

Baku to Belém Roadmap to USD1.3T
submission by the
United Nations Environment Programme Finance Initiative
(UNEP FI)
in consultation with the
Transformational Finance for Climate Group

UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyzes action across the financial system to deliver more sustainable global economies. For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda, establishing the world’s foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges. More than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI’s Principles for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

UNEP FI is also a member of the **Transformational Finance for Climate Group**, a coalition of leading public and private financial institutions from both developed and developing countries (see Question D for further details). The Group is currently developing a position paper to inform and support the development of the Baku to Belem Roadmap, with publication planned for October.

Recognizing the inclusive, participatory, and transparent approach outlined by the CMA 6 and CMA 7 Presidencies, UNEP FI welcomes the opportunity to contribute its perspectives to the Baku to Belém Roadmap. We acknowledge the critical role of the Roadmap in mobilizing USD1.3 trillion per year in climate finance by 2035, and we support efforts to integrate multilateral initiatives, financial innovation, and institutional coordination into this process.

Hereby, we would like to take this opportunity to submit UNEP FI’s contribution to the Baku to Belém Roadmap to USD 1.3T, which draws on insights from the Transformational Finance for Climate Group.

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 DATA AND EVIDENCE, WHAT CAN THOSE ACTIONS CONTRIBUTE TO IN TERMS OF PROGRESS IN ENABLING THE SCALING UP OF FINANCING?

1. Scale blended and joint approaches at the systemic level

A shift is needed from isolated, transaction-based interventions to integrated blended strategies that unlock transformation at the transactional, jurisdictional, and systemic levels. These strategies should mobilise public, private, and concessional capital in ways that address underlying risks, align incentives, and catalyse investment at scale—particularly in EMDEs. To make climate finance truly transformational, blended and joint approaches are needed across multiple levels:

- **At the transactional level**, particularly for adaptation projects where risks are high and returns uncertain, intentional design and blending public and private finance is critical to make individual investments bankable. Targeted concessional resources can de-risk projects, crowd in private investors, and enable the joint innovation of financing structures that would not otherwise materialise. PDBs are uniquely positioned to leverage their local expertise, risk appetite, and catalytic role to unlock private capital flows. For instance, based on local vulnerability and adaptation needs identified by national and subnational PDBs, international public grant-based or concessional finance should then play a role in addressing those needs where private sector involvement is limited (owing to market size, economic and financial sectors, transaction costs or cost of capital).
- **At the jurisdictional level**, joint approaches need to support entire sectors, regions, or value chains rather than isolated projects. Here, public finance combines with private capital and policy interventions to create enabling conditions—such as integrated investment plans, shared risk mechanisms, and coordinated infrastructure development—that unlock larger pools of private investment across a broader economic landscape. PDBs, acting collectively through networks like Finance in Common and the International Development Finance Club, are central to designing and implementing these integrated approaches.
- **At the systemic level**, transformational finance requires action on fundamental systems: governance, aligning policies, regulatory frameworks, and financial architectures to reshape markets at scale. Public and private actors must collaborate to remove structural barriers, reduce systemic risks, and integrate climate considerations into mainstream capital flows.

By embedding blended and joint approaches across these three levels, governments, international institutions, and private actors can mobilize capital at the scale and speed required to deliver low-emission, climate-resilient development—particularly in EMDEs. This multi-level approach is critical to achieving a significant scale-up of climate finance and can directly contribute to advancing the Baku to Belém Roadmap’s ambition to mobilize USD 1.3 trillion annually by 2035.

Actions:

- **Short-term actions:**
 - **Expand support for country-driven investment platforms** and multi-year programmatic funding windows that are adaptive and inclusive. Country platforms can mobilise climate finance flows at scale behind national priorities by bringing together various donors into

one main coordination body, directing flows towards prioritised sectors and projects, and creating greater opportunities for co-investment, while simultaneously working to address roadblocks to investment. Example: the Brazilian country platform ([Brazil Climate and Ecological Transformation Platform - BIP — Ministério da Fazenda](#)). The Platform supports climate transition and adaptation plans in 8 key sectors, connecting projects to an extensive network of financial institutions. It already has 16 confirmed projects and 22.6 billion USD of potential investments. The Platform has been supported by the GCF's Readiness Grant.

- **Expand concessional windows and risk-sharing instruments within PDBs and DFIs** with a priority focus on adaptation and just transition.
- **Create a pipeline of bankable projects** – governments must develop a pipeline of projects, which are bankable and accessible to private investors, which must include low transaction costs, profitability by design and adequate risk/return ratios for long-term oriented investors.
- **Standardise guarantees and de-risking instruments** across PDBs and DFIs to accelerate uptake by the private sector and reduce transaction costs.
- **Medium-to-long-term actions:**
 - **Ensure financial and regulatory systems are aligned with the goals of the Paris agreement**—including taxonomies, disclosure frameworks, and prudential regulation— **to ensure financial flows from public and private financial institutions are directed where they are most needed.**
 - **Institutionalise public-private investment partnerships that mobilise capital across entire value chains and ecosystems** (e.g., energy transitions, climate-resilient agriculture, sustainable transport).
 - **Modernise PDBs** to prioritise mobilisation and innovation, ensuring concessional finance is deployed strategically and efficiently.
- **Expected outcome:** Improved enabling environments that reduce investment barriers; stronger pipeline of bankable, climate-aligned projects across sectors and regions; and enhanced investor confidence through de-risking mechanisms and regulatory alignment— together enabling sustained, system-level transformation.

2. Improve the quality of climate finance

The quality of transformational finance for climate is essential to ensure that limited public and concessional resources are used optimally—not only for incremental improvements, but to unlock deep, catalytic change. High-quality climate finance must be timely, aligned with recipient needs and priorities, predictable, and flexible to enable local ownership and adaptive planning. To assess this transformational potential, climate finance should be evaluated across multiple dimensions: advancing enabling environment reforms; facilitating public and private stakeholder's transitions; promoting commercial viability and long-term ownership; mobilising additional capital; ensuring accessibility and affordability for vulnerable communities; generating co-benefits aligned with the SDGs; supporting equity and justice.¹

¹Climate Policy Institute: [Understanding the Quality of Climate Finance](#)

Actions:

- **Short-term actions:**
 - **Launch a global dialogue on Transformational Finance for Climate characterization** — for example, under the COP process or the New Collective Quantified Goal (NCQG)—to consolidate, pilot, and promote a common set of guiding principles and attributes for identifying and scaling interventions that align financial flows with climate goals, as called for under Article 2.1(c) of the Paris Agreement. This dialogue should help assess interventions based on their country relevance, systemic ambition, and durability, and define actionable levers to drive long-term transformation. To this end it could draw on the research from leading institutions such as WRI, I4CE, and other commissioned studies, ensuring the approach is both evidence-based and policy-relevant.
 - **Integrate these principles in project design and appraisal**, funding proposals, across climate finance providers.
 - **Promote quality and transformational criteria across the climate finance architecture**, including through NCQG reporting, SCF reports, MDB and IFI operations. Promote global adoption of shared definitions and frameworks for transformational climate finance (e.g. via NCQG, GST, COP30/31).
- **Medium-to-long-term actions:**
 - **Embed quality and transformational criteria across the climate finance architecture**, including NCQG reporting, DFIs and PDBs operations, and national investment plans.
 - **Institutionalise adaptive programming and feedback mechanisms in finance delivery**, enabling flexible, context-sensitive implementation.
- **Expected outcome:** Ensures that limited concessional and public resources are used for systemic change rather than incremental outputs. Builds trust and capacity in recipient countries, improves transparency and accountability, and redirects funding toward interventions with long-term, catalytic impact.

3. Mainstream transformational finance frameworks into global climate processes

Transformational finance for climate aims at addressing systemic barriers that constraint the deployment of low carbon just and resilient development. Therefore, it is not simply about scaling up capital—it is also about the quality of finance and its strategic deployment to catalyse long-term, systemic change. This approach aligns public and private financial flows with country-driven priorities and the goals of the Paris Agreement, enabling transitions that are lasting, inclusive, and resilient.²

A climate intervention can be considered transformational if it drives change beyond a single project or programme—triggering shifts in markets, institutions, policies, and behaviours over the medium to long term. The catalytic role of Public Development Banks (PDBs) and other local actors is critical to

² the Group's joint statement on transformational climate finance published at COP29: [NCQG and Sharm el-Sheikh dialogue Joint Statement](#)

this effort, given their mandate to support whole of economy development and ability to engage in dialogue and support to governments and national strategies.

While transformational finance may not yield immediate, measurable outcomes, its strength lies in enabling long-term, systemic change. High-quality finance supports interventions that reshape policies, markets, and investment decisions in ways that are durable and far-reaching.

Actions:

- **Short-term actions:**
 - **Reference the role of a systemic approach to unlock transformational finance for climate in the Baku to Belém Roadmap.**
 - **Launch a dialogue** within the UNFCCC processes on the transformational finance for climate to coordinate and streamline transformational finance efforts—drawing on best practices, metrics, and institutional learning.
 - **Promote a shared definition of transformational finance for action through multilateral platforms** (UNFCCC, IDFC, FiCS, V20, etc.).
- **Medium-to-long-term actions:**
 - **Establish periodic reviews under the UNFCCC** to assess progress on transformational finance delivery and quality.
 - **Strengthen institutional capacity of developing countries** to lead and shape transformational finance agendas.
 - **Increase the usage of guarantees** in transformational climate finance for their significant multiplier effect. This could be supported by reforming ODA rules, to consistently count guarantees towards ODA.
- **Expected outcome:** Increased transparency, coherence, and accountability in global climate finance flows; strengthened global alignment on what constitutes high-quality, transformational finance; and enhanced ability of countries—particularly EMDEs—to design, access, and scale transformational climate investments.

Figure 1: Three Examples of Transformational Finance for Climate

<p>Rwanda NDC Deep Dive World Bank – USD 4.6 million</p>	<p>Brazil Climate and Ecological Transformation Investment Platform Green Climate Fund ~USD 1 million</p>	<p>Rural Electrification in Sierra Leone UK International Climate Finance – GBP 37.7 million</p>
<p>Strengthened ability of Rwanda to finance their NDC priorities.</p> <p>By designing and operationalizing new climate finance instruments, including:</p> <ul style="list-style-type: none"> • a Green Investment Facility, • a Community Adaptation Fund (CAF), • four tailored financial instruments, • an innovation/incubator stream linking R&D to investable businesses, • three flagship projects that reached rural communities. <p>The intervention moved the country toward sustained financing pathways that address market failures (lack of collateral, risk information etc.) and demonstrate bankable approaches for private financiers, aligned with the Paris goals, and reinforced local institutions and innovation systems, thereby enabling medium- to long-term, system-level shifts rather than a single project effect.</p>	<p>Expanding investments in the ecological transformation .</p> <p>The Platform supports climate transition and adaptation plans in 8 key sectors:</p> <ul style="list-style-type: none"> • with 16 confirmed projects and 22.6 Billion USD of potential investments, • connecting projects to an extensive network of financial institutions, • projects must be aligned with other government programs and plans. • projects must also bring other benefits such as improved quality of life. <p>Green Climate Fund’s Readiness Grant supported by removing key barriers, such as insufficient governance and institutional capacity of the secretariat of the Investment Platform and a lack of diversification of funding sources and innovative climate financial mechanisms, as well as through helping increase direct private sector engagement.</p>	<p>Advanced rural electrification, with solar grids and policy reforms.</p> <p>For instance:</p> <ul style="list-style-type: none"> • construction of 43 solar mini-grids, • electrification of 54 community health centres, • connections for over 24 thousand households, • development of regulatory and tariff - setting frameworks for mini-grids, • technical assistance for government agencies and private operators <p>The project created enabling policies, and regulatory certainty to de-risk investments. It developed commercially viable approaches and institutionalized tariff and licensing systems. This shifted Sierra Leone’s rural electrification process towards a systemic, long-term transition—unlocking private investment, embedding resilience and inclusivity.</p>

B. WHAT STRATEGIES CAN BE IMPLEMENTED TO ENHANCE AND SCALE UP PUBLIC AND PRIVATE FINANCING MECHANISMS FOR CLIMATE ADAPTATION, ESPECIALLY IN VULNERABLE REGIONS?

Scaling up finance for climate adaptation is both an increasing necessity and an opportunity. Adaptation finance is both underfunded and strategically vital, with resilient infrastructure, water systems, and sustainable agriculture offer investable opportunities with growing demand globally. As the Transformational Finance for Climate Group has emphasized in its COP29 [NCQG and Sharm el-Sheikh dialogue Joint Statement](#), it is paramount that private finance volumes are scaled up and reoriented not only to climate mitigation, but as well to the underserved priorities of adaptation and resilience, especially in Global South.

1. Unlocking private sector engagement for climate adaptation

[UNEP’s Adaptation Gap report](#) underscores the urgent need to scale finance for adaptation, particularly as public budgets remain constrained in the face of rising climate impacts. Private sector engagement is therefore critical to bridging the adaptation finance gap. Commercial financial institutions can mobilise capital through innovative instruments such as resilience bonds, adaptation-linked loans, guarantees, and letters of credit, while insurers can play a catalytic role by expanding climate risk insurance offerings that support resilience across sectors. At the same time, integrating physical climate risks into credit and equity analysis is essential to improving portfolio resilience and unlocking new market opportunities—particularly in data infrastructure, nature-based solutions, and climate-resilient technologies.

To support this shift, financial actors should enhance transparency around physical risks, incorporate them into transition plans, investment decisions, and stress-testing frameworks, and support the development of shared approaches where helpful. Governments, for their part, should conduct national gap analyses to identify where adaptation considerations are missing from policy, regulatory, or financial frameworks. In vulnerable countries especially, clearly communicating climate risks and investment needs and setting transparent definitions for adaptation finance for example through taxonomies is key to attracting both concessional and private finance—whether through multilateral channels or direct partnerships.

2. Strengthening the policy enabling environment for adaptation finance

Creating a predictable and transparent investment environment is essential to mobilising resources for climate adaptation—particularly in a way that reflects national priorities, capacities, and vulnerabilities. Governments can foster this by developing or updating National Adaptation Plans (NAPs), embedding robust adaptation components within their Nationally Determined Contributions (NDCs), and ensuring strong coordination and participation across ministries, sectors, and the private sector in shaping the national investment environment.

Integrating adaptation into broader economic planning and budgetary processes reinforces national ownership and long-term effectiveness. This is especially vital in vulnerable countries, where institutional and fiscal capacities may be constrained. Incorporating climate risk analysis and economic modelling into government decision-making ensures the true cost of inaction is captured, allowing for better prioritisation of adaptation investments and more informed public spending.

Robust and consistent policy and regulatory frameworks are equally critical for unlocking private sector participation. Supervisory and regulatory bodies must recognise and reflect climate risks at both sectoral and system-wide levels, and establish consistent policy conditions to encourage and support private sector finance. Developing adaptation taxonomies that define eligible activities and investment criteria provides a clear signal to markets, ensuring transparency, comparability, and credibility in channelling capital towards resilience (example: the UNEP FI work in ASEAN to support the implementation of Environmental Objective on adaptation).³ The access to fit-for-purpose financial products and services enables businesses to implement necessary adaptation and resilience measures efficiently, particularly in sectors most exposed to climate impacts.

Mobilising private capital for adaptation requires making strategic use of limited public resources. Governments should identify context-specific roles for public, private, or blended and joint finance approaches to achieve target adaptation outcomes. This includes the identification of relevant adaptation investment metrics, such as those outlined in [ARIC's measurement framework for investors](#), and the early integration of adaptation considerations into project procurement, appraisal and public investment management, ensuring appropriate financing strategies can be developed across public and private actors depending on project need i.e. projects with exclusive public good characteristics may be financed through public funds, with projects generating commercial rate returns potentially best financed through private sector stakeholders, or public-private partnerships. This approach paves the way for practical blended finance guidance that maximises the strategic use of concessional resources (as detailed in response to Question C).

Finally, adaptation finance must be firmly aligned with just transition principles and broader national development strategies. This includes not only engaging local communities and civil society meaningfully, but also prioritising the needs of the most vulnerable populations, in line with the GGA

³ <https://www.unepfi.org/regions/asia-pacific/unepfi-acmf-sfia-adaptation-finance-collaboration/>

UAE Framework and broader UNFCCC guidance. Adaptation interventions that are inclusive, participatory, and equity-centred are more likely to deliver sustainable outcomes, enhance local ownership, and build long-term resilience. By placing vulnerable groups at the centre of adaptation planning and finance—particularly women, youth, Indigenous Peoples, and low-income communities—financial institutions and policymakers can ensure that resources flow where they are most urgently needed and contribute to both climate resilience and social cohesion.

3. Enabling adaptation through capacity building and transparency

High-quality, accessible information is a foundational enabler of effective and investable adaptation. Governments are encouraged to treat physical climate risk data as a public good by investing in open-data systems and developing interoperable platforms that provide geographically detailed, downscaled climate information in formats tailored for decision-makers. These efforts should build on existing initiatives where possible and be integrated into regional and international data ecosystems to enhance quality, consistency, and accessibility.

Strengthening collaboration between governments, private investors, credit rating agencies, and multilateral development banks is essential to improve the accuracy, transparency, and usability of climate risk assessments. Reliable and standardised information will help address persistent mispricing of climate risks—particularly in developing and vulnerable countries—and will allow investors to better evaluate and price adaptation opportunities.

To complement improved data systems, institutional and community-level capacity building is critical for translating adaptation goals into actionable investment. This includes providing technical assistance, peer learning, and practical guidance on the design, structuring, and delivery of adaptation finance. To support this governments can engage in adaptation and resilience taxonomy adoption or development, supporting common, interoperable understanding of adaptation and resilience activities, and unlocking their financing. In parallel, enhanced skills in risk assessment, financial structuring, and adaptation planning across both public and private actors—especially for SMEs in emerging economies—can further unlock access to finance and strengthen resilience on the ground.

Finally, national-level adaptation finance tracking should be improved to ensure accountability and alignment with national plans and targets. Governments are encouraged to gather, harmonise, and—where feasible—make this data open access to support coordination with researchers, development partners, and international organisations. By improving transparency and capacity across the finance ecosystem, adaptation finance can be more effectively channelled to where it is most needed.

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?

Scaling up climate finance to the levels required for a Paris-aligned transition will not be possible without a robust enabling environment. This includes coherent fiscal, policy, regulatory, and market frameworks that provide clarity, reduce uncertainty, and align incentives across the financial system. Fiscal policies play a critical role in sending credible signals to markets and creating fiscal space for

low-carbon investment. An enabling environment ensures that financial institutions can act confidently and consistently in support of sustainability goals, while also facilitating capital flows—both domestic and international—towards high-impact, climate-resilient investments. In this context, regulatory frameworks and sustainable finance taxonomies are indispensable tools that help translate long-term climate ambitions into actionable financial decision-making and behaviour at scale.

1. Role of regulatory and supervisory frameworks

Sustainable finance policies and regulations play an important role in establishing the enabling environment for the assessment of environmental, social and governance risks by supervisory authorities. Regulations and frameworks that encourage corporate sustainability reporting, due diligence, and the use of sustainable finance taxonomies can strengthen the ability of supervisory authorities such as central banks and other regulators to correctly assess and manage systemic risks. By improving the availability and credibility of information on environmental and social risks, supervisors are better equipped to safeguard financial stability. Expanding the collection and disclosure of such information by prominent economic actors is an important step towards more effectively capturing and managing risks to the economic system.

Regulatory and supervisory frameworks can also play a transformational role in the economy by embedding climate, environmental and social risks into their supervisory mandates, asking that financial institutions adequately manage climate-related risks, disclose their transition planning strategies, and utilize climate scenario analysis to address future risks. Any such measures would need to be considered within the context of established prudential principles, ensuring that capital requirements remain firmly risk-based while also evolving to capture the material impacts of climate, environmental, and social shocks on financial stability. Sustainable finance frameworks are critical to aligning global financial flows with the long-term goals of the Baku to Belém Roadmap and the Paris Agreement. Climate-aware supervision—supported by an enabling environment of policies and regulations, can shift market behaviours, shape investment decisions, and safeguard financial stability amidst growing physical and transition risks. Institutions such as the Network for Greening the Financial System (NGFS) have helped mainstream these practices, catalysing change across central banks and supervisors globally.

A coherent, predictable, proportionate and effective regulatory environment is critical to mobilising transformational finance at scale, particularly in high-emitting and vulnerable sectors. Fragmented or misaligned regulations risk creating uncertainty, raising compliance burdens, and diluting the effectiveness of sustainability commitments. To support financial institutions in navigating this complex and evolving landscape, UNEP FI has launched the [**Regulatory Implementation Support Programme \(RISP\)**](#)—a dedicated solution that helps members understand, and respond to emerging sustainable finance policies and regulations. RISP strengthens implementation of such policies and regulations by disseminating key insights, sharing best practices and providing a platform for the clarification of application requirements between financial institutions, policymakers and regulators. Such initiatives aid the implementation of sustainable finance frameworks by providing structured guidance on regulatory developments such as: The adoption of IFRS Sustainability Disclosure Standards, European Sustainability Disclosure Standards, ESG Risk Management Guidelines by the European Banking Authority (EBA) or best practices in environmental risk management with the European Central Bank (ECB), among other global regulatory developments. Through regular, members-only webinars and open public briefings, RISP offers a unique bridge between policy developments and financial institution practice—ensuring that regulation is not only understood but leveraged as a catalyst for transformational change.

2. Role of sustainable finance taxonomies

Sustainable finance taxonomies are a critical tool for aligning capital allocation with climate and sustainability objectives. By providing clear definitions of sustainable economic activities, taxonomies enable investors, regulators, and financial institutions to identify and scale up climate-aligned investments, while reducing the risk of greenwashing. As financial markets become increasingly globalised, the interoperability of these taxonomies has become a foundational requirement for consistency, comparability, and the effective mobilisation of capital across jurisdictions. Taxonomy interoperability is therefore a key element of the enabling environment for the Baku to Belém Roadmap, supporting cross-border capital flows and ensuring a coherent approach to sustainable finance globally.

To this end, UNEP FI is working in close collaboration with the UN Principles for Responsible Investment (PRI) and the Climate Bonds Initiative (CBI), as well as [The Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies](#) (“The COP29 Roadmap”) on the development of the Interoperability Principles for Sustainable Finance Taxonomies. This initiative builds on the roadmap and directly supports the Brazilian COP30 Presidency’s ‘Super-Taxonomy’ efforts to harmonise definitions and facilitate the comparability and scalability of sustainable finance flows across diverse regulatory contexts. Together, these efforts are helping to lay the technical and policy foundations for a more integrated and effective global climate finance architecture.

3. Role of fiscal policies

Fiscal policy is a cornerstone of efforts to mobilize climate finance at the scale required to meet the goals of the Paris Agreement and the USD 1.3 trillion per year ambition of the Baku to Belém Roadmap. Ministries of Finance (MoFs) are uniquely positioned to unlock public and private capital by designing credible, forward-looking fiscal frameworks, signalling long-term policy direction, and ensuring coherence between climate, nature, and development agendas. Fiscal policy not only mobilises new resources but also creates the fiscal space to use them effectively, linking short-term budgets with long-term sustainability commitments.

In addition to aligning budgets and public investment plans, MoFs can mobilise new sources of fiscal space by repurposing subsidies, strengthening revenue instruments such as carbon pricing, and integrating climate and nature-related risks into macro-fiscal frameworks. Rather than relying heavily on additional borrowing, innovative fiscal design can reduce hidden liabilities, improve debt sustainability, and open pathways for non-debt creating finance.

When paired with structured stakeholder consultations and risk-sharing features such as disaster clauses in debt contracts, these measures enhance both fiscal resilience and political feasibility.

Actions:

- Develop sustainable finance roadmaps to align private capital with national strategies. MoFs can lead the design of national financing strategies that provide long-term policy signals, integrate private sector mobilisation targets, and coordinate cross-sectoral investment needs.
- Introduce or strengthen carbon pricing and carbon markets. Carbon taxes and emissions trading systems provide effective price signals for decarbonisation while generating public revenues that can be reinvested in resilience and just transition measures.

- Repurpose subsidies and tax expenditures that undermine climate and nature objectives. By reallocating inefficient spending, MoFs can free up resources for resilience, ecosystems, and social protection.
- Design public debt and funding strategies with climate-aligned risk-sharing features. Instruments such as natural disaster clauses or climate-contingent bonds can enhance fiscal buffers and creditworthiness amid rising climate risks.
- Collaborate with DFIs and green banks to expand concessional finance and de-risking tools. MoFs can co-develop financial instruments that crowd in private capital—particularly in underserved sectors or low-income countries.
- Engage stakeholders for inclusive and politically feasible fiscal policy. Structured consultations with businesses, civil society, and local communities improve design and acceptance, ensuring long-term support and legitimacy.

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?

The **Transformational Finance for Climate Group** brings together 1000's of leading public and private financial actors from both developed and developing countries—including the International Development Finance Club (IDFC), Finance in Common (FiC - the network of all 500+ public development banks in the world), UN Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), and the Mainstreaming Climate in Financial Institutions Initiative. Collectively, these organisations represent over 40% of global financial assets and a network of more than 500 public development banks. The Group also collaborates closely with a diverse set of stakeholders from both public and private sectors, including the Green Climate Fund (GCF), Network for Greening the Financial System (NGFS), the Net-Zero Asset Owner Alliance (NZAOA) and the Net-Zero Export Credit Agencies Alliance (NZECA). As such, the Group serves as a unique platform for coordinated action and consolidated input into global climate finance processes.

The Group has been actively engaged in advancing the Baku to Belém Roadmap, including through contributions to the first Call to Action, participation in the Bonn Climate Change Conference, and the planning of publications and events ahead of COP30. It has also contributed to the New Collective Quantified Goal on Climate Finance (NCQG) process with a position paper released during COP29 (NCQG and Sharm el-Sheikh dialogue Joint Statement), and supported the Sharm el-Sheikh Dialogue workshops in June and September 2025. The Group is committed to supporting the development of the Baku to Belém Roadmap to USD 1.3T by providing expert guidance and strategic input across its key elements, including the following:

- Developing system-wide financial alignment strategies through transformational finance for climate – The Coalition can help establish coherent approach to ensure all capital flows—public, private, and concessional—are aligned with low-carbon, climate-resilient pathways. A key component of this is "Transformational Finance for Climate", which aims to catalyze systemic change by mobilizing and reorienting larger financial flows toward sustainable transformation. This approach goes beyond individual projects, acting on systemic levers to make Paris-aligned investments structurally more attractive than non-aligned alternatives. It involves integrating

climate risk considerations into investment decisions, regulatory frameworks, and financial market operations to create a financial system that actively supports climate goals.

- Strengthening the role of PDBs as catalysts for transformational finance – Leveraging its networks, the Coalition can advise on how PDBs can shift from transaction-level impacts to systemic, cross-sectoral, whole-of-society effects, ensuring that climate finance is both transformational and sustainable. By aligning their operations with transformational finance principles, PDBs can unlock large-scale investment and create enabling conditions that attract both private and concessional capital to climate initiatives.

By embedding these principles into the Baku to Belém Roadmap, the coalition can help drive long-term systemic shifts in financial markets, making Paris-aligned investments the default choice while mobilizing and redirecting financial flows at scale to accelerate climate action.