ROAD TO BRAZIL: PREPARING FOR COP30

Announcer 00:00

Please welcome the panel to the stage.

Sergio Gusmão 00:57

Okay. Hello everybody, good afternoon. This is road to Brazil. COP 30, the road to Belém. We have here a distinguished group of international speakers. I'd like to briefly introduce them. On my left, Régine is the CEO of CREO, one of the largest networks of family offices, very involved in the climate finance space. To her left, we have Tariye, the CEO of the Climate Investment Funds, working with different development banks and other implementing partners in projects all over the world. Then we have Rémy Rioux, coming from France. He's the CEO of the French Development Agency and also the chairman of the Financing Common Initiative. To his left, we have Maria Netto. Maria Netto is the executive director of the Institute of Climate and Societies, the largest re-granter in Brazil. And to her left, we have Virgilio Viana. Virgilio Viana is an academic, a forest engineer with a PhD from Harvard University, and he's the founder and executive director of Foundation for Amazon Sustainability, the largest CSO in the Amazon basin. So, as we look ahead to COP30 in Brazil, expectations are mounting for real progress, not just on pledges, but on financing, implementation and coordination required to deliver results on the ground. Today's panel brings together leaders shaping the climate finance landscape from distant yet interconnected vantage points, public, private and blended finance. Let's explore how each of these institutions is preparing for COP30 and what global collaboration should look like moving forward. Tariye, I would like to start with you. You took your position around a year or so ago. CIF has long delivered concessional finance for systemic transitions. What must multilateral climate funds do different or more ambitiously to help COP30 move from pledges to systemic changes?

Tariye Gbadegesin 03:32

Thank you, Sergio. It's great to be here. Can everyone hear me? Fine, wonderful. Well, for those of you who don't know the CIF, we've been operational for over 16 years, and the CIF is one of the world's largest multilateral climate funds, dedicating concessional funding through the multilateral development banking system and beyond.

Over this time, we built a capital base of about $12 billion. CIF has been advancing investments in developing countries by funding concessional catalytic capital and mobilizing capital to clean energy to nature and resilience. So we are part of the blended finance underpinning that is evolving so significantly these days, and even my own appointment as the CEO reflects an evolution. So this is the point about where are things going. You know, I joined the CIF after many years working on the forefront of finance and energy investments. I was structuring complex transactions in the infrastructure space and into climate finance and looking at blending concessional finance for clean energy and linking that to economic development. And you can see that as CIF, as they were evolving, I wanted that type of deep finance and private capital experience as they were moving from being a finance night pool of donor contributed funds to being a leveraged more market facing entity that was more dynamic, that was creating more of a hybrid and innovative model around financing, climate, and development, and this is increasingly going to be the need from all of us. It is, you know, as we see the reduction in ODA in the markets, we're going to find that innovation for finance and innovation for efficiency becomes key. And indeed, the CIF is the first multilateral climate fund that has gone into the capital markets. And increasingly, you're going to see more and more of these types of modalities, as well as working with co-financings and other actors. Recently, the CIF just launched the CIF Capital Markets Mechanism as part of this foray, and we were issued a AA+ and AA+ rating from Fitch and Moody's. Very interesting issuance, we did a $500 million first issuance—potential to go up to even up into the billions. This was really our first, our inaugural debut, and it was oversubscribed about six times, so we had a $3 billion order book. This is really significant in that you're seeing that there is an appetite for pure play, clean energy, clean technology investments, and to the extent that the multilateral climate finance system, or climate finance generally, can better make this investment case, you know, consolidating assets in a way that are attractive, especially in our case, underpinned by multilateral development finance. It can be quite it can be quite powerful. So CCMM is just the beginning. We're expecting to build out an order book and/or build out a curve, if you will, and then over time, expand this type of model to nature, to resilience, so that we can apply this even beyond the more usual suspects in terms of sectors.

Sergio Gusmão 06:51

Thank you, Tariye, we will continue to explore in the second round of questions. Now over to Régine. Régine, how can COP30 unlock greater private investment, especially in emerging markets, where the gap between ambition and funding remains wide?

Régine Clément 07:06

Thank you for the question—the $1.3 trillion question. So we saw in 2023 1.4 trillion going into the space about a 50/50, split between private and public, where, when we really need to be at around 8 trillion-10 trillion a year by 2030. We know that private capital is the largest pool of capital, and we need that capital to be activated into this space. We also know that, other than family offices, investors are fiduciaries, and so they need to maximize returns. And so in that context, if we could actually tackle two things, we would be able to progress quite significantly on accelerating private capital. That would be to include do no harm in fiduciary duty, and that would be putting a carbon price to price the negative externality. We know that that takes enormous political will, and so in the absence of that, we've been working on various kind of friction points that we believe, if addressed, would really help accelerate capital coming into this space, because there are investable opportunities, both in climate and increasingly so in emerging markets. But you need active investors. This is not passive investing sport. You need private markets to be effective and efficient. You need the deal flow, and you need the families and the asset owners to have the knowledge to do so. So the five things we're thinking about and trying to advance, and would hope that the COP presidency is also considering, one is data transparency. We often hear about feasibility studies, which are wonderful, looking at very bespoke types of products or opportunities projects, but without data that actually shows that in emerging markets, this idea of this perceived risk, we need to show investors that that is indeed true. And so if we could get private sector data on default risk data, that would go a long way. We are building financial performance data. Investors want to see performance now. They want to see it over, you know, more than 10 years. The good news is that climate finance has been growing over the past 10 years, but no one is actually tracking this data at scale, and so we need someone to be doing this. Same thing with impact performance data. Now that seems easy. It's not. All of this is very hard. The second thing is building knowledge, expertise and capacity of the investors. In most cases, even those investors that have commitments don't necessarily have the teams to do this. And not only that, they're also not necessarily connected with this community. They don't have the budgets to attend these conferences, and so it's very hard for them to even originate or source deals. The third piece is kind of building the plumbing system. So, as we talked about this in earlier session, we need to find ways to connect the capital to the opportunities. Whether you're looking at very local, community-based opportunities, making these investment fungible is really important for an investor. Which brings me to the fourth piece, voluntary carbon markets. If these don't work, we will not be able to scale nature, and we will not be able to scale next-generation tech. Our families have invested in almost 2,000 companies in this space, and many of those companies leverage voluntary carbon markets to be able to make the economics work until they can scale and then be economically viable. So, yes, it works for solar, yes, it works for onshore wind. The next 40 technologies really need voluntary carbon markets. And for those to work, well, you need a carbon accounting system that works the GHG Protocol wasn't meant to be an accounting system. We need a ledger based system. There are some new methodologies coming out that are gaining some some speed, and we hope that the COP presidency will look at these, including emissions, liability management. And the last piece, of course, is risk return. These investors as fiduciaries need to make returns and need to be compensated for the amount of risk they're doing so things like, how do we think about nature? Is this really an asset class? What is an asset class? It wasn't that long ago that infra wasn't an asset class. Infra became an asset class about 25 years ago. Private credit is a very new asset class. So what made these asset classes? What role do they play in the whole portfolio, in terms of diversification, terms of correlation, and so could we start thinking about nature, first of kind, project financing, as separate asset classes to enable investors to come into this space.

Sergio Gusmão 11:59

Thank you, Régine. We will continue also with you, just in a short while. Now, over to Virgilio. Virgilio, you have been living and working in the Amazon region for many, many decades. Actually, you flew all the way from Manaus, in the state of Amazonas in Brazil, to this conference. You have been in government as a former secretary of sustainable development of the State of Amazonas. You have been in academia, and you're also a member of the Papal Group of Advisors, Academia Papale. And you are the executive director of the Foundation for Amazon Sustainability with projects in over 750 communities throughout the region. As COP30 comes to Belém, a large city in the heart of Amazon—how do we ensure that Amazon isn't just a setting but the central to the outcomes? Wonderful. Thank you, Virgilio. We will also follow up on that question very shortly. Now, Maria Netto, you had an outstanding career at UNFCCC, at the Inter-American Development Bank, at the UN Development Program. And now, just two years ago, you went back to your home country, Brazil, to lead the Institute for Climate and Society. That's the largest regranter in Brazil, working in climate finance, working with philanthropies from all over the world and other partners. How can civil society shape both the process and outcomes of COP30, especially to ensure finance is inclusive, accountable and just?

Virgilio Viana 15:40

Well, good afternoon, everybody. It's a pleasure to be here. Thank you, Sergio. I think COP30 is going to be the most important COP after Paris. It's not only 10 years and it's very symbolic, but it's a COP that is going to be inspired by the Amazon, first, because of nature-based solutions. Of course, Amazon equals nature. And second, people's agenda, we're going to have the exposure of the challenges that a city like Belém has, and I think that's going to be very educational. And I think Belém is going to be great. So I encourage everybody to come, there is going to be a different setup than Dubai, but there will be lots of rooms. Belém has an interesting thing, which is the largest Catholic celebration, with 2 million people that come to the city. So there are a lot of Airbnb kind of facilities that will be available. I encourage you all to look those up. But I think, Sergio, the message from this COP, in my view, and that's what has been shared by André Corrêa do Lago, the president of the COP, is that it's going to be focused on action. So the Amazon is near tipping point. It's in an emergency. So I think it's time to bring everybody that is concerned and see how we can deploy action on the ground. I think that is the key outcome that I expect for the Amazon. And a couple of years ago, I coined the phrase that the Amazon is too big to fail. Think of the small banks of Wall Street that required a couple of trillion dollars to be bailed out. I think the Amazon is more important. So I think we need to harness significant amount of money. It's payback. It's the best option that we have in terms cost-benefit is nature-based solutions in the Amazon, because we have a lot of forests to restore, and as well, we have a lot of forests to protect, and that's very important too. And, here, I just finish with this message, I think there's a lot of interest in reforestation, restoration of forests, and people losing interest in protecting forests, and that is not correct. We should place a lot of attention and effort and money in protecting the existing forests, especially with Indigenous peoples that play a very important role in doing that.

Maria Netto 16:15

Thank you, Sergio. Pleasure to be here with a lot of friends and talk about the COP30. I think taking a bit of what Virgilio was saying, first of all, COP30 is really about the next 10 years of implementation needed. And as André Corrêa do Lago was saying, it's not a COP for negotiation, it's a COP for understanding what's going to be the framework of implementation—implementation of ambition, from the NDCs, from what came out from Dubai, but also from finance. So I think this is the motto that we need to think from now to then. What does it mean, implementation? And implementation from a number of points of view. I think, as Virgilio was saying, it's an opportunity to bring nature and climate together. A lot of the previous COPs focused a lot on transitioning away from fossil fuels, which is important and very, very crucial for the Convention. But also, nature is about 30 percent of the needed removals of greenhouse gases, and is cost-effective in terms of emissions reduction. So it's a big opportunity for us, having a COP in the Amazon, to highlight this opportunity—particularly given the role that Brazil, but also Latin America, can play. Also, I think when we talk about the action, it's ensuring that all sectors—and the civil society and the private sector involved in all these sectors: energy, nature, but also technology and innovation—when we talk about action, we have this opportunity of bringing a lot of these elements. And the responsibility is, again, not only about the COP, but what we do between now and then to start demonstrating these large opportunities we have: with renewables, with scaling new solutions, with critical and difficult conversations on energy security, critical minerals. With regards to nature, as we already mentioned, but also on the finance agenda—how we can mobilize domestic, international, commercial, public, private; how we use better concessional finance from, for example, the Global Climate Funds. What is the role of private sector, large investors—these are all questions that we need to start having convenings and conversations about if we want to think about what's going to be the next 10 years of implementation. And so I think we have here a huge priority and opportunity to not only depend on the governments that will negotiate and hopefully come with this framework, but also come with very strong message of things that we truly can bring to the front. And as an organization working with the civil society in Brazil, we see an important role for Brazilians to lead by example, but also for once, with the presidency, to promote more of this South–South collaboration and opportunities of also learning from abroad—what are the kinds of solutions? And they can be very varied. I'm happy to talk further about that.

Sergio Gusmão 19:10

Thank you, Maria. And by the way, you can ask some questions—you just saw the QR code. I have enough questions of my own, but if you want to help me, I will take that very generously. Now, Rémy, you have been for almost 10 years the CEO of the French Development Agency. You are also the founder and the chairman of the Finance in Common Initiative, that gathers more than 530 development banks from all over the world. What should public development banks do collectively to close the finance gap and support transformational investment in the Global South at COP30? And I forgot to mention—before this role, you were also a climate negotiator during the moment of the Paris Agreement, during COP21. So, over to you.

Rémy Rioux 20:06

Thank you, Sergio, and good afternoon to you all. Thanks to the Milken Institute to give us the opportunity to—yes—to talk about climate urgency, to talk about its consequences for the most vulnerable, and also its consequences for the financial markets as a whole, because it will remain a main driver, probably, of transformation for so long. And yes, I was the chief negotiator on finance 10 years ago in the French team, so I clearly and fondly remember what we did, and feel the urgency, and so that—that's so important. Brazil is also chair of the BRICS, if I'm right, this year—is taking the lead to guide us on finance. Of course, Belém will be a lot about the ambition, the NDC; it will be about action, solutions—hopefully with this virada you're expecting. But of course, when we are talking about ambition and solutions, finance comes very rapidly in the discussion. And for the first time, I think in Belém, we will have the full picture. And I just want to remind everybody that now the climate agenda is framed into three components. So we have what was decided in Baku—this twin target: the $300 billion from the $100 billion of Copenhagen, which is a significant increase, let's say, to finance what nobody will finance. I was referring to the most vulnerable communities, territories. Then we have the $1.3 trillion international finance, public and mostly private, Régine was referring to, which is now also our second goal, by 2035. And then do not forget that we somehow stealthily put in the Paris Agreement Article 2.1(c), and Article 2.1(c) is about the transformation of the financial systems as a whole to contribute to the fight against climate change. And it's in Article 2, which is an objective. So you have three objectives in the fight against climate change: mitigation, adaptation, and the transformation of the financial system, which is an end in itself and not a means to an end. I remind this to all the financiers in this room. So I think it's good to remind that we need the solidarity effort. We need public finance—that's one. We need to do way better in mobilizing private finance for climate. And then the financial systems in each and every country have also to do their homework domestically. And that's where we connect and we relate to the work that is ongoing. Again, Brazil taking the lead about the country platforms, which mean how this guidance, how this finance is landing in a specific financial system—of course, following the direction set by the governments, their commitments—but also connecting with the other financial flows that, of course, the bulk of it is always at national level, both politically and financially. And so that's where, to come to my last point about—and your question about—the public development banks, that's where probably the PDBs are so important. So we know at the heart of the country platform in Brazil stands BNDES and the whole network of public development banks in Brazil. Sergio, you headed two of them. The same in South Africa, with DBSA. The same in Indonesia, with PT SMI. The same in France, with our Caisse des Dépôts. So just to share with you that I think the public development banks, which we are trying for a decade to gather, to train, to mobilize, are absolutely instrumental to make this—to make this happen—the D-MDBs. So what Target and CIF is doing also for so many years to build the engine—the MDB engine—the system. But also, we need to plug below the rest of the architecture to make it capillar enough, both on the financing and the origination side, because we know we have not enough quality projects, especially. And I close by saying that it's not against private—it's really to make investors that are here, willing to do their part—well, propose to them, distribute to them enough opportunities. And we're not there yet. And this is what this framework, what this architecture system has to provide—hopefully with a significant spur coming from Belém at the end of this year.

Sergio Gusmão 25:58

Thank you, Rémy, and I will add to that. We had Secretary Bessent, U.S. Treasury Secretary, outlining his vision for the multilateral development banks. We saw the appropriation of the budget for the USDFC and its new priorities under the leadership of the newly appointed CEO, Benjamin Black, an old friend of the Milken Institute. And we also have, on the subnational level here in the U.S., the IBank here in California is a public development bank, very active, and many others, including the large real estate financial institutions like Fannie Mae and Freddie Mac. Now, Tariye, how can CIF better align with national priorities and ensure country ownership as nations update their climate plans?

Tariye Gbadegesin 26:54

Well, country leadership has been at the bedrock of our work for a very long time. It's actually the model that we use. And I think we're all hearing a lot about country platforms, and we definitely see that country platforms are a great way for countries to lead, own, and prioritize their development planning, as well as their investments across climate, clean energy, and other interfaces—agriculture, health, etc. And country platforms is a priority area for the COP 30 Circle of Finance Ministers just launched. In fact, there was a session at the World Bank Spring Meetings which I attended. And so things are really coalescing around this. But, you know, we firmly believe that country platforms are to be designed by a country to meet their own specific needs as well as their maturity. And so depending on where they're at, a country platform should effectively be designed to address that. And that's where the CIF comes in, in that we have a primary operating model, which is about a country-led programmatic approach, where the country determines how they want to engage with our programming, and we work with the MDBs and the country in sessions to prioritize, to identify the bottlenecks—especially with respect to policy, regulation, as well as integrated strategic investments. And this means that when we're solving, we're not just going to invest in adding generation—we may be adding generation, transmission, even the road architecture that might be needed, as well as the policy and the regulation. And we see this as a firm nod to bankability, because ultimately, to create bankable assets in place, you need the system to work together. It's often when there's a break in the system that we have failures. And this is why we have such a pretty solid portfolio—is because we're solving across the multidimensionality that countries face when they're trying to address these challenges. Now, you know, in respect of country platforms and leading and leaning into where we're coming from—Baku, Dubai, and going into Belém—energy transition and clean energy as the bedrock of energy transformation for economic development and growth is clear. And fortunately, with increasing bankability and increasing private capital going to these areas in developed countries, our challenge now is to get more of that capital to emerging markets. Because the technologies are proven, the models are proven. Now it's about de-risking, managing perception risk, managing real risks. But in terms of the next era, we really cannot lose sight of nature and resilience. And so we're thrilled to see that, you know, Brazil is going to be keeping nature at the center—and the role of countries as well. Country platforms around nature and around resilience, backed by the national adaptation plans and the links to nature, is also going to be very important. We are very proud at the CIF of the work we've been doing with Brazil on nature. We have long supported a lot of that work, and we recently actually approved a support into the Amazon Clean Energy Accelerator, which is a tie-in of nature with energy and livelihoods. And what we're increasingly going to be seeing is the integration of the system approach. And that's where a country platform is so key—because we can't solve these problems in silos. We can't be investing in projects or verticals. The system-based approach and the integration is challenging, but that's actually where we very much win the battle. Thank you.

Sergio Gusmão 30:58

Thank you. Tariye, now, Regine, where do you see the most promising opportunities? You spoke a little bit in the first round about the mobilization, kind of a little bit, you know, sort of preparing, but now kind of digging deeper. And you know, whether in energy transition or nature-based solutions, or any other kind of asset classes—for what private capital? You know, what needs to be there for private capital to scale?

Régine Clément 31:02

So I'm going to take this question in a slightly different direction, because I think if we're talking about catalyzing private capital, we have to look at what's in the market right now and what are those opportunities trying to achieve. So just a little bit of background on CREO. And again, we're a nonprofit. I'm going to talk about deals. This is not marketing of deals. We take no fees on the deals. This is really information that we're sharing on stage. So CREO tracks about 2,400 climate-focused funds globally. And of those 2,400 funds, 350 of them are in emerging markets. Our families have invested in 450 of them. So those we know very, very well. And so I'm taking that approach because you need products, you need mechanisms, you need platforms to deploy the capital, right? If you're an asset allocator, that is what you look for. So I'm going to go through it by asset class. So if you're looking at equity, for example, for the larger allocators, you need to fit the ticket size. So often, when we talk about, you know, projects in the Amazon, you would need to bundle a lot of that, right, for it to be investable. There's a lot of other elements to making it bankable and feasible. So looking at the large generalist asset managers, you know, sometimes they get criticized for being generalists and not being climate experts, but we really have to recognize that effort. And one of the things that have been, I think, in my view, very, very catalytic is ALTÉRRA that was, you know, launched or announced at COP28. You know, ALTÉRRA did start with BlackRock, TPG, and Brookfield—again, very usual asset managers that the big funders know and have relationships with. Their idea to fund them to then create strategies for transition emerging markets, we think is necessary. I'm going to talk about a lot of different things too that are necessary, but it is absolutely necessary. And we saw, you know, just a week ago, with the Brookfield one, ALTÉRRA doing a co-investment of $100 million into a renewable energy platform in India. That is investable when you have a $30 billion fund to deploy. So that needs to be recognized. The complete, you know, extreme side of that is something like Allied Climate Partners, for example. So one of our families launched Allied Climate Partners, and it was really designed as an evolution of another one of our families' funds called CSEF. CSEF was really focusing on Southeast Asia, and really the idea here is to fund the very early-stage project development so that you can build the pipeline for bigger investors to come in. I had a great conversation with a large pension fund that does mostly direct investing. That pension fund had quite significant concessional capital that was, you know, discussed with them to do something in Africa. And the head of infrastructure basically said, "I can't go to Africa unless you can show me $5 billion of pipeline. I just—I can't make the economics work for our very big pension fund." That doesn't exist yet in Africa. So something like Allied Climate Partners—it's going to take time—but these funds are essential. And this is where families can come in as concessional capital, can come in as junior capital, can come in as senior capital, alongside other risk-on investors to kind of build the pipeline. These are all—and this is just in equity. In credit, it's interesting. There was actually an article in the Financial Times just this week around the barbell strategy. And I was saying that, you know, private credit is a fairly new asset class in a world where, you know, the markets are shifting tremendously. There's enormous geopolitical upheaval right now, and trying to find how can you manage your portfolio moving forward. There's an interesting approach of doing public credit but also matching it with private credit in emerging markets. It needs to be very well-structured private credit. And again, you need specialists to be able to do that. But those opportunities do exist in the marketplace, and you see them in—you're starting to see them in Latin America. I haven't seen it in Africa yet, where the credit market is nascent. One of the most interesting types of platforms we have seen is around credit enhancement platforms. These can be critical to unlocking and building a marketplace. And again, this is where families can play a role in unlocking for institutional capital to come in. I'll speed up a little bit, but great products in the marketplace on debt. There's an increasing number of debt products in Latin America, in Africa, that are starting to see pension funds come in. Ninety One had a great one that saw two significant pension funds coming in to dabble into the space. If they're successful, others will come in. Debt-for-nature swaps—we've got Jennifer Morris here, so she's way more of an expert than I am. I think TNC did four of the debt-for-nature swaps. And my understanding is, like, the first one took over a year, and we're now at about three months in terms of—so, you know, very quickly, we found some efficiencies to be able to bring together these deals. One of our family's builders, the family office of Lukas Walton, came in with a $70 million guarantee into a debt-for-nature swap for the blue economy in Barbados. This is where we're—and we saw AXA come in. So we saw insurance companies, families, right, coming together with the leadership of TNC to—these are very novel, new mechanisms. And some of our families are also now putting together a facility trying to raise about $300 million of philanthropic capital so that we can do more of these faster. That's another great innovation. Bonds—we just saw the World Bank, the IBRD, come out with the largest outcomes bond for the Amazon, right, at two—I—sorry, it's at—yeah, $225 million. And we saw mostly banks coming into that, right? But those are really interesting instruments as well. So again, you talk about opportunities. They are in the marketplace. It is building. We are trying very hard to accelerate this work. What I talked about initially will help accelerate, but it's happening, and we should all recognize that success.

Sergio Gusmão 31:30

Thank you. Regine, now back to you, Virgilio. FAS, the organization you run, is a big, big implementing partner to many funds. The Amazon Fund—you're the biggest implementing partner. You just received a very relevant grant from the German Development Bank, KfW, of over 80 million euros to implement projects in these over 750 communities. What financing models have worked in connecting local communities to global climate finance, and how can they be scaled up?

Virgilio Viana 39:24

Well, I'd just like to relate to Rémy's point about one of the goals of the Paris Agreement, which is redirecting financing. I think the model of KfW is a very interesting one. They did a global competitive process to select a manager of these funds, and we ended up winning this competition, and it is funds to support state governments to have more efficient action in reducing deforestation and supporting bioeconomy. And the rationale behind this is that funding the state itself, or subnational governments, is not very efficient because of the bureaucracy that governments have. And as you mentioned, I was a State Secretary for five years, and I know how bureaucracy works, especially in places like Brazil. So I think that model is an interesting one. And what we're trying to do now is to have co-funding, because the way that that particular program was structured allows for certain kinds of expenses, but not others. So we're looking for private co-funding to increase the efficiency. And this is a point I'd like to highlight: the importance of increasing speed and efficiency. We are in a time of an emergency, right? Climate change. All the science behind us still tells us this, but we are going very slowly—very slowly. And that's not only the bureaucracy at the national or subnational level, it's the bureaucracy at the international level. So we have to become much, much more efficient to deal with an emergency. Suppose that the boat is sinking, and you have those, “Hello, stop,” where we're still doing a bid for the life vest—but the boat is sinking. So we have to be quick. And I think that's a very important challenge ahead of us in rethinking the financial model—how to deploy finance with a greater speed. The second is efficiency: how to make sure that these funds are deployed in an efficient manner. And the lesson learned from our experience with 17-year-old FAS—just going to become an adult next year, 18—is that we have to focus on people. It's taking care of people that take care of the forest. If we're not able to take care of people, we're not going to have an accomplished mission. And both Regine and Tariye mentioned the systems approach. So we have to have a systems approach. We cannot only rely on impact investment. Impact investment is great, but it's not going to do the job. I usually highlight the importance of drinking water and dealing with child abuse. There is not a business case for young girls being harassed. It has to be concessional funding. It has to include a systemic approach that has to be built from bottom up. And I'd like to finish with this initiative that we're leading, together with several other organizations, which is to design adaptation plans for 600 villages in the middle of the rainforest. On the base of that process, we are going to have a synthesis. And this synthesis is going to go to a boat—actually, the title could be The Boat to Brazil, The Boats to COP 30. So we're going to sail from Manaus to Belém—five days. It's going to be a seminar inspired by these adaptation plans, but with international participation to enrich the discussion. So that is an example of an emergency. That is an example of how we can design bottom-up processes in order to increase efficiency. We work, as you mentioned, Tariye, in over 700 villages. And what we learned—one of the things that we learned—is that it should not be our priority, our projects. It has to be bottom-up. Because if it's their priority, then they come on board. They have an ownership of whatever is done at the village level. So I think that is something essential to increase efficiency. So I'd like to highlight speed and efficiency to have greater impact in the critical ecosystem, which is the Amazon. And I think the deployment side is equally important as the mobilization of funds, because oftentimes, when people talk about financing, they say, “Well, how can we mobilize more funds?”—which is a very important part of the agenda. But how to deploy this finance is very important. So it's very important to have institutions in the countries. And also, Régine mentioned this too—and I think both of you mentioned—the need to have grounded activities, strengthening local organizations, especially civil society organizations that can survive a political change. Brazil went through a change in politics, similar to the U.S. We went from one government which was anti-climate, antienvironment—and that was very tough. So we have to build resilience of institutions to overcome these partisan changes that happen, unfortunately.

Sergio Gusmão 45:23

Thank you, thank you. Very related to Virgilio's comments and kind of interconnecting with previous remarks—Maria, you have projects that deal, you know, at Institute for Climate and Society, that deal with grassroots communities. You have projects that deal with very sophisticated development of new financial instruments, so you have a very large and diverse portfolio. What reforms are most urgent to ensure financial flows align with frontline needs and local priorities, in your opinion?

Maria Netto 46:03

I think the first thing is to understand that climate change—or even, let's say, environment, but let's talk about climate change in particular—is not something separated from the economy. And I think the big thing that we are seeing, particularly over the last five years, is this recognition of not trying to separate one thing from the other. And also, there's a type of example—and I want to give this example because it shows the kinds of reforms when we talk about the financial systems and the delivery—is the cost of inaction, and particularly the cost of impacts of climate change and disasters. If we look at last year or the year before, it was in the order of more than 500 billion a year. Less than 50 percent of this 500 billion were insured. And for sure, in Latin America, less than 30 percent. In the case of Brazil, we had a huge disaster last year with inundations in the south of Brazil. The infrastructure was only 5 percent insured. I'm saying this because I don't think we did the planning—both in terms of cities, in terms of Treasury, or, let's say, development planning—nor in terms of local investments or banks thinking really about how to integrate the cost of inaction. We didn't price the cost of climate properly, and so the decision-making is not really yet done to integrate how to integrate this from the point of view of doing more effective activities. So adapting to climate change, reducing the vulnerability, being more resilient, can reduce enormously these costs. Mitigating climate change should avoid this cost to continue increasing, because it will continue being more frequent and more intense. We don't know exactly how. And so I think the big challenge for us is to realize that the way we are rating risks today, the way we are actually developing our insurance products, the way we're promoting investments, is not yet integrating this future uncertainty—that will happen, but we don't know how intense and how frequent. I'm saying this because at the local level, this realizes the need for understanding better the opportunities and the challenges of that, both in terms of scaling the urgency—sense of: we need to start taking advantage. Taking the case of Brazil: huge potential for restoration. Not an easy business. It's a lot of project finance. Yet it is not easy, because a forest may take four, five, six, seven years to grow. And there are not enough insurances for the first three, four years. And if I'm a farmer, there's a lot of uncertainty also about the price or the off-take contract. I don't have yet guarantees for performance. Most of the guarantees are traditional ones. So there are a lot of things that can be done in terms of instruments to respond to the opportunities—but also in terms of the challenges. We can also develop new instruments: insurance and guarantees, ways to integrate also these risks and planning. Now, why this is important for civil society? Because, on the other hand, when the impacts are happening, those who are poorest, unfortunately, are the most vulnerable. And in the case of Brazil, when we had fires last year, dry season, when we had the inundation—it's about the favelas, where the houses are destroyed. And these are the ones that are not reconstructed quickly or properly. Or the Indigenous people in the Amazon that were without fish—and poorer—and having health problems. So in a way, this impacts also our local development, our health systems. It is a very cross-cutting issue. So we need to think about that when we talk about systemic approach and understanding that climate, for instance, is not something de-linked from development. If we want to say it's not—fine. But it will continue to happen. And if we take the United States, where we are, we know that insurers are stopping insuring, for example, houses in Florida. We are having problems in this region. We are in the US with the dry seasons and fires. How we start looking at this as a truly new economic problem that requires a different way to look at the financial system. So practically, we need to look at opportunities of making things happen. I think what Rémy was saying in the case of Latin America—and luckily, in Brazil—we do have a strong development banking structure. So this might be a way to combine public and private finance. And that's why I was mentioning about the importance of also mobilizing resources in a clever way. There is no bullet solution. If you are trying to resolve something with nature or restoration, it is a completely different financial solution than if you are trying to scale innovation in technology, for example, for critical minerals, for green hydrogen, or scaling our wind-powered opportunities. They are different proposals, right? So we need to be able to work with the public finance, the planning, and also the different asset managers and the different sectors of the financial system. We often are talking too much about banks. In Latin America, they are very important. That's another reality when we talk about globally, different countries. Latin America is very, very dependent on the banking system. Our capital markets are very shallow. How do we develop these capital markets, these bonds markets, and so on? May be a great opportunity. But we need to resolve also the underlying failures of the markets. Cost of capital is a general problem for a lot of emerging markets because we work with local currencies, and the dollar is not an easy thing to operate—particularly when people have short-term kind of vision, and you actually need to have long-term investments. So I think these are all issues, but they may also become a huge opportunity. So coming back, I think we have a lot to do. And I think Rami mentioned that—domestically—to try to develop solutions. But there is this international connection need as well. When talking again about economics and climate, this is an area that we need to develop jointly, because I think we're all facing the same problem. We don't have yet the appropriate systems—prudentially, economically speaking, in terms of planning—that is yet there to understand how we handle this uncertainty that has, however, certainty of happening. And so that, I think, is the challenge—and at the same time, the opportunity—for us to act.

Sergio Gusmão 52:52

Thank you. Thank you, Maria. Now over to you, Rémy. This is a year of COP30, but this is also a big year for the development banks and for development finance in general, as we head to the Fourth International Conference on Financing for Development—the FFD4—that's taking place in Seville, Spain, just in late June this year. How can public development banks place themselves at the center of efforts to reform global financial flows, particularly to serve the climate-vulnerable? And I'd also like to remind that, you know, we are here talking to a private sector audience, mainly. What's the relationship? How can we work together—not only in terms of financing projects (and I know that public development banks have financed relevant projects such as vaccines during COVID and large infrastructure projects in Europe and all over the world)—how do you see this positioning? Not only of multilateral development banks, but also national and subnational development banks, as you know so well.

Rémy Rioux 54:11

Yes, I was in New York earlier this week, so another setting, and discussing this other UN process that is not UNFCCC, but the Financing for Development. So it's not that well known, but it's important, because these conferences only happen once a decade. So the last one was also in 2015—it was in Addis Ababa, the year of COP21. And it's important because it gives a bit of a photography of where we are—all of us—in terms of financing, international cooperation, and paying attention to the most vulnerable. And it's particularly important, I would say, at times when international cooperation is threatened—is weakening. Probably weakening as the previous framework many of us served that was set in the 1960s, which is called the ODA—Official Development Assistance—is, well, slowly but now somehow more rapidly, going. So we need urgently to define something—something else—that would be convincing enough for our taxpayers, and also that will answer the needs of private actors, like it was said eloquently on this panel. So I hope—no finger-pointing in Seville in June, early July, I'm not that sure—and that our governments, because it's a UN Member State process, will find a way for Belém actually to—because in the end, it's about the framework. There are several dimensions. One is the discussion about the quality of investments. I think it is very important. And this is a place we can discuss with the private sector. Many of us have developed assessments, filters, opinions. And quality is interesting because it's not only about climate—but of course, it's also—Jennifer is here—about biodiversity. It's also about social, it's also about value creation that is sustainable, that is not destroying the planet and the communities. And this is something for a decade many of us have worked on, that we can share. Second point is this twin mandate I was referring to. So I think for the Global South, we need to give clarity on: okay, there will be a part of finance that will be protected, that will be mostly public, for the most vulnerable. In France, we phrased it: 60 percent of our budget resources for international cooperation is devoted to the most vulnerable—as a guarantee. But which means that the other 40 percent can be allocated in mobilizing private finance somehow, in a very opportunistic way—where it's the most efficient—and deploy innovative schemes. I come to that with private sector like never. And we are expecting from the governments probably stronger KPIs about mobilization. I know we are not there yet, because probably the mandate set to public financial institutions is not yet clear and strong enough. Third, to follow what Virgilio was saying: we have to do way better in terms of efficiency—reducing red tape, relying on each other as fellow public financial institutions—and speed up the way we operate. That's for sure. But somehow it depends also on our stakeholders. And last, maybe—if we do all that—maybe we can merit a bit more ambition. So I'm not expecting too much from budget resources. But who knows? I think we can have investments in public banks to have their balance sheets grow. And I remind everybody that you cannot oppose public and private, because public banks could be, at a time, an asset class in the market—like municipal bonds, or sovereign bonds, or corporate bonds. And they are mobilizing private finance. I mean, this is our model forever. And investing this private money in poor countries, on frontier issues. So, very simple ideas to make MDBs grow—or maybe the wider community of public banks. That's one. Second, of course, on the asset side: consolidate all we did on de-risking instruments—first-loss guarantees. I mean, I think we have a lot of experience that can be replicated and scaled, and scaled up. And then there are also all the other innovations—SDR, how to leverage SDRs—still a pending issue, despite very concrete proposals made by several MDBs. Debt swaps is an interesting mechanism: refinancing, guaranteeing—this kind of instrument. And last, maybe, I think the carbon markets. We need a public component in carbon markets that public banks have to provide. Otherwise nobody will believe in them. The price will stay very low, the infrastructure will not be there, the methodology... We were all waiting for the final negotiation of Article 6 of the Paris Agreement. Now it was done in Baku. I think we would be guilty, as public institutions, not to help these markets go farther. And, you know, Article 6 makes—if a country invests via credits abroad—it can be in its own trajectory. So it's a very strong incentive for international cooperation. Way stronger, probably, than what we have for now. So I stop here just saying that all these ideas—this idea of a new framework replacing ODA, this idea of an architecture that would embark national institutions and forces and link with private like never—was discussed in a report we published in Cape Town end of February during the Fifth Finance in Common Summit, alongside the first G20 Finance Ministers and Central Bank Governors. Yes, there's an issue on regulation as well that the Governors could take care of over time. And it's public, so if any interest on your side, we stand ready to continue the discussion.

Sergio Gusmão 1:01:46

Thank you. Thank you, Rémy. Our time is up, unfortunately. But as we heard today, COP30 is not just about negotiation. It's about enabling action—whether through concessional funding, private capital, or public development banks. The question is not if we can mobilize the needed finance, but how we do it effectively, inclusively, and urgently. Thank you all for your leadership and your insights, and thank you all for being here.

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