Submission on the “Baku to Belém Roadmap to 1.3T

Attn: Yalchin Rafiyev and Liliam Chagas

Re: Submission on the “Baku to Belém Roadmap to 1.3T

Cover note and provenance.

Dear Yalchin Rafiyev and Liliam Chagas

This submission responds to the Presidencies’ invitation (6 Aug 2025; Ref: MOI/MTP/O/BtB Roadmap) for inputs to the *Baku to Belém Roadmap to 1.3T*, which calls for scaling climate finance for developing countries to at least USD 1.3 trillion per year by 2035 and invites views on questions (a)–(d) on the “message from the presidencies of the sixth and seventh sessions of the conference of the parties serving as the meeting of the parties to the Paris agreement on the “Baku to Belém roadmap to 1.3t”. Please note that this is a personal submission from Benjamin Bartle, Principal, Catalytic Capital, Emerging Markets at Rocky Mountain Institute and Board Director, Climate Markets and Investments Association (both UNFCCC Observer entities).

About the research this submission draws on.

This submission draws on **RMI–NDC Partnership research with more than twenty leading Project Preparation Facilities (PPFs)** operating across energy systems, cities and transport, adaptation and water, agriculture and nature-based solutions, and industrial decarbonization. The work synthesizes three streams of evidence: (i) structured interviews with **PPF** leadership and transaction advisors; (ii) analysis of anonymized project “funnel” data tracing concepts from pre-feasibility to financial close; and (iii) case studies on aggregation, guarantee usage, and foreign-exchange (FX) solutions. A preliminary summary is published here: https://rmi.org/cop30-project-finance-preparation/

Key Lessons

A central finding is that projects in emerging and developing economies do not fail from a lack of investor interest, but from chronic underfinancing of early-stage preparation. This “early-stage project finance” gap is directly linked to delivery of the New Collective Quantified Goal and the USD 1.3 trillion Roadmap. Prioritizing preparation—alongside supportive policy and de-risking—is the single most actionable lever to accelerate pipelines before 2028.

Instruments beyond traditional grants are essential. **PPFs** should be empowered to deploy **returnable grants**, **convertibles**, **working-capital loans**, and **seed or early-stage equity**. These cover developer costs through feasibility and structuring and recycle capital across successive projects. **Results- or impact-linked financing** can reward verified milestones, while **guarantees and other risk-sharing tools** should be prepared in parallel so commercial finance can step in at development and construction. This multi-layered stack ensures technically sound concepts reach investment committee and financial close.

The research also highlights **macro constraints**—limited local-currency lending, liquidity shortages, and high capital costs—that raise the weighted average cost of capital. While long-term system reforms are needed, PPFs can mitigate these risks today by integrating **local-currency solutions, FX management, creditworthy offtake or sovereign backstops, predictable permitting frameworks, and MDB/DFI risk-sharing** into the preparation stage rather than treating them as late add-ons.

Additional Insights

The research identifies five systemic challenges:

1. **Fragmentation** across today's preparation landscape increases costs and delays; nationally led platforms that coordinate policy, permitting, and MDB engagement are needed.
2. **Over-reliance on short-term donor grants** undermines PPF capacity; multi-year, outcome-based funding is required.
3. **Capacity and alignment gaps** persist; embedded technical assistance within domestic institutions is more effective than short-term consultancy.
4. **Bias toward larger projects** excludes distributed and nature-based solutions; aggregation into standardized portfolios can bring these to scale.
5. **Demand outstrips supply**: the NDC Partnership has received over a thousand requests from nearly eighty countries for project-preparation support, underscoring the urgency of treating early-stage finance as a core pillar of the Roadmap.

The following sections respond to questions (a)-(d)

(a) Priority actions to enable the scaling up of finance—and what these actions achieve

Near-term priorities through the end of 2028

Establish "Country Platforms 2.0" that combine policy, pipeline development, and risk-mitigation in one coordinated system.
Countries that align their sector policies, permitting and land processes, grid and offtake arrangements, and risk-mitigation tools within a single programmatic platform convert nationally determined contribution (NDC) and national adaptation plan (NAP) priorities into bankable investment programs more rapidly. In practice this means placing a transaction manager inside government who convenes ministries, utilities, and regulators to resolve site access, interconnection, and tariff or payment-security issues on a defined timetable. When these functions are coordinated, development cycles shorten, diligence becomes predictable, and private capital participates at materially lower risk.

Fund project preparation as essential public-interest infrastructure with multi-year, outcome-tied grants.
PPFs consistently report that bankability suffers when feasibility work, enabling works, and structuring support are financed in a stop-start, project-by-project fashion. Multi-year core funding—tied to outputs such as "projects advanced to investment-committee stage" or "transactions closed"—allows PPFs to build larger, higher-quality pipelines and to sequence studies, safeguards, stakeholder engagement, and financial structuring without gaps that erode momentum and talent.

Use guarantees and other risk-sharing instruments as first-line tools, with debt following once risks are properly allocated.
Standardized partial-credit and partial-risk guarantees, non-honoring and political-risk cover, and performance or revenue guarantees reduce the cost of capital and lengthen tenors in emerging and developing economies. When these tools are quick to issue, transparently priced, and offered at program scale, private lenders and institutional investors are more willing to commit, and crowd-in ratios improve.

Address foreign-exchange risk at the outset so local-currency debt becomes viable.
FX risk is a frequent deal-breaker for distributed energy, municipal resilience, and other projects that earn domestic-currency revenues. Capitalizing pooled hedging facilities, expanding local-currency guarantee windows, and piloting long-tenor "green swap lines" or special drawing right (SDR)-backed risk cushions allow borrowers to carry

sustainable local-currency obligations while global providers manage currency risk efficiently.

Aggregate small and distributed assets through regional "green warehouse" programs with securitization take-outs.
Rooftop solar, two- and three-wheeler electrification, efficient cooling, agricultural cold-chain, mini-grids, water efficiency, and municipal adaptation projects are individually too small and too heterogeneous to attract institutional capital at scale. Purpose-built warehouse facilities purchase or originate these assets under standardized contracts and monitoring, reporting, and verification (MRV) rules, then refinance them through bundled securitizations supported by credit enhancement. This model compresses transaction costs and creates investable portfolios at predictable cadence.

Create fast-track corridors for priority sectors with standardized contracts and predictable timelines.
Governments can sharply reduce diligence friction by adopting model power-purchase and public-private partnership contracts, transparent grid-connection playbooks, and payment-security mechanisms (such as escrowed revenues or liquidity facilities). When developers and financiers can rely on consistent documents and time-bound approvals, they commit earlier and at lower risk premia.

Mainstream adaptation into every infrastructure transaction, supported by a dedicated Adaptation Viability Gap Fund.
Resilience measures—elevating substations, flood-proofing distribution networks, drought-tolerant water systems, and climate-smart road design—are often the first items cut because revenues do not fully reflect avoided losses. An Adaptation Viability Gap Fund (VGF), paired with outcome-based payments for verified service continuity or avoided damage, allows project sponsors to include resilience "adders" without undermining affordability.

Build durable institutional capacity where transactions actually happen, with embedded support and PPFs as the training and deployment backbone.
Scaling finance is impossible without capable public counterparts. Expanding Climate Finance Access Network (CFAN)-style academies, creating secondments, and placing embedded transaction advisors inside line ministries, utilities, cities, and public banks generate the persistent skills and relationships that turn project pipelines into closed deals.

Open up GEMS data, taxonomies, and term sheets to speed diligence and strengthen integrity.
Public data rooms for program pipelines, standardized term sheets, transparent disclosure of concessionality, and alignment with credible green taxonomies reduce

duplication, enable comparability, and help investors and guarantors match capital to risk more quickly and with greater confidence.

Integrate a "WACC-reduction toolkit" directly into project preparation mandates. The research shows that bankability rises most when PPFs are mandated to tackle the drivers of the weighted average cost of capital during preparation—not after. Four tools are central. First, **local-currency lending and FX solutions** should be designed alongside the project, including pooled hedges and local-currency guarantee windows, so borrowers are not exposed to destabilizing exchange-rate movements. Second, **creditworthy offtake or sovereign backstops**—for example, payment-security mechanisms, escrow accounts, step-in rights, or multilateral guarantee wraps—must be specified and negotiated at the same time as tariffs and service standards. Third, **predictable permitting and policy frameworks**—including time-bound approvals, standardized tariffs where relevant, and limited, clearly articulated stability provisions—should be codified so investors can underwrite process risk. Fourth, **MDB and DFI risk-sharing through guarantees and first-loss capital** should be deployed at the program level so that all projects in a pipeline benefit from the same transparent coverage rather than negotiating ad hoc instruments one by one. When these four elements are embedded in preparation, the cost of capital falls by meaningful margins, tenors increase, and a higher share of concepts reaches financial close.

Medium- to long-term priorities beyond 2028

Make guarantees a first-line instrument across multilateral development banks (MDBs) and development finance institutions (DFIs).
Reforms to capital-adequacy and operational policies should allow guarantee windows to scale by an order of magnitude, supported by standardized term sheets, delegated authorities for rapid issuance, and risk transfer to private re-insurers. PPFs can originate and pre-standardize portfolios that are ready for guarantee issuance, reducing cycle times and easing diligence burdens for guarantors.

Deepen domestic capital markets so climate assets are financeable at home.
Policy measures that enable green securitizations, eligibility for central-bank operations where appropriate, municipal-credit enhancement, and stronger demand from domestic institutional investors will lower financing costs and make climate investment less dependent on volatile cross-border flows.

Adopt climate-smart fiscal frameworks that protect investment and resilience.
Sequenced fossil-fuel subsidy reform coupled with targeted social protection, resilience budgeting that recognizes avoided loss, and widespread use of state-contingent debt clauses can create fiscal space without undermining development outcomes. Portions of carbon, shipping, or aviation levies can be channelled to country platforms that blend grants, guarantees, and concessional capital.

Endow high-performing PPFs so they can retain talent and avoid stop-start cycles. Perpetual endowments for proven facilities would stabilize core preparation capacity, reduce overheads associated with repeated fundraising, and institutionalize program learning.

Scale the Loss and Damage architecture and integrate it with adaptation pipelines. Pre-arranged finance and shock-responsive instruments should become standard in climate-vulnerable regions, particularly small island developing states and least developed countries, and should be linked to country platforms that continuously generate and maintain resilient infrastructure pipelines.

(b) Strategies to enhance and scale public and private financing for adaptation, especially in vulnerable regions

A resilient financial architecture must be **layered and pre-arranged** before shocks occur. Regional sovereign risk pools and parametric insurance should be combined with contingent credit lines and liquidity facilities so that governments can access rapid, rules-based support after a disaster. Premium support is justified where exposure is systemic, such as in small island states or arid regions facing recurrent drought. PPFs should integrate these instruments into project design so that adaptation investments are paired with financial protection from the outset.

Governments and financiers should expand **outcome-based adaptation payments** that pay for verified resilience results—such as reduced service outages for water and power utilities, kilometres of transport infrastructure protected against flooding, or demonstrable reductions in crop loss. These mechanisms reward performance, accommodate private participation, and make blended finance structures for adaptation more investable. PPFs are well placed to define the metrics, verification protocols, and contractual triggers that give investors confidence.

An **Adaptation Viability Gap Fund**, paired with **early-works grants**, should cover the analytics, engineering standards, environmental and social safeguards, and enabling works that are prerequisites for bankable adaptation projects. Once these are in place, programs can blend concessional debt and catalytic equity to reach scale, including in secondary cities and rural districts often excluded from traditional infrastructure finance. PPFs can act as the allocator of these funds based on standardized criteria and transparent pipelines.

To protect fiscal space, **state-contingent debt features**—such as pause, extension, or disaster clauses—should be embedded across sovereign and sub-sovereign portfolios. This prevents climate shocks from derailing essential investment and social spending.

Nature-linked urban and coastal resilience requires standardized MRV so financiers can value the protection that mangroves, reefs, and wetlands provide. Where appropriate, dedicated revenue streams—tourism levies or resilience surcharges—can complement grants and outcome payments.

Small and medium-sized enterprises delivering adaptation solutions—efficient irrigation, cold-chain logistics, climate-smart inputs—need **local-currency working capital and receivables finance**. Guarantee-backed funds anchored in domestic banks can supply this at scale. PPFs can aggregate demand and standardize contracts so local lenders can underwrite the risk with confidence.

Finally, regulators of network utilities should adopt **total-expenditure (TOTEX) approaches** that permit a rational blend of capital and operating spending and include resilience allowances within tariff frameworks. Paired with **open data and early-warning systems** treated as public goods, this enables utilities and private providers to finance upgrades and underpins products such as index insurance and anticipatory action services. PPFs should reflect these regulatory features in tender design so bidders can price resilience obligations transparently.

(c) Additional experiences, proposals, and approaches to help mobilize USD 1.3 trillion—grants, non-debt instruments, new sources of finance, and fiscal-space strategies

A **Global Climate Guarantee Platform**—a shared, multi-MDB "front door" for guarantees—should offer standardized documentation, transparent pricing of de-risking, delegated authority for rapid issuance, and digital access to program pipelines. Philanthropic and public entities can supply junior or first-loss capital to extend coverage into fragile and conflict-affected contexts where commercial risk appetite is weakest.

An **FX Facility 2.0** is needed to pool currency risk across emerging and developing economies and to offer long-tenor hedges at affordable rates. A mix of re-channelled SDRs, philanthropic junior capital, and callable public capital can capitalize the facility, which would operate primarily through local lenders so that borrowers receive stable local-currency loans while global balance sheets manage currency risk efficiently.

Green warehouses for distributed assets should be stood up on a regional basis to originate or purchase standardized portfolios of rooftop solar, e-mobility, efficiency, mini-grids, municipal resilience, and similar assets. With MDB partial guarantees and clear MRV, these platforms can execute investment-grade securitizations at predictable intervals, creating an investable product class that institutional investors can hold.

Debt-for-climate and resilience swaps should be standardized and scaled, using guarantee wraps and state-contingent features to achieve meaningful savings. A defined portion of fiscal savings should be hypothecated to country platform pipelines and to the operation and maintenance that keeps adaptation infrastructure effective.

Where revenues are uncertain or back-loaded, **non-debt instruments**—catalytic equity, revenue-share instruments, mezzanine capital—and **results-based grants** for capital-expenditure buy-downs or service-availability bonuses will mobilize private participation without pushing borrowers into unsustainable debt.

To **create fiscal space without austerity**, reforms should sequence fossil-fuel subsidy rationalization with targeted social protection, deploy resilience-aware sovereign-risk analysis in the credit-rating process, and mainstream climate-resilient debt clauses in public borrowing.

Finally, integrity underpins scale. **Open disclosure of concessionality**, alignment with credible **green taxonomies**, and **program-level MRV** will accelerate diligence, compress transaction timelines, and build trust among public and private financiers.

(d) Key actors and existing multilateral initiatives to involve

Delivery at the necessary scale requires a coalition that matches mandates to the tasks above. Within the UNFCCC ecosystem, the **Green Climate Fund**, **Global Environment Facility**, **Adaptation Fund**, and the **Loss and Damage Fund** should align resources with country platforms and the preparation pipelines curated by high-performing PPFs.

The **multilateral development banks and DFIs**—the World Bank Group; the African, Asian, Inter-American, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and Islamic Development Bank; the International Finance Corporation; and bilateral DFIs such as BII, Proparco, FMO, DEG, DFC, and JBIC/NEXI—should prioritize guarantee issuance, local-currency solutions, and program-scale risk-sharing.

The **IMF and central-bank community** have important roles through the Resilience and Sustainability Trust, the re-channeling of SDRs to FX and guarantee facilities, and prudential guidance that recognizes high-quality green securitizations and appropriately collateralized climate assets.

Credit rating agencies must also be engaged as central actors in reforming how climate risk and resilience are assessed. Their methodologies directly shape sovereign and corporate borrowing costs in developing countries. Incorporating GEMs data, climate resilience, adaptation investments, and forward-looking transition pathways into ratings criteria would reduce penalization of climate-vulnerable states, create fiscal

space, and allow more affordable access to capital. Coordination with initiatives such as the Network for Greening the Financial System and the Taskforce on Climate-Related Financial Disclosures can support this shift. Without reform in credit rating practices, even well-prepared pipelines and guarantees will face elevated risk premia that deter institutional investment.

Regional and specialized initiatives—including the African Risk Capacity, the Caribbean Catastrophe Risk Insurance Facility, the Pacific Catastrophe Risk Insurance Company, the Global Shield against Climate Risks, municipal development funds, and regional or national green banks—can deliver pre-arranged finance, local intermediation, and program execution.

Coalitions and platforms such as the **NDC Partnership** (country platform support) and **CFAN** (capacity building) should expand country-level transaction capability. Standards bodies and market initiatives (including ICMA and stock-exchange green-bond programs) should continue to harmonize taxonomies and disclosure.

Finally, **philanthropic organizations and specialized guarantee providers** can supply the junior capital and technical-assistance endowments that make adaptation and small-ticket pipelines bankable, while **private capital-market actors**—domestic and global institutional investors, insurers and reinsurers, rating agencies, and local banks—should be integrated through standardized guarantees, securitization programs, and clear concessionality rules.

Closing

Across the more than twenty PPFs engaged in our joint research, one lesson stands out: **sequencing matters**. When governments and financiers couple policy reforms and predictable permitting with well-funded preparation, embed tools that reduce the weighted average cost of capital (local-currency solutions, creditworthy offtake or sovereign backstops, and program-level guarantees with first-loss capital), and aggregate smaller assets into programmatic platforms, isolated projects become investable, repeatable programs. The near-term actions set out here build the practical plumbing required to accelerate finance before 2028, while post-2028 reforms institutionalize scale and speed. We stand ready to support country pilots, standardization, and learning loops that can help the Roadmap reach the USD 1.3 trillion objective.

If you wish to reach out to me for comment or consultation, please do not hesitate. The best way to contact me is via email bbartle@rmi.org, or mrbartle@gmail.com. Wishing the team the very best in consolidating responses.

Sincerely,

Benjamin Bartle.