COP28 UAE Declaration of Leaders on a Global Climate Finance Framework
Making Finance Available, Accessible, Affordable
COP28 UAE Declaration of Leaders on a Global Climate Finance Framework
Making Finance Available, Accessible, Affordable

1. Seizing the opportunity: Investing $5-7tn annually in greening the global economy by 2030 will be critical to achieving our shared climate goals. Our collective efforts to pursue the goals of the Paris Agreement present the opportunity to accelerate local, regional and global low-carbon, climate resilient, and nature-positive growth and inclusive economies, strengthening delivery of the Sustainable Development Goals (SDGs). We urge global leaders to seize this unprecedented economic opportunity for inclusive and shared prosperity so that no country has to choose between fighting poverty and fighting climate change. We need to build on flagship initiatives such as the Paris Pact for People and Planet (4P), Bridgetown Initiative, Accra-Marrakesh Agenda, G20 New Delhi Leaders’ Declaration, and African Leaders’ Nairobi Declaration on Climate and Call to Action.

Collective Action

2. Delivering on commitments and achieving ambitious outcomes: To support developing countries in achieving their climate objectives, developed countries need to work to deliver on the goal of jointly mobilizing $100bn in the context of meaningful mitigation action and transparency on implementation through to 2025. We are encouraged by the OECD’s finding that this goal may have been met in 2022. We expect to also see urgent progress on the doubling of adaptation finance, and we support an ambitious replenishment of the Green Climate Fund, significant contributions to the Adaptation Fund, and the rapid operationalization of the new funding arrangements for responding to loss and damage, including a fund. We need to go further, accelerating the mobilization and deployment of climate finance from all sources, underscoring the importance of finance that is available, accessible, and affordable, particularly for the most vulnerable.

3. Freeing up fiscal space for climate action: The international financial architecture, public and private, needs to be made fit for more frequent, profound shocks. This can be done through: wider use of climate-resilient debt clauses; consideration of debt-for-climate swaps; and sustainability linked bonds. Additional voluntary IMF Special Drawing Rights (SDRs) should be rechanneled, subject to national legal frameworks, including through the Resilience and Sustainability Trust. We also need to see the full implementation of the Common Framework for Debt Treatments Beyond the Debt Service Suspension Initiative. Highly concessional funding mechanisms such as the International Development Association and its crisis facility need to be sufficiently capitalized to adequately support the poorest and most vulnerable countries.

4. Widening the sources of concessional finance for climate action: Mitigating climate change and adapting and responding to climate impacts will require significant additional finance, including concessional finance. Laying the foundations for climate-smart growth in many geographies and sectors may not always offer returns compatible with private sector models. Efforts are needed to bridge these gaps, particularly for adaptation, which often requires non-debt financing. Innovative mechanisms to explore include: better use of hybrid capital; policy-based guarantees; portfolio guarantees of MDB loans; global philanthropy; re-channeling of inefficient subsidies; and emissions pricing and taxation mechanisms, as applicable and in line with national circumstances, and we note forthcoming initiatives in this regard.

[1] in line with its Article 2
Opportunity for all

5. Delivering just, country-owned transitions, leaving no one behind. Climate transitions have the potential to catalyze unprecedented opportunities. They are anchored in the transformation of energy and industrial sectors, and in sustainable transport and agriculture systems, in the building of a climate-resilient, nature-positive economies and in just transitions to net-zero economies. To capture these opportunities and achieve country-owned transitions that leave no one behind, developing countries will in many cases need concessional resources to unlock private finance, transfer of knowledge, skills and technology at scale. These efforts need to build on strong domestic climate policy frameworks and commitments as well as adaptation strategies, and robust data.

6. Doubling down on country platforms: Country-owned investment platforms, for energy transitions, forests and biodiversity, water, and adaptation, that converge development aspirations with climate and environmental challenges are the essential starting point. Robust investment pipelines, co-created with multilateral institutions and private sector finance, offer an opportunity to greatly enhance the flows and effectiveness of finance. This requires countries to commit to high-level, but achievable, transition pathways, in line with country circumstances and strategies.

7. Building better, bigger, and more effective MDBs: Recognizing the Report of the G20 Independent Expert Group on Strengthening MDBs, the MDBs need to enhance operating models, improve responsiveness and accessibility, and increase financial capacity so that they can better address global challenges such as climate change. They need to work as a system, including through common country platforms, and collaborating with the multilateral funds to streamline access to finance, including local currency financing and making a difference in public adaptation finance. We encourage MDBs to enhance private capital mobilization through supporting enabling conditions, innovative risk-sharing instruments and new partnerships to maximize their development impact. This, along with the implementation of all appropriate CAF recommendations, would maximize the leverage effect of potential capital increases. The Board of each MDB will be best placed to determine if and when a capital increase is needed in addition to CAF measures to support efforts in addressing global challenges and meeting development needs. We encourage the MDBs to make explicit, regular, ambitious forward-looking projections on their aggregate climate finance.

Delivering at scale

8. Enhancing domestic resource mobilization: A significant portion of the financing needed for climate action will come from domestic savings and efficient fiscal incentives. Robust policy frameworks and financial incentives should be put in place to mobilize domestic investment at scale towards respective net-zero and climate-resilient development pathways. Technical assistance to policy makers, regulators and other financial actors in developing countries will be critical to accelerate this agenda.
9. Unlocking a highway of private finance: Private sector finance is the largest source of financial flows for climate action, particularly mitigation. Transition to a low-emission climate-resilient economy requires dedicated instruments to channel financing from mainstream institutional investors to large scale clean infrastructure and drive private entrepreneurship to scale up clean business models and the transfer and deployment of climate technology. Critical focus needs to be placed on reducing cost of capital where it is too high by deploying effective and scalable catalytic instruments, including for project preparation, tailored to climate transition needs. Currency and macro risk are particularly problematic and need to be managed through scalable and affordable mechanisms. Technical assistance will be a critical tool to address the root causes of barriers to private investment and promote conducive enabling environments.

10. Delivering high-integrity carbon markets: Carbon markets remain an essential component of the climate finance architecture. Unlocking the potential of these markets to support implementation of the Paris Agreement requires transparency, high-integrity standards across the value chain, both supply and demand in line with country circumstances, and the fostering of confidence to generate significant financial flows, including to developing countries. Carbon markets and credits generated should adhere to the key principles of environmental integrity. The use of carbon market mechanisms should be complementary to policies that aim to achieve real absolute, emissions reductions. This is crucial across both voluntary and compliance carbon markets. Consistency of systems across different markets over time will help promote effective action and a level playing field.