

## Submission on behalf of Igarapé Institute for the “Baku to Belém Roadmap to 1.3T”

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The **Igarapé Institute** is a global *think and do tank* that brings the best of Brazil to the world—and the best of the world to Brazil. Igarapé transforms knowledge and connections into action to strengthen policies and solutions at the intersection of security, nature, and climate. From local to global levels, we promote collaboration and innovation to address systemic challenges. Our approach combines applied research, data and technology, strategic communication, and engagement with decision-makers and opinion leaders to drive structural, sustainable change in public and corporate policy. We emphasize multilevel cooperation and strategic partnerships, all in pursuit of a safer planet – where people and nature thrive in climate balance, now and always, in Brazil and beyond. Headquartered in Rio de Janeiro, Brazil, the Igarapé Institute holds a United Nations Economic and Social Council (ECOSOC) Consultative status and an Observer status with the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention on Biological Diversity (UNCBD).

In response to the invitation by the UNFCCC for a second round of submissions related to the *Baku to Belém Roadmap to 1.3T*, the Igarapé Institute offers the following views on priority actions and additional approaches to mobilizing USD 1.3 trillion in financing, including strategies related to financing for adaptation, and Igarapé’s views on the role of multilateral actors and initiatives in accelerating those efforts.

### Priority Actions

Scaling up finance for climate action requires identifying the existing funding gaps and barriers to resource mobilization as much as an intended effort to go beyond quantitative targets and address both the quality and the alignment of financial flows. In this context, a decisive shift is needed to mobilize and direct resources toward areas with high climate, nature, and development co-benefits. At present, investment remains heavily concentrated in mitigation in the energy, buildings and infrastructure, and transport sectors, while other areas with vast mitigation and adaptation potential – such as Agriculture, Forestry, and Other Land Use (AFOLU), water, and wastewater – continue to receive only marginal finance.<sup>1</sup> This imbalance is particularly stark for Nature-based Solutions (NbS) that remain undercapitalized, underrepresented in MDB and Vertical Fund portfolios, and far from realizing their transformative potential.

Scaling up investments in NbS is also essential to bridge the adaptation finance gap and strengthen climate resilience.<sup>2</sup> NbS, such as ecosystem restoration, sustainable land management, and protection of natural systems, not only contribute to mitigation but also reduce risks, enhance resilience, and support livelihoods in vulnerable regions. NbS are among the most viable, scalable,

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<sup>1</sup>United Nations Environment Programme (2024). [Emissions Gap Report 2024: No more hot air ... please!](#).

<sup>2</sup> Meraj, G., & Hashimoto, S. (2025). *Bridging the adaptation finance gap: the role of nature-based solutions for climate resilience*. Sustainability Science. <https://doi.org/10.1007/s11625-025-01655-1>

and cost-effective options for capturing carbon. Studies show that the cost per ton of CO<sub>2</sub> removed is often below USD 50<sup>3</sup>, significantly cheaper than technological approaches such as Direct Air Capture (DAC) or biochar, which range between USD 600-1,000<sup>4</sup> per ton and USD 80-200 per ton<sup>5</sup>, respectively.

Moreover, NbS could deliver up to one-third of the global mitigation needed by 2030<sup>6</sup>, while providing critical climate resilience, risk reduction, livelihood support in vulnerable regions, and a wide range of social and biodiversity co-benefits.

Expanding both public and private financing for NbS, through the strategies already mentioned above, therefore represents a cost-effective pathway to close the adaptation finance gap while delivering co-benefits for both people and nature.

### Enhancing MDB climate and nature related portfolios

In 2024, the G20 finalized a Roadmap Towards Bigger, Better and More Effective Multilateral Development Banks (MDBs)<sup>7</sup>, which highlights the need to increase MDBs' climate finance lending. While many MDBs are already pursuing these reforms<sup>8</sup> many still need to enhance their climate and nature-related portfolios. The current challenge lies not only in implementing and localizing previous agreements, like the the United Nations Pact for the Future, like the G20 Roadmap, and other UNFCCC-related commitments, but also making quality of climate finance matter as much as the quantity of mobilized flows. One way MDBs can advance on these reforms is by further strengthening the climate-nature-development nexus within their policies, programmes, instruments and portfolios.

To bridge the existing finance gap for Nature-based Solutions (NbS), the bioeconomy and for other nature-positive activities, MDBs should develop robust sustainable taxonomies for climate and nature finance alongside tailored tools adapted to financing NbS and sustainable development in critical ecosystems, including tropical forests. Some progress has been made on this front in the last years, with certain MDBs taking the lead in fostering a new generation of thematic bonds. The *Amazonia Bonds*, launched in 2025 by the World Bank and the InterAmerican Development Bank in Latin America, for instance, combine environmental protection with economic and social impact through curbing deforestation, protecting biodiversity, and supporting local livelihoods and economic resilience.<sup>9</sup>

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<sup>3</sup>Forbes (2024). [Will direct air capture ever cost less than \\$100 per ton of CO<sub>2</sub>?](#); CarbonUnits (2025). [The Rise of Nature-Based Solutions in Carbon Offsetting.](#)

<sup>4</sup> World Economic Forum (2023). [Achieving net zero: Why costs of direct air capture need to drop for large-scale adoption.](#)

<sup>5</sup>World Economic Forum (2025). [The path to net zero requires carbon removal. Here are the trade-offs for scaling different technologies.](#)

<sup>6</sup> Griscom, B. W. et al. (2017). *Natural climate solutions*. Proceedings of the National Academy of Sciences of the United States of America, 114(44), 11645–11650.

<sup>7</sup> G20 Brazil (2024). [G20 Roadmap Towards Better, Bigger, and More Effective MDBs.](#)

<sup>8</sup> European Investment Bank (2024). [2023 Joint Report on Multilateral Development Banks Climate Finance.](#)

<sup>9</sup> Inter American Development Bank (2025). [IDB and World Bank Launch New Amazonia Bond Issuance Program](#); Inter American Development Bank, & World Bank (2025). [Amazonia Bond Issuance Guidelines: Guidance for Labeled Bonds Dedicated to Financing the Economic, Environmental, and Social Development of the Amazonia Region.](#)

More is needed, nonetheless, to foster climate-exclusive guarantee instruments and other de-risking tools for both climate and nature finance.<sup>10</sup> At the multilateral level, in a context in which Annex II countries are revisiting their global development and climate engagements, new multilateral guarantee facilities are needed to help mobilize capital for projects in emerging markets and developing economies in the Global South<sup>11</sup>. New facilities being designed and announced, including the recently launched BRICS Guarantee Mechanism nested at the New Development Bank, and other proposals for global non-debt creating facilities<sup>12</sup>, are welcome steps towards expanding climate finance as well as synergistic climate-nature finance in the years to come.

However, to more actively promote NbS and the bioeconomy (including nature intensive bioeconomy, advanced bioeconomy, and high-tech bioeconomy as per the G20 Initiative on Bioeconomy typology<sup>13</sup>), MDBs need to further strengthen their tools to de-risk both investments and the territories<sup>14</sup> in which they operate thus mitigating operational, financial and reputational costs. De-risking territories requires undertaking and mitigating the institutional, political, social, economic, security, and land titling risks that affect operations on the ground. This is particularly important for large operations related to land and forest landscape restoration.

Beyond de-risking finance, regulations and territories, there is also a need to strengthen ongoing efforts by MDBs and other financial actors, including national development banks, to account and value natural capital in their balance sheets and operations, to make use of market-based instruments such as biodiversity credits,<sup>15</sup> and to work develop non-debt generating instruments such as policy space loans and debt-for nature swaps. National and multilateral banks in Latin America, including the IDB and the Brazilian National Development Bank (BNDES) are already working to develop nature finance metrics, as well as piloting nature-related loans, debt swaps and biodiversity credits.

Finally, we recommend that MDBs already innovating and leading on expanding their climate and nature portfolios to better coordinate with other Development Finance Institutions (DFI), including Southern-led MDBs, National Development Banks (NDBs) and public, private and non-for-profit funds, as to generate co-financing opportunities and spaces for sharing on lessons learned on climate and nature finance.

#### Expanding the Role of Vertical Funds to Support NbS

NbS projects currently constitute a minor part of the portfolios of existing Vertical Funds. Efforts towards strengthening existing climate and environmental funds, including biodiversity funds, should aim at improving developing countries' access to climate and nature finance while also increasing the amount of projects that promote co-benefits and minimize trade-offs between climate action and nature protection goals. To do that Vertical Funds should – alongside MDBs and other DFIs – adopt

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<sup>10</sup> Climate Policy Initiative (2024). [Landscape of Guarantees for Climate Finance in EMDEs](#).

<sup>11</sup> Callaghan, I. (2023). [Guarantees 2.0: Meeting Climate Finance Needs in the Global South](#). Atlantic Council: Issue Brief.

<sup>12</sup> Climate Policy Initiative (2023). [Proposal for a Global Credit Guarantee Facility](#); Atlantic Council (2023). [Concept Note: Emerging Market Climate Investment Compact](#); BRICS (2025). [Guidelines on the BRICS Multilateral Guarantees \(BMG\)](#).

<sup>13</sup> G20 Brazil (2024). [Initiative on Bioeconomy](#). G20 Brazil 2024 – Sherpa Track.

<sup>14</sup> Igarapé Institute (2025). [Know Your Territory \(KYT\): Territorial Risk Analysis Method – Green Bridge Facility \(GBF\)](#).

<sup>15</sup> Brazilian Development Bank (2025). [BNDES lança Floresta Viva 2 com foco em restauração ecológica e fortalecimento de comunidades](#).

criteria to financing climate and nature-positive projects, and support existing country plans, programs and platforms that promote synergic projects for both climate and nature.

### Deploying and scaling up innovative financial instruments for NbS

Bridging the NbS gap also requires innovative financial instruments for private capital mobilization. This is particularly important when it comes to forest conservation and ecosystem restoration, which requires innovative approaches to avoid challenges related to additionality, leakage, and permanence, allowing for an effective conservation effort.

A range of innovative instruments can help developing countries to expand investments in NbS, particularly for forest conservation. Due to the large amount of finance needed to enable NbS, including forest restoration, this will inevitably include both public and private finance, mobilized both domestically and externally. While public finance can be used strategically as catalytic capital, guarantees and to foster other de-risking instruments customised for NbS, patient and responsible capital will have to be mobilized in markets.

In this context, scaling-up investments in NbS, particularly in the context of forest-related financing, requires a series of complementing innovations, including the development of high-integrity carbon markets, the expansion of Payment for Ecosystem Services (PES) and natural capital valuation schemes, and the adoption of traceability tools to promote deforestation-free supply chains. As mentioned, innovative instruments are being planned or piloted already, including thematic (climate and nature) bonds created to serve the specificities of financing critical ecosystems, such as the *Amazonia Bonds* recently launched by the World Bank and the InterAmerican Development Bank<sup>16</sup>, biodiversity credit schemes<sup>17</sup>, as well as innovative facilities<sup>18</sup> like the Tropical Forest Forever Facility (TFFF)<sup>19</sup> that promote blended-finance geared to climate and nature-positive goals. Those need to gain visibility and scale to strengthen local, regional and global impact in the short and medium term.

### Strengthening Country-Platforms and their NbS pillars

Country platforms are emerging as a practical tool to translate global commitments into nationally-led investment and goals, including national sustainable development goals and Integrated National Financing Frameworks (INFFs), Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and National Biodiversity Strategies and Action Plans (NBSAPs). While country platforms are still in their infancy worldwide, the first wave of country platforms had an explicit focus on securing investments for national Just Energy Transition (JET) efforts. Subsequent platforms have expanded this focus and embraced a broader range of areas related to climate action, including Nature-based Solutions (NbS). Yet, NbS and bioeconomy remain a less explored area within existing country platforms. This is not surprising considering that NbS has traditionally attracted less investments than areas such as low-carbon energy or transportation. Country platforms can help mitigate and, potentially, revert that as tools to secure, maintain and/or strengthen political

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<sup>16</sup>Inter American Development Bank, & World Bank (2025). [Amazonia Bond Issuance Guidelines: Guidance for Labeled Bonds Dedicated to Financing the Economic, Environmental, and Social Development of the Amazonia Region](#).

<sup>17</sup> International Advisory Panel on Biodiversity Credits (2024). [Biodiversity Credit Framework](#).; World Economic Forum (2024). [Nature Finance and Biodiversity Credits: A Private Sector Roadmap to Finance and Act on Nature](#).

<sup>18</sup> Igarapé Institute (2024). [Tropical Forests Mechanism: A New Approach for Funding Forest Conservation](#).

<sup>19</sup> Tropical Forest Forever Facility (2025). <https://tfff.earth/>.

agreement on priority NbS goals and initiatives; coordinate public finance from multiple sources (domestic and international); and harness private investment, by providing the necessary de-risking.

For that to happen one needs to mobilize greater technical and financial support (from MDBs, Vertical Funds, international organizations and other partner countries) to existing and new country platforms. South-South cooperation (SSC) has a role to play here not only as a source of finance to country platforms (through existing Southern-led MDBs, NDBs, and other funds and facilities, including at the United Nations) but also as partners in capacity building, offering first-hand policy advice and technical support to low and middle-income countries designing or refining their country platforms. This is particularly important for forest countries in the Global South that share similar challenges to attract patient and responsible capital to scale-up their NbS and sustainable development initiatives in forest areas.

### **Additional experiences, proposals or approaches**

Structural reforms and paradigm shifts are equally important for achieving the scale and speed required to meet the resource mobilization goal of 1.3T in climate finance. Here we focus on enabling factors that will shape successful mobilization of climate finance for NbS in the coming years related to strengthening regulatory frameworks for climate finance, advancing on nature capital valuation, reforming the International Finance Architecture (IFA), and expanding South-South cooperation (SSC).

#### Valuing Nature and Natural Capital

Amid growing efforts to strengthen regulatory frameworks for climate finance, a critical blind spot remains: the integration of natural capital into sustainable finance<sup>20</sup>. In practice, this means developing tools to account for and value natural capital in a systematic way. Advancing this agenda requires stronger multistakeholder collaboration to mainstream natural capital approaches – such as incorporating nature loss into national and corporate balance sheets, enhancing disclosure of environmental accounting data, and promoting common standards that guide both governments and businesses.

#### Reforming the International Finance Architecture and expanding South–South cooperation

Both reforming the international financial architecture (IFA) and strengthening South-South cooperation (SSC) are needed to meet the scale of the climate finance challenge in emerging and developing economies. Southern-led MDBs and climate funds can play a catalytic role by filling critical financing gaps and by adopting more flexible, context-sensitive instruments. Building on ongoing IFA reforms, these institutions should be empowered to expand concessional lending, de-risk private investment, and support country-driven platforms that align national development priorities with climate ambition. Southern-led MDBs can accelerate both mitigation and adaptation financing, while reinforcing collective bargaining power in broader reform negotiations at the global level.

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<sup>20</sup> World Economic Forum (2024). [Investing in Natural Capital: Innovations Supporting Much-Needed Financing for Nature](#).

At the same time, SSC must focus not only on finance but also on mutual learning and capacity building through joint research initiatives, peer-to-peer training, and regional knowledge hubs. Technical cooperation, in mitigation, adaptation and resilience, should prioritize Nature-based Solutions (NbS) that reflect Southern socio, ecological and developmental realities and needs, amplifying locally grounded innovations and scale them across regions. Southern countries can build “policy baskets” for technical cooperation on financing for climate and nature – showcasing fiscal, regulatory, and market instruments tailored to Southern contexts as well as poly learnings around them. Likewise, shared experiences on country platform design, blended finance models, and innovative policy tools can help countries strengthen institutional readiness and ensure finance flows translate into action on the ground.

### **Role of multilateral actors and initiatives**

In addition to the priority actions and approaches outlined above – which highlight ongoing efforts to reform Multilateral Development Banks (MDBs) and Vertical Funds and the development of innovative financial mechanisms such as thematic bonds, biodiversity credits or bundled carbon-biodiversity credits<sup>21</sup> – it is equally important to advance the implementation of international commitments. This includes the New Collective Quantified Goal (NCQG), the United Nations Pact for the Future, the United Nations Financing for Development *Compromiso de Sevilla*, as well as commitments advanced by other regional and multilateral fora such as the G20 and BRICS, like the G20 Roadmap Towards Bigger, Better and More Effective MDBs, the BRICS Leaders’ Declaration on Climate Finance and the BRICS Cooperation Framework for Enhancing Financing for Climate Action. Equally important is moving towards implementation of the recommendations and lessons emerging from numerous global reform-related initiatives such as the Task Force on Credit Enhancement for Sustainability-linked Sovereign Financing and the Expert Review on Debt, Nature, and Climate. These agreements provide the political mandate and normative framework – as well as the policy learnings – needed to accelerate the mobilization of resources and ensure coherence across the international financial architecture.

Multilateral actors, notably MDBs, are key actors to support the delivery of synergic climate, nature and development finance. Institutions such as the World Bank, Inter American Development Bank (IDB), and other Southern-led development banks such as the New Development Bank (NDB) are particularly relevant. MDBs are leading on a new generation of thematic bonds, as the *Amazonia Bonds* mentioned before, and other innovative instruments. There is a potential for cross-learning among Development Finance Institutions (DFIs) to expand those innovations across the whole ecosystem of DFIs. The BRICS-led NDB, for instance, has affirmed that 40% of its total project approvals are dedicated to climate change mitigation and adaptation, supporting the national strategies of its member countries through financing renewable energy and resilient infrastructure for low-carbon growth<sup>22</sup>. NDB investments in NbS and bioeconomy-related projects remain limited but could be expanded considering the finance gaps for those areas in several NDB members.

In parallel, Vertical Funds such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF) must continue to expand their portfolios to include nature-based and bioeconomy projects.

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<sup>21</sup>Schwerdtner Manez, K. & Clifton, J. (2025). [Biodiversity credits: a new currency to support nature conservation?](#) Oryx, First View, pp. 1–6.

<sup>22</sup>Igarapé Institute (2025). [The BRICS and the Decarbonization and Biodiversity Protection Challenges.](#)

Beyond the public sphere, private sector actors are indispensable partners in designing, financing, and implementing innovative solutions that can de-risk investments and scale both mitigation and adaptation. Coordinated action across these multilateral, national, and private actors is essential to accelerate resource mobilization and ensure finance flows reach vulnerable regions and priority sectors such as NbS.