CENTER FOR GLOBAL DEVELOPMENT

Principles on Enhanced Climate Finance Effectiveness

A Provider-Level Framework for Systemic Reform of International Climate Finance

BEATA CICHOCKA · ROB MOORE · IAN MITCHELL

Abstract

International climate finance is not delivering as much as it could. With climate needs in lower- and middle-income countries rising and public budgets under strain, providers need to get more value from every dollar spent and recipients need tangible on-the-ground impacts. This paper sets out twelve principles which, if adopted, would help senior decision makers and strategy teams in provider governments and public finance institutions achieve a much more effective climate finance system. The twelve principles are set out across three blocks: (1) **allocation,** or targeting scarce concessional finance where needs and additionality are greatest and making it work alongside other sources; (2) **system optimisation,** or coordinating within and between governments to cut duplication, improve efficiency, and maximise potential synergies; and (3) **impact,** or setting appropriate targets and building a shared evidence base to inform future allocation and track transformational change. Together, these principles form a single, practical framework applicable across all providers, reflecting a mixture of good practices already undertaken by some, as well as proposals addressing system-wide shortfalls. The annex sets out underlying evidence, maps existing initiatives and compiles practical examples from across providers, offering a resource for teams putting the principles into practice.

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Introduction

Climate finance is falling far short of its potential. This paper proposes a set of principles that — if adopted and implemented across providers — would transform the collective impact of climate finance, a goal that is in the interest of providers and recipients alike. After setting out the context, this note summarises the twelve principles which are then set out in detail.

Climate needs in low- and middle-income countries (LMICs) continue to rise and are largely unmet. Providers have committed to mobilising $300 billion per year in climate finance by 2035 under the New Collective Quantified Goal (NCQG), within a broader $1.3 trillion annual goal for overall international climate finance flows to developing countries. International public budgets are under unprecedented pressure, with official development assistance (ODA) declining sharply, climate allocations cut across providers, and geopolitical shifts impacting long-established climate policies at international financial institutions. As the Seville Commitment and the Future of Development Cooperation Coalition have emphasised, demonstrating impact and value is now the defining legitimacy test for development cooperation. International public finance is one lever among many, and concessional finance the scarcest. Providers have a duty to deploy it where it has greatest impact, targeting both transformational development and direct impact in the most critical geographies and sectors; and to accompany public finance interventions with efforts to enable structural reform.

Providers are fundamentally changing their approach. G7 Leaders have outlined a revised vision for international cooperation, focussed on domestic capital mobilisation and private investment, but with little operational detail on how this will be implemented and limited assurance for the most vulnerable countries or sectors where grant resources will remain critical. Many donors are emphasising the importance of development cooperation demonstrating 'mutual benefits', which, beyond the implicit global good benefits of climate mitigation and adaptation, introduces factors such as trade and geo-economic relations. In parallel, many recipients of support are highlighting the importance of nationally led delivery models, often in the form of country platforms.

Efforts to date have been hampered by fragmented delivery and limited coordination, combined with an ever-growing array of channels and instruments — recipients already face dealing with more climate providers than in education or health. But climate outcomes will be judged globally, and providers have a clear self-interest in making their collective effort more than the sum of its parts.

In this context, this document proposes a set of principles which can help providers maximise the collective effectiveness of their climate finance. This would achieve greater impact for recipients and provide better value for providers, with action across three categories:

- **Allocation:** decisions taken by budget setters and senior decision makers at the portfolio level to target budgets most effectively: prioritising by need, ambition and additionality; using evidence of what interventions have worked in what context; with thematic

consideration for climate impacts (adaptation/loss and damage) and mitigation; and utilising the full range of government levers synergistically.

- **System Optimisation:** actions by providers to work more coherently together to deliver a more effective and recipient-friendly system which avoids proliferation in funds, plans and reporting requirements; enhances access and supports national ownership and development models as well as institutional change in delivery partners.
- **Impact:** efforts to generate a shared evidence base to shape decision making and enable mutual learning, and to be accountable for real world results, including both transformational projects and those motivated by more direct impact.

The principles are intended for senior decision makers and strategy teams overseeing public budgets in provider countries, at the level of strategic allocation and portfolio management, whether in government or public finance institutions. Coherence between different public bodies within a single government, and amongst its delivery partners, is a recurring theme. Translation of the framework into individual investment decisions will be highly context dependent, but the principles are set at a level that enables them to be applicable to all providers. Local, context-specific knowledge and in-country coordination are also integral to effective delivery, and the framework is intentionally designed to build practical coherence between top-down decision making and processes and demand-driven approaches critical for effective development cooperation. For readability, the underlying evidence and rationale informing assertions in the principles are detailed in the annex, with the principles themselves kept at a broad enough level to be applicable across contributors.

The framework is informed by existing research and built to complement rather than duplicate the wide range of initiatives setting out best practice in climate finance.[1] It is intended to synthesise these findings into a 'one-stop' set of guidelines for those developing strategic approaches to climate finance, whether in central government or in major public finance institutions. The annex details the research and initiatives drawn on and highlights remaining knowledge gaps. Many of the principles are already being used — either in part or fully — by existing providers, and their formulation was informed by a review of the existing literature and followed extensive engagement with officials and independent experts. Their more widespread adoption by existing and emergent providers would in aggregate lead to a more effective system. Implementation of the principles would require purposeful effort in climate finance strategy development, with resulting actions reflected in programme decisions and in reporting through existing structures including United Nations Framework Convention on Climate Change (UNFCCC) reporting requirements and under the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC).

1 Including but not limited to the Paris Declaration on Aid Effectiveness but also those from the World Bank, OECD DAC, Transformational Finance for Climate Group, Climate Policy Initiative, and in line with various previous COP initiatives such as the Taskforce on Access to Climate Finance (COP26), or the Baku to Belém Roadmap (initiated at COP29). A more comprehensive list of complementary initiatives is included in a Table A1 in the Annex.

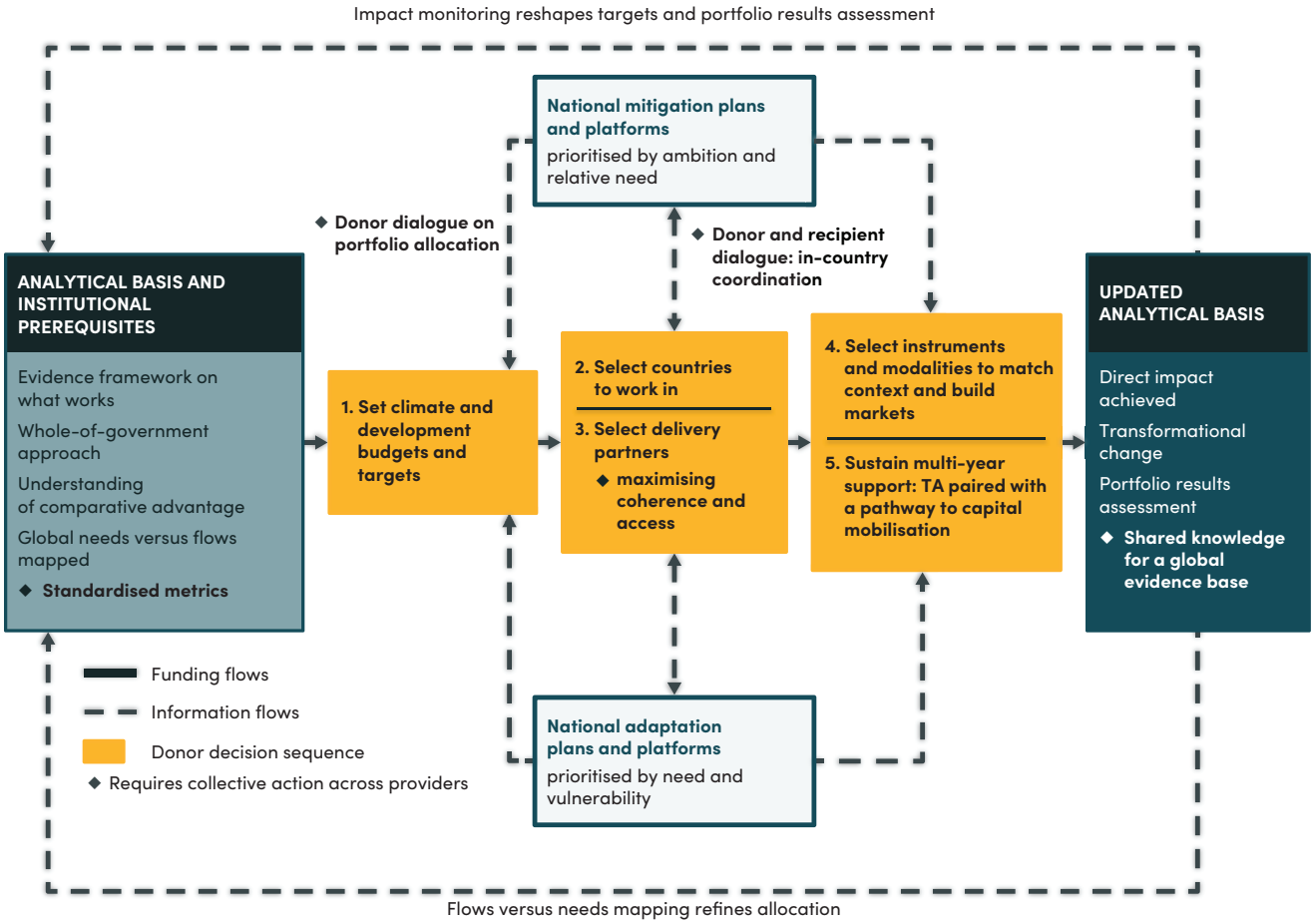
The 12 principles in brief

Allocation
1. **Prioritise countries and sectors with the highest needs,** by focussing the most concessional resources on adaptation and using clear criteria across adaptation and mitigation which reflect their differing rationales.
2. **Ground programmes in evidence of what works,** reserving a small share of the budget for innovative approaches.
3. **Integrate whole-of-government approaches to international climate and development action,** sequencing public investment for better impact and incorporating financial policy reform.
4. **Build coherent approaches to mobilisation** across the capital stack, prioritising market creation and tackling solvable barriers impeding blended finance effectiveness.
System Optimisation
5. **Align behind ambitious country platforms and national plans,** working to sequence and coordinate support for their preparation and implementation.
6. **Enhance coherence with other providers,** by increasing cross-donor coordination and choosing delivery partners deliberately, reducing duplication and concentrating where each provider is best placed.
7. **Deliver on enhanced access and harmonisation,** by streamlining processes and building accountability in disbursement speeds.
8. **Enhance predictability and long-term support,** by pairing technical assistance with plans for follow-on capital mobilisation.
Impact
9. **Focus on outcome rather than input** by setting ambitious outcome-based targets at the portfolio level.
10. **Monitor and evaluate impact,** by publishing ex post results at programme and portfolio level.
11. **Standardise metrics** to allow comparability of results and enable mutual learning.
12. **Define, monitor and evaluate 'transformational' impact,** including by pooling approaches.

A recurring theme throughout is the need for a stronger shared evidence base on countries' needs, existing flows, and impact of programmes. This requires a shift in how providers engage with one another, which can pose institutional challenges but is fundamentally necessary for maximising value in the system — whether in portfolio allocation or through sector-specific or in-country dialogues.

The following section provides further details of each principle, including key considerations and details to inform implementation. A supplementary annex provides a synthesis of evidence and complementary initiatives, structured in line with the three building blocks. The diagram below illustrates how the principles are related to each other, and how the framework may work in practice from portfolio development to allocation within donor countries.

FIGURE 1. Putting the principles into practice from a donor perspective



Explanatory note: Budget and priority setting under (1) should be informed by an evidence base which includes an understanding of climate finance needs, current climate finance flows, and the relevant roles of different actors and appropriate financial instruments across the full breadth of possible government support. Country selection under (2) should be informed by nationally led development strategies, with criteria to benchmark climate mitigation measures in accordance with national ambition and adaptation measures in accordance with vulnerability. In-country strategies (4 and 5) should then bring together various levers (3), seeking to build a sequenced implementation strategy which combines readiness and policy support; pipeline development and a built-in follow-on plan for capital investment, with renewed effort to monitor and report on impact. This can provide an enhanced evidence base which can be used to refine portfolio decisions, which should be shared as a global good and ideally pooled through increased cross-provider evaluation. Increased engagement between providers is critical for this model, allowing for reduced competition and proliferation. In addition to greater transparency, this can be enabled by more frequent dialogues amongst providers to allow individual prioritisation to be informed by a better collective understanding of ongoing interventions and strategies.

Principles in detail

Building Block 1: Allocation

Rationale: There is limited evidence of climate finance being allocated in accordance with global needs. There is no agreed, collective evidence base to enable donors to do so, with recipients' own estimates not being globally comparable, and top-down approaches lacking the detail needed to guide allocation decisions. With scarcer international public finance, there is a greater need to allocate finance with a clearer understanding of need and impact; to inform allocation in the knowledge of what interventions work best in what context; to make synergistic use of the full range of levers available to donors across both adaptation and mitigation; and for efforts to increase domestic resource and private mobilisation to make more complementary use of different instruments and the interactions between them.

Adaptation finance, in particular, shows supply well below increasing demand in vulnerable countries with virtually no correlation with any major vulnerability indices. There have been clear calls from recipients to shift support towards adaptation, partly recognised in the call at the 30th UNFCCC Conference of the Parties (COP30) to triple adaptation finance by 2035. Particularly where providers use grant-based ODA, there is a clear case to prioritise it for adaptation in climate-vulnerable countries.

1. **Prioritise countries and sectors with the highest needs,** by focussing the most concessional resources on adaptation and using clear criteria across both adaptation and mitigation which reflects their differing rationales. Providers should have processes in place to better enable decisions to effectively allocate their international public finance based on where needs and vulnerability are greatest, where political will and conducive policy frameworks exist, and where other sources of finance are not likely to deliver. Currently, while some multilateral providers (the Global Environment Facility, GEF; the International Fund for Agricultural Development, IFAD) publish their allocation criteria, most bilaterals do not, although some (like Germany's BMZ, the Federal Ministry for Economic Cooperation and Development) do set a strategic intent to allocate based on both country ambition and donor complementarity.

   The underlying allocation logic should differ for finance relating to climate impacts (whether for pre-emptive actions through adaptation finance or in response through loss and damage finance), where vulnerability and development impact should be the key driver; versus mitigation interventions, where long-term emission reduction as a global public good is the guiding objective and where the role of concessional public finance must shift with changing technology economics. We refer to mitigation finance as finance expressly targeted at emissions reductions, as opposed to the increasing proportion of general development finance allocated to projects in which low-carbon options are the most cost-effective option regardless of climate objectives.

For resilience (adaptation/loss and damage), there is a particular need to protect and increase grant-based funding and the proportion of this which reaches the most vulnerable. Adaptation finance needs are most pronounced in countries with greatest vulnerability, with growing evidence that reductions in public finance are coinciding with a reduction in overall finance for adaptation. Operationally:

- Given the continued reliance on concessional and grant-based finance for adaptation in many contexts, providers should set minimum allocations within their grant-based budgets. Where this is ODA, this should be in excess of 50 per cent of allocations, in line with the prioritisation accorded to it by developing countries. Some countries, like Denmark and Switzerland, already do so.
- Providers should include a commitment to increase the share of this which reaches the most vulnerable countries in line with an internationally recognised metric of vulnerability.
- Providers should also set and report on targets — as Germany has — to increase their use of anticipatory finance, which only represents 1 per cent of global humanitarian funding despite strong evidence of its cost-effectiveness.

For mitigation, allocation of public finance should be guided by the greatest impact on long-term emissions reductions at the global level, where concessional finance is the binding constraint rather than overall investment needs. Operationally:

- Given the potential for alternative financing sources (including non-concessional public finance) for cost-competitive renewables in most contexts, there should be an increase in the proportion of concessional mitigation finance which either targets green growth in low-income contexts or supports global public goods in sectors and technologies less able to generate revenue on a commercial basis, including pilot projects in green industry, technological innovation and forestry.
- Expected emission reductions should be set against a robust counterfactual, rather than relying on stated targets (for instance, conditional emission reductions in a Nationally Determined Contribution (NDC)). Additionality assessments should account for the level of ambition compared to countries with similar underlying characteristics (such as income), with support prioritised to those taking measures to set more ambitious targets, mobilise domestic resources and establish robust policy frameworks.

2. **Ground programmes in evidence of what works:** Providers should inform portfolio development with structured and evidence-based assessments and a project appraisal process which assesses proposals against the most cost-effective or transformational climate interventions. These assessments should be translated into frameworks and distributed to programming teams to guide decision making; and used for

portfolio monitoring, evaluation and refinement, recognising that in practice investment decisions will also be driven by local factors. These should guide the majority of programming, with a smaller share of budgets used to pilot more innovative approaches with a clear pathway to scale for those which are deemed most effective. Providers should increase the publication and pooling of evidence, towards a shared evidence base which provides a common understanding of effectiveness.[2]

For adaptation, one example of such a synthesis comes from the UK's rapid review, which will be used to inform its forthcoming programming. For mitigation, to avoid the risk that climate finance funds green projects in one jurisdiction but leads to additional emissions elsewhere (as has been the case for previous programmes), this should be evaluated at the national or regional levels, with assumptions about leakage modelled and accounted for. A published shadow carbon value applied consistently in appraisal could guide such a framework, already utilised by the World Bank and other multilateral development banks (MDBs).

3. **Integrate whole-of-government approaches to international climate and development:** Providers should develop and publish a whole-of-government (or whole-of-institution) strategy showing how various financial and non-financial levers work together, based on a clear understanding of the comparative advantage of each (see also Principle 4). This should bring together ODA, other forms of international public finance and regulatory and fiscal reforms into a coherent approach which exploits synergies between different levers. Despite much rhetoric on the importance of combining financial and policy reform given the scale of the financing challenge, to our knowledge no climate finance provider has set out a comprehensive response for doing so.

    - Fragmented implementation often stems from departments lacking sight of each other's programming. Providers should move beyond a stated intention to increase coherence by implementing practical coordination mechanisms to enable a shared view of pipelines across departments and delivery vehicles.
    - For public investment, a more coordinated approach should enable more deliberate sequencing of investments where different forms of finance (such as technical assistance, development finance and export finance) can play complementary roles towards scale and impact in recipient countries.
    - A whole-of-government approach should be embedded within a dedicated strategy for financial reforms to remove structural barriers to investment (such as through fiscal relief, efforts to tackle data gaps which deter private investment, and financial regulation which actively manages climate risk), including those which directly interact with public development finance.

2 Whilst a shared evidence base would reflect best practice, criteria and reporting systems are not identical across providers. Providers should seek to harmonise these where possible, but can in the meantime contribute to a better global evidence base through increased publication of evaluations and participation in shared dialogues.

- As climate impacts rise, providers should increasingly integrate climate finance with disaster response, including through greater use of pre-arranged finance and tools such as climate-resilient debt clauses. Climate finance channels with a role in response, such as the Fund for Responding to Loss and Damage (FRLD), should have operational and governance models which enable them to do so rapidly.
- Coherence across bodies, modalities and vehicles for climate should itself be periodically and independently evaluated.
- To provide transparency on the allocation of additional budgetary resources being allocated to climate, reporting should include the grant equivalent value of climate finance as well as its face value.

4. **Build coherent approaches to mobilisation across the capital stack:** Despite many years of effort, direct private finance mobilisation rates per unit of public finance have not increased across providers. Donors should focus on systemic approaches to finance mobilisation with market creation rather than direct mobilisation as the primary aim. This should include:

    - prioritising support which builds lasting change in recipient countries, with technical assistance paired with capital mobilisation strategies, domestic resource mobilisation prioritised and support for local actors such as national development banks (NDBs) to enable sustained local growth and avoid exacerbating indebtedness.
    - deepening measures to optimise MDB balance sheets, including greater use of guarantees and asset recycling and securitisation models to mobilise climate finance in investment-grade economies, allowing core MDB resources to be prioritised to low- and lower-middle-income countries.
    - requiring delivery partners to work towards the standardisation and harmonisation of blended finance approaches, with a prioritised focus on scaling the most impactful existing initiatives and funds.
    - improving transparency in blended finance, with clear commitments to act on the lack of reporting on the level of, and rationale for, subsidy.
    - diversifying instrument use beyond concessional loans, with greater use of guarantees as a proven and fiscally efficient means of mobilising private finance; and greater use of patient equity for long-term transformational investment.

    Together, these measures should allow for grant-based finance to focus on high-impact interventions either in adaptation interventions unable to offer a return in the most vulnerable countries; or transformational policy support, technical assistance and technology support where this is unlikely to diffuse from innovation in advanced economies.

Building Block 2: System Optimisation

Rationale: As climate finance has evolved, a wide array of initiatives has sprung up to support it. These are delivered individually, each with its own priorities and reporting requirements; their systemic additionality is difficult to gauge; and they are often driven by politically expedient announcements rather than an assessment of which interventions have greatest impact. The result is a system which is difficult to navigate for recipients, where less finance reaches end users, and where duplicated plans which are never implemented pile up in recipient countries. There is a need for a streamlined, open system with fewer initiatives and plans and more finance going into the implementation of those plans which have buy-in. This must respond to a pivot in the nature of support towards country-led plans, which has significant implications for the nature of international support.

5. **Align behind ambitious country platforms and national plans,** working to sequence and coordinate support for their preparation and implementation: Country-led climate and development plans (building on commitments in NDCs, National Adaptation Plans (NAPs) and Long-Term Strategies) should serve as the basis for programming in implementation. Whilst allocation between countries should be informed by national ambition, effective international cooperation must align with national priorities. This has implications for how climate finance is delivered, including:

    - increasing multi-year technical assistance, preparedness and governance support, with intentional effort to sequence investments and reduce duplication in national planning and readiness support. This should aim to cohere around single in-country plans which are owned by key decision makers in-country (see Principles 7 and 8) rather than creating multiple overlapping plans, with the resources this frees up being put into developing pipelines for implementation.
    - providing flexible support for the development of these plans and the national capacities to implement them, which is a critical first step in their delivery model and should be available to all countries.
    - pairing this support with accompanying strategies for scaling capital mobilisation, including purposeful effort to engage MDBs, national development finance institutions (DFIs) and the private sector towards capital investment in their outputs.
    - alignment behind national results frameworks, so that results reflect country-led progress towards climate and development objectives.
    - greater pooling of resources in preparedness and national planning, with a clearer division of labour between delivery partners and consideration of a single facility for readiness support.

6. **Enhance coherence with other providers** and choose delivery partners deliberately: Providers should purposefully enhance coherence and coordination with other actors and reduce proliferation in climate finance delivery. Much effort has been made to increase coherence at the country level, whether through the Just Energy Transition Partnerships (JETPs) or through country platforms, but strategic dialogues between donors at the level of budget allocation remain limited. Resolving this requires the following:

    - build a better shared evidence base between providers on needs at the global, national and sectoral level. This should include greater joint commissioning of evidence on needs and finance flows so that providers have a shared, public evidence base to draw from.
    - create dedicated dialogues between providers at the level of portfolio development, so that individual providers have a better understanding of the plans of others prior to determining major budget allocations.
    - identify and clearly communicate areas of 'comparative advantage', either at the level of government or financial institution, and focus bilateral support within these areas to ensure it is truly additional and value-adding.
    - actively avoid the creation of new initiatives and trust funds unless there is a clear value case which overrides their cost, avoiding proliferation and seeking instead to consolidate existing initiatives over time.
    - place requirements on delivery partners to collaborate and share information in the provision of technical assistance and readiness support.

7. **Deliver on enhanced access and harmonisation:** Providers should reduce the cost, time, and complexity recipients face in accessing climate finance. This should focus on implementation of intentions already made amongst the MDBs and climate funds, with the aim of ensuring accountability in implementation across all providers — whether MDBs, multilateral climate funds (MCFs) or bilaterals. Specific measures should include:

    - holding delivery partners to account for commitments to accelerate disbursement rates (which evidence shows lag behind in climate finance as compared to other types of development finance) and reduce transaction costs, ensuring these are reflected in strategies and performance frameworks. This should include time-bound targets for quicker disbursements with accompanying reporting;
    - where appropriate and consistent with relevant organisational safeguarding policies, combining capacity building support with increased mutual recognition of accreditation, so an entity accredited by one fund can access others;
    - harmonising applications and templates and supporting digital tools which can enable countries to more readily navigate remaining complexity;
    - increasing direct support (including capacity building support) for local actors, including by increasing the proportion of support from multilateral climate funds that reaches national entities.

8. **Enhance predictability and long-term support, pairing technical assistance with plans for follow-on capital mobilisation:** Predictability is a key component of climate finance effectiveness. It allows recipients to conduct national planning processes, set ambition, build pipelines and execute projects across realistic timeframes. Providers should:

    - Where possible at the portfolio level, set multi-year commitments to enable partners to engage, plan and implement over realistic timeframes.
    - Translate these portfolio commitments into multi-year programming, allowing for project development in line with realistic timeframes. Technical assistance, especially for institutional capacity development, national planning or policy development, should be on a multi-year basis and accompanied by a follow-on plan for capital investment.
    - Where a bilateral provider cannot provide this certainty, for instance due to national budget constraints, consider channelling finance through a multilateral actor that is able to do so.

Building Block 3: Impact

Rationale: Climate finance should be judged on its outcomes, rather than money spent. Approaches to evaluating quality and impact are not widespread, and where they exist remain highly institution specific and non-standardised. Project and programme-level reporting is particularly limited, which limits the ability to evaluate which interventions work best. This section outlines the steps donors can take to resolve this — enabling better targeting of future finance, building confidence in delivery and enabling the alignment of international public support with a credible vision for meeting global financing challenges.

9. **Focus on outcome rather than input by setting ambitious outcome-based targets at the portfolio level,** rather than focussing on input-based financial measures alone: In order to shift focus from money out the door to outcomes achieved, providers should set ex ante targets for the outcomes their climate finance portfolio is expected to achieve. Targets may be expressed as ranges, enabling a continued focus on impact whilst reducing the political challenge inherent in setting stretching targets which may be difficult to deliver. Few providers currently do this: portfolio targets for climate remain predominantly financial and expected results are rarely published alongside those achieved. Several providers are taking positive steps which can inform future target-setting efforts, for example by commissioning projections of emissions reductions expected across their bilateral and multilateral portfolios, or reporting against both the impacts already achieved and those still expected in the future side by side (alongside a consideration of attribution for these results). These establish that ex ante projection of results is feasible and aggregable across a wide range of activities.

10. **Monitor and evaluate impact:** Providers should report on results — including whether targets have been achieved — ex post, at both the project and portfolio level on an annual or at least semi-annual basis. Currently, although many major bilateral providers set out climate-specific indicators, very few apply these consistently at the project level, nor do they report on them regularly. Operationally:

    - Whether results can be credibly reported and evaluated is partly determined during the project design and approval process. To enable this, providers should require that adaptation and mitigation programmes carry some measurement baselines for the indicators they intend to report against.
    - For development projects marked by providers as climate-related under the Rio marker methodology, results frameworks should be designed with climate-relevant indicators in mind, rather than having these retrofitted. The number of climate indicators should be proportionate to the importance of the climate objective to the programme: at least one such indicator where the climate objective has a 'significant' marker, and a share of the framework reflecting it where the climate objective is 'principal'.
    - Development of common attribution standards (such as pro rata accounting) for impact reporting to avoid double counting, for instance when multiple providers deliver through a single multilateral entity.
    - Where possible, disaggregating results achieved by gender, age and vulnerable group status, which can help monitor impact on specific context-dependent vulnerabilities.
    - Complementing reporting with independent evaluation, with a small share of the budget allocated to monitoring and evaluation.
    - Establishing processes to ensure findings feed back into programming decisions. This should include greater pooling of approaches to evaluation and evidence gathering between providers, which would offer greater efficiency, support coherence and help build trust in the robustness of evaluation.

11. **Standardise metrics** to allow comparability of results and enable mutual learning: Providers should agree joint methodologies for impact measurement, aiming to support ongoing comparability and evaluation of what works. At minimum, these should include, for mitigation, a target for CO_2 equivalent averted (tCO_2e); for adaptation, the number of people supported for strengthened climate resilience; and private finance mobilised for projects targeting catalytic effects — all of which have been shown to be standardisable through the multilateral climate funds. Particular effort should be made to refine metrics for adaptation outcomes, including more accurate sector-specific adaptation indicators. In particular, providers should acknowledge that adaptation indicators centred on the number of people supported are a measure of programme reach rather than improved resilience, and these should be accompanied by a clear statement of the vulnerabilities being addressed. This could build on progress made via the MDB Common Approach, whilst also seeking to build interoperability with the private sector.

12. **Define, monitor and evaluate 'transformational' impact:** To mobilise the level of finance required to meet climate and development goals, there is a need to increase 'transformational' approaches which can mobilise finance catalytically, create markets, support policy change, build lasting institutional capacity and provide demonstrator effects. Effectiveness of transformational interventions is poorly understood and requires monitoring beyond project boundaries. This reinforces the need for dedicated budgets and the pooling of resources outlined in Principle 10. To support an increase in the scale and effectiveness of transformational interventions, providers should:

    - define their interpretation of transformational change, working towards coherence and a shared definition, building on existing approaches, which combine elements like long-term relevance, scale and depth of systemic impact, speed, and sustainability;
    - specify and mark interventions aimed at systemic effects, stating before committing finance what transformation is intended, through what pathway and on what assumptions — and monitor impact accordingly;
    - support evidence building around effectiveness of transformational interventions, including pooling monitoring and evaluation approaches. The guiding aim should be to improve understanding of what works and enhance future interventions rather than to 'claim' mobilisation, though building a common approach to attribution can help avoid the challenges seen in efforts to avoid double counting in private finance mobilisation.

Annex

This annex provides an overview of background and rationale for the principles, with links to further reading and existing initiatives. Recognising the interconnected nature of the principles and the overlap in rationale for individual principles within each of the three building blocks (allocation, system optimisation and impact), each building block is presented within an integrated section. This reflects that similar issues, knowledge gaps and existing initiatives apply to all four principles within a building block.

Each section begins with an overview of the challenges the building block is seeking to respond to, and how doing so can enhance effectiveness across the climate finance system. This is followed by a further explanation of the principles, measures that donors could take to implement them, and identification of existing initiatives and opportunities for progress (further listed in a table at the end of this section).

Background: Allocation

This building block responds to the challenge of targeting public budgets to the most impactful interventions in the regions of greatest need. This includes:

1. Prioritising countries and sectors with the greatest needs, allocating budgets accordingly in an era where climate finance is diversified across a range of channels and levers.
2. Grounding programmes in evidence of what works, by strengthening the use of evidence-based frameworks to guide more effective interventions.
3. Integrating whole-of-government approaches to international climate and development action, and the institutional and governance elements that can enable this.
4. Building coherent approaches to mobilisation across the capital stack, so that public finance is used to greater catalytic effect.

Whilst the precise approach used to allocate budgets varies across donors, there are common principles and evidence which can encourage the allocation of financial support to the greatest need. This is more critical than ever at a time of scarce public finance, especially for concessional or grant-based resources, 'the scarcest and most vital source of finance for meeting urgent and high-priority needs'; and where a focus on private finance mobilisation must also be informed by a realistic assessment of what it can and cannot achieve.

The rationale for budget allocation fundamentally differs for measures seeking to reduce emissions (mitigation) and those seeking to enable developing countries to respond to expected or incurred climate impacts (adaptation/loss and damage).

Adaptation and resilience

Adaptation finance has been shown to typically confer over $10 of benefit from every $1 invested but remains chronically underfunded globally. Providers have committed to an aim of tripling adaptation financing levels by 2035 but there is no pathway for doing so, with current international public finance at $26 billion against annual needs of $310 billion. Even with system reform to better mobilise private finance for adaptation, around 75 per cent of adaptation finance is in areas typically funded by the public sector and it will continue to require increased grant-based finance.

A small number of providers set adaptation targets against a grant-based denominator. Denmark commits at least 60 per cent of its grant-based climate finance to adaptation, a target it reports having met in 2024; New Zealand set a floor of 50 per cent for adaptation within a wholly grant-based commitment; and Switzerland commits at least 50 per cent of its bilateral public grant-based climate finance, with a stated rationale resting on capacity to pay and the polluter pays principle. These remain the exceptions. Most providers with an adaptation target, among them the Netherlands (50 per cent), Canada (40 per cent), and France (one third), apply it to total climate finance, a denominator which includes loans, or simply call for 'a balanced split' (such as Germany).

Beyond its headline level, there is a clear need to prioritise finance for the poorest and most vulnerable. This is where development gains can be greatest per unit of public money spent. As long as climate risk is effectively integrated into development planning, adaptation is a function of development and should follow the same allocation logic.

There is no common definition of vulnerability, though there are a number of independent metrics which seek to rank countries in accordance with vulnerability.[3] These rank countries very differently, though consistently find fragile states and least developed countries (LDCs) to be the highest ranking. We have also not identified a provider which allocates against an internationally recognised vulnerability metric, and there is virtually no correlation between historical adaptation finance per head and any average vulnerability measure, with the bulk of climate fund commitments flowing to middle-income countries. Where vulnerability does enter allocation it does so categorically, as in the Green Climate Fund's (GCF) floor of 50 per cent of adaptation resources for LDCs, Small Island Developing States (SIDS) and African States, an approach which does not differentiate within those groups. Germany's own climate and energy strategy acknowledges that a more systematic approach is needed in dealing with partner countries' vulnerability. The real-world consequences of this were exemplified by adaptation finance to LDCs falling by 35 per cent in the latest year; and whilst some multilateral funds included designated targets for vulnerable groups, there is no globally agreed floor for allocating finance to these groups.

3 Including the UN's Multidimensional Vulnerability Index, ND-GAIN, INFORM and FERDI's Physical Vulnerability Index.

Whilst much can be done to enhance private finance mobilisation for adaptation (with initiatives such as the UN Environment Programme's (UNEP) Adaptation and Resilience Investor Collaborative seeking to do so), these will not deliver where there is no revenue stream; and non-concessional finance will also not deliver where debt servicing costs are insurmountable. Aggregate costs of adaptation in the most vulnerable countries are a small share of overall needs, estimated at $33.5 billion per year by 2035 in LDCs and $4.2 billion per year in SIDS. There is a strong rationale for donors taking proactive steps to protect the most vulnerable countries by ring-fencing a share of their grant-based budgets to target adaptation interventions within them.

As climate impacts rise, a key next stage in the evolution of climate finance will be its increased interaction with humanitarian response. This raises questions for both the allocation of and operating modalities for climate finance. Evidence shows that Fragile and Conflict Affected States (FCAS) are the most vulnerable to climate impacts, but receive the least adaptation finance per head (even when compared to SIDS, LDCs and low-income countries, LICs). Whilst there are of course challenges in delivering adaptation projects in such settings, amidst wider cuts in human development, increasing efforts to channel adaptation and loss and damage finance to them is essential. Increased, multi-year efforts are needed to raise the volume of adaptation finance reaching these settings.

As climate impacts grow, the interaction between climate finance and disaster response will too. Pre-arranged and anticipatory finance, which enables more rapid response when disaster strikes, has been growing in recent years but still makes up only a small proportion of overall humanitarian assistance. An increase in preventative support and pre-arranged finance to 5 per cent of overall humanitarian funding has been called for by the International Rescue Committee; Germany is the only major provider to commit to this level (though others, such as the UK, have committed to monitoring levels through their reporting). Pre-arranged finance also suffers from the same distributional challenges as adaptation finance, with only 7 per cent reaching LICs or FCAS.

Decisions are also pending on where to put incremental finance for responding to climate impacts. The challenges posed by UNFCCC bureaucracy are illustrated by the nascent Fund for Responding to Loss and Damage (FRLD), which as well as being poorly capitalised (already in receipt of $2.8 billion in funding proposals against $800 million in pledges) faces governance challenges which have meant it has to date been unable to respond to an urgent request from the Nepali government to provide support in the aftermath of catastrophic flooding. The fund was born out of critical concerns of vulnerable countries over the lack of financial support for responding to climate impacts. But if climate funds are to be set up to support rapid response (rather than relying on existing, established channels), their operating modalities require them to be able to do so. Clarity on the role of the fund should be defined early, and if it is to play a role in humanitarian response it will need the ability to make real-time decisions on allocation when catastrophe strikes.

Mitigation

For mitigation finance, where the driver is achieving the global public good of emissions reductions (as opposed to wider development gains arising from clean energy access and other low-carbon infrastructure), budget allocation should be determined by the relative need for public finance rather than absolute investment needs. This is especially pertinent with the increasing cost competitiveness of renewable electricity, which is now the most cost-competitive form of power generation in over 90 per cent of projects. This has implications for how to target climate finance which is expressly seeking to influence mitigation outcomes (as opposed to broad 'Paris-aligned' development finance into climate-relevant infrastructure, which analysis shows has had limited impact on portfolio allocations). This should see an increase in direct public finance — at least where finance is primarily aimed at climate mitigation, rather than low-carbon projects that are already the most cost-effective option for economic development — into core infrastructure investment which can facilitate clean energy (such as grid upgrades and electricity storage); more costly deep decarbonisation measures (in sectors such as heat and green industry); and difficult-to-finance sectors, such as agriculture and forestry. These are the sectors with the highest relative gap in current finance flows (versus current levels).

Given the reliance of additionality on transformation of policy frameworks and economy-wide decarbonisation pathways, allocation decisions should be informed by impact on jurisdictional emissions rather than at the level of the project. This can avoid the risk that funding low-carbon activities in one area of the economy simply leads to additional emissions elsewhere. The absence of a consistent framework for enabling this evaluation, given the lack of consistency in climate plans such as NDCs, represents a critical gap in the effective allocation of climate finance.

It is important that donors select the form of finance most suited to individual country needs, with regulatory interventions or de-risking measures (which can often be delivered without significant impact on donor balance sheets) in more mature technologies — where the financing challenge is often related to political economy or broad cost of capital challenges which skew away from low-carbon investment rather than the need for sector-specific subsidy — offering a vehicle to free up concessional finance for less investable countries or less mature technologies.

Shadow carbon pricing offers one example of an evidence-based framework for programming teams. Already, the World Bank's 2024 guidance makes the use of a shadow price of carbon a corporate commitment for investment project financing subject to greenhouse gas accounting, requiring economic analysis to be presented both with and without it; the European Investment Bank (EIB) applies a value it expects to reach around €250 per tonne by 2030; and the European Bank for Reconstruction and Development (EBRD) applies its price to all projects above 20 $ktCO_2e$ per year, using it to test whether a project is the least-cost option among realistically available alternatives. Bilateral development finance institutions have largely not followed.

Tools and modalities

The divergent characteristics of cost-effective approaches for mitigation investment and well-targeted adaptation finance call for greater differentiation in the tools used to achieve them. Moving beyond hard-to-abate sectors or those without clear alternative revenue streams, the primary financing challenge facing clean power is cost of capital and investability. Sustainable solutions to these challenges exist which do not detract from grant-based ODA, including through leveraging the balance sheet credentials of public finance institutions. Charles Kenny has written on the case for increasing the use of non-concessional — but below market rate — investment in energy infrastructure in better-off countries. The expanded balance sheet size and accompanying revenue this investment can generate can see returns recycled to increase adaptation finance in vulnerable contexts. Such a model, if adopted at scale, would allow for DFIs to contribute to capital-intensive emissions reduction projects in emerging markets whilst shoring up a declining ODA base to be allocated to the poorest and most vulnerable. An initial step towards this has been announced by the UK through British International Investment's (BII) British Climate Partners model, which targets a higher return than BII's general portfolio for low-carbon investment in emission-intensive countries. The UK stopped short of using these returns to support restoration of grant-based ODA, with the additional expected revenues instead being retained within BII.

The interaction between national ambition and allocation of mitigation finance poses particular challenges for providers. Unlike corporate net-zero commitments, there is no commonly used standard (such as the Science Based Targets initiative's Corporate Net Zero Standard) for evaluating the relative ambition of national climate commitments. This is complicated by the highly divergent starting points of recipient countries — including income level, fiscal context, the starting point of key sectors such as energy and land use and the availability of low-carbon resources.

A loose baseline could include reviewing the 'conditional' ambition in an NDC, which stipulates the additional mitigation a country is willing to undertake if external support is provided. This has a number of pitfalls — NDCs are highly unstandardised, and allocating based on conditional mitigation ambition could create a perverse incentive in which countries would stand to benefit from keeping their stated domestic commitments low.

A more effective framework would enable greater discernment of what is financeable with available domestic resources and achievable regulatory reforms to attract foreign direct investment, separating those elements which have a genuine need for international support (this was central to Brazil's country platform, the Ecological Transition Plan). This requires greater standardisation and granularity in how needs are articulated and the conversion of NDCs into financing plans. To gauge the likelihood of permanent emissions reductions, factors indicating stable political will — including elements beyond headline NDC targets like governance, policy reforms and efforts to create an attractive investment environment — would also need to be considered. This can help ensure that finance towards green projects is not simply displacing emissions to elsewhere in the economy,

and therefore not achieving the objective of reducing emissions. The ability to discern this from NDCs to date is limited.

Governments are a long way from such a system being practically implementable, but improving standardisation of how national plans and support needs are communicated (recognising that plans themselves will remain diverse) would help. Few current NDCs provide key information such as needs quantification, responsible institutions and pathways for implementation. An interim step that providers could take themselves is the publication of clear criteria outlining *how* they prioritise their targeted mitigation support, which can help recipient countries in preparing national plans in a manner that is likely to secure it. There are some practical examples that providers can learn from, including through the Climate Investment Funds' (CIF) approach for weighing national ambition in their programme allocations. This also argues for a refocussing of MDB climate finance into policy-based lending, which provides a much better fit for building mitigation ambition at the national level than project finance. Co-learning between climate finance approaches and jurisdictional approaches to carbon credit finance — which face an acute need to demonstrate additionality at the national level in order to meet integrity standards — could also help support assessments of whether climate finance is leading to genuine emissions reductions.

Whilst ambition should influence capital allocations, building it relies on the capacity to develop national plans and strategies. The provision of flexible readiness support is critical, but suffers from a proliferation of initiatives, where greater pooling could reduce administrative costs, improve transparency and accountability, and simplify the ecosystem for recipients. See 'system optimisation' background for further detail.

Whilst integration into national planning should also be an aim for adaptation — and the integration of climate risk across economic systems essential for resilience building — the interaction of planning and programme allocation is more nuanced given the local-benefit nature of adaptation interventions and the predominance of vulnerability in capacity-constrained contexts. The absence of a sufficiently ambitious national plan should not prevent support for local adaptation projects which are able to confer high impact at the project boundary.

Overcoming common allocation challenges

Not all climate finance is directly allocated to countries. This can pose barriers to effective allocation, but these barriers are not insurmountable and simple measures can help finance reach where it is most needed. Some of the most common barriers highlighted by providers are:

- Multi-country programmes or trust funds, where intermediary institutions make decisions on individual project allocations. Donors to such funds can act to ensure appropriate allocation criteria are factored into decision-making processes when contributing funds and at the point of funding allocation.

- Delivery through multilateral institutions, where donors have less control over individual allocation decisions but are nonetheless able to champion allocation policies through relevant boards, strategy updates and at the point of allocating funds.
- The mainstreaming of climate into development finance, whereby climate is tagged on to broader development finance. Here, the incorporation of climate vulnerability and climate-related investment needs into development cooperation strategies and diagnostics can enable appropriate targeting within wider development portfolios.

Prioritising evidence-based approaches

The evidence base for effectiveness of interventions in climate change is surprisingly thin compared to other sectors, such as education or health. Still, individual donors and initiatives have taken action. For instance, the UK's Foreign, Commonwealth and Development Office (FCDO) commissioned a rapid review of adaptation effectiveness in 2025 to inform its climate finance programming, and J-PAL's King Climate Action Initiative (run by the Abdul Latif Jameel Poverty Action Lab) has funded 45 randomised evaluations and 16 scale-ups based on promising interventions. Publication and pooling of such evidence — potentially mediated by the multilateral climate funds — could support much better global understanding of effective interventions. This would allow individual providers to draw from a shared, trusted evidence base and focus their evidence gathering on their own portfolios and comparative advantage.

But developing and publishing the evidence is also not the same as using it by embedding it within allocation, project approval and appraisal processes. As an example, an independent review of the UK's energy portfolio found little evidence that existing 'best buys' documents and evidence reports were being systematically used and understood by staff working on the energy transition portfolio.

Whilst evidence of effectiveness should be directly used to inform global or multi-country programmes, prioritising based on global evidence also needs to be reconciled with country-led priorities and nationally defined needs and contexts, the subject of Principle 5. In national programmes, global frameworks are best used as guidance, rather than binding rules, enabling the monitoring and continual refinement of portfolios over time rather than setting hard limits on what is and isn't to be supported, which also requires local judgement. Ultimately, value will lie in an assessment of evidence of cost-effectiveness at the global level *alongside* a context-specific evaluation, in the context of a national plan or country platform.

Complementarity of levers across departments and modalities

The importance of a whole-of-government approach is illustrated by the fact that climate outcomes in developing countries are shaped as much, if not more, by trade rules, prudential regulation and debt regimes as by public climate finance volumes. OECD work on policy coherence finds governments have strengthened coordination mechanisms, but these do far less to anticipate

the transboundary effects of domestic policy, to find complementarity between regulatory and spending levers, or to resolve policy divergences. These need to be strengthened within the decision-making process. The gold standard should be for governments — including finance ministries, central banks and ministries of trade — to outline comprehensive mobilisation strategies which articulate how their full set of levers is supporting transformation and alignment and how their governance and operations are enabling delivery. No government has yet done so, despite this being a core implication of the Brazilian G20 Presidency's Task Force for a Global Mobilization against Climate Change (TF CLIMA) initiative and the subsequent Baku to Belém Roadmap. The call for whole-of-government approaches by recipients of climate finance should be mirrored by providers of it. Failure to act across levers will reduce the cost-effectiveness of the transition and lead to further calls on concessional finance to respond to climate impacts or tackle stranded assets.

Coordination across departments for global public goods, or for climate more specifically, nonetheless remains limited, and has been shown to have deleterious effects. In the United Kingdom, an independent review of aid for energy transition found that — whilst energy transition finance was effective overall — the division of roles between departments contributed to fragmented implementation, blurred responsibilities and overlapping programming; while another review on sustainable cities attributed part of the problem to the absence of interoperable information systems across departments.

A 2023 OECD review of climate evaluations across seven European providers found low levels of coordination between the agencies and ministries working on climate finance, attributed to resource intensity, constrained staff capacity and limited technical knowledge, while the same evaluations identified a whole-of-government climate vision with clear indicators as a condition for consistent and efficient delivery. Even within public finance institutions, there are significant gaps in coordination (for instance, between development finance institutions and export credit agencies), which are able to play synergistic roles in market creation if working in similar contexts and geographies. Making public finance go further in an era of constrained budgets will require more coherent strategising across levers, including between bilateral and multilateral delivery channels. Effective governance would allow for co-strategising and consistent information exchange between these actors, to enable the identification of complementary roles and synergies. Donors have an opportunity to articulate such approaches through their strategies for mobilising climate finance, including through their biennial reporting to the UNFCCC.

Dedicated coordination mechanisms for climate finance exist, with Switzerland and Canada being two positive examples. Switzerland's PLAFICO platform, established in 2012, brings together the federal environment office, the State Secretariat for Economic Affairs (SECO), the development agency, the Federal Finance Administration and the foreign ministry's sectoral division, which jointly determines Swiss positions in the Green Climate Fund and commissions shared analysis, including an assessment of options for expanding Swiss climate and biodiversity finance rated by environmental impact, political feasibility and financial effectiveness.

Meanwhile, Canada established interdepartmental governance for its CA$5.3 billion climate commitment, with a dedicated Climate Finance Division acting as departmental lead from 2021 and joint oversight shared between Global Affairs Canada and the environment ministry. Where providers have examined coherence directly, the findings have been critical. Canada's 2025 evaluation of its climate finance programming assessed coherence from 2010 to 2024, and found misalignment between climate finance goals, the structure of the commitment funding profile and budget targets, an absence of the definition of success, and decentralised delivery across multiple centres, with a published management response committing to a programming framework ensuring coherence across government by April 2027.

Still, Germany illustrates the fragility of such arrangements: responsibility for the International Climate Initiative (IKI), which supplies 17 per cent of German climate finance against 79 per cent from the development ministry's budget, has shifted between ministries twice since 2022, and the Initiative's own strategy states that closer coordination and joint planning with the development ministry remain necessary to increase joint impact. And the OECD's 2025 peer review of Switzerland cautions that cross-departmental alignment builds consensus but does not always result in increased policy coherence.

The scale of finance needed to meet climate and development goals means international public finance needs to power a wider shift in financial flows, incorporating domestic resources and private sector flows. This was reflected in the Paris Agreement's Article 2.1c, with the establishment of the $1.3 trillion target under the NCQG moving away from only incentivising directly mobilised finance to incorporate catalytic approaches to finance mobilisation — including indirect mobilisation as well as policy and regulatory measures.

Whilst some progress has been made to scale blended finance approaches, the public sector has not in general got better at mobilising private finance over time, with finance towards the $100 billion goal consistently showing private finance mobilised at 20–30 per cent of the total developed country contribution. There are specific steps providers of climate finance can take to help resolve widely understood challenges in scaling private finance:

1. Supporting the standardisation of blended finance approaches, lack of which has hampered efforts to reach scale. Initiatives such as the OECD's Blended Finance Guidance and SCALED provide a basis to work towards this. Ensuring any subsidy for blended finance initiatives is accompanied by a requirement to work towards standardised approaches can help accelerate progress.
2. Prioritising support for local actors, who were involved in under 20 per cent of blended finance transactions in 2025. Increasing this is critical for market creation, avoiding increased debt burden and ensuring sustained growth in developing countries. Specific support for national development banks or local currency lending (such as domestic currency bonds) can help remedy this.

3. Acting on suboptimal international regulatory and economic environments, including with regard to prudential treatment of blended finance products, investor risk perception and developing country indebtedness. Resolving such issues can be a focus of the whole-of-government approach outlined in Principle 3, pending translation of initiatives like the UK's EMDE Investor Taskforce into real policies.
4. Lack of diversity in instrument use, with 97 per cent of public finance still delivered through grants or loans despite clear value cases for guarantees as a better finance multiplier and greater use of patient equity for early-stage and pilot investments in nascent markets.
5. Definitively acting on transparency gaps arising from limited disclosure of blended finance performance. This hampers effectiveness and market creation, impedes assessments of additionality, and increases the risk that different development institutions will compete to offer better terms to a private sector actor. Transparency should be a requirement for future projects, improving evidence for future allocations of concessional finance and subsidy optimisation; and enabling better evaluation of impact and an understanding of when subsidy is and isn't required.

Whilst these structural challenges are resolved, two immediate ways of increasing private finance mobilisation are for providers to scale up support for the most effective existing funds rather than creating new ones (recognising the value of institutions which have built up effective private sector portfolios); and to further scale originate-to-distribute approaches pioneered by the MDBs to securitise assets and sell them on to private investors (this allows for MDB capital to be recycled into new projects, though comes with a resource cost, which could be supported through relatively low-cost contributions to MDB trust funds from willing national donors).

Though there is some scope to increase mobilisation in adaptive investment and relatively neglected sectors such as agriculture, private finance will continue to primarily drive investments on returnable assets in investable economies. In turn, this should lead to an increase in allocation of grant finance to the poorest and most vulnerable countries. Increased use of results-linked products — including for adaptation (making use of progress in resilience metrics) — can help ensure impact. This is likely to be most cost-effective where the challenge is incentivising behavioural change rather than overcoming a shortage of capital, such as for policy interventions to enhance resilience.

Background: System Optimisation

This building block responds to the challenges encountered through insufficient coordination and coherence across the climate finance system. This includes:

5. Aligning behind country platforms and national plans, adapting the provision of climate finance to respond to their needs and thereby catalysing greater systems change.
6. Enhancing coherence with other providers by strengthening coordination in support provision, thereby improving overall system effectiveness, better targeting support and reducing duplication.

7. Delivering on enhanced access and harmonisation, providing accountability for resolving well-evidenced challenges, which create additional costs and limit effectiveness.
8. Enhancing predictability and long-term support, including by pairing technical assistance with plans for follow-on capital mobilisation, in a manner which navigates the limitations of individual governments and institutions.

The architecture through which climate finance reaches recipients has been characterised by proliferation, and a lack of coordination between donors. This has led to a system of duplicative, disjointed initiatives which are not consistently coordinated with national plans and systems, nor optimally coherent with other climate finance providers. Proliferation of funding mechanisms and windows is advancing faster in climate than in other ODA-funded sectors, especially in lower-income settings where capacity is weakest, and is particularly acute in upstream planning support initiatives which detract from the resources available for pipeline creation.

Even as the number of funders increases, dialogue between them, and systemic monitoring of which countries are going unserved, are largely missing. There is no shared assessment of climate needs and effective interventions amongst providers, and dialogue between donors (where it does occur) tends to be *ad hoc* rather than fundamentally influencing strategic portfolio development. There are examples of strong donor coordination — for instance, through the work of the International Partners Group (IPG) under the Just Energy Transition Partnerships (which did see a marked increase in cross-donor collaboration, even if results of the JETPs themselves were mixed), or under the Breakthrough Agenda for industrial decarbonisation, but these reflect exceptions rather than the rule. Improving this will be critical to offset the negative impacts of ODA cuts, where programming informed by a shared understanding of planned portfolios and an individual understanding of comparative strengths — if put into practice — can improve coordination and reduce the risk of donors unwittingly cutting funding in underserved countries and sectors.

This is furthered by lack of coherence in the choice of delivery partners and modalities by individual providers. This has not reflected the holistic, programmatic, and long-term action required to move the needle. Climate finance reaches recipients in small increments, slowly, and less reliably than other official flows. This is especially true for grants — Climate Policy Initiative (CPI) finds climate grants fragmented into projects averaging $3 million, against $74 million for concessional debt, and average climate disbursement sizes fell by over 30 per cent between 2015 and 2020, the steepest fall of any sector. Delivery is also slow: the GCF's Independent Evaluation Unit finds it takes two to three years to initiate implementation of GCF projects, with results apparent only after five or more (the GCF has since committed to a wide range of reforms to improve this).

What is more, although alignment with national development plans is a longstanding effectiveness principle under the banner of ownership in wider development practice, practice still lags commitments. For international public climate finance, this is further complicated by a larger

and growing share of climate finance not being allocated to any individual country, going instead to global or regional programmes.

Commitments also translate into disbursements less reliably than in general ODA: Cichocka and Mitchell, the Stockholm Environment Institute (SEI) and the ONE Campaign all find lower disbursement ratios for climate than for other official flows, implying that climate projects are delayed or cancelled more often than others, hampering predictability. Proliferation matters because it raises transaction costs for recipient administrations and is associated with weaker bureaucratic quality in heavily aided countries. Unpredictability carries a price: Kharas values the deadweight loss from aid volatility at 15–20 per cent of the value of aid. And harmonisation and access failures increase the burden on developing countries while meaning less funding reaches end beneficiaries.

This has a number of adverse effects across the climate finance ecosystem:

1. Increased complexity for recipients, with a wide array of delivery channels each with their own eligibility criteria, operating modalities and processes for accessing funds. This increases the difficulty and resource cost of accessing finance, particularly for smaller or least developed countries with greater capacity constraints.
2. Risks of duplicated effort, for instance where multiple delivery partners are supporting policy development in the same jurisdiction.
3. Additional administrative costs associated with supporting programming through a wide range of channels and institutions and through multiple approval processes.
4. Lack of shared metrics and monitoring processes to enable a comparison of cost-effectiveness (initial steps have been taken on this by the multilateral climate funds joint results report, but this remains a work in progress and does not disaggregate to the programme level).
5. Greater difficulty in gauging additionality, especially amongst multilateral providers. Each of the MDBs with access to the CIFs also has access to the GCF and donor-specific climate trust funds. This is on top of funding delivered through the replenishment cycle for those MDBs with soft windows. It is almost impossible to make a robust determination of the need for subsidy with so many variables at play.

Existing cross-donor initiatives and proposed solutions

Increasing coherence through the shift to nationally led plans and platforms

In this context, recipient countries and support providers are increasingly pivoting to a country-led approach which can better align support around nationally owned plans. The GCF has announced support for fourteen country and regional platforms, with other flagship initiatives including those at the EBRD, the Vulnerable Twenty Group (V20) and Country Platforms Hub. Making use of their potential has three significant implications for how climate finance is delivered:

- better matching of supply to what is demanded in-country, with clearly articulated national plans serving as the basis on which climate finance is allocated;
- at least some form of flexible, long-term capacity support for all countries which anchors wider support across the system. Doing this efficiently and in a manner which reduces duplication would mean agreement between providers to more closely coordinate and revolve support around a single plan, rather than producing multiple duplicate plans. This can help overcome synchronisation challenges, as countries may not invest in a platform without assurance of funding where they have already expended resources producing NDCs, NAPs, sector strategies and transition plans.
- purposeful sequencing of interventions so that initial preparedness support is accompanied by enabling policy and regulation (with both international and domestic requirements), investment in pipelines (often best done by local actors such as national development banks) and follow-on capital investment. The GCF and NDC Partnership's investment planning framework offers an operational framework for this sequencing, applicable to both recipients and donors, but doing so effectively will require incorporation of shared approaches across all providers, including MDBs and bilateral DFIs.

Enhancing provider engagement and a common evidence base at the global level

Beyond national-level coordination, optimising systems for climate finance also requires donors to have a better understanding of what others are doing — and being clear about what they should do to respond to system-wide gaps or duplications (Principle 6). This includes an awareness of which countries and sectors others are active in so as to understand where support might be missing, to reduce duplication and to maximise complementarities. Methods for identifying under-aided countries already exist for wider ODA but have not been applied to climate. Some division of labour commitments between providers already exist: the EU's Code of Conduct asks donors to concentrate on two sectors per partner country, with comparative advantage recognised by partner governments and other donors. Still, portfolio-level dialogues between providers and systemic monitoring of which countries are going unserved are largely missing in the current landscape.

A more systematic approach to ex ante communication of climate finance and global monitoring of flows versus needs would help calibrate individual donor priorities. Failing such a systematic approach, donors could enter into dialogue at the point of portfolio allocation to build a better shared understanding of emergent gaps and opportunities. This would aim to replicate the progress made in in-country donor coordination (one of the successes of the JETPs, even where delivery has not met expectations) at a more strategic level, seeking to inform portfolio development in the knowledge of what others are doing rather than each individual provider developing their strategy in isolation.

Where collective coordination is nevertheless difficult or not possible, the case for individual donors concentrating on defining and allocating in line with their comparative advantage — and combining this with at-scale support through the multilateral system — becomes even stronger.

To some extent, individual providers can still scan the landscape, identify where they are genuinely additive, and concentrate there so as to reduce duplication. Two existing mechanisms could be built on to enable this. Providers already submit biennial ex ante information on expected climate finance under Article 9.5 of the Paris Agreement, and CPI's tracking of climate finance flows is one common reference point through which global gaps between finance and need could be identified.

Supporting a more coherent system will also need to be based on an understanding of what different delivery partners or intermediaries do well. This includes understanding where MDBs are best placed to deliver (generally in revenue-generating activities or through integration into wider development pathways), where multilateral sources of more concessional finance (such as MCFs) are needed, and where bilateral support can be truly additive (where individual countries hold existing political, trade or development relationships; or high levels of technical expertise in a given sector). Coordination between providers can help to mix and match different instruments to contexts.

To illustrate, technical assistance or preparedness support and the eventual capital it is intended to crowd in may frequently come from different providers. A UK-funded policy programme may create an investment opportunity for a national DFI such as KfW (or an MDB), and export credit agencies could play a further role in recruiting private finance at scale. There is currently no systematic mechanism to make that handover happen.

Access and harmonisation

This leaves the final, more operational, challenge of enhancing access to climate finance through greater harmonisation of requirements and procedures between providers. This again creates the greatest burden on smaller countries with greater capacity constraints. It has led to the need for dedicated institutional capacity simply to secure climate finance; as well as in many cases reliance on external consultants to prepare project proposals (with a fee).

There has been a wide range of initiatives seeking to resolve this, including the COP26 Principles and Recommendations on Access, the Climate Finance Access Network, the Independent High Level Expert Group on Vertical Climate and Environment Funds under the G20 Sustainable Finance Working Group, and the funds' own efforts to enhance complementarity and coherence. These challenges are now well understood, and the focus must be on resolving them and ensuring accountability.

Providers have a number of tools which, with political will, are readily implementable. These include setting time-bound implementation requirements to increase disbursement speed; normalising reporting on disbursements rather than only commitments and approvals; setting targets for increasing allocation to local actors; and driving streamlining of accreditation processes, including greater use of mutual recognition frameworks (whereby accreditation to one fund can enable access to another) and application processes. Efforts should not be limited to only the multilateral

climate funds — they should also incorporate other multilateral and bilateral providers, recognising that complete harmonisation is unlikely to be possible, but that much can be done to improve on the status quo.

Background: Impact

This building block responds to the challenge of ensuring public finance is more outcome-focussed and incentivises impact on the ground. This includes:

9. Increasing the use of portfolio impact targets, to make sure delivery is guided by climate and development outcomes rather than the amount of money spent.
10. Increasing the monitoring and evaluation of impact and publishing results ex post to substantiate the results delivered by public finance and increase understanding of what works.
11. Standardising or harmonising metrics to allow comparability of results and enable mutual learning and assessments of aggregate impact.
12. Defining, monitoring and evaluating transformational impact, including by pooling approaches, in order to refine approaches to using public finance for catalytic benefit.

The headline targets in international climate finance and the reporting frameworks designed to monitor them are financial, rather than impact-based. The NCQG commits providers to mobilise $300 billion a year by 2035 but with no accompanying joint outcome dimension. In line with this, broad donor efforts to harmonise climate finance reporting have largely focussed on levels of finance, including mobilisation, and less on climate impact. Many providers don't set portfolio-level impact targets at all, and those that do often don't verify or track results ex post.[4] Some of the challenge is methodological, for instance, due to a lack of common methodologies for accounting for greenhouse gases reduced or avoided, or what counts as 'transformational' climate finance. This makes it difficult to establish comparable and consistent baselines or to maximise opportunities for mutual learning on the most impactful interventions.

Although some major bilateral providers do also set outcome-based portfolio-level indicators for their climate finance, these frequently measure different things, are not consistently or regularly reported against, or are not applied at the project level. Very few bilateral donors publish regular reporting on results across the indicators they have set across their portfolios. For instance, Canada claims to track three portfolio-level indicators — private finance mobilised, greenhouse gas reductions, and people benefiting from adaptation finance — yet recent annual reports often only report on the last of these. Meanwhile, Germany's IKI uses five standard indicators covering mitigation, ecosystems, adaptation, capacity and leveraged finance, but reporting on

4 Targets for many providers' climate finance portfolio are financial (e.g. the share of finance going to adaptation or integrating gender), with impact targets being rarer.

these is irregular. The EU's Global Europe Results Framework, introduced in 2022, runs three tiers of indicators of which only one at impact level is explicitly tied to Sustainable Development Goal (SDG) 13 — and lacks portfolio-level results reporting. Relatively few donors provide an annual impact report across the entirety of their portfolio, with others providing some degree of impact reporting through periodic assessments or segmented performance evaluations on a subset of their portfolio (which can feed into more comprehensive evaluations, covering progressively larger sections of the portfolio). Some others also report on the projected impact of their annual financial commitments (over the projected lifespan of the entire project), yet do not report ex post on the impacts actually achieved within that year.

Still, recent or ongoing efforts by some bilateral providers illustrate what emerging best practices look like alongside areas to build on. First, the UK's International Climate Finance covers fifteen key performance indicators (KPIs) with annual results reporting, making it one of the few providers to do so. Still, an independent review of the UK's energy transition portfolio found that reporting may not be comprehensive in practice, not covering multilateral climate projects, and with only one third of programmes in the bilateral portfolio reporting against any of the core climate KPIs set, individual programmes self-selecting KPIs and only being required to report against one selected KPI. Second, in December 2024, the Netherlands commissioned a projection of the greenhouse gas reductions expected from its climate finance, covering bilateral energy and forestry programmes alongside contributions to the multilateral development banks and climate funds, with annual and cumulative figures for 2030 and 2040. Although this is an estimate, and based on only part of the portfolio, rather than a target the entire portfolio is managed against, it establishes that an ex ante projection spanning bilateral and multilateral channels is feasible and builds towards future efforts. Third, Norway's Climate Investment Fund has begun to publish the emissions expected to be avoided by each year's new investments together with those actually avoided by assets in operation, alongside details of the attribution of results back to the finance specifically provided by Norway. The Japan International Cooperation Agency's (JICA) annual reporting has also recently begun to cover the annual emissions impacts of financed projects across the entire bilateral portfolio.

Improving and harmonising impact monitoring and reporting approaches would serve multiple purposes. First, it would allow for much better comparison of effectiveness of interventions, allowing for the refinement of approaches over time. Second, it would provide credibility to claims by providers that a proposed pivot to focus on impact of money spent rather than amount of money spent is sincere and allow for accountability of performance against it. Third, it would provide evidence on the impact of public money, which is key to shoring up public support for continued international finance provision. Given limited current levels of systematic reporting, providers have the ability to learn lessons from the challenges of reporting on private finance mobilisation by building in harmonisation from the outset, rather than retrofitting onto established and divergent practices.

Standardisation efforts on climate impact metrics have been made among multilateral providers, and can be drawn on. This includes the introduction of the MDB Common Approach to Measuring Climate Results in 2024 and subsequently the publication of an initial set of shared impact metrics by the major multilateral climate funds in 2025. Several of the indicators included in the latter report could transfer directly to bilateral portfolios with relatively little effort: direct greenhouse gas emissions reduced or avoided, people supported for strengthened climate resilience, and low-emission energy capacity installed.

The types of evidence and impact metrics to be used within adaptation and mitigation will also necessarily differ. In mitigation, a metric like cost per tonne of CO_2e is highly comparable and additive, so cross-context comparison is possible in principle, yet few providers report on this consistently, making it hard to identify the most promising interventions (especially where this is not set at the project boundary, for instance for transformational projects). By contrast — in spite of global evidence on the cost-effectiveness of adaptation interventions — there may be some challenges in standardising the monitoring of adaptation impacts, given their context-specific nature. Many providers, where they track these impacts, limit their approach to the number of beneficiaries of adaptation or improved resilience. Some progress has been made by the MDBs through the agreement of shared indicators for monitoring climate results, including for resilience, in 2024. At a global level, the 59 Belém Adaptation Indicators, agreed under COP30 as part of the Global Goal on Adaptation, distilled from an initial list of around 10,000, will feed the second global stocktake (GST) from November 2026. A purposeful effort to develop and align monitoring approaches across providers can help ensure these indicators are truly operational, support better evidencing of what works around specific adaptation challenges and in what context, and better inform assessments of progress and needs gaps including through the GST.

Where climate objectives are mainstreamed into wider development programming, climate-specific monitoring and evaluation should be explicitly considered rather than retrofitted. Previous evaluations found that half the Dutch adaptation programmes reviewed could not establish that adaptation was substantially addressed in programmes reported as climate finance, and attributed this to the loose nature of applying Rio marker criteria. Meanwhile, a 2018 synthesis by the Dutch Policy and Operations Evaluation Department (IOB) found that four of five adaptation projects at the World Bank had fewer than half their indicators specific to adaptation.

Disaggregating results by sex, age, disability, and other markers of vulnerability can not only help to determine if projects are achieving equitable outcomes, but also ensure their long-term effectiveness and sustainability. Indeed, the Intergovernmental Panel on Climate Change (IPCC) assesses with high confidence that inclusive governance prioritising equity and justice in adaptation planning and implementation leads to more effective and sustainable adaptation outcomes.

Further, the limits of relying on one type of evidence in assessing impact should be acknowledged. For instance, transformational investments may need evidence suited to system-level claims rather

than randomised controlled trials (RCTs), since the counterfactual is an alternative development trajectory.

Transformational Change

In seeking to make scarce budgets go further, many providers of climate finance have adopted an approach which seeks 'transformational change'. This aims for catalytic effect from public interventions beyond project boundaries — seeking to embed lasting change across systems, markets, policies and institutions. CPI's framework for quality of climate finance highlights project, market and system-level impacts, with transformational approaches critical for achieving the latter two.

Whilst critical to a cost-effective transition, achieving transformational change through climate finance interventions (and attributing outcomes to them) is inherently more uncertain than measuring direct impacts. Transformational interventions can theoretically be highly effective and should be pursued, but the absence of accountability around them also risks sacrificing guaranteed and immediate benefits for less certain future outcomes. Reducing the risk of this requires a focus on impact within strategies for increasing transformational climate finance. This must respond to common characteristics of transformational interventions:

- Impact relies on a series of actions and reactions beyond the scope of the project boundary, calling for bespoke evaluation.
- Drivers and outcomes are multi-dimensional and diverse, making standardisation difficult.
- Changes generally take place at a system level, making attribution of outcomes to a given actor or action challenging.
- Outcomes take place over longer time horizons than the projects underpinning them, meaning ongoing monitoring is necessary.

These characteristics mean that monitoring and evaluation requires dedicated resources. They also argue for a shared approach to evaluation, for efficiency (given the significant need for bespoke assessments), because multiple actors are involved in engendering change, and to pool learning across a wide range of providers to better inform future interventions. Whilst broad conceptual understanding of transformational change is longstanding, systematic monitoring has been limited, especially within bilateral providers. Key existing initiatives include:

- the Green Climate Fund's approach to 'paradigm shift potential' as one of six investment criteria, assessed across three dimensions — scale, replicability and sustainability — under the integrated results management framework, with a revised harmonised results management framework before its Board in October 2026.
- the Climate Investment Funds' Transformational Change Learning Partnership (TCLP), which sets out five dimensions of transformational change — relevance, systemic change,

speed, scale and adaptive sustainability — showing how assessment can be operationalised through a documented theory of change with observable signals and rival explanations named (see CIF's principles for transformational climate finance).

- the UK's key performance indicator for transformational change in international climate finance, which provides a qualitative assessment against a wide range of criteria including political will, replicability, scalability, sustainability and innovation.
- the UNEP Finance Initiative (UNEP FI) and the International Development Finance Club's (IDFC) Transformational Finance for Climate Group, which seeks to build convergence between public development bank and private sector approaches to transformational change. Recent work by the Institute for Climate Economics (I4CE) and the World Resources Institute finds considerable convergence across public and private finance, proposing three necessary elements: long-term relevance to country-owned pathways, systemic impact which removes barriers in policy, institutional and market structures, and sustainability through the equitable management of trade-offs.

To maximise the prospects of transformational approaches being truly impactful, there is a need for a greater understanding of what works. For efficiency, providers of climate finance (such as development banks and multilateral climate funds) could consider pooling monitoring and evaluation approaches towards monitoring at the market and system level. This could evolve from existing initiatives — for instance, through collaboration between the IDFC, MDBs and MCFs, building on historical work in transformational finance by the TCLP and UK. This would benefit from a shared conception of what is considered a 'transformational' intervention, which can provide a basis for shared monitoring.

Whilst the primary aim of this should be learning what combination of interventions works rather than attribution of systemic outcomes and associated finance mobilisation to individual donors (in line with the UNFCCC's $1.3 trillion goal, which is focussed on levels of finance flowing to developing countries and not on the attribution of this to a subset of countries), building in methods for attribution which avoid double counting could help avoid a repeat of similar challenges faced in accounting for progress towards the $100 billion goal.

Actionable next steps for individual providers can be to formally recognise the need for transformational approaches, to commit to an increasing share of finance going towards these (as has been committed to by the Agence Française de Développement, AFD) and to ensure appropriate monitoring and evaluation programmes are in place to assure their impact. This should recognise that there will remain a need for certain projects which have inherent development value and will not in and of themselves deliver transformational change, such as concrete adaptation projects which directly protect communities from climate impact.

TABLE A1. Existing initiatives

Category	Initiative	Origin, Year	What It Sets Out	Principle(S)
Foundations of aid effectiveness	Paris Declaration on Aid Effectiveness and the Busan Partnership/GPEDC	OECD DAC, 2005 and 2011	Ownership, alignment, harmonisation, results, mutual accountability; biennial monitoring of practice against commitments.	All; 5
Quality frameworks	Understanding the Quality of Climate Finance	CPI, 2025	Quality at system, market and project levels; common framework for collective action; adaptation extension (2026).	All
Quality frameworks	Optimising Climate Finance	E3G, Oct 2025	Checklist for robust and credible climate finance pledges.	All
Quantity and quality frameworks	IHLEG climate finance framework	IHLEG, 2023–24	Needs-based framework; third report puts concessional needs at $200–300 billion/yr.	1, 4
Quantity and quality frameworks; private capital mobilisation	Baku to Belém Roadmap to $1.3 trillion	COP29 to COP30	A framework for scaling up finance from both public and private actors to leverage $1.3 trillion by 2035, highlighting key actors, concepts and leverage points; accompanied by a catalogue of 400+ submitted best practices.	All; 4
Allocation and instruments	Climate Finance Needs and Roadmaps	CPI, 2024	Compiles and standardises data on climate finance needs from a wide variety of sources to provide an overview of the size of the climate finance gap.	1
Allocation and instruments	Rapid review of adaptation interventions effectiveness	FCDO, 2025	A rapid umbrella review to inform the programming and priority setting of the UK's ICF.	2
Allocation and instruments	J-PAL's King Climate Action Initiative	J-PAL, ongoing	Generates independent evidence and catalyses the scale-up of high-impact policy solutions at the nexus of climate change and poverty alleviation in partnership with governments, NGOs, donors, and companies worldwide.	2
Allocation and instruments	Climate Evidence Unit	Priestley Centre, University of Leeds, 2024	Provides independent evidence to inform the delivery of a climate-resilient, decarbonised future.	2
Allocation and instruments	Compendium of Good Practices on Disaster Resilient Infrastructure	G20 Disaster Risk Reduction Working Group (DRRWG)	Showcases innovative approaches towards disaster resilience of new and existing infrastructure, and facilitates shared learning and peer-to-peer exchanges.	2
Allocation and instruments	Climate Finance Instruments Toolkit	CPI, 2025	Aims to help Ministries of Finance identify, compare, and select climate finance instruments that match their macroeconomic, risk and sectoral contexts.	3; 4

(Continued)

TABLE A1. (Continued)

Category	Initiative	Origin, Year	What It Sets Out	Principle(S)
Allocation and instruments	Climate Resilient Debt Clauses	UK	Provider practice: UK Export Finance has developed the first Climate Resilient Debt Clause to be offered by any export credit agency, available in its direct sovereign loans (including the direct lending portion of any hybrid guarantee and lending arrangements) to low-income countries (LICs) and Small Island Developing States (SIDS).	3; 4
Allocation and instruments	OECD DAC Blended Finance Principles	OECD DAC, 2018; 2025	Principles for private sector and blended finance instruments, highlighting no more subsidy than the barrier requires; 2025 guidance.	4
Allocation and instruments	Blended Finance Playbook for Climate-Smart Agrifood Systems	CPI, 2025	Provides sectoral guidance for blended finance in agrifood systems.	4
Ownership and country platforms	Country Platforms Hub	COP30, Nov 2025	Connects platform demand to TA and finance; 14 new platforms announced with GCF.	1, 5
Ownership and country platforms	Climate Investment Planning and Mobilization Framework	NDC Partnership, 2024	Structures country investment planning and support access.	1, 5, 7
Access and delivery	Principles and Recommendations on Access to Climate Finance	COP26 Taskforce	Principles and recommendations on access to climate finance targeted at both providers and recipients.	7
Access and delivery	Climate Finance Access Network	RMI	Embedded advisors in LDCs and SIDS for proposal development.	7
Coordination	EU Code of Conduct on Division of Labour	EU, 2007	EU donors to concentrate on two sectors per partner country, by recognised comparative advantage.	6
Coordination	European DFI Data Dashboard	EDFI, 2025	Aims to transform how investors, policymakers, and development partners access and interpret private sector development finance data by providing detailed and consolidated data in emerging markets and developing countries from the 15 EDFI members.	6
Coordination	Article 9.5 ex ante communications	Paris Agreement	Biennial forward information on expected climate finance; an existing, underused coordination mechanism.	6, 8
Coherence	Glasgow Statement/ CETP	COP26, ~40 signatories	End new international public fossil finance; fossil finance down up to 78% among signatories.	3
Coherence	Net-Zero Export Credit Agencies Alliance	UNEP FI, 2023	Aligning export credit agencies, where coherence breaches concentrate, with net zero.	3

(Continued)

TABLE A1. (Continued)

Category	Initiative	Origin, Year	What It Sets Out	Principle(S)
Results — measurement and reporting	MDB-IDFC common tracking principles	2015; upd. 2021–23	Joint methodology for tracking mitigation and adaptation finance.	11
Results — measurement and reporting	MDB Common Approach to Measuring Climate Results	MDBs, Nov 2024	Extends harmonisation from finance tracking to results.	10, 11
Results — measurement and reporting	MCF Joint Results Report	AF/CIF/GEF/ GCF, 2025	First joint reporting against five common indicators across $34 billion approved.	10, 11
Results — measurement and reporting	Belém Adaptation Indicators	COP30/GGA	59 indicators distilled from ~10,000; feed second global stocktake from Nov 2026.	11
Results — measurement and reporting; transformation	GCF investment framework	GCF	Provider practice: paradigm shift potential as a scored investment criterion.	12
Results — measurement and reporting; transformation	CIF Transformational Change Learning Partnership	CIF, since 2017	Five dimensions of transformation; seven guiding principles.	12
Results — transformation	Transformational Finance for Climate Group Position Paper	UNEP FI, Nov 2025	Position paper on transformational finance.	12
Results — measurement and reporting; transformation	AFD Sustainable Development Analysis Mechanism	AFD, since 2014	Provider practice: transformation KPI; independent ex ante opinions with eligibility consequences.	9, 12
Results — transformation	Working Paper: What is transformational finance for climate and sustainable development?	I4CE (Bendahou et al., 2026)	Outlines the barriers and opportunities for public development banks (including MDBs) in embracing and implementing the idea of transformational finance and delivering transformational outcomes.	12
Recipient asks and reference data	Bridgetown Initiative	Barbados, 2022; 3.0 in 2024	Three-step reform agenda for the international financial architecture, covering liquidity, debt, and development and climate finance at scale.	3, 4
Recipient asks and reference data	LDC 2050 Vision/ LIFE-AR	LDC Group, 2019	70% of flows supporting local-level action by 2030.	5, 7
Recipient asks and reference data	V20 Accra-Marrakech Agenda	V20, 2023	Financial architecture reform; direct access expansion.	4, 7
Recipient asks and reference data	Principles for Locally Led Adaptation	IIED et al., 2021	Eight principles centred on devolving decision making, access and ownership at the local level.	1, 5

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