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Response to request for input on the Baku to Belém Roadmap to 1.3T

Climate Bonds welcomes the opportunity to respond to the request for input on the Baku to Belém Roadmap to 1.3T. Below are our responses to the provided questions.

What are priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions necessary to enable the scaling up of financing for climate action to developing countries? Based on experience to date and evidence, what can those actions contribute to in terms of progress in enabling the scaling up of financing?

Institutional investors control tens of trillions of dollars of capital, but only a small fraction currently flows to climate-related investments in emerging and developing economies. This is due to multiple market failures, including investment risk (both real and perceived), financial regulation, and knowledge and understanding gaps.

Bilateral and multilateral Development Finance Institutions (DFIs) can increase private capital mobilisation that delivers climate impact in the near term. Adopting a clear definition of mobilisation that encompasses all capital mobilisation tools available to DFIs will ensure all possible approaches are considered in investment decisions. Sophisticated mobilisation targets can maximise climate impacts and encourage breadth of use of instruments based on needs. Expanding the current narrow scope of many existing enabling targets that focus on direct mobilisation, to align with broad definitions, [will enable the choice of mobilisation tool](#) to be driven by maximising climate and sustainable development impact and not preference for one over another.^[1]

Sovereigns can lead by example and maximise impact of limited public resources to deliver climate action. Robust transition planning and green public financial management improves investor confidence by providing a structured pathway for governments to achieve their climate goals, link these goals to financing strategies, and offer a framework for engaging with investors. Policymakers can use sustainable finance policies to direct capital to meet development needs and deliver the most urgent mitigation and adaptation projects. Looking beyond 2028, climate investment must be grounded in whole-of-government and transition planning and operations. The Climate Bonds Standard has expanded to allow Certification of assets, entities, sustainability-linked debt instruments and green equity. Transition planning should be tied into budget and debt strategies with clear reporting and review mechanisms, locking in credibility and long-term investor engagement.

In the medium- to long-term, international regulatory barriers to EM climate investment will also need to be addressed. These include treatment of non-EU assets in the EU Green Asset Ratio, treatment of non-OECD assets in Basel III and Solvency II.

What strategies can be implemented to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions?

There is an urgent need to increase finance for climate adaptation and resilience. One of the biggest obstacles has been the lack of clarity on what constitutes a resilience investment. The Resilience Taxonomy responds by identifying activities, assets, and systems that can be considered resilient, creating the basis for confidence in markets.

This framework is now actionable. Resilience Criteria within the Climate Bonds Standard offer issuers a clear route to Certification of assets and projects that demonstrate climate resilience. The Climate Resilience Principles provide guidance to ensure that infrastructure investments are resilient to physical climate risks, aligned with long-term climate goals, and adaptable under conditions of uncertainty.

The Principles are practical as well as conceptual. They require clear system boundaries, assessment of physical climate risks, demonstration that the asset is fit-for-purpose, assessment of resilience benefits, monitoring of resilience performance, and periodic re-evaluation. Together, these tools establish consistency and credibility for scaling up adaptation finance in vulnerable regions.

What other experiences, proposals or approaches could help inform and accelerate efforts to mobilize USD 1.3 trillion in financing, including through grants, non-debt creating instruments, new sources of finance, and strategies to create fiscal space?

The scope of instruments has widened. The Climate Bonds Standard has expanded beyond use of proceeds to include green equity, transition finance, and sustainability-linked debt. This allows issuers to align a wider set of financial instruments with credible climate objectives under a consistent assurance framework.

Sovereign experience shows the benefits. Green bond issuance can reduce the cost of capital by attracting a broader investor base and generating pricing benefits, or greenium. Policymakers can use sustainable finance policies to direct capital to meet urgent mitigation and adaptation projects. Improved transparency and reporting enable a healthy and transparent market, which is critical for mobilising mainstream capital at this scale.

What key actors and existing multilateral initiatives should be considered or involved, as appropriate, to support the delivery of the USD 1.3 trillion target?

DFIs and MDBs need to be at the centre of mobilisation efforts, with shareholders providing clear mandates to scale up mobilisation targets and to use their balance sheets more effectively. National governments can mainstream transition planning into fiscal and debt management strategies, creating a structured pathway for private investment.

At the sovereign level, national budget processes debt management strategies, and sovereign investment need to be tilted to green, ensuring that [all public investment is aligned with climate targets.](#)^[ii] Real economy policy will need to incentivize and facilitate

investment in transition, with [phaseout of fossil fuel subsidies a crucial near-term action](#).^[iii] Central banks and regulators can deploy sustainable finance policies such as taxonomies and disclosure requirements, to direct capital in the near term, and in the medium term can look to tilt monetary policy such as [asset purchase and collateral frameworks](#).^[iv]

^[i] Burge L., 2024, The Role of DFIs in Accelerating the Mobilisation of Green Capital, Climate Bonds Initiative, <https://www.climatebonds.net/data-insights/publications/role-dfis-accelerating-mobilisation-green-capital>

^[ii] <https://www.climatebonds.net/data-insights/publications/unlocking-investment-sovereign-transition>

^[iii] https://www.climatebonds.net/files/documents/publications/Climate-Bonds_101-Sustainable-Finance-Policies-for-1.5C_Mar-2023.pdf

^[iv] <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220704~4f48a72462.en.html>

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