Xingu Finance Talks

Workshop on Practical Solutions
11 October 2026 – 9:00 to 16:30 ICT (UTC/GMT +7 hours)
Room 801 – Auditorium (8th Floor), Chaloem Rajakumari 60 Building (Chamchuri 10),
Chulalongkorn University, Bangkok, Thailand

Mandate. Parties requested the CMA Presidency to convene the Xingu Finance Talks under the Veredas Dialogue and in consultation with the co-chairs thereof, as an annual high-level round table with a view to facilitating a cooperative exchange of views among all interested Parties and non-Party stakeholders, in particular academia, international financial institutions and the private sector, on practical solutions that address the challenges and opportunities in the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement.

Context. To inform the annual high-level round table, the COP30 Presidency has partnered with Bangkok Climate Action Week to convene a preparatory workshop to deep-dive into the two topics proposed for the inaugural Xingu Finance Talks: **(i) Expanding fiscal space for climate investment and (ii) Reducing the cost of capital through risk sharing and guarantees**. The discussions will build on insights from the first Veredas Dialogue, held during the 64th session of the UNFCCC Subsidiary Bodies (June 2026), taking into consideration the safeguards outlined in paragraph 3 of Decision 11/CMA.7 (see annex).

Key objectives of the workshop

- *Support a positive feedback loop between the UNFCCC process and the international financial architecture* by facilitating dialogue between national implementation priorities and the institutions shaping the international financial system, with a view to identifying practical solutions for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;
- *Bring together governments* (Ministries of Finance, Environment, Foreign Affairs, Central Banks and financial regulators) *with key international financial system stakeholders,* including international financial institutions, private sector, and academia, to exchange perspectives, identify shared challenges and explore areas for collaboration;
- Identify *proven approaches that can be scaled up* and *concrete action areas* that Parties and financial stakeholders can work on together to accelerate the implementation of Article 2, paragraph1(c) and its complementarity with Article 9, and support the collective achievement of the long-term goals in Article 2.1(a-b) of the Paris Agreement.

Expected outcome: Drawing on stakeholders' experience, the guiding questions and expert perspectives, workshop participants will be invited to propose solutions and actions, for each of the two topics, for consideration at the high-level roundtable's discussions, in the following areas:

I. **Scaling up and deployment**: solutions that expand the volume, quality and reach of relevant instruments to expand fiscal space for climate investment and reduce the cost of capital, in particular in developing countriesand for underserved sectors and stakeholders.
II. **Capacity-building and access**: solutions that strengthen the ability of countries and institutions to use these instruments and lower the barriers to reaching them.
III. **Data and transparency**: solutions that support the evidence base, enhance accountability and build trust amongst stakeholders.

Participation

In-person participation only: The workshop is open to all interested Parties and non-Party stakeholders for in-person participation. Interested participants are requested to register here.

Please note that no virtual participation will be possible for the workshop. A recording will be made available after the workshop on the event webpage.

Provisional Agenda

9:00–9:30 | Opening Session

- President of COP 30, H.E. André Corrêa do Lago
- Veredas Dialogue Co-Chairs, Debra-Lee Swanepoel and Ralien Bekkers

9:30 – 12:30 | Expanding fiscal space for climate investment

9:30 – 9:40	Framing: Expanding Fiscal Space for Climate Investment • Vera Songwe and Moritz Kraemer, Expert Review on Debt, Nature and Climate
9:40 – 10:00	Fireside: Expert Perspectives • Jamie Fergusson, Director for Climate, WBG • Sara Jane Ahmed, Managing Director and V20 Finance Advisor, CVF-V20 • Frank van Lerven, Coalition of Finance Ministers for Climate Action
10:00 – 11:15	Solutions Lab 1 – Developing Solutions Together

	• *see Guiding Questions for Topic 1 below*
11:15 – 11:30	Coffee-break
11:30 – 12:25	Solution Pitches and Expert Reflections
12:25 – 12:30	Synthesis

12:30–13:30 | Lunch

13:30–16:00 | Reducing the cost of capital through risk sharing and guarantees

13:30 – 13:40	Framing: Reducing the cost of capital through risk sharing and guarantees • Ely Sandler, Research Fellow, Harvard Kennedy School
13:40 – 14:00	Fireside: Expert Perspectives • Christopher Marks, Head of Growth Markets, Innovative Finance & Portfolio Solutions, MUFG • Martina Chow, Policy Manager (Just Transition), AIGCC • Liam Maguire, Senior Analyst, CPI • Gregor Cigüt, Secretary General, GEMs Consortium
14:00 – 15:15	Solutions Lab 2 – Developing Solutions Together • *see Guiding Questions for Topic 2 below*
15:15 – 15:55	Solution Pitches and Expert Reflections
15:55 – 16:00	Synthesis

16:00-16:30 | Wrap up and messages to the high level roundtable

COP30 Presidency; Veredas Dialogue Co-Chairs; Representative of Bangkok Climate Action Week.

Topic 1: Expanding fiscal space for climate investment

Key definitions

- Fiscal space is commonly referred to as the room within a government's budget to allocate resources to a given purpose (e.g. climate investment) without jeopardizing debt sustainability or macroeconomic stability.
- While noting that the following areas do not cover all aspects of the discussion, it is proposed that the workshop will focus on three complementary dimensions of the interplay between climate and fiscal space:
    - *Debt Sustainability Analysis*: a country's capacity to meet current and future debt service obligations in full, without recourse to debt relief, rescheduling or arrears, while maintaining an acceptable growth path. Debt Sustainability Analyses (DSAs), conducted principally by the International Monetary Fund and World Bank, assess this by projecting debt trajectories under baseline and stress-test scenarios.
    - *Climate-resilient debt clauses*: contractual provisions enabling automatic suspension or rescheduling of debt service upon a pre-defined climate shock (e.g., hurricane, drought), which can also feed into DSA methodology.
    - *Debt-for-climate (or debt-for-nature, debt-for-development) swaps*: restructuring mechanisms whereby a portion of a country's external debt is forgiven, refinanced or bought back at a discount by a creditor, in exchange for the debtor government committing the resulting fiscal savings to climate- or nature-related investments (e.g., conservation, adaptation, resilience programs).

Relevant stakeholders

- **Governments** (finance ministries/debt management offices): set fiscal policy, negotiate debt treatment and define climate investment priorities.
- **International financial institutions**: conduct debt sustainability assessments and provide technical assistance and financing instruments linked to fiscal space. The IMF and World Bank conduct and set methodology for DSAs, provide technical assistance and design lending instruments (e.g., the Resilience and Sustainability Trust) linked to fiscal space.
- **Multilateral Development Banks and other Public Development Banks**: provide credit enhancement, guarantees or bridge financing that may support swap transactions.
- **Credit rating agencies**: assess sovereign creditworthiness, shaping borrowing costs and market access.
- **International fora and coordination bodies**: shape debt sustainability frameworks and provide venues for coordinated positions (e.g. G20, the Borrower's Forum).
- **Civil society organizations**: often structure and monitor debt-for-climate and debt-for-nature swap arrangements.

Common barriers associated with the topic

- **DSA methodology limitations**: traditional DSAs are backward-looking and tend to treat climate-resilience and transition investment as an added debt burden rather than a risk-reducing expenditure with longer-term macroeconomic benefits.
- **Small transaction scale and high transaction costs**: debt-for-climate swaps to date have been relatively small and costly to structure, limiting their macro-fiscal impact.
- **Climate-resilient debt clauses** with triggers that accurately reflect real climate impact, as well as its limited reach.
- **Assessment and treatment**: uncertainty over how swaps, climate-resilient debt clauses are treated by e.g. rating agencies (including possible classification as default events) can deter uptake. This uncertainty is compounded by limited data on which stakeholders can base assessments
- **Data and capacity gaps**: limited technical capacity to include resilience gains in debt sustainability assessments, as well as to structure, negotiate, and monitor complex swap agreements.

Guiding questions for the workshop: working towards solutions

1. ***Scaling up and deployment.*** *What solutions and actions could increase the availability, quality and effective use of instruments (e.g. climate-friendly DSA, Climate-resilient debt clauses and debt-for-climate swaps) that help create fiscal space for climate investment? What good practices can we learn from and what opportunities can be leveraged?*

2. ***Capacity building and access.*** *What capacities, institutional arrangements or access channels are needed for developing countries to identify, access and use these instruments in support of NDCs, NAPs and other climate and development priorities?*

3. ***Data and transparency.*** *What data, transparency or evidence-related improvements would help strengthen trust, inform decision-making and support the use of instruments that create fiscal space?*

Topic 2: Reducing the cost of capital through risk sharing and guarantees.

Key definitions

- Cost of capital is commonly referred to as the minimum rate of return a company must earn on its investments to satisfy its lenders and shareholders. In climate investment, a high cost of capital, driven by real and perceived risks, is a primary barrier to access capital markets and mobilize private finance, particularly in developing countries. Reducing the cost of capital requires scaling up the use of syndication, securitization and risk-mitigation instruments that can attract institutional investors and improve market liquidity. This includes guarantees, insurance and other credit enhancement tools that can further improve the risk-return profile of investments.
- **Guarantees**, in particular, are cost-effective tools to support private investments given the prevalence of capital-intensive projects and perceived risks in developing countries. Guarantees can be used to address credit risks mitigating potential full or partial non-payments of borrowers; political risks mitigating potential expropriation or instability affecting the investment; performance risks mitigating potential lack of delivery, amongst others. In addition to scaling up resources to enable broader provision of guarantees over the long term, there is also a short term need to align accounting standards that can increase their application.

Relevant stakeholders

- **Governments:** act as guarantee providers (sovereign guarantees) or beneficiaries and set the regulatory and fiscal environment in which guarantees operate.
- **Multilateral Development Banks:** major guarantee providers whose high credit rating enables risk-weight substitution.
- **Public Development Banks:** act as providers or beneficiaries of guarantees and as coordinators of standardized underwriting and risk-pricing practices.
- **Private sector (banks, institutional investors, insurers):** provides the capital that guarantees aim to crowd in, and the ultimate demand-side users of de-risked instruments.
- **Other beneficiaries (project developers, local financial institutions, borrowers):** the end users seeking guarantee support to lower financing costs and extend tenors.
- **Data initiatives and credit rating agencies:** generate and price the risk data that underpins guarantee uptake.
- **Banking supervisors and regulators:** determine the capital relief banks obtain from guarantees, chiefly through implementation of the Basel Framework.

Common barriers associated with the topic

- **Currency and foreign exchange risk:** local-currency and hedging instruments are scarce and expensive, especially at longer tenors, and donor guarantees capped in hard currency discourage local-currency financing.
- **Data gaps and fragmentation:** Lack of available information on credit risk and inconsistent guarantee-performance data causes risk mispricing, leaving low-default projects indistinguishable from riskier ones, while private actors remain reluctant to share data.
- **Country-level conditions and pipeline readiness**: predictable policy, regulatory, and tariff frameworks and a steady supply of bankable projects for guarantees and risk-sharing instruments to work at scale
- **Institutional fragmentation and product complexity:** A broad range of risk-sharing instruments and guarantee products are dispersed across MDBs and across institutions within a single group, producing duplication, a hard-to-navigate array of products, and limited reach.
- **Access and discoverability:** borrowers and project developers struggle to identify and match with the right instrument among a wide menu of options.
- **Supervisory and regulatory treatment:** absence of a methodology for risk-sharing instruments including complex partial guarantees and inconsistent recognition of "eligible MDBs" across jurisdictions limits the capital relief banks obtain, weakening demand.

Guiding questions for the workshop: working towards solutions

1. ***Scaling up and deployment***. *What solutions and actions could move guarantees and other risk-sharing instruments from limited or pilot use to broader and more effective deployment for climate investment? What good practices can we learn from and what opportunities can be leveraged, including for mobilizing private financing for adaptation?*

2. ***Capacity building and access***. *What capacities, institutional arrangements or access channels are needed for governments, public financial institutions and private actors – which specific attention given to developing countries – to identify, access and use these instruments effectively?*

3. ***Data and transparency***. *What data, transparency or evidence-related improvements would help address risk perceptions, strengthen trust among stakeholders and support lower capital costs?*

Annex: Concerns and safeguards in the context of the implementation of Article 2, paragraph 1 (c) of the Paris Agreement

By decision 11/CMA.7 taken at COP30 in Belém, Parties decided to hold deliberations under the Veredas Dialogue on the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement, building on the Sharm el-Sheikh dialogue (2023-2025) and taking into account the concerns and safeguards outlined in paragraph 3 of the same Decision, as follows:

3. *Acknowledges* various concerns and the need for safeguards raised by Parties in the context of the implementation of Article 2, paragraph 1(c), of the Paris Agreement, including:

(a) The need to pursue all three long-term goals of the Paris Agreement together, so that implementation of Article 2, paragraph 1(c), of the Paris Agreement will facilitate the collective achievement of the goals articulated in Article 2, paragraph 1(a–b);

(b) That Article 2, paragraph 1(c), of the Paris Agreement is complementary to and no substitute for the provision and mobilization of financial support to developing countries under Article 9 of the Paris Agreement;

(c) That efforts for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development are nationally determined, taking into account country-driven strategies and the bottom-up nature of the Paris Agreement, respecting national sovereignty and taking into account different national circumstances, time frames and approaches of Parties, in particular developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change;

(d) The need to ensure that collective efforts for and deliberations on implementing Article 2, paragraph 1(c), are undertaken in a facilitative, enabling, nonpunitive and non-prescriptive manner;

(e) The need to ensure transparency and to avoid creating an additional burden for Parties, including with regard to reporting and implementation;