



## KEY TAKEAWAYS FROM THE G20 SUSTAINABLE FINANCE WORKING GROUP PRIVATE SECTOR ROUNDTABLE

### Mobilising Private Capital for Adaptation, Transition, and Carbon Markets 11 June 2025 | Cape Town, South Africa

The G20 Sustainable Finance Working Group (SFWG), in partnership with the Glasgow Financial Alliance for Net Zero (GFANZ) and the International Emissions Trading Association (IETA), hosted a high-level roundtable with private sector representatives in Cape Town. The event allowed senior leaders from the private sector, alongside policymakers, to reflect on and provide input into the SFWG's three priorities for 2025:

- Strengthening the global sustainable finance architecture;
- Scaling up financing for adaptation and just transitions; and
- Unlocking the financing potential of carbon markets.<sup>1</sup>

The event brought together financial institutions, investors, standard setters, development banks, and policymakers for a candid discussion on the practical enablers and persistent barriers shaping the mobilisation of private finance into emerging and developing economies (EMDEs). It provided a clear view of what policy measures the SFWG could consider to unlock greater climate finance to EMDEs, in support of a just and equitable transition.

The Private Sector Roundtable opened with a keynote session, where the Presidency and the SFWG co-chairs touched on all three of the SFWG's 2025 priorities. They also emphasized how this dialogue has become a cornerstone of the G20's collective efforts to implement the Sustainable Finance Roadmap and to enhance the role of private finance in achieving climate and development goals. The co-chairs were then followed by a c-suite level panel, touching at a high-level on the SFWG's priorities and what private sector leaders consider to be the primary policy unlocks. Subsequent panels focused on the more technical aspects of each of the SFWG's priorities. Five key themes emerged:

**First, addressing the climate finance gap requires cross-cutting action and collaboration between governments, the real economy, and both private and public finance.** Throughout the discussions, participants emphasised that credible, predictable policy environments – backed by strong institutions – are a precondition for securing long-term capital commitments. For example, participants highlighted how

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<sup>1</sup> [2025 Presidency and Co-chairs Note on Agenda Priorities](#)

stable national frameworks for carbon crediting, such as Kenya's 2024 Climate Change (Carbon Markets) Regulations, have unlocked investment. They also emphasised the need for credible national adaptation plans (NAPs) that clearly identify and quantify investment needs. The essential roles of multilateral development banks (MDBs), development finance institutions (DFIs), vertical climate and environmental funds (VCEFs) and other sources of concessional capital were discussed, specifically the need for these institutions to provide catalytic capital and guarantees that could crowd in private finance and accelerate the investment required for real economy decarbonisation.

**Second, innovative solutions are needed to address the current adaptation financing gap.** Within the climate finance landscape, the dimension of adaptation finance remains underdeveloped when compared to mitigation, despite increasing recognition of physical climate risks. Participants noted the importance of NAPs which set out programming priorities, policies and project pipelines, and which could support private sector action. Participants cited several barriers, including the lack of revenue streams in many adaptation projects, over-indebtedness in some low-income countries, and weak pipelines of commercially investable proposals. The widening insurance protection gap, particularly in vulnerable regions, was identified as a major concern, with rising climate risks making insurance unaffordable or unavailable for many households and SMEs. Solutions discussed encompassed integrated approaches to combine mitigation, adaption and nature finance, including the development of innovative financial products to generate revenues streams such as carbon credits and ecotourism, the use of public-private insurance programmes, parametric insurance products, the development of taxonomies and other tools to track adaptation and resilience impact, and wider use of blended finance for adaptation. Panellists discussed how real economy corporates and financial institutions can incorporate adaptation considerations into their transition plans. Governments and MDBs were also urged to support project preparation and help create bankable adaptation pipelines.

**Third, enhanced access to data, and achieving global convergence on data standardisation and regulatory approaches are important for unlocking climate finance.** Participants underscored that reliable, comparable, and accessible data is essential to mobilise domestic and cross-border capital. For example, participants suggested that risk premiums in EMDEs could be more accurately calibrated if rating agencies had improved transparency, methodology and models; this could help better capture risks and potentially result in more projects achieving investment-grade ratings than is currently the case. On carbon markets, participants identified the current fragmentation of registries, methodologies, and reporting systems as an obstacle to cross-border flows. Several speakers stressed the importance of data standardisation, developing common data models, harmonised legal and accounting rules, aligned verification standards, and interoperable systems across jurisdictions to improve transparency and investor confidence. In this regard, the SFWG's *focus on carbon market data - including its discussion on the principles for a Common Carbon Credit Data Model- was recognised and supported by panelists. In addition, the private sector noted the utility of a Common Carbon Credit Data Model for overcoming market infrastructure barriers and broadly welcomed the Climate Data Steering Committee*

(CDSC) work, as a knowledge partner, to develop one that reflects the principles being considered by the SFWG. Participants also recognised the need for better geospatial data and modelling tools to understand exposures to physical risks and to support the provision of adaptation finance.

**Fourth, although the right instruments exist, blended finance must be faster, simpler, and more scalable.** There was broad agreement that blended finance offers a powerful way to mobilise private investment for climate priorities in EMDEs. Tools such as guarantees, first-loss tranches, and concessional capital are already being deployed successfully by MDBs and VCEFs. However, many participants highlighted that transactions remain overly bespoke, complex, and slow – often taking more than two years to close. Participants called for the adoption of standardised structures, harmonised investment criteria, ‘one-window’ access points for catalytic capital, and the need for more harmonised due diligence procedures. Public actors were encouraged to move from pilots to platforms and focus on the rapid deployment of risk-mitigated solutions.

**Fifth, building institutional and technical capacity is essential for sustaining progress on climate investment.** In carbon markets, adaptation finance, and broader climate investment, stakeholders may lack the tools, knowledge or market access needed to fully participate. Technical assistance was widely recognised as a high-value investment, particularly when targeted at first-time developers, municipal actors or small and medium-sized enterprises (SMEs). Capacity building is also key to strengthening domestic financial ecosystems and supporting the deepening of local capital markets. Local capital and local knowledge will be key to building project pipelines and mitigating foreign exchange risk.

As the SFWG continues its work under the 2025 South African Presidency, the roundtable provided valuable insights into risks and opportunities facing the private sector and the role policymakers can play in unlocking the full potential of climate finance.