
37 Barrowclough DV (2025). Mandate Matters: Evolving Views and Counter-cyclical Surprises from the World's Newest, Southern-led, Multilateral Development Banks. *Review of Political Economy*, 1–25. Available at htttps://doi.org/10.1080/09538259.2025.2470192

38 New Development Bank (2017). NDB's General Strategy: 2017 – 2021. Available at: https://www.ndb.int/wp-content/uploads/2017/08/NDB-Strategy.pdf

39 New Development Bank (2022). Scaling Up Development Finance for a Sustainable Future. New Development Bank General Strategy for 2022-2026. Available at: https://www.ndb.int/wp-content/uploads/2022/07/NDB_StrategyDocument_Eversion-1.pdf

40 African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter American Development Bank, IDB Invest, Islamic Development Bank, New Development Bank, & World Bank (2024). 2023 Joint Report on Multilateral Development Banks Climate Finance. https://doi.org/10.18235/0013160

Figure 3
MDBs' climate finance commitments in low- and middle-income economies, 2019-23
(in USD billion)



Source: AfDB, ADB, AIIB, CEB, EBRD, EIB, IADB, IDB Invest, IsDB, NDB, & WBG (2024). 2023 Joint Report on Multilateral Development Banks Climate Finance.

As can be seen from Table 1, the $1.1 billion represented around 24 per cent of total NDB operations – one of the lowest of all the ratios presented in the 2023 Joint Report on MDBs Climate Finance, with the EIB reporting 56 per cent of all operations at one end of the scale, and the CEB reporting 22 per cent on the other. The NDB, however, showed one of the best efforts in supporting adaptation, making up 44.5 per cent of committed climate finance, surpassed only by the AfDB (52.1 per cent). It also showed an above average co-financing record, making up around 4.3 per cent of total co-financing from MDBs, all of which came from public partners.

What can the NDB do?

The NDB has achieved impressive milestones in less than ten years of operations, highlighting how much can be achieved with will and vision. Taking stock of the NDB's strengths and potential for further activity, there is a wide variety of things that BRICS countries can do through their leadership with the NDB that can improve the availability of affordable climate finance, including:

- **Scale up lending capacity** in the NDB, expanding the balance sheet to increase long-term, low interest financing of climate activities, for example by implementing recommendations from the Review of MDBs Capital Adequacy

Table 1
Total MDB climate finance, 2023
(in USD million)

	AFDB	ADB	AIIB	CEB	EBRD	EIB	IDBG	ISDB	NDB	WBG	TOTAL MDBS
For low- and middle-income economies											
Own account	5 009	9 863	3 230	10	4 070	3 349	5 630	2 048	1 107	36 266	70 583
MDB-managed external resources	829	882	-	-	533	614	240	-	-	1 018	4 103
For high-income economies											
Own account	11	1	204	954	2 805	41 826	1 292	50	-	2 330	49 836
MDB-managed external resources	-	0	-	-	55	282	9	-	-	87	446
Climate finance from MDB own account, as a percentage of MDB operations from MDB own account	53%	46%	29%	22%	48%	56%	46%	46%	24%	41%	47%
MDB climate finance as a percentage of total MDB operations	55%	43%	29%	22%	50%	57%	46%	46%	24%	39%	45%

Source: AfDB, ADB, AIIB, CEB, EBRD, EIB, IADB, IDB Invest, IsDB, NDB, & WBG (2024). 2023 Joint Report on Multilateral Development Banks Climate Finance.

Frameworks,[41] applying the Roadmap for Bigger, Better and more Effective MDBs,[42] and expanding the membership.

- **Meet and surpass the 40 per cent target for climate finance**, driving a larger portion of activities to be either focused on or complementary to climate-resilient development including adapting to climate change, scaling up renewable energy capacity and other low emissions industrialization efforts, and transitioning from high-emitting activities in a just, orderly and equitable manner.[43]
- **Create a dedicated Climate Facility** to grow expertise and share learning for example through technical assistance.
- **Bring down the costs and risks of financing for borrowers**, strengthening the credit enhancement toolkit for example with a Guarantee Facility, adjusting the framework for how credit risk is assessed with greater

41 G20 Expert Panel (2022). Boosting MDBs' investing capacity: An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks.
42 G20 Roadmap Towards Better, Bigger and More Effective MDBs (2024).
43 UNFCCC (2023). Decision 1/CMA.5. Outcome of the first global stocktake.

climate consideration and continuing the pioneering work focused on local currency lending and currency risk hedging tools.[44]

- **Provide grant support and highly concessional support for adaptation** activities, particularly where these activities are not return generating but have a strong economic imperative for resilience.
- **Adapt policy frameworks and conditions** with financing to ensure sovereign borrowers have adequate fiscal space for broader investment-led growth to ensure climate goals are achieved in tandem with development and broader social inclusion.[45]
- **Increase research capacity** and technical advice to countries on the specific dimensions of their just transitions and broader macroeconomic analysis.
- **Improve cofinancing with private finance** to sustainably crowd-in private capital with an emphasis on domestic actors and ensuring a fair balance of risks and benefits between public and private actors.

BRICS and other Public Development Banks

While the NDB lies at the core of any joint BRICS approach to climate financing, BRICS countries are also significant shareholders in other MDBs and national and subnational development banks.

MDBs play a crucial role in the global financing of development. Their unique financial model allows them to act as a force multiplier in generating large amounts of finance relative to the capital shareholders put in, while providing loans to borrowing countries with interest rates and maturities unavailable elsewhere.[46,47] By working together across the network, particularly in those where governance shows a strong BRICS presence such as the AIIB or the IsDB, BRICS countries can boost overall support for development and the proportion dedicated to climate activities.

A similar case can be made for greater attention to the 80 PDBs at national and subnational level that exist in BRICS countries. Together, these institutions manage $5.8 trillion in assets.[48] They play a critical role in their various contexts as key actors in development and climate efforts at local, national and regional levels, particularly in adaptation measures which are extremely local in nature. A BRICS climate finance agenda can increase support for these institutions to deliver climate plans with low-risk, affordable climate financing and grant funding, empowering them as nationally-rooted anchors for climate-resilient development.[49] The next section will discuss PDBs more deeply from the perspective of building South-South Coordination, the second pillar of action in a BRICS agenda for enhancing climate finance.

[44] See next section for further discussion with an emphasis on the role of partnership and coordination between development banks.

[45] New Development Bank (2023). Address by NDB President, Dilma Rousseff at Opening of the Plenary Session of the 8th Annual Meeting of the NDB. Available at: https://www.ndb.int/insights/address-by-ndb-president-dilma-rousseff-at-opening-of-the-plenary-session-of-the-8th-annual-meeting-of-the-ndb/

[46] Humphrey C (2022). Financing the Future: Multilateral Development Banks in the Changing World Order of the 21st Century, London, Oxford University Press.

[47] Gallagher K, Zucker-Marques M, Bhandary R, and Marins N (2024). Energizing MDB Financing Capacity: Identifying and Filling the Gaps to Raise Ambition for the 2030 Agenda and Beyond. Boston University Global Development Policy Center. Available at: https://www.bu.edu/gdp/files/2024/10/G20-MDBs-Report-FIN.pdf

[48] Data from the Public Development Bank Database, developed by the Institute of New Structural Economics (INSE) of Beijing University and the French Development Agency (AFD). Accessed 25 March 2025. Available at: https://financeincommon.org/pdb-database.

[49] Mariotti C, Kozul-Wright R, Bhandary R. and Gallagher K (2025). Blending from the Ground Up: Multilateral and National Development Bank Collaboration to Scale Climate Finance. Boston University Global Development Policy Center. Available at: https://www.bu.edu/gdp/files/2025/02/GEGI-Blending-Ground-Up-Report-2025-FIN.pdf

What can BRICS do?

- **Support the implementation of the Brazil G20 Roadmap for Bigger, Better and more Effective MDBs** across institutions, including improving financing for climate-resilient development activities.
- **Advance governance reforms** to improve the voice and representation of developing countries in MDBs.
- **Advocate for policy frameworks which recognize the fiscal and policy space** necessary to achieve investment-led just transitions.
- **Strengthen alignment of development models with climate goals** to boost resources going to low emissions industrialization and manage the transition from high-emitting activities in a just, orderly and equitable manner in line with CBDR-RC.
- **Encourage MDBs to scale up support for climate-resilient development to PDBs**, including concessional financing, credit enhancement tools, local currency lending, capacity building and technical assistance.[50]

Sovereign Wealth Funds

Another strength of BRICS countries that can be used to enhance climate finance for development is their network of SWFs. While not all SWFs are oriented around investment activities, many have a strong developmental dimension to their mandate. SWFs with a narrower macroeconomic stabilization mandate may incorporate the need to avoid climate-related financial shocks in their brief, such as fossil fuel export income fluctuations and broader climate exposure in their financial system.[51] Considering that the source of many of these funds is in commodities and particularly fossil fuels, SWFs also have a strong economic imperative to diversify as part of the process of transitioning away from fossil fuels and other high-emitting activities by investing in financial assets with negative or low correlation to the their main asset, such as in renewables and green activities, to support and smooth transition. These institutions also have features that can be very suitable for climate support, including long-term outlooks that can manage high upfront investments, for example in technology and infrastructure.

To this end, BRICS' SWFs have a huge untapped potential. Of around $13-14 trillion under management in SWFs globally, about $6.6 trillion is in BRICS institutions.[52] It's important to note that not all of this is available for investment because of the mandate of these institutions, but the potential exists. Recent estimations put global climate investments from SWFs at close to $10 billion – a tiny proportion of these total assets.

What can SWFs do?

To think creatively about what SWFs could do, some ideas include:

- **Support the establishment of a new BRICS Climate Tech Hub**, enabling deeper collaboration on research and development in emerging climate technologies and policy approaches. For example, deploying 1 per cent of assets under management in BRICS' SWFs would amount to $66 billion. Such a hub could be focused on bringing together BRICS expertise in respective areas, ultimately lowering overall costs of deploying climate technologies, and building institutional networks for technology transfer.
- **Establish climate finance facilities**, for example using the model of the Tropical

[50] *Idem*

[51] UNCTAD (2019). Financing a Global Green New Deal. 2019 Trade and Development Report. United Nations Publication.

[52] Data from the Global Sovereign Wealth Fund Tracker. Accessed on 19 May 2025: https://globalswf.com/ranking

Forest Forever Facility[53] to use investment returns to finance activities which are not return-generating but which are fundamental to systemic resilience, such as climate adaptation.

- **Boost MDB capital**, for example by participating in an NDB Bond issuance to establish a dedicated climate facility.
- **Incorporate climate-related risk and shock management** into the work of SWFs focused on macroeconomic stabilization, adapting their mandates accordingly.
- **Support philanthropic efforts**; while only a tiny proportion of their activities and with the caveat of the need for alignment within their mandates, a small amount could go a long way. For example, deploying 0.01 per cent of AuM in BRICS SWFs could create a fund of $660 million to support underfunded loss and damage activities.

53 The Tropical Forests Forever Facility is a mechanism first proposed at COP 28, designed to generate financial support to incentivize forest preservation. According to the proposal, eligible countries would receive funds proportional to the area preserved after demonstrating, via satellite images, that they had deforestation below 0.5 per cent. The TFFF model proposes to raise funds from investor countries and private investors at low interest rates by issuing low-risk bonds. These funds would then be reinvested in a portfolio offering higher rates of return. The spread (difference between the return rate and investor payments) would be directed to countries that protect their tropical forests, in proportion to the area preserved.

4. South-South Coordination

The second pillar of the four-pronged strategy is to strengthen the linkages and coordination capacities between BRICS institutions and the broader south. Building on the analysis of the previous section which focused on boosting the financial capacities of BRICS institutions, this pillar recognizes that in achieving greater harmony and coordination between institutions and strategies, costs decrease, and climate investments become more effective in driving strong, climate-resilient development outcomes.[54]

Overcoming Fragmentation

The climate finance landscape is highly fragmented, hindering the realization of climate action and exacerbating distributional inequity in current climate finance flows.[55] Simplifying, harmonizing and enhancing access to climate finance is necessary to unburden developing countries from high transaction costs, lengthy administrative processes and delayed disbursement.[56] Enhancing climate finance must therefore also involve overhauling this uncoordinated landscape, creating a more effective, efficient, and equitable configuration.[57]

A more effective climate finance landscape will not spontaneously develop but will require proactive efforts to establish a cooperation framework that can enable coordination between various actors in climate finance, develop new tools for collaboration, and combine their concessionary resources to be greater than the sum of their parts.[58] Building coordination capacities between climate funds, MDBs, regional development banks and national institutions and markets both vertically from the multilateral to local level and horizontally between sister institutions, could create a powerful network of public-public partnerships, that are better primed to deliver holistic climate plans and to mobilize private finance. Such an approach responds to the reality that though climate and environmental challenges are experienced locally, they are fundamentally global in nature, demanding collective solutions.

BRICS countries can use their positions as shareholders of MDBs to encourage them

54 New Development Bank (2023). Address by NDB President, Dilma Rousseff at Opening of the Plenary Session of the 8th Annual Meeting of the NDB. Available at: https://www.ndb.int/insights/address-by-ndb-president-dilma-rousseff-at-opening-of-the-plenary-session-of-the-8th-annual-meeting-of-the-ndb/

55 Robertson M and Watson C (2024). Enhanced Access in the New Collective Quantified Goal on climate finance (NCQG): A case for access done strategically. ODI. Available at: https://odi.org/en/insights/enhanced-accsss-in-the-new-collective-quantified-goal-on-climate-finance-ncqg-a-case-for-access-done-strategically/

56 UNCTAD (2024). The New Collective Quantified Goal on Climate Finance: Quantitative and Qualitative Elements. United Nations publication. Available at: https://unctad.org/publication/new-collective-quantified-goal-climate-finance-quantitative-and-qualitative-elements

57 G20 Independent High-Level Expert Group (2024). Accelerating Sustainable Finance for Emerging Markets and Developing Economies: Independent Review of the Vertical Climate and Environmental Funds.

58 Mariotti C, Kozul-Wright R, Bhandary R. and Gallagher K (2025). Blending from the Ground Up: Multilateral and National Development Bank Collaboration to Scale Climate Finance. Boston University Global Development Policy Center. Available at: https://www.bu.edu/gdp/files/2025/02/GEGI-Blending-Ground-Up-Report-2025-FIN.pdf

to strengthen and deepen partnerships with their national and subnational counterparts in the climate finance landscape. With the former bringing larger financing volumes and greater risk-bearing capacity, and the latter bringing critical local expertise and embeddedness, such collaboration and coordination can unlock more effective and coordinated financing.[59] By helping to extend the maturity of loans and reduce some of the financial risk, MDB engagement with national development banks can better empower their efforts in climate-related projects.[60] An improved model of partnership can deliver gains not only in enhancing quantities of climate finance, but also in anchoring this finance towards the SDGs and Paris Agreement goals, thanks to the mission-driven approach of development banks.

Boosting such coordination efforts has the added value of rooting regional or interregional efforts in national plans, expertise and knowledge across the BRICS community and the broader south. This could also improve the mobilization of domestic private investment, deepening and building capacity in domestic markets. It could also form the basis of capitalizing on BRICS countries' role in regional integration in their respective geographies, acting as many of BRICS DFIs already do, as crucial anchors for regional, climate-resilient development. This would mean broadening collaborative efforts beyond BRICS to other developing countries, including the Group of 77 and regional groupings such as the AU and ASEAN. Finally, it would also be a source of mutual learning, benefiting from comparative strengths and experience across the BRICS network to help overcome challenges such as project development, response to climate risks and shocks, and sustainably crowding in private finance for climate plans.

Country Platforms

In the absence of an institutional framework for cooperation between climate finance actors, the recent deployment of 'country platforms' to coordinate efforts around national plans and investment strategies could prove salient, placing national development strategies at the centre of mobilization efforts.

While existing country platforms diverge in their configuration and design, at their simplest, they are country-level efforts to coordinate development and climate strategies and mobilize necessary finance for implementation. At their best, they should enhance national capacities for complex, whole-of-government policy coordination towards key objectives; provide a clear direction of travel for citizens, firms and investors; and identify and mobilize suitable finance to implement plans. This can include energy transition, transport, housing, agriculture, adaptation, nature preservation, job creation and more, highlighting the need for integrated efforts for a successful transition to a low-carbon, resilient economy. Ideally, therefore, country platforms go beyond project-by-project approaches to instead undertake holistic, system-wide structural transformation, backed by strong developmental planning from the state.

Since coordinating finance is one of the central objectives of a country platform, they can play an important role in connecting networks of financial institutions with project delivery.

What can BRICS do?

- **Establish A BRICS Public Partnership Network**; an initiative to strengthen coordination efforts between public financial institutions for respective climate strategies, underpinned by a commitment

59 Marois T, Gungen AR, Steinfort L, Romero MJ (2024). Fostering a Global Public Financial Ecosystem for Development and Climate Action. T20 Policy Brief, G20 Brazil 2024.

60 UNCTAD (2025). International Investment in Sustainable Infrastructure: The role of public-private partnerships. *Forthcoming.*

to delivering development, public goods, and social inclusion, coming under the auspices of the BRICS Interbank Cooperation Mechanism.

- **Create a BRICS Country Platforms Working Group** as part of this new effort, sharing experiences of green industrialization and identifying opportunities for cooperation for holistic, complementary climate plans with planned investment strategies.
- **Enhance the toolkit of collaboration between MDBs, PDBs and other climate finance actors** in BRICS and other developing countries, for example with capacity building, technical assistance, credit enhancement instruments, local currency lending and currency risk hedging tools.
- **Strengthen the coordination capacity of national and subnational PDBs** as financing anchors for country platforms, including providing policy support, designing financing strategies, identifying projects, and connecting to other financial institutions.
- **Support the implementation of recommendations from the 2024 Independent Review of the Vertical Climate and Environmental Funds** to bring greater harmonization and coordination between climate finance actors.[61]
- **Explore greater interoperability between respective frameworks, taxonomies, carbon markets and innovative financial instruments** that are emerging in BRICS jurisdictions, while being mindful that one size does not fit all.
- **Consider the scope for key financial actors such as Central Banks** to play a more active role in coordinating efforts towards enhancing climate finance.

[61] G20 Independent High-Level Expert Group (2024). Accelerating Sustainable Finance for Emerging Markets and Developing Economies: Independent Review of the Vertical Climate and Environmental Funds.

5. Building Resilience to Shocks

As well as expanding affordable climate finance and boosting coordination capacities, BRICS countries should also explore options for improving resilience to climate shocks. As has only been underlined in recent years, many countries around the world are extremely exposed to balance of payments shocks from factors outside their control, whether in the form of pandemics, interest rate rises in systemically important economies, or in catastrophic climate impacts.[62] The Global Financial Safety Net (GFSN) has proven insufficient for many countries in these times, particularly in Africa, who often do not have other options than to resort to IMF support which comes with restrictive conditions,[63] and suitable support before, during and after a climate shock has not been forthcoming.

Preparing for Climate Shocks

Even if optimal mitigation and adaptation strategies in line with the latest assessment of the IPCC are adopted on time, existing projections still anticipate significant unavoidable loss and damage from climate-related shocks locked into our warming world.[64] Currently, the support available at the international level is not commensurate with the loss and damage caused by climate shocks and the needs of households, communities and businesses to recover. Since scarce resources must still be directed towards response and recovery from climate shocks, the investment gap for climate-resilient development grows, leaving developing countries more vulnerable to future impacts and perpetuating a vicious circle of climate shocks and lost development.[65] This underscores the need to do everything possible to limit the intensification of climate shocks, including implementing ambitious mitigation efforts and adapting at all levels, including in financial institutions, to oncoming shocks.

The Contingent Reserve Arrangement

High-quality access to short-term crisis liquidity can be transformative for countries fighting balance-of-payment and related financial crises, for example those triggered

62 UNCTAD (2024). Rethinking development in the age of discontent. 2024 Trade and Development Report. United Nations publication. Available at: https://unctad.org/publication/trade-and-development-report-2024

63 Gallagher K and Gao H (2021). Building Back a Better Global Financial Safety Net. Boston University Global Development Policy Center. Available at: https://www.bu.edu/gdp/files/2021/04/GDPC_Building_Back_Safety-Net_FINAL.pdf

64 IPCC (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK and New York, NY, USA. McKinsey and Company. Available at https://www.ipcc.ch/report/ar6/wg2/

65 UNCTAD (2023). Taking Responsibility. Towards a Fit-for-Purpose Loss and Damage Fund. United Nations publication. Available at: https://unctad.org/system/files/official-document/tcsgdsinf2023d1_en.pdf

by climate shocks.[66] The GFSN, comprised of the IMF, RFAs, currency swaps between central banks, countries' foreign reserve holdings and capital flow management measures, is the system in place to support countries facing such crisis. Until the global financial crisis, the IMF represented the vast majority of lending capacity in the GFSN, though RFAs provided an important source of finance for their members, providing funds swiftly and without conditionality. After the expansion of RFAs and swaps since 2008, GFSN lending capacity grew tenfold to at least $3.5 trillion, with the IMF now providing 30 per cent of available short-term liquidity capacity.[67] Despite this, the GFSN remains highly asymmetrical: higher income countries have the strongest and most diverse forms of liquidity support, while many of the poorest countries rely exclusively on IMF support,[68] which can come with onerous conditions.[69]

The BRICS Contingent Reserve Arrangement (CRA), established in 2014, was formed during this period of GFSN expansion. Its founding was intended to strengthen the financial safety net for BRICS countries during a currency crisis, and importantly to provide an alternative to the IMF. However, while the CRA is fully operational, it has yet to be put to use, not even during the COVID-19 pandemic. Furthermore, support above 30 per cent of maximum access allowed for each country requires an IMF program, undermining one of the principal ambitions of the CRA.[70] To enhance climate finance flows, BRICS countries can revitalize this agreement, making sure the CRA can respond to today's challenges and extending its benefits to other developing countries.

What can the CRA do?

- **Establish macroeconomic surveillance and research** as part of its operations, identifying emerging risks including on climate and providing alternative policy guidance.
- **Create a Rapid Crisis Response Facility**, for example, for climate shocks.
- **Strengthen coordination efforts** with the other RFAs.
- **Consider expanding the membership** to other developing countries to support them during crises.
- **Consider increasing capacity** with financing from BRICS countries.
- **Gradually eliminate the IMF-link** to access.

What can the NDB do?

While financial stability is not central to the NDB mandate, they too can play a role in preparing for and overcoming climate shocks.

- **Support borrowers to manage risk**, for example through mechanisms to scale up collateral and guarantees, offering technical assistance and advisory services and continuing to expand lending in local currencies.
- **Consider the development of shock response facilities** such as for rapid grant support and reconstruction financing.
- **Participate in temporary debt-servicing suspension** for countries facing large-scale climate shocks.

66 UNCTAD (2025). Sovereign debt vulnerabilities in developing countries. United Nations Publication.
67 Mühlich L, Fritz B, Kring W (2022). No one left behind? Assessing the Global Financial Safety Net Performance During COVID-19. Journal of Globalization and Development, vol. 13, no. 1, 2022, pp. 123-147. https://doi.org/10.1515/jgd-2021-0033
68 *Idem*.
69 Kentikelenis A and Stubbs T (2023). A Thousand Cuts: Social Protection in an Age of Austerity. Oxford University Press, New York.
70 BRICS (2014). Treaty for the Establishment of a BRICS Contingent Reserve Arrangement. Available at: http://www.brics.utoronto.ca/docs/140715-treaty.html

6. Broader Global Economic Governance Reform

The final pillar of a BRICS agenda on climate finance is the potential for alignment in advocating for global economic governance reform. Multilateralism is facing the most severe challenges of a generation. A more multipolar world is emerging, reshaping the outlook for economic, climate and development cooperation. Collective efforts to defend core principles of interdependence and solidarity and drive the mission to achieve the SDGs for all peoples in all countries are critical. Calls for reform have been growing in recent years, culminating in several parallel initiatives to transform global economic governance.

High Time to Transform Global Economic Governance

Eighty years on from Bretton Woods Conference, the global economic order is in poor shape: unable to meet development needs, strained by polycrisis, stuck in low growth, high debt and weak investment, and in a context of increasing geopolitical tensions and worsening climate change impacts. Setbacks on crucial indicators such as poverty, hunger and gender equality are becoming the norm. UNCTAD has warned that if current trends continue, many countries will face a lost decade.[71]

In the words of the UN Secretary-General, the current international financial architecture "is unfit for purpose in a world characterized by unrelenting climate change, increasing systemic risks, extreme inequality, entrenched gender bias, highly integrated financial markets vulnerable to cross-border contagion, and dramatic demographic, technological, economic and geopolitical changes."[72] This is reflected in the inequities of the climate finance regime, where demonstrated need dwarves disbursed sums, expensive debt dominates, disproportionately more investment is dedicated to mitigation than adaptation, and finance is concentrated in a few countries at the expense of the many. These imbalances are ultimately consequences of imbalances in global economic governance.

The current political economy for climate and development cooperation poses extreme uncertainty for the coming years. On the one hand, developing countries' needs are increasing and there is a growing recognition of the interlinkages between climate, development, and required financing, evidenced in the proliferating initiatives to reform the international financial architecture. On the other hand, developed countries appear to be stepping back from climate and development commitments, and short-

71 UNCTAD (2020). Trade and Development Report 2020: From global pandemic to prosperity for all: avoiding another lost decade. United Nations publication.

72 United Nations Executive Office of the Secretary-General (2023). Reforms to the International Financial Architecture: Our Common Agenda Policy Brief 6. United Nations publication. Available at; https://www.un-ilibrary.org/content/papers/10.18356/27082245-29

term, self-interested narratives are gathering momentum. In this challenging context, it is not yet clear which path will prevail.

BRICS countries can use their collective voice to make a powerful impact towards transforming global economic governance and uphold the multilateralism we all depend on.

What can BRICS do?

- **Provide a cohesive, progressive voice in IFIs to advocate for strategic reforms**, including revising regressive policy frameworks which hold back investment-led climate-resilient development efforts, and bolstering efforts to improve access to climate finance across climate finance distributors.
- **Support a multilateral process for sovereign debt workout** for unsustainable debt to ensure adequate fiscal space for ambitious green investment plans.
- **Contribute to global efforts to decrease the Cost of Capital** for developing countries, including improving the systemic factors associated with high cost of, and low returns, on capital.
- **Advocate for improved voice and representation for the South** in these institutions, whose governance does not reflect the realities of today, to ensure that climate finance responds to the needs of developing countries.
- **Strengthen the GFSN** beyond the CRA to ensure that all developing countries are sufficiently covered in their time of need.
- **Reinvigorate efforts to curtail Illicit Financial Flows** to ensure developing countries have adequate fiscal revenues and policy space.

Conclusion

The world is falling short on all major indicators of climate finance adequacy, with developing countries bearing the brunt of this failure.

Despite repeated commitments, Annex II countries have yet to provide adequate, predictable, and equitable financial support to developing nations. The $100 billion annual target, first pledged in 2009, was only met in 2022—and even then, largely through expensive loans with significant disparities in allocation and transparency. The NCQG of $300 billion by 2035 with an aspirational goal of $1.3 trillion, while more ambitious, still falls short of actual needs and risks placing undue burden on developing countries themselves.

In this challenging landscape, BRICS countries have a critical role to play as emerging providers and architects of alternative financial pathways, provided they are willing to harness the potential of an alternative approach to climate finance.

Representing nearly half the global population and more than 28 per cent of global GDP, BRICS countries are well-positioned to offer a bold, alternative contribution to enhancing climate finance, that can bring benefits across the South and spur a more equitable global transition. By strengthening their own institutions, deepening South-South cooperation, and championing reforms in global economic governance, BRICS can play an important role in closing the climate finance gap and support just, inclusive, and resilient transitions.

First, BRICS could enhance the climate finance offer from their own institutions. The NDB should scale up its climate finance operations, meeting and surpassing the 40 per cent target and potentially establishing a dedicated climate facility capable of supporting mitigation and adaptation. It can invest more deeply in meeting the needs of borrowers, expanding its credit enhancement toolkit, increasing technical capacity and research capabilities, and continuing its pioneering work on local currency lending. The wider network of other BRICS-led MDBs and regional, national and subnational development banks also have a role to play, building up BRICS financing institutions to be capable of expanding climate financing and better connecting to private investors in local markets. Managing over $6.6 trillion in assets, sovereign wealth funds offer untapped potential in BRICS countries and could be mobilized to offer novel financing facilities for adaptation, philanthropic support, and green technology development, for example through the creation of a BRICS Climate Tech Hub.

Second, coordination could be improved across the climate finance landscape. A BRICS Public Partnership Network could help harmonize efforts, reduce fragmentation, and align finance with national development strategies. A BRICS Country Platforms Working Group can enhance this Network, coordinating the implementation of holistic, nationally driven climate and development plans.

Third, BRICS could build resilience to systemic shocks in their institutions. The BRICS CRA can be revitalized to provide rapid liquidity support in the face of climate-related and macroeconomic crises, and BRICS could consider expanding its membership to support other countries. The NDB can complement

this by offering tailored support for countries facing climate shocks.

Finally, BRICS could use their collective voice to advocate for a more just and inclusive global financial system. This includes pushing for governance reforms in international financial institutions, supporting a multilateral debt restructuring framework, and addressing the high cost of capital in developing countries. By doing so, BRICS can help shepherd in a more equitable global governance, better reflecting the needs and priorities of all developing countries and capable of addressing contemporary challenges.

When the Paris Agreement was signed, no one could have foreseen that its 10th anniversary would arrive amid a global landscape transformed by a pandemic, rapidly worsening climate conditions, and geopolitical rivalry. Yet this challenging context makes the present moment the best one we have to initiate a change in trajectory. Together, BRICS countries have the potential to lead this effort, rebalancing power and setting the direction for a climate-resilient world. A BRICS agenda for enhancing climate finance is not just a technical proposal, it is a political and existential imperative, anchored in solidarity and the shared responsibility to safeguard our planet for future generations.