Beyond Belém – from Negotiation to Implementation

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1. Introduction

1.1 The Road Past Belém

Thank you for the opportunity to kick off this important session on "Global Action without Global Governance". Being here in beautiful Paris reminds me that this month marks ten years since the Paris Climate Accord. The Accord stands out as a truly shining moment in our shared history and, equally, in our shared future.

However, it also serves as a stark reminder of the ongoing challenges in addressing climate change. Many of us returned from COP30 (30th Conference of the Parties)[1] in Belém with a mix of hope and concern.

Concern, because the political landscape complicates consensus-building – as exemplified by the U.S. federal government's announced withdrawal[2] from the Paris Agreement.

Hope, because COP30 (30th Conference of the Parties) showed that action is possible amongst a coalition of the willing, not letting ambition be dictated by the slowest mover.

One promising initiative – led by Brazil – is the Tropical Forest Forever Facility (TFFF), which brings together a diverse group of stakeholders. Another example of progress: After experiencing limited progress at the COP, Colombia and the Netherlands are moving forward by organizing an international conference of willing partners.

In this spirit, it is paramount that we move from negotiation to implementation, prioritizing practical solutions. Engaging the real economy is key – manufacturing companies, agricultural businesses and the construction sector, among others. Ultimately, they are the ones who drive innovation, invest, and implement the changes needed to achieve our climate goals.

In the next few minutes, I'd like to cover three key points.

First, I'll highlight how market shifts are already underway, particularly in Cleantech.

Second, I'll explain why it's crucial to have business involved in financing the transition.

And third, I'll discuss why we need to address climate change and nature loss together.

2. Main Part

2.1 Market Forces Shifting Towards Low Emissions

Business investments are already starting to move in the right direction, as companies recognize economic potential. Innovative clean technologies are an apt example. In my home country, Germany, this sector represents a welcome fresh breeze. The German Greentech[3] sector has grown by nearly 5 % annually since 2013, more than any other key sector.[4]

And Germany's export share in the global green tech market is 13 % – significantly higher than our general export share of 7 %.[5] Most of these exports go to the United States, where investments in clean technologies have grown at double-digit rates every year this decade.[6]

Importantly, this slow but profound shift in business investment towards green technology is happening globally. Global clean energy investment is already beating investment into fossil fuels 2:1. The International Energy Agency projects that over 2025, around 2.2 trillion US (United States) dollars in investments will have flowed collectively into "clean energy", compared to just 1.1 trillion US (United States) dollars into fossil fuels.[7]

While this trend is driven by the EU (European Union), the US (United States) and China, its impact is being felt worldwide. In China, although coal still dominates, investment in low-emission electricity has more than doubled in the past decade, to nearly 377 billion dollars last year[8].

It is heartening to see that the growing flow of investment into clean energy has been broadening beyond the EU (European Union), the US (United States) and China. In some emerging economies, investments in clean energy – renewables, grids and storage – are now equal to or even greater than investments in fossil fuel.[9]

I would also like to point out that green electricity generation isn't the only sector that is accelerating. "Clean" investment in the steel industry is speeding up, too. Realized low-emission production more than doubled annually over the first half of this decade. And based on the investments already announced, the sector is projected to maintain double-digit production growth throughout the second half of the decade.[10]

To strengthen these truly encouraging developments, additional investments are needed globally, which brings me to my second point.

2.2 Additional Financing Needs for the Transition

The most recent data from the Climate Policy Initiative – which tracks financial flows – indicate that over 7 trillion US (United States) dollars will be needed every year until 2030 to finance the climate transition alone.[11] It's important to remember that the figure I've just mentioned refers to gross investments. The net investment – the amount that is truly new or additional – will be much smaller.

While global figures for additional investments are hard to come by, I would like to give you a flavor from Germany, where annual climate investments for net-zero are pegged at just above 10 % of GDP (gross domestic product).[12] If replacement investment, which equates to roughly 7 % of GDP (gross domestic product), were fully climate-friendly, additional climate investments would be just above 3 % of GDP (gross domestic product).

To ensure that these essential additional investments flow, we need credible strategies to mobilize financing – domestically, but especially in emerging and developing economies.

I agree that mitigation efforts in those emerging markets that offer significant economic potential present a major opportunity. When investments are directed toward concrete projects, these regions can offer lower costs for emissions reduction. However, it is important to consider practical realities as well, especially given the constraints of tight government budgets worldwide. In a world of rising debt levels, further transfers from advanced economies to emerging markets are difficult to implement, but not impossible.

2.3 Getting Businesses on Board

According to the International Monetary Fund, public debt in advanced economies stands at 110 % of GDP (gross domestic product), compared to 71 % at the eve of the financial crisis.[13] At the same time, many emerging and developing economies are shouldering high debt service payments which limit the space available for transition spending.[14]

Given these constraints, we need to get better at leveraging private capital to accelerate the transition to a net-zero economy. Blended finance can be a strategic tool in this regard.

The Tropical Forest Forever Facility, TFFF, which I mentioned at the beginning of my speech, is – in essence – a blended finance instrument. Brazil aims to raise 25 billion US (United States) dollars from public actors and philanthropists looking to make a difference. This will serve as a base to attract an additional 100 billion US (United States) dollars from private bond investors – blending public and private finance.

France and Germany are already backing this initiative with sizable amounts. France has pledged 500 million euros, and Germany double this amount. Although initiatives like these are important, we must also get better at leveraging existing resources – funds that have already been committed.

Let me give you an example: The Vertical Climate and Environmental Funds, or VCEFs, consist of four public funds that together total an impressive 80 billion US (United States) dollars. They have a joint annual commitment capacity of 4 to 5 billion US (United States) dollars.

However, the actual amount they disburse each year is only around 1.4 billion US (United States) dollars.[15] This indicates that there is room for improvement in procedure and access. International investors often find practical hurdles constraining investment in emerging markets. These include small project sizes, missing local financial intermediaries, lack of investable projects, poor credit ratings from international rating agencies, legal uncertainties, and foreign exchange risks.

2.4 Tackling Climate and Nature Together

These are all obstacles to climate finance. We’ve talked a lot about climate change. However, it’s important to reiterate that the resilience of our economies relies on a healthy planet overall.

Consider the destruction caused by forest fires, which have become more frequent and severe due to climate change. These fires not only release carbon dioxide but also reduce the planet's capacity to absorb carbon emissions. This reinforces climate change and undermines the ecosystem services provided by healthy forests, such as water filtration – something, many industries rely on.

A forthcoming Bundesbank study finds that in 2024 more than half of bank loans to non-financial businesses in Germany were highly dependent on at least one water-reliant ecosystem service.[16]

The pharmaceutical industry is just one example of ecosystem dependency. Over 50 % of essential medicines – such as antibiotics and painkillers – depend on plants and other natural sources.[17] This shows that there can be no healthy economy without a healthy planet.

Life, as we know it, depends on nature. The Network for Greening the Financial System (NGFS (Network for Greening the Financial System)), which I have the honor of chairing, actively supports its members to consider nature-related risks in their decision-making. We are currently developing a guide for the supervision of nature-related financial risks, set for publication early next year. It will include best practices for supervisors on how to understand these risks and suggestions for integrating this knowledge into their supervisory action.

Climate change and nature loss have to be tackled together, if countries want to achieve a path to net-zero emissions.

3. Closing remarks

To wrap up, I would like to repeat my call: Despite global challenges it is essential to move from negotiation to implementation. And I see several reasons for optimism:

First, there is growing recognition that our best way forward is to collaborate – across sectors and borders. Our host, the Centre for Economic and Policy Research (CEPR (Centre for Economic Policy Research)), stands as a beacon of effective cooperation. The CEPR (Centre for Economic Policy Research) community exemplifies how dialogue and research can bridge gaps between policymakers, economists and business leaders, fostering innovative solutions.

Second, the coalition of the willing stands firm. After all, 194 countries chose to remain committed to the Paris Agreement.[18] In a similar vein, the NGFS (Network for Greening the Financial System) has gained several new members, even after the Federal Reserve withdrew its membership in January this year. No one else left.

And I am seeing a high level of commitment from local and regional stakeholders. In the United States, for instance, 10 states and 368 local governments have formed a coalition dedicated to upholding the principles of the Paris Accord.[19]

Finally, market forces are already moving towards low emissions, irrespective of global negotiations. Let’s build on this momentum and drive real progress – together.

Footnotes:

1. COP30 (30th Conference of the Parties): Conference of the Parties to the Rio Convention, commonly known as the World Climate Conference.
2. The withdrawal will take effect in January 2026.
3. The GreenTech sector encompasses various economic activities that provide a direct or indirect environmental benefit, contribute to climate adaptation, or fulfill an important provisioning function.
4. GreenTech made in Germany 2025 *[https://www.umweltbundesamt.de/sites/default/files/medien/479/publikationen/uba_greentech_atlas_2025_deutsch_barrierefrei.pdf]* , Umweltbundesamt.
5. Studie von KfW Research und Deloitte zur Weltklimakonferenz COP 30 *[https://www.kfw.de/%C3%9Cber-die-KfW/Newsroom/Aktuelles/Pressemitteilungen-Details_867584.html]*
6. Clean Investment Monitor: Q3 2025 Update by Rhodium & MIT (Massachusetts Institute of Technology); Bundesbank own calculations.
7. World Energy Investment 2025 – 10th Edition *[https://iea.blob.core.windows.net/assets/1c136349-1c31-4201-9ed7-1a7d532e4306/WorldEnergyInvestment2025.pdf]*, p. 12.
8. China – World Energy Investment 2025 – Analysis – IEA*[https://www.iea.org/reports/world-energy-investment-2025/china]*.
9. World Energy Investment 2025 – 10th Edition *[https://iea.blob.core.windows.net/assets/1c136349-1c31-4201-9ed7-1a7d532e4306/WorldEnergyInvestment2025.pdf]*, p. 13. Clean investment in India exceeds fossil fuel investment, Africa and Southeast Asia are close to parity.
10. Bloomberg New Energy Finance, Industry Decarbonization Market Outlook 2H 2025, November 2025.
11. Top-down Climate Finance Needs – CPI*[https://www.climatepolicyinitiative.org/publication/top-down-climate-finance-needs/]* .
12. Prognos (2024), Klimaschutzinvestitionen für die Transformation des Energiesystems nach Sektoren und Anwendungen *[https://www.prognos.com/en/project/climate-protection-investments-transformation-energy-system]*, and Bundesbank’s own calculation.
13. World Economic Outlook (October 2025) – General government gross debt *[https://www.imf.org/external/datamapper/GGXWDG_NGDP@WEO/ADVEC]*.
14. Debt Vulnerabilities And Financing Challenges In Emerging Markets And Developing Economies—An Overview Of Key Data; IMF policy paper, Feb 2025*[https://www.imf.org/en/-/media/files/publications/pp/2025/english/ppea2025002.pdf]*.
15. Accelerating Sustainable Finance for Emerging Markets and Developing Economies, Independent High-Level Expert Group Review of the Vertical Climate and Environmental Funds, October 2024 *[https://g20sfwg.org/wp-content/uploads/2024/10/G20-IHLEG-VCEF-Review.pdf]*.
16. Forthcoming Bundesbank Monthly Report January 2026.
17. World Health Organization: Fact Sheet Biodiversity, 18 February 2025.
18. Zehn Jahre Pariser Klimaabkommen | Klimawandel *[https://www.bpb.de/themen/klimawandel/dossier-klimawandel/572803/zehn-jahre-pariser-klimaabkommen/]*.
19. Who's in*[https://www.americaisallin.com/whos-in]*.