



IIGCC's response to the Call for submissions on the "Baku to Belém Roadmap to 1.3T"

Disclaimer

This letter was developed by IIGCC but does not necessarily represent the views of its entire membership, either individually or collectively.

About IIGCC

IIGCC is an investor-led membership organisation. We bring the investment community together to navigate the risks and opportunities of the transition and support progress towards a net zero and climate resilient future. We work with our members to create guidance, tools, frameworks and resources that can help them, in their individual contexts, to manage climate-related financial risk within their individual portfolios. Our work also supports investors to make the most of opportunities presented by the transition towards a decarbonised global economy and the realities of a changing climate. We have 400+ members across 20+ countries. More information at www.iigcc.org

Summary of key messages

- Mobilising USD 1.3tn by 2035 for climate action in developing countries requires full engagement from public finance institutions, private investors, and innovative collaborative initiatives.
- The "Baku to Belém Roadmap to 1.3T" is a vital step that complements the USD 300bn public finance goal and focuses on scaling private capital mobilisation rapidly and at scale.
- Short-term priorities include removing regulatory barriers, boosting collaboration between investors and MDBs/DFIs, and expanding investment data and public-private risk-sharing to unlock private finance.
- Long-term success relies on comprehensive national climate plans integrating mitigation and adaptation targets with a clear investment focus, supported by sector decarbonisation roadmaps.
- Innovative models like 'originate-to-scale' and standardised climate risk assessment tools help investors overcome constraints and make strong financial cases for resilience investments.
- Developed countries must lead by providing concessional finance and risk-sharing instruments, prioritising vulnerable regions where private adaptation investment remains limited.

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Introduction

Addressing climate change in developing countries requires trillions of dollars of investments over the coming decades. The urgency and scale of the challenge will require the rapid mobilisation of all sources of finance, including the private sector, to achieve the headline target of USD 1.3tn by 2035. The decision at COP29 in Baku on the New Collective Quantified Goal (NCQG) on Climate Finance, launching the **“Baku to Belém Roadmap to 1.3T”** has been a welcome step to deliver finance at scale, and complements the critical USD 300bn public finance goal agreed last year.

Against the backdrop of worsening climate impacts and shrinking public budgets, the Roadmap represents a significant opportunity to set out **near- to long-term actions**. These actions aim to enhance all sources of climate finance to meet developing countries’ needs and climate ambition, with a particular focus on mobilising private capital at scale.

The long-term economic and societal benefits of early investments in mitigation and adaptation – by cutting emissions faster and reducing exponentially larger future losses – are widely recognised. Yet private investors still face challenges in making the case for near-term financing, particularly in developing countries.

In the remaining months before world leaders meet in Belem, we welcome the opportunity to share our investor insights with the COP29 and COP30 Presidencies. Our aim is to help deliver an **ambitious roadmap that sends clear signals** to Parties and the wider financial ecosystem, encouraging action **to align incentives and financial flows with a net-zero, resilient and nature-positive future**.

Responses to questions

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 Roadmap offers a crucial opportunity to set out a path to accelerate the deployment of climate finance in developing countries. **Critically, its success will depend on long-term implementation, underpinned by clear processes for reviewing progress and accountability.**

Supporting mechanisms to ensure this, such as regular stock-takes (e.g. annually at COP), can help turn plans into action, maintain transparency and momentum, and cement the Roadmap's legacy well into the future.

A growing body of evidence has improved collective understanding of the barriers to scaling investment in developing countries. In particular, a [recent industry report](#) delved into **key regulatory and structural barriers** for institutional investment in emerging markets and developing economies (EMDEs). These include the lack of availability of suitable investment products and vehicles aligned with investor needs (e.g. risk-return profile, scale, and liquidity), gaps and scarce historical data on investment performance, and policy or regulatory frameworks that inadvertently constrain capital flows to EMDEs.

We highlight below key actions that can help address these challenges:

Short-term

- **Review domestic and international financial regulations to ensure they do not create unintended barriers to capital flows towards developing countries.**
International efforts should focus on reviewing global financial regulations, including prudential regulation, to incorporate adequate risk considerations that enable investment in developing countries. In parallel, regional and domestic initiatives should ensure sustainable finance frameworks and disclosure regimes are applied proportionately in developing markets, where these frameworks are still evolving and data gaps remain significant.
- **Facilitate more effective collaboration between investors and MDBs/DFIs to strengthen the catalytic capacity of public finance to crowd in private capital.** Multi-stakeholder collaboration, for example via “country platform” approaches or targeted initiatives¹ can better leverage the expertise and capital of financial actors. Better [dialogue between investors and MDBs/DFIs](#) could improve the design and scale of mechanisms to deploy catalytic capital more effectively, including blended finance vehicles and originate-to-distribute models.
- **Enhance availability of investment data and risk-sharing mechanisms.** Better data availability on risk-return profiles would strengthen the private sector's understanding of investment opportunities in emerging markets and developing economies. Expanding effective public-private risk-sharing mechanisms, including blended finance mechanisms, advance market

¹ Key examples include: the [EMDE Investor Taskforce](#); the [EBRD Public-Private mobilisation Taskforce](#); the [Adaptation and Resilience Investors Collaborative \(ARIC\)](#).

commitments and other outcome-based contracts, would help unlock greater private investment for mitigation and adaptation.

Long term:

In addition to the above, governments must set **long-term climate plans that integrate both mitigation and adaptation opportunities and are underpinned by clear, credible policy frameworks**. Updating **Nationally Determined Contributions (NDCs) with an “investment” lens** would help countries align their climate and sustainable development ambition with financing opportunities beyond public sources.

Economy-wide emissions reduction targets should be **aligned with adaptation plans** and **supported by sector decarbonisation roadmaps** that clarify transition pathways and associated investment opportunities at sectoral level. Translating the calls of the First Global Stocktake (GSTI) – such as clean energy targets and the phase-out of fossil fuel subsidies – into NDCs and sectoral plans is an essential step towards building detailed, decision-useful climate plans that attract investments.

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

Recent research² has found that every USD 1.00 invested in adaptation is likely to generate USD 10.50 in economic benefits, through avoided losses and recovery costs, over a 10-year period. The economic case for adaptation and resilience investment is clear, and the financial case is generally recognised as positive. Yet current risk frameworks and regulatory incentives/rewards do not effectively encourage early action.

Many investors acknowledge the impact of physical climate risks on supply-chains, operations and the broader economy. However, they face challenges in assessing risks and identifying opportunities for action, which are often highly context-specific.

Alongside limited data and inconsistent metrics and approaches used, a key issue is that **climate risks are still not priced into investment strategies**. As a result, the value of resilience measures is not consistently recognised by financial actors.

² [WRI \(2025\) Strengthening the Investment Case for Climate Adaptation: A Triple Dividend Approach](#)

To address some of these challenges, we have developed guidance and tools that promote standardised approaches to support investors better identify and manage physical climate risks and opportunities. In particular:

- The **[Climate Resilience Investment Framework \(CRIF\)](#)** – a first-of-its-kind resource to help investors develop adaptation targets and resilience plans across their portfolios. By helping identify investment opportunities associated with adaptation solutions, it also supports investors communicate strategies and actions more effectively to stakeholders.
- The **[Physical Climate Risk Appraisal Methodology \(PCRAM\)](#)** – underpinning CRIF, this tool helps investors build the financial case for resilience investments at the asset level. It offers a consistent, industry-wide methodology to evaluate physical climate risks, understand their materiality, explore adaptation options, and identify the best course of action. A [series of case studies](#) demonstrate how resilience can enhance asset value.

Stronger and more resilient asset management within investor portfolios also builds resilience in the real economy. However, more is needed to mainstream adaptation and resilience considerations into investment and business decision-making.

Policy and regulatory action can help create market incentives that reward resilience investments across the economy and investment value chain. This enables the broad ecosystem of financial actors (including lenders, insurers, and equity markets) to share risks and rewards in a mutually beneficial way.

Key priorities include:

- i. advancing global development and implementation of standard frameworks and tools across jurisdictions to ensure consistent physical climate risk assessment, due diligence and disclosure for investors and businesses globally;
- ii. strengthening the financial case for near-term resilience investments through targeted policy and regulatory incentives.

The Baku to Belem Roadmap represents a critical space to mainstream adaptation finance within broader policy and finance frameworks, particularly in advancing global efforts to scale and improving the quality of adaptation finance for vulnerable countries.

Grant-based or highly concessional finance should be prioritised in vulnerable regions, where private adaptation opportunities remain limited due to their risk-return profile.

Public-private risk sharing mechanisms must **support investment pipelines across the entire investment value chain** and the full spectrum of adaptation and resilience solutions (e.g. from risk prevention to re-building resilience). For example, pre-arranged financing tools – such as catastrophe bonds, contingent credit lines, and parametric insurance – can enable rapid, predictable access to funds following climate shocks. These tools could help developing countries preserve fiscal space while enhancing disaster response.

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?

Generating and directing the trillions needed for developing countries is challenging given both systemic and structural issues, as highlighted earlier in question (a). Therefore, strategic use of proven de-risking measures and blended-finance approaches to address barriers to private investment in developing countries must be urgently scaled up.

As shown in *Figure 1* below, several investment vehicles and funds have already proved successful in de-risking and delivering the risk-adjusted returns that attract institutional capital for various climate and sustainable development investments.

Underlying asset class	Example fund and Manager/ GP
Equity	IFU SDG fund (Danish DFI and Danish Pension Funds); SEACEF (Clime Capital); DFCD (Dutch Fund for Climate and Development); EMCAF (AllianzGI and the European Investment Bank); Alterra
Debt incl. securitisation	Bayfront Infrastructure Capital I, II, III etc (Bayfront Infrastructure Management); DFCD (Dutch Fund for Climate and Development), Emerging Markets Transition Debt (Ninety One)
Infrastructure equity including project finance	Climate Finance Partnership (BlackRock); Climate Investor 1,2, 3 (Climate Fund Managers); Emerging Market Climate Action Fund (AllianzGI); Alterra; REPP 1 and 2 (Camco)
Infrastructure debt including project finance	PIDG's Emerging Africa and Asia Infrastructure Fund (Ninety-One); ILX Fund (ILX); ImpactA Global; PentagreenCapital; Alterra
Venture capital (equity and/ or debt)	GAWA Capital, CRAFT climate resilience fund; Alterra; Spark (Camco)

Figure 1 Examples of existing financing vehicles mobilising institutional capital for climate investments in EMDEs (Source: [The UK as a Climate Finance Hub, 2025](#))

Institutional investors face specific constraints that can be hard to cater to in sustainable investment products aimed at developing countries, such as the need for large ticket sizes and high liquidity. **'Originate-to-scale' models** offer a promising route to mobilise private capital beyond traditional blended finance mechanisms, including the [ILX Fund](#).

ILX Fund

The ILX Fund is an SDG-focused emerging markets private debt fund designed to provide institutional investors access to investment opportunities in a diversified portfolio of private debt investment opportunities originated by MDBs and DFIs in emerging markets. Dutch pension provider APG provided a cornerstone investment of USD 750 million in the FCDO backed ILX Fund I of ~USD 1 billion.

Developed countries should lead efforts to leverage private capital for climate investments in developing countries by supporting innovative mechanisms and initiatives targeting institutional capital. For example, the UK Government's new [EMDE Investor Taskforce](#) aims to provide practical solutions that support UK institutional investors explore climate, transition, and sustainable investment opportunities in emerging markets and developing economies over the next decade.

Denmark's [SDG Investment Fund](#), mobilised over USD 2bn for EMDEs in its first round - now fully invested - with Danish pension funds providing the majority of capital. In 2024, it launched a [second fund](#), with private investors contributing 60% of total capital commitments.

These existing and emerging models clearly demonstrate that private investors are increasingly interested in sustainable investment opportunities in developing countries. However, urgent government action remains critical to help scale finance further and achieve the trillions needed.

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?

Achieving the USD 1.3tn target will require mobilising the full spectrum of financial actors and sources, from traditional public finance institutions (e.g. DFIs, MDBs, etc.) and private financial institutions (e.g. institutional investors, banks, insurers, etc.) to innovative collaborative initiatives (e.g. public-private partnerships, blended funds, etc.).

While the private sector has historically had limited engagement with UNFCCC processes, the Roadmap provides a space to engage private sector actors in developing and delivering its actions. This approach leverages their expertise and fosters greater collaboration and implementation follow-through.

Several relevant multilateral initiatives could support the Roadmap's delivery, including, among others:

- [G20 Sustainable Finance Working Group](#)
- [International Platform on Sustainable Finance](#)
- [Bridgetown Initiative](#)
- [International Conference on Financing for Development \(FFD4\)](#)
- [Global Solidarity Levy taskforce](#)
- [Coalition of Finance Ministers for Climate Action](#)
- [Taskforce for Sustainability-Linked Sovereign Financing](#)