

Building the Business Case for Climate Finance at the Subnational Level

Saturday 16th November, 15-16.30 (GMT+4)

UNFCCC Official Side Event, Room 2, Blue Zone, COP29 Baku, Azerbaijan

Abstract

This event will look at the importance of investing at the subnational level to accelerate mitigation and adaptation action in the context of the negotiations on the New Collective Quantified Goal on climate finance (NCQG).

Despite progress in international climate finance, a significant funding gap persists for crucial adaptation and mitigation projects implemented by regions, cities, and municipalities, where 90% of climate solutions occur. The UNEP Adaptation GAP Report 2023 referenced that less than 10% of international climate funds' commitments to developing countries were directed at the local level.

Subnational actors (state, regions, provinces) can play a critical role to accelerate action on the ground given the proximity to their citizens, territorial approach and engagement with different actors and sectors in their territories. Nevertheless, investment at this level needs to be boosted, and investors and financial actors need to see the interest and attractiveness for investing at subnational levels.

To bridge this gap, it is essential to build a compelling business case for investing at the local and subnational levels.

Organised by a coalition of leading partners, the event aims to mobilise support for the crucial role of subnational actors in achieving global climate goals and advancing sustainable development. Key objectives include increasing financial resources at the subnational level and facilitating subnational access to existing funds, aligning climate finance with local priorities, enhancing collaboration among stakeholders—particularly the private sector—and showcasing innovative financial solutions by subnational actors.

The event targets a diverse audience including Parties, subnational governments, international organisations, financial institutions, civil society, the private sector, among others.

The agenda will include panel discussions on the state of finance at the subnational level and innovative solutions, featuring speakers from regional representatives, research institutions, and public-private sectors. The event will also include audience Q&A sessions and concluding remarks.

Event description

In the face of the urgent global challenge posed by climate change, concerted action across all levels of governance is imperative. Despite notable progress in mobilising climate finance on the international stage, a significant funding gap persists at the subnational level, where vital climate adaptation and mitigation projects are implemented.

Subnational entities, encompassing regions, cities, municipalities and others, stand at the forefront of climate action, spearheading innovative solutions to curb greenhouse gas emissions and adapt to the ever-growing impacts of climate change. Yet, the potential of many such initiatives remains shackled by limited access to financial resources, notably in the Global South.

Current mechanisms for climate finance lack coherent investment plans, especially for adaptation, and predominantly prioritise national-level endeavors, leaving subnational actors underserved. Furthermore, the absence of uniform sustainability standards for these projects hinders effective assessment, comparison, and implementation of climate-resilient initiatives across different regions.

To bridge this divide and unleash the full potential of subnational climate action, there is a pressing need that the New Collective Quantified Goal for Climate Finance (NCQG) looks at directing and targeting finance at the subnational level.

Recognising this critical gap and the indispensable role of subnational actors in achieving climate targets, a coalition of partners are championing a novel approach through the [EU MAIA Project](#) series of policy outreach events.

Each partner will bring invaluable expertise and networks to the forefront, fostering a comprehensive and impactful vision to address the climate finance gap at the subnational level.

Objectives

1. To mobilise increased financial resources for subnational climate projects within the NCQG.
2. To promote the alignment of climate finance with subnational priorities, including mitigation, adaptation and resilience-building efforts.
3. To enhance collaboration and coordination among subnational governments, national governments, international organisations, the private sector and other stakeholders in leveraging climate finance.
4. To showcase the vital role of subnational actors in achieving global climate goals and advancing sustainable development.

Proposed Actions

1. Conducting a thorough assessment of subnational climate finance needs and priorities across diverse regions and sectors, ensuring a comprehensive understanding of where resources are most urgently required.
2. Engaging proactively with national governments, international financial institutions and the private sector to advocate for a significant increase in the allocation of climate finance to subnational actors, emphasising the critical role they play in driving impactful climate action.
3. Facilitating the sharing of guidance and implementing capacity-building initiatives to empower subnational governments in effectively accessing and utilising climate finance resources, ensuring maximum impact and efficiency in project implementation.
4. Disseminating best practices and lessons learned from successful subnational climate projects, underscoring the importance of increased climate finance at this level and inspiring further investment and collaboration in similar endeavors globally.
5. Recognising the need to tailor and disseminate innovative financial solutions and mechanisms to support problem owners at the local level, ensuring they have access to appropriate tools to address specific adaptation and mitigation challenges.

Format

Panel sessions with political statements and technical roundtable with audience interaction.

Attendance

This event will be held in person on Saturday 16th November, 15-16.30 h (local time), UNFCCC Official Side Event, Room 2, Blue Zone, COP29 Baku, Azerbaijan.

Audience

The event aims to convene a diverse range of stakeholders to foster collaboration, share best practices, and mobilise support for subnational climate finance initiatives: Subnational Governments (Regions, Cities, Municipalities and others), International Organisations, National Governments Financial Institutions (Banks, Investment Firms, Development Finance Institutions), Multilateral Development Banks, Civil Society Organisations, Academic and Research Institutions, Private Sector (Businesses, Industry Associations), and Media and Communication Professionals.

Outputs

A report and article of the event will be drafted by Regions4 for wide circulation and dissemination as part of RegionsAdapt learning materials and MAIA's policy briefs.

About the Organisers

The [MAIA project](#) is a key initiative under the EU Mission on Adaptation to Climate Change. Its primary objective is to enhance the accessibility and connectivity of fragmented knowledge and research across the EU, facilitating more effective engagement with policymakers and practitioners. By organising policy outreach events and other targeted activities, MAIA seeks to accelerate climate action and promote climate strategies.

This event is collaboratively organised by MAIA partners and esteemed external partners including: Regions4, Climate KIC, Global Infrastructure Basel Foundation (GIB), the European Committee of the Regions (CoR), Basque Centre for Climate Change (BC3), Athena Research Center (ARC), CDP, Stockholm Environment Institute (SEI), ICLEI, Under2 Coalition.



AGENDA

Building the Business Case for Climate Finance at the Subnational Level

15:00 – 15:10 Welcome Remarks and Opening Intervention (10')

- *Natalia Uribe, Regions4 Secretary General*

15:10 – 15:45 1st Panel Discussion on the State of Play for Finance at the Subnational Level (35')

Objective: To assess the current landscape of climate finance at the EU and international levels, focusing on where we stand in terms of funding for climate action and identifying key opportunities for maximising returns on investments at the subnational level.

Each speaker will have 5 minutes to respond to a question about the state of play for obtaining finance, drawing reflections from both the research world and regional experiences.

- *Moderator: Natalia Uribe, Regions4 Secretary General*

Speakers:

- *María José Sanz, Basque Centre for Climate Change (BC3) Scientific Director and Lead Partner in the MAIA Project*
- *Phoebe Koundouri, Professor, Athens University of Economics and Business & Technical University of Denmark; President, World Council of Environmental and Resource Economists Associations; Chair, SDSN Global Climate Hub; Chair, AE4RIA*
- *Clare Everett, Senior Global Policy Manager, Climate at CDP*
- *Giorgio Maione, Minister of Environment and Climate of Lombardy Region*
- *Sergio Arjona Jiménez, Deputy Minister of Sustainability and Environment of the Regional Government of Andalusia*

15:45 – 16:15 2nd Panel discussion on building the case for investing in subnational innovative solutions (30')

Objective: To explore concrete financial solutions and innovative opportunities that have successfully facilitated funding at the subnational level and assess their impact.

Each speaker will have 5 minutes to answer a question about specific solutions, as well as to identify barriers and provide recommendations to accelerate financing at the subnational level.

- *Moderator: Kirsten Dunlop, Chief Executive Officer at EIT Climate-KIC*

Speakers:

- *Stephen O'Driscoll, Head of the Environmental, Climate and Social Division at the European Investment Bank (EIB) Projects Department*
- *Niina Ratilainen, Member of the Turku City Council and of the European Committee of the Regions*
- *Roger Cruz, Marketing and Uptake Lead at the FAST-Infra Label Secretariat, Global Infrastructure Basel*
- *Sonsoles Letang, Director General of Climate Change and Environmental Quality of the Catalan Region*

16:15 – 16:25 Q&A with the audience (10')

- *Moderator: Kirsten Dunlop, Chief Executive Officer at EIT Climate-KIC*

16:25 – 16:30 Conclusion and closing remarks (5')

- *Natalia Uribe, Regions4 Secretary General*