



**UN Climate Change COP 28
Dubai, United Arab Emirates**

Outcome Document

**“Seizing & Catalyzing the Urban Financing Opportunity
to Accelerate Multilevel Action
for Just Transition & Resilience”**

Organized by the following partners:

FMDV, ICLEI, UCLG,
ICLEI Africa, Regions4

Frente Nacional de Prefeitos - FNP- Brasil

Global Taskforce of Local and Regional Governments

Alliance of African Ministers for Urban Development Financing – AMUF Alliance

Alliance of Subnational Development Banks in Latin America and the Caribbean & Africa

Finance In Common Coalition on Resilient Cities & Regions

Institutional Investors Group on Climate Change

December 6, 2023 – 4 PM to 5 PM

TIME (60 minutes)

ROOM LAB 2 - Al Jeer

Key Messages:

- Context: COP28 is a **historic COP** for multi-level climate action since local and regional governments were put at the centre of the discussions with:
 - The organisation of the **Local Climate Action Summit** on 01st and 2nd of December 2023, which resulted in the launch of the CHAMP Initiative (Coalition for High Ambition Multilevel Partnerships for Climate Action) aiming to bridge the gap between urbanization and climate and already endorsed by 70+ countries;
 - The organisation of **the second Ministerial meeting on Urbanization and Climate Change** by UN-Habitat and the COP President on 06 December 2023, where the AMUF Alliance of African Ministers for Urban Development Financing innovated with the launch of the **Urban Opportunity Fast Forward Initiative - UFFI**;
 - The fact that local governments were granted **direct access to the Loss and Damage Fund**.
- Tailor-made, flexible, and context-specific initiatives and solutions aiming to build a stronger financial architecture and ecosystem of players for urbanization finance were announced at COP28 including the [Urban Opportunity Fast Forward Initiative- UFFI](#) which aims at supporting the setting of financial engineering support teams and processes for subnational action in Africa as well as several call for partnerships launched by the private sector to support climate-smart investments and commit to innovative financial practices (e.g. [IGCC's call for collaboration launched at COP28](#)).
- Going forward (after COP28):
 - The local government constituency is in the process of negotiating an **urbanization pathway** which will be a major turning point that could potentially redefine urbanization strategies globally.
 - The session demonstrated the importance of multilevel cooperation, country programs and **better connecting the imperative of urbanization financing to the discussions on the reform of the global financial architecture** to make sure that beyond the progress made during this COP, cities and regions are provided with the necessary resources to concretely access the resources they need to fulfil their mandate.

Outcomes:

Outcome 1: Launch of the Urban Opportunity Fast Forward Initiative – UFFI as a conducive strategy and engineering hub acting at both the regional and national levels (country programs).

Building on the current political momentum, and as a follow-up of COP27's iLab, FMDV and the AMUF Alliance are launching the *Urban Opportunity Fast Forward Initiative (UFFI)*, an integrated political, strategic, and technical solution relying on the creation of regional and national “Financial Hubs” composed of experts and financial engineers specialized in sustainable urban development and green and just transition financing.

The African “one-stop-shop FinHub” at the regional level is set for catalyzing access to urban climate and sustainable finance by calling all stakeholders to drop into a joint basket, at regional or national levels, their proposed support (programs, funds, mechanisms) to ensure they are made visible and accessible to domestic players.

[The African UFFI FinHub](#) is a key demonstrator of **the next generation of multilevel and multistakeholder cooperation and shows that structural solutions are being implemented**, thanks to the MPGCA catalyzing force.

This new architecture will rely on a pool of experts capable of:

- **accelerating action and bridging the cultural and technical divide and gap between public and private stakeholders,**
- **creating ownership of financial processes and innovations by public authorities,** which are responsible for the well-being of the population,
- **setting a context-specific process “owned” and endorsed by governments** (national subnational), in partnership with development and private partners,
- **boosting the competence, engineering capacity and bargaining power of the public sector at regional/national levels.**

Comments and reflections

Participants supported the idea of a systemic programme focusing on urban financing designed by Africans for Africans. They also emphasized the need for stronger collaboration between all stakeholders acting along the urban financing value chain to ensure the success of this initiative.

Outcome 2: Showcasing advancements by a series of programs and players on the financing chapter of their activities in Africa and Latin America and building convergence through UFFI's articulation role at the regional or national levels.

- The already **existing multi-level and multi-stakeholder collaborations in Brazil and South Africa** - especially between national ministries, national development banks and regional & local governments - were showcased during this session as best practices that will inspire the design of the UFFI initiative. These collaborations have enabled local and regional governments to benefit from the expertise and project preparation support from national development banks, especially for their climate projects (in these cases, the *Development Bank of South Africa-DBSA* and *Banco Nacional do Desenvolvimento-BNDES*) as well as to benefit from a conducive environment to take municipal projects from origination to execution.
- **Several initiatives aiming to boost the collaborations between Public Development Banks of different levels and geographies** - such as the Finance in Common Movement led by AFD or the International Development Finance Club- **were presented**. These initiatives aim to create spaces for Public Development Banks to share knowledge and best practices and represent an opportunity to innovate and create new tools adapted to the needs of local and regional governments. of all sizes.
- **Specific collaborations between local governments on urban finance multiply globally.** In Sub-Saharan Africa, the Covenant of Mayors in Sub-Saharan Africa (CoM SSA), has developed a finance helpdesk aiming to provide technical assistance on urbanization finance to all city members of CoM SSA and share solutions and best practices with all members.

Comments and reflections

Radical collaboration between cities at the regional and global levels, between banks of different levels (subnational, national, multilateral), and between banks and policy makers is progressively considered by all partners as the only suitable solution to reach the objectives of the Paris Agreement.

Outcome 3: Highlight the key role of intermediaries such as Subnational Development Banks which have the capacity to design and implement financial products and services tailored to the local needs.

- **Subnational Development Banks (SDBs)** are public development banks (PDBs) or financing institutions owned and supported by national, regional, or municipal governments, with a specific mandate (or part of its general mandate) aiming to provide funding and/or financing to local and regional governments and/or local stakeholders and support subnational and/or urban investments.
- **Subnational Development Banks from South Africa (the Development Bank of South Africa) and Brazil (*Banco Nacional do Desenvolvimento*)** highlighted their key role as **bridge-builders** between stakeholders of the urban financing value chain as well as **market-makers**.
- Although they are diverse in terms of status or operating modalities, and because of their subnational mandate, Subnational Development Banks have a unique professional intermediary role to play in bridging the subnational financing gap and provide countercyclical financing, lend in local currency, have a deep understanding of local contexts and markets, enhance resource diversification and mobilization, ensure proper design of adapted channels for grants, debt and/or equity, including guarantees based on the capacity of absorption of the domestic subnational financing market.
- One of the **key priorities of Subnational Development Banks is to de-risk investments at the local level and enable local and regional governments to access capital at a competitive price**. On this specific point, Brazil announced that they were planning, under the G20 Presidency, to strengthen the capacity and the role of public development banks in accessing competitive sources of funding, and AFD (*Agence Française de Développement*) announced the launch of a local guarantee tool called **CITIRIZ** aiming at promoting the emergence or strengthening of domestic banking markets for local public debt, providing African cities to a wider range of financing options;
- **The 2 Alliances of Subnational Development Banks in Africa and Latin America, coordinated by FMDV under the Finance In Common umbrella** have already produced pro-active peer-to-peer exchanges and publications. The next phase for the 2 Alliances is to engage DFIs in dedicated funding and financing to support technical assistance and new credit lines for SDBs to support urbanization financing at the national scale of climate action.

Comments and reflections

Even though the key role of financial intermediation is progressively recognised, stronger emphasis and support programmes need to be displayed at the global and national levels to strengthen their key role in the design and implementation of financial products and services tailored to local needs, **especially on adaptation financing**. This will be a key agenda for the 2 regional Alliances of SDBs in the coming years.

Content:



Events were required to feature collective progress on mitigation (2030 breakthroughs), adaptation and resilience (SAA outcomes) and means of implementation. Please outline below how this is featured in your session.

- All speakers highlighted the need to address the urban needs in a more **integrated way** and take into consideration social and environmental criteria. For example, DBSA is accessing climate finance capital and adaptation finance to execute the development mandate of the bank while assisting the South African government to reach its commitments under the Paris Agreement and move towards a net zero future.

Diversity & Inclusion:

Event organisers were requested to ensure events were inclusive of age, gender, geography, and represented a spectrum of stakeholders across all levels of government and sectors. Please share below the number of speakers represented in each group at this event.

Youth <i>No of Speakers under 35</i>	Geography <i>Number of Speakers from developing countries</i>	Gender <i>Number of female speakers</i>	Indigenous Peoples <i>Number of speakers from Indigenous groups</i>
3 total speakers	7 total speakers	5 total speakers	0 total speakers
% 37,5	% 87,5	% 62,5	% 0

Materials / Assets:

Please share any links to materials from the session (e.g. photos, slides)

<https://drive.google.com/drive/folders/1Kiz92SpIBQFwkrbj18HnAt852ER-ukSZ?usp=sharing>