



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

Outcome Document

**Roundtable Discussion on the Objectives of the Sustainable
Debt Coalition and a Task Force on Sustainability-Linked
Sovereign Financing for Nature and Climate**

Organized by the following partners:

Sustainable Debt Coalition and partners including UN Economic Commission for Africa, The Nature Conservancy, Sustainability-Linked Sovereign Debt Hub, NatureFinance, and the University of Oxford.

December 4th, 2023
3-4pm (60 minutes)
(Lab 2 - Al Jeer) - Blue Zone

Roundtable Discussion on the Objectives of the Sustainable Debt Coalition and a Task Force on Sustainability-Linked Sovereign Financing for Nature and Climate

Implementation Lab

Key Messages:

- Debt overhang and higher borrowing costs faced by many countries, particularly the most climate vulnerable countries, prevents them undertaking desirable investments in mitigation, adaptation, resilience, land use and nature - despite such investments having a high return in avoided costs for the public sector and bring future savings. To deliver on the Paris targets, the role of MDBs will need to change fundamentally and the scale of their support to triple by 2030, according to the [IHLEG Climate Finance Framework report](#).
- We find ourselves at a crucial juncture where decisive actions are imperative to address the global public debt crisis and its implications for developing nations. We need to turn rhetoric to action and assets to financial flows - it's about scaling more affordable finance for developing countries and dismantling the barriers that disproportionately burden the most vulnerable nations.
- The [Sustainable Debt Coalition](#) has shown considerable progress since COP27, and the launch of the [Task Force on Sustainability-linked Sovereign Financing for Nature and Climate](#) at COP28 is promising.
 - **Sustainable Debt Coalition:** Ambitious countries together take forward the priorities of the Sustainable Debt Coalition to the reform of the international debt architecture. This would help align debt policy with climate and development priorities, aiming to unlock greater access to cheaper finance for developing countries to invest in mitigation and adaptation.
 - **Task Force on Sustainability-linked Sovereign Financing for Nature and Climate:** World's top multi-lateral development banks and other international organizations announced a [joint declaration](#) at COP28 as part of the new focus on use of different financial solutions for mobilizing private sector capital through credit enhancement instruments such as debt swaps and green or sustainability-linked bonds.
- Both these efforts can help create toolkits to enable scaling of financial instruments and mechanisms that can catalyse additional financial flows towards nature and climate adaptation goals. These efforts are crucial for the Global Stocktake (GST) focus on scaling up climate finance and ensuring that funds are directed towards effective mitigation and adaptation measures.

Outcomes:

- € **Outcome 1:** Agreement from represented stakeholders to make every effort to accelerate the timeline for efforts on reforming the international debt architecture to align with climate and development priorities, aiming to unlock greater access to cheaper finance for developing countries to invest in mitigation and adaptation.
 - *Speakers discussed various instruments and collaborative efforts needed to increase access to capital for climate and nature goals and the need for action, not just promises*

- € **Outcome 2:** New perspectives towards commitments from represented borrower countries to prioritise climate-aligned debt instruments and other tools, increasing access to green finance for adaptation and mitigation priorities.
 - *Additionality is important i.e. how mechanisms like credit enhancement and guarantees can unlock additional finance for climate and nature goals*
 - *These instruments must go hand in hand with domestic resource mobilization for nature and climate so that we can create ownership in countries*
 - *Collaboration is a critical component to enable action – e.g. between governments, MDBs, private finance sector, including insurance.*

- € **Outcome 3:** Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) and other relevant organisations scale ambitious credit enhancement measures and launch the Task Force on Sustainability-Linked Sovereign Financing for Nature and Climate. This includes instruments like debt conversion mechanisms for climate and nature and sovereign sustainability-linked bonds, with the effect of boosting finance for the mitigation and adaptation needs of developing countries
 - *The event celebrated the launch of the Task Force and invited other MDBs/DFIs and international organizations to join the [Joint Declaration and Task Force on Sustainability-Linked Sovereign Financing for Nature & Climate](#)*
 - *The event also requested insurance industry to support the [Joint Declaration Regarding Credit Enhancement of Sustainability-linked Sovereign Financing for Nature and Climate](#) by signing on to the [statement of support](#).*

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 featured in your session.

This implementation lab focused on the key innovative financial instruments such as debt conversion mechanisms for climate and nature, and sovereign sustainability-linked bonds, that need to be scaled to deliver on climate and nature goals outlined in the 2030 Breakthroughs and the Sharm-el Sheikh Adaptation Agenda and contributing to achievement of the Paris Agreement and 30x30 targets enshrined in the Global Biodiversity Framework.

Finance is critical to contributing to the outcomes of the Sharm-el Sheikh Adaptation Agenda (which outlines 20 Adaptation Outcomes to enhance resilience for 4 billion people living in the most climate vulnerable communities by 2030) and addressing Loss and Damage. The event also alluded to the 2030 Nature Finance Breakthrough i.e. *By 2025, we need to scale financial mechanisms such as debt conversion for nature and sustainability-linked bonds, with the highest integrity standards and with*



attention to positive social, environmental and economic outcomes where the projects or jurisdictional programmes are located.

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>	Stakeholder Type <i>Business, Finance, Subnational, Government Rep. , IP, NGO</i>
1 / 11 total speakers	7/ 11 total speakers	6 / 11 total speakers	0/ 11 total speakers	Finance: 4 / 11 total speakers Government Rep.: 3 / 11 total speakers NGO: 4 / 11 total speakers
9%	64%	55%	0%	

Audience - Please share the number of guests who attended your session: ~50-60

Materials & Assets from the session:

- [Link to concept note](#)
- [Link to Run of Show](#)
- Link to [video/ Slides](#) or any other materials from the session