



# High-level Thematic Debate on Delivering Climate Action: for People, Planet & Prosperity

26 October 2021

## Supplementary Information Note

### Regional Perspectives on Climate Finance

In preparation for the High-Level Thematic Debate on “Delivering Climate Action: for People, Planet & Prosperity” convened by H.E. Mr. Abdulla Shahid, President of the United Nations General Assembly, and in support of increased global momentum to act on climate change, this Information Note outlines key actions, multistakeholder partnerships and initiatives emerging in the regions to bridge the gap between current and required technical and financing capacities to achieve the 1.5 target. The Information Note includes proposals to simultaneously address climate action and the multitude of challenges exacerbated by the pandemic (inequality, job losses, economic stagnation) and aims to help Member States and stakeholders identify areas and sectors where more can be done to make progress in a path to a sustainable and climate-friendly recovery.

#### Africa

##### **1. Proposed Liquidity and Sustainability Facility- crowding in private sector investment.**

The Liquidity and Sustainability Facility aims to build a repurchasing facility for Africa, creating a secondary market for African debt. The operationalising of the concept will require seed investment to provide de-risking (such as through SDRs) and will critically allow upscaling of private sector investment in key sectors for Africa such as renewable energy. It will allow African countries to increase their share of the green bond market globally, recognising that currently African countries represent less than 1% of global green bond issuances.

⇒ [Covid: Africa needs new resources for a sustainable recovery. | United Nations Economic Commission for Africa \(uneca.org\)](#)

##### **2. Debt for Climate Swaps.**

ECA is supporting two West African Countries to undertake debt for climate adaptation swaps. Introductory workshops on the concept have been held in partnership with IIED, IUCN and Bankers without Boundaries. The Ministries of Finance of the two countries have confirmed their interest to proceed into negotiations with creditors for a debt swap. The debt swap is being proposed on the basis of the proceeds being invested in national adaptation through budget support and would be monitored by the establishment of Key Performance Indicators (KPIs).

⇒ [Debt for climate swaps in West Africa](#)

##### **3. Green and Blue Bonds**

ECA is supporting African countries that wish to pursue issuances of sustainability bonds (Green or Blue Bonds), linked to climate or SDG indicators. In particular following from the 7<sup>th</sup> Africa Regional



Forum on Sustainable Development held in Brazzaville, support is being mobilised for the operationalisation of the [Blue Fund for the Congo Basin](#) potentially to raise resources to be invested in nature based solutions that support livelihoods and protection of nature in the region. Gabon is aiming to mobilise a Blue Bond to specifically support managed timber production to create a buffer for protected forest; a sustainable fisheries management plan coupled with fin fish aquaculture to create opportunity for blue carbon storage and sequestration; offshore wind and wave energy investment coupled with coastal protection through rehabilitation of mangroves/ wetlands and coastal defences. Some previous green and blue bond issuances in Africa: **Morocco**: \$118 million green bond for solar power (2016). **Seychelles**: \$15 million “blue bond”, financed by private institutional investors (2018) with World Bank Guarantee. **Kenya and South Africa**: \$50 million Rhino Bond (2019).

## Arab region

ESCWA is supporting member States access climate finance through various regional initiatives, partnerships, and targeted solutions under the umbrella of the Arab Centre for Climate Change Policies. These include:

- 1. Arab Climate Finance Mobilization and Access Strategy 2022 – 2030**, to mobilize finance to support the needs identified by members of the League of Arab States (LAS). Consultations convened by the UNFCCC Secretariat, LAS and ESCWA have resulted in consensus on regional priorities and the finalization of a technical assessment that is informing the preparation of the strategy. The strategy is being discussed with the Council of Arab Ministers Responsible for the Environment (CAMRE) and its Arab Group of Climate Negotiators in October 2021 and be showcased during the first MENA Climate Week, and its Climate Mainstreaming and Investment Forum (Dubai, 2-3 March 2022) being organized by the UNFCCC, ESCWA along with regional and global partners.
  - ⇒ [ESCWA and partners preparing global climate change conference](#)
  - ⇒ [UNFCCC Regional Needs Based finance project](#)
- 2. Climate/SDG Debt Swap Mechanism and Donor Nexus Initiative** launched in 2020 to support ESCWA member States struggling with heavy debt burdens and fiscal pressures caused by the global pandemic to convert national debt-serving payments on foreign debt into domestic investment for implementing climate-resilient projects. Special attention is placed on highly indebted middle-income countries that do not have access to other debt relief arrangements. Debt swaps were among the instruments discussed during the **HLPF 2021 side event on Financing a sustainable recovery: The role of debt-relief instruments** (15 July 2021) organized by DESA and ESCWA which included interventions from ECA, ECLAC and ESCAP as well as members of ESCWA’s Climate/SDG Debt Swap Mechanism Advisory Committee.
  - ⇒ [ESCWA Debt Swaps](#)
  - ⇒ [2021 HLPF Side event Debt swaps](#)
- 3. Accelerating the adoption of a circular carbon economy (CEE) framework** that incorporates circular economy and green economy principles into nationally determined contributions (NDCs). This includes focus on “hard to abate” sectors and raises the interest in mitigation options such as storing



or (re-using) CO2 emissions or using biomass and renewables-based fuels. The framework was developed with ESCWA support and presented by the Kingdom of Saudi Arabia Presidency of the G20.

- ⇒ [Round-table discussion: regional priorities in the field of energy for the period 2021-2025](#)
- ⇒ [3rd Meeting of the Group of Experts on Fossil Fuels \(GEFF\)](#)
- ⇒ [G20 Insights: A carbon management system of innovation: Towards a circular carbon economy](#)

4. **Regional Initiative to Promote Small-Scale Renewable Energy Applications in Rural Areas of the Arab Region (REGEND)** which was launched in 2018 and is installing small-scale renewable energy application in rural areas, based on a business model that provides RE access alongside training on green technologies and entrepreneurs to create green employment opportunities, with particular focus on women. Two dozen initiatives have been launched in Jordan, Lebanon, and Tunisia by ESCWA with the support of the Swedish Government. REGEND was featured in the United Nations High-Level Dialogue on Energy 2021 Theme Report on Enabling SDGs through Inclusive, Just Energy Transitions, which highlighted its contribution towards energy for prosperity, renewable energy, gender equality, and education. It was also identified as an SDG Good Practice promoting SDG partnerships on the water-energy-food nexus through renewable energy access.

- ⇒ [United Nations High-Level Dialogue on Energy 2021 Theme Report on Enabling SDGs through Inclusive, Just Energy Transitions](#)
- ⇒ [Capacity-building workshops and productive equipment on good practices related to agriculture, food processing and marketing, small-scale renewable energy technologies, and water-energy-food \(WEF\) nexus applications in rural areas of Jordan and Tunisia](#)

## Asia and the Pacific

1. **Introduction to sustainable finance for South-East Asian bankers.** Between October 2020 and January 2021, five organizations - ADFIAP, GRI, ESCAP, UNEPFI and WWF - came together to organize a series of webinars for South-East Asian bankers focused on sustainable finance. Each webinar was designed to highlight one of the core principles of the Principles for Responsible Banking (PRB). As a follow-up activity, a self-paced e-learning course has been developed based on the PRB, aimed to provide Asia-based bankers with an introduction to sustainable finance and application of the principles.
2. **South-East Asia Policy Dialogue on Sustainable Financing for the 2030 Agenda, hosted by ESCAP in June 2021.** As an outcome of the conference, the need to develop a roadmap for green and SDG-linked bonds in Southeast Asia was highlighted, and ESCAP is developing a study to support the development of such roadmap in collaboration with ASEAN. In addition to this study, two country level interventions are taking place. ESCAP is supporting the National Bank of Cambodia, which is in the early stages of development of their climate finance strategy, through the preparation of a study on climate finance options. ESCAP is also working with the Government of Indonesia to prepare a case study for Indonesia green bond listing on the Luxemburg Stock Exchange.
3. **Debt-for-Climate Swaps for the Pacific SIDS:** In response to requests coming out of the Pacific Island Forum Economic Officials and Ministers Meetings in July, ESCAP and the Pacific Island Forum Secretariate (PIFS) are currently undertaking a feasibility study on Debt-for-Climate Swaps in the



context of Pacific SIDS, which are emerging as a possible solution to simultaneously reduce sovereign debt burdens and increase funding to scale up investments in climate mitigation and adaptation projects. The study will feed into a Regional Ministerial Conference on Debt jointly organized by ESCAP and PIFS for March 2022.

4. Putting a price on carbon is one of the most effective tools to support low emission strategies. ESCAP has developed an **innovative carbon pricing simulation tool** building on an existing ESCAP macro-economic model to support governments to understand the country-specific macroeconomic effects of sector transitions. The simulation tool will support national GHG emissions scenarios for Indonesia, Thailand, Singapore, and other ASEAN member states, and will be included in training session during the 2<sup>nd</sup> ESCAP Executive Training on Environment and Development, December 2021.  
⇒ [How can carbon pricing contribute to post-Covid-19 recovery?](#)

## Latin America and the Caribbean

1. **Debt for Climate Adaption Swap for Caribbean SIDS and the establishment of a Caribbean Resilience Fund.** Considering that the economic impacts of extreme weather events associated with climate change exacerbate the persistently high debt to GDP ratios of Caribbean SIDS, which in turn impedes much needed public investment, ECLAC's debt for climate adaptation swap proposal is an innovative mechanism to build resilience and in the current context, drive forward the recovery. In addition to carrying out pilots with member States, the ECLAC debt for climate adaptation swap initiative is anchored by a proposal to establish a Caribbean Resilience Fund (CRF) with the goal of leveraging long-term low-cost development financing for the Caribbean.  
⇒ [Debt Initiative Flyer](#)
2. **Hurricane clauses to become a permanent feature of debt relief initiatives for countries vulnerable to natural disasters.** Among its proposals to reform the global debt architecture, ECLAC has also insisted that debt restructuring should be accompanied by support for innovative instruments that link country repayment capacity to risk exposure. This includes the analysis of state-contingent debt instruments in the borrowing arrangements of countries that are highly vulnerable to climate change impacts, with the objective that that such clauses become part of resilience-building going forward.
3. Proposal to establish a **multilateral credit rating agency** with the objective of complementing private credit rating agencies and counterbalance their current role and impacts. ECLAC has analyzed the adverse effects of the current rating system on developing country ratings, which deepens the rising debt and debt servicing challenges in the pandemic crisis. Understanding global financial stability as a global public good, which should not be exclusively left to the private sector, ECLAC is analyzing the establishment of a multilateral credit rating agency. Climate change vulnerability may increasingly become a driver of downgrades, further deepening the debt challenges of affected countries and potentially weakening their capacity to invest in much needed resilience and green transition policies.
4. Methodology for **estimating the social costs of carbon** to guide public investment decisions in the context of the green transition. This entails methodologies to calculate the social cost of carbon but also guidance on how to incorporate it in public investment evaluation processes at the national level.



In partnership with EUROCLIMA+, ECLAC has organized capacity building activities to promote the mainstreaming of the methodology in LAC countries.

⇒ [Metodología para la estimación del precio social del carbono \(America Latina\)](#)

5. ECLAC is also commencing work with governments to support the development of **sustainable financing taxonomies and climate change risk scenarios**
6. ECLAC has analyzed the use of green bonds by the region's development banks, their financial performance, risk profiles and regulatory frameworks, and has also examined the obstacles that need to be overcome to scale such instruments. This includes current high costs, low returns and the lack of diversified project portfolios for investments. ECLAC has further proposed that increased coordination among development banks is needed to leverage the rising interest in green investments and instruments.

## UNECE region

UNECE helps countries mobilize climate finance by creating suitable conditions through regulatory frameworks and specific projects:

1. **Partnering with IFIs for climate-smart investment portfolios.** UNECE's normative tools, e.g. *Aarhus and Environmental Impact Assessments conventions* are being used routinely by multilateral development banks in the UNECE region when considering their investment projects (e.g. EBRD, EIB, World Bank). A recently concluded *UNECE partnership (MoU) with the European Investment Bank*, concluded in June 2021, will specifically target greening of investments in transport, energy and other fields.  
⇒ [UNECE and EIB strengthen cooperation to support countries' sustainable development efforts](#)  
⇒ [Aarhus Convention](#) & [Espoo \(EIA\) Convention](#)
2. **Helping governments prioritize financing for climate goals through Environmental Performance Reviews (EPRs).** EPRs have been conducted for some 25 countries to date, and the 3rd cycle focuses on environmental governance and financing in a green economy context, thus supporting a policy shift towards climate-smart blending and upscaling domestic green finance.
3. **Helping scale up finance availability and create sustainable financial models for decarbonizing housing stock.** As part of its *High-Performance Buildings Initiative*, UNECE works on assessment of market and financing mechanisms to support the introduction of new energy and resource efficient products into the global building value chain industry. UNECE 2021 publication #Housing2030, *Effective policies for affordable housing in the UNECE region* includes explores, in a dedicated chapter on financing issues, the investment pathways needed to deliver affordable and inclusive housing.  
⇒ [UNECE-led Partnership to improve energy efficiency of the building supply chain](#)
4. **Innovative financing for smart cities.** In 2020-21, UNECE Committee on Urban Development, Housing and Land Management secretariat, as lead of the United for Smart Sustainable Cities thematic group



on Innovative Financing compiled the “*Compendium of Practices on Innovative Financing*” with a strong focus on climate smart city projects.

⇒ [Compendium of Practices on Innovative Financing](#)

5. **Advocating for favorable conditions for investment in carbon dioxide removal** and the development of the needed legal, financial and regulatory frameworks in collaboration with infrastructure and banking institutions (all five RegComs, with the Carnegie Climate Governance Initiative C2G) & *Supporting countries in creating funding mechanisms for carbon capture, use and storage (CCUS)* and direct investments towards modernization of energy infrastructure (through the UNECE carbon neutrality project).

⇒ [Regional Commissions Executive Secretaries joint statement on carbon dioxide removal](#) & [UNECE technology brief on CCUS](#)

6. **Measurement challenges for climate finance.** Through the work of the Conference of European Statisticians, UNECE supports its member countries in identifying information needs and measurement challenges related to climate finance.

⇒ [2021 UNECE’s Expert Forum for Producers and Users of Climate Change-related Statistics & OECD/UNECE Seminar on the Implementation of the System of Environmental and Economic Accounts](#)

### **Extractive Industries as an Engine for Sustainable Development.**

By bringing together issues related to investment, revenue, debt, illicit financial flows, technology and climate action, extractives industries stand at the nexus of the multiple economic crises caused by the pandemic. They should consequently form a core component of global response and recovery plans and are a key topic of discussion under the Initiative on Financing for Development in the Era of COVID-19 and Beyond (FfDI). In this context, on 25 May 2021, the United Nations Secretary-General António Guterres convened an online [High-Level Global Roundtable on Extractive Industries](#) on how to transform the sector into an engine for sustainable development. The Global Roundtable was informed by Regional Roundtables organized by the Regional Commissions and a [Regional Brief on Extractive Industries](#) .



## Recent publications

### Economic Commission for Africa (ECA)

- [Building Forward for an African Green Recovery](#)
- [Building forward together: financing a sustainable recovery for the future of all](#)
- [Climate research for development in Africa: programme strategy \(2019–2023\)](#)
- [Political economy of a green economy transition in Africa](#)
- [The “SDG7 Initiative for Africa”: Accelerating clean energy investments for access and climate ambition in Africa](#)
- [Achieving sustainable development in Africa through inclusive green growth: agriculture, ecosystems, energy, industry and trade](#)
- [Financing clean and digital technology firms alongside sustainable infrastructure in Africa](#)
- [Achieving sustainable development in Africa through inclusive green growth: agriculture, ecosystems, energy, industry and trade](#)

### Economic and Social Commission for Western Asia (ESCWA)

- <https://www.unescwa.org/publications/climatesdgs-debt-swap-mechanism>
- <https://www.unescwa.org/publications/arab-economic-integration-greater-free-trade-area-customs-union-opportunities-and>

### Economic and Social Commission for Asia and the Pacific (ESCAP)

- [ESCAP Financing for Development Publication Series No. 4: Financing the SDGs to build back better from the COVID-19 pandemic in Asia and the Pacific](#)
- [Rethinking MSME Finance in Asia and the Pacific: Post COVID-19 Crisis: A Policy Agenda](#)
- [Mending the Broken Relationship with Nature: Tackling the Biodiversity, Ecosystems, Health and Climate Change Nexus Post-COVID-19](#)
- [ESCAP Multi-Donor Trust Fund for Tsunami Disaster and Climate Preparedness: 2020 Annual Report](#)
- [Weaving a Stronger Fabric: Managing Cascading Risks for the Climate Resilience](#)
- [Vertical Integration of Climate Change Policies and Actions in Asia-Pacific Cities](#)
- [Protecting the most vulnerable to cascading risks from climate extremes and the COVID-19 in South Asia](#)
- [A Framework for Country Studies on MSMEs Access to Finance in Asia and the Pacific](#)
- [MPFD Working Paper on A Review of Access to Finance by Micro, Small and Medium Enterprises and Digital Financial Services in Selected Asia-Pacific Least Developed Countries](#)
- [Infrastructure Financing in Asian Landlocked Developing Countries: Challenges, Opportunities and Modalities](#)



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- [MPFD Policy Brief No. 103 Infrastructure financing for sustainable development in Asia and the Pacific](#)
- [Urban Nexus Approach: Integrating and Strengthening City Efforts towards National and Local Climate Actions](#)

### **Economic Commission for Latin-America and the Caribbean (ECLAC)**

- [COVID-19 Policy Brief No. 10 Financing for Development in the Era of COVID-19 and Beyond](#)
- [El papel de la Red Iberoamericana de Oficinas de Cambio Climático \(RIOCC\) como instrumento de apoyo a la región para una transición hacia una economía baja en emisiones y resiliente al cambio climático](#)
- [Current understanding of the potential impacts of Carbon Dioxide Removal approaches on the SDGs in selected countries in Latin America and the Caribbean. Final Report](#)
- [La igualdad de género ante el cambio climático: ¿qué pueden hacer los mecanismos para el adelanto de las mujeres de América Latina y el Caribe?](#)
- [Metodología para la estimación del precio social del carbono en Chile y los países de América Latina y el Caribe](#)
- [Análisis del financiamiento de la banca de desarrollo con bonos verdes: intercambio regional para un gran impulso ambiental](#)
- [Experiencias de política fiscal con contenido ambiental en países del Sistema de la Integración Centroamericana \(SICA\)/COSEFIN y recomendaciones de política pública](#)
- [The case for financing: Caribbean resilience building in the face of the COVID-19 pandemic](#)

### **UN Economic Commission for Europe (UNECE)**

- [Funding and financing of transboundary water cooperation and basin development](#)
- [Guidelines on tools and mechanisms to finance Smart Sustainable Cities projects. A U4SSC deliverable](#)
- [Policy Brief: Transforming Extractive Industries for Sustainable Development](#)
- [Guidelines and Best Practices for Micro-, Small and Medium Enterprises in Delivering Energy-Efficient Products and in Providing Renewable Energy Equipment](#)
- [Towards sustainable renewable energy investment and deployment: Trade-offs and opportunities with water resources and the environment](#)