

## Second OECD submission to the UNFCCC COP29 and COP30 Presidencies

The Organisation for Economic Co-operation and Development (OECD) is hereby responding to the [second call for submissions](#) by the UNFCCC COP29 and incoming COP30 Presidencies aimed at gathering inputs in relation to the ‘Baku to Belém Roadmap to 1.3T’.

The OECD is an international organisation comprised of 38 member countries, that works to build better policies for better lives. Our mission is to promote policies that will improve the economic and social well-being of people. Together with governments, policy makers and citizens, we work on establishing evidence-based international standards, and finding solutions to social, economic and environmental challenges. From improving economic performance and creating jobs to fostering strong education and fighting international tax evasion, we provide a forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting.

This submission highlights relevant OECD work and processes that could help to inform the process of implementing the Baku to Belém Roadmap to 1.3T. It provides new elements in response to questions a), b) and c) in the second call for submissions, and, in question d), refers back to the [first OECD submission](#) made in March in response to the first call for submissions.

To support the final stages of the preparation of the Roadmap, the OECD-IEA Climate Change Expert Group (CCXG) is organising, in partnership with the COP29 Presidency and incoming COP30 Presidency, a discussion session focused on “[Delivering an actionable Baku to Belém Roadmap to USD 1.3 trillion](#)” as part of the CCXG Global Forum on the Environment and Climate Change on 16-17 September 2025. At the Forum, further discussion sessions will focus on taking forward the new collective quantified goal (NCQG) on climate finance, informed by a draft discussion document on “Unpacking the USD 300 billion goal and the USD 1.3 trillion scale up call in the NCQG” prepared by the OECD.

Please address any questions or information requests on this OECD submission to both:

- [Sirini JEUDY-HUGO](#), Team Lead, Climate Change Expert Group, OECD Environment Directorate
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**a) What priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions are 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?**

In its first submission, the OECD stressed that the “Baku to Belém Roadmap to 1.3T” process provides an opportunity to develop a structured approach for scaling up finance, in particular in relation to:

- The range of public interventions that can drive and incentivise flows of finance for climate action
- The barriers that have hindered the mobilisation and catalysation of greater volumes of finance
- The levers and tailored solutions to overcome such barriers
- Information needs, data availability, and potential indicators to assess progress

Building on these four points, OECD work, experience and evidence to date highlights a number of priorities to enable the scaling up of finance for climate action to developing countries:

**Deploy blended finance strategically**

- Scaling up development efforts to mobilise private capital for climate is essential, with proven instruments such as guarantees, insurance, structured funds, securitisation and green, social, sustainability and sustainability-linked bonds. Standardising blended finance instruments can increase transparency, accessibility and replicability, and reduce transaction costs, while ensuring that all transactions remain anchored in development impact. OECD guidance on blended finance and analysis of mobilisation instruments helps DAC members direct more development finance to mobilisation and prioritise effective instruments.
- References:
  - OECD (2023), [“Scaling Up the Mobilisation of Private Finance for Climate Action in Developing Countries”](#), OECD Publishing, Paris
  - OECD (2025), [“Increasing development finance efforts to scale private finance mobilised and its impact”](#), OECD Policy Briefs, No. 23, OECD Publishing, Paris
  - OECD (Forthcoming), OECD DAC Blended Finance Guidance 2025
  - OECD (Forthcoming), OECD Blended Finance Guidance for Climate Change Adaptation.

**Strengthen public development banks to mobilise private finance at scale**

- Scaling up private capital mobilisation requires the re-envisioning of development banks and DFIs, enabled through clear shareholder direction. Financial models and risk frameworks must adapt to support catalytic mobilisation, underpinned by risk capital and patient finance. Institutions need specialised skills and aligned incentives, while coordination across development banks and DFIs as well as institutions in developing countries can amplify impact. Clearly defined mobilisation targets, expanded use of risk transfer mechanisms and local currency financing, and improved data disclosure and transparency on mobilisation methodologies are also essential. Decisive, collective follow-through is needed to balance traditional mandates with scaled-up mobilisation for climate
- References:
  - An OECD report is currently being prepared on the subject.
  - OECD (2023), [“Scaling Up the Mobilisation of Private Finance for Climate Action in Developing Countries”](#), OECD Publishing, Paris

**Strengthen domestic enabling environments to attract and channel finance**

- Electricity grids have become a major bottleneck for scaling up renewable power and electrification. In mid-2024, over 1,600 GW of renewable power in advanced development stages

were waiting for grid connection. Yet, power transmission infrastructure faces a massive investment gap, especially in emerging markets and developing economies (EMDEs).

- Annual investment in power grid systems need to scale up to USD 600 billion by 2030, almost double current rates, to adequately expand and modernise electricity networks globally. This effort needs to be supported, using relevant business and financing models, including public-private partnerships in power transmission when relevant, and tapping a broader range of financing sources, including institutional investors, to mobilise capital at scale.
- References:
  - OECD (forthcoming), “Transmission Grid Financing: Lessons from International Case Studies and Toolkit for Policymakers”, *Environment Working Paper*, OECD Publishing, Paris.
  - Joint OECD CEFIM and IEA workshop (Jan. 2024), [Unlocking transmission grid finance and investment for the clean energy transition in EMDEs](#).

### **Enhance access to climate finance**

- Work on access to climate (and biodiversity) finance points to the fact that partner countries need to look beyond the vertical funds, which account only for a small fraction of total climate commitments. While bottlenecks to access climate finance from these funds exist (and should be solved), a whole-of-system view of how they mobilise and use finance could help concentrate efforts, co-ordinate accessed finance and so help scale-up climate finance. This includes streamlining and standardising application procedures across providers to reduce transaction costs, as well as strengthening long-term capacity development in partner countries to prepare and manage funding applications.
- References:
  - An OECD report is currently being prepared on the subject.
  - OECD (2023), [Scaling Up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers](#), OECD Publishing, Paris

### **Contribute to comprehensive and transparent data on private finance mobilisation**

- Unlocking additional financing from a range of commercial actors in developed and developing countries is critical to closing the financing gap for investments in climate action, notably in energy, agriculture, forestry, land-use, adaptation, and resilience.
- The OECD provides the international standard for measuring mobilised private finance, collecting data on mobilised private finance by official development finance interventions. The OECD’s data series goes back to 2012 and constitutes a key source of information for policy makers and private investors.
  - Most flows benefit middle-income countries, reflecting higher perceived risks in LDCs. Comprehensive, transparent data on mobilised private finance are critical to address this perception gap and build trust.
  - Work is ongoing, together with key partners from countries’ development finance institutions (DFIs) and development banks, as well as multilateral development banks (MDBs), to expand coverage (e.g. catalytic and balance-sheet optimisation).
- Policymakers should commit to the highest standards of transparency by reporting to the OECD statistics and supporting international initiatives.
- Reference:
  - OECD (2025), [Tracking private finance mobilisation: Latest trends and ways forward](#)”, OECD Policy Briefs, No. 25, OECD Publishing, Paris.

### **Strengthen and grow domestic financial institutions and capital markets in developing countries**

- Financial authorities and finance ministries in EMDEs, with support from development partners and international organisations, have a critical role to play in strengthening domestic green capital markets for climate action. The OECD is supporting EMDEs in developing local capital markets. In

particular, the OECD, through its Clean Energy Finance and Investment Mobilisation (CEFIM) Programme, is supporting financial supervisors (e.g. OJK in Indonesia) and central banks (e.g. BSP in the Philippines) to strengthen domestic financial markets for clean energy and climate action, e.g. on [climate transition planning](#), [unlocking energy efficiency finance through energy savings insurance](#), [clean energy finance and investment trainings](#).

- References:
  - OECD (2025), "[Supporting emerging markets and developing economies in developing their local capital markets](#)", OECD Policy Briefs, No. 24, OECD Publishing, Paris,
  - 2 July 2025 OECD-CONCITO-C3A [Roundtable on Mobilising Finance for Clean Energy and Climate Action in EMDEs](#)

### **Address systemic financial and macroprudential barriers: the example of guarantees**

- Global financial regulations present challenges in scaling up the provision of guarantees and credit enhancements vis-à-vis the private banks that could participate in a transaction. Under the Basel III framework, MDB guarantees are subject to greater capital relief given MDB's superior credit rating for their lending activities. Nevertheless, ambiguities remain in recognising the risk improvements provided by guarantees, and recognising a broader range of key providers of guarantee. This has reportedly led to lower utilisation of guarantees by banks.
- The Basel Committee on Banking Supervisory could undertake an analytical assessment of how guarantees and other forms of public sector risk mitigation are treated in the Basel framework and national implementation, and whether this is having unintended consequences of limiting the usage of guarantees from public sector providers and the financing of sustainable infrastructure in EMDEs. This could also include an assessment of the list of eligible MDBs for lower risk weighting.
- Reference: OECD (forthcoming), "Blended Finance De-risking Measures: The case of guarantees and credit enhancement instruments"

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

Some progress has been made in scaling up financing for adaptation, including in vulnerable regions. For example, according to the [most recent OECD report to tracking progress towards the USD 100 billion goal](#), climate finance provided and mobilised by Developed Countries for adaptation reached USD 32.4 bn in 2022. However, concerted efforts are needed to achieve a significant increase in adaptation investment, including in vulnerable regions.

The recent [OECD-AfDB Input Paper to the G20 Sustainable Finance Working Group](#) identifies three axes for action: strengthening data and capacity; enhancing the domestic enabling environment and increasing the scale and impact of international support. These recommendations draw on a broad body of OECD analysis in this area, including the 2023 report [Scaling Up Adaptation Finance for Developing Countries: Challenges and Opportunities for International Providers](#), the 2024 [Climate Adaptation Investment Framework](#) and forthcoming report on Blended Finance for Adaptation.

OECD work identifies a range of strategies to enhance and scale up public and private financing mechanisms for climate adaptation:

### **Support developing countries' efforts to strengthen their capacities, policies and enabling environment for finance for adaptation.**

- A comprehensive approach is needed to significantly scale up finance for adaptation, built on three pillars: (1) improving access to data and capacity; (2) strengthening the domestic enabling environment; and (3) increasing the quantity and effectiveness of international support. As adaptation is highly context-specific, with needs and priorities differing across countries, tailored strategies are essential. OECD analysis identifies six key building blocks to unlock investment in adaptation: strategic planning, regulatory alignment, insurance and risk transfer, public finance and investment, sustainable finance and support for private investment.
- References:
  - OECD-AfDB (2025), [Scaling Finance and Investment for Climate Adaptation](#)
  - OECD (forthcoming 2025), Compendium of Good Practices on Scaling Up Adaptation Investment
  - OECD (2024), [Climate Adaptation Investment Framework](#)
- Development co-operation can strengthen partner country capacities by: (a) providing flexible, long-term finance and focusing on project preparation, fiduciary standards, and accreditation; (b) empowering local and subnational actors through direct access, tailored readiness support, and small-grant facilities; (c) investing in climate data, services, and MRV systems to enable evidence-based planning; (d) promoting multi-stakeholder partnerships, including regional and triangular co-operation, to sustain capacity efforts; and (e) aligning capacity development with national policies and institutional systems, ensuring coherence and continuous learning.
- References:
  - OECD (2023), ["Capacity Development for Climate Change in Small Island Developing States"](#), OECD Development Perspectives, No. 40, OECD Publishing, Paris

### **Strengthen development practices to ensure efficient delivery of adaptation finance**

- Adopt more strategic and effective financing models by shifting from project-based to long-term programmatic approaches, and increasing flexible, policy-based budget support. Consider the use of internal quantitative targets to increase funding for adaptation, particular for vulnerable regions
- Improve the efficiency and accessibility of funds by streamlining and aligning application procedures across providers to reduce transaction costs. Facilitate direct access for local entities,

including by simplifying processes, given that this can strengthen domestic capacity and empower locally led adaptation.

- References:
  - OECD (2023), [Scaling Up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers](#), Green Finance and Investment, OECD Publishing, Paris.

### **Deploy public and blended finance strategically to mobilise private finance for adaptation**

- Blended finance for climate adaptation should be designed on the basis of a clear development rationale, recognising that without adaptation, climate impacts could undo development gains – a risk that needs to be considered when assessing additionality. Priority should be given to opportunities that foster the integration of adaptation into domestic financial systems, strengthening resilience and ownership.
- The forthcoming OECD Blended Finance Guidance on Climate Change Adaptation provides a step-by-step approach to identify concrete blended finance options to mobilise private finance for adaptation. Based on the specific adaptation context of different sectors, the Guidance points to three practical determinants – the investment type, the finance providers and instruments, and the enabling environment – that identify the scope and shape of blended finance approaches in a development context, across resilience themes, such as agriculture and water.
- Reference:
  - OECD (Forthcoming), OECD Blended Finance Guidance for Climate Change Adaptation.

### **Explore and tap into alternative financing sources and mobilisation instruments for adaptation.**

- Create fiscal space and flexibility through innovative debt instruments where appropriate, such as using debt-for-climate swaps to redirect debt service payments towards climate action, and incorporating climate-resilient debt clauses to allow postponements of repayments after disasters.
- Mobilise new investment by supporting the development of targeted financial products and markets, including resilience bonds to raise capital specifically for adaptation.
- References:
  - OECD (2023), [Scaling Up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers](#), Green Finance and Investment, OECD Publishing, Paris.

**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?**

**Blended finance instruments such as guarantees, and other risk mitigation instruments provide unprecedented opportunities to mobilise private finance for climate action in EMDEs**

- Risk mitigation instruments such as insurance can help mitigate risk perception, thereby reducing the cost of capital which impacts the cost competitiveness of clean energy technologies such as clean hydrogen, particularly in EMDEs. Such instruments can also facilitate transactions in new sectors, thus increasing familiarity and modifying risk perception. Despite their potential, these instruments remain underused.
- The limited utilisation of guarantees can be attributed to barriers such as product complexity, regulatory limitations, financiers' risk perceptions and lack of viable project pipelines in most EMDEs. The OECD provides data-oriented research, international case studies, and guidance to help overcome these barriers.
- References
  - OECD (2022), OECD blended finance guidance for clean energy, [OECD blended finance guidance for clean energy | OECD](#)
  - OECD/The World Bank (2024), [Leveraging De-Risking Instruments and International Co-ordination to Catalyse Investment in Clean Hydrogen](#), Green Finance and Investment, OECD Publishing, Paris
  - OECD (forthcoming), "Guarantees and other risk mitigation instruments for clean energy: Harnessing blended finance to scale investments in emerging markets and developing economies"

**Country platforms, designed as collaborative frameworks, can support EMDEs in building just and sustainable energy systems through investment and finance mobilisation.**

- The OECD [Clean Energy Finance and Investment Mobilisation \(CEFIM\)](#) Programme is actively contributing to several country platforms and their priorities such as investing in renewable energy and clean hydrogen and stands ready to share lessons.
- Country platforms can help align international public and private investment flows with national priorities, to enhance national ownership and reduce fragmentation.
- The next generation of country platforms needs to build on strong political commitments, investment plans that are aligned with this trajectory and coordination of all types of financing. Drawing lessons from existing JETPs and other country platforms will be critical in designing initiatives that can deliver results from policy implementation to tangible investment for climate action.
- Reference:
  - 2 July 2025 OECD-CONCITO-C3A [Roundtable on Mobilising Finance for Clean Energy and Climate Action in EMDEs](#)

**Scaling up financial and technical assistance to industry decarbonisation in EMDEs is critical**

- Industry is crucial for meeting the goals of the Paris Agreement, accounting for nearly 40% of total global energy-related CO<sub>2</sub> emissions, with steel, cement and petrochemicals forming the bulk of these emissions. At the same time, industry is one of the most challenging sectors to decarbonise — some necessary technologies for near-zero emission production are still in development and not yet competitive, industrial assets have a long lifespan and materials produced are highly traded.
- To close the gap in financial and technical assistance for industry decarbonisation in EMDEs, the governments of Canada, Germany and the United Kingdom along with the Climate Investment

Funds issued the [COP29 Pledge of scaling international assistance for industry decarbonisation](#) to USD 1.3 billion. To help operationalise this pledge, ongoing work by the OECD and the IEA is identifying opportunities in investment and finance for industry decarbonisation from private and public sectors.

- Financial assistance needs to be complemented with the right suite of instruments. The “Climate Club Financial Toolkit” prepared by the OECD provides an overview of 28 economic, de-risking and financing instruments that can be used for financing industry decarbonisation, both in EMDEs and in developed countries.
- References:
  - OECD/Climate Club (2024), [Mapping financial and technical assistance for industry decarbonisation in emerging markets and developing economies: Taking stock of trends in hard-to-abate sectors](#), OECD Publishing, Paris.
  - OECD/Climate Club (2025), [Climate Club Financial Toolkit: Economic, De-risking and Financing Instruments for Industry Decarbonisation](#), OECD Publishing, Paris.

### **Nature-based solutions (NbS) can contribute to reshaping the climate finance landscape**

- By promoting NbS, such as ecosystem-based adaptation, green infrastructure, and restorative landscape approaches, development actors can create synergies across environmental goals, attracting more diversified funding and reducing trade-offs between conservation and climate agendas. Integrating NbS into climate strategies therefore offers a compelling pathway to mobilise additional finance, enhance co-benefits, and accelerate climate action.
- Climate investments currently make up over 80 % of biodiversity-related official development finance (ODF). This overlapping financing landscape highlights an untapped potential: NbS can be framed as cost-effective, scalable interventions that deliver both climate mitigation and adaptation outcomes while preserving biodiversity.
- References:
  - OECD (2023), [A Decade of Development Finance for Biodiversity](#), OECD Publishing, Paris
  - OECD (2024), [Biodiversity and Development Finance 2015-2022: Contributing to Target 19 of the Kunming-Montreal Global Biodiversity Framework](#), OECD Publishing, Paris.

#### **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?**

For this question, the OECD would like to refer back to the selection of work streams and forums already highlighted in its first submission (under questions c and d) that are of relevance to support the implementation and delivery of the USD 1.3 trillion scale up call:

##### **Data, statistics and analyses to track and assess climate and development finance:**

- [Climate Finance and the USD 100 billion goal](#)
- [Development finance for climate and the environment](#) as part of broader [Development finance statistics](#)
- [FDI to advance the low carbon transition](#) as part of the broader FDI Qualities visualization platform launched at the FF4D Sevilla

##### **Approaches and experiences to mobilise finance for climate action:**

- [Clean Energy Finance and Investment Mobilisation \(CEFIM\) Programme](#)
- [Development Assistance Committee \(DAC\) Blended Finance Guidance](#)
- [DAC Network on Environment and Development Co-operation \(DAC-ENVIRONET\)](#)

##### **Processes to convene policy stakeholders and practitioners:**

- [Climate Change Expert Group \(CCXG\)](#)
- [Forum on Green Finance and Investment](#)
- [Development Assistance Committee \(DAC\) Community of Practice on Private Finance for Sustainable Development \(CoP-PF4SD\)](#)
- [Climate Club for Industry Decarbonisation](#)