

POLICY BRIEFING

A NEW CLIMATE FINANCE GOAL: BAKU TO BELEM ROADMAP TO US\$1.3 TRILLION – KEY RELEVANT THEMES FOR INVESTORS

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ABOUT THIS BRIEFING

This briefing outlines high-level themes of relevance to investors on climate finance and specifically the Baku to Belém Roadmap to US\$1.3trillion – a key element of a new climate finance agreement reached at COP29 in 2024. It highlights relevant submissions to a recent COP Presidency consultation on this theme.

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A NEW CLIMATE FINANCE GOAL – WHAT ROLE FOR PRIVATE FINANCE AND INSTITUTIONAL INVESTORS?

BAKU TO BELEM ROADMAP TO US\$ 1.3TRILLION

At COP29, countries agreed a new climate finance goal to deliver US\$300bn annually by 2035 to support climate action on mitigation and adaptation in EMDEs, led by developed countries. The COP outcome also called for actors across the system to work together to scale financial flows to US\$1.3tn annually by 2035 from public and private sources as part of the [Baku to Belém Roadmap](#).

This agreement was reached at a time of significant headwinds for multilateralism and left several questions unanswered. What barriers and best practices exist? What role does private finance have to play in delivering on both financial goals? And what policy reforms are necessary?

The Baku to Belém Roadmap process mandated the COP29 and COP30 Presidencies to explore how to scale finance to US\$1.3tn, with an emphasis on grants, concessional and non-debt creating instruments. They will report back by COP30, which takes place in Belém, Brazil, in November 2025. As part of this process, PRI recently engaged with an initial Presidency consultation.

This note outlines the relevance of EMDE climate finance for institutional investors and provides a summary of key themes and priorities emerging from finance sector inputs to the Baku to Belém Roadmap process so far.

WHAT IS THE RELEVANCE OF EMDE CLIMATE FINANCE FOR INVESTORS?

Financial flows supporting the transition to net-zero, resilient economies in EMDEs are highly relevant for responsible investors. They are crucial in supporting nationally determined development pathways in EMDEs, to successfully delivering global transition goals on which the stability of the financial system depend, and to reducing overall system-level risk.¹ There are also significant growth and value creation opportunities² in line with EMDE national priorities. From a social perspective, fostering an inclusive transition can support vulnerable communities, enable clean energy access, have positive impacts for communities, nature and people, and help build support for the transition, enhancing stability.³ All of these factors are important in terms of investor duties to manage risks and generate long-term returns for beneficiaries.

¹ For detailed summary of the overarching need for, barriers to and recommendations to finance the transition in EMDEs, see for instance [IMF Global Financial Stability Report](#) 2023.

² For a summary of EMDE growth opportunities and the gap to realising them, see Sachs et al (2025) [The Cost of Capital: Lowering the Cost of Capital for Climate and SDG Finance in EMDEs](#)

³ See PRI (2024): [The Socio-Economic Implications of the Transition](#)

WHAT IS THE CLIMATE FINANCE GAP IN EMDES?

Extensive work has been undertaken to explore the financing gap in EMDEs, including foundational work by the Independent High Level Expert Group on Climate Finance. While domestic resource mobilisation of public and private finance has a key role to play in meeting climate goals in EMDEs, the IHLEG's [most recent report](#) finds that EMDEs other than China will need external flows to scale to US\$1.3tn annually by 2035. About half of this can credibly come from private sources, according to the IHLEG. That represents a fifteen- to eighteen-fold increase on today's figures. At present, IHLEG identifies that only 17% of global climate finance reaches EMDEs other than China (US\$244bn) and, while private finance accounts for half of global climate finance, very little of this reaches EMDEs other than China (7%) and especially Least Developed Countries.

To date, the existing multilateral financial architecture and climate finance framework has not delivered finance and implementation at the scale and speed required. Overcoming barriers will be critical in mobilising capital to EMDE transition and resilience.

BARRIERS TO INVESTMENT

While many investors are increasingly active in EMDEs, caution remains and risks (actual or perceived) are significant, often making it challenging to invest within regulatory constraints or fiduciary duties. Governments need to be the prime movers to unlock capital from the private sector. This requires action to shift incentives and remove barriers, including on reform of the multilateral financial architecture, with developed country governments taking a lead.

Challenges to EMDE investment include issues such as:

- data gaps and asymmetries.
- business models and mandates of MDBs/DFIs.
- the need to develop stronger pipelines of bankable opportunities and build awareness of these.
- gaps and fragmentation in sustainable finance and wider economic policy frameworks.
- insufficiently standardised blended finance instruments.
- and knowledge gaps and institutional capacity in FIs and across the ecosystem on EMDE finance.⁴

Some important reforms in this area, outlined in [PRI's Climate Policy Roadmap](#), AOA's work on [Scaling Blended Finance](#), and PRI's work on [Reforming the Multilateral Financial Architecture](#) include review and revision of the mandates and practices of international financial institutions, scaling blended finance approaches, clarifying the role of private finance in mobilising capital to EMDEs, and clear national transition frameworks. These reforms also connect to wider policy reforms needed to make *all* financial flows consistent with the Paris Agreement, as embedded in Article 2.1c of the Paris Agreement.

⁴ See NGFS (2023): [Scaling Up Blended Finance for Climate Mitigation and Adaptation in EMDEs](#) for a discussion of the barriers in EMDEs and in developed market frameworks. See also IIGCC (2025): [The UK as a Climate Finance Hub](#) for discussion of UK-based investor perspectives on barriers and solutions.

WHAT ARE INVESTORS AND FINANCIAL INSTITUTIONS PRIORITISING IN THE ‘BAKU TO BELEM ROADMAP?’

Key priorities and themes emerging from a selection of investor and finance industry submissions on the Baku to Belém Roadmap include the following:

- the importance of **designing frameworks that recognise the role of the private sector** in achieving climate finance goals, and the opportunity to include investors in their design.
- the need for **strong policy signals** to create an environment that will unlock investment at scale.
- the importance of **implementing existing commitments such as the Global Stocktake outcomes** on energy transition, fossil fuels and deforestation, which are the key to **transforming wider economic incentives**.
- the need to **take a system-wide approach** to unlocking climate finance, which considers wider sources, policies, and mechanisms to unlock funding, including addressing negative flows.
- the need to **address vulnerable and under-served contexts** and the importance of addressing adaptation finance alongside mitigation.
- the need for **clear metrics and targets** to track progress against agreed goals.
- the need for **collaboration between actors across the system** to scale finance to EMDEs, including country contributors, development banks, and private finance, recognising the critical role of Public Development Banks.
- the importance of **addressing gaps between actual and perceived risks** in EMDEs.
- the **barriers and opportunities to private capital mobilisation**, including reform of the multilateral financial architecture, the need for greater focus on blended and innovative finance mechanisms, and reform of regulatory frameworks (such as prudential regulations) that inhibit investment.
- the **readiness of investors to work with governments and all stakeholders** to unlock capital flows to EMDEs and to address wider systemic challenges.
- the need to consider and **exploit synergies with other relevant international processes**.

These focus areas are highly relevant to the five priorities identified by the new [COP30 Circle of Finance Ministers](#), led by the Brazilian Finance Minister. It brings together a select group of Finance Ministers to consider how to make progress on five strategic themes relevant to climate finance and has a specific engagement strand for the private sector, which is a welcome opportunity to better embed frameworks that take account of the barriers encountered and the potential solutions identified by institutional investors.

The key strategic priorities include:

- Reforming Multilateral Development Banks (MDBs).
- Expanding concessional finance and climate funds.
- Creating country platforms and boosting domestic capacity to attract sustainable investments.
- Developing innovative financial instruments for private capital mobilisation.
- Strengthening regulatory frameworks for climate finance.

SUBMISSIONS, RESOURCES AND NEXT STEPS

Further information can be found in the following submissions:

- A submission by the Co-Chairs of the [Finance Working Group of the Marrakech Partnership for Climate Action](#), a grouping of private sector actors, including the PRI.

- A submission by the PRI-co-convened [Net Zero Asset Owners Alliance](#).
- A submission by [Making Finance Work for Climate](#), a joint contribution bringing together actors across public and private financial institutions in developed and developing economies, which the PRI supported.

The Circle of Finance Ministers will develop a report on these strategic themes which will feed into the final Baku to Belém Roadmap. The Roadmap will be jointly submitted by the COP29 and COP30 Presidencies at COP30 in Belém. Formal and informal consultation and dialogues on the Roadmap will also continue over the coming months and the joint Presidencies have indicated that they will undertake engagement with political leaders and stakeholder institutions to ensure there is political buy in to the Roadmap itself and the next steps it identifies.

The PRI will continue to engage on alignment of the financial system with climate goals and the specific barriers to capital mobilisation in EMDEs ahead of COP30 and as it prepares to host [PRI in Person](#) in São Paulo from 4-6 November 2025.