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COP30 and the Climate Agenda: The Private Sector's Role in Climate Finance

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Climate finance took center stage at COP29, held in November 2024 in Baku, Azerbaijan. After intense negotiations, countries agreed on ambitious new targets, including the New Collective Quantified Goal (NCQG): tripling climate finance for developing nations from USD 100 billion to USD 300 billion annually by 2035, and mobilizing both public and private sectors to reach USD 1.3 trillion per year in climate investments by 2035.[1]

As COP30 approaches in Belém, Brazil and Azerbaijan—serving as presidents of COP30 and COP29, respectively—are expected to present concrete strategies for mobilizing and securing these financial resources.[2]

The private sector is now in the spotlight, especially with respect to the USD 1.3 trillion investment target for the NCQG. This ambitious goal calls on financial institutions, institutional investors, and major companies to step up their involvement in the transition to a low-carbon economy. By directing capital into sustainable investments, these private actors can not only make a decisive contribution toward progress on climate goals but also unlock new opportunities for innovation and value creation in their businesses.

In this context, Brazil's financial and capital markets are emerging as strategic channels for climate finance. The main financial instruments currently available include green, social, and sustainability-linked bonds and loans; blended finance structures that combine public and private funding sources; and investment funds focused on sustainability—whether dedicated exclusively to the theme or integrating ESG criteria into their portfolios.[3]

Incentive debentures and infrastructure debentures have become increasingly important—and attractive—tools to mobilize resources for climate-related projects in Brazil. These instruments offer tax benefits—to investors, in the case of incentive debentures, and to issuers, in the case of infrastructure debentures—but they can only be issued to raise funds for eligible "priority projects" as defined in Decree 11.964. Issued in 2024, Decree 11.964 gave priority to sustainability-oriented projects, including renewable energy, low-carbon hydrogen, strategic minerals for the energy transition, and carbon capture, utilization and storage. This move not only signals the Brazilian government's commitment to supporting investments aligned with a low-carbon economy, but also creates a favorable environment for companies seeking new opportunities to raise capital for sustainable initiatives in the Brazilian market.

Attracting foreign private capital for sustainable projects remains a challenge in Brazil, mostly due to the high cost of external financing, which is driven in large part by currency volatility. The federal government's Eco Invest – Brazil Program is an important step toward addressing these barriers. By offering credit lines and financial mechanisms that protect investors against currency fluctuations, and by providing access to long-term hedging tools, Eco Invest –

Brazil helps lower financing costs and mitigate currency risk. These innovations make the Brazilian market more attractive to global investors interested in sustainability.

Sustainability-linked assets and instruments continue to gain ground in Brazil's financial and capital markets, despite a trend of cooling sentiment toward ESG internationally. As of January 2025, sustainable investment funds in Brazil had net assets exceeding BRL 24 billion, up from BRL 8.4 billion in the same period of 2024, according to ANBIMA, the Brazilian Association of Financial and Capital Markets Entities.[4]

In the same spirit, August saw the launch of Climate Action Solutions & Engagement, an initiative created by six leading banks and companies—Bradesco, Itaúsa, Itaú Unibanco, Natura, Nestlé, and Vale. The goal is to "export" climate solutions already proven in Brazil and scale them globally. By mobilizing private actors who are not formally part of climate negotiations, this initiative aims to accelerate progress and showcase Brazil's potential as a leader in sustainable innovation.[5]

In terms of capital market regulation, the CVM, Brazil's securities and exchange commission, has made climate finance a priority. In August 2025, the CVM launched its Sustainable Finance Action Plan for 2025–2026, built around three strategic pillars: adopting technological solutions to strengthen supervision, including the creation of a structured database for sustainable issuances; expanding training for the agency's technical staff; and mapping the maturity of Brazil's sustainable finance market.[6]

Despite the recent growth, ESG investments still represent less than 0.2% of total investments in Brazil, showing significant room for expansion.[7] For climate finance in particular, this presents a strategic opportunity for investors and companies to direct resources toward initiatives that accelerate the transition to a greener economy.

Looking ahead to COP30, expectations are high that the conference will mark a turning point for the implementation of climate finance measures, setting out clear next steps for delivering on commitments made over the past decade. With the event taking place in Belém, Brazil's private sector—especially financial institutions and large companies—has the opportunity to step up their commitment to climate action through innovative solutions that can mobilize capital and unlock new flows of funding for sustainable projects.

NOTES

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