

# UNFCCC request for input to the Climate Finance Work Programme

*This submission is made jointly by the **Investment Association, UK Finance and TheCityUK**. All three organisations are accredited observers to the UNFCCC and collectively represent a broad range of UK-based financial services, including investment managers, banks, insurers and market infrastructure providers, alongside legal and professional services. Together, these organisations support the effective mobilisation and alignment of private finance in support of climate objectives and engage regularly with processes related to climate finance and sustainable investment.*

**(a) What are your overall expectations for the climate finance work programme? What concrete outputs and outcomes should the climate finance work programme deliver?**

The scale of the climate finance gap for developing countries remains significant. The Baku to Belém Roadmap highlighted data from the Independent High Level Expert Group (IHLEG) showing that developing countries will require \$3.2trn annually in climate and nature investments by 2035 – over \$2.7trn more than today. The largest investment requirement is projected to be the clean energy transition (\$2.1trn annually), followed by adaptation and loss and damage (\$750bn annually).

Investment in nature will also play an important role in delivering climate goals, with the IHLEG estimating that nature investment in developing countries needs to grow to \$250bn annually by 2030 and \$350bn by 2035. At present, 78% of climate finance is derived from public sources, mostly multilateral development banks (MDBs) and development finance institutions (DFIs), however, under the right conditions, there is an opportunity to significantly scale private finance flows.

Our overall expectation is that the climate finance work programme should focus on overcoming the challenges that have arisen around the implementation of the New Collective Quantified Goal (NCQG) on Climate Finance, and on restoring trust between Parties to support continued scaling of climate finance in line with the \$300bn goal to support developing countries.

Central to this should be reaffirming core principles of the Paris Agreement and strengthening confidence that agreed commitments will be delivered. Practically, in line with a recommendation in the Baku to Belém Roadmap, this could be presented as a delivery plan, developed jointly by developed-country Parties, with their intended contributions and pathways to meet the climate finance commitment under the NCQG

by 2035. Ensuring the availability, predictability and adequacy of public climate finance should therefore be a primary focus of the work programme.

In this context, the work programme should reinforce that Article 9 of the Paris Agreement is primarily concerned with the responsibility of developed country Parties to provide climate finance to developing countries. A clear emphasis on the role of public finance as the foundation of the climate finance regime is essential to focus discussions on Parties' core obligations and to address concerns that these responsibilities risk being diluted. Clarifying this foundation would also provide a more stable basis for considering how other sources of finance relate to Article 9, including how public finance can be deployed most effectively to support delivery.

Building on this foundation, the work programme should consider practical pathways to scale climate-aligned sovereign investment pipelines, including by strengthening the link between Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and bankable projects in both mitigation and adaptation. In this context, clearer operational guidance on the respective roles of public finance providers would be beneficial, distinguishing between core public climate finance obligations (e.g. direct lending), MDBs' sovereign and sovereign-guaranteed financing aligned with country priorities, and the role of Export Credit Agencies (ECAs) in de-risking through guarantees, insurance and blended finance structures. Enhancing clarity and coordination across these actors would help to reduce fragmentation and support the scaling of investment.

The work programme should also consider how financial flows are monitored, tracked and reported, including how progress towards the NCQG is being assessed transparently and credibly. Strengthening approaches to tracking both the scale and impact of climate finance would help demonstrate delivery against commitments, improve accountability, and support trust between Parties. Alongside this, the work programme should place greater emphasis on the catalytic role of public and development finance institutions, including through the adoption of clear, transparent, and comparable private capital mobilisation targets and ratios to ensure that concessional resources are deployed where they deliver greatest additionality.

As a secondary outcome, the work programme should consider the appropriate role for private finance in supporting climate action in developing countries, in line with the more ambitious aim of all actors working together to enable the scaling up of financing to developing country Parties from all public and private sources to at least \$1.3trn per year by 2035. With the majority of the uplift expected to come from private sources of capital, it is important to acknowledge that private capital will overwhelmingly be provided on commercial terms. NDCs provide a strong signal on the collective ambition of governments and the implementing national policy frameworks that support NDCs are the essential mechanism through which pledges are turned into actions. It is domestic laws, regulations, and normative actions that will shape economic incentives and

investment fundamentals. Private finance actors assess the domestic policy incentives and trajectory to understand the future profitability of a specific asset or opportunity.

The secondary outcome should therefore include developing a clear framework for private finance involvement that recognises its complementary role, alongside consideration of the enabling conditions required to unlock investment, including policy credibility, risk-mitigation tools and blended finance approaches.

**(b) What are the thematic pillars of the climate finance work programme and the related subtopics that we should address within each pillar?**

***Pillar 1: Clarifying responsibilities and priorities for different types of finance***

The foundational pillar of the climate finance work programme should be a clear articulation of responsibility, with reference to what is meant by the commitment in the NCQG to scale up financing to developing country Parties for climate action from “all public and private sources.” Recent decisions, including those relating to the NCQG, acknowledge the role of a wide range of financial sources while reaffirming that developed country Parties should continue to take the lead in providing climate finance.

The work programme should therefore establish greater clarity on how different sources of finance are defined, the roles they are expected to play, and how they relate to the responsibilities set out in Article 9 of the Paris Agreement. To support this, the work programme may need to place greater emphasis on how climate finance is measured and assessed, including the methodologies used to aggregate, attribute and compare finance across sources.

Clear differentiation between public finance obligations, mobilised private finance and voluntary contributions would help reduce ambiguity, support trust between Parties, and provide a more credible framework within which private finance can be discussed as complementary to, rather than a substitute for, Party-led commitments.

The COP30 Circle of Finance Ministers’ report provides an implementation-focused contribution to the delivery of the NCQG, bringing finance ministries directly into discussions on how climate finance commitments are operationalised.<sup>1</sup> The climate finance work programme should build on this approach by strengthening engagement with finance ministries and using the Circle’s conclusions to inform practical work on scaling, tracking and improving the effectiveness of climate finance flows from different sources.

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<sup>1</sup> [Report of the COP30 Circle of Finance Ministers on the Baku to Belém Roadmap to 1.3T](#)

## ***Pillar 2: Mobilising private finance with the right enabling conditions***

A second pillar of the climate finance work programme should focus explicitly on the enabling conditions needed to attract private finance, recognising that private capital can only play a meaningful role when underlying constraints are addressed. This pillar could examine issues such as policy credibility, regulatory certainty, the strength of project pipelines, and the availability of appropriate financial instruments, alongside the role of public and development finance in lowering risk. In this context, a greater emphasis on upstream project preparation, including technical assistance, risk allocation frameworks, revenue stabilisation mechanisms, and supportive policy environments, is necessary to translate climate ambition into investible opportunities.

The climate finance work programme should consider the concept of “investible” NDCs. While NDCs set out Parties’ climate ambition, many currently lack the sectoral detail, financing strategies and policy signals needed to translate commitments into actionable investment opportunities. Investors have highlighted that NDCs are more likely to attract private finance where they provide clarity on investment needs, outline credible policy and regulatory frameworks, and are accompanied by coherent financing and implementation plans. Focusing on investible NDCs would support Parties in strengthening the link between climate ambition and real economy delivery, while helping to ensure that discussions on private finance are grounded in country-led priorities rather than abstract mobilisation targets.

In particular, the pillar on private finance could consider two initial priorities:

### **The role of blended finance and public finance institutions to mobilise private capital**

This pillar should focus on the practical mechanisms through which finance is catalysed, including the role of public and development finance in addressing risk and crowding in private capital. The workstream could examine current barriers and delivery bottlenecks that constrain investment, and identify the policy, regulatory and financial enablers required to translate ambition into investible opportunities. In particular, the work programme should consider how blended finance approaches, including guarantees, concessional capital and risk-sharing mechanisms, can be used to catalyse private participation where it is aligned with nationally determined priorities. This pillar could also explore co-financing frameworks between MDBs and ECAs, to improve efficiency, consistency and replicability of transactions.

Approaching private finance through the lens of enabling conditions and complementarity would help ensure that discussions are grounded in practical realities, while remaining consistent with the responsibilities of Parties under Article 9.

## **The role of national policy measures to mobilise private capital**

The work programme should consider the role of practical guidance and case studies in supporting developing countries to create credible sectoral plans within their NDC implementation plans. These should set out clear pathways of which technologies will be prioritised and on what timetable, with details of the projects and initiatives to be prioritised and the anticipated sources and levels of necessary funding for each. The work programme could prioritise sectors according to the scale of the investment requirements in developing countries, such as clean energy and nature restoration. The sectoral focus should also support the delivery of other international commitments, such as the UAE Consensus goal to triple renewable energy capacity globally by 2030 and the Kunming-Montreal Global Biodiversity Framework goal to mobilise at least \$200bn per year by 2030 for biodiversity. To inform its approach, the work programme could review examples of national-level sectoral plans underpinning the delivery of national ambitions:

- As one example, the UK's Clean Power 2030 Action Plan<sup>2</sup>, published in December 2024 and referenced in its new NDC, lays out specific actions - including cross-cutting and sector-specific policy reform, completion of market frameworks, and catalytic public investments - that will be taken to deliver an overarching goal to reach 95% clean power by 2030, providing a coherent roadmap for private investors to follow. This was then referenced in the UK Government's Carbon Budget and Growth Delivery Plan as part of the overall approach to deliver the UK's emission reduction targets.
- As another example, the UK Government recently committed in its revised Environmental Improvement Plan for England to developing national Nature-Positive Sectoral Pathways, to provide clarity on how different economic sectors are expected to transition to protect and restore nature, and in turn support the delivery of climate goals. Nature-Positive Sectoral Pathways are national strategies aligned with net zero pathways, that could guide policymakers and the private sector on how different economic sectors should contribute towards the Global Biodiversity Framework targets and the country's National Biodiversity Strategy and Action Plan (NBSAP) by 2030 and beyond<sup>3</sup>. These pathways could lead to greater alignment of financial flows with nature-positive outcomes and increase the active role the private sector can play in contributing to the nature-positive and net zero transition.

### ***Pillar 3: Scaling adaptation finance***

The NCQG recognised the need to dramatically scale up adaptation finance, while the Baku to Belém Roadmap emphasised the key role that public finance and grant-based resources will play in addressing adaptation and responding to loss and damage in

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<sup>2</sup> [Clean Power 2030 Action Plan](#)

<sup>3</sup> [National Nature-Positive Pathways to Guide Policy and Private Sector Action](#)

developing countries. The Baku to Belém Roadmap cited data showing that while 64% of existing finance flows are dedicated to mitigation activities and a further 17% seek to address both mitigation and adaptation, only 19% of flows are focused on adaptation.

As a third pillar, the work programme should therefore seek to identify practical next steps to support greater flows of public finance from developed-country Parties into adaptation and resilience in developing countries, in line with Article 9.4 of the Paris Agreement that scaled-up climate finance should aim to achieve a balance between adaptation and mitigation<sup>4</sup> (an objective that was again acknowledged by Parties at COP29<sup>5</sup>). In line with the recommendations in the Baku to Belém Roadmap, this could include (i) identifying the most effective domestic policy measures and targeted public investment to build stronger adaptation project pipelines, (ii) recognising the role of innovative insurance and risk-transfer solutions in addressing physical climate risks and in strengthening the resilience and bankability of adaptation investments, and (iii) supporting collaboration between Parties and private sector actors via the engagement mechanism to work towards standardisation of resilience bond issuances to improve investor confidence.

This proposed focus would be consistent with recent outcomes under the UNFCCC process. The Baku to Belém Roadmap identifies “transformative private finance” as one of its five action fronts, recognising that private capital can support climate-resilient and low-emissions development where public finance, risk mitigation and reforms to lower the cost of capital are in place.<sup>6</sup> The work programme should therefore signal that consideration of private finance is focused on the conditions under which it can play a genuinely transformative role, rather than on mobilisation in the abstract. This emphasis is echoed in the Global Mutirão decision, which calls for urgent action to enable the scaling up of financing for developing countries from all public and private sources.<sup>7</sup>

**(c) How should the climate finance work programme be organized to ensure that the format is inclusive, balanced, and technically robust, while addressing climate finance comprehensively and delivering outcomes that are actionable and meaningful?**

The Baku to Belém Roadmap recognises that achieving the scale of finance flows required by developing countries will necessitate contributions from a wide range of sources, including public, private and philanthropic finance. The roadmap explicitly envisages a role for private finance as part of a broader ecosystem, emphasising the need for catalytic public finance, reforms to multilateral development banks, and risk-sharing instruments to help unlock additional capital, rather than relying on private resources as

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<sup>4</sup> [Paris Agreement](#)

<sup>5</sup> [Baku to Belém Roadmap to 1.3T](#)

<sup>6</sup> [Baku to Belém Roadmap to 1.3T](#)

<sup>7</sup> [Global Mutirão](#)

a substitute for public commitments. This framing is reinforced in the Global Mutirão decision, which calls for urgent action to enable the scaling up of financing for developing countries from all public and private sources to at least \$1.3trn per year by 2035, highlighting private finance as a complementary contributor within a collective global effort, rather than as a primary bearer of responsibility for delivery.

Recent discussions under Article 9 have underlined the importance of maintaining credibility, predictability and confidence in climate finance commitments. Trust will be central to the effectiveness of the climate finance work programme, and it should therefore be organised in a way that supports balanced and inclusive participation by relevant public and private actors, while respecting the intergovernmental nature of the process. Allowing for practical, technical discussion would help keep the focus on what is realistically deliverable.

A formal, standing mechanism for engagement with private finance actors should be established as part of the climate finance work programme, to provide structured technical input on delivery challenges and investment-enabling conditions at an early stage of policy development. When designing the engagement mechanism, it is important to recognise the diversity of private finance actors and mandates – pension funds, insurers, and banks are all looking for different risk-return profiles and different instruments. They also have different mandates from their clients and beneficiaries, of whose capital they are the custodians and stewards, so there is often not a wide discretion to increase developing country allocations without creating demand for such exposure from clients. The mechanism should therefore seek to engage the broad spectrum of different private finance actors.

Such a mechanism could provide a structured channel for technical input on issues such as risk allocation, financing structures, instrument design and enabling conditions, while preserving the intergovernmental nature of negotiations. This private finance engagement mechanism could advise on a small number of discrete subtopics, for example, identifying the most effective government levers to mobilise private finance in priority sectors, such as clean energy and nature restoration. Engagement should take place ahead of significant milestones, enabling private sector expertise to inform work programme priorities before they are finalised.

This mechanism should include:

- Dedicated private finance roundtables and technical dialogues linked to the climate finance programme,
- Engagement scheduled ahead of key milestones, such as the June Climate Meetings (SB64),
- Clear mandates setting out how inputs from private finance are considered and reflected in formal outcomes.

It will also be important for private sector engagement to be structured in a way that reflects the diversity of financial sectors (e.g. banking, insurance, investment management, and pension funds) as well as different regional investment contexts, particularly developing country contexts. In addition, greater transparency is needed on how private sector inputs are taken into account and reflected in outcomes, in order to build credibility, support sustained engagement and enhance the effectiveness of discussions on mobilising climate finance at scale.

The profile of the mechanism and the opportunity for participation could be raised through events linked to climate finance where the private sector will already be engaged, such as the regional climate action weeks, London Climate Action Week, New York Climate Week, and the IMF and World Bank Spring and Annual meetings.

Establishing a clearly defined, advisory-level engagement mechanism would help ensure that private finance perspectives can be shared in a transparent and balanced way and focused on actionable outcomes, without blurring responsibilities or decision-making roles under Article 9.