



WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2022

**TOWARDS A RESILIENT PLANET:
ENSURING A SUSTAINABLE AND EQUITABLE FUTURE**



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Virtual Stakeholder Roundtable on “Mobilizing Green Finance for Strengthening Climate Ambition” for COP26 Charter of Actions

Concept Note

1. Background on COP26 Charter of Actions and World Sustainable Development Summit

Under the presidency of the UK in partnership with Italy, the 26th UN Climate Change Conference of the Parties (COP26), to be held from 1–12 November 2021 in Glasgow will aim to mobilize the action on mitigation, adaptation, and resilience, and strengthen the narrative for better alignment with sustainable development goals. COP26 is to deliberate on four key goals: (i) Secure global net zero by mid-century and keep 1.5 degrees within reach; (ii) Adapt to protect communities and natural habitats; (iii) Mobilise finance; and (iv) Work together to deliver. COP26 will bring together countries, companies, civil society, and citizens on a common platform to work towards to a more sustainable future through adaptation, mitigation, finance, and collaboration.

There is a need to address the developmental deficit in emerging economies such as India while simultaneously taking measures to limit global warming as agreed in the Paris Climate Change Agreement. TERI is preparing a COP26 Charter of Actions which will assimilate questions and challenges posed by key sectors in India. The Charter will also propose probable and sector specific options which can advance climate action and ambition in the country. The Charter will propose a normative framework for a global agenda on climate ambition and action. The Charter is expected to be released at the COP26 in Glasgow. The discussions from COP26 would culminate in a review at a plenary session at the World Sustainable Development Summit 2022, which would assess the efforts of international climate negotiations in securing a sustainable future, and deliberate on future actions.

Five themes have been identified as key areas for raising ambition. These include energy, clean transport, nature-based solutions, adaptation & resilience, and green finance. The research team would like to seek feedback from stakeholders on thematic issues through closed door events so that the document can be informed and strengthened further.

2. Objectives of the Stakeholder Roundtable

The objectives of the stakeholder roundtable include the following:

- (1) Engage with stakeholders and experts on themes/ sectors to solicit feedback to strengthen the sectoral/ thematic chapter.

(2) Solicit inputs for the chapter from stakeholders and experts on aspects related to implications for the international community, equity, actions by 2030, and actions by 2050.

3. Overview of the Theme/ Sector as Covered in the Chapter

In the run up to the COP26, there is an increasing global push for faster and deeper mitigation and adaptation, with the focus largely being on means of enhancing climate ambition. For enabling this ambition, there are several new technologies and operational models being discussed, with a key issue being the means for financing these. Green finance is the central issue for enabling climate actions and low carbon transitions, covering both private and public finance. At this point, when the global community gets ready to frame new finance goals, it is necessary to assess what has worked since the Paris Agreement for mobilizing climate finance and what the critical barriers have been. The barriers to financing the low-carbon or green transition are not stand-alone problems with single solutions. These problems are closely intertwined with the state of consumer preferences, behavioural choices, available technologies, commercial viabilities and existing regulatory mechanisms.

While over the years, progress was made on achieving the US\$ 100 billion per year target, overall, this goal was not met. Several issues were brought forth in the endeavours to achieve this goal, such as, how to account for grants vs. loans; how to estimate the climate specific finance requirements at national levels; how to increase transparency in tracking climate finance flows; and how to ensure the finance mobilized for climate relevant activities is “new and additional”. As a start, it is necessary to look at the prevailing understanding of what constitutes climate or green finance, in the context of the lack of a common definition. This point has been debated at the climate negotiations for years now and has an impact on assessing the climate finance flows and gaps. A key issue arising from this is that some critical interventions and support needed by the global South for transitioning to low carbon pathways, is not covered under the several prevailing definitions of climate finance. In India, these include support measures for improving operational efficiencies of high-emitting industries, building cross-sectoral climate resilience and green infrastructure for rural development, which have the potential to generate sizable amounts of robust carbon mitigation assets.

With the Global Stocktake drawing close, especially in the wake of the pandemic recovery, addressing these gaps will take centre-stage. It is important to recognize, that in the near-term, the focus will be on economic recovery from the pandemic. In face of this shift in priorities, the constrained public budgets and probable fall in the finance available for addressing climate change, the issue of re-stimulating green finance becomes one of utmost urgency. The need of the hour, as articulated by many leading voices in this area, is to understand and design frameworks for a ‘green’ economic revival, one which is just & equitable, safe and resilient (socially, environmentally and economically). In India, there is a need for deploying green finance and green investment measures which have a tangible impact on achieving the national climate goals and objectives. While there are a wide range of changes required, and options for these, to mobilize finance and transition to green financial systems, India needs to prioritize these to identify the most effective ones given the climate urgency.

In this context and with mounting green finance requirements, in the implementation phase of the Paris Agreement - which started from 2021, there is a need to focus on feasible means of mobilizing climate finance from across a broad range of stakeholders, including the private sector, commercial banks and other domestic sources in developing economies. There is a catalytic role that well-designed market and non-market mechanisms, along with financial instruments and voluntary initiatives, can play in facilitating this. But, with clarity on Article 6 still being elusive, the various mechanisms being developed and launched are disassociated from each other, and the aim of international cooperation for enhanced climate ambition through these, and their ability to reach the full potential, is limited.

With this background, the webinar is being organized to engage with experts for discussing the most critical requirements and way forward for facilitating the mobilization of green finance.

4. Format of the Event

The roundtable will begin with welcome remarks with the speaker briefing the audience of the expectations from the discussions. The TERI study team will make a presentation on the theme/ sector as covered in the COP26

Charter. This will be followed by a roundtable discussion comprising experts and stakeholders who will provide feedback and inputs on specific questions which will be posed by the team. In the final segment of the event, the discussions will be summarized and next steps will be communicated. The team will also circulate a post-event questionnaire for any further inputs. The inputs provided by the experts will be duly acknowledged in the COP26 Charter of Actions.

5. Questions for discussions

The following questions will guide the roundtable discussions:

- i. What is required to strengthen the climate finance framework to achieve an equitable and just supportive framework for climate ambition in the Global South?
- ii. Which areas has large untapped potential for mobilizing green finance? What actions are needed to fill the gaps for realizing this ambition?
- iii. What support is required to align the Indian financial sector with the global developments taking place in the area of green finance?
- iv. What finance measures are needed until 2030 and what measures are needed until 2050?
- v. How can the international community play a role in supporting India's transition to a green financial system?