Marrakech Partnership | Global Climate Action

UN Climate Change COP 28
Dubai, United Arab Emirates

Outcome Document

Continuing progress: transitioning finance and financing the global transition to a resilient, net zero future

Organized by the following partners:
IIGCC, CDP, the High-Level Champions' Team and the UNFCCC Secretariat

10:00- 11:00
Arena 1
(Al Hur)

Marrakech Partnership | Global Climate Action

"Continuing progress: transitioning finance and financing the global transition to a resilient, net zero future"
Action Event

Key Messages:

- There is an urgent need for delivery, which is underway, taking stock of progress of actions and enabling policy environments to further catalyze action and increase ambition.
- Comparable, consistent, and credible data is crucial to build transparency and increase accountability for action.
- Key challenges and/or barriers that need to be addressed to course correct actions, with a focus and priority on EMDEs. Such barriers include:
    - Enabling policy environments, including mandatory policy and regulation aligned with global standards, towards closing the valuation gap.
    - Investor certainty (e.g., policy signals, information).
    - Credible, comparable, and consistent high-quality data including risks, opportunities, dependencies, and impacts.
    - Building capacity of both state and non-state actors, particularly in EMDEs.

Outcomes

Outcome 1: *Demonstrate that net zero delivery is underway yielding real economic opportunity and that common frameworks, standards, and regulations have been developed to guide and harmonize credible implementation.*

First, the discussion moderated by **Sherry Madera, CEO, CDP,** showed the need for synergy across all actors - including public, private philanthropy - including, in the words of **Tariye Gbadegesin,** Managing Director & CEO, ARM-Harith Infrastructure Investment, "to be more than the sum of its parts."

- Tariye outlined the need to consider the "ecosystem of funding" throughout project development, from perspectives of risk, equity, and debt, and how all of these elements together mobilise capital to pre-existing and emerging models.
- Having tangible, clear case studies and examples of both concessional and catalytic financing can further unlock finance and encourage preferential treatment e.g., linked to transparency and disclosure. One such example highlighted by Tariye is their work with African capital markets and MDBs in developing an instrument to incentivise deployment into equity and high-risk sectors.

Second, to advance the global financial transition and transformation to net zero, we need to understand the real incentives for investors to fully divest their portfolios. This includes the need for clarity and consistency at both international and national level in areas of carbon pricing, fossil fuel subsidies, and regulatory reform, to ensure level playing fields and avoid unintended consequences, particularly for emerging markets and developing economies (EMDEs) as **Eva Cairns**, Head of Sustainability Insights & Climate Strategy at abrdn, highlighted.

- We need to ensure an aligned trajectory between net zero commitments and action in the finance community and policy incentives to rapidly decarbonize.
- Data is a journey and part of the solution, although barriers and challenges remain. We have seen record levels of clean energy investment, but almost all investment is channelled towards the US, Europe, and China. This demonstrates a huge gap of mobilising capital where climate solutions are needed. There is a need to adopt a forward-looking view beyond large companies that are already 1.5°C-aligned to shift capital. For example, if the data isn't already there, active ownership is key to ensure FIs are encouraging smaller firms to disclose, and working in parallel with "transition leaders" in the public sector.

Third, **Minister Sri Mulyani Indrawati,** Finance Minister of Indonesia, and Co-Chair, Coalition of Finance Ministers for Climate Action, shared her valuable experience and perspective in the role of enabling policy and regulatory environments and private sector collaboration in the deliverance of Indonesia's NDC and just energy transition package (JET-P).

- In Indonesia's total NDC budget of USD $281bn, $240bn is dedicated to energy. In the transition from coal to renewable, socioeconomic implications and attracting finance in the transition, is key. In Indonesia, transportation is a key sector for transition. While aggregation, including data and disclosure, are key, a project-led approach, including collaboration with the private sector is crucial, particularly on incentivising investment and tackling stranded assets.
- Further, drafting the right type of regulation is crucial to building market integrity. Additionally, the development of taxonomies need to address regulatory frameworks and standards at the global level and facilitate greater transparency on emissions data to truly transform the energy sector to net zero.

Outcome 2: *Demonstrate that finance for adaptation and resilience, as well as for EMDEs remains insufficient, but there are clear solutions available to address persisting challenges.*

The discussion moderated by **Stephanie Pfeifer, CEO of IIGCC,** showed not just that adaptation and resilience is now becoming an increasingly important part of the climate finance system, with clear reference to the Sharm El Sheikh Adaptation Agenda (SSAA) Outcomes, but also that myths around there being no business case for resilience are continually being disproved.

Indeed, the discussion covered not only that investment in resilience does protect assets from downsides, but also that resilience can also provide increased cashflows and hence, valuations. Nevertheless it is clear that the global adaptation finance gap is widening. While flows have seen a marked increase, it is not still enough to meet growing adaptation financing needs and costs and all actors - public and private - need to come together to address this.

In the panel discussion, the speakers **Lord Fakafanua**, Speaker of the House Legislative Assembly of Tonga, **Sindhu Krishna**, Head of Sustainable Investment at Phoenix Group, and **Lesley Ndovu**, CEO of African Risk Capacity highlighted a range of potential solutions including:

- Recognising the intrinsic link between adaptation and mitigation and that the extent to which we need to adapt, and indeed certain countries' ability to do so, will be determined ultimately by how quickly the world cuts emissions.
- The potential to repurpose the c. USD 7 tn of misaligned finance the IMF estimates is spent by governments each year on fossil fuel subsidies to support adaptation and resilience building, alongside mitigation efforts.
- Private investment in innovative financing structures anchored by Development Finance Institutions/Multilateral Development Banks to raise financing for just transition and resilience efforts. A rejuvenation of the MDB system would support this being scaled further, as would close engagement with local actors.
- An emphasis on local solutions that can be scaled through, among other things, technical assistance and capacity building to better plan, prepare, and respond to extreme weather events and natural disasters. A key factor here is that the cost of preventative action and upfront resilience building is generally significantly less than the costs of disaster response in situations where resilience has not been supported.

Outcome 3: *Demonstrate that finance for a net zero economy also means finance for a nature-positive economy.*

In this fireside chat, **Jennifer Corpuz**, Senior Global Policy and Advocacy Lead, Nia Tero and **José Pugas**, Partner & Head of ESG, JGP Asset Management addressed the linkages between finance for mitigation, resilience and a nature-positive approach, emphasising the importance of a holistic and integrated approach that also draws on the role and knowledge of indigenous peoples.

- Incorporating nature into financial decision-making is key. As highlighted by José, it is not the data that is the problem, but the discomfort we feel upon seeing the data. In Brazil specifically, major emissions come from deforestation and agriculture. In committing to and implementing net zero, committing to ending financing in commodity-driven deforestation is key.
- Further, we must also acknowledge and address both risks and opportunities - not just for business but for people, with focus on Indigenous Peoples. As Jennifer highlighted, in the same way that the Global Biodiversity Framework acknowledges the contribution of Indigenous Peoples in preserving nature, including land use, we must also do the same for climate action. This includes engaging in dialogue and governance structures that also need to translate into planning and financing.

Content:

Mitigation:

The event highlighted the positive trends on disclosure and reporting frameworks, the momentum of key campaigns, including the Race to Zero and the Glasgow Financial Alliance for Net Zero (GFANZ), and the key role of interim, net zero targets to include both sector transition and adaptation in line with science, as well as mobilization of capital. Further, financial institutions' policy advocacy and engagement activities play a vital role in alignment with 2030-related net zero targets, mandatory transition plans, and 2030 climate and nature goals. Climate-related reporting is now largely mainstream, but more needs to be done towards broader environmental-related reporting and the integration of nature ().

Adaptation and resilience:
The event highlighted the efforts being undertaken by the public and private sectors to integrate physical climate risks into investment decisions and continues to innovate mechanisms for financing adaptation and resilience so as to enable the mobilization of the USD 160 billion to USD 340 billion that will be needed across both public and private sources.

Means of implementation:

Financial actors - including those in the event - are essential enablers of aligning financial flows with the goals of the Paris Agreement and limiting temperature increase to 1.5°C (Article 2.1c). it is therefore essential to encourage further financial sector action and also address the different barriers they face in implementation. Key outstanding challenges highlighted in the event include finance for nature, adaptation and resilience, and mobilization of capital for developing countries.

Diversity & Inclusion:

Youth *Number of Speakers under 35*	**Geography** *Number of Speakers from developing countries*	**Gender** *Number of female speakers*	**Indigenous Peoples** *Number of speakers from Indigenous groups*	**Stakeholder Type** *Business, Finance, Subnational, Government Rep, IP, NGO*
1 / 12 total speakers	8 / 12 total speakers	8 / 12 total speakers	1 / 12 total speakers	Business/Finance: 5/12 total speakers Government Rep: 2/12 total speakers NGO: 3/12 total speakers
8%	66%	66%	8%	83%

Audience:
- Approx 125 in person.

Materials & assets from the session:
- Link to concept note.
- Link to Run of Show.
- Link to slides and event illustration from the session.