Republic Financial Holdings

Baku to Belém Roadmap to 1.3T

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Against this backdrop, RFHL is pleased to offer its perspective on the 'Baku to Belém Roadmap to 1.3T' (the "Roadmap"). Our Bank's sustainability strategy is grounded in a strong ESG framework that supports a just climate transition, climate adaptation, and long-term sustainability. This commitment is further strengthened by its alignment with key global and national frameworks, including the Paris Agreement, the United Nations Environment Program Finance Initiative ("UNEP FI") Principles for Responsible Banking ("PRB"), and the Net-Zero Banking Alliance ("NZBA").

As of July 2021, approximately 41% of submitted Nationally Determined Contributions ("NDCs") identified potential roles for private sector engagement in climate action. However, actual participation by private entities in NDC formulation and implementation remains limited, underscoring a persistent gap between policy intent and practical involvement (UNDP Climate Change and Adaptation, n.d.). More specifically, the banking industry is well positioned to influence the transition to a low-carbon economy, as its role in directly financing companies gives it significant control over which activities receive or are denied capital (CFA Institute, 2024). In line with our international commitments, RFHL has pledged US $200 million in climate financing by 2025 and established emissions reduction targets for key sectors, including Commercial Real Estate and Power Generation. The Bank embeds sustainability into its operations through risk management systems, stakeholder engagement, and data platforms for emissions tracking. It also supports Small and Medium Enterprises ("SMEs") through dedicated loan facilities and promotes regional climate advocacy.

Specifically, RFHL has set 2 emissions reduction targets. For the Power Generation sector, we aim to reduce emissions from 0.227 tCO2e/MWh to 0.170 tCO2e/MWh i.e., a reduction of 25.1% from the baseline by 2030. In the Real Estate Sector, RFHL has committed to lowering its estimated emissions intensity by 26.4%. As only English-speaking Caribbean domiciled financial signatory to the UNEP FI, our strategic goal is to become the leading banking and financing partner in the region for renewable energy, climate adaptation and climate mitigation initiatives.

To date, RFHL has executed several solutions in the areas of climate finance, strategic partnerships, and sustainable initiatives. We have successfully launched a US$200 million climate finance fund specifically for projects that enhance climate resilience and adaptation. Additionally, we have committed TT$100 million to the agricultural sector to promote sustainable agricultural practices and food security. Regarding key partnerships and initiatives, we have established a strong relationship with the International Finance Corporation ("IFC") and other development banks. This collaboration has been instrumental in building internal capacity through dedicated training on green and blue bonds, as well as other innovative sustainable finance products. We are also actively partnering with the government of Trinidad and Tobago on initiatives to achieve national biodiversity targets. Furthermore, we have made substantial progress in our application for accreditation with the Green Climate Fund ("GCF"), having successfully completed Phase 1 of the rigorous process. These accomplishments demonstrate our commitment to delivering tangible, impactful solutions for a more sustainable future.

Against our regional and international background, the legislation guiding support NDCs, National Adaptation Plans ("NAPs"), and resilient development pathways is constantly evolving. RFHL is strongly committed to adhering to local climate-related laws particularly those pertaining to government policies on agriculture and land use. For context Trinidad and Tobago's NDCs under the Paris Agreement targets a 15% reduction in overall greenhouse gas emissions from its three main sectors, power generation, industry, and transport by 2030, relative to business-as-usual ("BAU") scenarios. Trinidad and Tobago also has an unconditional commitment to reduce public transportation emissions by 30% by the same date. Additionally, Ghana and the Eastern Caribbean have released their own mandatory reporting mechanisms that RFHL must adhere to. The Bank of Ghana has issued Sustainable Banking Principles and Sector Guidance Notes as well as their Climate-Related Financial Risk Directive, providing a framework for financial institutions to integrate sustainable practices into their operations (Bank of Ghana, 2024). Further to which, the Eastern Caribbean Central Bank has released Prudential Standards on Climate-Related and Environmental Risks (Eastern Caribbean Central Bank, n.d.). These regulatory frameworks provide guidance on identifying and managing material finance risks that stem from climate-related activity and are increasingly critical as private finance institutions seek to safeguard their capital investments.

Despite these advancements, the Caribbean countries, particularly small island developing states, face critical gaps in climate finance due to high transaction costs, fragmented projects, weak institutional frameworks, and limited local capacity. Traditional funding models prioritize donor risk tolerance over local needs, creating misaligned incentives and access barriers. Support is needed to strengthen regulatory environments, reduce costs through blended finance, and build capacity in climate risk assessment and sustainable finance. Partnerships with governments, non-governmental organizations ("NGOs") and multilateral development banks ("MDBs") will play a key role by offering technical assistance, policy advocacy, and concessional funding.

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Questions

1. *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?*

To scale climate finance in developing countries, short-term priorities include deploying blended finance instruments such as concessional loans, guarantees, and first-loss facilities which are important to de-risk investments in climate-smart sectors with long payback periods and high transaction costs (Joint Report on Multilateral Development Banks' Climate Finance 2023; CFA, 2024). Currently, 69% of mobilized private finance comes from Multilateral Development Banks and bilateral institutions from the Global North (e.g., USAID, AFD, DFCO, KfW). Yet only 20% of global climate finance is sourced from the private sector, largely due to a lack of catalytic concessional capital (*UNEP-CCC, 2025*).

Medium- to long-term actions should be focused on transition planning, the development of sustainability-linked investment pipelines, and regulatory reform, achieved through active multi-stakeholder engagement. Caribbean-based examples such as the Renewstable Barbados Hydrogen Plant, Belize’s Climate-Resilient Agriculture Initiative, and the CARICOM Resilience Fund demonstrate how blended finance can de-risk investments and mobilize private participation to make pioneering renewable energy initiatives more viable.

To support these efforts, the Network for Greening the Financial System (“NGFS”) issued recommendations for Central Banks and Supervisors urging financial institutions to adopt key regulatory and supervisory practices, including (i) ensuring board-level attention to climate risks and integrating them into governance frameworks, (ii) embedding climate risks into strategic planning and risk management systems, (iii) identifying material climate-related exposures and disclosing relevant metrics, and (iv) assessing capital impacts through scenario analysis and stress testing (Network for Greening the Financial System, 2020). Private financial institutions play a crucial role in operationalising these practices. In developing countries, these institutions are especially encouraged to implement such measures to protect both clients and institutional financial stability in regions highly vulnerable to climate impacts, including hurricanes, sea-level rise, and economic disruptions to tourism and agriculture.

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

Partnerships are key to scaling and enhancing public and private financing. Private banks have a unique opportunity to partner not only with MDBs but also with governmental organizations, regulators, and non-governmental agencies, all working toward the common goal of advancing climate adaptation mechanisms and mobilizing finance. By collaborating with these stakeholders, private banking institutions can help create enabling policies, integrate climate risk into regulatory frameworks, and leverage blended finance instruments to attract both public and private capital (Climate Policy Initiative, 2024).

For vulnerable regions, priorities may differ. Focus should be placed on strengthening local institutions, promoting green and blue bonds that funnel funds into climate-resilient projects, and aligning national plans with private investment criteria to unlock finance for these regions. These structures create avenues to reduce financed emissions and incentivise climate-aligned infrastructure within public-private finance arrangements.

Risk mitigation instruments, including credit guarantees and climate risk insurance, can significantly lower the perceived investment risk that often deters banks from financing projects in vulnerable regions (Ayadi, Rym. 2025). Collaborating with multilateral development banks (MDBs) as guarantors or insurance providers creates a de-risked investment environment, enabling private banks to participate confidently in climate adaptation initiatives.

Banks can also, where clients are supportive and enabling legislation exists, embed environmental criteria and emissions reduction targets directly into contractual agreements. This approach allows banks to finance climate-aligned projects such as renewable energy, energy-efficient real estate, and other adaptation-focused initiatives while creating profitable and scalable models for sustainable finance.

3. *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?*

Direct and Indirect Lending Mechanisms should be endorsed by financing entities to effectively channel funds through local financial institutions via on-lending facilities, allowing for broader distribution of climate finance to smaller projects and local businesses, especially in the agricultural sector (Muskan, 2017; OECD, 2022). Furthermore, with MDB technical support, local institutions can issue green bonds or other thematic bonds to raise capital specifically for sustainable projects, tapping into growing investor demand for sustainable finance. A notable example is the blue bond issuance by CAF – Development Bank of Latin America and the

Caribbean in partnership with the United Nations Development Programme ("UNDP") in June 2025.

Targeted financial products and technical assistance for SMEs in green infrastructure and climate-smart agriculture are critical, as these businesses often face significant barriers to accessing traditional finance. Our Bank has launched a targeted loan product for Micro, Small and Medium Enterprises ("MSMEs") in Trinidad and Tobago, committing TT$200 million by 2025 to reach 1,500 customers. This initiative prioritizes financial inclusion and MSME growth through personalized financial coaching, technical assistance from industry experts, networking opportunities, digital tools to enhance efficiency, and capacity-building programs focused on sustainability, digitalization, and market access. This approach demonstrates how targeted interventions, combined with technical support and innovative financing mechanisms, can mobilize private capital, support inclusive growth, and inform broader strategies to accelerate efforts toward mobilizing funds in climate and adaptation finance.

Additionally, funds like the GCF and the Adaptation Fund provide grants and concessional support, which are essential for adaptation and loss and damage; areas that are often less attractive to private investment, but critically important for the Caribbean region where small island states are susceptible and vulnerable to major and catastrophic climate change events.

Debt-for-climate swap mechanisms, which restructure sovereign debt and redirect the resulting fiscal savings toward climate-related investments, offer a promising approach to mobilising climate finance (UNDP, 2025). This model has been applied across the Global South, with countries such as Barbados, Belize, Jamaica, Haiti, Grenada, and Antigua and Barbuda engaging in negotiations with varying levels of success. Notably, in 2022 and 2024, Barbados completed two successful swaps that generated long-term financing for marine conservation and climate-resilient water and sewage infrastructure. With support from international partners, Barbados replaced higher-cost debt with more affordable financing, yielding approximately US$125 million in fiscal savings to enhance water resource management and strengthen food and water security (EIB, 2024; IDB, 2022, 2024). In this context, lower fiscal debt is especially important for financial institutions in developing countries, as it promotes macroeconomic stability, lowers sovereign risk, and increases fiscal space for investments in climate adaptation and resilience (Nurse, 2025; Adrian et al., 2025; Dunz, Feyen, Mousset, & Stewart, 2024).

Concurrently, the Inter-American Bank aptly suggests that Public Development Banks ("PDBs") providing international development finance should tailor their requirements to the domestic context of financial institutions ("FIs") and their existing capacity for climate action, rather than applying a one-size-fits-all approach. This flexibility is important because FIs in developing countries with high emissions may struggle to completely divest from fossil fuels, yet they could still play a vital role in promoting energy efficiency and expanding renewable energy. This approach is particularly relevant for the Caribbean context, where countries exhibit varying levels of emissions (Small Ridge et al, 2012).

4. *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?*

Blended finance arrangements involving United Nations ("UN") agencies, climate funds, MDBs, governments, central banks, and private financial institutions are essential for unlocking large-scale climate finance. Deepening the integration of private finance remains critical, particularly as infrastructure deals using blended finance have shown strong leverage potential. Recent analysis indicates that approximately 10 percent of such deals mobilized more than two dollars in private capital for every one dollar of public or philanthropic funding committed (Juneja 2024). As sustainable finance initiatives face a plethora of project-specific, and country risks, namely high transaction costs, commodity price risks, interest rate risks, long payback periods, agronomy risks, weak institutional framework, and high geopolitical uncertainties, blended finance can overcome some of them by strategically using concessionary capital to mobilise additional private capital (Alam, 2025; OECD, 2020). Offerings of concessional loans, guarantees, and first-loss facilities, make perceived higher-risk opportunities more attractive to local commercial banks (Smallridge, 2012). Establishing joint funds and providing project preparation facilities further enables larger scale projects and develops "bankable" sustainable initiatives.

Regulatory incentives such as favourable capital treatment for guaranteed sustainable assets can also steer institutional investors towards climate-aligned portfolios. In addition, regional sustainable banks and guarantee companies could provide local currency support, while blended working capital lines for small and medium enterprises would enable investment in energy savings and resilience. Through targeted refinancing operations, green bonds, carbon emission reduction strategies credit allocation policies, private finance institutions can make a positive contribution to support decarbonization effort of the global economy and build resilience to climate change.

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