



UN CLIMATE CHANGE HIGH LEVEL CHAMPIONS

“Towards COP27: Regional forums on Climate Initiatives to Finance Climate Action and the SDGs”

Concept Note

Context

Ahead of COP27, the UN system, leveraging its convening power, network of experts and influencers at regional levels, will partner with the incoming Egyptian Presidency of COP27 and the UN Climate Change High-Level Champions for COP26 and COP27 to organise a series of five regional forums on “Towards COP27: Regional Forums on Climate Initiatives to Finance Climate Action and the SDGs” bringing together key stakeholders from public and private sectors, to catalyse additional private sector investment in climate mitigation and adaptation in line with the SDGs. Participants, including public and private financial institutions and countries, initiatives and organisations preparing projects will work together to identify and address financing bottlenecks, to showcase and learn from success stories of private sector investment and share investment-ready climate initiatives in Member States to spur further investment.

Public and private climate finance must flow at the necessary scale and pace to accelerate Paris aligned sustainable development without further overburdening the already stretched fiscal space of most developing countries to invest in climate action and sustainable development is not further overburdened. With a focus on SDGs 7, 9, 13 and 17 as vehicles for change, the five regional forums aim at taking a holistic approach towards financing the 2030 Agenda for Sustainable Development in the new global environment and delivering urgent near-term action.

Trillions of dollars’ worth of investments are needed each year to achieve the rapid, far-reaching transformations required to address the impact of the climate crisis from the perspectives of mitigation and adaptation. Developed countries and private sector investors have yet to deliver on the annual \$100-billion commitment of climate finance agreed to in 2009, which was to be reached by 2020, and progress towards aligning all financial flows with the SDGs and Paris Agreement goals is nowhere near what is needed. Lack of access to finance and investments aligned with climate ambitions, lack of prefeasibility and/or feasibility studies, increased cost of borrowing for countries due to real and perceived risks as well as reduced fiscal space remain at the root of significant delays in the necessary finance flowing to transform all sectors of the economy from transport to agriculture to manufacturing to energy, to reduce emissions at the pace required to limit global warming to 1.5 degrees in the context of the just transition and build resilience to the impacts of climate change. Furthermore, unlocking

access to climate finance, especially in emerging markets and developing economies, is crucial to close the adaptation gap and to build resilience and protect the vulnerable from climate change.

There has been considerable growth in private sector commitments to setting and pursuing science-aligned portfolio decarbonization targets, through the Race to Zero and the Glasgow Financial Alliance for Net Zero, and an increase in green and sustainable debt financing instruments, such as green, blue, and sustainability-linked bonds, in the last five years. Similarly, innovative financing mechanisms like debt for climate swaps are also gaining traction, and the business case for investing in adaptation and resilience to manage and reduce physical climate risk is becoming clearer. However, given the enormous financing requirements, the scale that is needed to ramp up climate action and advance the SDGs is not there. This is because an effective change requires a holistic and cross-sectoral approach. This means changes in enabling conditions for private finance as well as the operating models of development finance institutions and transparency from government leaders on the projects required to achieve their sustainability goals. There is still a disconnect between investors and projects in need of investment. The regional forums will focus on convening development cooperation partners and private sector representatives together with countries, initiatives and platforms looking to raise capital for climate investments to foster greater understanding, connectivity and ultimately catalyse increased investment in critical climate projects.

Objectives

In the lead-up to UNFCCC COP27, the world is faced with triple crises brought on by the ongoing COVID-19 crisis, the current geopolitical situation, and the global climate emergency. Against this backdrop, the five regional forums will focus on access to finance through new public/private vehicles, channelling and scaling of investments, and the linkage between climate and debt to support a just transition for all as well as a holistic approach to sustainable development. Each region will focus on specific areas most relevant to them such as energy transition, infrastructure, and the transition to a circular economy.

Key objectives for the forums include:

- **Facilitate** engagement with a broad set of partners and stakeholders, to accelerate public and private investment in concrete initiatives, platforms, and projects, and identify and encourage policy actions that correspond to the distinct needs of the five different regions to address climate change in a holistic manner and narrow the current gap in Paris-aligned financial flows.
- **Identify** and share climate finance and investment opportunities that also support the acceleration of access to clean energy, food security, and digital transformations, which remain key catalysts for the attainment of the Sustainable Development Goals (SDGs).
- **Highlight** successful examples of countries leveraging investment opportunities for climate action as well as financial institutions and investors turning climate commitments into action and financial flows.
- **Connect** representative groups of development partners, governments, and private sector investors to propose and consider concrete instruments and initiatives that accelerate action towards the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development.

- **Advocate** for a transparent process that allows developing countries to showcase their investments on climate action, responsible use of raw materials for green growth, and for measures of progress complementary to the GDP.

Format and organisation

The regional forums will be organised by each of the five UN Regional Commissions (Asia-Pacific in Bangkok, Africa in Addis Ababa, Latin America and the Caribbean in Santiago, Europe in Geneva, Western Asia in Beirut) and the incoming Egyptian Presidency of COP27, in collaboration with the UN Climate Change High-Level Champions (HLCs) , the Special Adviser to the SG on Climate Action and Just Transition, the Special Representative for Sustainable Energy for All, the UN Global Compact, the UN Development Programme and the UNFCCC.

The format would be hybrid through in-person and virtual participation of speakers and participants.

Participants will include representatives of: Governments (Coalition of finance ministers for climate action, Ministers of Investment, Energy, Transport, Trade, Agriculture, Industry etc), Intergovernmental Regional Organisations', Regional and National Development Banks, Investment Banks, Multilateral Development Banks (MDBs), International Financial Institutions, Private Sector Investors including GFANZ members and Global Investors for Sustainable Development (GISD) Alliance, pension funds, local and regional project proponents/developers, initiatives and platforms (e.g. Global Energy Alliance for People and Planet), and private philanthropic organisations etc.

Tentative timeline for regional forums

To the extent possible, the regional forums will be organised alongside existing on planned events, with hybrid format to maximise participation and minimise carbon footprint.

- **Africa region (ECA):** Meeting of the African Group of Negotiators from (2-4 August 2022 in Addis Ababa, Ethiopia)
- **Arab region (ESCWA):** One-day regional forum on climate finance needs and investment opportunities in Arab States (15 September 2022 in Beirut, Lebanon).
- **Asia Pacific region (ESCAP):** Back-to-back with Asia Pacific Business Forum (25 August 2022 in Bangkok, Thailand).
- **Latin America and the Caribbean region (ECLAC):** Forum on climate finance and the energy transition (31 August-1 September 2022 in Santiago, Chile).
- **UNECE region (UNECE):** High-Level Roundtable on 'enhancing sustainable management and financing for the critical raw materials required for low-carbon transitions' (20 September 2022 in Geneva, Switzerland)

Suggested activities and focus of the regional Forums

Work closely with member States as well as international and regional financial institutions to:

- Engage public and private creditors with developing countries, inviting countries, initiatives, and project developers to share concrete instruments, initiatives and projects that can accelerate

climate action and the achievement of the SDGs. These could include: o Bankable projects and programmes that can contribute to transformative adaptation and mitigation outcomes

- Debt for climate swaps, and ways to crowd in additional resources from public and private investors and philanthropic organisations, with a focus on successful examples and investment-ready idea to increase scale and pace
- Practical proposals, platforms or plans to support debt restructuring linked with climate and sustainability goals of climate-linked sovereign bonds, lessons from the field, opportunities to scale and replicate, and the opportunity for increased harmonisation on Environmental Social and Governance (ESG) criteria associated with climate resilience.
- Use of Special Drawing Rights (SDRs) for climate action beyond the Resilience and Sustainability Trust, building on the proposal by Mia Mottley, Prime Minister of Barbados, of an annual increase of SDRs of \$500 billion to provide the catalyst to leverage private investment
- The development of high integrity regional carbon markets and ways to increase investment opportunities in mitigation and adaptation initiatives and projects o Investments in electromobility, especially in public transport, to make access to transport more equitable and sustainable while generating infrastructure improvements across the board
- Region-specific priority investments that advance electromobility, especially in public transport, food security, water security, sustainable energy pathways and digitisation of management of natural resources that are critical to the energy transition.

Suggested content of the regional forums - scenario note input

The forums would focus on project opportunities, particularly building the pipeline, hosting project proposals, and progressing follow-up at the regional level. The content will draw on project collation and signposting. The agenda would typically include:

- Country NDCs with visibility on priority sectors, sector needs and project ideas
- Clarity on private finance role in these for project scoping opportunities
- Financial institutions' guidance/perspective on country approaches, platforms, and innovative financing solutions; and
- Practical next steps by participants including private finance, DFIs and philanthropists, focusing on target sector (s).