



**UNFCCC COP 27
Sharm El -Sheikh, Egypt**

Implementation Lab Concept Note

The Imperative for Subnational Climate Financing

**Breaking Silos & Aggregating Forces for Unleashing the Transformative Power
of Financing for Sustainable, Just, and Resilient Urban Development & Transition.**

Marrakech Partnership for Global Climate Action

**9th of November
10 to 11.30 AM – ACTION ROOM LOTUS**

Organised by FMDV & ICLEI
with support from initiatives & members of
the Human Settlements Area & Finance Area
& The Climate Champions Team



<p>Description</p>	<p>Unlocking climate financing for sustainable, just, and resilient urban development and transition is the most effective and transformative lever to achieve the Paris Agreement goals.</p> <p>In times of climate emergency, and considering both the decentralization and urbanization global trends, Local and Regional Governments and their supportive ecosystem of utilities and political, financial, and technical partners, have become key game changers in the transition to net zero emissions, and for ensuring the resilience of communities and national economies, in support of NDCs’ implementation and enhancing.</p> <p>The Implementation lab will gather stakeholders aiming at converging for setting up systemic transformative policies and innovative funding and financing instruments at the subnational level of Climate Action.</p> <p>The case for a Global Action Framework for Localizing Climate Finance will be discussed on the basis of MPGCA Pathways, the <i>Abidjan Declaration</i> of the Alliance of African Ministers for Urban Development Financing, and through an Africa-Latin America and the Caribbean intercontinental dialogue on solutions for subnational climate financing.</p> <p>*****</p> <p>Special Focus 1: The case for African Urban Development and Transition Climate Financing will be specifically discussed, considering the latest developments in the mobilization of African Ministers within the Alliance of African Ministers for Urban Development Financing and the <i>Abidjan Declaration “Unleashing the power of Urban Development & Transition Financing”</i></p> <p>Special Focus 2: The case for Climate Adaptation Subnational Financing</p> <p>At COP26 new records in resource mobilisation for adaptation funds were reached, and a two-year work programme on the Global Goal for Adaptation was launched. Yet, recent climate finance statistics show that only 20-25% of all committed concessional climate finance is dedicated to adaptation.</p> <p>Global South Cities and Regions face some of the most devastating effects of climate change despite contributing minimally to global carbon emissions and continue to face major technical and institutional capacity constraints in accessing climate adaptation finance.</p>
<p>Headline</p>	<p>Seizing the urban development and transition financing opportunity is the new <i>frontier market</i> for public and private banks and investors.</p> <p>Unleashing the transformative power of financing for sustainable, just, and resilient urban development and transition is the conducive leverage for ensuring a resilient, net-zero and prosperous future for all.</p>
<p>Breakthrough</p>	<p>Making the case and laying the foundation for the <i>Global Action Framework for Localizing Finance</i> recommended in the Human Settlements and Finance Pathways of the Marrakech Partnership.</p> <p>Aggregating forces, breaking silos and bridging fragmentation for strengthening the systemic framework for subnational financing and investing: more specifically, connecting people, institutions, initiatives, policies, mechanisms and instruments working on the African Continent as a first regional Chapter of the <i>Global Action Framework for Localizing Finance</i>, based on the recent conducive advancements.</p>
<p>Guiding Question</p>	<p>In order to accelerate the financing of subnational climate action on mitigation and adaptation:</p> <p>1/ How can we collectively ensure we build and strengthen the market, confidence, and ecosystem (of players, enabling environments, technical assistance, instruments and resources) for funding and financing urban development and transition?</p>



	<p>→ Operationalizing the change of narrative and culture by “proving the case” for a solid urban financing value chain:</p> <ul style="list-style-type: none"> • Launching and implementing the Global Action Framework for Localizing Finance as a reference reporting institutional space, and acknowledging “integrated and sustainable urban and territorial development” as a Non-Market Approach under the Art 6.8 of the Paris Agreement, • Creating cohesive coordination with deal/outcome-based working processes & engaging “power partners” (line ministries, local and regional governments networks, private sector, NDBs/SDBs, DFIs) • Building trust through performance metrics and reporting. <p>2/ How to leverage, scale up, scale out and unlock public and private expertise and resources successfully applied for funding and financing urban development and transition?</p> <p>→ Overcome local and regional governments’ lack of creditworthiness:</p> <ul style="list-style-type: none"> • Create or strengthen investable entities & intermediaries • Develop & execute replicable transactions (especially through blended finance vehicles/mechanisms) • Implement quick wins that demonstrate high climate and development impact (e.g. direct budget or resource use savings, ESG integrated into public procurement processes) <p>3/ What coordinated regional, sub-regional and domestic approaches and actions can be unfolded to support the rising of “new elites” of subnational financing engineers to support the localization of climate finance?</p> <p>→ Provide advisory in structuring bankable transactions & securing credit enhancement:</p> <ul style="list-style-type: none"> • Establishing Regional, Sub-Regional and Domestic Subnational Finance Expertise Hubs
<p>Targeted Outcomes</p>	<p>The Implementation Lab is designed as a Marrakech Partnership platform to identify, disseminate, and create convergence between existing and/or innovative policies, institutions, and instruments promoted by the Finance & Human Settlements Pathways, such as:</p> <ul style="list-style-type: none"> - Subnational Development Banks, and their Global Alliance, - Subnational Finance Expertise Hubs (national pools of expertise to support project preparation and financial engineering at the subnational level), - Proven dedicated vehicles for blended finance & credit enhancement for subnational investments, - Subnational pooled financing mechanisms for aggregation of small-medium size subnational projects - Carbon market and implementation of Art 6 projects - Project preparation facilities & initiatives, project pipelines such as TAP. <p>These solutions require the multiplication of multi-stakeholder in-country partnerships involving multilevel governance coordination (national and local/regional governments) and the private sector’s engagement, with the support of international, regional and national/subnational development finance organisations.</p> <p>→ Considering a regional focus initiative on subnational climate finance as an outcome could be a concrete breakthrough objective and result for this session. COP27 being often commented as an “African and Action-Oriented COP”, the pre-design of the African Chapter of the Global Action Framework for Localizing Finance could be discussed as a first attempt to promote synergies and mobilize stakeholders.</p>
<p>Objectives</p>	<ul style="list-style-type: none"> • Showcasing a systemic and coordinated framework enabling to collectively achieve the



	<p><i>2030 breakthrough</i></p> <ul style="list-style-type: none"> • <i>Discussing key roadblocks to resolve the barriers</i> • <i>Enabling collaboration to replicate solutions at scale and impact with special focus on Africa</i>
*Participants	<p>The speakers will represent:</p> <ul style="list-style-type: none"> - National Governments (ministers), - Local and Regional Governments (Mayors/Governors), - National/Subnational Development Banks, - Development Finance Institutions, - UN Agencies, - Private investors, - Think Tanks & Philanthropies
Key Action points out of the discussion	<p><i>Please summarise in no more than 150 words the 3 most ambitious action points that participants of the discussion should come out of the event with to enable reaching the 2030 Breakthrough</i></p> <ul style="list-style-type: none"> - <i>Alliances between networks to strengthen finance pledges and project preparation facilities</i> - <i>Enhanced dialogues between different levels of government on NDCs enhancing and implementation and integration into Art 6.8 of sustainable urbanization as a non-market approach</i>
Logistics	<p><i>Room layout: Round Table room. Lotus Room (48+72 overflow)</i></p>

Agenda

Timing	Session Description	Speaker suggestions (Name, Title, Organisation)	Additional notes/ Format tips
3 mins 10:00-10:03	Introduction to the framing of the Implementation Lab and organization of the different panels + Presentation of the objectives of the Lab: The case for a New Global Architecture and Framework for Subnational Climate Financing & its implementation	Carlos de Freitas , Co-Director, FMDV	
3 mins 10:03-10:06	Opening remarks Setting the scene: Where do we stand & what we are envisioning for Subnational Climate Finance: convergence of stakeholders, agendas, advocacy and action.	Yunus Arikan , Director of Global Advocacy, ICLEI	
44 mins 10:06-10:50	The Imperative for Localizing Climate Finance: Imperative of Localizing financing & the Role of the Marrakech Partnership in catalysing action and convergence of fragmented players The Abidjan Declaration of the Alliance of African Ministers for Urban Development Financing As an exemplary regional political framing for “Unleashing the Transformative Power of Financing for Sustainable, Just, and Resilient Urban Development & Transition” The Finance In Common Initiative: a new dynamic for strengthening the critical role of public development banks and ensuring innovation. Outcomes of the 3 rd Edition of the FICS: AfDB & EIB feedbacks on their instruments to support Cities and Regions Climate Financing (UMDF + Gap Fund) & Launch of the African Alliance of Subnational Development Banks and Coalition for Resilient	Moderation: Carlos de Freitas , Co-Director, FMDV Dr. Mahmoud Mohieldin , UN High Level Champion Bruno Nabagné Koné , Minister for Construction, Housing and Urban Planning, Côte d’Ivoire – <u>Video message</u> & Gilberto Correia Carvalho Silva , Minister for Agriculture and Environment, Cabo Verde Rémy Rioux , Director General of AFD & President of the Finance in Common Initiative Markus Berndt , Acting Managing Director, EIB Global, European Investment Bank	Speakers have 4 mn each



	<p><i>Cities and Regions</i></p> <p>The Missing link - Echoes from Latin America and the Caribbean :</p> <p><i>First things first : Designing Net-zero Pathways- The LAC experience of the Under2Coalition</i></p> <p>Achievements of the Alliance of SDBs for LAC and the key role of SDBs in providing financial intermediation for local climate financing</p> <p>The political urge to support the urban development and transition financing, specifically on Adaptation/Resilience, and Loss & Damage</p>	<p>Mike Salawou, Director for Infrastructure and Urban development department, African Development Bank</p> <p>Philippe Akoa, CEO FEICOM, Cameroon, Champion of the FICS African Alliance of Subnational Development Banks-SDBs</p> <p>Marilia Carvalho de Melo, Secretary of Environment, State of Minas Gerais, Brazil for Under2Coalition</p> <p>Marcelo Bomfim, President, Banco de Desenvolvimento de Minas Gerais - BDMG, Brazil</p> <p>Wilber Ottichilo, Governor of Vihiga County, Chair for Environment and Climate Change, Council of Governors, Kenya, for Regions4</p> <p>Anthony Nyong, Regional Director for Africa, Global Center on Adaptation-GCA</p>	
<p>30 mins 10:50-11:20</p>	<p>Presenting stakeholders' initiatives outcomes and next steps for scaling up and out urban climate financing</p> <p><u>Cross-Cutting questions based on the speakers' expertise and experience, as well as results, on working in the subnational climate financing field:</u></p> <p>1/ How can we collectively ensure we build and strengthen the market, confidence, and ecosystem (of players, enabling environments, technical assistance, instruments and resources) for funding and financing urban development and transition?</p> <p>2/ How to leverage, scale up, scale out and unlock public and private expertise and resources successfully applied for funding and financing urban development and transition?</p>	<p>Presenting the SURGe Initiative led by COP Presidency, UN-Habitat & ICLEI for LGMA Constituency + the 17th First Ever Ministerial Roundtable on Climate and Urbanization</p> <p>Bernhard Barth Human Settlements Officer, Regional Office for Asia and the Pacific & Subprogramme Coordinator (a.i.) Climate Change and Urban Environment, UN-Habitat</p> <p>Mayors and Governors + Networks Advocacy & Action Axel Graef, Mayor of Niteroi, Brazil, for ICLEI World Secretariat</p>	<p>Speakers have 4 mn each</p>



	<p>3/ What coordinated regional, sub-regional and domestic approaches and actions can be unfolded to support the rising of “new elites” of subnational financing engineers to support the localization of climate finance?</p> <p><u>2 Specific Focus:</u></p> <ul style="list-style-type: none"> • Urban Adaptation/Resilience Financing • Africa 	<p>Mbarka Bouaida, President of the Guelmim-Oued Noun Region, and National Association of Regions, Morocco Vice-President of FMDV</p> <p>Kobie Brand, Executive Director, ICLEI Africa</p> <p>Private Investors Perspective: The urban development and transition financing as a new frontier market – existing initiatives & requirements for private sector enhanced engagement</p> <p>Thierry Déau, Chairman and Chief Executive Officer, Meridiam</p> <p>Ariane Pevide, Director, Mitsubishi UFJ Financial Group - MUFG</p> <p>The « Magic Touch » of Standards & Performance Metrics – Towards coherence among standards and labels: FAST Infra Sustainable Infrastructure label</p> <p>Louis Downing, CEO, GIB Foundation</p> <p>The ACWA Fund platform of partners and dynamic – Building the water and sanitation financing value chain for African Cities – an example of cohesive and convergent sector approach</p> <p>Smita Rawoot, Urban Resilience Lead, WRI</p>	
<p>8 mins 11:20-11:28</p>	<p>Q&A – Contributions from the attendees</p>		
<p>2 mins 11:28-11:30</p>	<p>Next steps and Closing Remarks</p>	<p>Carlos de Freitas, Co-Director, FMDV</p>	