The State of Delivery

Post-COP29 progress report of the global climate finance agenda

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In-Consultation Report of the Independent High-Level Expert Group on Climate Finance and Systemiq

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Introduction

Mobilising finance from all sources across the climate finance architecture is essential to securing a sustainable future and meeting global commitments on climate mitigation and adaptation. This is particularly true in emerging markets and developing countries (EMDCs) where the magnitude of climate risks is larger, and needs are greatest. The Independent High-Level Expert Group (IHLEG) on climate finance identifies that $2.4 trillion annually will be required for climate- and nature-related investment in 2030, and $3.1 to $3.7 trillion annually by 2035.

This report reviews progress on the delivery of the climate finance agenda and proposes a framework of performance indicators. The goal is to assess how effectively climate finance is being mobilized and to identify gaps. These gaps can be addressed by increasing ambition and accelerating climate action delivery in EMDCs and making the climate finance system more resilient.

The state of delivery is a progress snapshot of reforms across core themes of the climate finance agenda. These themes include the enabling conditions for investment: country-led investment push and debt and fiscal stability. They also address the required pools of finance, including: delivering and expanding options for concessional finance, Multilateral Development Bank (MDB), domestic resource mobilisation (DRM), and creating a new highway of private finance. These themes have been matched to priorities, actions and milestones to close the climate finance gap needed to achieve the Paris Agreement.

The extent of progress by the relevant actors has been assessed using key performance indicators (KPIs), technical and political analysis and insights from IHLEG members to determine whether progress is:

1. **On track**: Political agreement and enacted changes consistent with the speed and depth of progress required to achieve thematic goal.
2. Trending upwards, insufficient progress: Some political agreement and indications of changes partially or fully consistent with the speed and depth of progress required to achieve thematic goal.
3. Insufficient progress, pace too slow: Some political momentum with proposed plan of action yet to be agreed. Current ambition requires improvement. Insufficient ambition or changes consistent with the speed and depth of progress required to achieve thematic goal.
4. Off track: Little to no political momentum, lack of agreed plan of action. Current ambition requires significant improvement. Inadequate ambition or changes consistent with the speed and depth of progress required to achieve thematic goal.

Figure 1: State of Delivery of the Climate Finance Agenda

Executive Summary

1. Country-led Investment Push

Overarching Goal:	Country-led investment to plan, prioritise, and implement investment programmes and projects at scale
Progress Assessment:	Insufficient progress, pace too slow

Aligning countries' national development priorities with climate outcomes is essential to unlock both domestic and international climate investment. Three components are required to do this: 1) well-articulated country strategies and transition plans, starting with Nationally Determined Contributions (NDCs) and Long-Term Low Emission Development Strategies (LTS) that are linked to a country's overarching investment strategy; 2) institutional structures capable of translating strategies into tangible investment programmes and pipelines; and 3) sustained policy and institutional reforms that can tackle barriers to investment and incentivise the transition in key sectors. As a concept, country platforms (CPs) have been used for decades in broader development contexts; more recently, CPs have emerged as a key instrument to deliver climate action in synergy with national investment plans. CPs provide a platform to translate plans into projects with a diverse pool of capital sources and stakeholders.

Whilst the need to develop national climate and development plans is generating momentum, delivery remains slow, especially on the convergence of national plans and NDCs. The increasing number of countries developing climate-related investment plans bodes well for the development of additional CPs, but this is still in an early stage. Although there has been optimism with Just Energy Transition Partnerships (JETPs) in South Africa, Indonesia and Vietnam, coordinated support from the development community to transform plans into tangible projects (via CPs) is not materialising fast enough, nor do announcements always progress to implementation.

Towards IHLEG's overarching goal of '**country-led investment to plan, prioritise, and implement investment programmes and projects at scale**' the state of delivery shows **insufficient progress, pace too slow**. However, it should be noted that a lack of clear taxonomy for CPs makes external assessment challenging.

The key factors supporting this assessment include:

- **There are only a few examples of national climate and development plans that are fit for purpose as investment plans. The 2035 NDCs due in early 2025 present an important opportunity to accelerate progress in twinning climate policies with investment plans.** Recent examples of country-led national investment plans include the Climate Prosperity Plans (Bangladesh, Sri Lanka, Ghana, Barbados), the Brazil Ecological Transition plan and a selection of 2030 NDCs with accompanying investment plans (Antigua and Barbuda, Belize, Morocco).[1]
- **Attention and capacity-building support around translating plans into investment programmes and developing pipelines has been insufficient.** The current pipeline of climate-aligned projects in EMDCs will need to grow significantly in line with the 2030 investment gap, with some estimates suggesting pipelines must grow 7-9 times from 2023-levels.[2] This is dependent on improved project preparation support and improved domestic public investment management, both of which are lagging. Estimates suggest between 25-50 times more project

[1] Ahmed, Sarah Jane, Chapter 11, Development-Positive: Climate Action in the Most Vulnerable Countries. In Bhattacharya, A., Kharas, H. and McArthur, J., Keys to Climate Action, The Brookings Institution, 2023.
2 TBI analysis, based on WB PPI database, World Bank indicators, Preqin database

preparation funding is required in emerging markets alone.[3] And yet despite many calls for expansion, institutions that can support project preparation are not growing fast enough. The Global Infrastructure Facility, for example, continues to have a budget that allows it to support only 15 projects a year. Public Investment Management Assessment (PIMA) scores for EMDCs show that government institutions for investment are still relatively weak, particularly around budgeting and allocations.[4] Although previous G20 Infrastructure Working Group (IWG) agendas had emphasised the importance of government capacity for investments, too little has been done and the current G20 agenda overlooks it.

- **National policies for climate investment are not yet fit for purpose, though there are some encouraging signs of change among some EMDCs**. The Climate Change Performance Index's assessment of climate policy in emerging market countries shows that all countries assessed rank 'medium' to 'extremely low' in their policy frameworks. Nonetheless, scores have improved markedly between 2022-2023. On the implementation of explicit carbon pricing, mechanisms are still far from the pricing levels and emissions coverage required for Paris-alignment. Similarly, the phase-out of harmful subsidies is progressing far too slowly, with current global estimates of environmentally harmful subsidies at $1.25–$2.68 trillion a year in 2023, almost $500 billion of which is in developing countries[5] (*addressed in more detail in domestic resource mobilisation section*).
- **The establishment of climate-focused CPs has been advancing since 2021 (having been used in other development contexts for decades), with less than a dozen climate-focused platforms established since COP26.** Domestic political appetite for CPs is firstly dependent on a country's a) domestic priorities and political economy considerations as well as b) capacity to coordinate between ministries.[6] Secondly, CPs rely on the international development community being supportive of CP development in that country and also at a wider-institutional level. Though MDBs, donors and other partners have signalled intent to streamline CP development efforts, including through their November 2024 statement at COP29 called 'Country Platforms for Climate Action', a fully coordinated and substantive plan is still pending.[7]
- **Further, the financing packages provided by development partners have largely been inadequate in quality and quantity**. Key to CPs is the ability to provide a targeted injection of finance to transition fossil-fuel based sectors which are deeply entrenched in local economies. Finance packages committed to date have had insufficient grant and concessional financing to fulfil this potential in terms of speed and scale. When looking at the JETPs that have outlined their *total investment requirement* (South Africa[8] and Indonesia[9]), only around 10% of the total investment need is met by the international public finance package associated with CPs, and just 0.6% by grants, much of which is pre-existing grants for projects that have been repackaged into the CP.[10]

[3] Haddon J, Parolin A, West D, Walsh G., Emerging Markets Need Projects that Attract Private Investors to Meet Climate Goals, 2023.
[4] IMF, Public Investment Management Assessment
[5] Harvey, F., More than £494bn subsidies a year in developing world harmful to climate, says report, The Guardian, 2024.
[6] Independent Report of the G20 TF-CLIMA Group of Experts, A Green and Just Planet: The 1.5o Agenda for Governing Global Industrial and Financial Policies in the G20, 2024.
[7] MDB Climate Action Group, Country Platforms for Climate Action MDB statement of common understanding and way forward, 2024.
[8] Government of the Republic of South Africa, JET Grants Register 2024Q1, State of the Nation, 2024.
[9] JETP Indonesia, https://jetp-id.org/news/jetp-grant-mapping, 2024.
[10] Desktop research and Systemiq analysis.

2. Debt And Fiscal Space

Overarching Goal:	Tackle debt distress, overcome debt vulnerability due to climate risks, and improve the Debt Sustainability Framework
Progress Assessment:	Insufficient progress, pace too slow

Since COVID-19 and the associated cascading crises, global public debt has surged, worsened by the highest interest rates in two decades and weakening currencies.[11] Today, nearly half of all low-income countries are in debt distress[12] and in Africa, public debt is growing faster than GDP.[13] Debt servicing costs have reached record levels in 2023 among low- and middle-income countries (LICs and MICs) excluding China, growing by 19.7% to almost $1 trillion since 2022. This is also significantly limiting EMDCs access to finance. With high costs of private debt and challenges to refinance bunched maturity payments on private bonds and loans (due to a flight to quality in global capital markets), the creditworthiness of many developing countries declined in 2023-2024. The climate crisis is further feeding and deepening the debt crisis: climate shocks send countries into a vicious cycle of debt and the further accumulation of loss and damage, limiting the opportunities to invest in climate action. In turn, countries are more open to climate shocks, further driving debt distress and reducing fiscal space.

Reform of the international debt architecture is required to ensure countries can effectively manage their debt, exit this vicious spiral, and protect their fiscal space for climate investment. Such investments, particularly into adaptation and resilience measures, can have a positive feedback effect on future debt burdens and avoid development losses.[14] Current methods to respond to the debt overhang issue (e.g. debt resolution processes) need to be streamlined and scaled, with a more structured approach for liquidity support, as well as structural reforms and new instruments that adequately incorporate the realities of the climate crisis.

Towards IHLEG's overarching goal of **'tackle debt distress, overcome debt vulnerability due to climate risks, and improve the Debt Sustainability Framework'** the state of delivery shows **insufficient progress, pace too slow**.

The key factors supporting this assessment include:

- **Efforts to improve the debt relief and resolution process have increased but remain slow and are not ambitious enough to transform the way the multilateral system addresses debt distress.** The 2024 G20 Brazilian Presidency's focus on poverty and inclusion put debt high on the agenda. However, the agenda did not focus on facilitating investment for climate action in LICs or EMDCs specifically. Whilst there is consensus among G20 countries to reform the Common Framework for Debt Treatments (CF) – as demonstrated by the establishment of the Global Sovereign Debt Roundtable (GSDR) by the G20, IMF and World Bank – differences remain among G20 countries on how to achieve this. The latest report by the GSDR highlighted progress in shortening approval timelines and delivering more predictable debt restructuring, as seen for Ghana and Ethiopia, as well as Sri Lanka outside the CF.[15] There remain areas of outstanding debate, including: a) expanding access to the framework for

[11] World Bank, International Debt Report 2024, 2024.
[12] Mawejje, J. Fiscal Vulnerabilities in Low-Income Countries: Evolution, Drivers and Policies, 2024.
[13] UNCTAD, A World of Debt, 2024.
[14] Bhattacharya, A. et al., Financing a big investment push in emerging markets and developing economies for sustainable, resilient and inclusive recovery and growth, LSE and The Brookings Institution, 2022.
[15] IMF, Global Sovereign Debt Roundtable, 3rd Cochairs Progress Report, 2024.

climate vulnerable middle-income countries (MICs) consistent with developing country asks, b) the parameters of debt included and c) the automaticity of debt suspension.

- **There is insufficient progress in improving the terms of existing debt and the provision of low-cost, long-term finance**. This is particularly pertinent when the fiscal squeeze on developing countries is so severe: net interest payments have surged from 4.2% of government revenues in 2010 to 7.8% in 2023, with 54 developing countries now allocating 10% or more of their government revenues solely to interest payments.[16] Worsened by the increasing cost of commercial capital and a general retreat from private lending over the past two years, multilateral lenders have increasingly become the central lifeline for EMDCs. Yet, analysis finds that the IMF facilities lack the appropriate scale to meet the needs of the climate crisis faced in the Global South, where fiscal consolidation is often overemphasised over long-run resource mobilisation.[17] The recent IMF and World Bank non-paper on a three-pillar approach to address the liquidity challenges provide the beginnings of a comprehensive framework to support countries. The three pillars are: 1) structural reform and domestic resource mobilisation, 2) external financial support, and 3) actions to reduce debt servicing burdens.[18] How this three-pillar programme is operationalised and supported by the G20 remains to be defined. The GSDR has highlighted that supporting countries who are not debt insolvent but face liquidity challenges is a priority for members in order to prevent these challenges from morphing into a debt crisis. [19] Other critical actions to scale adequate lending levels for the IMF include upgrading its toolkit, expanding resources for the Resilience and Sustainability Facility and replenishing the Catastrophe Containment and Relief Trust.[20]
- **There have been early steps toward tackling the vicious cycle of debt and climate vulnerability using new instruments.** Climate-resilient debt clauses (CRDCs) are relatively new instruments and have been adopted by some MDBs and G7 countries, yet require adoption among all types of creditors, including private creditors. Debt-for-climate swaps are innovative tools with the potential to unlock significant resources from debt servicing to climate action; however, standardisation of this complex tool to achieve scale is still in its early stages,
- **The Debt Sustainability Assessment framework is improving but requires more reforms to adequately cover climate risks, natural capital and the benefits of climate investments.** The updated IMF Supplementary Guidance Note for the framework for LICs includes how climate change risks impact baseline forecasts and volatility, as well as how climate adaptation investments mitigate risks. This update is a step in the right direction. However, recent reports have shown that key factors are still not included (see the 2024 Expert Review on Debt, Climate and Nature's interim report and Systemiq's 2024 report Integrating Climate, Adaptation and Natural Capital into Macroeconomic Frameworks and Debt Sustainability). These factors include: a) ensuring all baseline macroeconomic forecasts include climate change and nature impacts; b) the recognition of natural capital as contributors to long-term economic growth and an adaptation opportunity; c) the inclusion of climate investments as resilience building into long-term growth; and d) the recognition that many market-access countries are also climate vulnerable alongside low-income countries.[48] Deeper reforms are pending the outcome of an IMF ongoing review.

[16] Ibid.
[17] Task Force on Climate, Development and the IMF, IMF 2030: A Transformative Action Plan to Achieve Climate and Development Goals, 2024.
[18] World Bank, IMF-World Bank Non-Paper on Actions to Support Countries Faced with Liquidity Challenges, 2024.
[19] IMF, Global Sovereign Debt Roundtable: 3rd Cochairs Progress Report, 2024.
[20] Task Force on Climate, Development and the IMF, IMF 2030: A Transformative Action Plan to Achieve Climate and Development Goals, 2024.

3. Concessional Finance

Overarching Goal:	A fourfold increase in concessional finance on current
Progress Assessment:	Insufficient progress, pace too slow

Within the climate finance architecture, concessional finance plays a pivotal role in unlocking investments into non-commercial infrastructure, particularly for climate adaptation and resilience.[21] Concessional finance remains essential to help drive climate action in EMDCs, particularly for those in debt distress, and all pools of concessional finance need to be tapped. Whilst Overseas Development Assistance (ODA) reached historical levels in 2023 ($223.7 billion), growing 1.8% from 2022[22], concessional finance levels remain woefully inadequate, both in scale and quality. Bilateral contributions from advanced economies grew from an average of $32 billion in 2019-20 to $43 billion in 2022, but these levels should double by 2030 and triple by 2035, including a doubling of grant financing by 2030. Public adaptation finance flows to developing countries also grew to $28 billion, yet this is projected to reduce the adaptation finance gap by only 5%.[23] The replenishment of the IDA21 has reached a $100 billion envelope, but from a contributor donor base of only $23.7 billion, short of the $28-30 billion required. It is also unclear whether newly elected governments in donor countries will maintain the commitments of their predecessors. In turn, alternative sources for mobilising concessional funds are increasingly necessary to close the concessional financing gap, including SDR recycling, international taxation and carbon markets; the development of these sources remain in their infancy.

Towards IHLEG's overarching goal of '**a fourfold increase from current levels in concessional finance by 2030 for climate action in EMDCs**' the state of delivery shows **insufficient progress, pace too slow**. IHLEG analysis shows that the required levels of total annual concessional finance for climate is $200–$300 billion by 2030, four times existing volumes.[24]

The key factors supporting this assessment include:

- **The delivery of climate finance commitments has demonstrated positive progress yet the concessionality of these flows are still far from required needs in EMDCs.** The Organization for Economic Co-operation and Development (OECD) reported that the $100 billion climate finance target to developing countries was exceeded in 2022, two years overdue.[25] There have also been some outstanding concerns on the quality of this finance, particularly on concessional terms.[26] COP29 secured a New Collective Quantified Goal (NCQG) to replace the $100 billion target, amounting to $300 billion from private and public sources of finance with the aim to mobilise $1.3 trillion. Agreement was welcomed due to the political and material risks at stake, yet the commitment falls short of the $390 billion by 2035 required to meet the goals of the Paris Agreement. In terms of identifying sources of this finance, the COP29 Agreement text acknowledges the need for public and grant-based resources and highly concessional finance, but doesn't specify the amounts required nor links it to the $300 billion commitment. Despite the lack of clarity on several aspects of the NCQG, it must be acknowledged that the

[21] Climate Policy Initiative, Understanding Global Concessional Climate Finance 2024.
[22] One.org, Official Development Assistance, accessed December 2024.
[23] UNEP, Adaptation Gap Report 2024: Come hell and high water —
As fires and floods hit the poor hardest, it is time for the world to step up adaptation actions, 2024.
[24] Bhattacharya, A., Songwe, V., Soubeyran, E., & Stern, N., Third Report of the Independent High-Level Expert Group on Climate Finance: Raising Ambition and Accelerating Delivery of Climate Finance – Summary, 2024.
[25] OECD, Developed countries materially surpassed their USD 100 billion climate finance commitment in 2022, Press release, 2024.
[26] Oxfam, Rich countries overstating true value of climate finance by up to $88 billion, says Oxfam, Press release, 2024.

inclusion of the $1.3 trillion investment need is a substantial milestone itself for advancing the climate finance agenda under a collective investment goal. At COP29, the operationalisation of the Fund for Responding to Loss and Damage (FRLD) advanced with the World Bank and the Board of the Fund signing agreements that enable the fund to start disbursing funds by 2025. However, the total $792 million pledged is shadowed by the annual $250 billion required by 2030 and $400 billion by 2035 for loss and damages. [27]

- **Scaling high-integrity carbon markets have shown some progress at COP29 in terms of defining integrity and operationalisation of Article 6, yet more action is needed to effectively scale market mechanisms.** Buy-side integrity has bolstered under institutions like the Voluntary Carbon Market Initiative (VCMI) with further guidance on scope 3 claims expected in 2025. Supply-side integrity has also rallied around the Core Carbon Principles as an integrity standard for methodologies. However, fragmentation in the market along with a string of scandals that impacted buyer confidence contracted the market by 61% and reduced prices to a low weighted average of $6/tCO2e in July 2023.[28] At COP29, Parties agreed on outstanding issues blocking the operationalisation of the Paris Agreement Crediting Mechanism (PACM) and provided more clarity on Article 6.2 transactions. These developments progress the operationalisation of the PACM with key decisions on methodologies expected in 2025 led by the Supervisory Body of the mechanism (SBM), which could lead to more carbon market harmonisation and consistent high-integrity standards. Despite negotiations unblocking PACM development and private sector participation, there are still integrity concerns to be addressed due to the lack of clarity in the COP29 negotiated texts.
- **The G7 and G20 have met their 2021 goal of rechannelled $100 billion in Special Drawing Rights (SDRs) to developing countries, but some impediments remain to their use.** SDRs have been voluntarily rechannelled to ease liquidity needs since COVID-19, including through the Resilience and Sustainability Trust (RST) and Poverty Reduction and Growth Trust (PRGT). In 2021, The Group of Seven (G7) countries pledged to rechannel $100 billion of their SDRs to countries most in need, a commitment that has been met with $56 billion of SDRs channelled through the PRGT and $49 billion through the RST. The IMF Executive Board approved the use of SDRs to subscribe to hybrid capital of MDBs, but there remain impediments to using SDRs to expand MDB lending. The European Central Bank (ECB) has taken the stance that channelling SDRs through MDBs will not be consistent with preserving the reserve asset characteristic of SDRs, impeding the ability of Eurozone countries to recycle SDRs through MDBs.[29] There have been hopeful developments for some MDBs to use SDRs, with the Africa Development Bank (AfDB) and InterAmerican Development Bank (IDB) making commitment to use the asset to finance hybrid capital,[30] but progress remains uncertain and slow-moving.
- **Global discussions on enhancing international taxation to raise revenues for climate and development financing is showing signs of progress, as demonstrated by the support from the G20 and launch of the Global Solidarity Levies Task Force at COP29.** [31] However, the success of the Task Force's recommendation requires political support in 2025, particularly at this early stage. There are key upcoming decision points for a global shipping levy under the International Maritime Organization (IMO), with an agreement expected in April 2025[32]. The possibility of internationally coordinated tax for the super-rich tabled by the G20 and the UN effort to put in place a Tax Convention framework is also a step forward, though both face significant political hurdles. In the philanthropy space, private philanthropic capital is playing a growing role. Yet weakness in reporting means that data on actual flows is scarce.

[27] Bhattacharya, A. et al., Raising Ambition and Accelerating Delivery of Climate Finance, LSE: Grantham Institute, 2024.
[28] World Bank Group, State and Trends of Carbon Pricing: International Carbon Markets 2024, 2024.
[29] ONE Campaign, Special Drawing Rights (SDRs): Data dive, Retrieved October 24, 2024.
[30] Plant, M., IMF approves new use of SDRs! What's next? Center for Global Development blogpost, 2023.
[31] European Climate Foundation, Countries unite in Global Solidarity Levies Task Force to mobilise additional financing for people and the planet, 2024.
[32] International Maritime Organization, IMO makes progress on net-zero framework for shipping, 2024.

4. MDBs

Overarching Goal:	Better, bigger and more effective MDBs
Progress Assessment:	Trending upwards, insufficient progress

Transformation of the MDB system is a critical path to securing the $240–$300 billion required from MDBs and other development finance institutions for the climate transition in EMDCs. Over the past five years, MDBs have increasingly embraced their role in the climate finance agenda, reflected in their new mandates and the ramp up of total climate finance deployments; their 2019 commitment to mobilise at least $65 billion for LICs & MICs by 2025 has been surpassed this year at $74.7 billion. At COP29, MDBs announced a delivery target of $120 billion under a business-as-usual scenario; this current financing remains far short of the tripling required by 2030. The MDBs and their shareholders are driving the MDB reform agenda, especially through the G20. The MDBs have responded positively to the Independent Expert Group's (IEG) reform proposals for a 'bigger, better, bolder' MDB system during the India G20 Presidency. And there have since been a series of commitments from MDBs, both in their October 2023 Statement and the April 2024 Viewpoint Note. This MDB reform agenda has now been further institutionalised under the G20 Brazil Presidency, where finance ministers and heads of state endorsed the 'G20 Roadmap Towards Better, Bigger and More Effective MDBs'. Whilst this roadmap provides specific deliverables and timelines, it is noted that some are not as ambitious as had been suggested by the IEG and other independent experts.[33]

Towards IHLEG's overarching goal of '**better, bigger and more effective MDBs' the state of delivery shows trending upward, insufficient progress**.

The key factors supporting this assessment include:[34]

- **MDBs have made some progress in improving their operating models to better support the climate agenda, but they have fallen short of implementing the deep structural reforms needed to drive systemic transformation.** As described above, MDBs reinforced their enthusiasm for CPs at COP29. However, this did not offer a coordinated or concrete plan on how they will help deliver new CPs. Many MDBs have supported several flagship CPs, though none are reporting on their total finance commitments to them. There has been some progress on other reform areas around improving their operating models, including changes to MDB mandates, which have been updated by almost all major banks to include global challenges.[35] There has also been improvement of the corporate scorecards of multiple MDBs (especially the World Bank), and several initiatives aimed at better harmonising standards.
- **MDBs and their Boards are taking some steps towards tripling lending capacity by 2030, though slowly and with caution. There has been greater progress in using existing capital more effectively than in adopting innovative ways to increase capital.** To date, current progress to implement the recommendations from the G20 Independent Review of MDB's Capital Adequacy Frameworks, such as balance sheet optimisation has already raised lending headroom by $357 billion.[36] Reform of standards to account adequately for preferred creditor treatment (PCT) and incorporate uplift from callable capital could release $480 billion in additional lending capacity[37] before any downgrade and is backed by the G20 and G7.[38] Yet so far, only the Boards of IDB and

[33] Tan, E. Peter Lankes, H., Multilateral Development Banks and the New Collective Quantified Goal – will they rise to the challenge?, ODI, 2024.
[34] This assessment has been supported by findings of the Center for Global Development's (CGD) MDB Reform Tracker, which was updated in autumn 2024 and includes an analysis of 39 specific reforms across categories such as efficient and new sources of capital, shareholder capital expansion and others. Source: CGD, Multilateral Development Bank Reform Tracker, October 2024. Accessed at: https://www.cgdev.org/media/mdb-reform-tracker
[35] CGD, MDB Reform Tracker, October 2024.
[36] Summers, L. and Singh, N., The G20 Independent Expert Group Report Card on Strengthening Multilateral Development Banks: An Incomplete Grade, G20 IEG, 2024.
[37] FitchRatings, Major MDBs Have Rating Headroom for USD480 Billion in New Lending, 2024.
[38] G7 Finance Ministers and Central Bank Governors' Statement, Washington DC, 2024.

European Bank for Reconstruction and Development (EBRD) have gained a capital uplift from integration of callable capital into their capital adequacy policies. Additionally, MDBs could amplify their lending power by 10 times by shifting some of their portfolio to an originate-to-distribute model; and action to do so is progressing slowly. Three out of seven MDBs (AfDB, ADB, IDB) have implemented portfolio-level risk transfer, and IDB Invest's commitment to an originate-to-distribute business model offers some promise.

- On increasing their lending capacity through innovative instruments, MDBs have shown some engagement but this needs to be supported by the G20, shareholders and the IMF. The establishment of the World Bank's Guarantee Platform and several deployments of large-scale guarantees from donors demonstrates an upward trend. The IMF approval of SDR rechannelling into MDBs has also been a breakthrough in using hybrid capital. However, risk-aversion is limiting the widespread use of innovative instruments: guarantees are just 6% of MDB climate finance, against the G20 IEG target for 25% of total MDB finance deployed, whilst hybrid capital has only been issued by one bank to capital markets (AfDB) and the issuance to shareholders is still pending.
- Crucially, calls to increase shareholder capital are largely not being met, stymied by a combination of pressures on development budgets and concerns over the implications of voting share changes. Although most MDBs have expanded their mandates to include global challenges, only two MDBs have successfully achieved a capital increase: the EBRD approved a €4 billion increase in December 2023, while IDB Invest (the private sector arm of the Inter-American Development Bank) approved a $3.5 billion increase in March 2024. MDBs and shareholders point to the host of other actions (e.g. Capital Adequacy Framework reform or increased deployment of innovative instruments) as priorities before assessing capital increase requirements, but this will also need to proceed in parallel in order to meet the scale required (the G20 IEG set the target for $100 billion increase in shareholder contributions across all the MDBs in the next nine years).
- **While MDBs have signalled a commitment to improve their private capital mobilisation, they have fallen far short of delivering this**. Of the $74.7 billion climate finance deployed to LICs & MICs in 2023, only $8 billion of direct private capital was mobilised among all the MDBs. Of this $8 billion, $6 billion was from the World Bank. In terms of both direct and indirect private capital mobilisation (PCM) for climate, this has been stagnant at just 30 cents per dollar between 2020 and 2022, raising to 40 cents in 2023 for LICs and MICs.[39] This is far short of the $1.2 PCM recommended by the IEG. Areas of particular inaction to catalyse private finance has been the provision of catalytic products such as early-stage finance and FX / risk-sharing instruments.

[39] Joint Report on MDBs' Climate Finance (2022), (2021), (2020); Systemiq analysis.

5. Domestic Resource Mobilisation (DRM)

Overarching Goal:	EMDCs, with support of development partners, significantly scale up domestic financial resources to meet development and climate goals
Progress Assessment:	Off track

Today, domestic resources account for around 70% of climate finance, totalling around $400 billion per year. IHLEG analysis has identified that public and private domestic financial resources need to scale up to approximately $1.44 trillion a year by 2030.[40] Several levers exist to increase domestic *public* financing for investment in climate action: expanding government revenue flows, reallocating government spending away from harmful activities and improving efficiency of government spending. Additionally, domestic *private* capital can be mobilised through the issuance of commercial debt (in domestic currency), deepening of pension funds, and the investing of domestic savings into local capital markets, both debt and equity. To achieve this, domestic capital markets must be deepened through the implementation of enabling financial regulations and bolstering market liquidity.

Towards IHLEG's overarching goal of '**EMDCs, with support of development partners, significantly scale up domestic financial resources to meet development and climate goals**' the state of delivery shows actions are **off track**.

The key factors supporting this assessment include:

- **Growth in the mobilisation of tax revenues in EMDCs has stalled.** Tax revenues have stagnated as a proportion of GDP since the 2008 global financial crisis. This trend was compounded by the macroeconomic impacts of the COVID-19 pandemic and the instability caused by Russia's invasion of Ukraine. The recent increase in global interest rates has also exacerbated the pressure on domestic revenues, with 7.8% of government revenues in developing countries spent on debt interest payments in 2023.[41] Most IDA countries fall below the 15% tax-to-GDP ratio deemed optimal by the World Bank,[42] with LICs and other EMDCs rising modestly by 3.5% and 5% respectively prior to 2008, before plateauing. But the pattern is not uniform and there are some cases where we see improvements such as in Cambodia, Nepal and Uganda. [43] The IMF found that LICs could raise their tax-to-GDP ratio by as much as 6.7% on average just from untapped tax potential, and with reforms of institutions this could rise to 9% of GDP from 2020 levels. [44] Specific tax regimes to limit environmentally harmful activities and promote mitigation, such as carbon pricing mechanisms, are far from the levels required to meet Paris-alignment targets and are often impeded by the domestic political feasibility. [45] Additionally, EMDCs have been slow to phase out and reallocate funds from environmentally harmful subsidies.[46]
- **Inefficiencies in public spending is also limiting domestic resource mobilisation (DRM).** Major infrastructure expenditure in EMDCs is impeded by poor administrative capacities for expenditure; IMF's analysis has shown that inefficient governance accounts for 34% of public expenditure losses in infrastructure.[47] Since 2015, Public Efficiency and Financial Accountability (PEFA) scores for EMDCs have been improving, but the picture is mixed

[40] Bhattacharya, A., Songwe, V., Soubeyran, E., & Stern, N., Third Report of the Independent High-Level Expert Group on Climate Finance: Raising Ambition and Accelerating Delivery of Climate Finance – Summary, 2024.
[41] UNCTAD, A World of Debt, 2024.
[42] IMF, Domestic Resource Mobilization: Key Challenges and Strategies for G20 Economies, 2024.
[43] Ibid.
[44] Gaspar, V, et al., Countries Can Tap Tax Potential to Finance Development Goals, IMF Blog, 2023.
[45] World Bank. State and trends of carbon pricing 2024, 2024.
[46] Koplow, D. and Steenblik, R., Protecting Nature by Reforming Environmentally Harmful Subsidies: An Update, Earthtrack, 2024.
[47] Schwartz, G., Fouad, M., Hansen, T., & Verdier, G., Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment, IMF, 2020.

across EMDCs. For example, in Sub-Saharan Africa, multiple countries' scores have reduced due to external shocks, political economy factors or changes in governance.[48]

- **There have been some breakthroughs in international tax cooperation to reduce tax evasion and enhance domestic tax revenue collection in EMDCs, but challenges remain in their effectiveness and equitable implementation.** The Global Minimum Tax, set to take effect in 2024, should curb profit shifting and boost global tax revenues but loopholes remain that can deter tax equity for EMDCs[49]. Furthermore, the OECD Base Erosion Profit Sharing (BEPS) Initiative is designed to support EMDC administrative capacities to address the disproportionate impact they face from BEPS. An estimated $100-240 billion potential revenue remains to be recouped. Progress has been made with the implementation of the OECD Declaration on Automatic Exchange of Information in Tax Matters since 2017.
- **Mobilising private domestic capital for climate action is falling short of needs**. Private domestic capital flows for climate action are difficult to assess due to data gaps, but best estimates indicate that today only between $50-100 billion flow annually into climate related investments – and this is against a quickly growing stock estimated at $17 trillion in domestic assets in EMDCs excluding China (including private savings, pension funds, sovereign wealth funds, etc).[50] Hence, mobilising an additional flow of $440 to $540 billion required to meet the $550–$630 billion per annum needs by 2030 seems highly doable.[51] Across many EMDCs, the depth of capital markets, institutional capacity and regulatory constraints can often prevent more domestic investment in climate-positive infrastructure[52] – with sustainable debt issuance in EMDCs representing only 18% of global issuance of sustainable debt securities.[53] Nevertheless, there are good recent examples where EMDCs have deepened domestic capital markets and strengthened the enabling environment to unlock private domestic investment in climate-positive assets. Financial institutions and marketplaces are gradually adopting sustainable finance frameworks, and two-thirds of global stock exchanges with mandatory Environmental, Social and Governance (ESG) requirements are in EMDCs, signalling growing momentum.[54] Additionally, national development banks are enhancing their lending capacity and increasingly upskilling on climate;[55] MDBs and other international investors should see national development banks as critical partners, especially to build a climate-positive pipeline and originate deal flow.

[48] Public Expenditure and Financial Accountability (PEFA), 2022 Global Report on Public Financial Management (PFM) Performance, 2022.
[49] EU Tax Observatory, Global Tax Evasion Report 2024, 2023.
[50] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.
[51] Bhattacharya, A., Songwe, V., Soubeyran, E., & Stern, N., Third Report of the Independent High-Level Expert Group on Climate Finance: Raising Ambition and Accelerating Delivery of Climate Finance – Summary, 2024.
[52] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.
[53] World Bank Group, Finance and Prosperity 2024.
[54] Ibid.
[55] European Investment Bank, Finance in Africa 2022: Navigating the financial landscape in turbulent times, 2022.

6. External Private Finance

Overarching Goal:	\$500–\$600 billion a year of international private capital to EMDCs per year by 2030
Progress Assessment:	Insufficient progress, pace too slow

The climate and transition finance opportunities in EMDCs are becoming increasingly attractive to the private sector as technology developments reduce costs and opportunities become clearer. Over the next 10 years, EMDCs should account for over 60% of the absolute increase in clean energy, creating outsized opportunities for private investment. IHLEG analysis shows that by 2030, the private sector should be deploying at least \$1 trillion for climate action in EMDCs – of which at least \$450 billion should be 'external' (i.e. from outside of EMDCs). This is eminently doable given the size of the global economy; even so, technology cost reductions are not being realised in EMDCs, making investment there often less attractive than in developed economies, and the cost of capital is still 3–5x higher than in developed economies. As a result, private climate finance is growing far too slowly and is primarily directed towards energy and transport in developed economies, while the - already minimal - proportion of climate finance going to adaptation is declining. Macroeconomic and geopolitical challenges, along with data gaps, perception of risk, liquidity constraints, and regulatory barriers create obstacles to large-scale private investment. Governments, financial institutions and corporates must work together to unlock new investment opportunities, standardise and scale effective risk-sharing and credit enhancement structures, tackle regulatory barriers and create efficient incentives to unlock investment for climate action in EMDCs.

Towards IHLEG's overarching goal of **'\$450–\$550 billion a year of international private capital to EMDCs excluding China per year by 2030**' the state of delivery shows actions are **insufficient progress, pace too slow**.

The key factors supporting this assessment include:

- **There has been insufficient progress in developing project pipelines and strengthening of the investment environment in EMDCs.** Despite political momentum to better align public and private actors to co-create pipelines, estimates suggest that between 25–50x more project preparation funding is needed and the number of climate projects funded by private sources has been decreasing by 10% per year since 2015.[56] There is recognition of the importance of capacity building and technical assistance especially for energy and non-energy infrastructure-related projects, but funding for capacity building has declined in aggregate between the periods of 2014–2019 and 2019–2024.[57] Meanwhile, fewer than half of the existing project preparation facilities support early-stage development and much project preparation is disconnected from follow-on funding (including risk-sharing mechanisms). There are multiple technical assistance facilities to support national action plans, but these are usually fragmented or planned on a project-by-project basis, rather than as part of a strategic programme.[58] The need to build a transition-ready labour force is essential for national transitions and strengthening the investment environment, but international efforts to coordinate this are scattered, with developments more likely to occur at the domestic level. Private sector transition planning and transition plan disclosure are widely recognised as key tools to mobilise finance at scale for the global transition, but there is currently limited uptake in EMDCs; as of this report's writing, only five jurisdictions have adopted the ISSB disclosure standards, with 11 planning adoption. Adoption is improving in Asia, but significant gaps remain in Latin America and Africa.

[56] Haddon J, Parolin A, West D, Walsh G., Emerging Markets Need Projects that Attract Private Investors to Meet Climate Goals, 2023.
[57] Source: Convergence database, calculated by Systemiq.
[58] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.

- **There has been an upward trend in the scaling of risk-sharing mechanisms and some improvements in data sharing, though especially adaptation financing is still lagging.** In 2023, blended climate finance increased by 120% compared to 2022, with a record 56% of deals exceeding $100 million (up from 23% in 2022).[59] Aggregation of blending at a portfolio level has increased through the launch of new blended finance funds, including EAIF, GAIA, CLEAR Fund, SDG Loan Fund, GFCR, and Climate Investor 2 - to mention a few. However, cost of capital is still much higher in developing countries and is therefore a significant constraint for investment: in renewable energy projects, the cost of capital is on average seven times higher in low- and middle-income countries compared to high-income ones.[60] Local currency lending could mitigate some of the risks which hike the cost of capital, and the launch of instruments to address FX risk (for example through more affordable hedging solutions and guarantees, or through instruments such as Eco-invest launched by IDB and the Brazilian government) is promising. The Currency Exchange Fund (TCX)'s donor-funded guarantee facility has increased its volume of FX risk of development investments hedged in emerging and frontier markets by 65% in 2023 compared to 2022. Adaptation remains significantly underfunded by the private sector, with less than 2% of adaptation finance coming from the private sector[61] . Nonetheless, aa growing number of blended finance funds with a focus on adaptation are being launched, including GAIA, the Invesco Climate Adaptation Fund and the Global Fund for Coral Reefs.
- **Regulatory and behavioural barriers continue to play a major barrier to investment**, resulting in higher costs for bank finance in EMDCs and lower portfolio allocations for institutional investors (in Europe, insurers allocate less than 5% to EMDCs; pension funds allocate between 5–15% with only a fraction of this going to climate action). At a macro-prudential level, organisations including NGFS, FSB and ECB are starting to discuss the need to address systemic dimensions of climate- and nature-related risks. A G20-led global review of regulatory frameworks disincentivising investment in EMDCs is needed. Some progress has been made to align sustainable finance taxonomies and disclosure standards across the world, such as the recent launch of the ASEAN and Australian taxonomies. However, there are still 50 different sustainable finance taxonomies around the world, although they are mostly focused on developed economies, with only 10% EMDCs covered (in comparison to 76% of advanced economies). [62]

[59] Convergence, State of Blended Finance 2024, 2024.
[60] Butler, C., Simplicity Is the Key to Closing the Climate Finance Gap, Chatham House, 2024.
[61] Climate Policy Initiative, Global Landscape of Climate Finance 2024.
[62] World Bank Group, Finance and Prosperity 2024.

1. Country-led Investment Push

Overarching Goal:	Country-led investment facilitation to plan, prioritise, and implement investment programmes and projects at scale
Progress Assessment:	Insufficient progress, pace too slow

Actions by 2030	Progress Description		Milestones
Priority 1 **Countries set out well articulated strategies and transition plans** Rating: Trending upward, insufficient progress			
Countries deliver national plans for climate resilience and sustainable development with clear investment and financing plans	Political momentum	**Countries are beginning to embrace the importance of national climate and development plans in enabling finance flows and there is strong political momentum around the potential of the next round of NDCs to catalyse investment plans for their delivery.** • The UNFCCC Executive Secretary has recommended that the NDCs due for submission in February 2025 should double as national investment plans and be used as 'economy-wide blueprints for growth and jobs'.[63] Similarly, the NDC Partnership has highlighted that NDCs should be used as a basis for businesses to understand national economy priorities and sectoral investment plans.[64]	*By COP30*, **all countries** set out clear investment and financing plans as part of next round of NDCs.

[63] Stiell, S., Climate action plans are blueprints for investing in our future, Speech at Copenhagen Ministerial, 2024.
[64] NDC 3.0 Navigator, 2024.

Actions by 2030	Progress Description		Milestones
Rating: Trending upward, insufficient progress		• The Institutional Investors Group on Climate Change (IIGC) has reinforced the potential the private sector sees in NDCs as a tool for investors to assess countries' ambitions.[65] • Most recently, the G20 Task Force for the Global Mobilisation against Climate Change (TF-CLIMA 2024) report highlights that NDCs must go hand-in-hand with green industrial strategies and 'be the central plank of countries' transition plans.[66] It stresses the case for green industrial strategies and their ability to catalyse cross-sectoral investment.	
	Delivery	**There are very few national climate and development plans that are fit for purpose as investment plans, including through existing NDCs. Model examples of national financing strategies are increasing, such as investment plans that accompany NDCs and the V20's Climate Prosperity Plans, and they need to be scaled rapidly.** • Alongside emissions reductions pathways, NDCs can be used to send policy and market signals to corporates and influence market valuations and private sector's investment decisions. However, it is currently over-ambitious to deem NDCs as feasible substitutes for national investment plans. NDCs are not standardised in a way to ensure they will be designed as such. Currently the majority of NDCs, lack ambition and the submission of 2035 NDCs are due by 10th February 2025 .[67] • There have been valuable examples where NDCs are accompanied by investment plans. For example, Antigua and Barbuda's NDC Financing Strategy and Action Plan determines the investment needs, identifies potential sources of finance and outlines policy interventions to overcome obstacles. Similarly, Belize's government developed a National Climate Finance Strategy complementary to their NDC Implementation Plan, which included a Resource Requirement report and secured funding for specific projects.[68] However, these are few and far between. • The development of Climate Prosperity Plans (CPP) by the V20 and Brazil's Ecological Transition Plan are examples of highly comprehensive climate development programmes. The plans outline a	

[65] IIGCC, Making NDCs Investable: The Investor Perspective, 2024.
[66] Independent Report of the TF-CLIMA Group of Experts, A Green and Just Planet: The 1.5oC Agenda for Governing Global Industrial and Finance Policies in the G20, 2024.
[67] Haber, S., et al., What are "Investable" NDCs? C2ES, Discussion Paper, 2024.
[68] NDC Partnership, Advancing NDC Implementation in Antigua and Barbuda Through Investment Planning and Private Sector Engagement, November 2023; NDC Partnership, Lessons from Belize's NDC Investment Planning: An Integrated Approach to Accessing Climate Finance, 2022.

Actions by 2030	Progress Description		Milestones
		strategic investment agenda designed to create economic partnership with private capital and other countries for climate investments.[69] Yet, out of the 68 member states of the V20, there are currently only four CPPs (Bangladesh, Sri Lanka, Ghana, Barbados). • Other IOs and Funds have also supported some countries to create national plans linked to investment plans, e.g. the Climate Investment Funds (CIF) supported the production of Morocco's Clean Technology Fund Investment Plan aligned to its national energy strategy. It succeeded in attracting $2.4 billion in expected co-financing, 50% of which is from the private sector. [70] • The Coalition of Finance Ministers for Climate Action developed a Guide in 2023 that showcases frameworks and examples of how Ministries of Finance (MoFs) can be involved throughout the process of shaping Long Term Strategies (LTS), NDCs and National Adaptation Plans (NAPs).[71] The integration of MoFs within the process is pivotal to link economic development with climate action and to develop clear investment plans.	
Priority 2 **Translate investment plans to development of well-designed project pipelines** *(see external private finance priority "Build pipeline & strengthen enabling investment environment" for further information on investment pipelines)* Rating: Insufficient progress, pace too slow			
MDBs, DFIs, NDBs and IOs support governments to build capacity to facilitate	Political Momentum	**Despite previously being a focus in multilateral processes, the G20 agenda has recently risked overlooking the crucial role of government capacity in enabling infrastructure investments.** • The G20 Infrastructure Working Group (IWG) has previously highlighted the importance of government capacity for project preparation and infrastructure investments, e.g. Governance of Quality Infrastructure Investment (Japan, 2019) or G20/GI Hub Framework on How to Best Leverage	*By COP30*, **G20 IWG** reintroduce government capacity as agenda priority and call for targeted support for

[69] Ahmed, Sarah Jane, Chapter 11, Development-Positive: Climate Action in the Most Vulnerable Countries. In Bhattacharya, A., Kharas, H. and McArthur, J., Keys to Climate Action, The Brookings Institution, 2023.
[70] Climate Investment Funds, Morocco Country Profile.
[71] Heckwolf, A., Strengthening the Role of Ministries of Finance in Driving Climate Action: A Framework and Guide for Ministers and Ministries of Finance, 2050 Pathways Platform 2023 Annual Meeting Series: Session 2 – Operationalising LT-LEDS, The Coalition of Finance Ministers for Climate Action, 2023.

Actions by 2030	Progress Description		Milestones
more public, private and PPP investments Rating: Insufficient progress, pace too slow		Private Sector Participation (2022, Indonesia). Yet the IWG's 2024 agenda does not include government capacity and risks overlooking the catalytic role this bears. • Organisations such as the Global Infrastructure Facility recognise the catalytic impact of strong governance capacity for investment and seek to support government to manage complex projects.[72] The G20 IEG has called for the scaling up of the facility by 5–10x.	government institutional capacity from MDBs, NDBs and IOs (G20). *By COP30*, **governments** enhance transparency on investment allocation processes.
	Delivery	**Despite weak government capacity reducing up to 53% of potential benefits of infrastructure investments,[73] progress remains limited with average Public Investment Management Assessment (PIMA) scores reflecting significant room for improvement, particularly in allocation institutions such as budgeting and project selection. This also impacts the ability to design and implement country platforms.** • The IMF's PIMA assesses countries' governance institutions for investment. Whilst scores vary greatly within income groups, average EMDCs' scores across all institutions for effectiveness fall between 1 and 1.6, (advanced economies average at 2, *see figure 1*), demonstrating significant scope to improve local investment climates. This low scoring is reflected in private participation in infrastructure investments, which have not recovered since COVID-19. Regions such as Sub-Saharan Africa have seen a steady decline in private investments, which have halved from over $50 billion in 2020 to $25 billion in 2022.[74] • For EMDCs, the lowest PIMA scores are around the Allocation Institutions, where multi-year budgeting is lacking and non-transparent, and project selection is often opaque, characterised by an absence of clear selection criteria.	
Priority 3 **Countries tackle policy and institutional barriers** Rating: Trending upward, insufficient progress			

[72] Manroth, A., The Global Infrastructure Facility: Scaling infrastructure investment since 2014. World Bank Blogs, 2024.
[73] IMF, Public Investment Management Assessment, 2024.
[74] World Bank Group, PPI Database Global Report 2023, 2023.

Actions by 2030	Progress Description		Milestones
Countries strengthen policy and institutional frameworks to unlock investments at scale Rating: Trending upwards, insufficient progress	Political Momentum	**Political momentum for climate policy adoption is gaining strength, with international organisations and initiatives supporting and encouraging greater country-driven reforms.** • The World Bank and IMF announced in May 2024 a joint effort to enhance country-driven reforms for climate action and support domestic climate policy. The organisations will work together to identify countries' climate policy needs and partner with MDBs to implement them through technical assistance and financing. • This builds on the creation of the Climate Policy Assessment Tool, developed by the IMF and WBG to help countries assess the impacts of climate policies. • TF CLIMA stresses the role of policymakers in realising climate goals, from mitigating financial risks for vulnerable sectors and players such as agriculture and SMEs, to deploying policy to realise a green industrial strategy through incentives, grants, subsidies and preferential tax treatment. • G20 Leaders' Declaration (November 2024) endorsed the G20 Principles for Just and Inclusive Energy Transition, which promote domestic policies for energy transition that uphold environmental sustainability, quality job creation and social justice.[75] • The V20 Final Communique (October 2024) has also highlighted that financial packages that accompany debt restructuring should include technical support for a host of items including aligning fiscal policies with development goals. • Other key policy areas include universal carbon pricing, which has been heeded by agendas such as the Bridgetown Initiative *(see Domestic Resource Mobilisation section)*	*By COP30*, **G20** commission an independent and comprehensive climate policy surveillance programme to encourage greater adoption and knowledge sharing on climate policy.
	Delivery	**National climate policies remain off track to meet Paris Agreement goals, yet there are encouraging signs of broader adoption across various climate policies, including in emerging markets.** • If all current climate policies were implemented, we are still expected to reach 3.1° C global warming.[76]	

[75] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[76] UNEP, Emissions Gap Report 2024: No more hot air…please!, 2024.

Actions by 2030	Progress Description		Milestones
		• The state of climate policy is extremely diverse and context dependent, and there is no organisation that is comprehensively monitoring climate policy across countries, particularly developing countries. • According to the Climate Change Performance Index's (CCPI) assessment of climate policy, no emerging market country ranks 'high' in their climate policy scoring. CCPI measures national and sectoral policies and targets as well as conduct in international climate policy. Of the assessment, India, Brazil, China and Morocco rank highest, whereas Türkiye and Algeria score the lowest. [77] • Nonetheless, scores have improved markedly from 2022 (CCPI 2023 report) to 2023 (CCPI 2024 report), with Climate Policy assessment scores rising on average by 56% for emerging market countries excluding Brazil. Indeed, owing to a change in government and a turn in policies around deforestation and degradation, Brazil has seen a substantial jump in its Climate Policy score from 1.65 to 16.3, moving from one of the worst performing to the second highest performing countries among emerging markets. • Climate policy improvements have been diverse, ranging from supply-side interventions to create incentives for sustainable producers, such as India's reduced solar energy tariffs, to demand-side policies to create new markets such as Nigeria and Colombia's pension fund change rules for enabling sustainable investments. • The picture in developing countries is more mixed. For example, Sub-Saharan Africa's renewable energy investments has been found to suffer due to inefficient subsidies, few auction and offtakes processes and unclear permitting and land rights.[78] • Other policy areas such as carbon pricing schemes are trailing behind global targets, with most coverage skewed towards high-income countries (*see Domestic Resource Mobilisation section*). • Further, phase-out of harmful subsidies is also progressing more slowly, with current global estimates of environmentally harmful subsidies at \$1.25–\$2.68 trillion a year in 2023, almost \$500 billion of which is in developing countries[79] (*see Domestic Resource Mobilisation section*).	

[77] Climate Change Performance Index, 2024.
[78] BloombergNEF, Unlocking Investment to Triple Renewables by 2030, 2024.
[79] Harvey, F., More than £494bn subsidies a year in developing world harmful to climate, says report, The Guardian, 2024.

Actions by 2030	Progress Description		Milestones
Priority 4: **Use country-led platforms to bring together stakeholders on purposeful strategies to scale up investments and financing for transformational change** Rating: Insufficient progress, pace too slow			
Countries develop country platforms in partnership with **development partners (donors, MDBs)** to translate plans into investable projects Rating: Trending upwards, insufficient progress	Political momentum	**The political momentum behind the development of country platforms (CPs) is two pronged: the national appetite for them, and the donor and development community's political will to support them. Domestic political appetites for CPs are dependent on a country's own political economy and the sufficiency of support from the development community. The multilateral system and climate network is highly enthusiastic about the potential CPs offer. Yet, whilst there is a heightened buzz and positive steps forward, we are awaiting a coordination breakthrough to efficiently support the development of CPs.** • There is strong political momentum behind CPs because of the potential for high alignment between national and international priorities: CPs are strategically positioned to address entrenched industries through targeted injection of aid pooled by many development partners and high-level commitments. However, this has not always been easily aligned. For example, discussions for an Indian JETP stalled over conflicting views on its focus on renewable energy projects only or coal phase-out also. • Further, enthusiasm for CPs is dependent on the provision of adequate international support. Coordination of international support is in progress, albeit slowly. • The G7's support for JETPs has been significant in bringing CPs to the forefront of the climate agenda for finance delivery. The G20 Brazil Presidency has also elevated country platforms as a key instrument in shifting finance delivery towards a more programmatic multilateral approach. The G20 Saudi Arabia Presidency's establishment of principles was important in platforming CPs as a development instrument and the most recent G20 MDBs Roadmap (October 2024) has stressed the role MDBs have to support ambitious CPs. • More recently, MDBs have stated their intent to engage with countries on a programmatic level and provided a way forward for CPs in their November 2024 statement on 'Country Platforms for Climate Action'. This is a welcome step, yet a coordinated plan with material commitments is pending. Inevitably attempts at inserting standardisation into the development of CPs will illustrate	*By COP30,* **MDBs** coordinate to support ongoing and new country platforms. *By COP30*, **more countries** launch country platforms around energy transition, A&R and nature.

Actions by 2030	Progress Description		Milestones
		how each country's challenges are different and so are the solutions, reinforcing the fact that the country-led nature of CP development is paramount. • The G20 Rio de Janeiro Leaders' Declaration (November 2024) reinforced the international community's support of implementation of voluntary country platforms that are 'country-led, flexible and well-adapted to national circumstances', restating their value as efficient instruments to mobilise public and private capital to finance climate action in developing countries.[80]	
	Delivery	**Progress on the development of CPs is trending upward as more emerging market countries are establishing investment platforms. The international development community needs to ramp up their engagement to support this interest and provide more technical assistance for countries to develop their own platforms.** • There has been a recent acceleration in the establishment of climate country platforms. Since 2021, eight climate country platforms or similar structures have been announced: the four JETPs (South Africa, Indonesia, Viet Nam, Senegal), independently designed platforms (Egypt's Nexus of Food Water and Energy (NWFE) programme), country-MDB joint initiatives (Bangladesh, North Macedonia) as well as the latest launch of the Brazil Climate & Ecological Transformation Investment Platform (BIP) at the 2024 World Bank/IMF Annual Meetings. Others in the pipeline include Colombia's $40 billion investment plan for energy and the potential transformation of Barbados's 'Investment Plan for Prosperity and Resilience' into a CP. • Given the extremely complex structure of CPs, many EMDCs do not have the capacity to develop them and require international support, which so far has been fragmented and highly difficult to coordinate. • At COP29, some IPG countries indicated that they will no longer be pushing for the formation of new JETPs but seeking to support country-led country platforms and the implementation of existing JETPs[81].	

[80] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[81] Chime, V., 'Why rich countries are "reluctant" on additional JETP coal-to-clean deals', Climate Home News, 2024.

Actions by 2030	Progress Description		Milestones
		• The launch of the Brazil Investment Plan indicates an evolution of CPs to initiatives that are much more country-led and using donor support for TA in the creation of the platform. Working closely with the Brazil National Development Bank, BNDES, Brazil received funding from the Green Climate Fund (GCF) for critical technical assistance to help them create an effective and implementable plan[82]. • The launch of the Bangladesh Climate and Development Platform and the North Macedonia In-Country Platform at COP28 indicated MDBs are piloting the delivery of CPs in a more streamlined and coordinated way. This is a positive step forward and needs to be replicated. However, concrete plans from MDBs on how they will support country-platforms was not met at COP29; their latest statement at COP29 outlined the principles of CPs rather than a material plan. • As the E3G's September 2024 briefing on country platforms has highlighted, the G20 has a major role to play in this: developing a common set of design principles, enhancing capacity-building efforts to governments for implementation and supporting other countries in the establishment of CPs.[83] The Coalition of Finance Ministers for Climate Action is another fora that can promote sharing of good-practice.[84]	
Country platforms include adequate and predictable financing packages with adequate concessional finance and are designed to catalyse private investment Rating: Insufficient progress, pace too slow	Political momentum	**Political pressure to increase the financing packages for CPs is there but it is unclear if it will be met with political will from development partners. GFANZ has made significant efforts in bringing private finance to the table.** • Although pooled financing packages from donors could strategically align with international transition and development goals, the current funding remains limited. Grants and concessional finance, crucial for ensuring the 'just' element of CPs (such as workforce reskilling and community support), are insufficient, signalling a lack of strong commitment to meet the financing needs essential for effective CP implementation and domestic support. • MDBs are also yet to show that delivering finance via country platforms is a priority for them; the CGD MDB Reform Tracker has shown no MDB reports on finance commitments based on CPs.	*By COP30*, **more donors** commit to adequate and predictable financing packages of country platforms.

[82] Green Climate Fund, Brazil Climate and Ecological Transformation Investment Platform (BIP) – Strengthening Brazil's climate finance and transition capacities, 2024.
[83] Reyes, L. S., & Ahlgren, V., Country Platforms for Climate Safety and Sustainable Development, E3G, 2024.
[84] Bhattacharya, A., Raising Ambition and Accelerating Delivery of Climate Finance, LSE: Grantham Institute, 2024.

Actions by 2030	Progress Description		Milestones
		• GFANZ is showing leadership in coordinating their alliance of private financial institutions behind supporting CPs. In 2022 they delivered a statement of private sector support for CPs and JETPs and have since committed private finance for multiple CPs (see below).	
	Delivery	**Financing packages provided by development partners are inadequate in quality and quantity to be the targeted transition trigger they need to be.** • Of the JETPs, $31.7 billion international public finance has been committed (not including international private finance committed) and $1.1 billion is in the form of grants. On average per JETP, only 4% of the total financing package is in the form of grants[85] and many of these grants have already been earmarked and repackaged into the CP structure. For example, over 50% of Indonesia's grant & TA makeup is for pre-existing projects.[86] • When looking at the JETPs that have outlined their *total investment requirement* (South Africa and Indonesia), only around 10% of the total investment need is met by the international public finance package, and just 0.3% by grants. The deployment of funds have also been unpredictable and with major lags. For example, Indonesia is still waiting for disbursement of funds for their coal plant retirement.[87] (More info on delivery of CPs below). • Egypt's NWFE potentially offers a better model. Outlining an investment need of $14.8bn for a set of nine specific projects, $8.5bn of this – almost 60% – has already been committed to by a host of international finance sources. With EBRD as the anchor funder and different lead finance partners per pillar of the platform, the NWFE model has been less dependent on initial donor support, which it has been able to acquire as the platform has developed. • GFANZ *plans* to mobilise private finance for multiple CPs: $10 billion for Indonesia JETP; $7.75 billion for Viet Nam JETP, a private finance Working Group in support of NWFE and most recently a commitment to help scale transition investments for Brazil's BIP.[88] Yet as of now, no private finance has been mobilised for Indonesia's JETP and it is unclear if there has been for Viet Nam's.	

[85] Desktop research and Systemiq analysis.
[86] JETP INDONESIA, https://jetp-id.org/news/jetp-grant-mapping, 2024.
[87] Varadhan, S., Indonesia has yet to receive promised G7 funds to reduce coal use, Reuters, 2024.
[88] Bloomberg, Brazil Climate and Ecological Transformation Investment Platform launches to help deliver Brazil's ambitious development and climate goals, Press release, 2024.

Actions by 2030	Progress Description		Milestones
		• Financing packages also need to include strong engagement with national development banks (NDB) given they can help originate a project pipeline, provide local currency financing and engage local private finance. Brazil's decision to have the Brazilian Development Bank (BNDES) host the secretariat for the BIP CP is a good example of a country optimising the role their NDB can have. The G20 TF-CLIMA report (October 2024) have similarly reinforced the critical role NDBs play and the need for greater coordination with them.[89]	
Countries, donors, MDBs and NDBs implement country platforms within reasonable timeframes Rating: Off track	Political momentum	**Political momentum for the implementation of CPs can be fragile domestically. On the international stage, broad enthusiasm is welcome but needs to be translated into coordinated support.** • Political momentum for the implementation of CPs within reasonable timeframes have been fragile, with the recent experiences of JETPs demonstrating that political division, particularly between ministries, has stalled progress. • The lack of representation of workers and a dynamic that's weighted toward foreign investment has led many to criticise the JETP in South Africa, which has slowed implementation.[90] • The political momentum on the international stage is there, as outlined above, but needs to have follow through in maintaining support for the delivery of CPs. • The G20 TF-CLIMA's October 2024 report reinforces that CPs are not only important for their finance mobilisation qualities, but for their effective coordination and delivery of national climate objectives.[91]	*By COP30*, **MDBs, DFIs and donors** provide more capacity-building support for implementation of country platforms. *By COP30*, **G20 and others** set up targets and mechanisms for tracking and monitoring of country platforms.
	Delivery	**Implementation of country platforms has been slow and inconsistent, with little finance deployed so far, and are hindered by domestic institutional fragmentation, the administrative complexity of coordinating a host of investors and inadequate support for social aspects of transitions.** • Transparency on the implementation of the climate CPs' progress is low and with limited publication of the finance deployed. Among the JETPs, it is only the deployment of grant financing that is published. The first JETP, South Africa, has so far delivered $613 million in grants since 2021	

[89] Independent Report of the G20 TF-CLIMA Group of Experts, A Green and Just Planet: The 1.5° Agenda for Governing Global Industrial and Financial Policies in the G20, 2024.
[90] Ibid.
[91] Ibid.

Actions by 2030	Progress Description	Milestones
	and has closed just one coal plant in Mpumalanga.[92] Bureaucratic delays to authorise the full decommissions of the coal plant and workers left without jobs and without reskilling is diminishing public support for the transition.[93] Combined with the worsening electricity crisis and resulting political divisions between ministries, South Africa has extended coal plant closures to 2030 for three power stations that were due to close. • Indonesia's JETP has also seen limited progress so far. No concessional funding has been disbursed for coal retirement projects and only $60 million new grant funding has been deployed, with over 50% of the rest already committed to pre-existing projects[94] • In contrast, the NWFE programme's progress report indicates that almost $500 million of finance was deployed in the first year of its development, mostly for the energy pillar. Whole-of-government coordination and a clear set of project pipelines has seen a faster pace of delivery compared to other CPs, with finance partners per pillar of the platform established early. Indonesia's JETP has also seen limited progress so far. No concessional funding has been disbursed for coal retirement projects and only $60 million new grant funding has been deployed, with over 50% of the rest already committed to pre-existing projects.[95] • In contrast, the NWFE programme's progress report indicates that almost $500 million of finance was deployed in the first year of its development, mostly for the energy pillar. Whole-of-government coordination and a clear set of project pipelines has seen a faster pace of delivery compared to other CPs, with finance partners per pillar of the platform established early.	

[92] Government of the Republic of South Africa, JET Grants Register 2024Q1, State of the Nation, 2024.
[93] Luthuli, Z., S Africa offers a lesson on how not to shut down a coal plant, Taipei Times, 2024.
[94] JETP Indonesia, JETP Grant Mapping, 2024.
[95] Ibid.

2. Debt And Fiscal Space

Overarching Goal:	Tackle debt distress, overcome debt vulnerability due to climate risks, and improve the Debt Sustainability Framework
Progress Assessment:	Insufficient progress, pace too slow

Actions by 2030	Progress Description		Milestones
Priority 1 **Put in place an effective debt relief and resolution process to address debt distress** Rating: Off track			
G20 reforms the Common Framework for Debt Treatments to make debt resolution efficient and expeditious Rating: Insufficient progress, pace too slow	Political momentum	**The G20 has recognised the urgent need for reform of the Common Framework and is taking steps to address it. Yet, the pace and scope of their efforts do not match the level of political pressure they are facing.** • Since 2021, major leaders and global initiatives have been calling for reform, for example: leaders of the IMF in 2021 asking for quicker action and debt suspensions[1]; the Bridgetown Initiative 2.0 (June 2023) calling for shorter timeframes and expanded middle-income country eligibility; and the V20's April Communique (April 2024) requesting that restructuring is designed to generate revenue for investments. • The G20, IMF and World Bank's establishment of the Global Sovereign Debt Roundtable (2023) has enabled progress on some technical issues, yet divisions on issues including eligibility remain. This highlights the split between the G20, predominantly creditor countries - who want to limit the impact on their economies, and middle- and lower-income countries - who don't have access to the	*By COP30*, **G20** revises the Common Framework to facilitate debt relief and resolution, include all creditors and include all middle-income countries.

Actions by 2030	Progress Description		Milestones
		framework. Overall, states have been supporting the GSDR, rather than indicating substantive next steps. • Nonetheless, the G20 Rio de Janeiro Leaders' Declaration (November 2024) committed to "stepping up" the Common Framework's implementation, focusing on timely implementation.[96]	
	Delivery	**Efforts to shorten approvals timelines are underway but progress on other reform objectives are held back by lack of consensus, particularly around eligibility.** • Reforms to the Common Framework focus on 1) coverage to middle-income countries; 2) shortening negotiations and approvals processes; 3) provision of immediate concessional support; and 4) defining Comparability of Treatment (CoT) with private sector participation. Across these topics, there has been little to medium progress, most of which has been around approval timeframes. • The establishment of the GSDR has driven some progress on technical issues, including some consensus on CoT, the need for MDB support via net positive flows of concessional finance and grants, and benchmarks for timelines (programme approval should be within 2–3 months of staff-level approval). However, issues around the parameters of debt included, the automaticity of debt service suspension and the eligibility of countries continue. • Whilst timings for Common Framework process have since sped up slightly (e.g. for Ghana), this is still beyond typical restructuring timeframes. • The latest report by the GSDR has highlighted progress on shortening approval timelines and delivering more predictable debt restructuring, as seen for Ghana and Ethiopia, as well as Sri Lanka outside the CF. However, debate remains on expanding access to the framework for middle-income countries (MICs) consistent with developing country asks, the parameters of debt included and the automaticity of debt suspension.[97] • More substantial reform will be dependent on continued leadership from the South African G20 Presidency.	

[96] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[97] World Bank, Global Sovereign Debt Roundtable: 3rd Cochairs Progress Report, 2024.

Actions by 2030	Progress Description		Milestones
Priority 2 **Improve the terms of existing debt and access to low-cost finance to improve fiscal space** Rating: Off track			
IMF and MDBs increase provision of low-cost long-term financing to support countries to manage liquidity constraints Rating: Off track	Political momentum	**Political pressure for greater long-term financing is strong from global south representative bodies, processes and leading NGOs. Yet whilst MDB provision of climate finance has grown to record levels, calls for better financing terms from MDBs and the IMF are being heeded slowly by the MDBs, their shareholders and the IMF.** • Debt to support high-growth investments can improve creditworthiness and manage debt burdens in the long run; this is dependent on countries being able to access low-cost, long-term financing. • The V20's 2024 Ministerial Dialogue Communique called for loan tenures of 25–50 years. • Bridgetown Initiative takes this further, calling on MDBs to provide $300 billion in 30–50 year financing. • New initiatives such as the Finance for Development Lab's 'bridge' proposal is gathering support and includes the need to extend loan maturities for countries facing liquidity problems that would be applied to a package of bankable projects and strong policy and regulatory reforms.[98]	*By COP30*, **MDBs, with G20 support,** introduce lending instruments with longer maturities to pre-empt debt defaults.
	Delivery	**The provision of low-cost, long-term loans is behind track as average loan maturities continue to be below recommended 20-year terms deemed optimal for investments and sustainable growth (see figure 1).** • Whilst there is a lack of transparency from MDBs on average tenure, expert consultation suggests sovereign loans [from IBRD] average around 12 years (*see Figure 2*). • The G20 Roadmap for MDB reforms (presented at the 4th Finance and Central Bank Ministerial Meeting in October 2024) aims to facilitate greater access to loans and strengthen MDB financing capacity, and could therefore be a major instrument in improving loan provision. • The WB's latest banking policy reforms (October 2024) includes extending IBRD's lowest pricing loans to more vulnerable small states.[99]	

[98] Ishac Diwan et al., An Updated Bridge Proposal: Towards A Solution to the Current Sovereign Debt Crises to Restore Growth, Finance for Development Lab and Initiative for Policy Dialogue, Policy Note, 2024.
[99] Shalal, A. and Lawder, D., World Bank actions to boost lending capacity by $30 billion over 10 years, Reuters, 2024.

Actions by 2030	Progress Description		Milestones
		• The IMF's Resilience and Sustainability Trust has been a welcome development due to its provision of highly concessional loans at notably long maturities (20-year maturity with a grace period of 10.5 years). The IMF needs to expand and accelerate RST lending, aligned to the strong demand for it; the Task Force on Climate, Development and the IMF estimates an additional 30-35 requests for programme's from the Resilience and Sustainability Facility (the body that delivers programmes funded by the RST)[100] • This Task Force have noted that the IMF should upgrade its lending toolkit to enable the investment push for the required stepwise increase in climate finance in its member countries. Critical actions on scaling include expanding resources for the RSF and replenishing the Catastrophe Containment and Relief Trust.	
Priority 3 Tackle the vicious cycle of debt and climate vulnerability Rating: Insufficient progress, pace too slow			
Official creditors mainstream use of climate-resilient debt clauses (CRDCs) for all climate vulnerable countries Rating: Trending upwards, insufficient progress	Political momentum	**The value of debt pause clauses for natural disasters has featured prominently since COVID-19 and have been called for by many major creditors**. • CRDCs are relatively new instruments and have been platformed by the Bridgetown Initiative and gained further momentum during the Summit for a New Global Finance Pact (4P, June 2023), where France, Barbados, Canada, Ghana, Spain, the UK and US called for all creditors to use pause clauses. The 4P also established the Coalition on Climate Resilient Debt Clauses to further this aim. • The Climate Vulnerable Forum (CVF) have welcomed the increased provision of CRDCs, but call for the expansion of the list of qualifying countries, whilst Bridgetown Initiative 3.0 reinforces the need for all creditors to participate. • Spain's recent request that CRDCs are a permanent feature of the Common Framework is another demonstration of strong political progress.[101]	*By COP30*, **all creditors – private and public –** introduce climate resilient debt clauses in their lending instruments to make debt stocks more resilient.

[100] Rambarran, J., 'Making Sense of the IMF's Interim Review of the Resilience and Sustainability Trust', The Task Force on Climate, Development and the International Monetary Fund, 2024.
[101] Harris, L. and Cotterill, J., Spain calls for disaster 'pause clauses' for developing nation debt, Financial Times, 2024.

Actions by 2030	Progress Description		Milestones
		• The Expert Review on Debt, Nature and Climate (supported by Kenya, France and Colombia) have stated that their final report will include recommendations on the use of CRDCs.[102] • ADB announced in its Climate Change Action Plan 2023-2030 that it will assess a potential pilot for climate-resilient debt clauses for SIDs in March 2024.[103]	
	Delivery	**In terms of implementation, the mainstreaming of CRDCs is behind track insofar as clauses are deployed by only 29% of major MDBs (with the WBG, IDBG and EIB in the lead) and only 13% of the Paris Club + China (with the UK and Canada playing leading roles).** • 57% of MDBs and 13% of Paris Club + China have announced intentions to do so (see figure 2). • Many countries have not declared their intention to deploy CRDCs including Denmark, Sweden, Ireland, Switzerland, the Netherlands and Brazil, as well as MDBs including the AIIB. Further, even among those who do provide CRDCs, qualifying countries are typically limited to just small states and SIDs. However, it must be noted that not only are CDRCs relatively new but its use will not always be appropriate for 100% of MDB clientele. • The African Development Bank Group in COP28 also announced its adoption of CRDCs under the Bridgetown Initiative, indicating its incorporation into lending practices in 2024 starting with the African Development Fund.[104] • The EBRD announced similar plans stating that it will include CDRCs in new loan agreements with sovereign, but also sovereign guaranteed and municipal clients from mid-2024.[105] • The private sector is yet to adopt CRDCs.	
IFIs, governments and NGOs, supported by **G20**,	Political momentum	**Debt for climate swaps are often showcase initiatives receiving political support, but achieving progress to achieve scale and standardisation will require significantly more capacity and focus.**	*By COP30*, **G20** endorse a set of shared principles as

[102] The Interim Report of the Expert Review on Debt, Nature & Climate: Tackling the Vicious Circle, 2024.
[103] Asian Development Bank, Climate Change Action Plan 2023-2030, 2023.
[104] African Development Bank, COP28: African Development Bank, international partners commit to Climate Resilient Debt Clauses, Press Release, 2023.
[105] African Development Bank, COP28: African Development Bank, international partners commit to Climate Resilient Debt Clauses, Press Release, 2023.

Actions by 2030	Progress Description		Milestones
standardise processes for debt-for-climate swaps to enable enhanced use Rating: Insufficient progress, pace too slow		• The IMF have promoted debt swaps as an important tool for debt relief and climate action, as has the G20 in the latest Finance Ministers Communique. However, political recognition is coupled with the acknowledgement that the deployment of swaps is case-by-case, limiting scalability. • Efforts to overcome this through standardisation have been seen with the establishment of working groups, such as the Task Force on Sustainability-Linked Sovereign Financing for Nature and Climate by AFD, ADB, AfDB, EIB, GCF, GEF, IDB and the US DFC at COP28. • The Brazil T20 policy brief on debt swaps has called for further elevation of this topic in global dialogue via a dedicated G20 platform and the establishment of high-level global principles endorsed by the G20. G20 responses to these calls is pending.	a basis for debt-for-climate/nature swaps.
	Delivery	**While the number of debt-for-climate swaps is on an upward trajectory, standardising the tool for increased use is in early stages.** • Although some estimates suggest the tool could be used for $800 billion of developing country debt,[106] and could release $100 billion in climate action,[107] studies by the G20, IMF and others highlight that benefits are case-by-case, and swaps are not always the ideal instrument.[108] • Delivering debt swaps continue to be extremely complex, time-intensive and with high transaction costs. Standardisation to improve their deployment is beginning to be seen from key NGOs, such as The Nature Conservancy (2024) and Finance for Development Lab (2024) and has been supported by some bilateral creditor legislation that encourages their use, e.g. US Tropical Forest Conservation Act. • The establishment of the Task Force on Sustainability-Linked Sovereign Financing for Nature and Climate by multiple MDBs, DFIs and climate funds at COP28 aims to enhance the use of these instruments by developing shared implementation, monitoring and operational strategies. The T20 Task Force 3 has called for greater G20 support and country participation in these efforts also. • Standardisation by an international institution such as ICMA could be pivotal and requires promotion by the G20 or IMF.[109]	

[106] White, N., Interest in Credit Suisse-Pioneered Debt Swaps is Soaring, Bloomberg, 2024.
[107] IIED, Debt swaps could release $100 billion for climate action, Press release, 2024.
[108] Chamon et al., Debt-for-Climate Swaps: Analysis, Design and Implementation, IMF Working Paper, 2022.
[109] Abinet, C. et al., Debt-to-Sustainability Swaps: A Practical Framework, Finance for Development Lab, 2024.

Actions by 2030	Progress Description		Milestones
Priority 4 Improve Debt Sustainability Assessment frameworks Rating: Trending upwards, insufficient progress			
IMF/WB reform their debt sustainability analysis (DSA) to incorporate climate and nature risks and capture the growth impact of climate investments Rating: Trending upwards, insufficient progress	Political momentum	**There is active support behind the process to update the DSA over its two-year timeline. However, given many countries' participation in the DSSI will end this year, and their debt service payments will be due in 2025, there is pressure for an expedited process.** • Initiatives and representative bodies such as the 4P, V20 and Bridgetown Initiative have platformed the importance of reforming the DSA to better incorporate climate and nature risks and opportunities. • This includes the need to assess 'alternative scenarios that capture growth opportunities unlocked by climate investments in the short, medium and long term', as outlined by the V20's October 2024 Communique. • The August 2024 update by the IMF and World Bank has been a welcome step in an ongoing review process. • The Expert Review on Debt, Nature and Climate (supported by Kenya, France and Colombia) plays an important role in these dynamics and their interim report Tackling the Vicious Circle (October 2024) has presented clear recommendations for DSA reform around incorporation of climate and nature risks and investments. Their final report for the Springs 2025 is expected to guide further reforms.	*By COP30*, **IMF/WB DSA** incorporates climate risk, nature loss, and long-term growth payoffs of climate investments. *By COP30*, **IMF/WB DSA** frameworks also develop scenarios on climate investment imperatives and options for financing.
	Delivery	**The IMF's DSA is improving but requires more reforms to adequately cover climate and nature risks and investments. In August 2024, the World Bank and the IMF provided new guidance for the DSA framework for low-income countries to include how climate change risks impact baseline forecasts and volatility as well as how climate adaptation investments mitigate risks. This update is a step in the right direction.** • However, key factors are still not included, such as: ensuring all baseline macroeconomic forecasts include climate change and nature impacts; the recognition of natural capital as contributors to long-term economic growth and an adaptation opportunity; the inclusion of climate investments as	

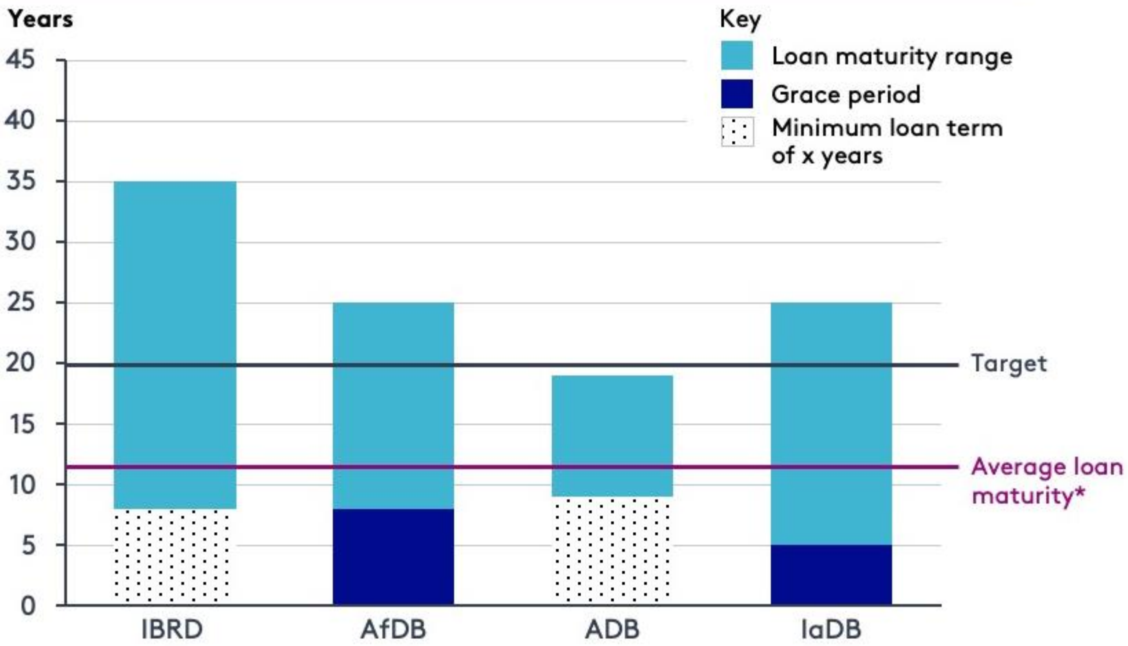
Actions by 2030	Progress Description		Milestones
		resilience building into long-term growth; and that as well as low-income countries, many market-access countries are also climate vulnerable.[110] A deeper review of the framework by the IMF is still ongoing. • Extending the DSAs to cover longer-term scenarios could help to recognise the longer-horizon gains from investing in climate action such as costs-savings from loss and damage or the restoration from natural capital that can have financial impacts that take longer to materialise. • The Interim Report by the Expert Review on Debt, Nature and Climate (October 2024) has reinforced these items in their recommendations: 1) & 2) to incorporate climate-related risks and nature-related risks and measures to reduce them; and 3) to make greater use of difference environmental and financing scenarios, including investments.	

[110] Schmidt-Traub, G., et al., Integrating Climate Adaptation and Natural Capital into Macroeconomic Frameworks and Debt Sustainability, Discussion Paper, 2024.

Figure 2: Loan maturities are too low to pre-empt debt defaults and enable growth

KPI: Average loan maturity of MDB sovereign loans – Target 20 years

Political ambition
V20: more financing with 25- to 50-year tenors
Nairobi Declaration: extension of tenors and 10-year grace periods



Source: MDBs' public loan terms & conditions

3. Concessional Finance

Overarching Goal:	A fourfold increase in concessional finance on current
Progress Assessment:	Insufficient progress, pace too slow

Actions by 2030	Progress Description		Milestones
Priority 1 **Deliver on existing climate finance commitments** Rating: Insufficient progress, pace too slow			
Donors adequately replenish IDA21 Rating: Insufficient progress, pace too slow	Delivery	**Although reaching the $100 billion total envelope, the final pledging meeting in December 2024 concluded with total donor contribution of $23.7 billion which represents a minimal increase from the IDA20 replenishment of $23.5 billion.** • The total $23.7 billion pledged for IDA21 represents a 0.8% increase from the last 2022 replenishment of $23.5 billion. This falls short of the $28-30 billion experts targeted for the required amounts. [111] • Of the 59 countries donating to IDA21, 17 donors increased their pledges by more than 25% and 10 donors increased pledged by more than 40%.	*By the December 2024 final pledging meeting,* **Donors – old and new –** increase IDA contributions to at least $28-$30 billion, enabling lending of at least $100 billion. - *PARTIALLY DELIVERED*

[111] Dimond, V., et al., The World Bank's IDA Is a Vital Lifeline for Pacific Islands and Other Small States, CGD, 2024.

Actions by 2030	Progress Description		Milestones
		• Several major donors' contributions declined in real terms. Japan boosted its contribution in nominal terms by 13% but was a decline in real terms due to exchange rate changes. France pledged but due to its current political situation, has not disclosed how much. Germany pledged the same amount in euros but declined in real terms amounting to $1.75 billion. [112] • Early pledges emerged with initial contributions demonstrating increases from past IDA20 contributions with Denmark pledging DKK 2,200 million (40% increase), Spain EUR 400 million (near 40% increase), and Latvia at EUR 9.48 million (60% increase).[113] • During the G20 summit in Rio de Janeiro, the US pledged a record $4 billion contribution for IDA replenishment, exceeding the $3.5 billion committed in 2021. The Republic of Korea also announced a 45% increase from its last contribution amounting to KRW 846 billion,[114] Norway announced a 50% increase to NOK 5.024 billion. [115] and Poland announced in early November a 100% increase to EUR 37 million from its previous commitment[116] • The World bank has announced that with these contributions it can leverage $100 billion, meeting its earlier target for IDA21**.** However, these contributions are contingent on contributor pledges being met which is unclear, particularly for its largest donor, the US, under a Trump administration. [117]	
Developed countries increase adaptation and grant financing to improve the quality of concessional finance Rating: Insufficient progress, pace too slow	Political momentum	**Despite tensions over a delayed $100 billion of climate finance, the forecasted achievement of this goal by 2025 has eased some concerns, yet apprehensions persist among developing nations, especially LDCs and SIDS, about adaptation finance targets as well as the broader decline in support for ODA.** • Tension remains between the global north and south over the late delivery of the $100 billion commitment. However, the forecasted delivery of an upward trajectory and aggregate achievement of the $100 billion 2021–2025 have allayed some concerns. • Despite decreases in ODA budgets in some donor countries, commitment to climate finance has been more consistent. Under a second Trump presidency there are concerns that the US will	***By COP30*, Donors** agree to increase bilateral concessional finance by at least two-fold by 2030 as part of NCQG.

[112] Chase-Lubitz, J., World Bank calls IDA pledges a win. Critics aren't so sure, Devex, 2024.
[113] World Bank International Development Association, The road to IDA21, 2024.
[114] World Bank Group, Korea Announces Early Pledge to IDA21 during G20 Summit in Rio de Janeiro, 2024.
[115] World Bank Group, Norway Announces Early Pledge to IDA21 during G20 Summit in Rio de Janeiro, 2024.
[116] World Bank Group, Poland Boosts Support to the World Bank's International Development Association, Fund for Low-Income Countries, 2024.
[117] Lawder, D., Biden pledges record $4 billion to World Bank fund for poorest countries, Reuters, 2024.

Actions by 2030	Progress Description		Milestones
		withdraw their financial support which could depress future donor climate finance commitments. Donor countries have shown commitment to increasing adaptation finance but there are already apprehensions from developing countries, particularly LDCs and SIDS, that the target will be missed, citing experience. • In terms of fund deployment, at the G20 summit in Rio, the Group recognised the importance of optimising the operations of vertical climate and environmental funds to maximise the impact of investments and access. [118] • At COP29, Parties agreed to further define the work for tracking progress toward global adaptation action under the UAE Framework for Global Climate Resilience such as improved indicators. This included the launch of the Baku Adaptation Roadmap and Baku high level dialogue on adaptation.	***By COP30,*** G20 advances reforms in architecture for multilateral climate funds, including adequacy of funding and ease of access. *By COP30*, **OECD** implements a framework for monitoring and accountability of climate finance.
	Delivery	**Climate finance provided by developed countries reached the $100 billion goal but at a delayed timeline, a poor provision of grant financing and adaptation flows that cover just 26% of annual needs.** • The OECD reported that the $100 billion per annum in climate finance was met in 2022, two years behind schedule.[119] Developed countries delivered $116 billion annual climate finance in 2022 (*see Figure 4*). • However, concerns remain about the quality of this financing. Critics point to the prevalence of non-concessional loans, insufficient funding for adaptation measures, and the potential for increased debt burdens due to over-reliance on loans. An Oxfam report found that nearly $92 billion was provided as public finance, of which almost 70% was in the form of loans.[120] • Adequate concessional finance is key to the quality of donor commitments as it can manage high capital costs and upfront financing requirements for projects that are not immediately investable. CPI reports that concessional finance for EMDCs reached $46 billion in 2022 increasing by 35% year-on-year, and $29 billion for LDCs increasing by 52% year-on-year. International concessional climate finance increased by 50% from 2019 reaching $81 billion in 2022 yet this is still low in relation to global needs.	

[118] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[119] OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, OECD Publishing, 2024.
[120] Oxfam, Rich countries overstating true value of climate finance by up to $88 billion, says Oxfam, Press release, 2024.

Actions by 2030	Progress Description		Milestones
		• Adaptation finance is growing as a proportion of climate finance but still a far smaller proportion of the total climate finance flows. The OECD reported that adaptation finance constituted 40% of the $116 billon total in 2022, reaching $32.4 billion, which is three times the 2016 level[121] . • As of November 2024, Parties contributed a total of $130.7 million to the Adaptation Fund, missing its $300 million target p.a., and continuing the trend of decreasing amounts pledged every year since COP26. [122] • ODA financing to SIDS have shown a positive trend over the last decade, particularly for 2019, but this has declined to $1.5 billion (a 23% y-o-y decrease). Whilst there has been a shift from mitigation financing to adaptation in SIDS, the financing needs continue to dwarf these amounts; the Caribbean alone is estimated to suffer $12.6 billion in damage from natural hazards.[123] • ODA to SIDS should also avoid worsening debt burdens, and although grants as a share of ODA have increased by 7% yoy in 2022 to 63%, this is still lower than the 75% floor that was maintained prior to 2019.[124] • COP29 saw some new pledges from donor countries to the vertical funds: Germany, UK and Canada pledged $1.3 billion to the Climate Investment Funds (CIF) for green industries in the Global South.[125] and Sweden announced its pledge to replenish the Green Climate Fund, now totalling $13.6 billion.[126] • Recent developments on concessional biodiversity finance also highlight significant gaps in pledging contributions as COP16 resulted in additional pledges of grant-based funding of only $163 million for the Global Biodiversity Framework Fund against a target of $20 billion by 2025.[127]	
Countries deliver on commitments to the Fund	Political momentum	**The COP28 Fund for Responding to Loss and Damage (FRLD) agreement and $792 million in pledges are a positive step but much more finance is required to meet loss and damage needs.**	*By COP29,* **Donors** pledge contributions to

[121] OECD, Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, OECD Publishing, 2024.
[122] NRDC, Climate Funds Pledge Tracker, 2024.
[123] UNCTAD, Aid to small islands falls even as temperatures rise, 2024.
[124] UNCTAD, Aid in small islands falls even as temperatures rise, 2024.
[125] Argus Media, Cop: Germany, UK, Canada co-operate on climate finance, 2024.
[126] NRDC, Green Climate Fund Pledge Tracker, 2024.

Actions by 2030	Progress Description		Milestones
for Responding to Loss and Damage and secure new pledges to meet loss & damage needs Rating: Insufficient progress, pace too slow		• The agreement on the FRLD fund at COP28, alongside $792m in pledges, was welcomed by developing countries but acknowledged that it will be one element and not come close to covering projected needs of $671 billion by 2030.[128] • Global civil society organisations (CSOs) called for the FRLD to address economic and non-economic aspects of loss and damage financing, yet the COP29 outcomes for the fund were mostly administrative rather than ramping ambition for loss and damage financing. [129] • Despite the positive progress on operationalising the FRLD, there are serious concerns and outstanding issues that need to be resolved for consistent replenishment of funds that maintain ambition levels – such as the lack of a mandatory capitalisation process (currently discretionary), and that there are yet to be provisions to facilitate access of funds for local and national actors in fragile and conflict affected states. [130]	FRLD – *Partially Delivered* *By COP30,* Donors and new contributors commit to credible funding of the FRLD.
	Delivery	**FRLD finalised its set up requirements at COP29 and is ready to accept contribution under the World Bank's management.** • The FRLD has now been operationalised and can begin accepting contributions. The Fund will begin disbursing funds in 2025.[131] • At COP29 the Trustee Agreement and Secretariat Hosting agreement were signed between the Board of the Fund and the World Bank unlocking the fund's readiness to accept contributions. This is an interim arrangement for four years but could become permanent on an evaluation, at COP33, ensuring the independence of the FRLD under the secretariat of the World Bank.[132] Additional pledges came from Austria EUR 10 million (~$10.5 million), Sweden 200M KR (~$19 million) Australia (AU$50m $32.5m),New Zealand (NZ$10m $6m), Luxembourg EUR 8 million (~$8.4 million), South Korea and Belgium (Wallonia) EUR 2 million (~$2.1 million). [133]	

[128] Heinrich Böll Foundation, The Loss and Damage finance landscape, 2023.
[129] Sarker, P, et al., COP29 exposes the collapse of global solidarity in climate action, The Business Standard, 2024.
[130] Start Network, COP29: Reflections and way forward, 2024.
[131] COP29, Breakthrough in Baku delivers $1.3 tn "Baku Finance Goal", 2024.
[132] Heinrich Böll Foundation, One year on, the new Loss and Damage Fund has met institutional deadlines: Decisions elaborating its role are still pending, 2024.
[133] NRDC, Climate Funds Pledge Tracker, 2024.

Actions by 2030	Progress Description		Milestones
All countries secure an ambitious and fit for purpose NCQG Rating: Insufficient progress, pace too slow	Delivery	**An agreement on the NCQG was achieved at COP29 with a headline quantum of $300 billion, which falls short of estimated needs to meet the Paris Agreement of at least $390 billion.** [134] • At COP29, an agreement was reached for a total commitment of $300 billion per year by 2035 from developed countries under the NCQG, primarily from bilateral and multilateral sources of public finance. This commitment is coupled with the aim that these funds facilitate the mobilisation of all sources including external finance to reach the total target of $1.3 trillion per year by 2035. The $300 billion commitment is an important advance on current levels but falls short of the $390 billion per year target by 2035 which was estimated to be the required amount to deliver the goals of the Paris Agreement. [135] • **Beyond the quantum of climate finance in NCQG, the goal does not specify key components of finance sources and quality but acknowledges the importance of some aspects.** The text specifies a single 'mobilisation' goal without distinctions for provision versus mobilisation, sub-goals for specific country groups (e.g. SIDS/LDCs), thematic areas (mitigation/adaptation) or financing instrument (e.g. grants). In terms of quality, the draft text acknowledges the need for concessional sources yet does not require its delivery from developed countries. The text acknowledges the importance of adaptation finance but similarly doesn't specify a sub-goal. The negotiated outcome also encouraged voluntary contributions from non-Annex II countries although it is still unclear whether these contributions will be counted towards the goal. • The Negotiated text calls on "all actors to work together to enable the scaling up of financing to developing Parties for climate action from all public and private sources to at least $1.3 trillion per year by 2035". This amount was the minimum target called for at the African Ministerial Conference on the Environment in September 2024 (AMCEN 10th special session in Abidjan).[136] • The agreement to reach the $1.3 trillion target launched the Baku to Belem Roadmap, aimed at scaling up climate finance including through grants and concessional instruments, with a report to be presented at COP30.	*By COP29*, **Parties** agree on an ambitious and fit for purpose new collective quantified goal (NCQG) - *PARTIALLY DELIVERED*

[134] Grantham Institute, Joint statement by Amar Bhattacharya, Vera Songwe and Nicholas Stern, Co-Chairs of the Independent High-Level Expert Group on Climate Finance, Press Release, 2024.
[135] LSE Grantham Research Institute, Statement in response to COP29 outcome, 2024.
[136] African Climate Wire, African ministers call for $1.3 trillion climate finance target, 2024.

Actions by 2030	Progress Description		Milestones
		• The agreement also included a review of the goal in 2030, tripling of outflows from the UN climate funds (GCF, Adaptation Fund, FRLD) and a special assessment of access to climate finance in 2030.[137]	
Philanthropic organisations scale grants for climate finance Rating: Trending upwards, insufficient progress	Political momentum	**Philanthropies have played a role in shaping the climate debate for decades** but more recently have begun also using capital for technical assistance, innovation and in limited cases for derisking capital. However, given the size of philanthropic giving on climate remains relatively low compared to those in the development field, there is hesitance over making large concessional capital finance investments to derisk projects.	
	Delivery	**Foundations giving to climate change mitigation have nearly quadrupled** from $900 million in 2015 to $3.7 billion in 2022. However, most of this is targeted to developed country actors with the US and Canada, China, and Europe receiving 70% of these funds.[138] • There is a need to bolster effort for tracking philanthropic capital as the current data is scarce.	
Priority 2 **Develop high-integrity carbon markets** Rating: Insufficient progress, pace too slow			
Stakeholders - private and governments - promote and scale high-integrity carbon markets	Political momentum	**Scaling high integrity voluntary carbon markets is seen as a key opportunity to mobilise climate finance.** • It is recognised that scaling high integrity carbon markets is an opportunity for channelling concessional finance to EMDCs for scaling low-carbon technology and protecting natural carbon sinks. This is evident from government-level support on the scaling of credit markets, such as the US government's Voluntary Carbon Markets (VCM) principles.	*By COP30*, **Voluntary Carbon Markets Initiative (VCMI)** launches scope 3 claims providing clearer

[137] Center for Climate and Energy Solutions, Highlights from Negotiations in the Past 24 Hours, 2024.
[138] ClimateWorks Foundation, Funding Trends 2023: Climate Change Mitigation Philanthropy, 2023.

Actions by 2030	Progress Description		Milestones
Rating: Insufficient progress, pace too slow	Delivery	**Demand-side standards for corporates have seen limited progress, impacting VCM buyer confidence, while supply-side integrity improves; the carbon credit market is expected to grow with new governmental mechanisms.** • According to World Bank data, the voluntary carbon market contracted significantly from $1.87 billion in 2021 transaction value to $723 million, marking a 61% decrease, primarily attributed to environmental integrity concerns and resulting in a low weighted average price of $6/$tCO_2e$ since July 2023. [139]. • Establishing clear standards for corporates on the demand-side has achieved limited progress. The fragmentation and inconsistent signalling on use of offsets has impacted the strategies and confidence of VCM buyers. • However, the market expects SBTi to release a revision of its standards in 2025 and for the VCMI Scope 3 claims code to be finalised. • Supply-side integrity has improved with the widespread acceptance of ICVCM's Core Carbon Principles as an integrity standard. ICVCM is on track with its target to complete integrity reviews of major carbon project categories by the end of 2024. However, it must be noted that applying the CCP to older vintage carbon credits may be difficult, which comprises 87% of credits issued in 2024 on the VCM market (vintage defined as before 2020)[140] according to MSCI. • The market for carbon credits is expected to grow further due to 5 jurisdictions since 2023 launching governmental crediting mechanisms and another 11 jurisdictions considering implementation. This includes India, Thailand, Viet Nam, China, Chile, Brazil and the EU. • In November 2024, ICVCM approved 3 methodologies for reducing emissions from deforestation and forest degradation in developing countries (REDD+) with the CCP-label.	incentives and guidance for buyer claims. *By COP30*, **Integrity Council for the Voluntary Carbon Market (ICVCM)** strengthens its Core Carbon Principles Assessment Framework. *By COP30*, **more EMDCs**, with donor support, build capacity to attract high integrity carbon finance. *By COP30*, **all countries** expand compliance markets to raise climate finance
Countries to operationalise Article 6 carbon markets	Political momentum	**COP29 outcomes have unlocked the operationalisation of Article 6.4 and has provided more clarity for Article 6.2, yet there are still several outstanding features to be addressed to ensure that the mechanism can scale transactions of high integrity.**	*By COP29*, **Parties** reach consensus on operationalising Article 6

[139] World Bank Group, State and Trends of Carbon Pricing: International Carbon Markets 2024, 2024.
[140] MSCI, 2Q24 Voluntary carbon markets in review, 2024.

Actions by 2030	Progress Description		Milestones
Rating: Trending upwards, insufficient progress		• Development of Article 6 mechanisms has been uneven due to negotiations on technicalities heeding investor confidence and capacity building efforts. Article 6.2 markets have been slowly developing but Article 6.4 markets have only in COP29 been unblocked. • In the lead-up to COP29 the Sustainability Development Tool was also adopted by the SBM in October 2024.	(including Art. 6.2 and 6.4) - *DELIVERED* *By COP30*, **UN SB** develops more guidelines and oversees methodological work. *By COP30*, agreement on the transitioning of Clean Development Mechanism Credits into the PACM is reached.
	Delivery	**Article 6.2 market development has advanced, although with limited maturity in delivery; momentum on delivery is expected to increase as Parties have agreed to the operationalisation of Article 6.4 mechanisms.** • COP29 has provided clarity on much of its transactional features of Article 6.2 and markets are expected to continue to develop. There are currently 56 Memorandums of Understanding (MOUs), 26 bilateral agreements signed and 3 reaching the negotiated stage – highlighting that only few cooperative relationships have been able to mature from an expressed intention for cooperation.[141] • At COP29, Parties agreed on the methodological standards to govern the Article 6.4 Paris Agreement Crediting Mechanism (PACM) and a dynamic mechanism to update them, significantly progressing the maturity of Article 6 negotiations and defining the operationalisation of the mechanism, yet key items on the international registry. The Parties agreed to standards that had been fast-tracked by the UN Supervisory Body at Pre-COP, linked to carbon removals[142] and developing and accessing carbon crediting projects.[143] • At COP29 Parties agreed to key outstanding components of operationalising the Article 6.4 PACM, which as a result, has led to the expectation of first Article 6.4 issuances in early 2025. The key items agreed, which also have overlap with the governance of Article 6.2 cooperative approaches, includes items for the international registry (agreeing to a dual-layer approach for accounting adn transaction); guidance on the authorisation, possible revocation of cooperative approaches, and involvement of the private sector; inconsistencies; and information required for reporting requirements. However, the stringency on inconsistencies and reporting requirements have been identified by NGOs as potentially vulnerable to integrity issues. [144]	

[141] UNEP Copenhagen Climate Centre, Article 6 pipeline, 2024.
[142] UNFCCC, A6.4-SB014-A06: Requirements for activities involving removals under the Article 6.4 mechanism, 2024.
[143] S&P Global, UN carbon body adopts standards on removals methodologies in bid to fast-track Article 6.4, 2024.
[144] Manuell, Padin-Dujon, Gibson and Barbiroglio, COP29: Countries on cusp of historic Article 6 deal in Baku as final texts land, 2024.

Actions by 2030	Progress Description		Milestones
		• The Supervisory Body (SBM) will now develop more guidelines in 2025 and oversee methodological work.[145]	
Priority 3 **IMF member countries expand the pool of SDRs available for climate finance** Rating: Insufficient progress, pace too slow			
IMF, MDBs and donors enhance the use of SDRs to scale up climate and development finance Rating: Insufficient progress, pace too slow	Political momentum	**The G7 and G20 have rechannelled $100 billion in SDRs to developing countries and met their 2021 goal[146] and the IMF approved the use of SDRs to subscribe to MDBs' hybrid capital, but impediments remain in the use of rechannelled SDRs to enhance MDB lending.** • The G7 and G20 have achieved their 2021 agreement to rechannel $100 billion worth of SDRs in 2023. Rechannelling SDRs has been a popular option for some advanced economies, themselves under new macro constraints, to support developing countries following the COVID-19 pandemic with limited consequences for their own balance sheets. However not all countries have participated, some limited by their constitutions (e.g. Germany, the EU), others, by political processes (e.g. US Congress approval). The European Central Bank (ECB) regulations prevent Eurozone nations (27% of the world's SDRs equivalent to $199.87 billion) rechannelling the SDRs outside the IMF because of potential interference with its characteristics as a reserve asset.[147] • The IMF approved the recycling of SDRs to MDBs for use as hybrid capital and the AfDB and IDB have stated they will announce commitments to operational hybrid capital proposals for 2025. These mechanisms are expected to have leverage ratios of 3–4:1, much larger than the IMF fund's ratio of below 1:1. France, Japan, Spain and the UK have announced their support for the AfDB-IDB mechanism proposals but are yet to translate into precise contributions. • There has been some signalling for an additional allocation round to support investment in sustainable infrastructure as found in the SDG Stimulus Agenda 2030, the Nairobi Declaration, the	*By COP30,* **IMF** commits to increase number of RST programs. *By COP30,* **MDBs and donors** commit to use of SDRs for hybrid capital for MDBs – starting with IDB and AfDB. *By* COP30, **IMF and key stakeholders** commit to resolve impediments to SDR rechannelling. *By COP30,* **IMF member countries** increase pool

[145] Ibid.
[146] Reuters, IMF has hit $100 bln target in SDRs for vulnerable countries – Georgieva says, 2023.
[147] Bretton Woods Project, The 2021 SDR allocation was beneficial for the global economy, but was it sufficient to address the scale of the crisis?, 2023.

Actions by 2030	Progress Description		Milestones
		G24 April 2023 communique,[148] Bridgetown 3.0, the Climate Vulnerable Forum (CVF) Leaders' Declaration and others. However, there is limited support from advanced economies or the IMF • G20 Rio de Janeiro Leaders' Declaration encourages countries to explore channelling SDRs to MDBs whilst respecting their reserve asset class status.[149]	of SDRs channelled through IMF and MDBs. *By COP30,* **IMF, with support of member countries** agrees to a new SDR issuance.
	Delivery	**The IMF has rechannelled $105 billion of SDRs to PRGT and RST, supporting affordable loans for developing countries. Progress includes MDB hybrid capital proposals, but barriers like high costs and access limits persist. The 2026 IMF RST review is crucial to addressing equitable access and catalysing private finance.** • The largest SDR allocation was issued by the IMF as a response to the COVID-19 pandemic. In August 2021, $650 billion worth of SDRs was successfully issued to help countries respond to increased debt resulting from the pandemic. A welcome development was the G7 and G20 pledging voluntarily to rechanel $100 billion of their SDR allocation to developing countries.[150] • Since 2020, $56 billion has been channelled to the PRGT and $49 billion to the RST in equivalent SDRs. The PRGT amount will mobilise $40 billion in interest-free loans to the poorest countries with 57 benefiting so far. The RST projected commitments (2022–2025) will deliver $29 billion in affordable finances, with 23 countries benefitting so far.[151] However, the RST has committed about $10 billion, about one-third of its loan resources by September 2024, and $3 billion has been disbursed.[152] However, concerns over access limits, requirements, and the high cost of rechannelling SDRs remain. • While the rechannelling of SDRs through MDBs is seen as an innovative way to increase the leverage of this instrument, the full potential of this solution has not yet been fully realised. AfDB and IDB have stated they will announce commitments to operational hybrid capital proposals for 2025. But this is expected to only channel a modest amount leaving a substantial amount of SDRs on the balance sheets of central banks in advanced and large EMDCs.[153]	

[148] IMF, G24 Communiqué, April 2023.
[149] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[150] Zattler, J., Moment to Take Action on SDR Recycling, 2024.
[151] IMF. Special drawing rights (SDR), 2024.
[152] Bhattacharya, A., et al. Raising ambition and accelerating delivery of climate finance. Independent High-Level Expert Group on Climate Finance, 2024.
[153] Plant, M., IMF approves new use of SDRs! What's next? Center for Global Development, blogpost, 2023.

Actions by 2030	Progress Description		Milestones
		• The IMF interim review fell short of recommending changes for the design of future RST loans necessary for the RST to fulfil its mandate. The 2026 comprehensive review of the IMF RST should address equitable access to RST funds (e.g. the requirement of an IMF-supported programme) and bolster collaboration with the World Bank on effective policy reforms and catalysing private finance.[154]	
Priority 4 **Develop and implement proposals for global solidarity levies** Rating: Insufficient progress, pace too slow			
Countries agree to progressive international solidarity levies with avenues to share revenues for climate/development financing. Rating: Insufficient progress, pace too slow	Political momentum	**Momentum to establish new levies and taxation mechanisms to increase revenues for climate / development financing has increased in recent years, though achieving global consensus on them remains a long process.** • Momentum to establish new levies and taxation mechanisms has increased in recent years with the establishment of multiple new avenues for global taxation. • The Global Solidarity Levies Task Force, launched at COP28 in 2023 and co-chaired by Barbados, France and Kenya, seeks to identify scalable and feasible policy innovation on levies. Nonetheless, the Task Force remains dependent on securing major political support in its early stages of proposals. • This builds upon other recent initiatives including the call for a UN Tax Convention and the strengthening of the OECD BEPS Project pillar two tax reform, which includes the implementation of the15% global minimum corporate tax. • However, achieving global consensus on international taxation measures remains controversial. For example, whist the ToRs for the UN Framework Convention on Tax Cooperation were ultimately approved in November 2024, this was after opposition from major countries in previous meetings such as Australia, Canada, Japan, New Zealand, South Korea, UK and US.[155] The negotiation process for the new convention ending in 2027 continues.	*By COP29*, **the Global Solidarity Levies Taskforce** puts forward initial proposals on options for global solidarity levies, for open consultation - *Delivered* *By COP29*, **International Maritime Organization** finalises plans for a new global pricing mechanism for maritime emissions *By COP30*, **Task Force** presents the final

[154] Boston University Global Development Policy Center, Making sense of the IMF's interim review of the Resilience and Sustainability Trust, 2024.
[155] Tax Justice Network, Tax haven ranking: UK protects itself while keeping world defenceless to British tax havens, 2023.

Actions by 2030	Progress Description		Milestones
		• On wealth tax, the G20 Rio de Janeiro Leaders' Declaration (November 2024) stated that the G20 will seek to engage cooperatively to ensure ultra-high-net-worth individuals are effectively taxed. G20 also encourages the Inclusive Framework on BEPS to consider working on these taxes in the context of effective progressive tax policies.[156] • The Rio G20 ministerial declaration on international tax cooperation maintained its commitment to the Two-Pillar solution in line with the Inclusive Framework (IF) and encourages IF members to complete final package on Pillar One expediting the signing process for the Multilateral Convention. This declaration also seeks to engage cooperatively to ensure sufficient taxation of ultra-high-met-worth individuals.[157]	proposals for feasible solidarity levies *By COP30*, **G20** progresses consultations on coordinated taxation of the ultra-rich.
	Delivery	**Global tax initiatives are progressing, including discussions on taxing the ultra-rich, a proposed shipping levy for 2025, and a UN roadmap to curb tax evasion.** • **There has been progress on global tax initiatives with several processes in motion.** These include discussions on taxing the ultra-rich, with the need to do so being recognised at the G20 Finance Ministers meeting in July and G20 summit in November; agreement on a potential global IMO shipping levy in 2025 to be operational by 2027 (supported by 100 countries, including the agreement on a potential global IMO shipping levy in 2025 to be operational by 2027 and other developing countries[158]); and the UN adoption of a roadmap for a global tax convention to tackle tax evasion and curb illicit financial flows. • The GSLT at COP29 launched a Coalition for Solidarity Levies (spearheaded by France, Kenya and Barbados) with 5 new developing counties joining the coalition bringing total membership to 17 including three observers (African Union, European Commission, Germany). This coalition aims to secure funding for climate and development action by establishing levies on carbon-intensive industries, based on the polluter pays principle and provides countries with a new forum to advance momentum. [159]	**Governments** to agree on the resolution and development of a UN Tax Convention by 2027

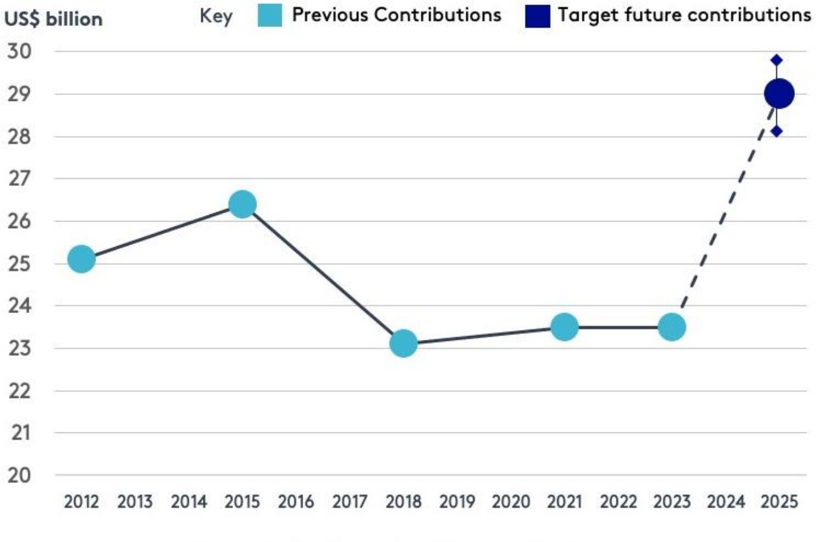
[156] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[157] G20 Brasil, The Rio de Janeiro G20 Ministerial Declaration on International Tax Cooperation, Ministerial Declaration, 2024.
[158] International Maritime Organization, Cutting GHG emissions from ships, 2024.
[159] Global Solidarity Levies Task Force, COP29: Global Solidarity Levies Task Force progress report unveils options for solidarity levies, Press Release, 2024.

Actions by 2030	Progress Description		Milestones
		• The Task Force released a progress report providing estimates on tax revenues – including the largest revenue estimates from a financial transaction levy including intraday and derivatives trading ($423 billion p.a.), a coordinated minimum 2% billionaires tax ($225 billion p.a.) (*see Figure 5*) and fossil fuel extraction levy ($216.2 p.a.). The report also identifies a cryptocurrency levy and plastic production levy as taxes for further research. By Q1 2025, the Task Force will share its recommended levies with impact assessments to the Coalition for Global Solidarities and other international stakeholders by Spring meetings. By mid-2025 the Task Force aims to increase membership and broaden its advocacy reach to fora including G20 meetings, UNGA and in the lead up to COP30 to bring proposal into commitments on implementing solidarity levies. [160]	

[160] Global Solidarity Levies Task Force, Scaling Solidarity: Progress on Global Solidarity Levies, 2024

Figure 3: To meet The World Bank's ambition, IDA contributions need to triple by 2030 from 2012, but have stagnated in last decade

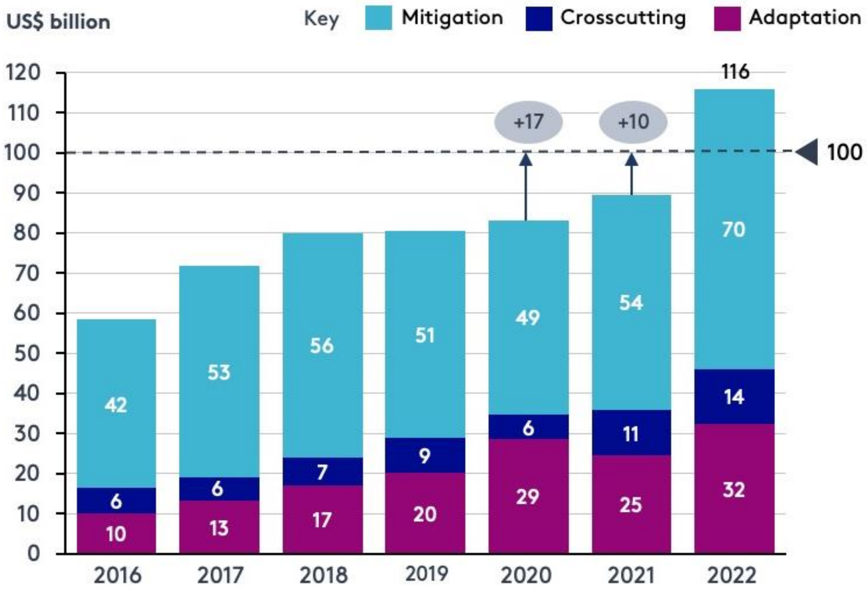
KPI: Donor contributions to IDA replenishment – Target of US$28-30 bn for IDA21



Source: The Triple Agenda (G20 Independent Expert Group); The Geopolitics of IDA21 (E3G); An Ambitious IDA for a Decade of Crisis (Center for Global Development); World Bank: Weak global economy makes IDA21 replenishment among the most challenging to date (The Banker)

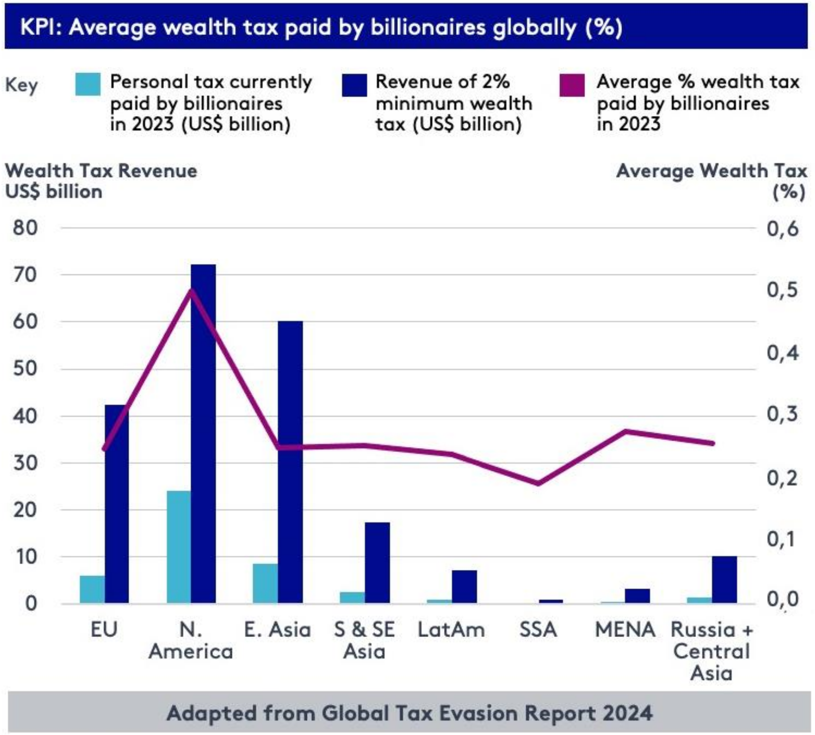
Figure 4: Developed countries have met us$100 billion climate finance goal but need to maintain efforts to double adaptation finance by 2025

KPI: Climate finance delivered per year – Target of US$100bn p.a. to 2025



Source: Climate finance provided and mobilized by developed countries in 2013-2022 (OECD)

Figure 5: A proposal to implement wealth taxes by the G20 is the most progressed avenue for a global solidarity levy



Source: Climate finance provided and mobilized by developed countries in 2013-2022 (OECD)

4. MDBs

Overarching Goal:	Better, bigger and more effective MDBs
Progress Assessment:	Trending upwards, insufficient progress

Actions by 2030	Progress Description		Milestones
Priority 1 Revamped vision and strategy Rating: Trending upwards, insufficient progress			
MDBs reform mandates/missions and country diagnostics to incorporate addressing global public goods Rating: Trending upward, insufficient progress	Political momentum	**There has been significant political momentum to shift MDB core priorities to include climate.** • G20 IEG called for MDBs to adopt a triple mandate: poverty, shared prosperity and global challenges. • Launch of the World Bank's Evolution Roadmap 2023 has been a major milestone in this agenda, where the bank has set out a pathway to better align its mission, policies and financial models to support global challenges. • This political progress can be seen in the increased ambition among the MDBs around climate finance; at COP28 Ajay Banga committed to increase climate finance target to 45% by 2025 and MDB Joint Report on Climate Finance saw a new record of $125 billion in climate finance deployed in 2023, up from $100 billion in 2022 and with $74.7 billion of which was to low- and middle-income countries.	*By COP30*, **G20** tracks implementation of MDB Reform roadmap and pushes on critical elements of the action programme. *By COP30*, **MDBs** follow through on joint programme of action, with consolidated

Actions by 2030	Progress Description		Milestones
	Delivery	**The AfDB, ASB, AIIB, EBRD, EIB, IDBG and WBG group have all either included or intend to include global challenges (i.e. responding to climate change) into their mandate.[161]** • CGD analysis has found that for five of these banks, global challenges are also integrated into their country strategies but to different degrees, i.e. the IDB does so for 100% of country strategies whereas the Africa Development Bank has done so for one-fifth so far.[162] • The AIIB and EIB Global however does not publish or provide country strategies. • As flagged by the CGD MDB Reform Tracker, shareholder capital has not increased in line with these new mandates.	reporting at the Spring and Annual Meetings and at COP30.
MDBs revamp corporate scorecards with published KPIs, including targets for contribution to NCQG Rating: Trending upwards, insufficient progress	Political momentum	**Political pressure behind revamping MDB corporate scorecards has been heeded by MDBs and the WBG's recent progress signals a positive trend.** • The WBG update to its corporate scorecard in April 2024 is an important political milestone and provides a benchmark for other MDBs. • The Joint Viewpoint note from MDBs in April 2024 reinforced their collective intent to updated scorecards to focus on development impact.	*By COP30*, **MDBs** provide update on all aspects of their commitments and action, and set targets for their contribution to NCQG and broader climate finance goals. *By COP30,* **MDBs** individually and collectively strengthen impact measurement and reporting including through revamped corporate scorecards.
	Delivery	**Improving impact reporting has seen strong implementation so far though efforts to revamp corporate scorecards specifically have not been seen evenly among the MDBs.** • As CGD's latest update to their MDB Reform Tracker has shown, impact reporting in general has seen the greatest progress among MDBs.[163] As their assessment shows, most MDBs do report on impact in their corporate scorecards, apart from the AIIB, and EBRD is expected to do so. • However, of the seven major MDBs, only three have targets for impact reporting in their corporate scorecards (WBG, ADB, AfDB), with IDB's upcoming Impact Framework expected to include targets. AIIB does not report portfolio-level results at all. • Currently, the EIB and EBRD only report qualitatively, and the IDB does not produce corporate scorecards altogether but has announced an intention to do so in their 2022–2026 strategy. Together, these make comparability between institutions difficult.	

[161] CGD, MDB Reform Tracker, 2024.
[162] Ibid.
[163] CGD MDB Reform Tracker, 2024: there has been 64% average completion of actions for improved impact reporting.

Actions by 2030	Progress Description		Milestones
		• The WBG's revamp of their corporate scorecard in April 2024 set a new benchmark by reducing indicators to 22 from 150 and focusing on outcomes over inputs.[164] This streamlined approach offers a model for harmonisation of results measurement between MDBs. The MDBs' joint 'Common Approach to Measuring Climate Results' is aligned to the WBG scorecard. • No MDBs includes targets for contributions towards the NCQG as of yet.	
Priority 2 MDBs take necessary steps to triple their lending capacity as a whole by 2030 Rating: Trending upwards, insufficient progress			
MDBs use capital as effectively as possible through reform of capital adequacy frameworks to appropriately reflect the value of callable capital and preferred creditor status, and shift part of their portfolio to originate-to-distribute model Rating: Trending upwards, insufficient progress	Political momentum	**Political momentum to ensure MDBs use existing capital as effectively as possible is very high and with some shareholder support for preferred creditor standard and callable capital reforms, but more nascent when seeking to transform MDB strategic model to an originate-to-distribute one given the depth of transformation this requires.** • Implementing the G20 CAF review recommendations (2022) in general has strong political support (including Bridgetown 3.0), with G20-endorsed process for MDBs to provide CAF Review implementation. The G7 also called on MDBs to reform their capital adequacy methodologies to reflect the value of callable capital April 2024.[165] • In terms of originate-to-distribute, WBG President Ajay Banga has shared the desire to develop a securitisable asset class for MDBs and realise an originate-to-distribute model as a core focus.[166] Similar ambitions have been expressed by other MDBs, although less candidly, though the April 2024 MDB Joint Statement outlines their intent to continue to optimise balance sheets with financial innovations.[167]	*By COP30,* **All MDBs** complete clarification on processes and procedures on use of callable capital.

[164] World Bank Group, World Bank Group announces new approach to measuring impact, Press release, April 2024.
[165] G7 Finance Ministers' and Central Bank Governors' Statement, Washington DC, April 17 2024.
[166] Remarks by World Bank Group President Ajay Banga at the China Development Forum, 24 March 2024.
[167] Heads of MDBs, MDBs Working as a System for Impact and Scale, Viewpoint Note, 20 April 2024.

Actions by 2030	Progress Description		Milestones
	Delivery	**Appropriately reflecting preferred creditor status and callable capital in MDBs' capital adequacy frameworks could release $480 billion in additional lending capacity,[168] and MDBs are beginning to incorporate these in their policies.** • IBD and EBRD are the only MDBs to have reformed their capital adequacy framework to incorporate an uplift from callable capital. WBG has incorporated reforms to reflect callable capital, but this has not necessarily equated to an uplift in their capital; the recent reform to their equity/loan ratio to 18% has been linked to factors other than callable capital.[169] • Independent assessments by the AfDB, ADB, IDB, EBRD and WB to clarify procedures for capital calls as part of the G7+ process have all confirmed that a call is unlikely to happen, that MDBs are prepared to deal with such a scenario and that sufficient capital is readily available. This renders reforms to frameworks all the more indispensable • ADB and AfDB have indicated they do not intend to change their valuation, even though they are some of the banks able to gain the most additional lending headroom (alongside AIIB and NDB). • Progress to incorporate PCT more appropriately are more positive, with AfDB, ADB, EBRD and IDB implementing reforms to do so. AIIB and WBG have also announced intention to do so. • Efforts to reform MDBs' capital adequacy frameworks more generally are positive, but still not to the extent that MDBs could be. The WBG increased their lending capacity by $150 billion through reform of banking policies, including board approval to reduce the equity-to-loan ratio by 1% point.[170] Yet, this is still not factoring in their callable capital. The ADB has also unlocked $100 billion of additional lending through reforms to its capital adequacy framework. • Four out of seven MDBs are undertaking or have implemented processes for regular capital reviews. • These efforts should be coupled with collective engagement with credit rating agencies to explore how the agencies best reflect the unique features of an MDB for risk management whilst expanding balance sheets. **Relative to the opportunity where MDBs could be amplifying their lending power by 10x if realised, efforts to shift to an originate-to-distribute model among MDBs are disparate.**	

[168] Fitch Ratings, Major MDBs Have Rating Headroom for USD480 Billion in New Lending, October 2024.
[169] Shalal, A. and Lawder, D., World Bank actions to boost lending capacity by $30 billion over 10 years, Reuters, October 2024.
[170] Ibid.

Actions by 2030	Progress Description		Milestones
		• IDB Invest has been one of the first MDBs to adopt an originate-to-share approach in its new business model. AfDB is considering this. • Three out of seven MDBs tracked by CGD MDB Reform Tracker have implemented risk-transfers at the portfolio level (AfDB, ADB, IDB) and two of them have announced intentions to do so (EBRD, IFC/WB). • EIB has not reported action and AIIB's risk transfers to the private sector are not portfolio-level. • AfDB's Room2Run transactions have been touted as models to replicate, particularly the latest $2 billion risk transfer and its inclusion of commercial investors, yet these have only been deployed twice in 2018 and 2022. • IDB has delivered its second risk transfer to the private sector for $1 billion of loans.[171] • The IFC's 'Warehouse Enabled Securitisation Platform' aims to pioneer originate-to-distribute models for MDBs, but the first test is planned for end of 2024	
MDBs adopt innovative ways to increase capital, including through more hybrid capital and guarantees Rating: Trending upwards, insufficient progress	Political momentum	**Political momentum behind greater use of guarantees and hybrid capital is very high among a wide spectrum of voices, though hybrid guarantees is being held back by shareholder conservatism.** • G20 had supported 2022 CAF reform recommendations and 2023 IEG recommendations; shareholders need to fulfil commitments these by supporting MDBs' increased use of innovative instruments to augment capital. • Climate Vulnerable Forum (CVF) Leaders' Declaration (September 2024) has called on MDBs to support the creation of a Guarantee Facility, with a direct link to implementation of Climate Prosperity Plans.[172] And the Bridgetown Initiative 3.0 calls on MDBs to scale guarantees and IMF and shareholders to agree new issuance of SDRs and their rechannelling to MDBs. • Yet, shareholders continue to debate the use of SDRs for hybrid capital.[173] Shareholders will need to realign expectations around return on equity and move past inflated fears around loss absorption to embolden MDB management to act.[174]	*By COP30,* **MDBs, G7, G20, philanthropy and private stakeholders** come together to expand hybrid capital and use of guarantees.

[171] Harris, L. and Cotterill, J., Inter-American Development Bank offloads risk on $1 billion of loans, Financial Times, October 2024.
[172] Climate Vulnerable Forum (CVF) Leaders' Declaration, 25 September 2024.
[173] Kyte, R., Will blossom of reform bear fruit? Spring Meetings leave too much to do, Climate Home News, 2024.
[174] Blended Finance Taskforce, Better Guarantees, Better Finance, Systemiq, 2023.

Actions by 2030	Progress Description		Milestones
	Delivery	**Guarantees are a more developed instrument in the MDB toolbox than hybrid capital; and the delivery of several large-scale portfolio level guarantees suggests a gear change in their use among MDBs. However, guarantee deployment still needs to be ramped up significantly from 6% of total climate finance deployed to 25% to meet G20 IEG recommendations. Hybrid capital remains nascent.** • G20 IE has stated that increased use of guarantees and hybrid capital could boost lending capacity by additional 40% or $40 billion. • The 2023 MDB Joint Report on Climate Finance has shown that only 6% of total MDB climate finance for low- and middle-income economies has been deployed through guarantees, up from 3% in 2022 but far from the G20 IEG target of 25% of MDB portfolios by 2030. • Guarantee platforms are nonetheless seeing good donor traction. WB's establishment of the WBG Guarantee Platform (operationalised July 2024) has been supported by several donors and is a valuable development in easing provision and access to guarantees, with the aim to boost WBG annual guarantee issuance to $20 billion by 2030. And the EIB Global Guarantee Fund has received huge support from the European Commission; EUR 26.7 billion in 2022 and EUR 3.5 billion in 2023. • Hybrid capital is a nascent instrument, with only one bank having issued the instrument to capital markets (AfDB) and shareholder issuance pending. AfDB has led the first major hybrid capital issuance of $750 million sustainable hybrid bond to capital markets. WBG is the only other major MDB implementing plans to do so and aims to issue $1bn of hybrid capital to investors. • In terms of issuance to shareholders, including via SDRs, only three out of seven MDBs monitored by the CGD MDB reform tracker are in the process of doing so (AfDB, IDB, WBG). The IMF's approval of SDR-based hybrid capital issuance by AfDB and IDB is a significant step forward, with operationalisation pending for 2025. However, these have met resistance from central banks.[175]	
MDBs commit to a regular system of capital adequacy reviews and shareholder	Political momentum	**With official development assistance (ODA) budgets under pressure and caution around voting share implications, there is reluctance to meet pressures to increase shareholder contributions. This is partially responsible for the greater focus on capital adequacy framework reform and increased deployment of innovative instruments.**	*By COP30,* **MDBs** with support of G20 and all shareholders establish a

[175] Lee, N., The MDB Ships Are Turning but Not Yet On Course; Results of CGD's Updated MDB Reform Tracker, CGD, 2024.

Actions by 2030	Progress Description		Milestones
capital increases when needed Rating: Insufficient progress, pace too slow		• Developing country representatives and initiatives such as Bridgetown 3.0, as well as the IHLEG have made clear that all options, including capital increases, must be pursued to meet the needs for the climate transition and SDGs. • The MDBs' COP29 Joint Statement also states that to scale up climate finance appropriately, they require "additional capital to unlock more MDB financing". • Yet the G20 MDB Roadmap has not included shareholder capital increases as part of its recommendations. • Nonetheless, there is strong focus on the need for capital adequacy framework reform and increased deployment of innovative instruments.	coordinated process for regular reviews of capital adequacy to respond to development goals and global challenges. *By COP30*, **G20** should review capital adequacy of MDB system informed by independent analyses
	Delivery	**Shareholder capital has increased for only two major MDBs** • Even though most MDBs have expanded mandates to include global challenges, only two MDBs have successfully achieved a capital increase – the EBRD approved a €4 billion increase in December 2023, while IDB Invest (the private sector arm of the Inter-American Development Bank) approved a $3.5 billion increase in March 2024. • The AfDB governors have increased the bank's callable capital by $117 billion in June 2024. • To meet the scale of the need, G20 IEG has set a target to increase shareholder contribution by $100 billion across all MDBs over a period of 10 years i.e. $10 billion a year.	
Priority 3 Improve operating model of the MDBs and work more effectively as a system Rating: Insufficient progress, pace too slow			
MDBs shift from project-by-project approach to country-level transformation approach, including through proactively supporting country-platforms	Political momentum	**The intent to engage via a country-level transformation approach has been strong and shared among MDBs, however coordination has been insufficient.** • MDBs April 2024 Viewpoint Note included as one of five objectives the deliverable 'Strengthening country-level collaboration and co-financing'. MDBs have publicly stated their aim to develop a common understanding and way forward on country platforms. This builds on the G20 IEG recommendations that MDBs must shift from project-by-project approach to a country-level approach, primarily via country platforms.	*By COP30,* **MDBs** deliver coordinated plan for country-platform engagement. *By COP30,* **MDBs** commit to channel at least 50% of

Actions by 2030	Progress Description		Milestones
Rating: Insufficient progress, pace too slow		• However, MDBs are yet to report on a coordinated plan for country-platform engagement or crucially, how they will do so in collaboration with national and subnational financial institutions, as called on by Brazilian G20 Presidency. Their COP29 statement '*Country Platforms for Climate Action - MDB Statement of Common Understanding and Way Forward'* provided a set of principles for how MDBs will support country platforms but was completely lacking in concrete next steps or deliverables. The G20 priority to develop a common set of design principles for country platforms will also be an important milestone, if delivered. • The G20 summit in Rio de Janeiro called on MDBs to continue working as a system, partnering with governments, NDBs, (re) insurance providers and private sector, indicating support for a coordinated approach across actors.[176]	incremental lending activity through country and regional platforms by 2030
	Delivery	**Almost all MDBs have demonstrated some country-level transformation engagement via their work on country platforms, though this is not to a degree that indicates a full shift in their operating model and lacks a coordinated plan among MDBs.** • Recent flagship climate country platforms are an emerging model for MDBs; AfDB, ADB, EIB and WBF have all supported the recent JETPs, EBRD has been lead partner for Egypt's NWFE with the support of the AIIB and others, and Bangladesh's Climate Development Partnership has seen ADB, IMF, WB, IFC and AIIB partner to deliver, to name a few. IDB's country-platform engagement is less explicit, though its NDC Invest Platform indicates holistic, country-level support. • However, the structure and contents of MDB annual reports still suggest a project-based operating model, with none reporting on finance commitments based on country-led platforms. Multiple report regional finance commitments. • As stated above, MDBs have failed to deliver a clear coordination plan to implement country platforms as a system. • Enhancing MDB-National Development Bank (NDB) cooperation is key to country-level transformation but the current state of engagement between them is low; over 2015–2022, there have only been 55 transactions with MDB-NDB joint participation.[177]	

[176] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[177] Chin, N., Bagnera, E. and Pinko, N., Enhancing MDB-NDB cooperation: Understanding climate finance flows and Paris alignment, Climate Policy Initiative, 2023

Actions by 2030	Progress Description		Milestones
MDBs streamline and harmonise standards between themselves Rating: Trending upward, insufficient progress	Political momentum	**Political pressure for MDBs to streamline and harmonise standards sits within the wider agenda for MDBs to work better as a system, an agenda that is broadly being embraced by the MDBs and the G20.** • Deliverable 5 of the MDBs' April Joint Statement, which is published as a Viewpoint Note to inform the G20 MDB Roadmap, focuses almost entirely on this item, indicating MDBs are serious about improved coordination. • G20 summit in Rio de Janeiro endorsed the G20 MDB Roadmap and encourages MDBs to engage on periodic reporting on implementation progress.[178]	*By COP30,* **MDBs** follow through on joint programme of action, with consolidated reporting at the Spring and Annual Meetings and at COP30.
	Delivery	**MDBs are pursuing harmonisation of standards on multiple fronts, though the plan to standardise capital adequacy metrics is still missing and a shared understanding of the role of nature and biodiversity is falling behind.** • Despite indicating this is a goal in the April 2024 Viewpoint Note, MDBs have still not produced a joint report for harmonising capital adequacy metrics. This prevents shareholders from being able to compare and understand capital constraints. • Further, there is still work to be done on methodologies for nature-positive investments and impact indicators for nature and biodiversity,[179] an effort that is lagging since the promise to do so in the Joint Statement on Nature, People and Planet made during COP26. • Nonetheless, there are multiple initiatives MDBs are working on coordination for: the COP28 agreement to develop a 'Common Approach' for measuring climate results and its alignment to the World Bank's New Corporate Scorecard, the Harmonised Indicators for Private Sector Operations (HIPSO) initiative, and the launch of the Collaborative Co-Financing Portal on the sidelines of the 2024 Springs Meetings, which offers a single platform for sharing pipelines and co-financing.	
MDBs set operational efficiency targets, including to shorten processes for	Political momentum	**Political pressure is not addressing this action acutely but is part of wider political momentum around enhancing MDBs' efficiency.** • G20 IEG recommends that MDBs shrink project preparation timelines, rationalise procedures and set benchmarks for speed and flexibility.	*By COP30,* **MDBs** individually and collectively strengthen impact measurement and

[178] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[179] Heads of MDBs: MDBs Working as a System for Impact and Scale, Viewpoint Note, 2024.

Actions by 2030	Progress Description		Milestones
project development approval Rating: Trending upward, insufficient progress		• The MDBs April 2024 joint Viewpoint Note alludes to the aim to improve operational efficiency among efforts to enhance development effectiveness and impact.	reporting including through revamped corporate scorecards.
	Delivery	**Targeting transaction times and operational efficiency has seen some progress** • Three out of seven MDBs have set targets for shortening project development and approval processes (AfDB, EIB Global, WBG) and four report on cost efficiency targets (AfDB, ADB, EBRD and IDB). • WBG has recently shown progress in shortening approval process generally, moving from 19 months (from proposal to approval) to now 16 months, with the aim of 12.[180]	
MDBs set targets and implement reforms to expand private capital mobilisation Rating: Insufficient progress, pace too slow	Political momentum	**Political momentum around private finance mobilisation is strong and is indicating long-term traction.** • The G20 IEG recommendations mandate that MDBs reform to better mobilise private capital, setting a clear target of $1.2 per $1 deployed alongside a host of specific measures to shift MDBs culture and incentive structure. • The World Bank's Evolution Roadmap (2023) has included the objective to improve private capital mobilisation and hold themselves accountable against targets, a demonstration of leadership that can foster further momentum. The establishment of the Private Sector Investment Lab has also yielded specific recommendations on leveraging private finance, including the establishment of the WB Guarantee Platform. • United action among MDBs toward this goal is evident in their April 2024 joint statement which includes a commitment to scale private finance mobilisation, with a focus on currency lending and improving Global Emerging Market (GEMs) databases. • The recent Bridgetown 3.0 has ramped up ambition further, calling for MDBs, DFIs and climate funds to help mobilise at least $500 billion a year of private capital for climate action.[181] • The G20 Rio de Janeiro Leaders' Declaration also encouraged MDBs to boost efforts for domestic resource mobilization and enhance private capital mobilization. [182]	*By COP30,* **all MDBs** commit to include target to mobilise $1.2 direct and indirect private finance per $1 of direct climate and development lending and to monitor progress regularly against this. *By COP30,* **MDBs** set targets to ramp up their local currency lending, FX risk-sharing instruments and deployment of early-stage equity financing.

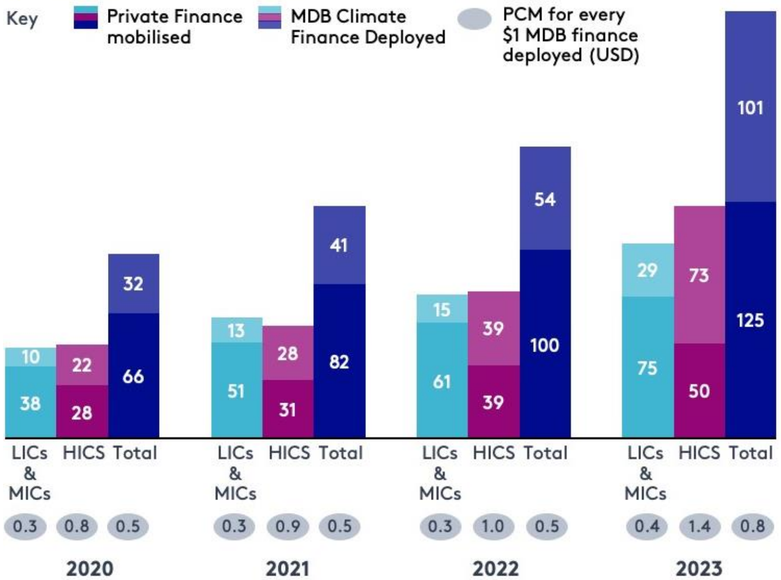
[180] Shalal, A. and Lawder, D., World Bank actions to boost lending capacity by $30 billion over 10 years, Reuters, 2024.
[181] Bridgetown Initiative on the Reform of the International Development and Climate Finance Architecture; Version 3.0, June 2025.
[182] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.

Actions by 2030	Progress Description		Milestones
	Delivery	**MDB private capital mobilisation (PCM) ratio for climate finance has been stagnant between 2020 and 2022 at only 30 cents of private PCM per $1 loaned for LICs and MICs and only improved slightly to 40 cents in 2023.** • Of the $74.7 billion climate finance deployed to LICs & MICs in 2023, only $8 billion of direct private capital was mobilised among all the MDBs. Of this $8 billion, $6 billion was from the World Bank. • There has been insufficient progress in reaching the G20 IEG recommended target of $1.2 PCM. MDBs' average PCM for climate for all income countries is higher but still off track, at 0.8:1 in 2023[183]. This gap speaks to the previous lack of structural incentives for private finance mobilisation among MDBs. This, however, is changing (*see Figure 6*). • Two MDBs have PCM targets per dollar of their finance commitments. Yet it should be noted that their targets are even higher than the G20 IEG recommendations: $2.50 per dollar of own account commitments for ADB and $1.7–2 for IDB Invest. AfDB, EBRD and recently WBG have other types of targets focused on total volume of private finance mobilised. • The latest update by CGD's MDB Reform Tracker shows that only 16% of reforms to expand private finance mobilisation have been implemented on average across the MDBs. Areas of inaction include the provision of catalytic products such as early-stage finance and FX risk-sharing instruments to enable local currency lending, areas that are particularly valuable for supporting the development of domestic capital markets. • The latest release of GEMs data from MDBs has been important to debunk misperceptions of risk for investing in emerging markets for private finance and also helps to build private markets.[184]	

[183] Joint Report on MDBs' Climate Finance (2022), (2021), (2020); Systemiq analysis
[184] Impact Alpha, The Brief, October 2024.

Figure 6: Total MDB private capital mobilisation for climate finance

- **Private capital mobilisation rate has increased recently but is still off-track against G20 IEG recommended ratio of $1.2 (USD billions)**
- **There is a significant different between LICs & MICs and HICs for private finance mobilisation ratios**



Source: Joint Report on MDBs' Climate Finance (2022), (2021), (2020)
*Note: *PCM = direct and indirect private capital mobilisation (as per G20 IEG); *MDBs included are AfDB, ADB, AIIB, CEB, EBRD, EIB, IDBG, IsDB, WBG*

5. Domestic Resource Mobilisation (DRM)

Overarching Goal:	EMDCs, with support of development partners, significantly scale up domestic financial resources to meet development and climate goals
Progress Assessment:	Off-track

Actions by 2030:	Progress Description		Milestones
Priority 1 **EMDCs increase domestic tax revenues and adopt carbon taxation more widely** Rating: Off track			
Governments to implement domestic reforms to raise fiscal revenues in EMDCs Rating: Insufficient progress, pace too slow	Political momentum	**There are ongoing efforts to support EMDCs' domestic climate revenue, including from the IMF, World Bank and other initiatives. Ultimately, however, the domestic political economy and public support is integral to the feasibility of tax reforms within a country and varies country-to-country.** • International efforts to support domestic resource mobilisation for climate action in EMDCs are ongoing. • The August 2024 launch of the Joint Domestic Resource Mobilisation Initiative (JDRMI) by the IMF and World Bank focuses on building fiscal resilience in EMDCs by supporting tax reform, green budgeting, and risk management initiatives. • The World Bank's Global Tax Program also complements these efforts by advancing capacity for tax revenue mobilisation in EMDCs. Similarly, the Addis Tax Initiative (ATI) and	*By COP30*, **more countries** adopt and increase levels of carbon taxation and reduce harmful subsidies. *By COP30*, **IMF, MDBs and OECD** expand capacity building support for DRM in EMDCs.

Actions by 2030:	Progress Description		Milestones
		Oxfam advocating for a progressive domestic resource mobilisation (DRM) framework in 21 objectives. [185] • Nonetheless, as the JDRMI highlights, effective DRM strategies must account for country specifics, particularly the domestic political climate of these economies. Political volatility, administration changes and economic downturns can all limit the ability for governments to make reforms for fiscal revenue mobilisation. [186] • Momentum is gradually building around explicit carbon pricing in EMDCs but it lacks urgency and stringency (as elsewhere). Global targets such as COP26's 60% global emissions coverage goal by 2030 under the Global Carbon Pricing Challenge[187] act as a catalyst. Similarly, initiatives like the World Bank's Partnership for Market Implementation (PMI), the International Emissions Trading Association (IETA) and the Global Green Growth Institute (GGGI) are bolstering EMDCs' efforts to establish carbon pricing mechanisms.[188] • However, the implementation of explicit carbon pricing mechanisms is also challenged by political economy barriers. The tax is regressive and can impact the profitability of sectors, potentially impacting workers and the relationship between government and industry, and costs can be passed on to consumers. To address these, careful stakeholder consultations, phased implementation and rechannelling auctioned funds to support the just transition and policies for social remediation to impacted groups can be adopted – yet this also requires significant levels of government efficiency, transparency and capacity. [189] • The Rio G20 Ministerial Declaration on International Tax Cooperation stated that the G20 will continue to provide bilateral support and calls on the Platform for Collaboration on Tax, international organisations and development partners to strengthen capacity building frameworks to support DRM.[190]	*By COP30*, **UN FFD4** to develop a path to achieve significant progress on DRM as a key pillar. *By COP30*, **all countries** expand compliance markets to raise climate finance

[186] Addis Tax Initiative, 2021/22 ATI monitoring brief, 2022.
[187] Global Carbon Pricing Challenge, 2024.
[188] International Carbon Action Partnership, Emissions Trading Systems Handbook 2020, ICAP, 2020.
[189] International Carbon Action Partnership, Emissions Trading in Practice: A Handbook on Design and Implementation (2nd Edition), IBRD/The World Bank, 2021.
[190] G20 Brasil, The Rio de Janeiro G20 Ministerial Declaration on International Tax Cooperation, Ministerial Declaration, 2024.

Actions by 2030:	Progress Description		Milestones
	Delivery	**EMDCs' domestic revenue generation faces challenges: low tax-to-GDP ratios, insufficient carbon pricing and low personal income tax (PIT), limiting effective and equitable progress.** • The aggregate indicator of public DRM, the tax-to-GDP ratio, highlights that progress is insufficient as it has maintained a low level in EMDCs with limited institutional capacity to support greater engagements. While tax-to-GDP ratios in low-income developing countries (LIDCs) and EMDCs have risen modestly – by 3.5% and 5% respectively since the 1990s – the progress has largely plateaued since 2008. Notable outliers include Cambodia (6.7%), Maldives (4.4%), Nepal (3.5%), and Uganda (3.5%), which achieved greater gains. Yet, in 41 of the 75 International Development Association (IDA) countries, tax revenues remain below the 15% threshold the World Bank deems optimal for economic sustainability and developmental impact, indicating a pressing need for policy reform and capacity building (*see Figure 7*).[191] • The administration of Personal Income Tax (PIT) in EMDCs remains underdeveloped, limiting the capacity for progressive revenue collection**.** PIT revenue in developing countries is considerably lower than in advanced economies, yielding only around 2.5% of GDP compared to about 8.6% in developed nations. While income tax revenue has shown modest increases, these gains are largely attributed to economic growth rather than proactive policy reform. Introducing taxes on capital income could enhance revenue collection and allow for more equitable redistribution.[192] Without these reforms, PIT remains an underutilised tool for boosting DRM and promoting income equality in EMDCs. • Explicit carbon pricing schemes are also trailing far behind the global targets set to mitigate climate risks. While COP26 set a target of covering 60% of global emissions with carbon pricing by 2030, only ~25% of global greenhouse gas emissions currently fall under such schemes. Carbon prices are also significantly below Paris-aligned levels, which require a price of \$63–\$125 per tonne by 2030 to maintain a pathway to limit global temperature rise to well below 2°C. As of now, carbon pricing initiatives span 50 countries and raised	

[191] IMF, Domestic Resource Mobilization: Key Challenges and Strategies for G20 Economies, 2024.
[192] Ibid.

Actions by 2030:	Progress Description		Milestones
		$104 billion in revenues in 2023[193] but coverage is skewed towards high-income countries, where 31% of emissions are subject to pricing, compared to 22% in middle-income countries and virtually no coverage in low-income nations.[194] Without substantial progress in EMDCs, the global carbon pricing framework risks failing to meet climate-alignment objectives.	
Priority 2 **Phase-out harmful subsidies, with due regard to political economy** Rating: Off track			
Governments phase-out harmful subsidies, with due regard to political economy Rating: Off track	Political momentum	**High-level support (e.g. at the G20, G7 and COP) for ending harmful subsidies is strong, but progress on delivery remains slow due to political economy and equity challenges in EMDCs (as well as advanced economies).** • There is political momentum in international fora and corporates for the phase out of environmentally harmful subsidies but with limited delivery. Governments adopted the Kunming-Montreal Global Biodiversity Framework in 2023, which includes a target by 2030 to reduce harmful incentives by at least $500 billion per year. The 2024 G20 Leaders Declaration reiterated its commitment to bolster efforts, stating its support to "phase-out and rationalise...inefficient fossil fuel subsidies". [195] • None-state actors have reinforced the political momentum for action; 260 companies (representing more than $1.6 trillion revenue) have urged governments to ramp up clean energy and phase out fossil fuels,[196] and FIs representing $7.3 trillion assets under management have called on G20 ministers to repurpose agricultural subsidies.[197] • Nonetheless, government action is struggling to follow (see delivery section), partly because phase-out must be managed carefully to take into account adverse	*By COP30*, **More countries** reduce environmentally harmful subsidies.

[193] World Bank, State and Trends of Carbon Pricing 2024, 2024.
[194] World Bank, Carbon pricing dashboard: Compliance and coverage, 2024.
[195] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[196] We Mean Business Coalition, Fossil to Clean: Business to government letter, 2024.
[197] Okereke, et al., Nigeria's Fossil Fuel Subsidy Reforms: The Welfare Effects on Households, ODI Research Report, 2024.

Actions by 2030:	Progress Description		Milestones
		consequences, particularly on low-income groups. For example, the 2023 repeal of fossil fuel subsidies in Nigeria was found to be regressive with the increase in petrol prices disproportionately affecting those with lower incomes.[198] • New efforts were seen at COP29, where the UK and New Zealand joined the Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS). The coalition in June 2025 will host its bi-annual meeting at SB62 with a strategic session on aviation and shipping, and members will present national phase-out plans at COP30.[199]	
	Delivery	**Progress on harmful subsidy phase-outs lags, hindered by economic dependencies particularly in light of recent geopolitical tensions.** • Progress on the phase-out of direct environmentally harmful subsidies (EHS) is off track with current global estimations of EHS between $1.25 and $2.68 trillion per year, equivalent to up to 2.5% of 2023 global GDP.[200] Indirect subsidies which include the impacts of air pollution, natural capital loss, and GHGs are estimated at over $6–$10.8 trillion.[201] Since the war in Ukraine, these figures have increased significantly including in EMDCs – where fossil fuel subsidies more than doubled from $477 billion in 2021 to $958 billion in 2022.[202] • A pathbreaking legally binding trade agreement between Costa Rica, Iceland, New Zealand and Switzerland under the Agreement on Climate Change, Trade and Sustainability (ACCTS) was signed that primarily pursues environmental policy objectives including the clarification of fossil fuel subsidy definitions and bans particularly harmful subsidies including for coal and oil and gas – advancing the implementation of the subsidy phase-out agenda. [203]	

[198] Ibid.
[199] ISSD, COFFIS, 2024.
[200] Koplow, D., et al., Protecting Nature by Reforming Environmentally Harmful Subsidies: An Update, Earthtrack, 2024.
[201] Damania, R., et al., Detox Development: Repurposing Environmentally Harmful Subsidies, 2023.
[202] Fossil Fuel Subsidy Tracker. OECD, IISD; Note: Fossil fuel subsidies data filtered for EMDCs other than China included according to methodology in IHLEG 3.0 Report
[203] The Federal Council – The portal of the Swiss government, Agreement on Climate Change, Trade and Sustainability (ACCTS) signed), Press Release, 2024.

Actions by 2030:	Progress Description		Milestones
Priority 3 **Strengthen international taxation arrangements for a fair global tax system** Rating: Trending upwards, insufficient progress			
G20, OECD and the UN strengthen international taxation arrangements to promote a fair and inclusive global tax system support developing countries as they tackle base erosion and profit sharing (BEPS) Rating: Trending upwards, insufficient progress	Political momentum	**Momentum is strong for global tax reform, with OECD/G20's 15% minimum tax and the UN Tax Convention framework advancing international cooperation on equitable tax standards.** • There has been strong momentum for the implementation of a global minimum tax of 15% for large multinationals (those with annual revenues greater than EUR 750 million) since a 2021 agreement by 135 member jurisdictions of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). • Further advancement of a global minimum tax has been catalysed through the August 2024 approval of the Terms of Reference for a UN Tax Convention, promoting an inclusive global tax system. It should be noted that the move to bring the international tax cooperation under the United Nations was to increase representation of the wider international community beyond the significant weight of high-income countries at the OECD BEPS. • The OECD/G20 Inclusive Framework has supported developing countries in tackling BEPS. This framework allows interested countries and jurisdictions to work with OECD and G20 members on developing standards on BEPS-related issues and review and monitor the implementation of the BEPS Package. A less administratively burdensome BEPS framework and administrative assistance for implementation has formed part of the Terms of Reference for the UN Framework Convention on International Tax Cooperation which requires approval by the UN General Assembly Second Committee in November 2024. • The Rio de Janeiro G20 Leader Declaration supported reforms to improve domestic tax systems, including progressive taxation and international collaboration on addressing harmful tax practices, to mobilize resources while reducing inequalities, including under the BEPS Inclusive Framework. [204]	*By COP29*, **UNGA** approves ToRs of the UN Tax Convention, with a view for **UN** to finalise the Tax Convention by 2027. - *Delivered* *By COP30*, **OECD** Inclusive Framework tailors BEPS to the administrative capacities of EMDCs. *By COP30*, **more countries** adopt a minimum corporate income tax. *By COP30*, **G20** initiates discussion to increase global minimum tax from 15% to 20%.

[204] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.

Actions by 2030:	Progress Description		Milestones
	Delivery	**Progress has been made on improving international taxation arrangements, but challenges remain in ensuring their effectiveness and equitable implementation, particularly for EMDCs.** • Global Minimum Tax of 15% goes into effect in 2024 with hopes it will deter profit shifting and increase global tax revenues, breaking the flat trend exhibited in the global effective tax trend since 2010 (*see Figure 7*). However, under pillar two, many loopholes have been reported[205] diminishing the intended effect and potential tax revenue. Removing pillar two's key loopholes could rechannel $250 billion annually.[206] • OECD countries are supporting EMDCs with implementing and tailoring BEPS measures to domestic administrative capacities. The BEPS initiative was launched in 2015 with 147 countries members of the Inclusive Framework. However, of the 15 actions of the framework, only 4 are mandatory which is reducing the uptake of actions. All but one of the countries who aren't members are developing countries who are deterred by complex rules and administrative burdens. The OECD estimates that BEPS practices cost countries $100–$240 billion in potential revenue, and impacts developing countries more as EMDCs have a higher reliance on corporate income tax. • Significant progress on the reduction of tax evasion has been achieved by the implementation of the OECD Declaration on Automatic Exchange of Information in Tax Matters since 2017. The mechanism allowed for the automatic sharing of bank information and has reduced offshore tax evasion by a factor of three in under a decade.[207]	

[205] EU Tax Observatory, Global Tax Evasion Report 2024, 2023.
[206] Ibid.
[207] Ibid.

Actions by 2030:	Progress Description		Milestones
Priority 4 **Strengthen domestic private financial sector in EMDCs, including capital markets** Rating: Insufficient progress, pace too slow			
Governments to enhance efficiency of public spending in EMDCs through responsive and inclusive governance Rating: Off track	Political momentum	**Governments are working towards more efficient spending, supported by World Bank and IMF initiatives focusing on capacity building, transparency, and governance, especially in Sub-Saharan Africa's public financial reforms.** • There has been significant investment into building institutional capacity on public expenditure management, driven by the urgent need for more efficient and transparent use of public resources. However, capacity building efforts have been unevenly implemented. The World Bank's Evolution Package, launched in 2022, includes comprehensive support for public expenditure management and tax capacity building. This initiative is complemented by the IMF's enhanced focus on governance and anti-corruption measures according to its 2023 review,[208] which is critical for ensuring that public spending is both effective and equitable. • In Sub-Saharan Africa, the momentum is particularly strong, with several countries undertaking ambitious reforms to improve public financial management. In 2023, 29 countries in Sub-Saharan Africa implemented Performance and Policy Actions for IDA Sustainable Debt Finance Policy framework, which includes strengthening debt management, transparency and fiscal sustainability. [209] For instance, Kenya has implemented digital tools to enhance budget transparency and citizen engagement, supported by the World Bank under the $250 million Governance for Enabling Service Delivery and Public Investment Program (GESDeK II).[210]	

[208] IMF, Review of the Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance, 2024.
[209] World Bank, Unlocking the Development Potential of Public Debt in Sub-Saharan Africa, Results Briefs, 2023.
[210] World Bank Group, Kenya secures support to further strengthen transparency in public finance management and enhance revenue mobilization, Press release, December 2023.

Actions by 2030:	Progress Description		Milestones
	Delivery	**Despite progress on enhancing public expenditure transparency in Sub-Saharan Africa, public spending efficiency is still very low with a significant gap between lower income countries and lower-middle income countries.** • The progress of improving public spending efficiency is low. On average LICs and EMDCs waste 53% and 34% respectively due to inefficiencies when spending on infrastructure. More than half of the inefficiency loss is linked to poor infrastructure governance.[211] • Since 2015, average Public Efficiency and Financial Accountability (PEFA) scores have improved but deteriorations have occurred across some EMDCs (except for 'East Asia and Pacific' region). The Sub-Saharan Africa region has exhibited several cases of PEFA score deterioration which has often been attributed to external shocks, political economy factors or changes in governance.[212] Recent data gaps exist for the 'Latin America and Caribbean' and 'Middle East and North Africa' region. It must also be noted that there is a significant gap in the level of public finance management between the low-income countries and the lower middle-income countries, particularly on budget reliability (pillar one), the transparency of public finances (pillar two) and for accounting and auditing public finances (pillar six).	
Governments remove barriers and enhance the role of domestic financial institutions in supporting climate investments Rating: Insufficient progress, pace too slow	Political momentum	**Political momentum is growing for regulatory reform in EMDCs to remove investment barriers and incentivise domestic financial institutions toward climate-positive assets, with pioneering progress in South Africa, Kenya, and Nigeria.** • There has been increased momentum by EMDC governments to address regulatory barriers for domestic financial institutions. Many pension funds in EMDCs are unable to invest directly in infrastructure due to liquidity constraints or capacity constraints with investing in private equity and other alternative asset classes.[213] Reforming regulations to ensure pension funds can invest in infrastructure has been transformative for countries, but requires political will from government, support from industry and ultimately	*By COP30*, **governments** deploy policies to enable domestic pension capital investments for sustainable infrastructure.

[211] Schwartz, G., Fouad, M., Hansen, T., & Verdier, G., Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment, IMF, 2020.
[212] Public Expenditure and Financial Accountability (PEFA), 2022 Global Report on Public Financial Management (PFM) Performance, 2022.
[213] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.

Actions by 2030:	Progress Description		Milestones
		alignment with the fiduciary duty to pension plan beneficiaries. The South African pension fund, the largest pension fund in Africa, has been a frontrunner in the region for aligning retirement fund regulations with the 2019 International Organisation of Pension Supervisors (IOPS) Supervisory Guidelines on the Integration of ESG Factors in the Investment and Risk Management of Pension Funds.[214] Aligning guidance of retirement fund allocation to national development priorities including infrastructure has also taken place in Kenya and Nigeria. • Despite appetite for adopting sustainable lending practices in EMDCs, the low capacity of domestic banks holds back adoption of sustainable lending practices in low-income regions. The European Investment Bank's (EIB) Banking in Africa 2022 survey revealed that in Sub-Saharan Africa, the region most exposed to physical climate risk in the world, 79% of banks had a formal climate strategy or were planning to introduce one. The predominant rationale for a climate strategy was for reducing climate financial risk, with 70% of banks citing climate lending as an opportunity. Despite the strength of demand, only a fifth of banks introduced green lending products, citing mostly a lack of capacity for climate risk assessments.	
	Delivery	**Despite political momentum, EMDC domestic financial institutions struggle to invest in climate-positive assets due to institutional capacity limitations, leading to minimal allocation for climate finance and higher allocations to government debt.** • Capacity has limited the ability of domestic financial institutions to invest in domestic climate-positive assets, resulting in the prioritisation of other 'safer', often overseas, assets and a reliance on government debt. Between 2012 and 2023, bank exposure to government debt in EMDCs increased by over 35%, driven by governments borrowing more to address various challenges, including the impacts of the COVID-19 pandemic. In debt-distressed countries, this exposure has risen even more sharply, by over 50% in the	

[214] Makhubela, O., & Thela, T., A Journey to Reform the Retirement System: South Africa's Experience and Perspective, 2024.

Actions by 2030:	Progress Description	Milestones
	same period. This 'sovereign-bank nexus' poses financial stability risks due to the heightened exposure to government losses and its climate-related risks.[215] • In aggregate, 60% of the banking sector in EMDCs allocates only 5% or less of lending portfolios to climate finance, with 28% providing no financing and 23% undefined (due to data challenges). This is a significant gap as banks comprise 80% of the total financial sector assets in EMDCs compared to 50% in advanced economies.[216] This is mostly attributed to the low capacity in climate risk assessment, technical expertise required, and high sovereign bond yields. • Whilst overall progress has been low, there have been cases across several EMDC central banks on implementing incentives for green lending, but these measures are yet to prove their success. In 2023, the Bangko Sentral ng Pilipinas reduced its reserve requirement rate for green, social and sustainable bonds issued by banks from 3% to 0% for two years. The Indonesian central bank also exempts commercial banks from a share of reserve requirements if they are financing green projects. The Central Bank of Egypt's green credit facilities provide zero-interest and below-market rate finance to commercial bank lending for climate-related projects.[217] These efforts have expanded the capacity for green lending by domestic banks in local currency. However, direct green lending incentives are relatively new with unproven success such as adjusting interest rates on lending facilities in Bangladesh and India setting quantitative targets for portfolio allocation to green sectors.[218] Such incentives must be managed carefully so as not to lead to distortionary effects that compromise financial stability. • There is also growing attention for targeted refinancing operations (TROs) by domestic banks in EMDCs to support green lending. Despite positive momentum, the success of such few cases and its impact on macroeconomic policies is still to be determined and more evidence is needed. The European Central Bank has also referenced its intention to	

[215] World Bank Group, Finance and Prosperity 2024.
[216] Ibid.
[217] Ibid.
[218] Ibid.

Actions by 2030:	Progress Description		Milestones
		assess greening TROs.[219] It must be noted that lending targets for climate finance should not be prioritised over macroprudential risk management as this can have distortionary effects leading to the growth of non-performing loans, moral hazard and adverse selection risks.	
Domestic financial institutions and marketplaces adopt sustainable frameworks and investment practices Rating: Trending upwards, insufficient progress	Political momentum	**Political momentum is lacking for sustainable taxonomies in EMDCs, with only 10% coverage compared to 76% in advanced economies.** • The adoption of green and sustainable taxonomies in EMDCs have increased but a large gap remains. Adopting green and sustainable taxonomies – systems that define and classify investments and activities supporting climate goals – will be crucial for aligning finance with climate targets. However, these taxonomies currently cover only 10% of EMDCs in contrast to the 76% coverage across advanced economies. Moreover, most taxonomies in advanced economies are mandatory and integrated into national regulation (95%) compared to EMDCs (with less than 20% as mandatory) (*see Figure 9*). This gap highlights the need for greater efforts to implement such frameworks in EMDCs[220] and how a potential shift from voluntary to mandatory implementation could improve effectiveness across frameworks already implemented.	*By COP30*, **central banks and other financiers in EMDCs** increase use of sustainable finance products, such as green bonds, sustainability-linked loans. *By COP30,* **EMDCs** adopt regional and international sustainable finance frameworks
	Delivery	**The low adoption of sustainable frameworks has been a contributing factor to the low levels of sustainable debt issuances in domestic capital markets, yet positive progress has emerged in equity capital markets.** • EMDC sustainable debt capital markets have been growing but still comprise only 18% of global issuance over the last five years. Globally, sustainable debt issuance makes up 5% of the global bond market at $4.8 trillion and only 18% of this is issued by EMDCs (average over 2018-2023 period). Sustainable issuance in EMDCs had a step-increase in issuance volumes in 2020 but has broadly flatlined.[221]	

[219] Ibid.
[220] Ibid.
[221] International Finance Corporation. Emerging market green bonds report 2023., 2024

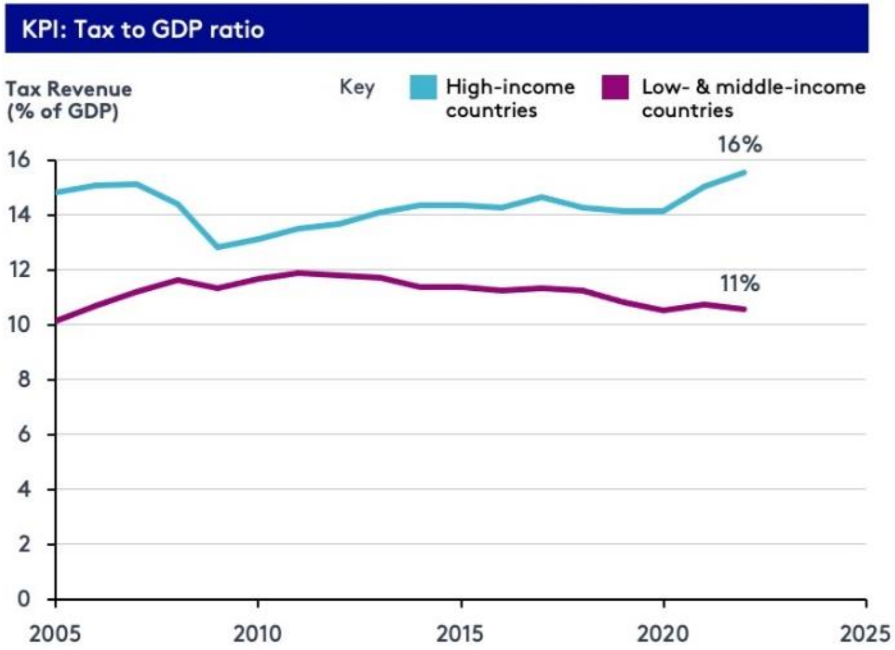
Actions by 2030:	Progress Description		Milestones
		• EMDC equity capital markets have demonstrated considerable progress comprising two-thirds of global stock exchanges with ESG reporting requirements. The adoption of sustainable frameworks and required disclosure rules by EMDC stock exchanges has led to the regular ESG reporting for equity markets with a total domestic market capitalisation of $8.3 trillion.[222]	
MDBs, DFIs and National Development Banks (NDBs) take action to de-risk and further enable the scale up of domestic lending capacity in local currency for the real economy Rating: Off track	Political momentum	**Political momentum is growing among MDBs and NDBs to expand local currency lending, crucial for reducing exchange rate risks and enhancing climate finance access in developing countries, but this is from a low base measured against the scale required for 2030.** • Despite some emerging political will from MDB shareholders to support local currency financing, MDBs are yet to consistently establish local currency finance as a priority for lending. MDBs and NDBs also recognise that the lack of local currency swap markets makes hedging costs for international finance prohibitive, forcing financial institutions to rely on foreign currency loans. As a pioneering case, the New Development Bank should be recognised for its target to issue 30% of loans in local currency between 2022–2026[223] which is an early signal of progress, but broader commitment across MDBs is needed to expand these efforts. • The World Bank's recent Evolution Roadmap highlights the need for currency risk mitigation but doesn't clearly outline a priority for expanding local currency lending, and the UN Inter-agency Task Force on Financing for Development has called for MDBs to prioritise local currency financing.[224] Additionally, national development banks (NDBs) and public credit guarantee schemes (PCGS) can play a pivotal role in mobilising private sector investment and supporting domestic lending capacity, especially for green projects that remain underfinanced.	*By COP30*, **MDBs** commit to ramp up local currency lending and deployment of early-stage equity financing by the IMF/WB 2025 Spring Meetings.
	Delivery	**Local currency finance support remains limited, with only 5% of official development finance lent locally, though some MDBs are showing gradual progress in approvals and initiatives.**	

[222] Calculated from the Sustainable Stock Exchanges Initiative: Stock Exchange Database, 23 October 2024.
[223] Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2024, United Nations, 2024.
[224] Ibid.

Actions by 2030:	Progress Description		Milestones
		• Despite policy momentum, direct support for local currency finance remains limited. In 2022, only 5% of official development finance was allocated in local currency, illustrating a significant gap. However, some progress is visible: the World Bank's IDA Private Sector Window (PSW) has gradually increased local currency facility (LCF) approvals, from $219 million in IDA18 to $565 million in IDA19, and is expected to exceed its allocation in IDA20, reflecting growing demand for hedging solutions amid rising exchange rate risks in countries like Côte d'Ivoire, Nigeria, and Tanzania. However, MDB lending in local currency is constrained by the depth of local currency swap markets and the local costs of borrowing which enable FX hedging at a reasonable cost.[225] • National development financial institutions (NDFIs) and state-owned financial institutions account for a smaller proportion of climate finance in EMDCs – 5% and 1% respectively, compared to 27% and 8% in advanced economies.[226] With greater appetite for long-term, high-risk investments, these institutions are often the first to issue domestic sustainability bonds in local currency, creating market precedents that encourage private sector participation. TCX, the non-profit entity comprising of DFIs, has demonstrated that local currency hedging is manageable with an annualised return of 1.6% over 15 years.[227] Other promising examples include the European Union and European Investment Bank's African, Caribbean, and Pacific Investment Facility, which deploys local currency loans without external hedging.[228]	

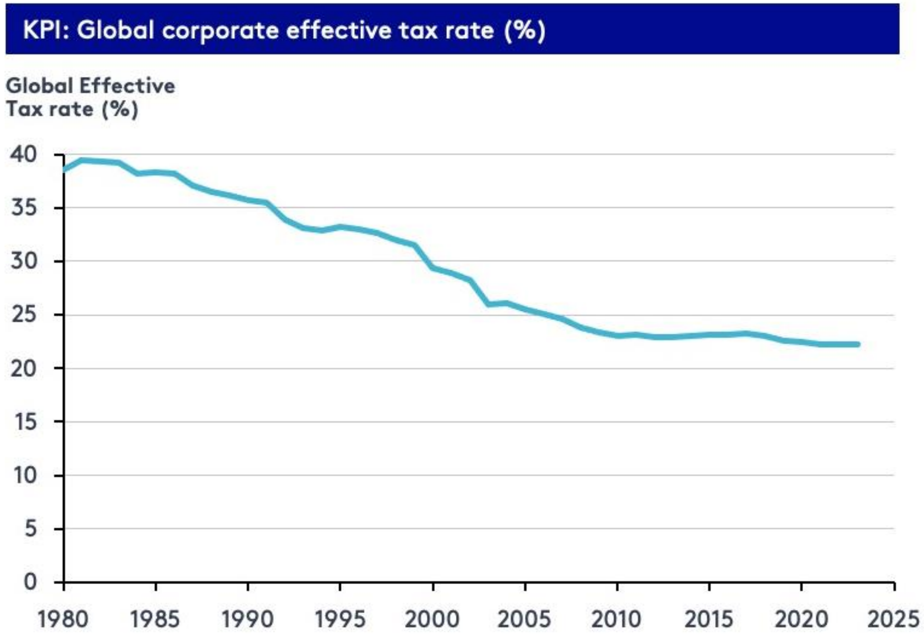
[225] Bretton Woods Project, Sustainable development requires sustainable finance: Why local currency financing is part of the solution. October 2024.
[226] World Bank Group, Finance and Prosperity 2024.
[227] TCX Fund, Scaling Up Currency Risk Hedging for Low and Lower Middle-Income Countries, 2023.
[228] World Bank Group, Finance and Prosperity 2024.

Figure 7: Tax to GDP ratios are low in EMDCS; with 73/155 EMDCS with tax revenues below 15% of GDP



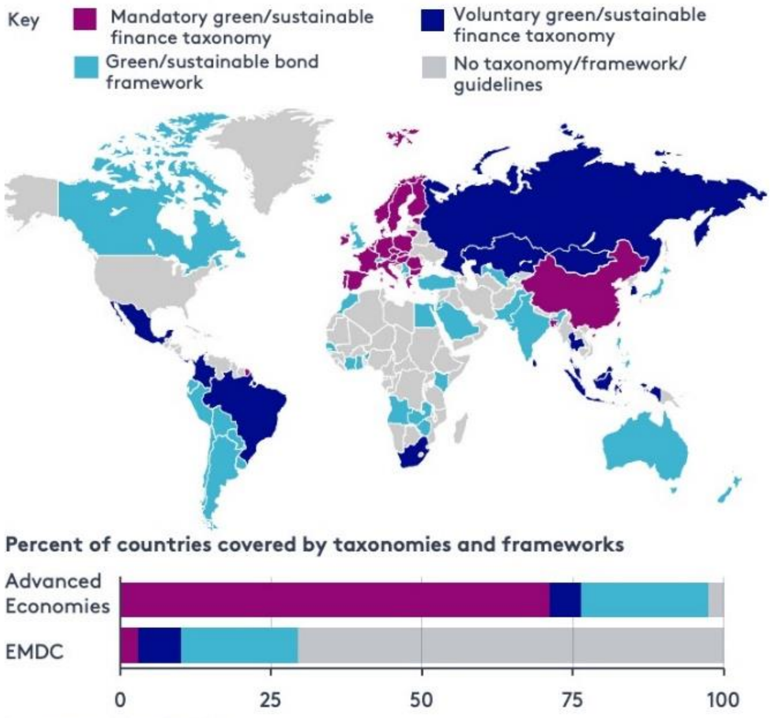
Source: World Bank Group data

Figure 8: The worldwide corporate effective tax rate has consistently decreased since 1980 but has levelled off recently at 23.45%



Source: Adapted from Tax Foundation

Figure 9: Most taxonomies and frameworks adopted in EMDCs are not mandatory compared to advanced economies



Source: World Bank (2024)

6. External Private Finance

Overarching Goal:	$500–$600 billion a year of international private capital to EMDCs per year by 2030
Progress Assessment:	Insufficient progress, pace too slow

Actions by 2030:	Progress Description:		Milestones
Priority 1 Build pipeline and strengthen enabling investment environment Rating: Insufficient progress, pace too slow			
Develop and deepen investable project pipeline especially scaling early-stage project preparation facilities and TA Rating: Insufficient progress, pace too slow	Political momentum	**There is growing momentum to better align public and private actors to co-create pipelines and provide early-stage capital to accelerate project development.** • Multiple initiatives including Bridgetown 3.0 emphasize the need to scale project preparation funding and improve early-stage equity mechanisms to develop an investible pipeline of projects. • Scaling up the Global Infrastructure Facility (GIF) by 5–10x, as recommended by the G20 Independent Expert Group (IEG) report on MDB reform will contribute significantly to this goal; more is needed. • The need to scale funding for technical assistance gained political support during India’s G20 Presidency; the G20 Sustainable Finance Technical Assistance Plan (TAAP), endorsed by G20	*By COP30,* **IFIs** commit to scale early-stage financing for technical and capacity building support for project preparation including through the Global Infrastructure Facility (e.g. GIF, GCBC, GBFA).

Actions by 2030:	Progress Description:		Milestones
		Leaders in Delhi, calls upon international organisations and other providers of technical assistance to coordinate and align their capacity building efforts with sustainable finance priorities. • The launch and operationalisation of the GFANZ regional networks in Asia, Latin America and Africa has strengthened the focus on co-creation between the public and private sector as they build capacity and help pilot/scale solutions to unlock investment and develop the pipeline for clean energy projects. • Initiatives like the Climate Finance Accelerator and the 'Regional Platforms for Climate Projects' run by the Climate Champions has also delivered a series of regional forums and ongoing 'matchmaking' sessions where project proponents have the opportunity to present their projects to investors, raising awareness about the climate-positive opportunities in EMDCs.	*By COP30,* **private sector and philanthropy** coordinate to deploy early project equity investments (e.g. ACP). *By COP30,* **private sector and DFIs** – especially national and regional – scale/replicate platforms for co-creation and financing of projects (e.g. JETP pipeline accelerators). *By COP30,* **IFIs** have significantly scaled up financing for project preparation
	Delivery	**Despite political momentum, estimates suggest between 25–50x more project preparation funding is needed and the number of climate projects funded by private sources has been decreasing by 10% per year since 2015, when it needs to be rapidly scaled.**[229] • The size of pipelines has been contracting over time and concentrating in Brazil, India, and South Africa. This means current pipeline of investible projects in EMDCs will need to grow by 7–9x to meet climate goals.[230] • Despite recognition of the importance of capacity building and technical assistance, technical assistance for energy and non-energy infrastructure-related projects has declined in aggregate between the periods of 2014–2019 and 2019–2024.[231] Meanwhile, fewer than half of the existing project preparation facilities support early stage development and much project preparation is disconnected from follow-on funding (including risk-sharing mechanisms). There are multiple technical assistance facilities to support national action	

[229] Haddon J, Parolin A, West D, Walsh G., Emerging Markets Need Projects that Attract Private Investors to Meet Climate Goals, 2023.
[230] Ibid.
[231] Source: Convergence database, Systemiq analysis.

Actions by 2030:	Progress Description:		Milestones
		plans, but these are usually fragmented or planned on a project-by-project basis, rather than as part of a strategic programme.[232] • However, new initiatives are emerging. A notable example is Allied Climate Partners (ACP) which is working to increase the number of bankable projects at early stage of development in EMDCs with an initial $825 million investment platform, catalysed by $235 million in philanthropically-backed junior capital and working through local GPs. • Existing initiatives are also becoming greener. Over the last 10 years, the Global Infrastructure Facility (GIF) has helped prepare nearly 200 infrastructure projects in ~70 countries and more than 80% of these are climate-smart; for every $1 in project preparation support, the GIF has mobilised over $100 in purely private capital at financial close. • National development banks and infrastructure finance units are also helping governments prioritise private-sector led infrastructure development, often through blended finance platforms (e.g. Indonesia's PT SMI launched the $3 billion SDG Indonesia One platform for sustainable infrastructure, a structure which was replicated in Namibia for green hydrogen).	
Governments and financial institutions build a transition-ready skills and labour market Rating: Off track	Political momentum	**Building a transition-ready labour force is essential for national transitions, but international efforts to coordinate this are scattered, with developments more likely to occur at the domestic level.** • While addressing gaps related to infrastructure, regulations and capital flows are high on the international agenda, the need for human capital and appropriate skills is often overlooked. This not only poses risks to a just transition but also represents a missed opportunity for economic growth – for example, specialised skills represent the second highest green job creation opportunity in Africa by 2030 (with the potential to create 380k–970k green jobs).[233] • At the 2019 United Nations Climate Action Summit, 46 countries committed to place jobs at the heart of ambitious climate action and to promote a just transition. • There are some global initiatives aiming to coordinate this agenda, including the Climate Action for Jobs (CA4J) initiative which seeks to bring together the necessary stakeholders to support countries in meeting just transition commitments in their NDCs. Nonetheless, funding	*By COP30,* countries with support of development partners build a **transition-ready skills and labour market.** *By COP30*, **private sector asset managers** integrate skills building systematically as part of value creation.

[232] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.
[233] FSD Africa, Forecasting Green Jobs in Africa, 2024.

Actions by 2030:	Progress Description:		Milestones
		remains a significant barrier – for example, the International Labour Organization (ILO) lacks access to international climate funding mechanisms like the GCF, GEF and the Adaptation Fund. • There is hope the "Baku Initiative on Human Development for Climate Resilience", launched by the COP29 Presidency will advance investment in education, notably through its Greening Education Partnership. The World Bank recently launched CIVIC: the Civil Society and Social Innovation Alliance, which also focuses on deepening engagement between MDBs and civil society focusing on developing 'people centred' solutions for a liveable planet including skills and capacity building, especially for young people.	
	Delivery	**There is insufficient coordinated tracking of efforts to build a transition-ready workforce; high-level data available indicate demand for green skills outpaces skills base.** • Although public acknowledgement of the need to develop a transition-ready labour force is there, there is little substantive conversation on what the key skills gaps are and how to bridge these gaps. • Building a transition-ready skills and labour market are core to the development of Just Energy Transition Plans (JETPs) with extensive stakeholder consultation with workers and modelling in South Africa to quantify the true cost and benefit of the transition. The high ambition of existing JETPs (South Africa, Indonesia, Vietnam and Senegal) to focus on the 'just' part of the transition has been challenging given insufficient grant capital committed to support the climate justice components of the JETPs. • Infrastructure investors and asset managers like Actis and Augment Infrastructure have pioneered skills building as part of their approach to value creation – helping train and support thousands of people (especially women and young people) to get qualifications in the solar and construction industries. Initiatives like this need to be scaled. • Tracking industry progress against this green skills development globally is challenging due to insufficient reporting and monitoring of technical assistance dedicated for upskilling the green labour force and local project developers. However, the Global Green Skills report by LinkedIn	

Actions by 2030:	Progress Description:		Milestones
		• indicates that although green skills are growing globally, the pace of green jobs outpaces the growth in skills base. • An emerging skills gap is manifesting in particular in the financial services sector, an industry in which green skills are critical to make investment decisions aligned with the transition. It is estimated that only one in 6.8% workers in the finance industry has green skills, compared to the median of 12.3% across all industries. However, with a 14.8% year-on-year increase in its green talent concentration, the finance industry is building green skills faster than most industries.[234] • EIB's research supports this trend, demonstrating that only a third of domestic African banks have staff with recognised climate risk qualifications, while 60% cite a lack of expertise, data and tools for assessing climate risks as impeding climate action.[235] One initiative which responds to this need is the Global Capacity Building Coalition (GCBC) launched at COP28, which seeks to enhance the effectiveness of climate finance technical assistance for financial institutions in EMDCs by working to streamline access, improve availability and enhance the effectiveness of climate finance capacity building and technical assistance to unlock capital and help financial institutions seize the opportunities of the transition.	
Strengthening transition planning and addressing demand-side regulatory barriers Rating: Insufficient progress, pace too slow	Political momentum	**Private sector transition planning and transition plan disclosure are widely recognised as key tools to mobilise finance at scale for the global transition, but there is currently limited uptake in EMDCs.** • Transition planning frameworks can help unlock greater quantities of transition finance for EMDCs when designed correctly. Realising this opportunity requires the development of globally consistent norms for private sector transition planning and plans together with high-level guiding principles that address the needs and challenges of transitioning entities within all jurisdictions. • The Transition Planning Taskforce, launched in April 2022, is developing standards for private sector climate transition plans; GFANZ is also coordinating efforts for both real economy and financial institution transition plans and focusing on the integration of nature pathways in	By COP30, ISSB corporate transition plan guidance made fit for purpose in EMDCs.

[234] LinkedIn Economic Graph, Global Green Skills Report 2023.
[235] African Development Bank, African Economic Outlook 2024.

Actions by 2030:	Progress Description:		Milestones
		these too. The ISSB is leading efforts to streamline and consolidate frameworks and standards for disclosures about transition plans. • Managing for unintended consequences will be critical, especially to avoid the risk that mainstreaming disclosure expectations without due consideration of EMDC specificities could negatively impact access to global capital markets or transition finance from developed economies. • Another major catalyst to attract investment into EMDCs for energy transition is a strong enabling regulatory regime (considering planning, permitting, procurement, licensing and more). The Energy Transitions Commission (ETC) has identified these as a major barrier,[236] and many of the MDBs and donor agencies (e.g. Power Africa) have prioritised strengthening an enabling environment with laws and policies that attract investment and international global finance. • G20 Rio de Janeiro Leaders' declaration acknowledged the importance of domestic energy planning, capacity building, policy strategies and frameworks, to create the required enabling environments to attract finance.[237] TheLeaders' Declaration stated that the Group will cooperate and join efforts to identify and address structural barriers to foster private capital flows for climate action, particularly for developing countries building on Task Force on a Global Mobilization against Climate Change (TF-CLIMA).[238]	
	Delivery	**Increased EMDC demand for transition planning as a way to unlock private finance will help accelerate progress; initiatives to address regulatory and administrative barriers are slowly evolving at a local/regional level. The sharing of best practices globally is needed to accelerate progress.** • The Transition Planning Taskforce, GFANZ, ISSB and the G20 have all helped increase demand from EMDC actors for contextualised regional and sectoral transition pathways and metrics which can enable transition planning as a means to unlock private capital and strengthen enabling regulatory environments. Standards are starting to be developed in a way which takes into account EMDC needs and challenges and mitigate the risk that transition tools	

[236] Energy Transitions Commission, Streamlining Planning and Permitting to Accelerate Wind and Solar Deployment, 2023.
[237] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.
[238] G20 Brasil 2024, G20 Rio de Janeiro Leaders' Declaration, 2024.

Actions by 2030:	Progress Description:		Milestones
		could dampen investor appetite by signalling that EMDCs have a structurally higher exposure to climate risk – but more needs to be done to address these concerns. • Adoption of ISSB standards is showing promise but efforts are still in the early stages and adoption is fragmented; as of this report's writing, only 5 jurisdictions have adopted the ISSB disclosure standards, with 11 planning adoption. Adoption is improving in Asia but significant gaps remain in Latin America and Africa. There are still ongoing capacity issues when it comes to supporting effective transition planning and transition plan disclosures – especially for EMDC SMEs and in relation to the collection and disclosure of data. Further, current tracking efforts are inadequate. A more robust database, similar to the G20 Net Zero Regulations tracker but extended to cover all emerging markets and developing countries (EMDCs), is needed to measure transition readiness effectively. • Regulatory and administrative barriers are unique on a country level; a harmonised approach is not appropriate to alleviate these but there are some examples of initiatives at a regional level. Examples include Indonesia, that has identified the enabling policies to support its energy transition through its JETP;[239] and Power Africa that is partnering with African governments, utilities, and professional associations to strengthen the enabling environment for strong, functional and sustainable power systems. Power Africa has developed an 'Enabling Environment Tracker' to inform technical assistance interventions and guide advocacy for needed reforms.[240]	
Priority 2 Scale efficient risk-sharing mechanisms and credit enhancement and improve data to reduce the cost of capital Rating: Trending upwards, insufficient progress			
Donors, MDBs and DFIs scale and replicate fit-for-	Political momentum	**The use of risk-sharing mechanisms to scale private finance has garnered significant political support from both public and private stakeholders, with numerous reform agendas advocating for the use of**	*By COP30*, **private investors** replicate successful blended

[239] JETP Indonesia, Comprehensive Investment and Policy Plan 2023.
[240] USAID, Power Africa – Enabling Environment Principles. Retrieved October 2024.

Actions by 2030:	Progress Description:		Milestones
purpose risk-sharing mechanisms, including in local currency Rating: Trending upwards, insufficient progress		**specific instruments like guarantees, currency hedging and first loss capital to tackle specific risks and unlock private investment in EMDCs.** • The G20 Independent Expert Group report, the World Bank's Evolution Roadmap, and Bridgetown Agenda 3.0 all point to the need to use public funds catalytically to mobilise both international and domestic private capital. Increasing mobilisation by MDBs, climate funds and other sources of climate and development finance is critical given their scale and physical presence in EMDCs and role as intermediaries between public and private investors. • Guarantees mobilise an estimated 5–6x more private finance than loans; momentum to scale, streamline and green guarantees have therefore been particularly high with the G20 IEG recommending guarantees should account for 25% of MDB portfolios by 2030; the World Bank has committed to triple its issuance of guarantees to $20 billion by 2030 through its new guarantee platform; and the V20 explicitly calls on MDBs to deploy guarantees to attract domestic private capital as a priority.[241] • At the 2024 Spring Meetings of the World Bank and IMF, MDBs announced their intention to collaborate on the development of currency risk tools and hedging mechanisms as a priority to catalyse private sector mobilisation[242] and other MDBs have launched solutions to tackle currency risking including the IDB's EcoInvest programme.	finance funds (e.g. EAIF II, Climate Investor 3). *By COP30,* **WB & IMF** to consider a forex facility to guarantee $1 trillion in green investment. *By COP30,* **DFIs and donors** scale up derisking mechanisms and credit enhancement tools with lower transaction costs and delivery times. *By COP30,* **IFIs and donors** encourage creation and scaling up of targeted private sector thematic funds dedicated to climate. *By COP30,* **MDBs and DFIs** significantly scale local currency
	Delivery	**Blended climate finance is on the rise, primarily due to larger deal sizes and increased use of risk-transfer instruments such as guarantees. This has not yet translated into widespread reduction in perceived risk and the cost of capital in EMDCs, especially in Africa, remains prohibitively high.** • In 2023, blended climate finance increased by 120% compared to 2022, with a record 56% of deals exceeding $100 million (up from 23% in 2022) (*see Figure 10*).[243] Aggregation of blending at a portfolio level has increased through the launch of new blended finance funds, including EAIF, GAIA, CLEAR Fund, SDG Loan Fund, GFCR, and Climate Investor 2. • However, cost of capital is much higher in developing countries and is therefore a significant constraint for investment. The cost of capital for renewable energy projects, primarily in the	

[241] V20, 13th V20 Ministerial Dialogue Communique, 2024.
[242] Heads of MDBS, MDBs Working as a System for Impact and Scale, Viewpoint Note, April 2024.
[243] Convergence, State of Blended Finance 2024, 2024.

Actions by 2030:	Progress Description:		Milestones
		form of debt, is on average seven times higher in low- and middle-income countries compared to high-income ones.[244] • MDB private capital mobilisation ratio for climate finance has been stagnant between 2020 and 2022 at only 30 cents of private capital mobilised per $1 loaned for LICs and MICs, and only improved slightly to 40 cents in 2023. This is far from the G20 IEG's recommended target of $1.2 PCM. 2024 saw the launch of the Private Sector Investment Lab, a collaborative initiative between the World Bank Group and CEOs of leading global private sector institutions, which provides hope to increase speed and scale of private finance. • Local currency lending, aimed at mitigating instability risks from excessive foreign currency exposure, remains modest – in 2022, local currency offerings accounted for <5% of total development finance. • However, the launch of instruments to address this FX risk (for example through more affordable hedging solutions and guarantees) is promising. Revised treatment of guarantees and risk insurance by the OECD DAC members (which now permits their eligibility toward meeting donor countries' ODA commitments) has led to a 100% increase in concessional guarantees from 2022 to 2023.[245] • Notably, the 'EcoInvest' programme by the IDB to provide liquidity support in case of extreme currency depreciation in Brazil is a good example of innovation in this area. Another example is The Currency Exchange Fund (TCX)'s donor-funded guarantee facility (funded by EU concessional capital) which increased its volume of FX risk of development investments hedged in emerging and frontier markets by 65% in 2023 compared to 2022. • Increased tracking and reporting of local currency solutions is needed; although about 45% of all major international development finance providers offer local currency solutions, they do not track and report types or volumes.[246]	lending and de-risking products (e.g. TCX).

[244] Butler, C., Simplicity Is the Key to Closing the Climate Finance Gap, Chatham House, 2024.
[245] Convergence, State of Blended Finance 2024, 2024.
[246] Blended Finance Taskforce, Mobilising Domestic Capital to Drive Climate-Positive Growth, 2024.

Actions by 2030:	Progress Description:		Milestones
Financial institutions innovate to unlock private finance for adaptation through insurance mechanisms which monetise avoided costs Rating: Off track	Political momentum	**While there is increasing focus on of the need for private finance to invest in adaptation, limited proven adaptation business models makes attracting the necessary private participation challenging.** • The Global Commission for Adaptation outlined the opportunity for commercial financiers to develop and finance adaptation solutions, products and services, highlighting the rate of return on investments in improved resilience is very high, with benefit-cost ratios ranging from 2:1 to 10:1 and in some cases even higher.[247] The IPCC Working Group II reported growing agreement that private finance for adaptation might best be targeted at specific sectors including infrastructure, agriculture, and water management.[248] • While many private institutions have made commitments related to the low emissions component of the Paris Agreement, very few have made commitments towards alignment of private finance flows with a climate-resilient pathway; less than 20% of companies are disclosing adaptation plans and less than half are planning to implement their adaptation plans within the next decade. • The Bridgetown Initiative and V20 have called for the private sector to develop and scale frontier adaptation business models and innovate robust solutions to the growing challenge of uninsurable assets and monetising avoided costs. The Nairobi Declaration is one of many EMDC platforms calling for new debt relief interventions and instruments to unlock private finance for adaptation including debt for nature swaps. Attention to scaling insurance and reinsurance was emphasised at COP27 in 2022 with the launch of the Global Shield against Climate Risks by the V20 and G7, aiming to protect vulnerable nations and people from climate-induced loss and damage with Climate and Disaster Risk Finance and Insurance (CDRFI) instruments.[249] • The Insurance Development Forum (IDF) and AfD recently formed the Integrated Disaster Risk Management Alliance to strengthen the long-term resilience of sovereign, sub-sovereigns and public utilities in EMDCs to the impacts of climate disasters through comprehensive financial solutions, combining the expertise of DFIs, development banks and insurers.	By COP30, **private sector** launches insurance instrument/s to unlock adaptation finance By COP30, **IFIs and donors** ensure all infrastructure investments are climate resilient By COP30, **insurers** commit to publish transparent climate risk models.

[247] Climate Policy Initiative & Global Center on Adaptation, State and Trends in Climate Adaptation Finance, 2024.
[248] IPCC, Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 2022.
[249] Bloomberg, Climate-Hit Nations Wait Years for $370 Million Fund to Deliver, 2024.

Actions by 2030:	Progress Description:		Milestones
		• Another recently launched initiative is Humanity Insured, led by global insurance organisations to leverage private and philanthropic funding to pay a portion of insurance premiums for the 3.6 billion individuals most exposed to the effects of climate change. However, in the long term, reducing reliance on donor-funded subsidies to pay for the premiums for these kinds of product is key.	
	Delivery	**Private instruments are biased towards mitigation over adaptation; adaptation instruments are lacking across the board with a particular gap in results-based financing in EMDCs.** • Currently less than 2% of adaptation finance comes from the private sector, 88% of which goes to water and wastewater projects.[250] Typically the avoided future costs of resilient companies is not reflected in their valuation. • However, Convergence reports that cross-cutting flows towards projects that target both mitigation and adaptation is increasing. Growing maturity of the mitigation market could provide an opportunity for blended finance transactions to bring in elements of adaptation. • The ambition under the 'Global Shield' to protect 500 million people in the world's most vulnerable countries from climate-related events is currently off track by 40%. The Global Shield against Climate Risks has only dispersed EUR 5.2 million from the EUR 350 million program due to the bespoke approach for designing aid packages. Since the launch of the program 17 countries have made efforts to secure support from the program but only Ghana has unlocked funding for insurance coverage. Although reinsurance for natural catastrophes has seen growth, the largest uninsured losses – referred to as the 'protection gap' – remain significant in EMDCs, exceeding 70%. • There are a growing number of blended finance funds being launched which focus on adaptation including the Global Fund for Coral Reefs, GAIA and the Invesco Climate Adaptation Fund. These funds are leveraging first loss and grant capital to unlock private investment into adaptation solutions including natural infrastructure. • Insurers are also working together with development partners to explore parametric products which incentivise investment in adaptation and resilience. An example is the Mesoamerican	

[250] Climate Policy Initiative, Global Landscape of Climate Finance 2024.

Actions by 2030:	Progress Description:		Milestones
		Coral Reef Insurance (a product developed by SwissRe and The Nature Conservancy) which, in the event of reef damage from pollution or storms, will disburse funds targeted at reef and coastal ecosystem restoration. • Data gaps around private sector activity hinder our ability to track flows and incentivise private investment in adaptation. The release taxonomies, including the Climate Bond Initiative's 'Resilience Taxonomy' and Tailwind's 'Adaptation and Resilience Taxonomy', as well as Standard Chartered's 'Guide for Adaptation and Resilience Finance', are positive developments which should facilitate the identification and development of impactful adaptation and resilience projects.[251] • More accurate risk models and access to these models are critical to reduce insurance premiums by enabling better risk reduction measures and reducing uncertainty.	
FIs and MDBs increase investor confidence and capabilities including through better data and presence on the ground Rating: On track	Political momentum	**There is significant support for increasing access to better data to support climate investment flows to EMDCs but little attention on addressing subjective bias and increasing presence on the ground.** • A growing number of stakeholders are demanding greater transparency and calling out lack of data as a key barrier to scaling private investment in EMDCs (UNFCCC; G20; GFANZ; IMF).[252,253] • GFANZ Climate Data Steering Committee was launched in 2022 by French President Emmanuel Macron and Michael Bloomberg (UN Special Envoy for Climate Ambition and Solutions) to address challenges tied to the global availability, comparability, and transparency of climate transition-related data. • However, while data sharing is improving, the issue of subjective bias remains unaddressed. There is little transparency on the regional presence of financial institutions and credit rating agencies, in spite of evidence that absence of people on the ground can contribute to higher	*By COP30*, **global private investors and credit rating agencies** significantly expand presence in EMDCs.

[251] Climate Bonds Initiative, Climate Bonds Resilience Programme, n.d.
[252] G20, Issue Note: 1st Finance and Central Bank Deputies (FCBD) Meeting, 2024.
[253] Glasgow Financial Alliance for Net Zero (GFANZ), French President Emmanuel Macron and UN Secretary General's Special Envoy for Climate and Solutions Michael R. Bloomberg announce a Climate Data Steering Committee to advise how to capture and create open, centralized climate data to accelerate the transition towards a resilient, net zero global economy, Press Release, June 2022.

Actions by 2030:	Progress Description:		Milestones
		perceived risks in EMDCs;[254] analysis from UNDP suggests that African countries could save up to $74.5 billion if credit ratings were based on less subjective assessments.[255]	
	Delivery	**Release of GEMS data shows a significant step forward in increasing availability of data to inform investment allocation – data sharing from private sector is slowly improving too.** • The release of data from more than 15,000 emerging market credit transactions from the Global Emerging Markets, or GEMs, database is a positive development that will enable enhanced risk assessment for commercial institutions by providing country- and project-level risk data on sovereign and non-sovereign credit default and loss. The data reveals that, in 40 years of lending, the average default rate for non-investment grade borrowers in emerging markets was just 3.6% – roughly equal to companies given a B rating by S&P or Moody's. • Data sharing among the private sector is progressing and likely to accelerate with the recent announcement of a partnership between CDP and The Net-Zero Data Public Utility which is setting core climate data from more than 10,000 companies representing over 50% of global market cap to be publicly available for free. • Tracking progress on the ground is more challenging as institutions do not report on their footprint in emerging markets. However, illustrative insights suggest presence in more economically mature emerging markets is growing – for example, Bloomberg has reported Wall Street giants are flocking to the Middle East.[256] As for credit rating agencies, the market is highly uncompetitive and with presence concentrated in the global north. Fitch, Moody's and S&P hold 90% of the market; Fitch closed its only Africa office in 2015 and the other two agencies each have a single office in South Africa, with a total of five to 10 analysts covering about 25 sovereigns, corporates and sub-sovereigns.	

[254] Mutize, M., Rating agencies and Africa: the absence of people on the ground contributes to bias against the continent, The Conversation, 2024.
[255] UNDP, Lowering the Cost of Borrowing in Africa: The Role of Sovereign Credit Ratings, Policy brief, 2023.
[256] Bloomberg UK, Dubai's allure to expats is weighing on city's infrastructure, October 2024.

<table>
<tr><th>Actions by 2030:</th><th colspan="2">Progress Description:</th><th>Milestones</th></tr>
<tr><td colspan="4">Priority 3
Tackle regulatory impediments and incentives
Rating: Off track</td></tr>
<tr><td>Address supply-side regulatory barriers, methodologies and incentives which make it harder to invest in EMDCs and infrastructure (e.g. capital adequacy; fiduciary duty; credit risk assessment; regulatory treatment of risk-sharing products)

Rating: Off track</td><td>Political momentum</td><td>There is momentum behind incentivising the integration of climate- and nature-related risks into financial institutions' allocation decisions, but political momentum to address regulatory barriers and systemic risks is lacking.
• Central banks and supervisors agree that climate- and nature-related risks are a source of financial risk. Incentivising financial institutions to ensure climate- and nature-related risks are adequately covered on balance sheets by mandating assessment and disclosure of physical and transition climate risks is mature, as evidenced by the recent decision of the International Organization of Securities Commissions (whose members regulate over 95% of the world's financial markets) to endorse the sustainability-related financial disclosure standards issued by the ISSB.[257]
• At a macro-prudential level, organisations including NGFS, FSB and ECB are starting to discuss the need to address systemic dimensions of climate- and nature-related risks. Some are exploring how to operationalise this (for example, the EU Commission has called for advice on the 2022 Review of the EU Macroprudential Framework), but a global review of regulatory frameworks disincentivising investment in EMDCs is urgently needed and should be led by the G20.
• While critical to support financial stability, capital adequacy requirements such as Basel regulations remain significant barriers to investing in EMDCs and capex intensive infrastructure. The G20 Task Force for the Global Mobilisation Against Climate Change (TF-CLIMA) emphasises the need for capital provisions to be grounded in risk and climate-based assessments rather than geography, highlighting the stark contrast of capital buffers for OECD countries standing at 29% compared to 49% for non-OECD countries. Ensuring risk-sharing</td><td>By COP30, G20 commissions formal review of regulatory frameworks disincentivising investment in EMDCs.

By COP30, policymakers to provide guidance on fiduciary duty and the extent to which fiduciaries may take into account second materiality ESG factors.

By COP30, asset owners set long-term targets to increase portfolio allocations to EMDCs to capture the massive climate investment opportunity.</td></tr>
</table>

[257] IOSCO (International Organization of Securities Commissions), IOSCO endorsement of the ISSB Standards for sustainability-related disclosures, July 2023.

Actions by 2030:	Progress Description:		Milestones
		instruments like guarantees and first loss structures meet eligibility criteria and are compliant is also key. • Financial system reform must be championed by G20 and there are encouraging signs that this agenda is gaining traction. Further, a recent report from TF-CLIMA emphasises the critical role of central banks and regulatory bodies in implementing policies that mitigate climate-related financial risks while fostering private sector mobilisation towards green investments and away from carbon-intensive sectors. • The Coalition on Finance Ministers for Climate Action has produced extensive guidance to support the alignment of policies with the Paris Agreement and identify strategies to incorporate climate risk and opportunities into investment decisions. • While there have been calls for the development of guidance on how to integrate climate considerations in the interpretation of fiduciary duty,[258] there has been no formal commitment to explore this from the G20 or other relevant bodies.	
	Delivery	**Review of regulatory impediments is lagging behind but there has been some progress in incentivising allocations towards climate-resilient investments through the integration of climate- and nature-related risks in micro-prudential frameworks.** • While critical to support financial stability, the implementation of Basel III in the EU from 2025 will affect bank lending by tightening capital requirements for infrastructure projects which makes lending for such projects costlier. • There has been no progress in exploring the barriers insurance companies face preventing them from investing higher risk/sub-investment grade, less liquid assets in EMDCs – capital requirements – leading to low EMDC portfolio allocations at 0% to 5% for European insurance companies. For European pension funds, portfolio allocations to EMDCs range from 5% to 15%. Here, guidance on the interpretation of climate in fiduciary duty is critical to incentivise more investment in EMDCs. • At a micro-prudential level, 19 jurisdictions, accounting for close to 60% of global 2022 GDP have final or proposed mandatory TCFD-aligned disclosure requirements. Adoption of TNFD	

[258] Attridge, S., Getzel, B., Gregory, N., Trillions or billions? Reassessing the potential for European institutional investment in emerging markets and developing economies, ODI Global Working Paper, 2024.

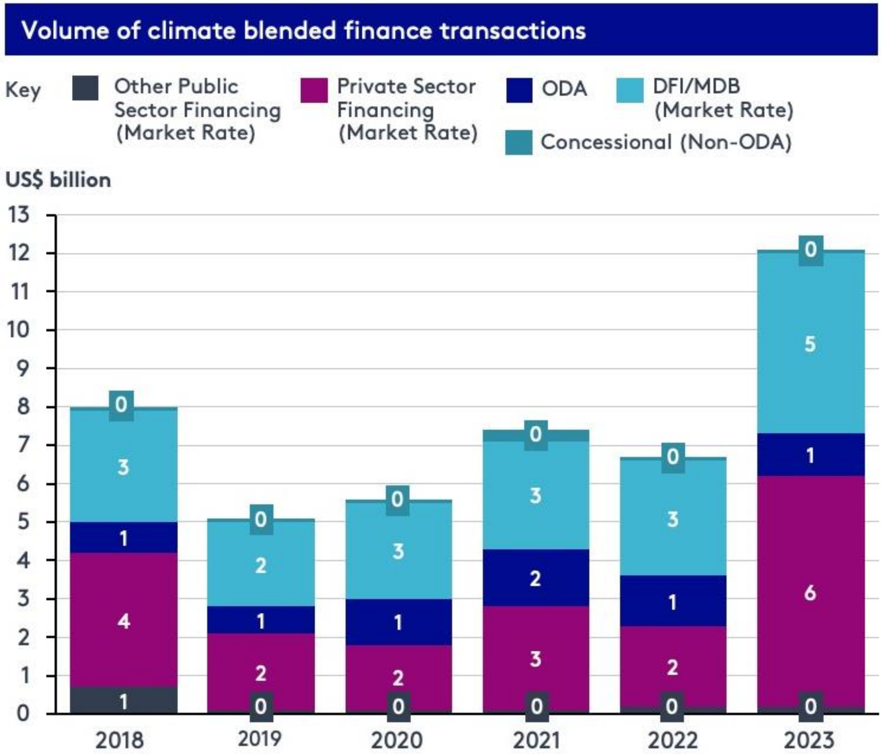
Actions by 2030:	Progress Description:		Milestones
		recommendations is more nascent but they have been voluntarily adopted by over 502 organisations from 54 jurisdictions. • There has been positive progress on the regulatory treatment of risk-sharing products, with OECD DAC revising ODA treatment of private sector instruments such that risk-transfer instruments (guarantees and insurance) are eligible for consideration as donor country ODA efforts, which should create more incentives. • While it is acknowledged that reliance on sovereign caps do not enable investors to make well-informed investment decisions, S&P reports only 4% of its Global Ratings are rated above their respective sovereigns	
Strengthen market infrastructure to streamline investment into EMDCs (e.g. global disclosure standards; interoperable sustainable finance taxonomies) Rating: Trending upwards, insufficient progress	Political momentum	**Market infrastructure including sustainable finance taxonomies are a critical tool to unlock capital in EMDCs; interoperability is key.** • A growing number of stakeholders are demanding greater transparency and standardisation of companies' sustainability disclosures – International Financial Reporting Standards (IFRS) Foundation is working on the International Sustainability Standards Board (ISSB) to create globally accepted sustainability disclosure standards, aiming for consistency across jurisdictions. • Implementing sustainability reporting requirements that work for all is a key priority for G20's Sustainable Finance Working Group. The Working Group have warned against implementation without prior harmonisation to address the complexities of adoption by EMDCs as this could unintentionally impact investor appetite for EMDC assets. • GFANZ is working to engage with industry groups and official bodies to further consistency and interoperability between existing transition frameworks.[259] Initiatives like the Task Force on Climate-related Financial Disclosures (TCFD) and the International Platform on Sustainable Finance are also fostering collaboration among countries to harmonise standards and encourage best practices. • Identified as a key framework item by the G20 Sustainable Finance Working Group and most prominently implemented as part of the European Green Deal, taxonomies have evolved and	*By COP30,* **G20** to support convergence of regional sustainable finance taxonomies to facilitate global flows of finance

[259] GFANZ, Progress Report, 2023.

Actions by 2030:	Progress Description:		Milestones
		increased in complexity since their introduction as simple lists of sectors and activities (with the Climate Bonds Initiative in 2012). This has led to calls for greater alignment and interoperability, with the Central Bank of Azerbaijan spearheading efforts in developing a framework that aims to increase interoperability between national-level criteria, working with the World Bank Group and the IMF too.	
	Delivery	**The proliferation of diverse taxonomies raises concerns about fragmentation in global financial markets.** • There exist 50 different sustainable finance taxonomies around the world but these cover only 10% EMDCs compared with 76% of advanced economies.[260] The frameworks vary in scope, methodology, prescriptiveness (some are voluntary), and level of detail, reflecting different policy objectives, legal frameworks and market conditions. • The recent launch of the ASEAN and Australian taxonomies demonstrate regional harmonisation, but further alignment is necessary to address current confusion and regulatory gaps and ensure global investors have certainty, especially on issues like transition finance.	

[260] World Bank Group, Finance and Prosperity 2024.

Figure 10: Volume of climate blended finance is trending upwards after five years of stagnation due to challenging macroeconomic conditions



Source: State of Blended Finance 2024 (Convergence)

Key Performance Indicators

The assessment of the state of delivery has been informed using key performance indicators (KPIs) alongside technical and political analysis and insights from IHLEG members to determine progress. The KPIs are based on credible international databases, existing monitoring & tracking programmes and desktop research. The KPIs were selected based on their ability to indicate progress on specific priority actions as well as broader 'aggregate' KPIs that reflect overall advancement toward the objective. This work remains an iterative process. Many KPIs were designed that could signal progress on critical actions, but the data for these is not readily available, transparent or currently monitored. Greater provision and access to data by international organisations, countries and other stakeholders remains key to identifying and addressing the barriers for finance mobilisation.

Country-led Investment Push		
Priority	Aggregate KPIs	Granular KPIs
Countries set out well articulated strategies and transition plans	• *[Pending]* Total number of updated NDCs that are twinned with national climate and development investment programmes (2025)	•
Translate investment plans to development of well-designed project pipelines	• Total number of announced climate-aligned projects in EMDCs	• Av. Public Investment Management Assessment (PIMA) 'Effectiveness' score of Emerging Markets and Low-income developing countries *(IMF)*
Countries tackle policy and institutional barriers		• Av. Climate Policy score of Emerging Markets in Climate Change Performance Index (*CCPI*)
Use country led platforms to bring together stakeholders on purposeful strategies to scale up investments and financing for transformational change		• **Number of climate and development Country Platforms supporting national priorities and plans that aim to fulfil 5/6 design criteria**: 1) Country-led with whole of government support, including highest-level leadership buy-in 2) Aligns national and international goals 3) multi-

		stakeholder designed, with collaboration among development partners 4) inclusive / contain provisions for just transition 5) Viable and predictable financing package (public, private, domestic, international) 6) Transparent and accessible monitoring of platform progress • Percentage of total international public finance committed and deployed to platforms are grants (*publicly available sources and official announcements*) • Share of aggregate country platform investment requirement financed (*government websites and official announcements)* • Share of donor financing package deployed (*government websites and official announcements*)
Debt & Fiscal Space		
Put in place effective debt relief and resolution process to address debt distress	• Ratio of public interest payments to investment expenditure among EMDCs (*UNCTAD*)	
Improve the terms of existing debt and access to low-cost finance to improve fiscal space		• Average loan maturity of MDB sovereign loans; target of 20 years for climate finance (*MDB websites and expert consultation*)
Tackle the vicious cycle of debt and climate vulnerability		• Number of MDBs and bilateral governments that provide debt pause clauses (*CGD MDB Reform Tracker, government website and official announcements*)
Improve Debt Sustainability Assessment frameworks		
Concessional Finance		
Deliver on existing climate finance commitments		• Total climate finance provided by developed countries (*OECD*) • Donor contributions to IDA replenishment (*IDA*) • Total value pledged to L&D fund (*UNFCCC*) • Total value of philanthropic capital from foundation delivered for climate change mitigation (*ClimateWorks*)
Develop high-integrity carbon markets		• Number of methodologies assessed by ICVCM for the CCP label (*ICVCM*)

		• Number of methodologies assessed by the UN SBM for the Article 6 mechanism (UN SBM)
IMF member countries expand the pool of SDRs available for climate finance		• Total SDR issuance (*IMF*)
Develop and implement proposals for global solidarity levies		• Average wealth tax rate for billionaires (*EU Tax Observatory*)
MDBs		
Revamped vision and strategy		• Number of MDBs that have expand mandate (*CGD MDB Reform Tracker*) • Number of MDBs that have completed reforms to improve operational efficiency (*CGD MDB reform tracker*)
MDBs take necessary steps to triple lending capacity as a whole by 2030	• Total MDB climate finance lending (*Joint Report on MDBs' Climate Finance*)	• Number of MDBs implemented reforms to maximize capital efficiency complete (*CGD MDB Reform Tracker*) • Number of MDBs to raise shareholder capital (*CGD MDB Reform Tracker)*
Improve operating model of the MDBs and work more effectively as a system	• Private capital mobilisation (PCM) ratio for climate finance (*Joint Report on MDBs' Climate Finance*)	• Share of reforms completed across MDBs to achieve expansion in private finance mobilization (*CGD MBD Reform Tracker*) • Share of total climate finance deployed by MDBs that are guarantees
Domestic Resource Mobilisation (DRM)		
EMDCs increase domestic tax revenues and adopt carbon taxation more widely	• Tax-to-GDP ratio in high-income and EMDCs (World Bank)	• Percentage of global emissions covered and projected to be covered by explicit carbon pricing by 2030 (World Bank) • Explicit global carbon pricing levels relative to Paris-aligned price bands (*World Bank*) • Average PEFA scores based on country income levels (*PEFA*)
Phase-out harmful subsidies, with due regard to political economy		• Total value of environmentally harmful subsidies (*Earth Track*) • Total value of fossil fuels subsidies (*IMF*)
Strengthen international taxation arrangements for a fair global tax system		• Global effective tax rate (%) (*Tax Foundation*) • Global minimum tax

Strengthen domestic private financial sector in EMDCs, including capital markets		• Adoption of green and sustainable taxonomies in EMDCs (*SSEI*) • Total sustainable debt issuance in EMDCs (World bank) • Local currency finance from MDBs and DFIs (*Blended Finance Taskforce*)
External Private Finance		
Build pipeline and strengthen enabling investment environment		• Value of technical assistance provided (*Convergence*) • Number of IOSCO members that have adopted mandatory transition planning (as informed by members that have adopted ISSB disclosure standards (*S&P; IFRS*)
Scale efficient risk-sharing mechanisms and credit enhancement and improve data to reduce the cost of capital		• MDB Private capital mobilisation (PCM) ratio for climate in LIC & MICs (*Joint Report on MBDs' Climate Finance*) • Volume of climate blended finance transactions (*Convergence*) • Share of total development finance provided in local currency (Uxolo) • Total adaptation finance flows to EMDCs and proportion financed by private sector (*CPI*) • Progress measured across the 7 InsuResilience Global Partnership Goals (*UNFCCC Global Climate Action Portal*)
Tackle regulatory impediments and incentives		• Number of jurisdictions with TCFD-aligned disclosure requirements and # jurisdictions with TNFD-aligned disclosure requirements

Annex: Climate Finance Agenda to COP30: Commitments & Actions to be delivered

The Global Climate Finance Framework was launched and endorsed by key world leaders at COP28, recognising that climate finance requires action across multiple fronts. The tableau below attempts to provide a comprehensive picture of key priorities and actions to be delivered by COP29 in Baku and by COP30 in Belem. This tableau draws on IHLEG analysis, as well as the CPI Climate Finance Reform Compass. It identifies actions to be taken by key institutions and actors, drawing on multiple proposals, commitments and processes (including the UN/United Nations Framework Convention on Climate Change (UNFCCC), G20, G7, International Financial Institutions (IFIs)), coalitions and initiatives (Bridgetown, The Paris Pact for People and the Planet (4P), the Vulnerable Twenty Group (V20), Glasgow Financial Alliance for Net Zero (GFANZ) and the private sector, Coalition of Finance Ministers and NGFS).

This comprehensive agenda has been updated since the previous roundtable during New York Climate Week (NYCW), with refined milestones and priorities. The tableau is underpinned by the IHLEG *State of Delivery: Progress snapshot on the global climate finance agenda,* which assesses progress against each action pillar. These documents are designed to facilitate accountability and highlight where progress is still required, to aid the prioritisation of future actions, up to COP30.

COUNTRY-LED INVESTMENT PUSH **Goal:** Country-led investment facilitation to plan, prioritise, and implement investment programs and projects at scale.			
Priorities from IHLEG 3.0 report	**Recent actions / Commitments**	**Milestone COP29**	**Milestone COP30**
Countries set out well-articulated strategies and transition plans	• Some countries have come forward with national plans for sustainable development and green transition (e.g. Barbados, Brazil, Bangladesh, V20 Climate Prosperity Plans)	• **V20 and other** countries commit to setting out national plans for sustainable development and green transition. - *PARTIALLY DELIVERED*	• **All countries** set out clear investment and financing plans as part of the next round of NDCs.
Translate investment plans to development of well-designed project pipelines	• Efforts are underway to strengthen support for project preparation, including with the participation of the private sector.	• **G20 and donors** commit to strengthening support for project preparation, including by bolstering the Global Infrastructure Facility at COP29. - *NOT DELIVERED*	• **G20 and IFIs** revamp architecture for project preparation facilities with enhanced participation between public and private sectors.
Countries tackle policy and institutional barriers	• Examples of programs in some countries but no systematic assessments of progress so far.	• **Countries** recognise importance of policy and institutional reforms to unlock investments at scale. - *PARTIALLY DELIVERED*	• **Countries** demonstrate progress in tackling impediments to the energy transition and climate resilience. • **Countries and international organisations** provide comprehensive

			assessment of progress and remaining barriers. • **MDBs, DFIs and donors** provide capacity-building support for countries' implementation of investment plans and policy reforms.
Use country-led platforms to bring together stakeholders on purposeful strategies to scale up investments and financing for transformational change	• Growing recognition of importance of country platforms particularly by the G20 and additional country platforms being put forward including most recently by Brazil.	• **G20 and MDBs** recognise importance of Country Platforms as central instrument for scaling up investment. – *DELIVERED* • **G20** updates principles for country platforms. - *NOT DELIVERED*	• **Countries** demonstrate progress in implementation of country platforms • **Additional countries** come forward with country platforms for transformative change. • **MDBs** coordinate to support ongoing and new country platforms. • **More donors** commit to adequate and predictable financing packages for country platforms. • **G20 and others** set up mechanisms for tracking and monitoring of country platforms.

DEBT & FISCAL SPACE **Goal:** Tackle debt distress, overcome debt vulnerability due to climate risks, and improve the Debt Sustainability Framework			
Priorities from IHLEG 3.0 report	**Recent Actions /Commitments**	**Milestone COP29**	**Milestone COP30**
Put in place an effective debt relief and resolution process to address debt distress.	• IMF/World Bank (WB) has advanced consultations at the Global Sovereign Debt Roundtable, but little progress has been made in the implementation of the Common Framework.	• **G20, IMF** and **WB** set out an action agenda to tackle debt distress in EMDCs. - *NOT DELIVERED*	• **G20** revises Common Framework to facilitate debt relief and include all creditors and MICs. • **UN FFD4** identifies and secures support for a breakthrough debt agenda.
Improve the terms of existing debt and access to low-cost finance to improve fiscal space.	• IMF has provided enhanced support through the PRGT and the newly established Resilience and Sustainability Trust (RST). • WB has provided enhanced support through IDA grants and loans to ease fiscal space.	• **G20 and creditors** recognise steps to address debt have been inadequate, and more needs to be done. - *PARTIALLY DELIVERED*	• **IFIs and G20** set out agenda and means to restructure debt and provide access to adequate concessional financing to support liquidity. • **MDBs, with G20 support**, introduce concessional lending instruments with longer tenure to pre-empt debt defaults and support long-term investment.
Tackle the vicious cycle of debt and climate vulnerability	• Climate Resilient Debt Clauses (CRDCs) adopted by some MDBs and G7 countries. • Innovative experiments on debt swaps (e.g. Ecuador, Barbados, etc)	• **IFIs and donors** set out additional steps for adoption of CRDCs by all providers of finance. - *NOT DELIVERED*	• **All creditors – private and public –** introduce CRDCs in their lending instruments to make debt stocks more resilient. • **G20** endorses a set of shared principles as a basis for debt-for-climate swaps.
Improve Debt Sustainability Assessment frameworks	• IMF/WB initiated review of the Debt Sustainability Analysis (DSA) for low-income countries.	• **IMF/WB** continue consultations with stakeholders and issue guidance note on incorporating climate/nature risks in DSAs and longer-term payoffs from climate action. - *PARTIALLY DELIVERED*	• **IMF/WB** DSA incorporates climate risk, nature loss and the longer-term growth payoffs of climate investment. • **IMF/WB** DSA frameworks also develop scenarios on climate investment imperatives and options for financing.

CONCESSIONAL FINANCE **Goal:** Scale up concessional finance four-fold on existing levels by 2030			
Priorities from IHLEG 3.0 report	**Recent Actions /Commitments**	**Milestone COP29**	**Milestone COP30**
Deliver on existing climate finance commitments	• Developed countries delivered $116 bn in annual climate finance in 2022. • COP28 launched 2-year UAE-Belem work program for Global Goal for Adaptation. • Fund for Responding to Loss and Damage operationalised at COP28 and initial funding secured.	• **Donors – old and new –** increase IDA contributions to at least $28-$30 billion, enabling lending of at least $100 billion. - *NOT DELIVERED* • **Donors** agree to increase bilateral concessional finance by at least two-fold by 2030 as part of NCQG. - *NOT DELIVERED* • **Parties** agree on an ambitious and fit for purpose new collective quantified goal (NCQG) at COP29. - *PARTIALLY DELIVERED* • **Donors** pledged contributions delivered to L&D Fund. - *PARTIALLY DELIVERED*	• **Donors** double adaptation finance by 2025. • **Donors and new contributors** commit to credible funding of the L&D Fund by COP30. • **G20** advances reforms in architecture for multilateral climate funds, including adequacy of funding and ease of access. • **OECD** implements a framework for monitoring and accountability of climate finance.
Develop high-integrity carbon markets	• Voluntary Carbon Markets Initiative (VCMI) published its Code of Practice. • Integrity Council for the VCM (ICVCM) published its Core Carbon Principles. • US announced new Principles for High-Integrity Voluntary Carbon Markets.	• **Parties** reach consensus on operationalising Article 6 (including Art. 6.2 and 6.4) at COP29. - *DELIVERED*	• **VCMI** launches scope 3 claims guidance. • **ICVCM** strengthens Core Carbon Principles Assessment Framework. • **More EMDCs**, with donor support, build capacity to attract high integrity carbon finance. • **All countries** expand compliance markets to raise climate finance.
IMF member countries expand the pool of SDRs available for climate finance	• Donors delivered $100 billion in SDR rechannelling. • IMF used SDRs to increase support through RST and PRGT.	• **IMF** commits to increase number of RST programs. - *NOT DELIVERED* • **MDBs and donors** commit to use of SDRs for hybrid capital for MDBs – starting with IDB and AfDB. - *NOT DELIVERED*	• **IMF member countries** increase pool of SDRs channelled through IMF and MDBs. • **IMF, with support of member countries** agrees to a new SDR issuance.

	• IMF approved the use of SDRs to subscribe to hybrid capital of MDBs.	• **IMF and key stakeholders** commit to resolve impediments to SDR rechannelling. - *NOT DELIVERED*	
Develop and implement proposals for global solidarity levies	• Launch of the Global Solidarity Levies Task Force at COP28 (Task Force). • G20 Ministerial Declaration on International Tax Cooperation, recognising need for carbon pricing mechanisms and mobilising financing for sustainable development.	• **The Global Solidarity Levies Task Force** puts forward initial proposals for global solidarity levies at COP29, for open consultation. - *DELIVERED* • **Governments** agree to TORs for a UN Tax Convention by 2027. - *DELIVERED*	• **Task Force puts forward** joint declaration(s) agreeing to move forward on new international levies for climate action and development. • **International Maritime Organisation** finalises plans for a new global pricing mechanism for maritime emissions. • **G20** progresses consultations on coordinated taxation of the ultra-rich.

THE ROLE OF MDBs **Goal:** Better, bigger and more effective MDBs and DFIs			
Priorities from IHLEG 3.0 report	**Recent Actions /Commitments**	**Milestone COP29**	**Milestone COP30**
MDBs follow through on reform agenda, including more proactive support for country-led platforms	• G20 undertook major effort to develop a roadmap for better, bigger and more effective MDBs with deliverables and benchmarks. • MDBs committed to streamline and harmonize standards and improve operational efficiency and set up joint platforms.	• **G20** roadmap on MDB reform endorsed by G20 Ministers of Finance and Leaders – *DELIVERED*. • **MDBs** to set out shared understanding and commit on way forward on more proactive support for country platforms - *PARTIALLY DELIVERED.*	• **G20** tracks and supports delivery of MDB Reform roadmap. • **MDBs** deliver on joint program of action, with consolidated reporting at the Springs, Annual Meetings and COP. • **MDBs** commit to channel at least 50% of incremental lending activity through country and regional platforms by 2030.
MDBs take necessary steps to triple lending capacity by 2030	• MDBs committed $125 billion in climate finance in 2023, up from $100 billion in 2022. • MDBs have taken coordinated steps to implement the G20 Capital Adequacy Framework's (CAF) recommendations. • MDBs are increasing the use of hybrid capital and SDRs. • MDBs have strengthened interactions with credit rating agencies.	• **MDBs** commit to providing scale of support consistent with meeting $1 trillion of external financing requirement and ambitious NCQG. - *NOT DELIVERED* • **MDBs** and shareholders commit to take the necessary steps to tripling of MDB financing by 2030. - *NOT DELIVERED* • **MDBs** commit to clarify processes and procedures on use of callable capital. - *PARTIALLY DELIVERED*	• **MDBs** continue with concerted efforts to expand lending capacity to provide long term and predictable financing, including for country-led platforms. • **G7, G20, philanthropy and private stakeholders to** come together to expand hybrid capital and use of guarantees. • **MDBs** with support of G20 and shareholders establish a coordinated process for regular review of capital adequacy. • **Finance in Common mobilises** network of national development banks (NDBs) to scale up resources for climate finance**.**
MDBs catalyse private finance, including through tapping long-term institutional capital	• MDBs are prioritising private finance mobilisation including setting and publishing targets.	• **MDBs** set targets for collective private sector mobilisation for climate finance by 2030. - *NOT DELIVERED*	• **All MDBs** commit to institution-specific target to mobilise private climate finance and to monitor progress regularly. • **MDBs** set targets to ramp up their local currency lending, FX risk sharing

	• WB & GFANZ: Private Sector Investment Lab established. • WB committed to major improvements and expansion of guarantees through MIGA. • Initial steps on tackling FX risk.		instruments and deployment of early-stage equity financing.

DOMESTIC RESOURCE MOBILIZATION (DRM) **Goal:** EMDCs, with support of development partners, significantly scale up domestic financial resources to meet development and climate goals			
Priorities from IHLEG 3.0 report	**Recent Actions /Commitments**	**Milestone COP29**	**Milestone COP30**
EMDCs increase domestic tax revenues and adopt carbon taxation more widely	• IMF/WB launched a joint initiative to support DRM in EMDCs.		• **More countries** adopt and increase levels of carbon taxation • **More countries** adopt a minimum corporate income tax. • **IMF, MDBs and OECD** expand capacity building support for DRM 7in EMDCs.
Phase-out harmful subsidies, with due regard to political economy	• A few countries have implemented reforms to reduce harmful subsidies		• **More countries** reduce environmentally harmful subsidies.
Strengthen international taxation arrangements for a fair global tax system	• OECD Inclusive Framework agreed on taxing the digital economy and global minimum tax. • UN committee agreed to ToRs for a UN Tax Convention to promote an inclusive global tax system.	• **OECD** Inclusive Framework tailors BEPS to the administrative capacities of EMDCs. - *PARTIALLY DELIVERED*	• **G20** initiates discussion to increase global minimum tax from 15% to 20%. • **UN FFD4** to develop a path to achieve significant progress on DRM as key financing pillar.
Strengthen domestic private financial sector in EMDCs, including capital markets	• Some progress in some countries in strengthening domestic financial support for climate actions, including through NDBs.	• **EMDCs** adopt regional and international sustainable finance frameworks. - *PARTIALLY DELIVERED* • **Countries and development partners** highlight the importance of concerted action on domestic private finance. - *PARTIALLY DELIVERED*	• **Governments** deploy policies to enable domestic pension capital investments for sustainable infrastructure. • **Central banks and other financiers in EMDCs** increase use of sustainable finance products, such as green bonds, sustainability-linked loans. • **MDBs** commit to ramp up local currency lending and deployment of early stage-equity financing.

EXTERNAL PRIVATE FINANCE

Goal: $450-$550 billion of international private capital to EMDCs excluding China per year by 2030

Priorities from IHLEG 3.0 report	Recent Actions / Commitments	Milestone COP29	Milestone COP30
Build pipeline & strengthen enabling investment environment	• Efforts on public-private co-creation for pipeline development (e.g. GFANZ-Africa). • GFANZ, the Transition Plan Taskforce, TCFD and CDP have started to provide transition plan guidance. • ISSB working to streamline and consolidate frameworks for transition planning.	• **IFIs** commit to scale early-stage financing for technical and capacity building support for project preparation, including through GIF. - *NOT DELIVERED* • **Countries, private sector and DFIs commit to** platforms for co-creation and financing of projects. - *NOT DELIVERED* • **Private sector and philanthropy agree to** coordinate to deploy early project equity investments. - *NOT DELIVERED*	• **Private sector and DFIs** scale/replicate platforms for co-creation and financing of projects. • **Countries with support of development partners** build a transition-ready skills and labour market. • **ISSB** corporate transition plan guidance adapted to be fit-for-purpose in EMDCs.
Scale efficient risk-sharing mechanisms and credit enhancement and improve data availability	• New blended finance funds launched by EMDC asset managers (e.g. EAIF, GAIA, CLEAR, Climate Investor 2). • Launch of new green guarantee companies (e.g. Green Guarantee Company, Dhamana, Infracredit, Infrazamin) • IDB EcoInvest launched to tackle currency risk. • MDBs and DFIs expand data released in Global Emerging Markets Risk Database.	• **Private investors** commit to replicate successful blended finance funds (e.g. EAIF II, Climate Investor 3). - *NOT DELIVERED* • **Private sector** commits to explore innovative mechanisms to finance adaptation including insurance. - *NOT DELIVERED* • **Global private investors** commit to increase presence in EMDCs. - *NOT DELIVERED*	• **DFIs and donors** scale up credit enhancement tools with lower transactions costs and delivery times. • **IFIs and donors** encourage creation of targeted private climate funds. • **Private sector** launches insurance instrument/s for adaptation finance • **All EM focused asset managers** commit to share anonymised performance data and aggregate with GEMS database • **Global investors** and credit rating agencies expand presence in EMDCs • **IMF, WB and donors** explore FX facilities for green investments in EMDCs.
Tackle regulatory impediments and incentives	• Progress on TCFD + TNFD with companies disclosing climate and nature-related risks.	• **G20** agrees on a review of Basel and Solvency regulations **that** disincentivise investment in EMDCs. - *NOT DELIVERED*	• **G20** commissions formal review of regulatory frameworks disincentivising investment in EMDCs.

	• Growing alignment of green bond principles across countries. • Regional and national sustainable finance taxonomies launched.	• **Institutional investors** commit to review risk management restrictions that disincentivise investment in EMDCs (e.g. capital adequacy; fiduciary duty; credit risk assessment). - *NOT DELIVERED*	• **Policymakers** to provide guidance on fiduciary duty. • **Asset owners** set long-term targets to increase portfolio allocations to EMDCs. • **G20** to support the convergence of regional sustainable finance taxonomies.