Baku to Belem Roadmap to 1.3T | Green Climate Fund Secretariat Submission

Executive summary: GCF as a high-impact partner for transforming climate Finance

The global climate finance architecture is no longer fit for purpose. As the climate crisis intensifies, the world must urgently reform how finance is mobilized, structured, and delivered to meet the scale and complexity of the challenge. We are facing a persistent financing gap, while the quality of finance continues to fall short. Much of climate finance remains misaligned with strategic country priorities, overly reliant on debt-creating instruments, and fails to reach the most vulnerable communities. At the same time, the lack of speed and access remain critical bottlenecks: cumbersome processes, fragmented funding channels, and limited institutional capacity at the country level continue to delay delivery and constrain impact on the ground.

While the NCQG goal of USD 300 billion per year by 2035 and the call on all actors to work together to enable the scaling up of financing to developing country Parties to at least USD 1.3 trillion per year by 2035 serve as an opportunity to increase finance delivery, volume alone will not address the challenges in the current architecture. Climate finance must also be high-quality—aligned with strategic country priorities, responsive to the needs of the most vulnerable, and structured to avoid deepening debt pressures. Speed is equally critical as each year of delay deepens climate risks and increases future costs.

This document provides the Green Climate Fund's (GCF) input on the *Baku to Belem Roadmap to 1.3T and* is comprised of 3 sections that respond to the 4 guiding questions proposed by the two COP Presidencies.

In section 1, drawing on its experience as the world's largest dedicated multilateral climate fund, the Green Climate Fund (GCF) offers practical lessons for how to reform the climate finance system in ways that deliver on the goals of scale, speed, and quality. We propose three immediate priorities for reform:

1. **Increase the volume of climate finance** by raising institutional climate ambition—enabled by scaled sovereign contributions and new sources of finance—and maximizing impact per dollar invested. Through the "50by30" vision announced by the GCF's Executive Director, noted by the Conference of the Parties in its Decision 3/CP.29, GCF aims to scale up its portfolio to USD 50 billion by 2030 and to contribute up to **5% of the NCQG goal (or USD 15 billion per year) by 2035**. By deploying a wide range of instruments and supporting innovative solutions like debt-for-climate swaps and country platforms, GCF is also mobilising additional finance through every dollar spent and supportive transformative change with every dollar invested.
2. **Strengthen the quality of finance** by providing country-driven, programmatic financing aligned with strategic country priorities. GCF presents a new model for improved climate finance delivery, offering highly concessional, long-term, risk taking and predictable finance. It anchors its support in strong country ownership of all flows, while prioritising the most vulnerable regions and communities and maximizing the mobilization of private capital.
3. **Boost speed and improve access** by simplifying and streamlining internal processes, refining access requirements, and bringing the institution closer to the countries it serves. The "Efficient GCF" reform agenda is already accelerating delivery, while accreditation and readiness reforms are lowering barriers to access. GCF is also rolling out regional presence to better serve partners and respond to local needs. At the same time, GCF is working to reduce fragmentation across the broader climate finance system,

supporting a more coherent, fit-for-purpose climate finance architecture—one capable of delivering at the scale and speed the climate crisis demands.

Section 2 then outlines 5 tested strategies based on GCF experience that can be used to mobilize adaptation financing, whilst section 3 explores innovative sources of finance and instruments that could accelerate the pathway to the 1.3 trillion.

1. Reforming the climate finance architecture for scale, speed and quality: Lessons from the GCF model

(a) 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?

The global climate finance architecture must evolve to meet the scale and urgency of the climate crisis. While mobilizing significantly greater volumes of finance is essential, scale alone is not enough. To avoid deepening current inequities, finance must also be high-quality—aligned with strategic country priorities and structured to avoid exacerbating debt burdens. Moreover, as each year of delay deepens climate vulnerabilities and compounds future financing needs, improved speed and access are critical to closing implementation gaps and turning commitments into action on the ground. Drawing on its experience as the world's largest dedicated multilateral climate fund, the Green Climate Fund (GCF) outlines three immediate priorities for reforming the climate finance architecture:

1. **Increase the volume of financing** by raising institutional climate ambitions—enabled by scaled sovereign contributions and new sources of finance—and maximising impact per every dollar through de-risking tools and innovative solutions like country platforms to crowd in private capital and align flows at scale.
2. **Strengthen the quality of financing** by providing programmatic funding aligned with socio-economic development through the highest impact climate related investments; and deliberately targeting the most vulnerable including frontline communities in LDCs, SIDS and FCAS.
3. **Boost speed and access to financing** by streamlining institutional processes, simplifying access requirements, strengthening in-country presence, and improving complementarity and coherence across climate finance actors to reduce bottlenecks and improve delivery.

Priority I: Increase the volume of financing

Problem statement

Climate finance flows remain far below what is required. Investment needs in EMDEs other than China are projected to reach USD 3.1–3.5 trillion annually by 2035, with USD 1.3 trillion expected to come from international public and private sources—against actual flows of just USD 116 billion in 2022.[1] [2] While the NCQG USD 300 billion goal and the call to scale up financing to at least USD 1.3 trillion per year by 2035 represent a significant step-up in ambition, the past record of delivering on the USD 100 billion by 2020 target—met belatedly and amid criticisms over transparency and methodology[3][4]—indicates that the current architecture is not fit to deliver on this new level of ambition.

Lessons from the GCF

Meeting growing needs requires greater institutional ambition, enabled by scaled-up sovereign contributions and new sources of finance such as global fiscal revenues agreed by governments and carbon markets, and maximising impact per every $1. GCF shows how this approach can work in practice.

- **GCF Executive Director's "50by30" vision positions the Fund to play a central role in delivering the NCQG.** As of July 2025, its active portfolio stands at USD 18.0 billion, with an additional USD 48.5 billion in co-financing. In line with both its vision and the NCQG's call to more than triple MCF outflows, GCF aims to channel USD 8–9 billion in annual outflows by 2030, and up to USD 15 billion by 2035—around 5% of the NCQG target.

- **At the same time, GCF is working to maximise the mobilisation impact of every dollar it invests**. In addition to traditional equity and loan instruments, GCF is leading efforts to crowd in private capital and unlock domestic financing through deploying de-risking instruments (e.g., catalytic equity, mezzanine, sub-ordinated debt, guarantees etc.) and supporting innovative solutions like debt-for-climate swaps. Already today, GCF is mobilising direct co-financing of USD 4 for every USD 1 for private sector projects and an average of USD 5 for private sector equity projects, which catalyse additional downstream investments. For instance, GCF's private equity investments mobilise approximately 12 times dollar value to GCF investment by unlocking additional equity and debt downstream. GCF has an ambition to further strengthen its mobilisation effect by 2035. Additionally, by directly supporting country platforms—including in Brazil and the Caribbean—GCF is helping to align large-scale finance behind national priorities and enable more coordinated, systemic investment.

Priority II: Strengthen the quality of financing

Problem statement

Developing countries face a persistent shortage of affordable, predictable capital which, compounded by a tight macroeconomic environment and mounting debt burdens, severely constrains their ability to invest in climate action. Despite this, market-rate debt remains the dominant instrument for delivering climate finance, contributing to unsustainable debt burdens. Moreover, flows remain frequently mis-aligned with strategic national priorities, especially failing to target adaptation (at approximately 10% of global flows[56]). They also often overlook highest-need areas, including frontline communities in the LDCs and FCAS. Lastly, utilising a project finance approach without a wider programming strategy may result in missed opportunities to create to transformative systemic change through coordinated investment pipelines.

Lessons from the GCF

GCF offers a new model for delivering climate finance, overcoming the key shortcomings in the IFA by prioritising country ownership, private sector capital mobilization and targeting of the most vulnerable:

- **Flexible, highly concessional financing:** The GCF offers a broader suite of financial instruments than any other climate-dedicated fund—including grants, highly concessional loans, equity investments, guarantees, and results-based payments. This enables tailored support for different country contexts, while its long-term, predictable financing is critical for planning and implementing systemic transition. These instruments are complemented by the grant-based Readiness Programme—the largest climate capacity-building initiative globally, with USD 500 million in funding—and the Project Preparation Facility, which help strengthen institutional capacity and build robust project pipelines.
- **Country-driven:** Through a network of 153 Accredited Entities, including 101 Direct Access Entities, GCF works directly with on-the-ground partners and helps build in-country capacity to design and deliver climate solutions. GCF also requires that all projects align with nationally defined priorities. At the same time, its governance structure places developing country needs at the centre, with a 50:50 balance between developed and developing country Board members, helping GCF avoid reproducing the power imbalances of many traditional international financial institutions.
- **Reaching frontline communities:** Due to its high-risk appetite and flexible financing instruments, GCF is able to support projects in areas underserved by mainstream finance and act as a first mover in funding innovative or high-risk climate initiatives that other financiers shy away from. GCF also has explicit focus on the most climate-vulnerable countries, requiring that at least 50% of adaptation finance is earmarked

for particularly LDCs, SIDS and African countries. This policy has allowed the GCF to consistently prioritise the highest-needs areas with 60% of its total financing (in grant equivalent terms), and 68% of adaptation funding, going towards LDCs, SIDS, and Africa. GCF has also programmed USD 2 billion in FCAS.

- **Programmatic approach:** The GCF increasingly supports programmatic approaches that go beyond one-off projects to deliver coherent, scalable, and long-term climate solutions. This also involves supporting country platforms, including in Brazil and the Caribbean which help countries align public and private financing flows behind national priorities. Moreover, by helping countries develop comprehensive investment plans and funding multiple, interlinked interventions under a unified strategy, GCF helps countries shift from isolated actions to transformational, system-wide change.

Priority III: Boost speed and improve access to financing

Problem statement

The effectiveness of climate finance is critically undermined by systemic barriers to access such as cumbersome application requirements and lengthy approval and disbursement processes. These hurdles are especially prohibitive for countries with limited institutional capacity like LDCs and SIDS. At the same time, fragmentation across funding sources forces applicants to navigate multiple application processes, eligibility rules, and reporting systems—stretching timelines and inflating transaction costs. Accelerating delivery and improving access are therefore crucial steps to ensure effective climate finance delivery where it is needed the most.

Lessons from the GCF

The GCF reform process offers valuable lessons for improving access and speed of climate finance delivery:

- **Streamlining operations to deliver at the speed and scale required:** The Fund launched “Efficient GCF”, a comprehensive reform effort to re-engineer internal systems and cut red tape. It set ambitious standards, including targets to complete the project review cycle—from concept note to Board consideration—within nine months, and to process new accreditation applications in the same timeframe. These reforms are already delivering results: Between 2024 and 2025, 10 projects were approved and disbursed in under two weeks. In the past year, 45% of approved projects (20 out of 44) had their Funded Activity Agreements signed within 24 hours of Board approval.
- **Reforming accreditation and Readiness for faster and simpler access:** GCF’s newly endorsed Revised Accreditation Framework will allow more national institutions to qualify for accreditation and introduces a phased approach so entities can start with a simpler scope and ramp up capabilities over time. Ultimately, these changes mean more qualified agencies, especially local ones, can access GCF funds. Ease of access is also core to the Readiness reform, introducing easier access through multiannual strategic proposals, direct access to national entities, a pre-qualified pool of delivery partners, in-country expert placements.
- **Rolling out regional presence to better serve partners and respond to local needs in real time:** A key pillar of the GCF’s institutional transformation is the establishment of regional departments and in the near future regional presence, bringing the Fund closer to the countries it serves. GCF’s new regional structure is designed to deliver end-to-end support—from readiness to implementation—through a single, integrated point of contact for each region. This shift improves responsiveness, strengthens relationships with NDAs, accredited entities, and partners, and ensures more tailored, timely support. In

July 2025, the Board approved the launch of a call for proposals from countries and cities to host GCF regional offices and an outpost.

GCF's efforts to strengthen complementarity and coherence are further contributing to greater easier and faster access to climate finance across the whole architecture. GCF is helping lead efforts to harmonize processes and standards across climate funds, directly addressing core sources of fragmentation in the system. It champions shared approaches to accreditation, safeguards, and reporting, and supports initiatives such as mutual recognition among funds and the development of a single online accreditation portal. Internally, GCF's ongoing reforms—including the accreditation framework and results templates—are designed for interoperability with other institutions. These steps reduce the administrative burden on countries and partners, while increasing predictability and efficiency across the climate finance landscape. Moreover, through joint programming, co-investments, and its extensive partner network, GCF brings diverse actors together in coordinated efforts—ensuring its support complements rather than duplicates other sources of climate finance.

2. Mobilising adaptation financing

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

Based on GCF experience and delivered *results* mobilising high-quality adaptation finance at scale, we **recommend five tested strategies** to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions:

1. **Institutionalizing ambitious adaptation targets**: GCF has embedded adaptation in its core operating model, with a mandate to allocate 50% of funds to adaptation. Today, 57% (USD 6.6 billion) of GCF's portfolio in grant equivalent terms covers adaptation. GCF has further set a floor for a minimum of 50% of its adaptation finance to go to LDCs, SIDS, and African States. As a result, these climate-vulnerable countries currently receive 68% of GCF's adaptation funding, demonstrating how clear institutional targets can drive equitable finance flows at scale.
2. **Locally Led Adaptation (LLA):** LLA is critical to addressing the gap in adaptation finance by enabling those stakeholders most vulnerable to climate change to meaningfully participate in planning, implementation and monitoring of projects. As outlined in its "Approach to Locally Led Climate Action"[7], GCF is supporting LLA through three key parameters: i) ensuring local actors have direct access to funding, ii) that they are involved throughout the project cycle, and iii) through building their capacity. For example, GCF has funded a Vanuatu community-based climate resilience project, developing solution focused local adaptation plans as well as early warning systems for 29 highly exposed coastal and rural communities. Similarly, GCF supports ecosystem-based adaptation for communities in the High Andes of Peru, facilitating implementation of climate resilient agriculture value chains, combatting issues such as prolonged droughts and declining water availability.
3. **Leveraging country platforms to mobilise finance at scale:** The coordinated approach of country platforms allows for effectively aligning diverse flows behind strategic country priorities. Country platforms offer a strategic approach to align financing flows behind national priorities and mobilise additional financing, by connecting donors and creating opportunities for co-investment, supporting a catalytic effect. This means that countries prioritizing adaptation in their climate action efforts have greater ability to direct domestic and international flows intro relevant projects and sectors. For example, the GCF-supported Caribbean Platform Regional for Catalysing Resilience and Climate Action covers key

regional priorities related to both adaptation and mitigation, including resilient infrastructure as well as deployment of innovative financial instruments, like debt swaps, that do not increase debt burdens.

4. **Mobilizing the private sector:** GCF is helping unlock private investment in adaptation by deploying its full suite of financial instruments—including equity, subordinated debt and guarantees—to de-risk projects and attract commercial co-investment. While private sector engagement in adaptation remains limited globally, GCF's experience shows that well-structured, blended finance solutions can shift capital toward resilience-building. For instance, through Project GAIA, GCF's $152.5 million equity investment helped mobilize nearly $1.5 billion in additional financing toward a blended finance platform that provides long-term loans for adaptation and mitigation investments in 19 of the world's most climate-vulnerable countries. The platform is structured to allocate 70% of its portfolio to adaptation, with 25% specifically targeted to LDCs and SIDS, ensuring that funding reaches the most at-risk communities.
5. **Capacity-building and project preparation support:** Through the USD 500 million GCF Readiness Programme and Project Preparation Facility the GCF is helping strengthen institutions capacity and support the preparation of investable project pipelines. As adaptation projects are often seen as less "bankable"—with benefits that are often long-term, diffuse, and difficult to monetize—this upfront support is especially key to strengthen project design and demonstrate impact. Additionally, the Readiness Programme can also support countries in formulating their National Adaptation Plans, which can inform investment planning.

   As countries submit their next round of Nationally Determined Contributions (NDCs 3.0), there is a vital opportunity to connect adaptation finance with the ambition cycle under the Paris Agreement. Enhanced NDCs must be backed by scaled-up and targeted financial support—particularly for adaptation and resilience-building measures in vulnerable regions. The Green Climate Fund is uniquely positioned to help countries translate their higher ambition into action, by linking national adaptation priorities to programmatic pipelines and country platforms. Through its Readiness Programme and project preparation support, GCF is helping countries align NDC implementation with investment strategies, while supporting them to integrate climate resilience across development sectors. By bridging planning and delivery, GCF ensures that the ambition embodied in NDCs 3.0 is matched by accessible, high-quality, and catalytic finance.

6. **Integrating climate-development-humanitarian impact:** Many countries with the highest adaptation financing needs often experience compound vulnerabilities including conflict and fragility, which deter investments. To ensure adaptation finance reaches those who need it most, the GCF is increasingly focusing on FCAS, integrating climate action with development and humanitarian objectives. An example of this integrated strategy is the Great Green Wall Initiative across the Sahel. The GCF has committed over USD 3.8 billion, alongside nearly USD 2.5 billion in co-financing, to 48 projects supporting sustainable land use, food security, and the growth of a regional bioeconomy—building resilience in one of the world's most climate- and conflict-vulnerable regions.

3. Reaching USD 1.3 trillion

(c) 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?

(d) 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?

This section responds to the above questions in 3 subsections: first outlining innovative instruments that could help accelerate mobilization of USD 1.3 trillion; secondly, listing potential new sources of finance; lastly, noting relevant multilateral initiatives that could collectively support the achievement of climate finance goals.

3.1. Innovative financial instruments

The GCF is already deploying several innovative climate finance instruments:

- **Guarantees** are a mechanism that allows for de-risking of climate investment in developing countries, crowding in both public and private financing. The GCF is a founding equity shareholder in the Green Guarantee Company (GGC), the first ever global institution dedicated to providing guarantees for credit enhancing green bonds and loans. It is expected the GGC will have capacity to guarantee up to 10x its capital, equivalent to USD 1 billion that could be invested in projects with significant climate impact.
- **Debt-for-climate swaps** are being explored by the GCF as a tool to unlock fiscal space for countries facing high debt burdens while redirecting resources toward climate investments. GCF recently supported the government of Barbados in a debt-for-climate-resilience transaction, generating USD 125 million in fiscal savings, which will be channelled into critical investments in water infrastructure, to enhance climate resilience.

The GCF is also exploring additional instruments that could be used to further accelerate efforts to achieve the USD 1.3 trillion:

- **Local currency financing** help reduce foreign exchange risk, a major barrier to scaling climate flows when investing internationally. GCF has taken initial steps in exploring local currency financing through provision of USD 200 million in concessional capital to support the Small Industries Development Bank of India in establishing a USD 1 billion local currency loan facility. This GCF-enabled project will provide MSMEs with climate finance that is resilient to external shocks such as currency fluctuations.
- **Climate-resilient debt clauses** are financial instruments designed to help vulnerable countries, notably SIDS and FCAS, increase fiscal space during climate-related crises by allowing temporary deferrals or suspension of payments.

3.2. New sources of finance and private finance mobilisation

To augment public financing, private finance as well as new and innovative sources such as carbon markets and global fiscal revenues agreed by governments may offer high potential for mobilising *additional* finance to respond to the on scaling up financing to developing country Parties to at least USD 1.3 trillion per year by 2035:

- **Carbon markets,** if designed with environmental integrity and equity, can direct significant private capital toward mitigation and carbon sequestration projects—especially in developing countries.
- **Global fiscal revenues agreed by governments** for instance in the aviation or shipping sectors, could generate large scale, predictable and dedicated revenue streams for climate action.
- **Philanthropic investments** can be better coordinated to support large-scale climate initiatives.

Private finance must also be mobilised at a greater scale. The GCF has a unique role in unlocking private capital for climate finance. Its higher risk appetite and use of blended finance structures enable it to mobilize risk-averse international institutional and private capital to invest in frontier markets and open up new business opportunities for international capital that match their risk-return appetites. Across GCF's portfolio, approximately a third – currently USD 6.4 billion – directly supports private sector investment in climate outcomes. Support for private sector financing flows can include more effective facilitation of, and access to pools of liquidity in global capital markets.

3.3. Relevant voluntary and non-binding multilateral initiatives

- **Paris Pact for People and the Planet (4P)** serves as a collective platform to advance a more inclusive global governance system. The four core principles of the 4P are: i) No country should have to choose between fighting poverty and addressing climate change; ii) Each nation must define its own transition strategy; iii) Significantly more public finance is needed for vulnerable economies; iv) Private finance must be mobilised at greater scale.
- **The Bridgetown Initiative** has made considerable progress in advocating for comprehensive financial system reforms to address liquidity constraints and debt burdens in climate-vulnerable nations. In Bridgetown 3.0, focus has rested on: re-channelling SDRs to support climate action and development objectives; international taxation debt sustainability; reducing the cost of capital for investments in developing countries; and reform to credit ratings methodologies, amongst others.
- **Transformational Finance for Climate Group** brings together 1000's of leading public and private financial actors from both developed and developing countries, collectively representing over 40% of global financial assets and a network of more than 500 public development banks. The Group has contributed to the NCQG process with a position paper released during COP29.[8]
- **Global fiscal revenues agreed by governments** to raise additional resources and capital for addressing climate change and development co-benefits, achieving both the goals of the Paris Agreement and SDGs.

Conclusion: GCF as a Catalyst for the Future of Climate Finance

The Green Climate Fund stands at the frontier of climate finance—not merely as a funder, but as a force for systemic change. From pioneering country platforms to unlocking private sector investment in frontier markets, GCF has built a track record grounded in solidarity, innovation, and impact. Its operational model blends concessionality with scale, speed with accountability, and global mandates with local delivery. At a time when the world needs bold and integrated solutions, the GCF is not just responding to the climate crisis—it is reimagining how climate finance works. As the international community looks toward COP30 and beyond, embracing and expanding the role of the GCF will be essential to accelerate a just transition, unlock untapped potential, and chart a new, more coherent course for global climate action.

---

[1] Independent High-Level Expert Group on Climate Finance (2024). "Raising Ambition and Accelerating Delivery of Climate Finance."
[2] OECD (2024). "Climate Finance Provided and Mobilised by Developed Countries in 2013-2022."
[3] ODI (2024). "Rebuilding Confidence and Trust after the $100 billion: recommendations for the New Collective Quantified Goal (NCQG)"
[4] CGD (2024)."Has the $100 Billion Climate Goal Been Reached?"
[5] Including cross-cutting flows (addressing both mitigation and adaptation objectives).
[6] Climate Policy Initiative (2024). "Global Landscape of Climate Finance 2024: Insights for COP29."

[7] GCF (n.d.). “Locally Led Climate Action”
[8] Transformational Finance for Climate Group (earlier Making Finance Work for Climate) (2024). NCQG and Sharm el-Sheikh dialogue Joint Statement).