

COP28

THEMATIC DAY SUMMARY:

Dec 4: Finance, Trade, Gender Equality, Accountability





FINANCE, TRADE, GENDER EQUALITY & ACCOUNTABILITY DAY HELPED TURN AMBITIONS INTO ACCOUNTABLE ACTIONS AND UNLOCKED CLIMATE FINANCE OPPORTUNITIES FOR ALL, BY MOBILIZING PRIVATE AND PUBLIC FUNDS AND LEVERAGING TRADE.

The current global financial architecture has struggled to support the just and equitable energy transition. Fundamental hurdles around availability, accessibility and affordability remain. Women continue to face challenges accessing climate finance for instance, although we know that investing in gender equality can reduce emissions up to 15% by 2050. **Finance, Trade, Gender Equality & Accountability Day set out to build a new climate finance environment that addresses these inequities, while rallying public and private finance from around the world.**

MAJOR ANNOUNCEMENTS

- Details on the design of the \$30 billion **ALTÉRRRA Climate Fund**, first announced at WCAS on Dec. 1, were discussed by a roundtable of global investors who welcomed the expected impact of the fund on creating a robust ecosystem for climate finance and scaling blended finance.
- UAE announced a **Climate Finance Forum to be held in 2024** to track progress against commitments announced at COP28 and accelerate efforts to establish the new finance framework for 2030.
- The COP28 Gender-Responsive Just Transitions & Climate Action Partnership was launched. Endorsed by 68 countries, it aims to advance gender equality through the transition to a low-carbon economy by ensuring equal opportunities to emerging job markets, gender-responsive budgeting and data collection.
- **Multilateral development banks** (MDBs) made significant financial commitments, including \$5 billion for clean energy in Africa from the World Bank, \$5 billion for the Amazon as well as \$1 billion to incentivize countries in reaching climate targets from Inter-American Development Bank (IDB). Commitments also included \$10 billion in climate finance from Asian Development Bank (ADB), \$1 billion of insurance facility for farmers, and a \$175 million green infrastructure facility from African Development Bank (AfDB).



- Innovative financial mechanisms were unlocked to support vulnerable countries, including **Climate Resilient Debt Clauses (CRDCs) and Special Drawing Rights (SDRs)**. UK, France, and MDBs--including World Bank, IDB, EIB, EBRD and AfDB--made new commitments to expand Climate-Resilient Debt Clauses in their lending, which pause a country's debt when a natural disaster hits. The UK announced the first-ever CRDC with Africa (in Senegal) and IDB announced it has now covered \$1.2 billion of loans with these clauses. Japan and France announced a commitment to support the AfDB's facility to leverage SDRs.

GLOBAL STOCKTAKE RESPONSE:

The day led to several support initiatives, including on finance, technology and capacity for mitigation measures, and helped lay the foundation for an ambitious New Collective Quantified Goal for finance. These announcements support a high ambition scenario on climate finance. A large climate finance package by parties and non-state actors was announced, addressing a significant share of the gap to climate finance required by 2030. Leadership by Race to Zero's Net Zero Finance Partners and innovations and tools developed by non-parties stakeholders to increase investment in adaptation, nature, just transition and climate projects in emerging markets and developing countries can offer useful insights to inform and support a strong response to the GST.



FINANCE

Significant progress took place on the transformation of the global financial architecture to make finance more available, accessible and affordable. The focus was on critical finance enablers and on the need to strengthen accountability frameworks to support implementation of commitments.

KEY MOMENTS

- The **COP28 UAE Declaration on Climate Finance** was issued by 13 countries representing 40% of global GDP during the World Climate Action Summit, opening the door to new climate finance opportunities.
- UAE announced a **Climate Finance Forum to be held in 2024** to track progress against commitments announced at COP28 and accelerate efforts to establish the new finance framework for 2030.
- **Global Climate Finance Centre:** ADGM-based think-tank was launched to drive the transformation of the sustainable finance sector, through policy, innovation, capacity building and championing of best practice.
- A **Climate Finance Framework that is Fit for Purpose Report**, which underpinned the joint Declaration of Finance Framework, was co-authored by an Independent High-level Expert Group, and co-chaired by Vera Songwe and Nick Stern. It highlighted priority actions needed to transform financial architecture for mitigation, adaptation and nature.
- **H.E. Mia Mottley, Prime Minister of Barbados, HE Modi, Prime Minister of India, HE Macron, President of France, and a roundtable of African Leaders**, welcomed the establishment of the ALTÉRRRA fund as significant effort for mobilizing private and institutional capital at scale.
- **IFI Reform:** MDBs announced significant commitments of climate finance.
 - The World Bank shared it would increase its allocation to climate finance to 45% up from 35%, unlocking a further \$9 billion for climate.
 - The World Bank announced \$5 billion from the International Development Association to support 100 million people in Africa with clean energy access in the next seven years.
 - The Inter-American Development Bank announced it will triple climate finance, including direct lending and mobilized finance, over the coming decade to \$150 billion.
 - IDB announced \$5 billion in additional financing for sustainable development projects in the Amazon, as well as a guarantee program to expand lending capacity by \$450 million.
 - IDB also announced the equivalent of \$1 billion of incentives for countries to meet climate and nature targets through discounts on loans if targets are met.
 - The ADB announced it will provide the Philippines with \$10 billion in Climate Finance between 2024 and 2029.

- African Development Bank launched a \$175 million facility for green infrastructure in Africa (AGIA), as well as \$1 billion facility to provide insurance against climate impacts to more than 40 million farmers across Africa.
- IsDB announced a \$1 billion support for adaptation in conflict-affected countries.
- The World Bank announced that it will support 15 countries with national programs to slash methane emissions of up to 10 million tons over the next five to seven years from rice production, livestock, and waste.
- The World Bank also announced that it will support certification of carbon credits for forestry in 16 countries, aiming to generate 24 million credits by next year and 125 million in five years. Even if valued at \$20 per credit, it will translate into significant financing for communities.
- **Innovative mechanisms to support vulnerable countries:** Financial mechanisms to relieve debt distress and create fiscal distress were announced.
 - The UK, France, and MDBs, including World Bank, IDB, EIB, EBRD and AfDB, made new commitments to expand Climate-Resilient Debt Clauses in their lending, which pause a country's debt when a natural disaster hits. The UK announced the first-ever CRDC with Africa (in Senegal), while IDB announced it has now covered \$1.2 billion of loans with these clauses, and 73 countries joined a call to action to donors to expand the use of these clauses by 2025.
 - Japan and France announced a commitment to support the AfDB's facility to leverage SDRs. This facility would support concessional finance for climate and development in Africa. Spain and UK also indicated their willingness to commit to the facility.
- **Mobilization of domestic resources:** The UAE banking sector mobilized a collective AED1 trillion in forward-looking sustainable finance commitments by 2030.
- **Harmonization of Green and Sustainability Sukuk Guidelines:** The International Capital Market Association, Islamic Development Bank and London Stock Exchange Group launched a working group to jointly develop thematic guidance on green and sustainability sukuk to accelerate sustainable investment in Islamic finance.
- **Sustainable Finance Catalyst:** Dubai International Finance Centre launched a new initiative to grow sustainable finance flows through Dubai to more than \$100 billion by 2030. It comprises four key pillars: AI-driven knowledge hub, growing sustainable and Islamic finance, building capacity and upskilling talent pool, and facilitating faster sustainability-driven innovation.
- **Dubai Financial Services Authority** launched an initiative for waiving regulatory fees for ESG-linked listings in DIFC and Nasdaq Dubai.
- **JPMorgan unveiled the impact disclosure guidelines** developed by an industry taskforce of more than 40 key investors, rating agencies, underwriters, and development banks. Through standardizing data and methodologies for impact, these guidelines are expected to have a monumental impact in mobilizing resources towards sustainable finance, particularly in the global south. DP World from UAE has decided to become the first company to pilot the framework.

- **The Proof of Concept (PoC) for the Net Zero Data Public Utility** was released, marking a significant milestone towards a global, centralized, open repository for climate transition-related data, which was initially released at COP27. The PoC has been designed to show an initial set of key features and functionality and solicit stakeholder insights that will help to inform future releases. A public consultation, which gives stakeholders an opportunity to provide feedback that will inform future development, will accompany the release.
- **Greening of Islamic Sustainable Finance:** On Nov. 30, the three main Islamic infrastructure organizations – Islamic Financial Services Board, General Council for Islamic Banks and Financial Institutions and Accounting and Auditing Organization for Islamic Financial Institutions – launched a Roadmap for Islamic Sustainable Finance, which aims to set clear milestones for incorporating sustainability and climate-related disclosure and reporting criteria into Islamic finance.
- **Transition Finance Roadmap:** The COP28 Presidency and GFANZ brought together global leaders from international organizations, governments and the financial sector to speed progress in scaling transition finance. To accelerate decarbonization, the financial system needs to go where the emissions are to more efficiently contribute to this reduction. The discussion at COP took stock of the progress and the areas of necessary focus for 2024, which represents an important step for creating consensus on frameworks and tools required for the financial sector to catalyze transition.
- LEAF Coalition signed an **emission reductions agreement** to provide over \$60 million each to Ghana and Costa Rica to purchase high-integrity carbon credits.
- **Food Sector Transition to Regenerative Agriculture:** Over 15 major food and finance corporations pledged \$2.2 billion to transition 160 million hectares of landscapes and 3.6 million farmers by 2030.
- **Arab Energy Fund (APICORP) planned up to \$1 billion for decarbonization technologies:** The Arab Energy Fund will invest over the next five years in decarbonization technologies.
- **Copenhagen Infrastructure Partners targeted \$3 billion for an emerging market greenfield renewables fund:** The Danish investment firm is looking to raise \$3 billion for a new fund focused on building renewable energy projects from scratch in emerging and middle-income countries.
- **Global and African partners pledged \$175 million to the Alliance for Green Infrastructure in Africa:** African and global institutions together with governments of Germany, France and Japan and philanthropies have pledged over \$175 million to the Alliance for Green Infrastructure in Africa (AGIA)
- **ADB will provide the Philippines with \$10 billion in Climate Finance:** ADB will allot \$10 billion in climate finance for the Philippines between 2024 and 2029.
- Climate Champions announced that the World's top MDBs and other international organizations have **signed a joint declaration and launched a global "task force" to boost sustainability-linked sovereign financing for nature and climate.**

- Approximately 400 organizations from 64 jurisdictions, including associations gathering over 10,000 member companies and investors, joined multilateral and market authorities to **commit to advance the ISSB climate global baseline.**
- As part of the **Regional Platforms for Climate Projects**, 19 climate projects in developing countries from the High-Level Champions' Extended Compendium of Climate-Related Initiatives received funding valued at around \$1.46 billion.
- World's top MDB and other international organizations including Agence Française de Développement (AFD), ADB, AfDB, EIB, Green Climate Fund, Global Environment Facility, Inter-American Development Bank, and the United States International Development Finance Corporation, signed a joint declaration and launched a **global task force to boost sustainability-linked sovereign financing for nature and climate.**
- More than 650 leading financial institutions are now part of **Race to Zero Partner Initiatives**, and more than 450 members have set interim targets.
- The ADB launched the **Nature Solutions Hub for Asia and the Pacific**, aiming to attract at least \$2 billion to investment programs that incorporate nature-based solutions with a focus on capital markets. The hub will deploy financing measures to reduce risks in nature-based solutions projects, including guarantees, impact-linked payments, and blended finance.
- The **Global Capacity Building Coalition** will significantly increase the availability and effectiveness of climate finance technical assistance programs for financial institutions in emerging and developing economies. The coalition is designed to empower financial institutions to have an impact in their own countries.
- Private finance institutions **launched** a **Call for Collaboration** with Australia, Chile, Colombia, Guatemala and Switzerland to enhance an enabling environment and accelerate the mobilization of private finance for adaptation and resilience.
- Members of the **Nairobi Declaration on Sustainable Investment** have introduced new sustainable insurance products related to renewable energy and agriculture. It builds upon Dec. 3's announcement of new funding for the Africa Climate Risk Insurance Facility for Adaptation.
- **The Mangrove Breakthrough:** A Financial Roadmap to scale up capital flow into mangrove protection and restoration was endorsed by some of the world's largest financial institutions and provided a pathway to achieve the financial goals of the Mangrove Breakthrough, which was launched at COP27.

TRADE

The role of trade was elevated within the climate debate and discussions focused on ways to leverage it to support technology transfer and international collaboration and meet 2030 climate targets.

KEY MOMENTS

- The climate and trade high-level event set the stage for elevating the role of the international trade community in the climate policy ecosystem. The World Trade Organization, United Nations Conference on Trade and Development (UNCTD), DP World, and International Chamber of Commerce, collectively promoted the WTO roadmap of trade policy options for a just and ambitious global response to climate change.
- A timely discussion led by UNCTD explored the role of critical minerals in the energy transition and economic growth opportunities in resource-rich countries. A call was also made for partnerships and cooperation within the multilateral systems to build trust on a more just and sustainable transition. The goal is to ensure affordable access to technology, financing and institutional capacities for critical mineral-producing developing countries.
- Dr. Ngozi Okonjo-Iweala of the WTO made several announcements.
 - **The WTO Trade Policy Tools for Climate Action** is a set of policies that WTO has endorsed for Parties to consider and to ensure trade efforts can be synergized into broader climate-related policies. The policy tools cover recommendations around trade facilitation, government procurement, regulations and certification, services, import tariffs, subsidies, trade finance, food and agriculture, sanitary and phytosanitary measures, internal taxation and carbon pricing.
 - **The WTO-IRENA International Trade and Green Hydrogen and the Steel Standards Principles** is supported by more than 35 key steel producers, industry associations, standard setting bodies, international organizations and initiatives.
- The **role of leveraged sustainable finance in trade** to create a sustainable future for all was featured in discussions led by financial sector leaders such as HSBC and the African Finance Corporation.
- The International Chamber of Commerce and panelists discussed the **role of international trade in defining global value chains for micro-, small-, and medium-sized enterprises**. Global leaders came together to promote the use of trade to scale up breakthrough trade technologies, increase investments in energy efficiency, and push for climate-friendly technologies in support of a just transition.
- **Net-Zero Export Credit Agencies Alliance:** The UN-convened Net-Zero Export Credit Agencies Alliance (NZECA) united leading public finance institutions committed to delivering net-zero economies by 2050, by supporting the decarbonization of trade and facilitating joint action from public and private finance.

GENDER EQUALITY

Gender equality was front and center with the announcement of the **Gender-Just Transition Partnership** that called for the advancement of gender equality through opportunities for all in impacted and emerging sectors.

KEY MOMENTS

- **Gender-Just Transition** was advanced through a new partnership of 68 countries to ensure equal opportunities for decent work in impacted and emerging green sectors, underpinned by gender-disaggregated data and gender-responsive finance.
- The **Global Conference on Gender and Environment Data**, convened by COP28, the UN Climate Change High Level Champions, UNFCCC, UN Women, International Union for Conservation of Nature, and Women's Environment & Development Organization, called for gender-disaggregated and better-quality data. Such data is essential for decision making, the allocation of finances, and other resources. In the long term, better data can help develop evidence-based investments for gender-responsive climate finance and an understanding of the impacts on women.
- The need for **gender-responsive finance** was emphasized during an event co-hosted by the Government of Egypt and the European Bank for Reconstruction and Development, which centered on how private sector companies as well as national institutions can promote gender equality in Paris Agreement outcomes through the Gender Equality in Climate Action Accelerator Tool.
- **Norway pledged \$16 million to tackle gender-based violence amid climate change:** The Norwegian Agency for Development Cooperation (NORAD) announced a contribution of \$ 2.8 million to IUCN's Resilient, Inclusive, and Sustainable Environments (RISE) grants challenge.
- **Former US Secretary of State Hilary Clinton** called for a reform of the insurance sector in the face of rising climate risks and the increasing withdrawal of assistance against climate shocks, noting the heightened impact on women.

ACCOUNTABILITY

The evidence has made it clear that the private sector has a significant role to play in achieving the ambitions set out in the Paris Agreement. Today demonstrated the COP28 Presidency's and global communities' commitment to foster greater accountability, transparency, and integrity in the private sector's efforts to decarbonize and mitigate climate change.

KEY MOMENTS

- A roundtable on accountability and regulation for non-party stakeholders supported furthering private sector transition planning, regulation, and contributions to NDCs for a fast-tracked just transition to net zero. Key global decision makers provided recommendations on next steps to create an equitable transition ecosystem through the adoption of net-zero accountability standards and regulations, bringing together regulators, policy makers, academia and the private sector.

OTHER HIGHLIGHTS

- COP28 facilitated discussions on accelerating the financing of climate tech solutions and the need for an equitable allocation of capital for a just transition. The day examined the role of fintech solutions to ease access to financial services and need for increased digital, climate and financial literacy for at-risk populations.
- The T&I Hub Stage brought together developmental finance institutions and private capital to share best practices on mobilizing support for climate solutions. The focus was on Africa and the panel explored local currency funding, entrepreneurship, skills development, and capacity building. Speakers also shared success stories.
- Space Agencies Leaders' Summit: The UAE Space Agency, in coordination with leading and emerging Space Agencies from across the world, hosted a high-level session focused on climate programs and initiatives that will expedite the pathway to 1.5°C. The session looked at ways to leverage cutting-edge technologies to combat the challenges of climate change more effectively.



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