

UNFCCC COP 28 Side Event

Investing in Climate Solutions: Strategies and Innovative Finance for Decarbonized Growth

10th December 2023 | 16:45 – 18:15 hrs | UNFCCC SE Room 7

Abstract

The global community is up against the climate crisis and decisive action is urgently needed to reduce emissions and adapt to the changing climate. Thus, making decarbonization of the global economy important to meet the global climate goals, including well below 2-degree Celsius. This will also lead to additional benefits of improved competitiveness, increased innovation, and enhanced energy security. This will require ramping up significantly investments in low carbon technologies, practices and infrastructure, clean energy and resource efficient business models and strategies. Along with mobilization of more capital for climate solutions and foster innovative financing mechanisms that support decarbonized growth.

The current financial system is continuously evolving in view of the global climate goals including long-term goals of the Paris Agreement and the SDGs. However, there remain challenges such as the high cost of decarbonization, apprehensions from traditional investors and the long-term nature of the transition. Innovative financing is essential for overcoming these challenges and achieving climate targets. By mobilizing new sources of capital, reducing the cost of capital, bridging the risk gap, supporting early-stage technologies and projects, and supporting projects in developing countries, innovative strategies and financing can help to accelerate the decarbonization of the economy. Ensuring economic stability and competitiveness in a more sustainable manner at the same time.

This session will discuss the role of financial institutions and investors in driving climate action as well as how innovative financial solutions such as carbon pricing systems and management instruments can accelerate green energy projects and low-carbon technologies. This is complemented by insights into how the enabling environment and overall viability of technologies and solutions can be supported. The session will feature case studies from leading financial institutions and investors that are taking action on climate change.

The panelists will also discuss the need for a robust Market Mechanism under Article 6 of the Paris Agreement. Article 6 establishes a framework for international cooperation on market-based approaches to climate mitigation. A well-designed Market Mechanism under Article 6 can help to reduce the cost of decarbonization, mobilize investment in low-carbon technologies, and support sustainable industrial growth and development. What are the key lessons learned from the CDM and how can we get it right this time?