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Pre-COP30 Investor Outlook: Key Themes for Belém

The 30th United Nations Conference of the Parties (COP30) is likely to deliver incremental rather than transformative progress, as most countries remain misaligned with the Paris Agreement and net-zero pathways.

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Key takeaways

- Climate finance for emerging markets remains the largest gap in meeting Paris Agreement goals; any significant advances here could influence growth prospects.
- Global policy is likely to centre on adaptation and resilience, influencing sovereign creditworthiness and creating new investable sectors in infrastructure and technology.
- Additional capital will most likely fund power, transport, industrial decarbonisation, water systems, HVAC and cooling, grid resilience and climate risk software initiatives.

Conference expectations

- COP30 is unlikely to deliver full investment-ready national transition plans, as most countries remain misaligned with the Paris Agreement and net-zero targets. Uneven ambition—especially from major emitters such as the US and China—as well as economic and geopolitical constraints are elevating policy uncertainty and transition risk.
- Climate finance for emerging markets (EMs) remains the single largest gap to meeting Paris Agreement goals; any significant movement in resolving this gap at the Belém conference could influence growth prospects.
- Adaptation and resilience will likely move to the centre of global policy, influencing sovereign creditworthiness and creating new investable sectors in infrastructure and technology.

Themes most relevant to capital markets

Clearer national climate plans with investment pathways: COP30 is expected to centre on the next cycle of Nationally Determined Contributions (NDCs) for 2035. These standards are at the heart of the Paris Agreement and outline each country's climate commitment. However, most countries remain misaligned with the Paris Agreement and net-zero pathways, suggesting this year's summit will deliver incremental rather than transformative progress. Whilst governments are expected to update their targets and announce sectoral pledges, uneven ambition—particularly from major emitters such as the US, China and Brazil—combined with domestic economic and political constraints means few are likely to present investment-ready transition plans.

Recent updates to 2035 NDC commitments reveal modest directional ambition rather than structural change. The US and Brazil remain off track relative to net-zero consistent trajectories, and China's recently announced 2035 NDC target of 7% to 10% reduction relative to 2023 peak emissions illustrates this limited ambition, as China is also expected to be off track by 2035[1]. By contrast, the UK's 2035 NDC target is on track, reflecting stronger policy clarity and implementation credibility.

2035 NDC reduction targets for CO_2 relative to 2030

Country	2035 NDC target (vs. 2030)	Target to align with net zero (vs. 2030)	Current assessment
US	-15%	-26%	Off track
China	-2.1%	-25%	Off track
Brazil	-10%	-24%	Off track
UK	-17%	-10%	Aligned

Source: Allspring Global Investments. Data from Climate Watch, as of September 2025. Based on latest public disclosures and modelled conversions to a 2030 baseline.

Climate finance and mobilising capital for EMs: EMs will likely dominate the finance debate in Belém. A 2023 IEA report[2] estimates that EMs will require US$2.2–2.8 trillion annually by the early 2030s for clean energy alone; actual flows currently total around US$770 billion per year. The Belém finance initiative, also known as the Baku to Belém Roadmap, aims to mobilise at least US$1.3 trillion annually by 2035 to support climate action in developing countries[3]. In the past, scaling capital into EMs has proven persistently challenging. Several high-profile initiatives, such as the roughly US$8.5 billion South Africa Just Energy Transition Partnership (JETP)[4], once hailed as a model, has struggled with slow disbursement and limited private participation due to the weak balance sheet, heavy debt exposure and grid constraints of Eskom—South Africa's electric utility company. Other failed COP-led JETP initiatives to mobilise capital for EMs include the Indonesia JETP valued at US$20 billion and the Vietnam JETP valued at US$15 billion[5, 6]. Success of the Baku to Belém Roadmap hinges on delivering credible first-loss guarantees backed by multilaterals such as The World Bank, Asian Development Bank or African Development Bank to provide investors with protection against borrower default or payment risk, effectively transferring part of the credit risk to a higher-rated institution.

Adaptation and resilience: at COP30, adaptation and resilience are expected to move from a secondary issue to a central pillar of negotiation. The global temperature is already roughly 1.55°C above pre-industrial levels (as of 2024)[7], whilst the frequency and severity of climate-related disasters are escalating. These disasters have caused a cumulative US$2 trillion in economic losses since 2010, and costs are projected to reach US$1.4 trillion annually by 2030 if the trend persists[8]. Delegates at COP30 will focus on scaling both finance and governance for resilience, particularly in vulnerable economies where climate impacts threaten fiscal stability. For financial markets, adaptation is no longer an abstract concept but an increasingly material driver of asset pricing. Adaptation finance is therefore expected to emerge as a focal discussion point at COP30, increasingly recognised as a distinct sub-asset class. Investment opportunities for both debt and equity are set to expand across resilient infrastructure, water systems, agricultural technology and insurance-linked instruments—all of which will be critical to protecting long-term asset performance.

Considerations for investors

- **Sector and sovereign focus**: capital will likely concentrate in power, transport and industrial decarbonisation, with strong adaptation plays in water systems, HVAC and cooling, grid resilience and climate risk and artificial intelligence driven software. Sovereigns and sub-sovereigns advancing credible 2035 NDCs—particularly the UK and select European Union countries—are best positioned to attract public finance blended with private capital through guarantees and risk-sharing structures.
- **EM climate finance growth**: the Baku to Belém Roadmap aims to mobilise at least US$1.3 trillion annually by 2035 through blended finance. Expect issuance of green, transition and resilience bonds, particularly from multilateral development banks, development finance institutions and sovereign treasuries building adaptation-linked financing pipelines.
- **Transition opportunities:** Allspring seeks equity and credit opportunities related to the transition to a net-zero economy, targeting companies with robust transition plans and resilient business models to capture long-term growth opportunities. We integrate climate metrics and risks into issuer analysis, and our open engagement with investee companies (through stewardship) aims to strengthen climate alignment and resilience.
- **Partnering with climate leaders:** international climate negotiations such as COP30 indirectly influence Allspring's approach to climate risk through sovereign NDCs and policy shifts that influence corporate transition risk.

1. Q&A: What does China's new Paris Agreement pledge mean for climate action? - Carbon Brief
2. Scaling up Private Finance for Clean Energy in EMDEs
3. Baku to Belém Roadmap to 1.3T | UNFCCC
4. IHRB - What are JETPs? (Just Energy Transition Partnerships
5. Indonesia Just Energy Transition Partnership (JETP) | United Nations Development Programme
6. Vietnam Just Energy Transition Partnership: joint statement - GOV.UK
7. WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level
8. The Cost of Inaction: Physical Risk & Adaptation | Allspring Global Investments