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Contribution from the Sustainable Finance Observatory and the Global Clearinghouse for Development Finance to the Baku to Belem Roadmap

(a) What are your overall expectations for the “Baku to Belém Roadmap to 1.3T”?

A strong focus should be put on **technical mechanisms, instruments, and preconditions required to unlock private capital** for climate action at scale in the Roadmap.

Of the US\$ 6.2–7.3 trillion of global climate finance required annually, the UNFCCC and IMF estimate that **70–90% is required to come from the private sector**.¹ The new finance goals agreed to by Member States at COP 29 reflect the need for increased private finance, with new annual finance targets of US\$ 300 billion provided by developed countries to developing countries and the much larger annual target of US\$ 1.3 trillion (both targets include public and private finance).

Despite recent progress in the context of the MDB Reform², there is a consensus on the need to move faster to operationalization and accelerate unlocking private capital at scale.

¹ Requirement of 70% finance from the private sector from [UNFCCC Race to Zero Campaign, Net Zero Financing Roadmap \(2021\)](#).

Requirement for private sector finance to reach 80% of total funding in middle-income countries (including China) and 90% (excluding China) from IMF, [The Global Financial Stability Report \(Washington, D.C.: October 2023\), chapter 3, p. 3](#) This includes regional variations.

² See the CPI 2024 Global Landscape of Climate Report: “Between 2018 and 2022, public finance consistently accounted for around 60% of climate finance directed to EMDEs [excluding the least developed countries and China]. However, encouraging signs of increased private sector confidence are emerging in areas that have historically been dominated by public finance. From 2018 to 2022, private finance to EMDEs (ex. LDCs and China), rose from 43% to 47% of total finance.” CPI 2024 Global Landscape of Climate Finance, p. 29

The increasing reliance on private sector finance is reflected in the reported changes in the scale and type of development partner support. A recent analysis reports that commercial financing from MDBs for blended finance grew by 140% in 2023 from US\$ 2 billion in 2022 to US\$ 4.9 billion in 2023. In contrast, concessional funding from the public sector has been stagnant since 2018, with Official Development

(b) Which topics and thematic issues should be explored to inform the Roadmap, within the scope of the mandate?

To unlock this vast potential of private capital, there is a consensus on the need to **develop risk mitigation instruments, as well as private capital mobilization and blended finance vehicles mobilizing a mix of public and private finance, resulting in larger pipelines of bankable projects.**³

These topics should be covered by the Roadmap with a specific focus on **the the national governments of role of Low- and Middle-Income countries**. They are the pivotal actors who can play a leadership and coordination role between development partners, domestic players, and the private sector through setting up appropriate institutional arrangements and finance instruments to unlock private capital at scale.

(c) What country experiences, best practices and lessons learned can be shared related to barriers and enabling environments; innovative sources of finance; grants, concessional and non-debt creating instruments; and measures to create fiscal space?

The Report "[How National Governments can Increase Finance for Subnational Climate Action](#)" released in February 2025 by C40, GCoM and Bloomberg Philanthropies and co-authored by Dr Barbara Samuels and Emilie Maehara in support of the Coalition for High Ambition Multilevel Partnerships (CHAMP) provides implementation options, proven financial techniques, and coordination frameworks for National Governments to scale up climate investment. It presents **proven finance techniques and coordination frameworks based on examples and best practices in Low- and Middle-Income Countries** that can be immediately employed at scale for high impact by national governments, including those governments constrained by high debt levels and low institutional capacity.

Examples of financial techniques are structured and project finance, blended finance, co-funding, pooled financing facilities, project aggregation, on-lending, intermediation, credit

Assistance (ODA) totals dropping 45% from 2021 to 2023. See the latest report from Convergence: "[The State of Blended Finance 2024](#)," page 9.

³ [Third report of the Independent High-Level Expert Group \(IHELG\) on Climate Finance \(« Songwe and Stern Report »\) November 2024, Raising ambition and accelerating delivery of climate finance](#)

« To meet this challenge, first, the public and private sectors need to strengthen collaboration to develop sectoral investment plans and co-create project pipelines. Second, scaling up and replicating more effective risk-sharing mechanisms and credit enhancement can help improve the availability and reduce the cost of capital in EMDCs. »

« Multilateral Development Banks have embarked on a coordinated programme of reform to implement the agenda of 'better, bigger and more effective MDBs' (...) (based on the following actions): systematic engagement on system reforms and scaling up investment at the country level, including through more proactive engagement in country platforms; expanding lending capacity; and catalysing private finance, including through tapping long-term institutional capital. MDBs must work with host countries and the private sector to reduce and manage risk and bring down the cost of capital. »

enhancements, and derisking mechanisms (e.g., first loss, guarantees, etc.). These techniques can **optimize the scarce amount of concessional funding to significantly increase the amount of private finance** available for climate action (led at the subnational or at the national level). The report also sets forth specific ways that national governments can implement country-led platforms and coordination frameworks optimizing the contributions from development partners and private financiers to achieve effectiveness through scaled programmatic approaches.

(d) Which multilateral initiatives do you see as most relevant to take into account in the Roadmap and why?

- The Finance in Common Summit
- Convergence Blended Finance
- The Private Infrastructure Development Group (PIDG)
- [Sustainable Finance Observatory](#) and the [Global Clearinghouse for Development Finance](#)

Topic 1 Unlocking private finance for climate action through scaling up successful business models and instruments for blended finance, risk sharing and credit enhancements mechanisms (focus on art 9).

The co-authors of the CHAMP Report, Dr Barbara Samuels (Executive Director, the Global Clearinghouse for Development Finance) and Emilie Maehara (Deputy Director, Sustainable Finance Observatory), are developing a report aimed at driving a transformative impact on bridging gaps in unlocking the massive potential of private finance to achieve the SDGs and the goals of the Paris Agreement. The paper will set forth a **menu of possible solutions offered to National Governments and Public Development Banks to unlock private capital. This work will map and analyze successful transactions that mobilize private capital, blended finance, and credit enhancements, and showcase enabling structures and business models as well as technical preconditions for success.**

Topic 2 Aligning private finance flows with the goals of the Paris Agreement through impact assessment (focus on Art 2.1c).

It is also key to strengthen the **impact assessment of private investment beyond climate commitments and alignment of finance instruments.**

The Sustainable Finance Observatory has developed **proven assesment methodologies and tools for financial vehicles**, such as the [Climate Impact Management System \(CIMS\)](#), the [ISO 14097 standard with French national standardization body \(AFNOR\)](#) and [the Impact Potential Assessment Framework \(IPAF\)](#) which could be replicated.

This methodology enables the rating of financial products based on their impact potential, providing investors with a quantitative metric to optimize the return/risk and impact ratio of their portfolio. In parallel of scaling up private investment, such frameowrks are key to assessing the impact of vehicles which can attract private capital (e.g., thematic funds and bonds).



To support the alignment of domestic financial flows, the Sustainable Finance Observatory also supports Low- and Middle-Income Countries in **designing taxonomies and alignment frameworks** that can be used by national financial and economic actors to scale up investment in climate action.

About the Sustainable Finance Observatory and Global DF

The [Sustainable Finance Observatory](#) is an internationally recognized independent nonprofit think tank focusing on mobilising private finance for a sustainable transition. Since 2025, the Sustainable Finance Observatory is the result of a merger between the “*Observatoire de la finance*” set up by the French Economy and Finance Minister to monitor the ESG commitment of the Paris Financial Center (2019), and the international think tank “*2° Investing Initiative – 2DII*”, a pionnier on supporting the investment of private financiers in climate alignment projects and impact investment (2012).

As a non-profit organization, [Global Clearinghouse for Development Finance](#) (GlobalDF) is aimed at facilitating the development of bankable investments with capacity-building tools, business models, and credit enhancements, addressing the lack of bankability and public-private coordination failures.

The Sustainable Finance Observatory and GlobalDF are keen to support the COP30 Presidency by contributing to the Roadmap's technical work on unlocking private capital.