

## Key messages LD3 Informal Working Group meeting

### 1. Scaling up finance

*Chaired by Egypt – Ambassador Nasr*

#### KEY ISSUES RAISED

- Our development journey needs to come back on track. We need to tackle the environmental, economic and social crises together with the **speed and scale** that matches the urgency and magnitude of challenges we face.
- We need a change in mindsets of public and private sector decisionmakers and base our decisions on science and economics.
- There is a need to internalize environmental externalities, so polluters pay for damages to nature. We also need to bring financial Institutions on board and the UNEP Finance Initiative provides a good template.
- Bold, radical and innovative measures, along with enabling policy environment, appropriate incentive frameworks, coherent environmental, social, and economic policies are needed to change the overall financial ecosystem and accelerate action.
- We also need to pay attention to the way debt is used in our systems and ensure we consider risks to financial stability and implications for ability of states to invest in green transitions. Both debtors and creditors have responsibilities for taking actions to progress towards SDGs.
- Larger volumes of finance also need to flow to developing countries at lower cost – and quickly. Regional or global pooling of risks could provide a possible solution to channel funding to countries and areas that need it most, and to finance recoveries from climate related emergencies and disasters.
- Given the urgency of the situation, we also need to enshrine investing in environmental protection in our laws. South-south cooperation and knowledge exchange is also important to share innovations. Developed countries could also legislate thoughtfully to ensure multinational firms domiciled there do not behave differently, to the detriment of environment, in other markets.
- We need to go further on the reform of corporate taxation so that we can ensure all actors contribute their fair share to building up resources to invest in green economy transitions. We also need to think seriously about international laws and arbitration agreements which might end up protecting those that do most harm to the environment – and developing countries are especially vulnerable
- International standards underpin voluntary action and commitments. More work is required to develop internationally agreed and academically rigorous standards and guiding principles to improve credibility and verifiable progress on net-zero and other commitments.

- Climate-change mitigation and adaptation funds and investments need to go local – we need more engagement between donors, financiers and local stakeholders to develop actionable pipelines.
- MSMEs are essential to achieve an inclusive and transformative recovery. We need a customized financial architecture that is accessible to MSMEs and helps them contribute more productively to progress towards SDGs.
- Finally, we need action on all front aligned with “people, planet and prosperity”. Sustainable transitions will not be linear and we need to think proactively about safety nets for the most vulnerable. We cannot say that we do not have enough financial firepower – the response to the 2008 crisis and COVID-19 shows that it is possible to invest at scale when we really need it.

## **CONCRETE RECOMMENDATIONS FOR ACTION**

- Participants suggested reducing harmful subsidies that erode the stability of climate and nature and cause pollution. The current crisis might make that task harder prima facie – but it is in fact an opportunity to speed up this much transition to build the resilience and improve fiscal capacity of Member States.
- We heard suggestions on possible risk pooling mechanism which could reduce costs of climate change investments for developing economies.
- Participants also mentioned ideas for global resilience fund that could pay out in case of emergencies and disasters.
- We also heard suggestions from the EU to ensure we achieve convergence of all types of environmental finance – for climate change, biodiversity and pollution by using innovative financing models and aligning fiscal systems with SDG objectives.
- There were also ideas shared on the need for better, more transparent and more credible international standards and definitions to measure and manage the impact of financial institutions on nature.
- We also heard calls for more serious consideration of suggestions for debt amnesty, so we don’t bury nascent recoveries in a financial avalanche and enhanced use of instruments like SDRs, in addition to ensuring a level playing field for developing and developed economies when it comes to financing green economy transitions.

## **2. Governance and Institutional reform**

***Chaired by Finland – Annika Lindblom***

### ***Opening remarks:***

Finance is not enough to fill policy void. Enabling policy environments needed  
Strengthened institutions that are fit for purpose at national and international level

Robust governance for sustainable development, coherent, integrated  
Climate coalition of finance ministers, climate cabinets are innovative examples  
Break down silos, create safe space for collaboration  
All stakeholders, youth, trade, labour unions  
Could environment ministries become the most powerful in the future?  
Sustainable finance, investors and banks seeks to avoid risks of climate change for investments  
Human right to healthy environment  
Technology is a good servant and a bad master - digitalization is key opportunity if used wisely  
Trust in institutions

## KEY ISSUES RAISED

- We need meaningful engagement with youth in all policy processes, at all governance levels. Governments should also protect activists and strengthen institutions working on environmental protection to address the Triple Planetary Crisis
- Accelerating means of implementation would require an acknowledgement of the interlinked challenges and opportunities of sustainable development and a systems approach to designing and taking action.
- To achieve balanced and inclusive growth we need more green and global development, with new values of harmony and green economy to address the Triple Planetary Crisis
- Include youth in shaping education and representation, including through interactive hubs.
- Sustainable consumption and production offers the most direct pathway to acceleration progress towards the SDGs.
- We need to strengthen its enablers – and improve access to better statistics and data to empower decentralized action and safeguard both public health and address climate change.
- Proper and explicit references to and integration of human rights and a right-based approach is crucial for underpinning action on environmental sustainability which is fair and inclusive.
- We have to be careful and thoughtful to ensure the job creation, economic growth and sustainable development potential of environmental policy is fully realized. We need scaled-up deployment of clean energy and we should explore all innovative ideas, but in a manner that is respectful and considerate of the unique domestic context in all countries. We also have to ensure that any technological progress is fairly shared and no one is left behind.
- Increases in fossil fuel production and consumption threaten achievement of SDGs and Paris Agreement implementation, but current trends go against scientific recommendations. We need to phase out fossil fuels, but must recognize the vulnerability of many to any transition and design compensatory policies and communications, for policies to have broad societal buy-in for the long-term.

## CONCRETE RECOMMENDATIONS FOR ACTION

- We heard calls to make education on sustainable development more widespread and perhaps even mandatory
- Participants also suggested a focus on indicators beyond growth – what we measure is what we achieve.
- There were repeated calls to ensure a systems-approach with inter-governmental collaboration and multi-stakeholder engagement, supported by integrated modelling exercises. Climate cabinets and the Coalition of Finance Ministers for Climate Action are promising examples in this regard.
- We heard a suggestion on perhaps organizing another world conference on financing and ensuring the alignment of the global financial system and International Financial Institutions with the UN Charter.

### **3. Partnerships, collective action and strengthened cooperation**

***Chaired by Egypt – Ambassador Nasr***

*We need new and positive narratives - and not be prisoner of old narratives and positions.*

## KEY ISSUES RAISED

- The youth of today are connected, motivated and very knowledgeable, but face barriers to participation - lack of internet access for many and absence of online communities for learning. We need to counteract the catastrophic impact on educational attainment during the pandemic.
- Current patterns of consumption and production are not sustainable. Unless we shift consumption patterns and demand more sustainable goods and services, we risk locking in unsustainable systems. Partnerships that can support all stakeholders in course-corrections are urgently required.
- The urban world is very different from 50 years ago: the opportunities of interconnectedness are legion, and we have myriad multilateral collaborations at all governance levels. Harnessing the knowledge of all actors and channeling them effectively and efficiently for scaling up SDG progress will be key.
- We need action on the ground, and we need to effectively harness nature-based solutions to mobilize all stakeholders, and include all voices.

## CONCRETE RECOMMENDATIONS FOR ACTION

- We heard suggestions to scale up financing in clean energy investing and improving access to internet for all.

- Participants also called for putting a price on all social and environmental externalities to incentivize more sustainable consumption and production.