



ESG and Capital Finance Mobilisation from a Private Sector Investment Platform

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Meet the Speaker



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Agenda

- ✓ COP30 outcomes
- ✓ Private climate investment gaps
- ✓ Increasing ESG adoption and efforts
- ✓ Importance of ESG in unlocking private capital in Africa
- ✓ Private capital provider's ESG expectations
- ✓ Latest climate flows
- ✓ Public vs private sector mobilisation in NbS
- ✓ Financial instruments used to finance NbS
- ✓ ESG, private investors, and private investment platforms
- ✓ How private investors can contribute towards adaptation financing
- ✓ South African banks and ESG/climate finance pledges
- ✓ Recommendations for private sector investment platforms

COP30 (Belém, Brazil, 2025)



Commitment made to **mobilise USD 1.3 trillion per year** by 2035 for emerging markets and developing economies (**EMDEs**)



...through streamlined access to climate funds and **strengthened** public and **private sector participation**



There is an increasing willingness to finance adaptation - **triple adaptation finance by 2035**

Private climate investment gaps

Private climate investment gaps

Private climate investment in **EMDEs** remains **low**

Only USD 36 billion in private climate finance flowed to EMDEs in 2023

~USD 1 trillion/year required by 2030, with the **majority expected from private sources**

This implies a 28-fold increase in private climate finance by 2030

Blended finance and **ESG tools** are key to mobilise private capital investments for climate resilience and mitigation

Increasing ESG adoption and efforts

1. ESG adoption trends

2. Private market ESG strategies

3. Role of MDBs and DFIs

4. Growing importance of ESG integration

Importance of ESG in unlocking private capital in Africa

ESG integration is **accelerating private sector capital mobilisation** for climate mitigation and nature-based adaptation in Africa, **leveraging** platforms such as **blended finance funds** amid a persistent funding gap exceeding \$100 billion annually for adaptation alone

- ✓ **Africa:** The use of blended finance tools has been key in **drawing ESG-aligned investments**
- ✓ **South Africa:** Leads with strong mitigation investments but **lags in scaling nature-based solutions due to limited private pipelines**

Private capital provider's ESG expectations

ESG is now a baseline requirement for mobilising private capital and has been integrated into private capital provider's investment processes

Accountability & transparency

- ✓ **Willing to deploy capital** where **ESG risks are identifiable, priced, and mitigated**

Global sustainability standards

- ✓ Expect **decision-useful and comparable disclosures** aligned with global sustainability standards such as IFRS S2, TNFD, TCFD

Transition plans

- ✓ Investors demand credible transition plans that outline **clear, time-bound climate targets** and **capital expenditure** aligned with decarbonisation pathways

Bankable project pipelines

- ✓ Investors emphasise the **importance of bankable project pipelines**, strong contractual structures, and consistent performance data

Private capital provider's ESG expectations

Investing in NbS projects

Evidence of impact and safeguards

- ✓ Private capital is increasingly pivotal in funding nature-based solutions (NbS) such as reforestation and wetland restoration
- ✓ But **investors require clear evidence of impact and safeguards to deploy funds at scale**

Quantifiable outcomes

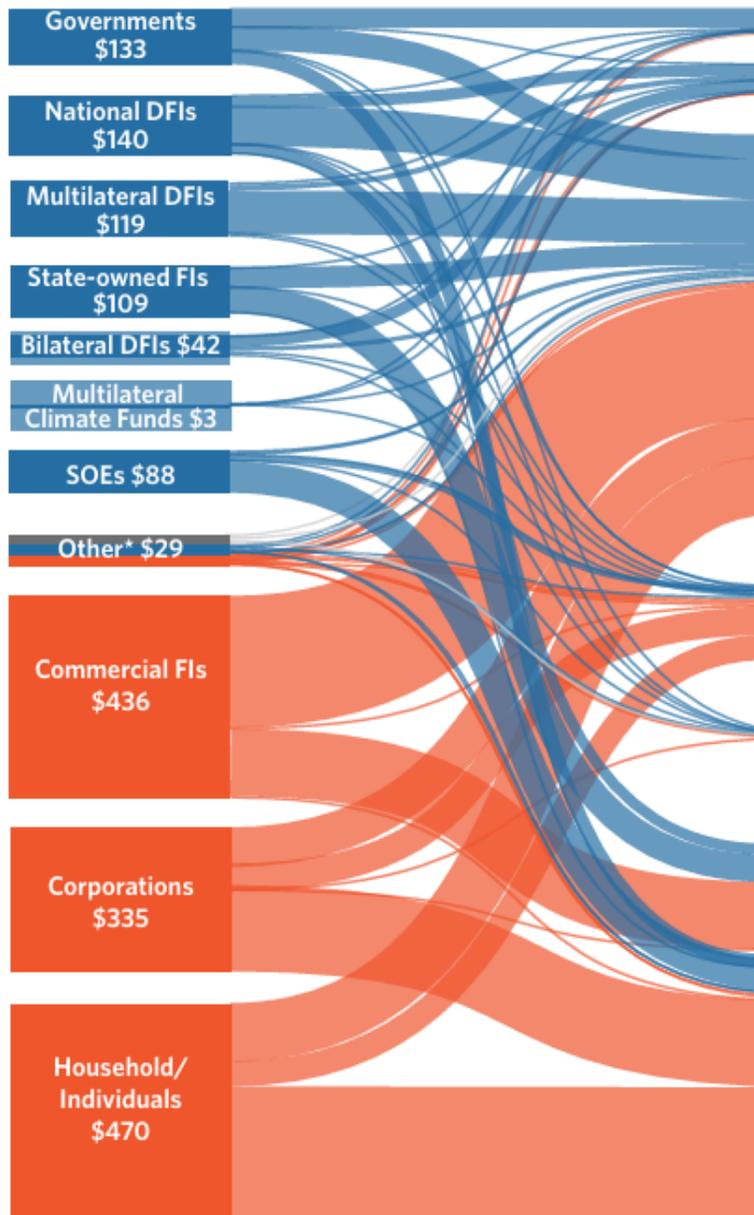
- ✓ **Private investors prioritize quantifiable outcomes** to ensure investments align with the Paris Agreement's 1.5°C pathway
- ✓ This means **using science-based benchmarks** such as the Science Based Targets initiative (SBTi) for NbS or the Paris Agreement Capital Markets Coalition standards

De-risking tools

- ✓ To invest in NbS projects, investors seek de-risking tools such as **first-loss guarantees** from DFIs, **revenue insurance**, or **blended finance structures**

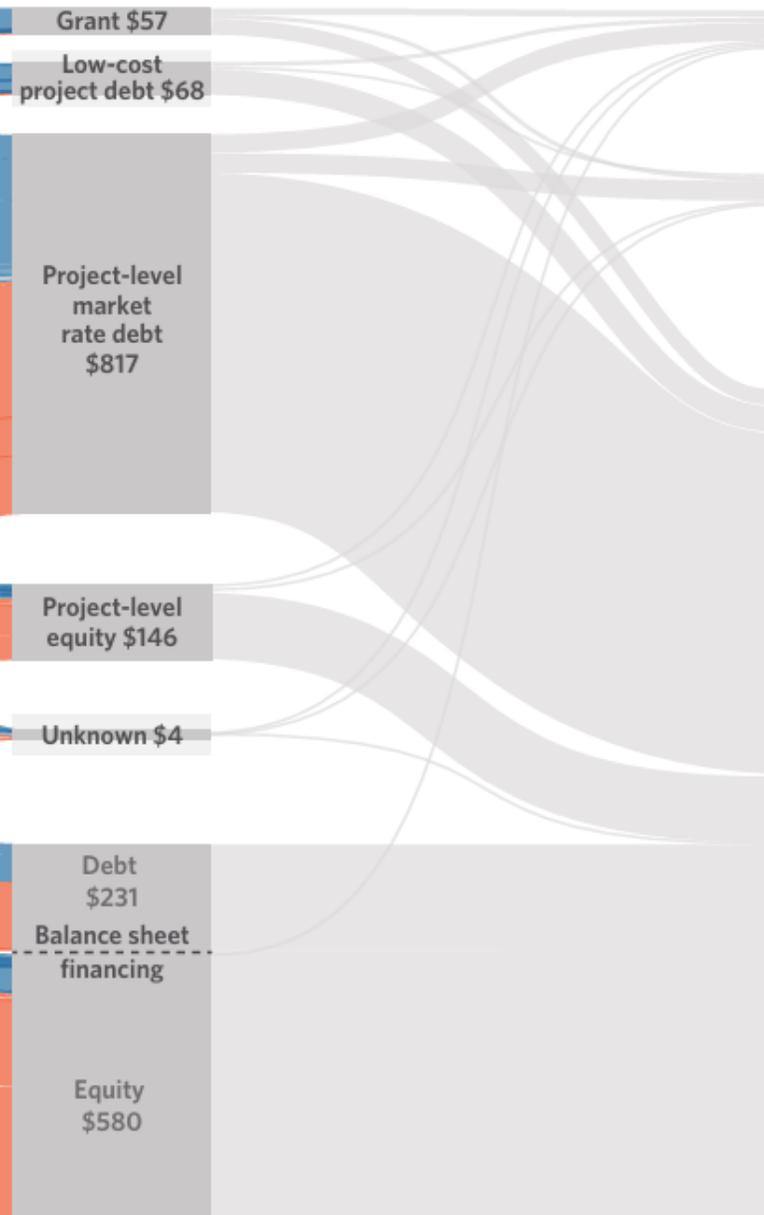
SOURCES AND INTERMEDIARIES

Which types of organizations are sources or intermediaries of capital for climate finance?



INSTRUMENTS

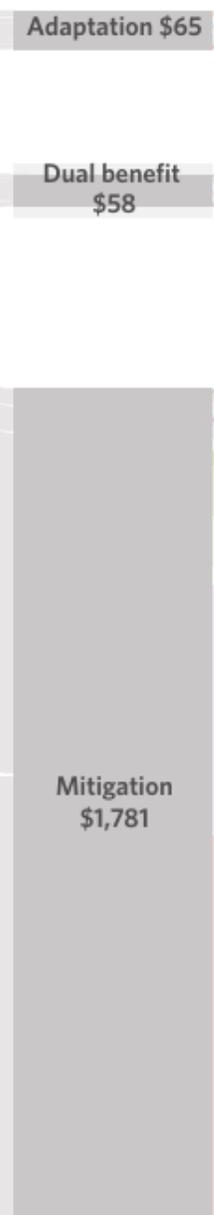
What mix of financial instruments is used?



Latest climate finance flows

USES

What types of activities are financed?

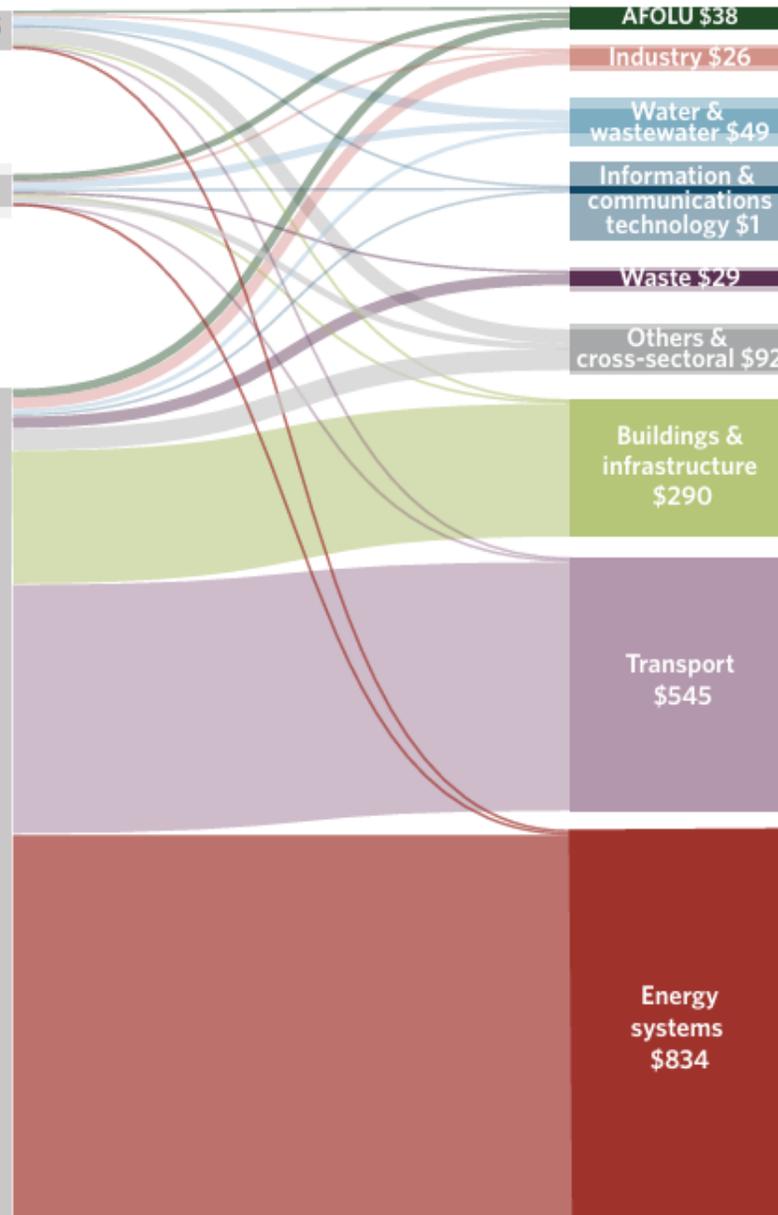


1.9

TRILLION USD
IN 2023

SECTORS

What is the finance used for?



PUBLIC

PRIVATE

*"Other" public sources include export credit agencies and unknown public funds
*"Other" private sources include institutional investors, funds, philanthropies, and unknown

"AFOLU" stands for agriculture, forestry, other land use, and fisheries.

Latest climate finance flows

Private finance

USD 1 trillion in 2023, outpacing public flows

Climate mitigation funding

Rose from USD 757 billion (2018) to **USD 1.78 trillion** (2023)
✓ Over 75% in 2023 went to energy and transport (solar, wind, EVs)

Climate adaptation funding

USD 65 billion in 2023
✓ Figure likely understates the real scale of adaptation investment



Domestic finance

Approximately 80% of flows are concentrated in East Asia (mainly China), North America, Western Europe

EMDEs

Received **USD 196 billion** in international climate finance in 2023, with 78% from public sources

Funding Gap

To meet climate goals, the world needs **USD 6.3 trillion/year** between 2024 - 2030

Public vs Private sector mobilisation in NbS

Public and private finance flows to NbS in 2022, \$ billion (2023 US\$)



Source: UNEP (2023b)

- ✓ Despite net-zero and deforestation-free commitments by major corporates, private-sector investment in NbS remains structurally low, highlighting a significant gap between corporate pledges and capital mobilisation

Financial instruments used to finance NbS



Blended finance mechanisms



Risk-sharing by MDBs and DFIs



ESG-linked financial instruments



Funding

ESG, private investors, and private investment platforms

- 1 A huge number of investors and companies cite **portfolio value creation** as a top reason for advancing ESG integration in their investment processes
- 2 Most portfolio companies are **not yet equipped to monetise ESG benefits** (lack of internal capacity + inability to demonstrate financial value)
- 3 **Municipal-linked projects** often **struggle with baseline carbon accounting**, delaying blended finance inflows
- 4 Identified gaps limit the ability of private-sector platforms to fully utilise ESG as a capital-crowding tool and valuation-uplift tool

How private investors can contribute towards adaptation financing

Commercial Financial Institutions

- Provide lending to households and businesses facing climate risks (e.g. mortgages, household loans, co-financing for adaptation)
- Offer credit lines and innovative financial products that support resilience solutions

Corporations

- Develop and supply adaptation-related goods and services in response to market demand
- Invest directly in strengthening the resilience of their own assets, operations, and supply chains

Asset Managers

- Allocate capital to adaptation and resilience through private equity, debt instruments, resilience bonds, and large-scale infrastructure investments

Venture Capital Firms

- Fund early-stage, high-risk companies developing innovative adaptation technologies, and support emerging solutions to scale toward commercial viability

✓ Other private actors include Insurers, Private Equity, Pension Funds, Consumers and Households

South African bank's pledge towards/adoption of Environmental/climate finance frameworks and memberships

Bank	Environment related reporting frameworks, standards & legislation/ Memberships			
	TCFD	TNFD	GFANZ	Other global frameworks/memberships
Investec	Yes	Piloting TNFD recommendations via FSD Africa coordination	No	PRB (UNEP FI) signatory; PCAF member; Founding member of African Natural Capital Alliance
Absa	Yes	No	No	PRB (UNEP FI) founding signatory; UN Global Compact voluntary participant
FirstRand	Yes	Piloting with FSD Africa, has participated in TNFD forum/working groups	No	Founding member of African Natural Capital Alliance; PRB (UNEP FI) signatory; Paris Agreement alignment (uses proprietary Climate Alignment Pathways, modeled on World Bank/SBTi frameworks) to guide new lending toward Paris-compliant outcomes)
Standard Bank	Yes	No	No	PRB (UNEP FI) signatory; Co-chair of the PRB Banking Board, adopted EP (formerly chaired the Equator Principles Association); UN SDGs (lending/investments mapped to all 17 SDGs, with dedicated frameworks for SDG11, SDG7, SDG1, SDG8)
Capitec	Yes	Policy aligns public reporting on nature risks to TNFD recommendations	No	Natural Capital Protocol adopter; Actively considering application of ISSB/IFRS S2/ IFRS S1; Follows UNEP FI guidance but not a signatory
Nedbank	Yes	No	No	African Natural Capital Alliance governing council member; Fully adopted EP (EP4); Supports PRB (UNEP FI) goals and voluntarily applies PRB-aligned practices but is not a signatory

Recommendations for private sector investment platforms

Issuers and investment platforms in South Africa can take several practical steps to increase private-sector capital mobilisation



Transparency and Disclosures: Ensuring disclosures comply with IFRS S2 and TNFD standards enhances transparency and builds investor trust



Developing Bankable Projects: Creating projects aligned with resilience and net-zero priorities, and projects that have credible revenue models to attract long-term capital



Science-Based Targets and Governance: Adopting SBTi targets and improving governance structures in order to boost investor confidence and institutional readiness

- ✓ Improving access to bankable project pipelines, data transparency/quality, and policy/regulatory reforms is essential to build investor confidence - for private capital mobilisation

Thank You