

Financing the Just Energy Transition: From Perceived Risk to Committed Capital

Synthesis Note

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PROMOTERS

Ministry of Development,
Industry, Trade and Services of
Brazil (MDIC)

United Nations Capital
Development Fund
(UNCDF)

Blend Institute

CO-PROMOTER

World Climate Foundation

1 Background

The Finance for Just and Green Energy Transition Task Force (FJGET) is a multilateral, multi-sector initiative established by a Declaration signed at COP28 by the Ministry of Development, Industry, Trade and Services of Brazil (MDIC), the United Nations Capital Development Fund (UNCDF) and Blend Institute, with the World Climate Foundation as co-promoter. Its purpose is to structure financial solutions that expand investment in the just energy transition, with particular attention to frontier technologies in emerging markets.

On 21 September 2026, during the High-Level Week of the eighty-first session of the United Nations General Assembly, the Task Force convened a closed-door High-Level Leaders and Experts Meeting at United Nations Headquarters in New York. The session was structured as two facilitated rounds of dialogue, each opening with remarks from a co-chair, followed by short interventions and an open exchange among all participants at the table. It was conducted in English and held under the Chatham House Rule.

The question before the table was what conditions allow capital to move from available, to investable, to committed, to deployed, and which combinations of instruments bring those conditions about.

The proceedings of the Meeting inform the path towards the Annual Meeting of the World Economic Forum in Davos, in January 2027.

2 Participation

Name	Role at the Meeting	Position and Institution
CO-CHAIRS		
Dr Mahmoud Mohieldin	Co-Chair, Round I	United Nations Special Envoy on Financing for Sustainable Development
Dr Pradeep Kurukulasuriya	Co-Chair, Round II	Executive Secretary, United Nations Capital Development Fund (UNCDF)
OPENING, FACILITATION AND CLOSING		
Ms Liane Freire	Opening	FJGET Task Force, Blend Institute
Mr Sergio Marcondes	Facilitation	Executive Director, Blend Institute
Ms Aline Damasceno	Closing	Ministry of Development, Industry, Trade and Services of Brazil (MDIC)
SPEAKERS, ROUND I		
Ms Ángela Pérez	Speaker	Chair and Chief Executive Officer, COFIDES
Mr Rémy Rioux	Speaker	President, Finance in Common
Mr Jens Nielsen	Speaker	Founder and Chief Executive Officer, World Climate Foundation
Ms Valérie Levkov	Speaker	Vice-President for Infrastructure, World Bank Group
Ambassador Valérie Berset-Bircher	Speaker	State Secretariat for Economic Affairs (SECO), Switzerland

Name	Role at the Meeting	Position and Institution
SPEAKERS, ROUND II		
Ms Ariane Di Iorio	Speaker	Global Director for Economics and Sustainability, Multilateral Investment Guarantee Agency (MIGA), World Bank Group
Mr Anthony Hobley	Speaker	Founder, Rosetta Initiative
Mr Ambroise Fayolle	Speaker	Vice-President, European Investment Bank
Ms Alicia Montalvo	Speaker	Vice-President for Cooperation, Alliances and Mobilisation, CAF, Development Bank of Latin America and the Caribbean
Ms Stacy Swann	Speaker	Managing Director for Blended Finance, IDB Invest
ROUNDTABLE PARTICIPANTS		
Ms Marina Grossi	Roundtable participant	Brazilian Business Council for Sustainable Development (CEBDS)
Mr Dyogo Oliveira	Roundtable participant	Brazilian Insurance Confederation (CNseg)
Ms Solange Ribeiro	Roundtable participant	Neoenergia
Ms Grazielle Parenti	Roundtable participant	Vale
Mr Carlos Takahashi	Roundtable participant	Brazilian Financial and Capital Markets Association (ANBIMA)
Mr Ashok Parameswaran	Roundtable participant	Emerging Markets Investors Alliance
Mr Maximiliano Quintino	Roundtable participant	CIPP S.A., Pecém Industrial and Port Complex
Ms Lisa Kurbiel	Roundtable participant	Joint SDG Fund
Ms Anita Fiori	Roundtable participant	Soros Economic Development Fund
Mr Fabio Maeda	Roundtable participant	Banco da Amazônia
Ms Natalia Dias	Roundtable participant	IDB Invest

3 Round I: A strategic approach to de-risking architecture

The first round was framed by the following question: if the scale and the pace of capital flowing into the energy transition in frontier and emerging markets are to increase, what are the issues that must actually be resolved? Participants were invited to consider whether the binding constraint lies in the technical design of de-risking instruments, in the institutional arrangements among the actors of the financing chain, in the parameters and mandates of the institutions themselves, in regulation, or in something not yet properly named.

The reframing of de-risking. The round converged early and with unusual consistency on a reformulation of its own subject. De-risking, it was repeatedly argued, does not mean the elimination of risk. It means understanding the risk chain of a given sector with sufficient precision to allocate specific natures and proportions of risk to the actors equipped to carry them: guarantors, insurers and reinsurers, providers of concessional capital, and the institutional investors that follow them.

“The public sector should not absorb every risk. Its role is to help identify which risks genuinely require public support, which can be mitigated through better project design, which can be diversified across portfolios, and which can be transferred to specialised private institutions.”

The operational question that follows was put directly:

“The question is not how much public guarantee we need, but what portion of risk each actor should assume in order to mobilise the maximum of private capital with the minimum use of public balance-sheet capacity.”

Several participants expressed discomfort with the term itself, on the grounds that it suggests risk can be avoided rather than managed and distributed.

Insufficiency and inefficiency. The round distinguished two distinct failures. The first is the insufficiency of capital reaching projects. The second, described as equally costly and less often examined, is the inefficiency of its mobilisation: the time elapsed between commitment and deployment, measured in months and in some cases in years, and the marked variation in that interval between countries served by the same institution.

Perceived risk and actual risk. Considerable attention was given to the evidence that default rates in emerging markets are materially lower than market perception assumes, and that recovery rates in the event of default are high. The discussion turned on why market conditions have not adjusted to that evidence, and whether the obstacle is one of communication, of capacity, of the instruments available to translate data into pricing, or of interests served by the persistence of the gap.

Project preparation as the binding constraint. A recurring position held that the principal bottleneck is not financing but the supply of transaction-ready projects. Promising undertakings do not reach investors because they lack adequate preparation, technical support or a bankable business model. Related to this, several interventions addressed the difficulty of assembling pipelines of a size and shape that institutional investors can engage with, and the growing prominence of transmission and distribution as physical bottlenecks in systems where generation has advanced faster than the networks that carry it.

Market architecture and predictability. A distinct line of argument located the origin of most project risk in regulation and market design rather than in the projects themselves.

“Most of the risks involved in energy projects come from the market architecture. They come from the regulation. They can be dealt with there first.”

The experience of long-term auctions with contracted offtake was presented as a sequence that produced revenue visibility, then bankability, then the progressive withdrawal of development-bank support as the market matured. Against this, it was observed that what long-term investors cannot price is institutional disruption:

“We do not invest for two years. We invest for thirty. What we cannot manage is unpredictability and institutional disruption.”

The social dimension and its sequencing. One line of argument held that the ordering of just transition programmes has been mistaken. Where such programmes have phased out an incumbent fuel, phased in renewables and addressed social consequences last, the social consequences have proved to be the binding political constraint. The proposition advanced was that the sequence should be inverted, and that the livelihoods affected should be addressed first, with the energy substitution following.

“The projects do not happen from New York, at forty thousand feet, directing the money.”

The demography of capital. A closing intervention invited the table to consider, before the financial engineering, who will actually finance the transition. The generation that built the development assistance model is leaving the stage, and the largest intergenerational transfer of wealth in recorded history is under way. The implication drawn was that the justice of the transition and the return on the capital that funds it are not opposing claims, and that the financing model should be revisited with that in view.

4 Round II: From architecture to implementation

The second round moved from architecture to application: how layers of de-risking may be overlaid in complementary fashion so that operations become viable in sectors at the technological frontier in developing economies. It was framed against the observation that, although advances in the Brazilian cases under examination are real, the prevailing approach remains case by case, with each operation obliged to construct a tailor-made strategy among partners only loosely integrated with one another. Two questions were put: whether guarantees, insurance, reinsurance and concessional capital can be integrated into systematic frameworks capable of sustaining a constant flow of capital rather than a sequence of individual transactions; and whether the accumulation of uncertainties of different natures, technological, political and regulatory, can be prevented from raising the cost of de-risking to the point at which an operation ceases to be viable.

Segmentation of markets. A methodological caution opened the round. Fragile contexts and the lowest-rated markets do not present the same problem as emerging markets of scale, and treating them as a single category prevents solutions fit for either. The scale of the underlying failure was put plainly:

“After sixty years of effort, between four and six per cent of global assets under management are in the South.”

Unfamiliarity as a priced cost. It was argued that in frontier markets investors are not only charging for risk but also for unfamiliarity, and that the transmission mechanism between viable opportunities and available capital is, for practical purposes, not functioning.

Instruments that render themselves unnecessary. A principle advanced in this round was taken up repeatedly thereafter: an instrument should be deployed so as to change local conditions, deepen the financial sector and make itself progressively redundant, rather than to remain in place indefinitely.

“The ultimate success of de-risking is not how much risk the public sector can take. It is how much capital actually moves once the public sector no longer needs to take it.”

Related to this, scale was redefined. Scale is not the size of a single transaction; it is whether the second, the third and the tenth transaction close faster, with better information, with less concessional support and with a wider group of investors.

Insurance upstream: the most operational proposition of the Meeting. The round’s most concrete contribution concerned the position of insurance in the sequence of structuring. The argument proceeded in steps. The constraint on guarantees is arithmetic rather than ideological: sovereign counter-guarantee requirements consume fiscal space and can compete with other public obligations. Yet guarantees are a small share of multilateral commitments while accounting for a disproportionate share of private finance mobilised in low and middle-income countries, which places the binding ceiling precisely on the most catalytic instrument. Meanwhile a substantial majority of political-risk exposure is already ceded to private reinsurers, demonstrating that private capacity exists and is being used.

What is missing, on this account, is not the product but the process:

“A review of one hundred and sixty-two climate adaptation finance instruments found insurance used after the event in every single case, and not once used to structure a project for investment.”

“It is not a capital problem. It is an underwriting problem.”

The test proposed was that, before a guarantee is applied to any project or platform, the question should be asked which risks could be stripped out and insured, and what is the smallest guarantee then required. Insure what is insurable; guarantee what is not. A corollary was that each transaction should leave more domestic insurance capacity than it found, with the peak reinsured abroad.

“Public money should be the on-ramp. Insurance is the off-ramp. Every guarantee that sits on a public balance sheet for thirty years is a guarantee that never becomes a market.”

From transaction to framework. Several interventions reported movement away from transaction-by-transaction structuring towards framework arrangements covering multiple projects across several jurisdictions, with loss-absorbing layers built into the framework itself so that execution becomes materially more efficient. The evidence presented on private capital mobilisation over the preceding four years was substantial and was not disputed.

Reducing perceived risk through data. Support was expressed for the collective effort of multilateral development banks and development finance institutions to pool default and recovery data, on the grounds that it furnishes an empirical account of risk that is being taken up by rating agencies and that materially diverges from market perception, most of all in respect of Africa.

Benefits as well as risks. A distinct reframing was offered from a regional perspective. The discussion of sharing risk should be accompanied by a discussion of sharing benefits, returns and opportunities, since investment promoted through de-risking does not always leave its value in the country that hosts it. It was further observed that the energy conversation in several countries of the region is now conducted in terms of critical minerals, and that it remains difficult to persuade governments to alter an energy model whose fossil revenues finance health and development expenditure.

The composition of the instrument set. It was noted that equity, as distinct from debt however concessional, is scarce across the system and is frequently the instrument an early-stage undertaking actually requires. Attention was also drawn to the strengthening of local financial institutions as the front line of green and resilience lending, rather than a continued practice of project-by-project investment that displaces them. Two headwinds were flagged: a rising cost of capital, and the contraction of official development assistance, which has been the source of the concessional resources on which the multiplier effect depends.

A counterpoint on de-risking itself. A dissenting note held that not every investor seeks de-risking. A segment of institutional investors in emerging markets is actively seeking sub-investment-grade exposure and is constrained by the supply of high-quality labelled instruments rather than by risk. On this view the binding constraints are integrity and standards in the labelled market, and the regulatory and educational work required before pension funds and wealth managers can participate at scale.

5 Points of convergence

1. **Capital is not the binding constraint.** The constraint is the set of conditions that allow capital to move. This was stated at the opening and endorsed, in substance, by every subsequent line of argument.
2. **De-risking is risk allocation, not risk elimination.** The reformulation was reached independently by participants from development finance, insurance, regulation and the real economy.
3. **Project preparation is the first-order bottleneck.** The supply of transaction-ready projects, not the supply of capital, determines the pace at which investment proceeds.
4. **Predictability has financial value.** Regulatory stability, contractual certainty and credible long-term market rules reduce the cost of capital more reliably than any instrument applied after the fact.
5. **Insurance and reinsurance arrive too late.** There was no dissent from the proposition that risk-transfer capacity is engaged after a structure is fixed, and that engaging it earlier would reduce the demand on public balance sheets.
6. **The system must move from transactions to frameworks.** Case-by-case structuring with loosely integrated partners was identified as a cause, not merely a symptom, of the slow pace of deployment.
7. **A well-designed instrument makes itself unnecessary.** Success is measured by the capital that moves once public support is withdrawn, and by whether the next transaction is easier than the last.

6 Open Questions

The following are reported as open questions, not as disagreements to be resolved in this Note.

Whether the risk is perceived or real. One position held that the evidence on defaults and recoveries establishes a systematic over-pricing of risk in emerging markets, and that correcting the perception is itself a principal task. Another held, with equal directness, that the risks are real and should not be minimised, and that the useful work lies in allocation rather than in persuasion. The two positions were stated plainly and were not reconciled in the room. They carry different implications for where effort should be concentrated.

The sequencing of the just dimension. Whether the social and territorial dimension of the transition is a condition of a project's viability, to be addressed first, or a consequence to be managed as the project advances, received different answers. The question bears directly on how the territorial layer of a financing structure is designed and on who carries it.

Whether de-risking is universally sought. The premise that investors require risk mitigation was contested from the perspective of investors actively seeking higher-yielding exposure in emerging markets and constrained instead by the supply and integrity of labelled instruments.

The subject of the transition conversation. A regional perspective noted that the energy conversation in parts of Latin America is now conducted in terms of critical minerals and of the fiscal dependence on fossil revenues, which sits at an angle to the framing of the session.

7 Outcomes and next steps

A ninety-day undertaking. A proposal was put to the table that, rather than concluding with a communiqué, the Meeting should commit to a defined piece of work over the following ninety days: to select projects or pipelines from the pilot territories and build a proof of concept. The proposal was accepted on behalf of the Government of Brazil in the closing remarks, with the stated objective of delivering concrete advancements by the Annual Meeting of the World Economic Forum in January 2027.

CLOSING NOTE

This Note was prepared by the FJGET Task Force as a record of the substance of the Meeting. In accordance with the Chatham House Rule, under which the session was held, participants are at liberty to use the information contained in this Note, provided that neither the identity nor the affiliation of any speaker is revealed.