INFORMATION NOTE TO HEADS OF STATE AND GOVERNMENT ATTENDING THE SHARM EL-SHEIKH CLIMATE IMPLEMENTATION SUMMIT

7 – 8 November 2022

High-Level Round Tables

Following the invitation from His Excellency Mr. Abdel Fattah El-Sisi, President of the Arab Republic of Egypt, to Heads of State and Government to participate in the Sharm El-Sheikh Climate Implementation Summit, on Monday, 7 November, and Tuesday, 8 November 2022, and the Message to Parties and observer organizations on preliminary arrangements for the Summit and the first part of the high-level segment for Heads of State and Government dated 1 October 2022, the secretariat would like to provide information on the High-Level Round Tables.

Following the formal opening of the Summit, led by the President of Egypt on 7 November, the programme of events for the participation of Heads of State and Government on 7 and 8 November will include the delivery of national statements, high-level round tables organized by the Government of Egypt and high-level side events organized by other world leaders.

This message provides information to facilitate the participation of Heads of State and Government in the high-level roundtables.

High-Level Round Tables

Six high-level round tables will be held during the Summit. The round tables will be conducted under the following themes, dates and times:

Monday 7 November 2022 13:30 – 15:30 (all round tables are in parallel)

- Just transition
- Food security
- Innovative finance for climate and development

Tuesday, 8 November 2022 12:00-14:00 (all round tables are in parallel)

- Investing in the future of energy
- Water security
- Climate change and the sustainability of vulnerable communities

- Access to the round table rooms will be by special tickets/badges.

- Interpretation will be available in the following languages:
  - Arabic
  - English
  - French

- Detailed descriptions of each of the 6 Round Tables are included the concept notes in the annex;

- Round tables will be open to Heads of State and Government, heads of United Nations Secretariat units and bodies, specialized agencies and related organizations and heads of inter-governmental organizations admitted as observers by the Conference of the Parties, and specially invited guests

- Heads of State and Government interested in participating in the round tables are kindly requested to propose two preferences for round tables in which they would like to participate, preferably one on each day. The Government of Egypt will ensure participation in at least one of the six round tables according to availability, on a first come first serve basis.

Parties whose Heads of State and Government attending the Sharm El-Sheikh Climate Implementation Summit are also kindly requested to indicate their intention to deliver a statement during the roundtables in line with the guiding questions presented in the concept note for the respective roundtables. Heads of State and Government are kindly requested to limit their statements to a maximum of 2 minutes to allow for several rounds of exchanges among Parties.

- The requested information should be sent to copprotocol@unfccc.int by 18 October 2022.

Highest considerations.

11 October 2022

Annex

Round Table Concept Notes

The Sharm el-Sheikh Climate Implementation Summit

Round table on "Just transition"

7th November 2022

Context:

A just transition for communities as the world's economy responds to climate change was one of the key elements recognized in the Paris Agreement. Different regions, countries, as well as different communities are asymmetrically exposed to the physical impacts of climate change and the socioeconomic consequences of mitigation and adaptation policies and the wider transition to a low emissions and climate resilience economic model (on security of water, food, energy, housing, job, as well as health and wellbeing). Ensuring that communities find secure pathways in these sectoral redeployments and ensure social and economic development goals are achieved are key elements of a successful just transition.

A just transition means ensuring that global and local climate action protects the planet, people and the economy. That is why key principles such as the just transition are central in the UNFCCC process: responses to climate change should be integrated with sustainable social and economic development, recognizing the specific needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

It is vital to ensure a managed and just transition to an economic model based on low-emission and climate-resilient development, based on the agreed principles in the UNFCCC and the Paris Agreement. This transition needs to be managed in a manner which ensures the needed shift to and the quick phasing-in of low-emission technologies and phasing-down of high-emission ones, while ensuring that it meets the needs of all communities impacted.

Prior achievements:

- At COP24 in Katowice, UNFCCC Parties signed the **Solidarity and Just Transition Silesia Declaration**, calling for more progress on addressing the vulnerability of labor markets in carbon-intensive sectors facing transition risks.
- At COP25, the UNFCCC **Gender Action plan** was adopted, whereby parties have recognized the importance of involving women and men equally in the development and implementation of national climate policies that are gender-responsive.
- Last year, at COP26, more than 30 nations signed the **Glasgow Just Transition Declaration**, reemphasizing the need to ensure that no worker or community is left behind.
- Beyond UNFCCC, a number of organizations have been addressing the concept of just transition. ILO has been actively contributing to framing and raising awareness on just transition, developing practical orientations for governments and social partners in the **2015 ILO guidelines** on how to formulate, implement and monitor a policy framework for just transition: recommendations include paying special attention to industries, regions, workers and communities most negatively affected,

anticipating skills needs, assessing health and safety risks and ensuring social protection in the transition (e.g. workers' health care and pensions). In 2019, the ILO and the UN Climate Action Summit launched the **Climate Action for Jobs initiative** to build a roadmap placing people's jobs and well-being at the center of the transition.

- Specifically on Energy, COP26 saw the introduction of the **Just Energy Transition Partnerships (JETPs)** model, with the launch of an $8.5bn partnership by the US, UK, France, Germany and EU to help fund an "equitable, inclusive energy transition" in South Africa. Similar partnerships have been in development since then, with programs for India, Indonesia, Vietnam and Senegal announced at the 2022 G7 Summit. In February 2022, the launch of a collective initiative to design new JETPs in Africa was also announced at the EU–Africa summit. The countries suggested for JETPs as part of the Africa–EU Green Energy Initiative, in addition to Senegal, are Egypt, Côte d'Ivoire, Kenya and Morocco, according to an announcement by the French presidency of the EU1[1].
- A number of governments, business, trade unions and civil society actors have also led the way in shaping just transition solutions. Examples: in 2015, South Africa incorporated principles of an inclusive and just transition in its **NDC**; Canada launched the **Taskforce on the Just Transition for Canadian Coal-Power Workers and Communities** in 2018; in Italy, Enel and its union partners developed a just transition framework agreement focusing on fair labor practices, retraining and redeployment; in Europe, the **Just Transition Mechanism** is a key chapter of the EU Green Deal, providing targeted support to help mobilize around €55 billion over 2021-2027 in the most affected regions, to alleviate the socioeconomic impacts of the transition.

Goal:

- **Integrate** just transition principles across all sectoral transition plans (food & water security, energy access, housing, transportation, health, etc.): as several countries have already done, just transition guidelines and principles could be included within NDCs.
- **Establish policy** dialogue **platforms (e.g. National Just Transition Commissions or platforms)** where policymakers, business leaders and financial authorities can engage in **social dialogue** with all stakeholders to develop climate policies in a participatory process: direct workers (e.g. those at a particular facility), indirect workers (e.g. those in the supply chain), communities who currently depend on fossil fuel industry, communities in other countries that depend on fossil fuel consumption, and "fenceline communities" (in adjacent areas but exposed to negative burdens), including all gender, age and minority groups.
- **Focus** on protecting communities at three levels **when defining national and international policies**:
  - At the citizen level, **most vulnerable individuals** should be protected during the transition: workers at risk of losing their job should be provided adapted social safety nets and facilitated access to **employment opportunities in new sectors through re-skilling programs**; disadvantaged communities should receive financial support for **energy-efficient housing** and access to **clean, affordable and secure energy.**
  - At the **sector** level, **carbon-intensive and adjacent industries** should be supported on their transition to low-carbon technologies with fiscal policy that create **attractive conditions for**

[1] G7 - G20 Track 2 Dialogue (2022) - Implementation of the Just Energy Transition Partnership in South Africa

public and private investors, **easier access to loans and financial support** and favorable ecosystems to launch new firms, SMEs start-ups and invest into research and innovation activities.

- At the country or region level, geographies with high dependence on fossil fuel consumption and/or production or high vulnerability to the impacts of climate change should be provided financial and technical assistance (e.g. affordable loans to local public authorities) to invest in **low-carbon and resilient energy infrastructure and industries**, develop **public and sustainable transportation networks** and create new jobs in the green economy.

- **Ensure consistent finance from international and national organizations** as well as private investors, enabling a connection between climate action, inclusive growth and sustainable development. The **private sector** provides particular opportunities, including its role in mobilizing investment, undertaking research and development, connecting global supply chains and contributing to skills development. For example, cross-supply chain agreements or MoUs with union partners can be established for private sector companies to ensure re-skilling and re-hiring of employees who lost their jobs in declining carbon-intensive activities.

Guiding questions for the roundtable:

The Just Transition roundtable aims at fostering dialogue between developing nations, contributing countries, UN entities, financial institutions, private sector and philanthropies:

- Overarching question:
- How can transition policies factor social and economic development into the planning and implementing phases of climate projects that have social impacts (e.g. energy and transport infrastructure development, fossil fuels transition measures)?
- For developed or developing countries with large workforces in carbon-intensive industries (e.g. coal or oil & gas producing and exporting countries):
  1. What measures have you put in place to ensure a just transition for workforces involved in sectors facing climate transition risks?
  2. Which best practices and success stories can you showcase from existing programs?
- For developing countries that are highly dependent on fossil fuel consumption:
  1. What support is needed to ensure that the shift away from fossil fuels does not hinder the socioeconomic development of all communities in your country (e.g. technical assistance, experience sharing between countries with similar challenges, transition finance, etc.)?
- For developed countries:
  1. What funding requirements and criteria, if any, have you put in place to consider the social and economic aspects of the climate-related transition plans that receive your support?
  2. How to make finance and technology solutions that meet the special needs of a just transition in developing countries more accessible to them?
- For financial institutions and philanthropies:
  1. What enablers are you looking for to unlock more funding for just transition programs in countries most exposed to transition risks? (e.g. quality and transparent programs, efficacy monitoring tools, blended finance partnerships, etc.)

- <u>For private sector companies:</u>

  1. What partnerships can you put in place (with workers' unions, public sector, academia, NGOs, supply chain actors or companies from adjacent sectors) to facilitate a just transition for your employees?

The Sharm el-Sheikh Climate Implementation Summit

Round table on "Food Security"

7th November 2022

Context:

The incoming presidency of COP27 has identified implementation as the main focus of COP27 aiming at addressing climate related transition and transformation through a holistic approach that takes into consideration different aspects, including the social and economic development dimensions, enablers for a just transition, ambition in action and support to allow for an on time and at scale substantial progress in all aspects of climate change, with ambition on mitigation action as envisaged by science, a transformative adaptation agenda that responds to the current and future impacts of climate change and appropriate finance and technology transfer to allow for an inclusive and principle based transition with no one left behind.

Climate change impacts, both extreme weather and slow-onset events, have impacted several sectors of the national economies and activities, in particular agriculture and food production, augmented by other challenges be it geopolitical, cost of finance or supply chain related, and in a time of increased food insecurity, it is important to have deep discussions on ways to deal with the needed increase in agriculture productivity, shift to resilient agriculture, reduce losses in food production chain including through cooling solutions, and ensure relevant measures are in place for sustained food security and to manage any potential food crises.

Science has identified the following as impacts of climate change: Loss of rural livelihoods and income; Loss of marine and coastal ecosystems and livelihoods; Loss of terrestrial and inland water ecosystems and livelihoods; food insecurity and break down of food systems.

Global food demand continues to grow as the world's population is expected to hit the mark of 9.6 bn by 2050. Meanwhile, 820m people are suffering from hunger as of 2021[1], whereas climate change continues to have drastic impacts on agricultural lands and livestock productivity. IPCC estimates that agricultural land productivity already decreased by 21% compared to a scenario with no climate change, fueled by high temperatures and extreme rainfalls (damaging for soil health), along with increased levels of CO2 (reducing nutritional quality of crops[2]). Additionally, a further 17% reduction in yields of coarse grains, oil seeds, wheat and rice is expected by 2050 for IPCC's highest temperature increase scenario[3]. Livestock production is also severely impacted by climate shocks, which are becoming increasingly frequent: 20-60% losses in animals count were recorded during serious drought events in the past decades.

Besides being vulnerable to the impact of climate change, food systems are also a major contributor to GHG emissions (about one third of global emissions). Hence, it is imperative that food systems evolve to sustainably meet the growing demand globally.

[1] UN FAO (2022) - https://www.fao.org/newsroom/detail/un-report-global-hunger-SOFI-2022-FAO/en
[2] Food Navigator (2022) - https://www.foodnavigator.com/Article/2022/04/05/IPCC-report-puts-food-at-the-heart-of-climate-battle-We-have-the-potential-to-mitigate-climate-change
[3] FAO (2015) - https://www.fao.org/3/i5188e/I5188E.pdf

Global Achievements:

Global effort and progress have been done to identify high-potential approaches and develop strategies to transform global food systems as follows:

- The Koronivia Joint Work on Agriculture (KJWA), launched in 2017, integrates soils, nutrient use, water, livestock, methods for assessing adaptation, and the socio-economic and food security dimensions of climate change, identifies approaches to transform food systems, and encourages commitments to action to follow through.
- Over 100 countries signed up to develop national food systems transformation strategies in the UN's 2021 Food Systems Summit. Pilots across Africa are exploring strategies to reward farmers implementing HYRAP[4] with Carbon Finance, around 90% of developing countries have included adaptation in their NDCs, with agriculture as one of the main aspects.
- "Scaling up Climate Ambition on Land Use and Agriculture through Nationally Determined Contributions and National Adaptation Plans" (SCALA) 5-year program was launched by FAO and UNDP aiming to transform the climate sensitive agriculture sector[5]
- Youth for Green and Climate-Resilient Agriculture Programme (YCRA) was launched by FAO and IAAS[6], to support and promote youth-led projects in the agriculture sector.
- Green Climate Fund "GCF" has invested more than $1.6 billion to support climate resilient small holder farmers and meet the world's increasing food demand. The GCF focuses on three transformation pathways: support to resilient agriculture, support early warning systems for smallholder farmers, and reshape food supply chains, ensuring crops can reach markets more easily, and reducing food losses and waste.

Although there is continuous effort to tackle food insecurity, more work is needed. A shift towards sustainable global food systems implies advancing simultaneously on three fronts:

- Producing in climate smart/sustainable ways that will continue to improve productivity while lowering emissions and enhancing the resilience of food production to extreme weather and shocks
- Reducing food loss (currently ~33% of global food production) across harvesting, transportation and consumption stages; and enhancing access to cold chains (13% of global food production is lost due to lack of cold chains[7])
- Shaping demand for food towards diets that can remain within planetary boundaries, including lowering meat consumption, developing alternatives, and spurring the shift towards more native plants, crops and grains (thus reducing the current reliance on wheat, maize, rice, potatoes and increasing the resilience of cultivations)

[4] high-yielding, resilient, and adaptive practices
[5] FAO (2022) - https://www.fao.org/climate-change/programmes-and-projects/en/
[6] International Association of Students in Agricultural and Related Sciences
[7] SEforALL (2022) - https://www.seforall.org/chilling-prospects-2022/food-nutrition-and-agriculture

Guiding questions:

This roundtable would be a platform for countries with different national contexts and priorities to identify ways of coming together to collectively tackle the present and future of food security worldwide. Developed countries could share views on how to encourage more balanced diets and minimize emissions per calorie (e.g. through reducing meat consumption), delivering successes in enhancing agriculture resilience, reduce food losses. Developing countries, that are suffering the most from decreased yields and weather events, could discuss the needed support for scaling resilient agriculture projects, enhancing livelihoods (e.g. on regenerative agriculture). Relevant International organizations could pinpoint ways to unlock more funds for resilience projects in developing countries, with a contribution from financial institutions and the private sector on the technical solutions to do so. Questions to guide the discussion shall then be:

- Questions for developing countries:
  1. How to encourage the production and widespread adoption of native resilient crops and reduce reliance on imported food?
  2. What actions can be taken to support small-scale food producers? What technologies can empower higher productivity?
  3. How to increase access to sustainable cold chains in developing agricultural sectors?
- Questions for developed countries:
  1. What measures can be taken to engage private sector and communities in minimizing waste across the full agricultural value chain?
  2. What actions can be taken to enhance research and development in relation to food production?
- Questions for international organizations:
  1. How can NAPs be leveraged to direct more funding towards food systems transformation?
  2. What mechanisms can be put in place to foster higher collaboration between developing and developed countries with a focus on technology transfer to enhance food security measures?
  3. How can countries enhance the resilience of small holders' farmers and ensure their livelihoods and shift to more climate resilient agriculture?
- Questions for financial institutions:
  1. How to employ de-risking techniques, e.g. first loss guarantees, to reduce cost of loans for the agriculture sector?
  2. Which solutions were employed for other sectors and could be brought more into play in the agriculture sector?
- Questions for the private sector:
  1. What are the financial and technological solutions for achieving just transition for food security and climate resilient food systems?

Sharm Elsheikh Implementation Summit

Round table on "Innovative finance for climate and development"

7th November 2022

Context:

Current climate finance flows are insufficient and not increasing in the required speed to deliver on the Paris Agreement goals. Total climate finance flows (including domestic and international investments) have grown by ~5% from 2013-14 to 2017-18, reaching $862bn. However, these flows still need to be increased by ~200% to ~400% from now on to reach $1.6tn to $3.7tn per year, which is the amount necessary to transition to a net-zero-emission and resilient economy by 2050, according to UNFCCC Standing Committee on Finance[1].

As of now, climate finance support for Mitigation and Adaptation action remains particularly insufficient within developing economies. For instance, even though richer nations agreed to channel $40bn annually in adaptation finance to developing countries by 2025, actual projections estimate that the total of adaptation finance likely to be achieved in 2025 should only be around $22bn[2]. There are multiple reasons for adaptation being underserved; including a global misjudgment on short-term adaptation's criticality, low/uncertain returns on capital, institutional capability gaps in receiving countries that hamper the ability to receive funding and a lack of globally accepted vehicles that enable funding flows from developed to developing countries.

Moreover, the mobilization of the $100bn per year by 2020 which was pledged in 2009 has not been met, and might not be delivered before 2023[3]. Indeed, according to OECD, $83bn were channeled to developing countries in 2020[4], among which:

- 82% came from public financing (38% bilateral and 44% multilateral), 16% from private investors and the remaining 2% from export credits;
- Most of these flows took the form of public loans (58% of total flows), enhancing developing countries' debt burdens, whereas only 21% were channeled through grants from bilateral and multilateral development banks;
- These fundings have been primarily used to fund climate projects in the field of energy (32% of total finance flows), transport (14%), agriculture, forestry, & fishing (9%) and water supply & sanitation (8%).

However, according to Oxfam, the level of finance flows reported by developed countries is significantly higher than actual climate-specific net assistance, as Oxfam notably discounts funds declared

[1] UNFCCC SCF (2021) - https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Summary%20-%20WEB.pdf
[2] IIED (2022) - https://pubs.iied.org/sites/default/files/pdfs/2022-06/20976iied.pdf
[3] OECD (2021) - https://www.oecd.org/newsroom/statement-by-the-oecd-secretary-general-on-future-levels-of-climate-finance.htm
[4] OECD (2021) - https://www.oecd.org/climate-change/finance-usd-100-billion-goal/

which are not actually targeting climate action, and focuses on grant equivalence, in order to estimate the actual financial transfer to developing countries once all financial repayments are taken into account (e.g. loan repayments, interest, administration expenses, etc.)[5]

As the time window to act is closing, exceptional push on the scale and quality of public as well as private investments is needed to deliver the commitments and reach the Paris Agreements' targets. These funds are destined to serve three primary objectives:

- Close the adaptation gap, build resilience and protect the vulnerable populations from climate change;
- Drive systemic change and innovation for a carbon neutral transformation in the context of just transition;
- Protect and restore natural capital.

Solutions to bridge the climate finance gap have recently been centered around the role of MDBs, some of which have been called out several times ahead of COP26 and the International Cooperation Forum to avail more funds to foster climate action, notably through:

- Updating their exclusion policies for unabated fossil fuel projects;
- Committing to ambitious targets for both Adaptation & Mitigation projects;
- Aligning their financing, policies and portfolios with Paris Agreements objectives

Beyond securing additional funds globally, the use of innovative financial tools and mechanisms (e.g. green bonds, environmental impact bonds, debt-for-climate swaps, blended finance mechanisms) can be an effective vehicle to channel funds to projects and translate NDCs and NAPs into investment action plans. However, several main roadblocks hinder their global expansion, among which:

- The limited availability of at-scale, bankable projects to invest in (i.e. projects with a potential to generate measurable, positive returns in a given period of time);
- The absence of a global standardized policy framework as well as a global marketplace for climate finance deals / activities, which can make funding procedures difficult to access and manage for both debtors and creditors;

As a result, debt remains the main instrument used to fund climate action in developing countries, rather than equity, grants, and concessional financing. For developing geographies, this adds up to their already unsustainable debt burden, hindering investment at scale in the transition to a low carbon economy and in adaptation and resilience projects. Innovative financial tools & mechanisms are therefore crucial in helping overcome these barriers and ultimately foster climate action.

Prior achievements:

Various tools and financing mechanisms have already been set up to improve countries' access to climate finance and catalyze investments into climate action, among which:

- Green bonds: Issuance of total green bonds reached $259bn globally in 2019[6], while green bonds in developing countries more than doubled in 2021 to a record $95bn (from $41bn in 2020)[7].

[5] Oxfam (2020) - https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621066/bp-climate-finance-shadow-report-2020-201020-en.pdf
[6] UNFCCC SCF (2021) - https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Summary%20-%20WEB.pdf
[7] IFC (2022) - https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=27022

- Environmental Impact Bonds (EIBs, i.e. bonds for which repayment is indexed to forecasted and/or realized environmental benefits): Use of such bonds is still embryonic, as the first EIB was issued in 2016 by Quantified Ventures with DC Water to fund a $25m green stormwater infrastructure project, and only 4 EIBs has been issued to date[8].
- Debt-for-climate swaps: In 2021, Belize signed a debt-for-climate swap with 'The Nature Conservancy' (TNC), by committing to spend ~4m annually on marine conservation until 2041 in exchange of a commercial debt's purchase by TNC of ~$550m.
- Blended finance: In November 2021, Allianz Group and International Finance Corporation signed a blended finance partnership aiming to create a global platform dedicated to climate-related investments, providing up to $3bn to private companies in developing economies.[9]
- The role of IMF: Following the ~$650bn Special Drawing Rights' (SDRs) allocation round completed in 2021, establishment in 2022 of the Resilience and Sustainability Trust, a global framework which aims at providing long term financing & low interest loans to vulnerable countries[10] by re-channeling SDRs from countries with strong external positions.
- Voluntary carbon markets: Even though their use remains limited, voluntary carbon markets, on which stakeholders sell their carbon credits on a voluntary basis, are gaining in traction, as their global size quadrupled within one year, reaching $2bn in 2021[11]. A few private initiatives have recently been launched to provide a code of conduct and guidance on the use of carbon credits (e.g. the Voluntary Carbon Market Integrity Initiative).
- Private philanthropy: Philanthropic giving represents a potential source of financing for climate positive projects, but its use remains insufficient, as granting for climate change mitigation globally reached $6-10bn in 2020 (+14% vs 2019)[12], corresponding to ~2% of total global philanthropic giving.

Goal:

Solutions identified shall ultimately assist developing countries in accessing qualitative climate finance while alleviating their sovereign debt burden, and should be focusing on scaling the use of innovative climate finance tools and mechanisms (e.g. debt-for-climate swaps, blended finance mechanisms, etc.):

- **Create an international framework on innovative climate finance:** A guidebook, based on the concepts of inclusion, equity and justice, including clear guidelines for every stakeholder (e.g. when and how to use innovative climate finance tools such as debt-for-climate swaps/green or environmental impact bonds/blended finance, how to effectively manage funding processes, etc.), enabling potential investors to go from pledges to action in terms of climate finance
- **Assist developing countries with identifying and developing a comprehensive offer of bundled, bankable climate projects:** The objective is to foster climate investments, notably through capacity

[8] Brookings (2022) - https://www.brookings.edu/research/social-and-development-impact-bonds-by-the-numbers/
[9] Allianz (2021) - https://www.allianz.com/en/press/news/commitment/environment/211103_Allianz-IFC-and-Allianz-Group-enter-partnership-for-1-5-degrees-celcius-aligned-investments-in-emerging-markets.html
[10] United Nations (2022) - https://press.un.org/en/2022/sgsm21239.doc.htm
[11] Ecosystem Marketplace (2021) - https://www.ecosystemmarketplace.com/publications/state-of-the-voluntary-carbon-markets-2021/
[12] ClimateWorks (2021) - https://www.climateworks.org/wp-content/ uploads/ _2021/10/ CWF_ Funding_ Trends _2021.pdf

building or through creating dedicated guidebooks**,** to help countries unlock more qualitative climate finance

- **Develop a global hub/marketplace for climate finance to encourage the creation of climate finance platforms**: As developing countries face hardships in managing funding procedures quickly and finding the right set of partners to access to climate finance, creating a global hub/marketplace, would enable to facilitate the meeting of supply (e.g. public and private actors from developed countries, MDBs, philanthropies) and demand (e.g. developing countries) of climate finance and enable to accelerate and scale the creation of climate finance platforms

Guiding questions for the roundtable:

This roundtable will gather representatives from contributing countries (developed world) and from recipient countries (developing countries), together with International Financial Institutions, MDBs and actors from the private sector. Developed countries may elaborate on the barriers hindering the acceleration of investment into climate action (e.g.: the need for more investment-ready projects presented by recipient countries). Developing countries may want to discuss various challenges related to obtaining financing for climate projects (e.g.: the difficulty to identify bankable projects without knowing whether financing will be accessible, complex granting procedures…), and showcase some success stories on reducing the cost of green financing.

Participants will seek to get to a common understanding of the challenges and identify concrete solutions, including innovative finance solutions which could help address these challenges and unlock additional climate finance flows.

Suggested guiding questions:

- Questions for developing countries:
  1. What challenges do you face in securing and accessing funding for mitigation, adaptation and just transition projects and plans?
  2. What coordinated global response (e.g. creation of a Global Hub for Climate Finance, the use of de-risking tools) can be developed to facilitate, accelerate and scale countries' access to innovative climate finance?
- Questions for developed countries:
  1. What are the current barriers to the acceleration of financing flows into climate projects from the Global North to the Global South?
  2. What innovative finance tools could be leveraged to accelerate and scale financial flows towards climate projects in developing countries while reducing the cost of climate finance?
- Questions for and about financial institutions:
  1. What are the most promising and innovative financial tools and mechanisms to improve quality and access to climate finance for developing countries and how to accelerate their adoption?
  2. What reforms or innovative approaches could be envisaged on financial institutions to bring forward substantial appropriate finance (i.e. scaled up, facilitated access and concessional instruments)

- Questions for the private sector:

1. How to maximize the involvement of the private sector in financing climate action, both in developing and developed countries? What challenges and what opportunities do you see to scale investment in climate action

The Sharm el-Sheikh Climate Implementation Summit

Round table on "Investing in the Future of Energy: Green Hydrogen"

8th November 2022

Context:

The incoming presidency of COP27 has identified implementation as the main focus of COP27 aiming at addressing climate related transition and transformation through a holistic approach that takes into consideration different aspects including the social and economic development dimension, enablers for a just transition, ambition in action and support to allow for an on time and at scale substantial progress in all aspects of climate change, with ambition on mitigation action as envisaged by science, a transformative adaptation agenda that responds to the current and future impacts of climate change and appropriate finance and technology transfer to allow for an inclusive and principle based transition with no one left behind.

Following this narrative, energy has been a main focus in the transition process, with an evolving and advancing research and development in energy and clean energies. Hydrogen has been identified as the potential energy source for the future, with an increasing focus from all stakeholders on Hydrogen, in particular Green Hydrogen, several countries launched their won Hydrogen strategies, while others are still formulating their own.

Hydrogen is the most abundant chemical element in the world and is considered as one of the main enablers to achieve the net zero transformation. Major private sector companies together with newly formed coalitions are relying on Hydrogen in their newly formulated policies to achieve their climate related targets. In Glasgow at COP26 a hydrogen breakthrough was launched to enhance action and future adoption of Hydrogen.

COP27 presents a great opportunity to showcase development to date on Green Hydrogen, discuss ways to unlock the potentials of Hydrogen and provide a space for discussions between all stakeholders on what is needed to move from strategies and plans to implementation and delivering at scale projects on the ground.

Background Information:

Today, 90 Mt of hydrogen are produced annually, mainly from natural gas. Less than 0.5% of this hydrogen was produced from renewable electricity in 20201. 95% of current demand for hydrogen is in the Oil & Gas and Chemicals industries, to refine oil and produce ammonia or methanol[1].

Both emerging market economies and developed economies have been putting forward ambitious policy targets for hydrogen uptake. Meanwhile the industry has developed a pipeline of mature project proposals across the hydrogen value chain. Today, some 680 large-scale hydrogen project proposals worth USD 240 billion have been put forward, yet only 10% (USD 22 billion) have reached final investment decision (FID).[2] Only two of these projects are located in emerging markets and only one of those has been commissioned to date.

[1] IEA (2021) - Global Hydrogen Review

[2] Hydrogen for Net Zero, Hydrogen Council, 2021

Developed economies are already putting forward ambitious policy targets for hydrogen imports, and current global targets for electrolyser aim at 100 GW by 2030. The EU has defined an ambitious hydrogen target of 20 MT by 2030 in response to the RePowerEU plan to phase out fossil fuel imports well before 2030. This includes a 10 MT target of domestic EU hydrogen supply, as well as a 10 MT target of hydrogen imports from outside the EU[3].

It is evident that developing countries and emerging economies are lagging behind in the deployment of green hydrogen projects due to numerous challenges, whether in its high cost that is unviable from a commercial perspective, certification, storage, mobility and transportation. The ongoing progression of technology and anticipated innovative solutions in this field shall overcome such hurdles. Until then, viable unresolved challenges identified by the private sector, investors and potential producing countries across the globe might hamper swift at scale production of green hydrogen such as cost barriers due to the lack of a risk-free investment and active markets for green products, in addition to lack of ambitious polices.

Objective:

This multi-stakeholder roundtable aims to encourage dialogue between countries across the green hydrogen value chain. The objective of the session is to allow for a deep exchange on the future of Energy, focusing on Hydrogen, the aim is to allow for a better understanding of the current status of Hydrogen production, the expected scenarios of production to meet the needs, as well as the current and future policies and their impact to that end. The discussion will build on the analysis and outcomes of the Glasgow Breakthrough on Hydrogen, the outcomes of relevant fora.

Framing questions:

1. What are the key enablers needed for Africa and the Global South to realize their full potential in powering the green hydrogen transition? Including overcoming the main challenges posed such as the high cost for producing green hydrogen in developing countries as oppose to subsidized production in high income developed countries?
2. How to ensure that this transition is fair and equitable for the developing world, benefitting local employment, industrial development and energy access as priority that would be impactful in achieving the SDG's goals?

For private sector industrial actors and financial institutions:

3. What are the assurances/guarantees required by the private sector to embark on at scale implementation of projects, thus moving from intentions to investing into projects?
4. How can we set a regulatory platform to address the issue of expanding supply and demand of hydrogen and in particular green hydrogen, in a manner that would ensure the adequate flow and stable future markets?

[3] https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3131

The Sharm el-Sheikh Climate Implementation Summit

Round table on "Water Security"

8th November 2022

Context:

Water touches every aspect of development and livelihoods and it links with nearly every Sustainable Development Goal (SDG). It drives economic growth, supports healthy ecosystems, and is essential and fundamental for life itself.[1] Water availability is critical to human activities, ecosystems preservation, poverty reduction, peace, and security. However, water security is far from being achieved, and the pressure on water security is likely to increase in the coming decades. The current water security situation is bound to be rapidly and deeply affected by the increasing incidence of water-related disasters induced by climate change, with severe consequences for the **3.6 billion** people living in geographical zones highly vulnerable to climate impacts.[2]

Water and Climate are inextricably linked. According to the IPCC 6th Assessment Report, extreme weather events causing severe floods and droughts have become more frequent and more severe due to human-induced climate change and will accelerate in the near future.[3] Indeed, the intensification of the hydrological cycle due to human-induced climate change is affecting physical aspects of water security, thereby exacerbating existing water-related vulnerabilities caused by other socioeconomic factors.[4] Between 2001 and 2018, UN Water reported that **74%** of all natural disasters are water-related (i.e. flood and droughts)[5]. Particularly, droughts contributed to **~650,000** deaths globally over this period (**34%** of total disaster-related deaths), mostly in Africa. Combined, floods and droughts accounted for **38%** of reported economic losses over the period, corresponding to **$1.4tn** in total or **$27bn** on average per year over the past half century. As water-related risks will keep on increasing with global warming, exposing more vulnerable regions to greater issues, between **3 and 4 billion** people are projected to face physical water scarcity under respective scenarios of a 2°C and 4°C global temperature increase.[6]

Consequently, according to the IPCC Report, without effective adaptation measures, water scarcity will generate severe economic consequences, as water-related catastrophes are projected to reduce global GDP by **~0.5%** in **2050** with significant regional variations for the Middle East **(14%),** Sahel **(11.7%),** Central Asia **(10.7%)**, and East Asia **(7%)**.7[7] Moreover, in the Mediterranean region as one of the main climate change hotspots, already over **180 million** people are water poor.[8] Reports have also shown that climate change is expected to exacerbate water quality degradation as a result of higher water temperatures, reduced dissolved oxygen content causing a reduction in the self-purifying capacity of freshwater bodies. [9]

[1] WB: https://www.worldbank.org/en/topic/water/overview
[2] WMO (2021) - https://library.wmo.int/doc_num.php?explnum_id=10989
[3] IPCC WGII Report (2021) - https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter04.pdf
[4] WMO, ibid
[5] UN World Water Development Report (2020) - https://unesdoc.unesco.org/ark:/48223/pf0000372985.locale=en
[6] IPCC, ibid
[7] WMO, ibid
[8] UfM, https://ufmsecretariat.org/water-agenda/
[9] UN World Water Development Report, ibid

The African continent will be the most affected region in the world by climate change with increasing temperature, decreasing precipitation and more intense storms. This was also highlighted in the UN Water Report stating that the impacts of climate change on Africa's water resources are already acute. [10] Therefore, adapting to the effects of climate change to reinforce water security is therefore crucial for global socio-economic development as well as healthy ecosystems, and the global community has integrated the importance of this issue. Indeed, in more than **80%** of latest available NDCs' adaptation components [11], the protection of freshwater resources is considered as a key priority, and **79%** of countries have flagged, through the submission of their Technology Needs Assessments (TNAs) between 2009 and 2018[12] , the need to reinforce technology within the water sector to adapt to climate change. According to the IFC/GCA, **a USD 800 million** investment in early warning systems can reduce climate disaster losses by **3-16 billion** per year in developing countries.

Global achievements:

Many initiatives are being launched to enhance water security in water-stressed countries, at the local (e.g. the Lusaka Water Security Initiative to preserve water in Zambia) and global (e.g. the Pacific Institute which produces research and informational resources globally about water conservation) levels. Moreover, collective action is also coordinated to preserve water resources, e.g. the Ramsar Convention, launched in 1975, which is helping to protect more than 2,000 wetlands, or the Water Convention, launched in 1992 and currently signed by more than 40 parties, which aims to improve protection and management of transboundary water sources (both surface and groundwater).

Numerous actions are being taken to effectively manage transboundary water sources. Indeed, the monitoring exercise conducted in 2020 jointly by UNECE and UNESCO stated that 129 of the 153 countries sharing transboundary waters submitted operational arrangements for transboundary water cooperation. Among these arrangements can be outlined:

- The Mekong River Commission, which has been launched in 1995 to enhance a sustainable management of the Mekong River among countries it crosses (Cambodia, Laos, Thailand & Vietnam) to ensure a mutual benefit for local populations and industries.
- The Organization for the Development of the Gambia River, which has been created in 2015 to rationalize the management of the common resources of the Gambia river and its confluences among Gambia, Guinea, Guinea-Bissau, and Senegal, with the objective to increase the fair and equitable to hydroelectricity for populations.

Numerous private companies are also involved in fighting against water scarcity globally, e.g. AB-Inbev is committed to swap barley for water resistant local crops such as cassava.

Goal:

The multi-stakeholder roundtable aims to encourage dialogue between parties and different actors across the water sector. The objective of the session is to provide space for a deep exchange to address a whole range water-related issues, with a focus on harnessing water security action into the global climate agenda. The discussions will build on evidence-based science of the IPCC 6th Assessment Round Reports, as well as relevant UN water-related reports. It will also feature sharing experience from the existing initiatives and global efforts to address the issue.

[10] UN World Water Development Report, ibid
[11] UNFCCC (2021) - https://unfccc.int/sites/default/files/resource/cma2021_08r01_E.pdf
[12] UNFCCC (2022) - https://unfccc.int/ttclear/tna

Guiding Questions:

The main challenge around this session is that water security is a global issue affecting both developing and developed countries. Hence, even though developing countries are hit the hardest by water scarcity, the discussion should not be polarized, and major solutions discussed should be applicable to most of water-stressed countries. During the roundtable, developing as well as developed countries representatives may then try to disclose success stories around water management, while UN organizations and financial institutions representatives will participate to the debate by reflecting on ways to scale these techniques to other water-stressed countries and identify tangible actions to accelerate the implementation of key water security projects worldwide. The guiding questions for the roundtable shall then be:

- Questions for developing and developed countries having to manage water resources efficiently while adapting to climate change:
  1. How to accelerate the implementation of projects aiming at allocating water resources in the most efficient way and ensuring its best socio-economic use among professional sectors & communities globally?
  2. How to replicate globally success stories of effective water management processes (e.g. Egypt's example on water recycling within agricultural irrigation, etc.) and adaptation to water-related climate impacts?
- Questions for financial institutions:
  1. What are the key barriers hindering public and private investment into technology reinforcement to improve resilience of water systems and improve water security?
  2. What dedicated vehicles could be set up globally to favor the necessary concentration of funds and therefore solve climate change water-related challenges (i.e.: adaptation to pre-empt water disasters, early-warning systems, etc.)?
- Questions for IGOs:
  1. What mechanisms of international cooperation could be implemented to accelerate the implementation of adaptation projects to water-related disasters?
- Questions for the private sector:
  1. How to replicate the behavioral targets (i.e. Science Based Targets for freshwater) into corporate water standards globally to preserve water resources and ensure a resilient and sustainable growth?
  2. What mechanisms could encourage positive water resources preservation behaviors & innovation within the private sector & civil society globally?

The Sharm el-Sheikh Climate Implementation Summit

Round table on "Climate Change and the Sustainability of Vulnerable Communities"

8th November 2022

Context:

Accelerating climate impacts are having devastating effects on local communities across the world. These range from the destruction of homes, education and healthcare facilities and other critical infrastructure to the loss of livelihood and increased food and water insecurity. In some regions, climate induced disasters are resulting in large scale humanitarian crises and displacement.

With increasing impacts of climate change, the intensity and frequency of related disasters increases, leading to impacts on lives and livelihoods, in this context the IFRCs World Disaster Report 2020 stated that 83% of all disasters are caused by climate change and weather-related events rising by almost 35% over the last three decades and impacting over 1.7 billion people around the world.

A recent glaring example are the monsoons in Pakistan which have sub-merged one third of the country damaging over 2 million houses, 23,900 schools and 1,460 health facilities. It is estimated that more than 10 million people are currently displaced. In South Sudan, unprecedented floods and droughts have rendered the country one of the most vulnerable to the effects of climate change. It ranks as one of the top five countries in the world in relation to the number of internally displaced people (IDPs) due to disasters, reaching 506,000 IDPs as of the end of 2021. In the Horn of Africa, an extended unprecedented drought is threatening the lives and livelihoods of 22 million people, nearly 7.8 million people in Somalia, almost half of Somalia estimated population, have been affected by the worst drought experienced by the country in over 40 years. Currently, over 1.1 million people are displaced and, by the end of this year, approximately 6.7 million people across Somalia, are expected to face high levels of acute food insecurity.

This growing climate impact on these affected communities further hinders development efforts towards tackling poverty and unemployment, and compounds the negative consequences of the global economic downturn and soaring food and energy prices, thus contributing towards aggravating existing inequalities and fragilities, with women and youth being most adversely affected, particularly in conflict-affected settings.

In several places, the impacts of climate change posed itself as a contributing factor and/or risk-multiplier during and after situations of conflict, and thus it is becoming increasingly relevant to undertake and invest in well-resourced adaptation and resilience initiatives that contribute to sustaining peace and reduces the risks of conflict and violence and their resulting forced displacement.

Many Governments and local communities are not adequately equipped to prevent, prepare for and adapt to these far-reaching impacts whose effects will continue to amplify. It is estimated, for instance, that climate change could force 105 million people in Africa out of their homes in search for safety and better livelihood opportunities by 2050.

Confronting these challenges calls for an investment into empowering local communities through integrated responses and multifaceted action by all countries and stakeholders while ensuring context specificity and national/local ownership. Most notably, it is imperative to accelerate climate adaptation to mitigate the risks associated with climate change as well as strengthen crisis preparedness and emergency response capacities. Furthermore, it is of importance critical to enhance the access of locally-led climate

adaptation projects to climate finance in a manner that increases their resilience and minimizes the scope of loss and damage they are subject to.

Background information:

- Paris Agreement called in Article 9 for striking a balance between mitigation and adaptation funding and channeling more public and grant-based funds towards adaptation. 7% of global climate funding in 2019 was channeled towards adaptation and resilience projects (compared to 5% in 2018).
- The Sendai Framework for Disaster Risk Reduction (2015 - 2030), adopted in 2015, through its guiding principles sheds light on the importance of strengthening local communities' resilience to climate change
- In 2015 at the Paris COP, H.E president of Egypt, on behalf of the AU, launched the Africa Adaptation Initiative as a form of regional approach to stimulating and further strengthening adaptation activities at scale in the African continent. The African Union's recently launched its Climate Change and Resilient Development Strategy and Action Plan (2022-2032), which recognizes the importance of vulnerable communities' engagement when designing climate-responsive policies.
- This year the UN Secretary-General has asked WMO to spearhead new action to ensure every person is protected by early warning systems within five years.
- It is estimated that by 2050, climate change could force around 216 million person out of their homes, 85.7 million of which are in Sub-Saharan Africa, despite this, national and local communities lack adequate capacities to prevent, prepare and adapt to the impacts of climate change.

Goals:

This roundtable aims to examine means for strengthening local responses to growing climate change impacts, particularly scaling up durable solutions focused on climate adaptation, strengthening crisis preparedness and disaster risk reduction, responding to wide-scale forced displacement, and bolstering community level resilience and identifying entry points to accelerate finance for local climate adaptation.

It also aims at exploring ways to tackle impacts of climate change in relation to migration and displacement, and means to implement objectives established in international commitments, and mobilize efforts of different stakeholders to deal with climate and weather-related disasters and degradation to manage climate induced displacement and migration.

Guiding Questions:

General:

- How to strengthen coordination and partnership across the climate, humanitarian, disaster risk reduction and emergency response actors at all levels (local, national and international) to devise holistic responses to climate-induced disasters?
- What are action points to scale-up early warning systems, including through technical and knowledge exchange to capacitate national and local stakeholders to deal with the negative implications of climate change?
- How to enhance the operationalization of the Humanitarian, Development, and Peace Nexus (HDPN) in response to contexts where climate change, displacement trends and conflict dynamics are intertwined, and how can we promote integrated responses and scaled up partnerships?

Questions focused on affected local communities:

- How to ensure that the needs of local communities are integrated in national climate policies, including NDCs and NAPs, as well as in humanitarian, disaster risk reduction and emergency response mechanisms and frameworks?
- How to strengthen the capacities and diversify and scale up the resources availed to bolster their resilience and adaptation capacity of local communities?
- What are good examples of local climate adaptation projects that contributed to the long-term sustainability of local communities?
- How to design and implement context-specific responses to address the needs of local communities in conflict-affected settings that are particularly vulnerable to climate impacts?

Questions focused on the role of financial institutions:

- What are the main challenges and opportunities for accelerating finance to small scale and locally-led climate adaptation projects - including women and youth-led projects - as well as local disaster risk reduction and humanitarian response?
- How can global climate finance be simplified or fit for purpose in order to meet the needs of local communities, including women, children and young people?

Questions for the private sector:

- How to diversify financing resources and incentivize the private sector to contribute to local climate adaptation projects? What are good examples of innovative finance mechanisms in this regard?