

Delivering an integrated climate finance agenda in support of the Baku to Belém Roadmap to 1.3T

SUMMARY of the Fourth report of the Independent High-Level Expert Group on Climate Finance

November 2025

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Citation: Bhattacharya A, Songwe V, Soubeyran E and Stern N (2025) *Delivering an integrated climate finance agenda in support of the Baku to Belém Roadmap to 1.3T: Summary*. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science.
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Summary

The report that this document summarises¹ was prepared by the Independent High-Level Expert Group (IHLEG) on Climate Finance at the request of the Presidencies of COP29 and COP30, in support of the *Baku to Belém Roadmap to 1.3T*. It sets out an integrated climate finance agenda, including an actionable pathway to mobilise US\$1.3 trillion² in external climate finance annually for developing countries by 2035: flows that are essential to achieving the Paris Agreement and driving sustainable, resilient and inclusive growth. The IHLEG has been privileged to work closely with the COP30 Presidency in preparing the report and has benefitted enormously from the engagement with and the work of the Circle of Finance Ministers.

Three recent outcomes shape the global framework for climate finance. At COP29, Parties agreed the New Collective Quantified Goal (NCQG), including a goal to mobilise at least \$300 billion per year by 2035 for developing countries, with developed countries taking the lead. A broader goal was also set to reach at least \$1.3 trillion in total external finance per year by 2035. To guide delivery, COP29 launched the *Baku to Belém Roadmap*, a structured bridge to COP30. In parallel, the COP30 Action Agenda, launched by Brazil, sets out six action areas and 30 objectives serving as ‘super-leverage points’ to accelerate breakthroughs, such as tripling renewable energy capacity, halting deforestation and strengthening resilience.

The NCQG decision provides the context for raising ambition on all aspects of Article 9 of the Paris Agreement, which in addition to the finance target includes the need to improve access to finance, achieve balance between mitigation and adaptation, and address barriers to scaling up climate action such as the high cost of capital. The NCQG is accompanied by the recognition of the even greater task of mobilising the trillions needed, which will require all actors to work together to tap an even wider array of finance sources.

The case for decisive action is clear: investing in development in ways that take careful account of climate and nature unlocks low-carbon and inclusive prosperity; delay drives escalating risks and costs; and accelerated action is an effective and attractive growth strategy, generating jobs, productivity and resilience. Recent international rulings, such as the International Court of Justice’s *Obligations of States in Respect of Climate Change* advisory opinion, underline that protecting the climate and environment, and thus the right to development for all, is part of a duty to uphold human rights. At the same time, tackling climate change and nature loss is to embrace one of the greatest economic opportunities of our era. It requires a new vision of transformation that goes beyond mitigating carbon emissions to building economies that are low-carbon, resilient, nature-positive and inclusive.

The report is structured around three pillars that together outline the pathway to mobilising and effectively deploying the \$1.3 trillion per year in external climate finance needed by 2035 (see Figure S1):

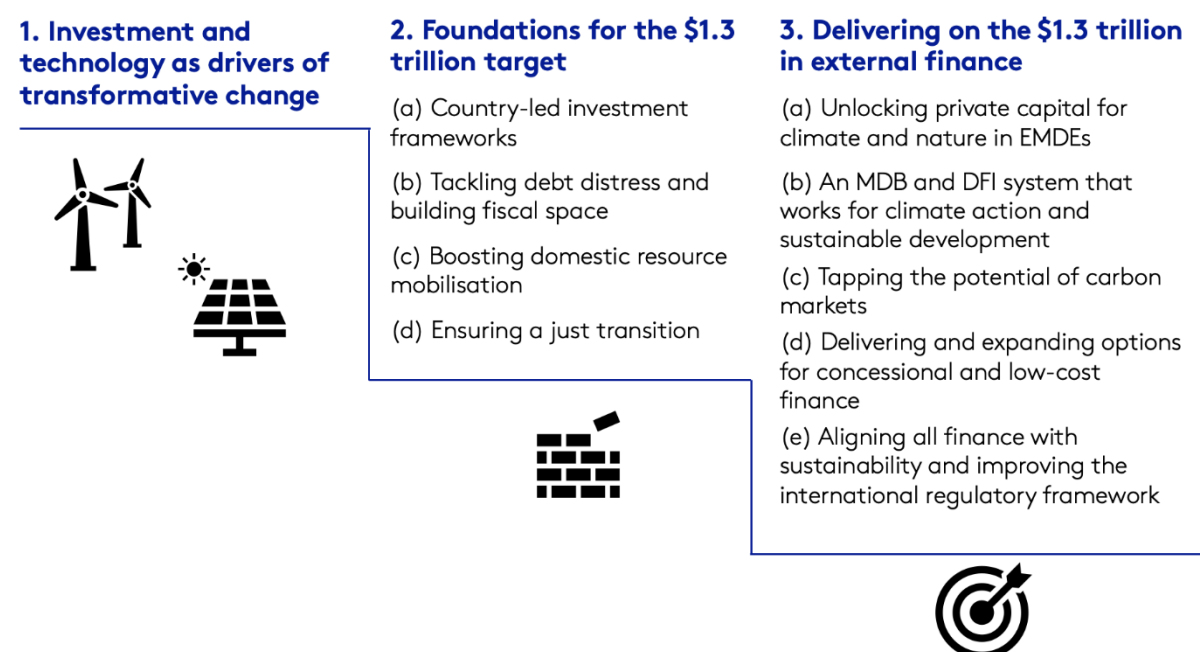
¹ The full report is available at www.lse.ac.uk/granthaminstitute/wp-content/uploads/2025/11/IHLEG-on-Climate-Finance-4th-Report-Delivering-an-integrated-climate-finance-agenda.pdf

² All figures stated in \$ in the report are in US dollars unless stated otherwise.

- **First, it examines how investment and technology** can drive transformative change, highlighting the unprecedented opportunities for emerging markets and developing economies (EMDEs) to leapfrog to clean, efficient and resilient growth.
- **Second, it sets out the foundations for achieving the \$1.3 trillion target** – including country-led investment frameworks, stronger fiscal and debt positions, enhanced domestic resource mobilisation, and a just transition that safeguards people and places.
- **Third, it details how to deliver the \$1.3 trillion in external finance**, focusing on unlocking private capital, reforming the multilateral development banks (MDBs) and development finance institutions (DFIs), tapping carbon markets, scaling up concessional and low-cost finance – including bilateral climate finance, financial flows from South-South cooperation, and new and innovative sources, and aligning the global financial system with sustainability and resilience goals.

These different sources would reinforce and support each other, and together would represent a significant scaling up of external finance compared with current levels of about US\$190 billion a year.

Figure S1. Three pillars to mobilise and deploy US\$1.3 trillion per year in external climate finance by 2035



The investment imperative

The world faces an unprecedented investment challenge – and a historic opportunity – to drive sustainable and inclusive growth, build resilience, protect nature and meet climate goals. This opportunity arises from the large and well-documented payoffs from climate investments on multiple fronts. The greatest potential lies in accelerating the clean energy transition, where dramatic cost reductions and rapid technological advances – particularly in solar, wind and energy storage – have made renewables the cheapest source of new power. Investments in adaptation and resilience also deliver consistently high returns, with every dollar yielding at least \$10 in economic benefits. Equally, protecting and restoring natural capital generates very large direct and spillover gains: safeguarding

ecosystems, stabilising the climate, and boosting productivity and growth in sectors such as agriculture, fisheries and water. Taken together, these opportunities demonstrate that investing in climate action is not only vital for meeting global climate goals but also one of the most effective strategies for driving long-term prosperity, resilience and inclusive development.

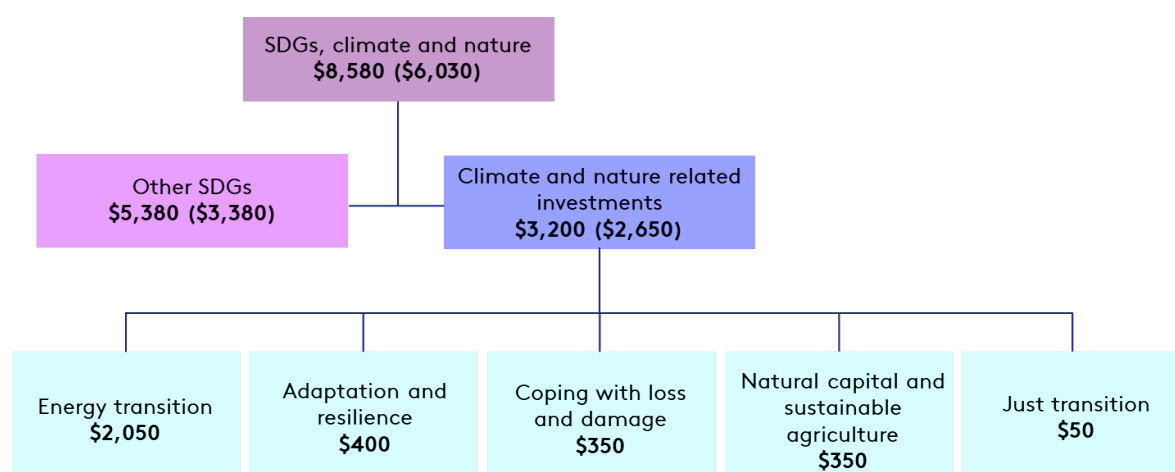
EMDEs are at the heart of both the investment opportunity and the global effort to deliver on climate and nature goals. Seizing these opportunities will require a major investment push over the next two decades. Altogether, global climate investments³ must reach around \$6.5 trillion annually by 2030, and \$7.5 trillion by 2035. EMDEs (other than China) – in which potential future emissions growth is the greatest and vulnerability to climate impacts most acute – will require an annual investment flow of around \$2.4 trillion by 2030 and \$3.2 trillion by 2035. This investment in EMDEs other than China is critical to generate the sustainable economic development and growth required to meet the goals of the Paris Agreement and to advance the Sustainable Development Goals.

Five broad areas define this investment agenda: the clean energy transition, adaptation and resilience, loss and damage, natural capital and the just transition. Each represents a distinct investment priority with its own financing needs and policy challenges, yet they are deeply interconnected – investments in one area shape risks and opportunities in the others. Cities are a key thread that runs through them all: as centres of population, infrastructure and emissions. Urban choices on transport, housing, services and planning will determine whether these investment priorities translate into inclusive, resilient and low-carbon growth.

The report outlines the opportunity, the challenge and the policy and financing priorities in each investment area. Figure S2 and Table S1 show the composition and magnitude of the five investment priorities.

Figure S2. The investment imperative for EMDEs other than China for 2035

Investment/spending requirements for climate and sustainable development
(\$ billion per year by 2035, increment from current in parentheses)



Investment growth rates in EMDEs have been declining since the mid-2010s, continuing a trend that began well before the COVID-19 pandemic. After averaging

³ Climate investments are defined below (and in Figure S2). They are a core part of investments to progress towards the Sustainable Development Goals (SDGs).

almost 10% per year in the 2000s, investment growth in EMDEs fell to around 5% over the period 2010–24, with both public and private investment weakening amid rising debt, tighter financial conditions and global uncertainty (Adarov, 2025). This slowdown has eroded the foundations of growth in human, physical, social and natural capital, leaving many countries less able to seize technological opportunities or withstand intensifying climate and geopolitical shocks. Fiscal strategies focused narrowly on debt consolidation risk reinforcing these pressures by constraining the fiscal space required for productive investment in climate, nature and development.

One major consequence has been that progress towards many of the Sustainable Development Goals has been deeply inadequate. The latest assessment by the United Nations concluded that progress has been insufficient on nearly two-thirds of the targets for 2030 that accompany the Goals (UN, 2025). One person in 12 still experiences hunger, and billions lack access to safe drinking water, sanitation and hygiene. Growing impacts from climate change, such as more intense and frequent extreme weather events, are also hampering progress towards the Goals.

The cost of inaction dwarfs the investment requirements needed to accelerate climate action. Some estimates indicate that weakly managed climate change could cut global GDP by up to 30% by 2100 under a 3°C scenario.⁴ These estimates are likely to significantly understate the risks: tipping points and dangerous dynamics are likely to be triggered at much lower temperature thresholds than previously estimated, and could reverse growth and development and cause the migration of hundreds of millions of people. The case for decisive and accelerated action is clear: redirect and scale up investment in development now in ways that take careful account of climate and nature, to pursue an effective and attractive growth strategy defined by productivity and resilience that unlocks low-carbon, long-term and inclusive prosperity for EMDEs, generating millions of jobs and reducing poverty. The alternative is to delay, which would only serve to drive escalating risks, costs and damage, locking in an unstable world and lost opportunity.

The conditions for a big investment push have been made more challenging by the legacy impacts of the COVID-19 crisis and its aftermath on the debt and fiscal circumstances of developing countries, by new headwinds and uncertainties in the global economy, by immediate cutbacks and a more uncertain outlook in official development assistance, and by hesitation on the part of some major financial institutions to embrace net zero strategies. Nevertheless, we are at a moment of historic opportunity because of new possibilities and the large payoffs from a big investment push. The Baku to Belém Roadmap provides an important framework, behind which a wide spectrum of stakeholders can come together purposefully in finding the solutions that can deliver on the Paris Agreement and seize the opportunities from climate action.

⁴ The world has not seen temperatures 3°C above today's since around 3 million years ago, when sea levels were 5 to 25 metres higher.

Table S1. Climate investment needs in EMDEs other than China in 2035

Category	Sub-category	Investment needs (\$ billion)
Clean energy transition	Renewable and other low-emissions power generation	700
	Grids and storage	350
	Efficiency and electrification	850
	Low-emissions fuels and carbon capture, usage and storage (CCUS)	150
	<i>Total</i>	<i>2,050</i>
Adaptation and resilience	Agriculture, water and land management	40
	Resilient infrastructure	65
	Coastal protection and management	30
	Disaster risk management	55
	Protected ecosystems	5
	Health and social protection	40
	Institutional capacity, enabling factors, and inclusion	Not quantified
	Private sector resilience (indicative)	165
	<i>Total</i>	<i>400</i>
Loss and damage		350
Natural capital	Degraded land and soils	150
	Forests and biodiversity corridors	125
	Watersheds and freshwater systems	20
	Coastal ecosystems	35
	Urban nature and green infrastructure	20
	<i>Total</i>	<i>350</i>
Just transition		50
Total		3,200

Note: Estimates on the clean energy transition are based on analysis by the International Energy Agency (IEA), adapted to the IHLEG country coverage and timeframe. Estimates on adaptation and resilience were provided by the UNEP Adaptation Gap Report Finance team (UNEP, 2025) based on data from the ECONOGENESIS and ACCREU projects. Estimates on natural capital are based on Center for Global Commons and Systemiq (2025).

Our previous IHLEG reports have provided broad figures for necessary flows of investment and finance for 2030 and 2035. Here we give much more detail on how different kinds of investment and their finance could be fostered and generated. Thus we have an even stronger focus on the practicalities of implementation. We examine the practical challenges and necessary resources in each area.

An integrated climate finance agenda

Recent years have seen an intensification of both the investment imperative and opportunity. The imperative is reinforced by ever more worrying scientific evidence on accelerating climate impacts and a shrinking window for action. Added to that is the imperative to get global growth moving. Its sluggishness has exacerbated political, economic and social tensions. Fortunately, continuing very rapid technological progress and the experience of increasing deployment is demonstrating ever greater opportunities.

Delivering the \$1.3 trillion target by 2035 requires more than mobilising money – it demands a coordinated push across three priorities:

- First, countries must commit, in a demonstrably credible way, to act at the scale and pace necessary to seize the investment opportunities in the green transition with the support of development partners.
- Second, they must buttress the policy and institutional foundations that unlock high quality investments and attract and absorb capital, while tackling structural barriers such as high debt burdens and constrained fiscal space and boosting domestic resource mobilisation.
- Third, the international system must mobilise finance at scale, improve access and lower the cost of capital for the countries and sectors that need it most, towards the goal of \$1.3 trillion per year of external finance for climate action in EMDEs (other than China) by 2035.

The IHLEG's integrated climate finance agenda reflects this structure. At its core is a decisive shift in investment and technology to drive transformative change – rapidly deploying proven solutions, scaling up ones that are emerging, and ensuring equitable access for EMDEs. The creation of strong domestic foundations is essential, with the support of development partners: country-led investment strategies and platforms to align priorities and financing; debt and fiscal reforms to unlock public resources; domestic resource mobilisation encompassing strengthening public finance foundations, domestic financial markets, and the role of national development banks; and just transition strategies to foster fairness and political viability.

On this foundation, external finance must be expanded on an unprecedented scale and deployed with far greater impact. The big investment push required has three central implications:

- First, the path to achieving the \$1.3 trillion target cannot be achieved without a major expansion of private finance. This requires a clear action agenda to connect large pools of capital with investment opportunities in EMDEs, while addressing high costs, risks and uneven quality of capital.
- Second, development finance must be a cornerstone of the system, both through direct financing and by catalysing much larger flows. MDBs, DFIs and other development institutions are essential to lowering risks, mobilising private investment, and aligning finance with long-term development goals.
- Third, concessional finance, though smaller in volume, is indispensable: it supports the poorest and most climate-vulnerable countries, is necessary for activities with high returns but where revenue streams are difficult to realise, and plays a catalytic role in unlocking other sources of capital.

Delivering on the commitments on bilateral climate finance embodied in the NCQG will be crucial. South–South cooperation can play an increasingly important role. There is

also potential to expand the role of high integrity carbon markets and with it the potential of cross-border, debt-free finance. Expanding concessional and innovative sources – including rechannelling of special drawing rights (SDRs), philanthropy, debt swaps and solidarity levies – can help meet the gap in concessional finance. At the same time, strengthening regulatory frameworks is necessary to improve the quality, predictability and accessibility of climate finance.

Taken together, these measures form a coherent roadmap from ambition to delivery – one that aligns investment, policy reform and financing flows in a mutually reinforcing cycle, enabling EMDEs to seize the growth opportunities of the green transition while building resilience and protecting the planet. Mobilising the investment and its finance will not be easy. But the alternative, failing to deliver on the Paris Agreement, would be much more difficult. Drifting and stumbling towards an unsustainable world, which would be catastrophic for many, should not be regarded as ‘a realistic option’.

Domestic foundations for the \$1.3 trillion target

Country-led investment frameworks and country platforms

Scaling up climate finance will require ramping up investment programmes and projects and tackling impediments to advancing them. Country-driven priority goals and investment priorities anchored by credible national strategies are critical to achieving the intertwined climate, nature and development goals. Countries need to develop integrated climate and development strategies by mainstreaming climate goals within national strategies, devising well formulated, credible investment programmes and projects with implementation pathways, and building institutional capacity to understand the impact of integrating climate risks into public budgeting and investment planning.

Country platforms have become a central focus of international discussions on climate and development finance. Their momentum has accelerated since 2024, when the Brazilian G20 Presidency placed them at the heart of deliberations on mobilising climate finance and reforming the international financial system. Looking ahead, country platforms are expected to become a mainstream instrument of the global development finance architecture. By 2035, a wide range of countries – including the least developed countries (LDCs) and small island developing states (SIDs) – could be using country platforms to guide finance towards priorities including the energy transition, adaptation and resilience, nature conservation and just transition. Early experience shows that country platforms can succeed only when they reflect country priorities and contexts.

Discussions within the COP30 Circle of Finance Ministers, the G20, the Coalition of Finance Ministers for Climate Action and other structures have identified several priorities to enhance the role of country platforms:

- **Launching a new generation of country platforms** even more closely tied to national priorities, choices and circumstances. The Circle of Finance Ministers has already recommended that interested developing countries move ahead with new platforms aligned with their own national strategies. At COP30 more than a dozen countries are expected to announce new platforms in addition to around 10 that are under implementation.
- **Embedding adaptation and resilience** into the new generation of country platforms.
- **Providing predictable early-stage support.** One of the strongest messages from the Circle is that country platforms cannot succeed without reliable early funding for programme readiness. The Green Climate Fund (GCF) has offered support to help launch the new round of country platforms. Private philanthropy can also play an important role.

- **Reducing fragmentation and improving coordination** among development partners.
- **Securing predictable and long-term finance from DFIs and donors**, with MDBs playing a key anchor role.
- **Ensuring strong private sector engagement from the outset.**
- **Strengthening domestic institutions and fostering inclusion.** Platforms can only be durable and effective if they are embedded in strong national institutions and respond to the needs of society.

Tackling debt distress and boosting fiscal space

Rising levels of debt and debt service now pose a significant threat to investments in climate and nature in many EMDEs and most developing countries that have sub-investment-grade credit ratings. Liquidity solutions, such as the G20-sponsored Debt Service Suspension Initiative and the ensuing Common Framework, have provided some relief but have not dealt with the core problems of the high levels and cost of debt service, the cost and composition of EMDE debt, and remaining exposure to external shocks. Most EMDEs have avoided outright debt default thanks to stringent fiscal austerity but this has led to massive underinvestment in sustainable development, jeopardising and undermining future development outcomes.

In this context, unlocking finance for climate and nature-related investments will require action in four areas:

- **Addressing the legacy of high debt** by: encouraging heavily-indebted countries with sound climate action to participate early in the Common Framework process; incorporating climate action investments into the macroeconomic frame of the Common Framework and other debt treatment processes; expanding eligibility of the Common Framework to include middle-income countries; pursuing all options for refinancing high-cost debt at affordable rates using fresh money from MDBs and restructuring maturities to 30 years; improving debt transparency so that debt restructuring can proceed more effectively and faster; and establishing a borrower forum for sharing experiences and expressing collective voice.
- **Lowering the cost of capital and expanding access to long-term financing** by: enhancing access to and extending maturities for MDB financing, including financing from regular windows that are well below market rates for most EMDEs; reviewing allocation criteria for concessional funds; developing innovative concessional or non-debt-creating climate finance; and limiting private external finance to projects with adequate financial returns and appropriate risk mitigation.
- **Ensuring macroeconomic stability and debt sustainability** by: pursuing domestic resource mobilisation (DRM) and structural reforms; revising fiscal rules to be consistent with desired speed and urgency of priority development spending, including public climate and nature-related spending; building a credible commitment for macroeconomic stability and debt sustainability; and integrating investment surges identified in nationally determined contributions (NDCs) and national adaptation plans (NAPs) into International Monetary Fund (IMF)/World Bank debt sustainability models.
- **Breaking the vicious cycle between vulnerability to climate shocks and unsustainable debt accumulation** by: including debt service pauses following large natural disasters in standard debt contracts; putting in place disaster-related pre-arranged financing; providing fast and predictable post-disaster financing; and working with insurance companies to identify gaps and innovate in risk management and risk pooling.

Boosting domestic resource mobilisation

Mobilising domestic resources – public and private – is foundational to accelerating climate investments and will continue to account for the majority of estimated climate financing by 2035. The key sources of domestic financing are public resources; private domestic financial and private sectors; and national development banks (NDBs). Robust domestic public resource mobilisation is the basis for fiscal sustainability and creditworthiness. It will enable increased government spending for transformative climate investments while managing debt sustainability. Fiscal resilience will also guard against procyclical financial flows and macro-critical impacts triggered by external shocks. Moreover, public resources are essential for activities for which private financing may not be available or affordable, such as fostering a just transition, investing in some types of adaptation, paying for loss and damage, and restoring natural capital.

To bolster public resource mobilisation, EMDEs and especially low-income countries should broaden the tax base and strengthen tax capacity; strengthen international tax cooperation to reduce tax avoidance and harmful tax competition; adopt carbon pricing to accelerate decarbonisation and raise revenues, while managing distributional constraints; phase out fossil fuel and other environmentally harmful subsidies in line with global efforts, while addressing the political economy of reform; enhance the efficiency and resilience of public spending; and scale up international support for capacity-building. The expanding digital infrastructure provides new opportunities for more effective public finance; so does the wider use of information linking direct and indirect taxation, embodied in VAT systems. And in larger economies, strengthening the tax capacities of cities and regions will play a crucial role.

Domestic private finance plays a critical role in aligning finance with climate goals and laying the foundation to attract private external finance. It encompasses banks, contractual savings institutions, capital markets and corporates. It also includes self-financing by households and small enterprises. The reform agenda encompasses three main priorities that overlap and are synergistic with the agenda to boost external private finance:

- **First, strengthen mechanisms to channel financing to climate-aligned investments** by: developing national climate investment plans (and project pipelines) and incentives with the private financial sector; designing public-private partnerships (PPPs) for climate-positive infrastructure; and building investor capacity and expertise in new green asset classes.
- **Second, reform and modernise local financial market policy, regulations and frameworks** by: modernising the investment rules to enable pension funds and insurers to invest in new assets; revising risk assessment, capital adequacy and liquidity frameworks to consider climate risks and the value of de-risking instruments; investing in climate-aligned corporate credit ratings, improving analytical methodologies, data availability and data sharing; providing technical assistance to market regulators; and enhancing financial inclusion for small businesses and households.
- **Third, increase catalytic finance and deploy it more effectively** by: enhancing the ability of MDBs/international finance institutions (IFIs) to provide catalytic financing in local currency; providing seed funding/grants to build pipelines, particularly early-stage equity and project-preparation grants; increasing local currency financing and de-risking mechanisms; and facilitating securitisation of green assets of local banks.

There is growing recognition that national development banks (NDBs) are well-positioned to be strong catalysts in scaling up transformative climate investments. NDBs, which are state-owned entities created by governments to support national

economic and social goals, have been longstanding financiers of projects that the private sector and financial markets have not been able to finance alone. As countries increase their national climate ambition and given the scale of the financing needs, NDBs are also increasingly expected to intensify their role beyond that of direct financiers to become catalysts that mobilise public and private financing.

Given the potential of NDBs, governments should take concerted steps to enhance their role:

- **First, governments should set sound governance and institutional frameworks along with sufficient financial capacity to scale up climate investments.** They should: provide NDBs with clear mandates and goals; ensure NDBs have sufficient capital and resources to deliver on climate financing goals and support NDBs' efforts to deepen domestic capital markets; create a favourable investment environment that incentivises green and climate-resilient investment; and ensure their transparency and accountability.
- **Second, NDBs should strengthen their ability to catalyse investments and mobilise climate financing, with government and international support.** They should: originate, develop and distribute strong project pipelines; and use innovative instruments to leverage access to domestic and international financial markets.
- **Third, NDBs should expand cooperation with MDBs, multilateral climate funds and other IFIs to access affordable finance and capacity-building support.** They should: foster partnerships with MDBs and other IFIs; improve access to concessional financing, risk-sharing instruments and technical assistance; strengthen their catalytic role, improve operational effectiveness and expand their capacity to deliver on climate mandates.

Managing a just transition

Managing structural change fairly, providing opportunity and protection to all, is a defining challenge of climate action. The low-carbon shift will disrupt industries and livelihoods even as it creates new opportunities, and whether it drives inclusive development or instability depends on how deliberately it is planned and financed. A just transition is not only about cushioning risks but about turning disruption into gains – creating decent jobs, resilient communities and more competitive, diversified economies. Well designed and implemented strategies can unlock good-quality jobs and inclusive skills systems, revitalise regions and communities, and strengthen social protection and resilience systems. By 2035, EMDEs will need to significantly scale up just transition spending. The challenges and responses will depend on country circumstances. While rigorous, country-specific assessments are still lacking, our illustrative estimates suggest requirements could amount to \$50 billion per year by 2035.

New international frameworks and partnerships are emerging to support countries on this front, including the Just Transition Work Programme (JTWP) established at COP27 and operationalised at COP28, the Just Energy Transition Partnerships (JETPs) in South Africa, Indonesia, Vietnam and Senegal, and the International Labour Organization's Just Transition Guidelines, reaffirmed in 2023.

Experience from global guidance and emerging national practices is beginning to shape a clearer framework for just transition action. Across EMDEs, several elements are important for designing just transition strategies that are credible, durable and financeable:

- **Make the just transition a cross-cutting pillar of climate and development strategy and finance.**

- **Ensure equity and inclusion are explicit** since women, young people, informal and low-income workers, Indigenous Peoples, and other marginalised groups are often the most exposed to transition risks and least able to access new opportunities.
- **Empower local and regional actors.** The social and economic impacts of transitions are felt most directly at the local level. Empowering subnational governments with resources and decision-making authority enables them to plan for and shape more effective response strategies.
- **Strengthen accountability and monitoring.** Shared metrics – such as taxonomies for just transition investments – can help countries cost their plans, assess progress and mobilise finance more effectively.

Delivering on the \$1.3 trillion in external finance

Mobilising \$1.3 trillion per year in external finance for EMDEs (other than China) by 2035 will require a major expansion of traditional sources of climate finance as well as new and innovative sources of capital. Traditional sources that were included in the earlier \$100 billion target encompass bilateral climate finance, multilateral finance from MDBs and Vertical Climate and Environmental Funds (VCEFs), and private finance mobilised by public support. These will remain core elements of the NCQG. External private finance will need to ramp up, accounting for half of the \$1.3 trillion. South–South cooperation and carbon markets are expected to make a larger contribution than in the past. With a large prospective shortfall in concessional finance, new and innovative sources of climate finance will need to be pursued, including SDRs, debt swaps, voluntary levies, innovative blended finance and private philanthropy. Based on the scale and composition of investment and the sources of possible finance, we constructed possible scenarios to deliver on the investment goal of \$3.2 trillion by 2035 and the external finance target of \$1.3 trillion (see Figure S3 and Table S2). Below, we examine the practicalities of each type of finance in turn, highlighting how they interconnect and reinforce one another within the broader financing architecture.

We assess that \$1.9 trillion (around 60%) of the financing needed for the \$3.2 trillion of climate and related development investment by 2035 is expected to come from domestic resources:

- **Domestic public finance is expected to contribute about \$1.15 trillion (around 60% of domestic resources).** Governments will have to take responsibility for most spending in sub-sectors where revenue is minimal: nature-related spending, loss and damage and just transition. In addition, public finance will anchor investments in long-term infrastructure, including for resilience, and can be used to leverage other sources of finance.
- **Domestic private finance is expected to contribute \$750 billion (around 40% of domestic resources), mainly from domestic financial markets and from self-financing by corporates and households.** Domestic finance will be critical to laying the foundations for unlocking investment opportunities and attracting external finance. National development and commercial banks will have a key role in project origination. Securitisation that can attract institutional capital must also start at the local level. Countries with more mature local financial markets will have a greater share of domestic private finance.

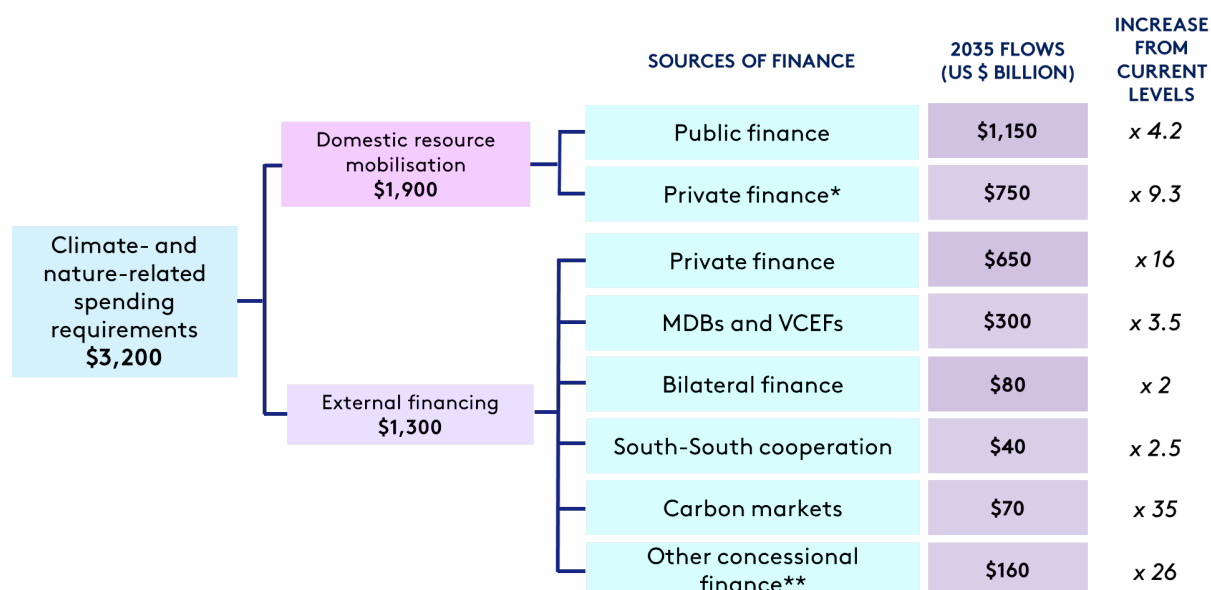
Our analysis estimates that \$1.3 trillion (around 40%) will need to come from external finance each year by 2035. Figure S3 provides indicative ranges for the different sources of external finance that together could contribute to meeting this target, with the ranges for each type providing an indication of their potential contribution; some are subject to more uncertainty than others. The different sources of finance also vary in their

concessionality and tenor and therefore their suitability to support different types of investment needs varies too. There are also important potential synergies between the different pools of finance. Concessional finance is needed to finance responses to loss and damage and support spending where revenue streams are the most uncertain, such as investments in adaptation and resilience and natural capital in poor and climate-vulnerable countries. Concessional finance can also help reduce risk and the cost of capital and can therefore unlock other pools of capital, including private finance at scale. International development finance from MDBs, VCEFs and bilateral agencies are well suited to financing long-term public investments such as grids and transport infrastructure and can also play an important catalytic role in mobilising private finance.

- **Given the growing share of private investment and the large potential from global institutional capital, private finance can make the largest contribution to meeting the \$1.3 trillion goal – about \$650 billion (50% of external finance).** This will require a concerted effort to create the necessary conditions and tackle the cost of capital. A much more structured approach will be needed to mobilise private finance in new and more effective ways. External private finance would need to increase more than 15-fold from current levels by 2035, with a quarter of this requiring some form of blended finance.
- **International public finance led by developed countries must constitute the foundation of the \$1.3 trillion goal based on the NCQG decision – about \$650 billion (50% of external finance):**
 - **Financing from multilateral sources** – MDBs and VCEFs – will need to at least triple to reach \$300 billion by 2035 (46% of international public finance) given their critical direct and catalytic role, with reasonable pathways to achieve this expansion.
 - **Financing from concessional sources and low-cost finance** will need to reach \$350 billion by 2035 (54% of international public finance):
 - **Bilateral climate finance** must at least double by 2035 to reach \$80 billion by 2035 (23% of concessional and low-cost finance).
 - **South-South cooperation** is also poised to make a much larger contribution and could reach \$40 billion per year by 2035 (11%), given the leadership of many large emerging markets in the energy transition and infrastructure space.
 - **Carbon markets**, which so far have been insignificant, could play a much larger role with the efforts now underway under Article 6 of the Paris Agreement and more broadly to revitalise them, to reach \$70 billion per year by 2035 (20%) – increasing 35 times from current levels.
 - **A major push on new and innovative sources of finance** could help fill the gap in concessional and low-cost finance, including through SDRs, debt swaps, voluntary levies and private philanthropy – potentially contributing around \$160 billion by 2035 (46% of international public finance). This will require concerted effort, coalitions of willing countries, and leadership from major countries, both developed and emerging markets.

Thus, with a concerted and coordinated effort, there is an entirely reasonable path to deliver on the \$1.3 trillion goal for external finance that is necessary to underpin the expansion of climate-related investments in EMDEs (other than China) to \$3.2 trillion per year by 2035.

Figure S3. Mobilising the necessary financing to \$1.3 trillion for EMDEs (other than China) by 2035



Notes: **'Private finance' includes self-financing by households; **'Other concessional' includes SDRs, debt swaps, voluntary levies and private philanthropy.

Table S2. Financing pathways to \$1.3 trillion for EMDEs (other than China) by 2035

	2022 (\$ bn)	2035 (range; \$ bn)
Source of finance		
External private finance		
Mobilised	25	90–150
Direct	15	300–700
Multilateral climate finance		
MDB concessional	20	50–75
MDB regular windows	60	160–240
Multilateral climate funds	3	6–10
Concessional and low-cost finance		
Bilateral official climate finance	42	60–100
South-South cooperation	17	30–60
Carbon markets	2	30–140
Other concessional finance		
Voluntary levies	0	20–110
Special drawing rights	2	5–20
Innovative blended finance	0	10–20
Debt swaps	1	5–10
Private philanthropy	3	5–20
Total	190	770–1,655

Cross-border private climate finance

Private finance, domestic and external, is expected to make the largest contribution to the financing of the \$3.2 trillion investment need underpinning the \$1.3 trillion external finance goal. This reflects the changing nature of investment with a large shift to the private sector and the potential to harness private savings. In particular, the very large pool of global institutional capital (in excess of \$150 trillion) can be harnessed to meet the large financing needs of EMDEs. As the work of the Circle of Finance Ministers, Glasgow Financial Alliance for Net Zero (GFANZ) and IHLEG have highlighted, this will require concerted efforts to overcome domestic and international obstacles, as well as targeted actions by MDBs, DFIs and donors to mobilise private finance.

To meet the Baku to Belém Roadmap’s objectives, the private and public sectors, nationally and internationally, must establish new partnerships that can: co-sponsor investment platforms and transition plans; provide early equity and risk capital; ‘jump-start’ demand for green products in emerging markets; invest in project preparation ecosystems; and leverage corporates to act as pipeline accelerators. Unlocking private finance at scale also depends on lowering the cost of capital in EMDEs through smarter, scalable structuring and fit-for-purpose risk-sharing instruments and platforms. This includes the scaling-up of FX hedging solutions for both debt and equity and tackling specific risks over the project cycle. Achieving the Roadmap’s targets for scale requires systemic mobilisation of long-term institutional capital including through securitisation instruments. This will require developing a new ‘originate-to-distribute’ multi-MDB asset class; co-creating and participating in scaled-up syndication instruments; engaging regulators to align prudential rules with real risk;⁵ and improving and sharing data and adopting interoperable taxonomies. The private and public sectors have recently come together much more effectively in finding scalable solutions. These include for example the UK’s EMDE Investor Taskforce, the Green Guarantee Group, and the World Bank Private Sector Investment Lab. These have now to be built upon in a systematic way. To reach the scale of financing targeted by 2035, it will be essential to tackle systemic constraints that raise the cost of capital and impede cross-border finance to EMDEs, notably the lack of adequate global financial safety nets, inadequacies in credit rating agency (CRA) methodologies and assessments, and unintended impacts of prudential regulations.

External private finance, which amounted to less than \$40 billion in 2022, needs to increase more than 15-fold as the largest component of the \$1.3 trillion target. This includes increasing mobilised private finance from around \$25 billion in 2022 to \$90–150 billion by 2035. Different parts of the system (MDBs, multilateral climate funds, donors) can play complementary roles in setting up scalable blended finance structures. As these efforts gain traction in creating private sector confidence and reducing actual and perceived risks, there will be an increase in direct private flows. Given the inherent uncertainties around both domestic and international efforts, total direct external finance could span a wide range, from \$300 to \$700 billion by 2035.

The upper end of the direct private climate finance range does not reflect a constraint in the potential supply of finance but rather constraints on demand, including the scope for private investment, creditworthiness, regulations affecting cross-border flows, the capacity to prepare large pipelines of bankable projects and absorptive capacity. The lower end of the range reflects limited progress in enhancing the enabling environment for direct private climate finance.

⁵ There is evidence, e.g. from the GEMS database, of a major discrepancy between perceived risk and real risk, with the former being substantially larger in EMDEs.

Multilateral climate finance

MDBs and the VCEFs play a central role by helping countries to unlock investments for transformative change, provide low-cost and long-term finance, and catalyse private finance at scale. MDBs need to act as agents of system transformation in each of these areas through much stronger and bolder implementation of the 'better, bigger and more effective' Roadmap for MDB Reform, set out and agreed by the G20 in 2024. The larger development finance system harnessed through the International Development Finance Club (IDFC) and Finance in Common System (FiCS) has a key role to play in mobilising the whole ecosystem for transformative change.

Multilateral development banks (MDBs)

MDBs have a central role in the DFI system. They need to become much more proactive agents in supporting the investment push that is needed over the coming two decades, including through supporting countries to develop country platforms. They need to play a much more effective role in catalysing private finance, building on important steps they have taken over the past three years. They need to become a bulwark for affordable, long-term, predictable finance. Their concessional windows, especially the World Bank International Development Association's (IDA), are vital to meeting the needs of low-income and climate-vulnerable countries. Their regular windows provide below-market financing for most EMDEs and are therefore the most important source for long-term, low-cost finance that can be used to finance investments that will not attract suitable private finance – such as many types of public infrastructure, and investments in adaptation, resilience and natural capital.

MDB concessional finance is projected to more than double from \$20 billion in 2022 to \$50–75 billion by 2035 based on the commitment of donors and the ability of IDA to generate internal resources. MDB financing from their market-based windows has the greatest potential for a substantial increase. In line with the findings and recommendations of the G20 Independent Expert Group under India's 2023 presidency, financing from the market-based windows for climate action could triple or quadruple from \$60 billion in 2022 to \$160–240 billion by 2035. To achieve this expansion, MDBs would need additional resources from a further push on the implementation of the Capital Adequacy Framework, from hybrid capital and guarantees, and from new infusions of capital.

Recent assessments show that MDBs have substantial room to expand lending through further recalibration of risk. There is also considerable potential to attract more hybrid capital and portfolio guarantees. This can help MDBs ramp up their financing commitments for long-term transformation. Nevertheless, reaching the tripling target by 2035 will require well-timed capital increases amounting in aggregate to a minimum of \$60 billion across the system.

Finally, MDBs have been pursuing institutional and collective efforts to enhance effectiveness and impact, including through a growing set of initiatives and platforms. Nevertheless, there is a long list of detailed issues on which MDBs can work better together. In climate and nature, where MDBs collectively are prime drivers of change, there is more scope for strategies to be identified and outcomes to be measured on a system-wide basis. In a period where flows from developed countries have been cut back, the multiplier and leverage capabilities of the MDBs have become even more important.

Enhancing the contribution of IDFC and FiCS

The Seville Commitment [*Compromiso de Sevilla*]⁶ consolidated public development banks (PDBs) as a core pillar of the international financial architecture, with FiCS serving as the global platform convening the 530-plus PDBs worldwide. Within this system, the IDFC, with its 27 members representing more than \$4 trillion in assets and \$200 billion of annual climate commitments, is the largest provider of public development and climate finance and a key driver of systemic alignment.

IDFC and FiCS have embarked on a set of strategic initiatives that can make an important contribution to the Baku to Belém Roadmap. They have launched a major effort to scale up country platforms as operational hubs. They have launched a Global Guarantee Platform with the Multilateral Investment Guarantee Agency (MIGA) that will double the number of PDBs accessing capital markets and catalyse private finance. They have launched the Currency Risk Management and Resilience initiative with TCX (the Currency Exchange Fund), which is expected to deliver up to \$2 billion in local-currency lending. They are fast-tracking technical assistance (TA) and project preparation through a TA workstream and catalogue. And, very importantly, they have launched a Transformational Finance for Climate Group as part of the Making Finance Work for Climate Initiative, which aims to bring together a broad coalition of PDBs, climate funds and private institutions around a common approach to fostering change with a focus on metrics and impact.

IDFC and FiCS can build on these initiatives to make an important contribution in scaling up climate finance and making it more effective in support of the Roadmap. Specifically, they can help:

- **Strengthen the recognition and role of national and sub-national development banks** by harnessing the collective voice and commitment of PDBs, climate funds and private financial institutions to develop a shared approach to the fostering of change in climate finance, addressing systemic barriers and leveraging catalytic opportunities, and shifting from volume-based metrics to impact-based accountability.
- **Support the scale-up of country platforms** as operational hubs through the approach set out in the Global Financing Playbook.
- **Scale up private capital mobilisation** through expanded use of guarantees and blended instruments, including by using the Global Guarantee Platform with MIGA; standardise impact measurement to strengthen investor confidence; help foster private sector engagement in nationally led country platforms; and help improve the management of currency risks, including through the Currency Risk Management and Resilience Initiative co-led by TCX and FiCS.
- **Improve the functioning of MDBs, DFIs, PDBs and climate funds as a system**, to accelerate pipeline development, facilitate faster co-financing, enable larger pooled transactions, and strengthen private sector partnership. Harmonised due diligence, procurement, M&E, and co-financing procedures will be central to this effort.

Vertical climate and environmental funds (VCEFs)

VCEFs such as the Green Climate Fund (GCF), Climate Investment Funds (CIF), Global Environment Facility (GEF) and Adaptation Fund bring essential concessional resources, grants and catalytic capital. Though small in size, these funds have high

⁶ The Seville Commitment envisages a consolidation of the role of PDBs within the international financial architecture: Paragraph 30 acknowledges the role of national development banks in aligning finance with country-owned strategies and development priorities. Paragraph 37(i) explicitly references FiCS as the global platform fostering collaboration among multilateral, regional and national development banks.

leverage potential. VCEFs should follow through on the recommendations of the G20 IHLEG VCEF report produced during the G20 Brazilian Presidency. In particular, they should:

- **Improve access and equity**, including through further streamlining accreditation, and enhanced access for and engagement with LDCs, SIDs and vulnerable communities.
- **Strengthen country ownership** by supporting country platforms and programmatic approaches, and by building capacity and increasing reliance on nationally accredited entities.
- **Enhance collaboration among VCEFs and with the larger development finance ecosystem** through harmonisation of procedures, setting up of platforms, and utilising the comparative strengths of the different parts of the system.
- **Mobilise finance at scale** by moving from project-by-project financing to catalytic mobilisation of larger capital flows, while making mobilisation targets explicit and linked to thematic priorities.
- **Streamline governance to make the funds more agile and coherent** through board-level reforms to speed up decision-making and avoid duplication; set implementation targets, including for project approvals and disbursements; and anchor replenishment in demonstrated efficiency, mobilisation and impact.

The NCQG decision calls to at least triple annual outflows from the operating entities of the UNFCCC Financial Mechanism by 2030. In line with this commitment, support from VCEFs is projected to increase from their current level of \$3 billion in 2022 to \$6–10 billion per year by 2035.

Concessional and low-cost finance

Delivering bilateral climate finance commitments

Bilateral climate finance commitments remain a central pillar of international public finance and of the NCQG. Notwithstanding the more challenging environment for official development assistance, it will be critical to uphold bilateral pledges and ensure that contributions grow in line with the NCQG goal. More effective deployment and use of bilateral climate finance is also critical. Bilateral climate finance should be principally targeted to low-income and climate-vulnerable countries, to building resilience and to natural capital. It is also essential that bilateral climate finance be used more effectively by placing a stronger focus on impact and results at the country level, protecting contributions to multilateral channels, and improving the leveraging of other pools of finance, including private capital mobilisation.

We estimate that bilateral climate finance could reach \$60 to \$100 billion by 2035. The lower end of the range assumes an increase of 50% relative to the 2022 level based on the current outlook. The upper end assumes an increase of 2.4 times the 2022 level by 2035, which is ambitious but potentially achievable. Bilateral climate finance should be seen as a core element in finance for progress towards the Sustainable Development Goals, and not as a ‘competitor’ for such finance.

South–South cooperation

South–South cooperation is emerging as a powerful channel for mobilising climate finance and investment across developing countries. Led by major emerging economies such as China, India, Brazil and South Africa, and supported by a growing ecosystem of Southern development banks and financial hubs, these flows are increasingly directed toward renewables, resilience and digital infrastructure rather than fossil fuels. Together, they could contribute an estimated \$30–60 billion annually by 2035 to the \$1.3 trillion

external finance target. Beyond finance, South–South partnerships are deepening technology exchange, policy learning and regional integration – offering models that are often more context-appropriate than traditional North–South assistance. Yet stronger coordination, transparency and shared safeguards are needed to unlock scale and ensure initiatives remain equitable, debt-sustainable and inclusive, delivering tangible benefits to the most climate-vulnerable communities.

Revitalising carbon markets

Carbon markets are set to play an increasingly important role within the broader climate-finance architecture, mobilising resources both domestically – through carbon pricing instruments such as taxes and emissions trading systems – and internationally, through the sale of high-integrity carbon credits. Cross-border finance primarily flows through three mechanisms: voluntary carbon markets, bilateral cooperative approaches under Article 6.2 of the Paris Agreement, and the UN-supervised Article 6.4 mechanism. Together, these channels can generate debt-free, results-based payments for mitigation in EMDEs, complementing public and concessional finance. Their scale will depend on several factors: the clarity and ambition of policy frameworks, which shape demand and carbon prices; the deployment of carbon-dioxide-removal technologies, which will influence the supply and cost of high-quality credits; and the strength of integrity and transparency standards that underpin market credibility.

Several reforms can strengthen the role and contribution of carbon markets: raising ambition on carbon pricing that meets local needs; developing high-integrity carbon credits with robust supply standards and wider access; demanding integrity with clear rules for use and claims; trusted, cross-border, digital market infrastructure; embedding equity and just transition principles; and a plurilateral push on a high-integrity carbon market coalition at COP30 (the recently announced Open Coalition on Compliance Carbon Markets). Carbon-market finance should also include finance for programmatic or large-scale change and not just project-by-project. This type of carbon-market finance is more easily integrated into overall action for sustainable development.

Drawing on projections from a range of market analyses and institutions, the potential value of cross-border carbon-market finance to EMDEs (other than China) could reach \$30–140 billion per year by 2035, provided ongoing reforms deliver a high-integrity and scalable global regime.

New and innovative sources of concessional finance

There is a need to tap new and innovative sources of concessional and low-cost finance given the growing investment requirements for adaptation and resilience, loss and damage, and natural capital, particularly in low-income and climate-vulnerable countries. To date, these sources amount to only \$6 billion and would need to increase to around \$160 billion by 2035.

Tapping the potential of special drawing rights (SDRs)

SDRs continue to provide a potential source for mobilising climate finance, especially for poor and climate-vulnerable countries. To date, \$107 billion has been rechannelled through IMF facilities. A further avenue, of great potential in leverage terms, is to rechannel SDRs through the MDBs, but this has not yet come to fruition. A concerted push is needed by major countries to overcome the obstacles that are impeding their contribution to the recycling of SDRs, including through MDBs.

Three additional reforms should be pursued to enhance the potential contribution from SDRs: the IMF should work with central banks to modernise reserve-asset rules, lowering the liquidity requirements that currently reduce lending capacity; G20 members

and SDR holders should expand rechanneling options to MDBs, providing new hybrid capital instruments to increase concessional lending; and the G20 and IMF should begin discussions on a new SDR issuance to prepare for future systemic shocks, including climate-related ones.

We assess that it may be possible to mobilise \$5–20 billion per year in SDR resources by 2035. The range of potential contributions from SDRs reflects the potential to expand the voluntary rechanneling of unused SDRs, modernise the reserve-asset framework to unlock more affordable lending, and consider a new SDR issuance to provide liquidity during macro-critical shocks, including from climate change. The low end of the range reflects a constrained use of SDRs allocated to recycling. The upper end reflects higher levels of SDR recycling and an additional issuance by 2035.

Voluntary levies

Momentum has been building to introduce ‘global solidarity levies’ on high-emitting sectors and highly mobile cross-border tax bases through agreement among a coalition of the willing. These levies, mostly aligned with the polluter-pays principle, could raise substantial revenues for climate action and development. Some important carbon-generating international activities have largely escaped taxation: for example, international aviation and shipping have substantial tax privileges by not paying excise duty or value added tax.

At COP28, France, Kenya and Barbados launched the Global Solidarity Levies Task Force (GSLTF), now comprising 19 members, to identify feasible options and explore potential coalitions of willing countries to lead their implementation. The Task Force has been developing and assessing a wide range of options, with aviation and shipping remaining the most promising, notwithstanding the postponement of a decision on a shipping levy by the International Maritime Organization to next year. As a first step, a Premium Flyers Solidarity Coalition was launched under the Sevilla Platform for Action, with the aim of reaching agreement on a concrete proposal by COP30.

We anticipate that it may be possible to generate \$20–110 billion in new resources from voluntary levies by 2035. The high end of the range reflects the adoption and implementation of some concrete proposals supported by a sizeable coalition and a substantial share of proceeds allocated to climate finance for EMDEs. This does not include some proposals that could raise significant revenues but that do not yet have sufficient political traction, such as financial transaction taxes, wealth taxes or taxes on crypto.⁷ Conversely, the low end of the range reflects the adoption of a limited set of levies supported by a small coalition and with a limited allocation of proceeds to climate finance for EMDEs (other than China).

⁷ Note that these are less directly related to emissions than the maritime and aviation taxes.

Innovative blended finance

New facilities such as Brazil's Tropical Forest Forever Facility (TFFF) – announced under its COP30 Presidency – illustrate how long-term, performance-based finance can reward countries for conserving tropical forests and other globally critical ecosystems.

By providing sustained and innovative funding where domestic revenues are insufficient, this model could be extended to other priority objectives, from resilience and adaptation to sustainable land and water management.

Multiplying debt swaps

Debt swaps could be a means by which to mobilise additional financing from bilateral sources and philanthropy. They convert part of a country's external debt into commitments to invest in climate or nature priorities, often through national or trust funds. Whether there is a net increase in financing will depend on whether the contributions are coming from existing envelopes or from expanding the envelope of bilateral and philanthropic contributions.

Recent examples of debt swaps from Barbados show that there is potential to widen the scope and scale of debt swaps. Efforts to establish platforms such as the Caribbean Multi-Guarantor Debt for Resilience Facility launched by the Inter-American Development Bank (IDB), Caribbean Development Bank (CDB) and Development Bank of Latin America (CAF) can enhance coordination among MDBs, governments and private sector actors to expand and streamline interventions; and foster investor confidence by strengthening standards for transparency, monitoring and evaluation. Additional financing through debt swaps could amount to \$5–10 billion by 2035, depending on progress along these lines.

Private philanthropy

Philanthropy can deliver what other forms of finance cannot: fast, flexible, risk-tolerant, grant-based resources that do not add to debt burdens. This makes it especially valuable for adaptation, loss and damage, natural capital, and just transitions. It can also fill gaps in concessional finance, for instance in capacity-building and country platforms, and leverage other pools of capital.

Despite its potential, philanthropy is not yet playing the role it could in climate finance. There is potential to expand the pool of private philanthropy and enhance its effectiveness. Among the priorities to consider are: shifting portfolios towards adaptation and loss and damage; co-financing at scale with MDBs, including through the Asian Development Bank-style Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP) facility; capitalising the loss and damage fund and supporting sovereign risk transfer; and funding an early-stage financing facility for country platforms. In addition to traditional philanthropic foundations, the corporate sector can be an important potential source of concessional finance for climate action. Depending on the strength of these efforts, the contribution from private philanthropy could range from \$5 to \$20 billion per year.

Aligning all finance with sustainability and improving the international regulatory framework

This agenda entails both the implementation of Paris Article 2.1(c)⁸ and reform of the international regulatory framework.

⁸ Article 2.1(c) of the Paris Agreement commits Parties to “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.” This provision broadens the scope

Delivering Article 2.1(c) requires a broad set of reforms across the international and domestic financial systems. These reforms must reduce the cost of capital for EMDEs, scale up private finance through blended structures and align regulatory frameworks with climate goals. National governments should create predictable investment environments; domestic policy frameworks must incorporate Paris-aligned outcomes into market incentives; central banks and supervisors should help embed climate risks into financial systems; and financial institutions and investors should accelerate alignment of portfolios with the Paris goals with a robust implementing framework.

Achieving the Paris Agreement goals requires not only scaling up climate finance but also reshaping the rules that govern global finance. Current international regulatory frameworks – such as prudential standards, sovereign risk assessments and credit rating methodologies – were not designed with climate change in mind. Reforming the international regulatory framework is indispensable to making all finance flows Paris-consistent and to reshape the financial architecture to mobilise capital at scale for climate action in EMDEs. Key priorities include:

- **Integrating** climate risks and climate investment opportunities into prudential regulation.
- **Unlocking** institutional investors and reforming non-bank rules.
- **Harmonising** climate data, taxonomies and disclosure standards.
- **Reforming** credit rating methodologies to reflect climate and resilience.
- **Advancing** international coordination and inclusive governance.

The way ahead

The science and experience tell us that climate action is ever more urgent. So too is the need to revive global growth. The imperative to act is ever stronger.

The report argues that notwithstanding the immediate difficulties, we are at a moment of great opportunity. Technology has leapt forward and continues to do so. It is now time to accelerate implementation of the agenda we have set out. A concerted and sustained investment push centred on the clean energy transition, adaptation and resilience, and nature is the only way to meet global climate and biodiversity goals: and it can also unlock strong, sustainable, inclusive and resilient growth – the growth story of the 21st century.

We finish with the following key priorities for decision-makers:

- **A strategic and managed transition, with engagement and coordination by Finance Ministers to drive the transformation.** Achieving a successful transition requires a purposeful, whole-economy approach underpinned by strong leadership from the top of government.
- **Country-led strategies as the foundation.** National investment strategies and plans for transformative change must form the bedrock of action, with country platforms serving as a key instrument to give confidence to investors, and to align finance, policy and implementation.

of climate finance beyond targeted support, emphasising the alignment of all public and private financial flows – domestic and international – with climate objectives. It thus complements Articles 2.1(a) and (b), which focus on temperature and adaptation goals, by addressing the systemic transformation of the global financial system needed to achieve them.

- **Tackling debt and strengthening domestic foundations.** Managing and reducing the burden of debt and high servicing costs, while building robust systems for domestic resource mobilisation, is essential to create fiscal space and sustain investment.
- **A development finance system that acts in a unified and coherent way.** MDBs, DFIs, VCEFs and NDBs must work together as a coherent system to support country platforms, accelerate project origination, expand long-term affordable finance, and catalyse private investment.
- **Scaling up private investment and finance.** Mobilising private capital at scale is both a necessity and an opportunity. New partnerships and innovative financial solutions are emerging, and we are seeing strong entrepreneurship from the private sector. The task now is to make the public-private collaboration systematic and predictable.
- **Reinvigorating official development finance and South-South cooperation.** Credible delivery and greater effectiveness of bilateral climate finance from advanced economies remain vital, alongside the growing potential of South-South cooperation as a complementary source of finance and knowledge.
- **Innovative and predictable concessional finance.** Achieving adequate scale will require new and innovative sources, including carbon markets, SDRs, voluntary levies, expanding and leveraging philanthropy, and innovative blended finance initiatives such as the Tropical Forest Forever Facility. This is particularly important with adaptation, resilience and nature rising up the agenda.
- **Collaboration and shared purpose.** Delivering on this agenda demands a spirit of collaboration across institutions, coalitions and regional initiatives.

The Baku to Belém Roadmap to 1.3T prepared by the Presidents of COP29 and COP30, supported by the Circle of Finance Ministers' report, our report and other inputs such as the Circle of Economists, provides a shared and coherent vision, the agenda and the implementation strategy. Over the past few years, a well-defined institutional architecture has emerged to support delivery and breakthroughs. This includes the main international processes such as the COP, G20 and UN General Assembly, engagement by all the key international institutions including the World Bank, IMF and OECD, and a growing and mutually supportive ecosystem of coalitions and platforms, including the Circle of Finance Ministers, the Coalition of Finance Ministers for Climate Action, the Network for Greening the Financial System (NGFS), the Paris Pact for People and Planet, the Bridgetown Initiative and the V20.

The private sector is increasingly a driving force behind this agenda through collaborative initiatives such as GFANZ and the Global Investors for Sustainable Development Alliance, while civil society and think tanks are actively advancing shared priorities including the clean energy transition, adaptation and resilience, and natural capital. Together, these developments provide the foundation for concerted, coordinated and effective action. The Roadmap offers a strong basis for integrating these efforts into a coherent and actionable framework. It charts a way forward.

Now more than ever the world needs the spirit of collaboration and implementation that is so well conveyed by the word *mutirão*, which the COP30 President has used to describe the theme for the summit in Belém.



Independent High-Level Expert Group on Climate Finance