MAIA Side Event at COP29

Building the Business Case for Climate Finance at the Subnational Level

Outcomes Report

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Introduction

The MAIA Side Event at COP29 featured a policy-science dialogue that looked 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) play a critical role in accelerating 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 recognise the interest and benefits of 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 aimed 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 agenda included 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 also included audience Q&A sessions and concluding remarks.

Attendance and audience

This event was held in person on Saturday 16th November, 15-16.30 h (local time), UNFCCC Official Side Event, Room 2, Blue Zone, COP29 Baku, Azerbaijan.
The event gathered approximately 40 people from a diverse range of stakeholders to foster collaboration, share best practices, and mobilise support for subnational climate finance initiatives. Among the audience there were representatives from 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

This outcomes report was drafted by Regions4 as part of the MAIA's project policy outreach strategy and for wide circulation and dissemination.
Recording available here: https://www.youtube.com/watch?v=kwT4IuQ5dP8&list=PPSV

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

Executive Summary

The MAIA side event at COP29 brought together leaders from diverse sectors to address the critical funding gap in climate finance at the subnational level. Despite international pledges, less than 10% of climate finance currently reaches local governments, where the majority of mitigation and adaptation initiatives are implemented. This event served as a platform to highlight subnational actors' pivotal role – regions, cities, and municipalities – as innovators in advancing climate solutions and securing finance.

Discussions underscored the need for transformative climate finance that aligns with local contexts. María José Sanz (BC3) stressed the importance of integrating science and governance to create actionable, locally tailored solutions. However, challenges such as fragmented data, lack of interoperability, and limited financial access persist, hindering the ability of subnational governments to develop scalable, bankable projects.

Key insights from panel discussions revealed the disproportionate focus on mitigation compared to adaptation, with less than 2% of climate finance directed globally toward the latter despite its critical importance. Regions like Catalonia and Andalusia showcased groundbreaking solutions, such as Catalonia's Climate Fund and blue carbon projects in Andalusia, demonstrating how region-specific financing can integrate mitigation and adaptation effectively.

Innovative financial tools emerged as a central issue for bridging the adaptation finance gap. The European Investment Bank (EIB) introduced mechanisms like the ADAPT platform and the Climate City Gap Fund, which provide advisory support to subnational governments, bridging early-stage project development and large-scale investment. Similarly, the FAST-Infra Label initiative showcased the importance of standardising sustainability metrics to attract private sector engagement.

Collaboration with the private sector was emphasised as a necessity for scaling impactful climate action. Lombardy's integration of climate goals into public finance exemplified how partnerships with private entities can catalyse change. Participants agreed that public funds alone are insufficient and advocated for co-designed financial solutions that include local stakeholders.

The event highlighted the need for a balanced approach to mitigation and adaptation. Examples like Catalonia's verified carbon market demonstrated how cohesive frameworks can integrate both priorities, driving environmental and socioeconomic benefits.

As the session concluded, moderators Kirsten Dunlop and Natalia Uribe reiterated the urgency of creating an ecosystem that connects science, policy, and finance to bridge the climate finance gap. Empowering subnational actors through robust governance structures, technical capacity building, and collaborative frameworks is key to achieving global climate goals.

This event underscored the transformative potential of investing in subnational actors. By addressing systemic barriers, scaling innovative solutions, and fostering collaboration, the international community can ensure a more just and sustainable future, with subnational actors at the forefront of climate resilience.

Proposed recommendations

1. Assess Subnational Climate Finance Needs

Conduct region-specific assessments to identify subnational priorities and financing gaps. Tailor financial mechanisms to the unique environmental, social, and economic contexts of each region

2. Advocate for Increased Finance Allocation to Subnational Actors:

Conduct region-specific assessments to identify subnational priorities and financing gaps. Tailor financial mechanisms to the unique environmental, social, and economic contexts of each region.

3. Strengthen Capacity-Building Initiatives

Provide guidance and training to subnational governments to improve project design and enhance access to climate finance resources. High-quality, well-structured projects have a significantly higher likelihood of securing funding.

4. Promote Knowledge Sharing and Best Practices

Facilitate the exchange of successful climate finance models and lessons learned among subnational governments. Showcase innovative solutions to inspire further investment and collaboration globally.

5. Develop and Disseminate Tailored Financial Mechanisms

Expand access to innovative financial instruments such as verified carbon markets, blue carbon credits, and resilience bonds, ensuring they are accessible and practical for subnational actors.

6. Adopt a Strategic, Long-Term Approach to Adaptation Finance

Transition from short-term, reactive funding to strategic, anticipatory investments that build long-term resilience. Increase the volume of adaptation finance while integrating mitigation and adaptation into cohesive frameworks.

7. Foster Multi-Stakeholder Collaboration

Encourage partnerships between public and private entities to co-design locally driven solutions. Leverage private capital to supplement public funds and scale climate action.

8. Enhance Data Interoperability

Invest in platforms and tools that enable seamless data sharing among stakeholders. Improved data accessibility and transparency will strengthen the design and implementation of projects and attract additional investment.

By implementing these recommendations, the international community can unlock the transformative potential of subnational actors, ensuring equitable, sustainable, and effective climate action globally.

Welcome Remarks and Opening Intervention

Key insights from Natalia Uribe, Regions4 Secretary General

Natalia Uribe welcomed attendees to a critical discussion on enhancing climate finance at the subnational level. She emphasised the urgency of accelerating mitigation and adaptation efforts, particularly in light of the NCQG for climate finance under negotiation at COP29. Key points included:

1. Importance of Subnational Action:

- Subnational governments (states, regions, and municipalities) are essential actors in achieving climate solutions, with 90% of solutions implemented locally.
- These governments are uniquely positioned to address local challenges, engage vulnerable populations, and create culturally appropriate solutions.

2. Challenges in Climate Finance:

- Despite progress, only 10% of climate finance reaches local levels (UNEP Adaptation Gap report 2023).
- Barriers include limited access to international funds, incomplete decentralisation, and insufficient capacity to develop bankable projects.

3. Innovative Solutions:

- Showcased examples led by regions such as carbon taxes, green bonds, biodiversity credits, and regional contributions to international funds (e.g., Scotland's support for the Loss and Damage Fund).
- Emphasised the need for scalable investments and strategic, transformational approaches over short-term, reactive actions.

4. COP29 Objectives:

- Advocated for the inclusion of subnational governments in the new collective quantified climate finance goal.
- Stressed the need for increased financial flows, strategic investment, and stronger multi-stakeholder collaboration, including with the private sector.

Natalia Uribe (Regions4 Secretary General): "Investing at the subnational level is crucial for addressing climate challenges where 90% of solutions occur. Regions are uniquely positioned to tackle these challenges with tailored, locally relevant solutions, but the barriers of limited finance access and technical capacity must be addressed".

1st Panel Discussion on the State of Play for Finance at the Subnational Level

Objective: To assess the current landscape of climate finance at the EU and international levels, focusing on funding for climate action and identifying opportunities to maximise returns on investments at the subnational level.

Key insights from:

María José Sanz

Scientific Director of the Basque Centre for Climate Change (BC3) and Lead Partner in the MAIA Project

1. Role of Science in Climate Finance:

- Science plays a critical role beyond identifying financial instruments by framing challenges, providing solutions, and assessing progress.
- Multi-level governance is essential for implementing financial tools effectively, ensuring alignment across European, national, regional, and local levels.

2. Governance and Policy Alignment:

- National policies often lack consistency and clarity in implementation, making it difficult for local levels to navigate.
- Local governance must have clear competencies, as misalignments can lead to failures in deploying finance.

3. Importance of Multi-Level Approaches:

- Mitigation and adaptation actions must converge at the local level, where vulnerabilities are most apparent.
- Long-term policies and networks of institutional partnerships are vital, emphasising trust as a foundation for collaboration.

4. Barriers to Climate Finance Mobilisation:

- Challenges include fragmented knowledge, disconnected platforms, and insufficient spaces for co-production between scientists and stakeholders.
- Local actors often lack ownership of tools and access to interoperable data, hindering informed decision-making.

5. MAIA Project Contributions:

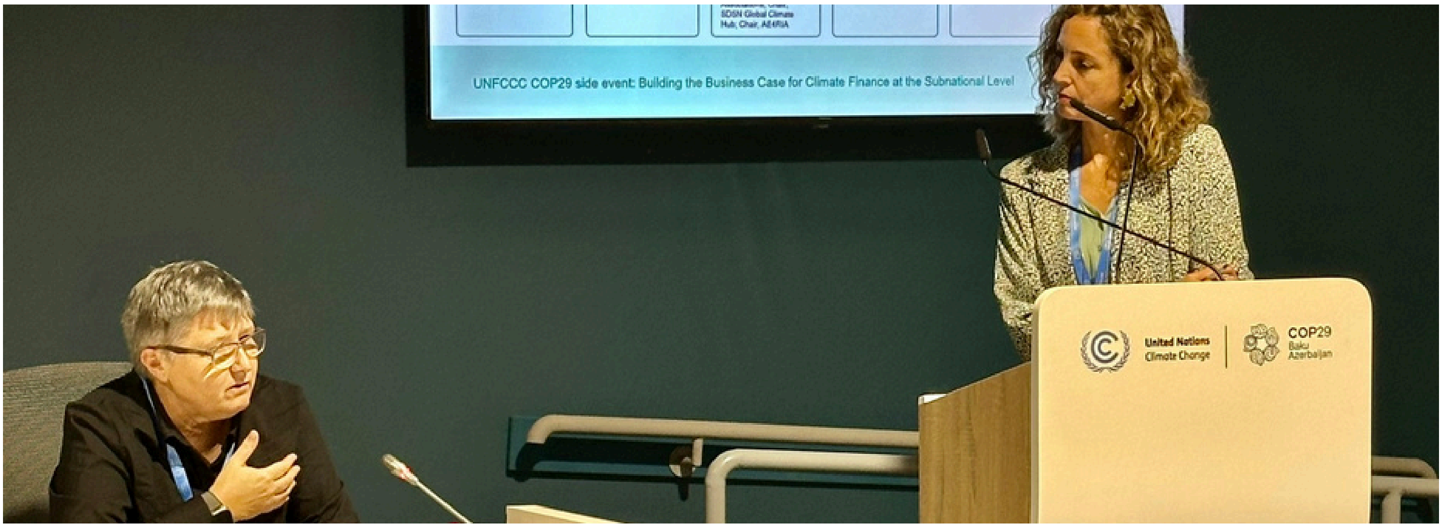
- MAIA facilitates discussions between stakeholders and scientists to address local challenges.
- It highlights the need for “middle-ground profiles” who can bridge the gap between science and policy.
- Emphasis on engaging trusted local financial institutions to better connect citizens with climate finance.

6. Recommendations for Enabling Local Climate Action:

- Establish trust as a cornerstone of climate finance efforts.
- Ensure that financial institutions understand and address local constraints.
- Encourage co-production and multidisciplinary approaches to integrate local knowledge and scientific insights.

Key takeaways:

Maria José Sanz emphasised the importance of local contexts in scientific solutions, the alignment of governance structures, and the need for financial institutions to engage more deeply with trusted local entities. The discussion reinforced that climate finance must be rooted in trust, inclusivity, and locally tailored solutions.



María José Sanz (Basque Centre for Climate Change (BC3) Scientific Director and Lead Partner in the MAIA Project): “Science provides not only solutions but also frameworks and governance insights that are critical for effective climate finance. To succeed, we need interoperable data, trust among stakeholders, and financial tools that empower local actors.”

Key insights from:

Phoebe Koundouri

Professor at the Athens University of Economics and Business

1. Challenges in Financing Climate Action:

- Developed countries need to prioritise sectors where SDG performance is low and leverage public funds to attract private investment.
- Public-private partnerships should aim to create profitable, equitable, and welfare-enhancing outcomes.

2. Global South Perspective:

- There is a critical need to reform global financial systems to facilitate funding flow to the Global South. Solutions include low-interest loans, long-term investments, and an SDG stimulus focused on education, health, and ecosystem resilience.
- Investments in the Global South can yield substantial impacts if combined with capacity-building for local labour forces.

3. Equity and Inclusivity:

- Policies and investments should mitigate regressive impacts on vulnerable populations, ensuring social equity in climate action outcomes.

Key takeaways:

Phoebe Koundouri emphasised that effective climate finance mobilisation requires bridging global and local priorities, leveraging multi-stakeholder partnerships, and addressing systemic challenges with innovative, inclusive, and equitable approaches.

Key insights from:

Manveer Gill's

Senior Manager, Sustainable Finance at CDP

1. Rising Subnational Demand for Climate Finance:

- The demand for climate finance among subnational entities is growing significantly – 636 cities disclosed a total of 2,346 climate-related projects worth US$146 billion, seeking US$65 billion in investment through CDP-ICLEI Track in 2023–. Cities disclosed 63% more projects needing finance compared to 2021.
- Subnational governments are increasingly identifying their financial gaps and priorities, offering a wealth of data to guide investment strategies.

2. Adaptation Finance Gap:

- A significant disparity exists between available climate finance for adaptation and subnational needs.
- While less than 2% of local climate finance from 2021–2022 went to adaptation, over 30% of disclosed subnational projects prioritise adaptation, emphasising a pressing need for resource allocation to this area.

3. Collaboration Across Sectors and Governments:

- Around 50% of cities, states, and regions collaborate across levels of government on climate action plans.
- Partnerships with the private sector are also growing, with 26% of city projects and 21% of state/regional projects involving private sector capital or collaboration.

4. Challenges to Accessing Finance:

- Barriers include high transaction costs, limited communication with stakeholders, and insufficient resources for early-stage project preparation.
- Local governments struggle to engage with private investors due to a lack of understanding of investor requirements and limited communication channels.

5. CDP’s Solutions and Initiatives:

- Business Scan Tool: Helps cities identify corporate partners using CDP's corporate disclosures.
- Investor Engagement Events: Brings local governments and investors together for tailored project discussions, fostering direct communication and follow-ups.
- Case Study – Goiás, Brazil: The state used CDP’s disclosure platform to align sustainability goals with private sector interests, utilising climate and forest data mapping to inform policy, engage stakeholders, and attract investment.

Key takeaways:

Manveer Gill emphasised that subnational governments are ready to scale up climate action and have identified necessary projects. However, greater collaboration, resource accessibility, and innovative tools like CDP’s platforms are essential to bridge the gap between financial needs and available resources, particularly in adaptation-focused projects.

Key insights from:

Giorgio Maione

Minister of Environment and Climate of Lombardy Region

1. Integrating Climate Goals into Public Finance:

- The partnership with Under2's Next Generation Budgets Project is aiding Lombardy in adopting climate-aligned budgeting practices.
- This approach focuses on:
  - Targeting climate goals through sustainable low-emission initiatives.
  - Promoting investment by analysing innovative revenue-generation methods.
  - Incorporating climate considerations into public finance structures.

2. Collaboration and Knowledge Sharing:

- Lombardy's participation in a network of 12 regional and national governments across Europe and North America fosters the exchange of best practices in climate finance and budgeting.
- Green budgeting promotes:
  - Transparency and accountability in public finance.
  - Data-driven decision-making.
  - Cross-sectoral impact.

3. Regional Leadership in Climate Goals:

- The Lombardy region leverages its data and partnerships to:
  - Identify cost-effective, high-impact solutions for reducing pollutants and greenhouse gas emissions.
  - Mobilise resources as a subnational actor to advance global climate and sustainable development goals.

Key takeaways:

Minister Maione emphasised the importance of subnational actors as a driving force for climate action, highlighting collaboration, resource mobilisation, and the need for innovative financial mechanisms.

Learn more on the Lombardy climate actions here.

Key insights from:

Sergio Arjona Jiménez

Deputy Minister of Sustainability and Environment of the Regional Government of Andalusia

1. Importance of Subnational Investment:

- Subnational governments play a pivotal role in implementing climate measures, being responsible for 70% of mitigation and 90% of adaptation actions.
- Enhancing investment capacity at the regional level is critical to achieving climate goals.

2. Key Initiatives:

- Mitigation Projects:
  - Partnerships between the public and private sectors to leverage public land for reforestation and carbon offset projects.
  - A compensation projects catalogue to facilitate the planting of 1.5 million trees over 2,000 hectares.
  - Blue carbon initiatives involving restoration of tidal marshes in the Guadalquivir River, with private sector participation (e.g., Navantia, Iberotel, and Metro de Málaga) and a €100,000 investment for a 30-year project.
- Adaptation Projects:
  - Allocation of €4 million to support municipalities in developing adaptation projects, including nature-based solutions such as urban tree planting and temperature reduction measures.
  - Advocacy for an EU framework to allocate funds based on regional vulnerability indices, given Andalusia's heightened climate risks.

3. Challenges and Opportunities:

- A critical need to increase funding for adaptation, which currently accounts for less than 5% of Andalusia's climate finance.
- Importance of mobilising additional resources through collaboration with the European Commission and other partners to address regional vulnerabilities.

4. Strategic Vision:

- Emphasis on using regional projects to attract investment and drive climate action across all municipalities.
- A call for collective efforts and partnerships to accelerate the region's transition and adaptation process.

Key takeaways:

Minister Arjona Jiménez underscored the dual focus on mitigation and adaptation, highlighting innovative approaches and the urgent need for financial and collaborative support.

2nd Panel discussion on building the case for investing in subnational innovative solutions

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

Key insights from:

Kirsten Dunlop

Chief Executive Officer at EIT Climate-KIC

1. Subnational Financing Challenges:

- Financing typically flows to national levels, but subnational levels (regions and cities) often lack tailored, co-designed mechanisms to mobilise resources effectively.
- There is a need for systemic and holistic approaches to financing that align with planetary boundaries and prioritise just transitions.

2. Holistic Business Case for Subnational Action:

- A compelling case for subnational financing should go beyond traditional economic logic, integrating systemic risk assessment, opportunities, and principles of prosperity within ecological limits.

3. Three Priority Areas:

- Bridging Gaps: Establish seamless integration between subnational actions and national/international financing instruments, ensuring cohesive support systems.
- Changing Financial Perceptions: Many subnational projects are not seen as bankable or investable. Efforts must focus on reshaping perceptions and developing innovative financial instruments.
- Integrating Adaptation and Mitigation: There is a lag in linking adaptation and mitigation strategies. Infrastructure proposals must consider both immediate and long-term climate realities.

4. Focus on Resilience:

- Financing mechanisms, institutions, and assumptions need to adapt to rapidly changing climate scenarios.
- Investment in resilience and adaptation must align with current and future climate challenges.

Key takeaways:

Kirsten Dunlop emphasised the urgent need to rethink and innovate financing models to empower subnational climate actions while addressing systemic barriers.

Kirsten Dunlop (CEO at EIT Climate-KIC): "To mobilise subnational climate finance effectively, we need tailored, co-designed mechanisms. Bridging gaps, changing perceptions of bankability, and integrating adaptation and mitigation must be at the forefront of financing models."

To tackle these key issues, the panel discussion centred around three main questions:

1. How to go beyond the competition between mitigation and adaptation at the regional level?

Key insights from:

Sonsoles Letang

Director General of Climate Change and Environmental Quality of the Catalan Government

1. Integration of Adaptation and Mitigation in Catalan Strategies:

- Catalonia's adaptation strategy is designed to enhance resilience while integrating mitigation actions to address climate change holistically.

2. Energy Poverty and Resilience:

- Guidelines aimed at reducing energy poverty focus on promoting energy efficiency and renewable energy. This dual approach not only improves community resilience to extreme temperatures but also reduces carbon emissions.
- The energy mitigation plan includes strategies that simultaneously adapt to climate impacts, such as enhancing carbon absorption in soils and forests.
- Sustainable forestry and agricultural practices are promoted to boost ecosystem resilience.

3. Cross-Sectoral Guidelines:

Catalonia has developed measures, actions, and guidelines across various sectors to ensure that mitigation and adaptation go hand in hand.

4. Knowledge Sharing:

Catalonia actively participates in discussions and exchanges insights, emphasising the importance of collaboration. Learn more on the Catalonia climate actions here.

Key insights from:

Stephen O'Driscoll

Head of the Environmental, Climate and Social Division at the European Investment Bank (EIB) Projects Department

1. Role of the European Investment Bank (EIB):

- EIB serves as the long-term financing arm of the European Union, with a €600 billion balance sheet, focused on climate, environmental, and social projects.
- As a public policy-driven "lending, blending, and advising" bank, it facilitates impactful financing while crowding in on other investors.

2. Support for Subnational Actions:

- EIB prioritises cities and regions, as they play a critical role in climate solutions, with 90% of actions occurring at the subnational level.
- In 2023, €22 billion (about 25% of EIB's total €88 billion lending) was directed to subnational projects.

3. Focus on Adaptation and Resilience:

- EIB's adaptation plan addresses increasing climate risks, such as extreme rainfall and natural disasters, supporting actions that integrate adaptation and mitigation.
- The "Just Transition Mechanism" targets vulnerable regions, aligning climate financing with equity and social impact.

4. Case Study and Learning:

- The rebuilding of affected regions, such as the island impacted by earthquakes and landslides, exemplifies EIB's approach to "building back better" by incorporating both adaptation and mitigation.
- Collaboration with the European Commission includes exploring innovative tools, like insurance products, to enhance resilience financing.

5. Innovative Financial Products:

- EIB is exploring new financial instruments through collaborations, such as the European Investment Fund (EIF), to address market needs, including potential insurance products tailored for climate resilience.
- The EIB demonstrates a holistic approach to climate financing, emphasising innovation, multi-level collaboration, and a commitment to empowering subnational actors in climate resilience and sustainability.

Key insights from:

Niina Ratilainen

Member of the Turku City Council and of the European Committee of the Regions

1. Role of the European Committee of the Regions (CoR):

- Represents over one million elected officials in the EU from cities and regions. o Recently launched a report focused on adaptation financing mechanisms for local and regional governments.

2. Financing Adaptation and Mitigation Together:

- Mitigation financing has been prioritised in Europe, as emission reductions are a critical responsibility of the Global North.
- However, adaptation financing must be elevated to complement mitigation, creating a more holistic approach.

3. Barriers to Adaptation Financing for Cities and Regions:

- Lack of awareness: Many cities and regions are unaware of the funding opportunities available for adaptation.
- Limited technical capacity: Smaller municipalities often lack the staff or expertise in international relations or environmental planning.
- Access to climate data: Adaptation and resilience planning require robust climate data and information, which is often unavailable to smaller municipalities.

4. Capacity Building Needs:

- Municipalities need increased technical expertise and access to data to plan and implement effective adaptation and resilience measures.

5. Positive Examples of Local Leadership:

- She highlighted Turku's proactive efforts, including a robust adaptation plan and risk assessment for future climate challenges. This serves as an example of how cities can lead in climate resilience with the right resources and planning.

Key takeaways:

Niina Ratilainen emphasised the need for increased financing, technical support, and access to climate data to empower cities and regions in Europe to enhance climate adaptation efforts effectively.

Key insights from:

Roger Cruz

Marketing and Uptake Lead at the FAST-Infra Label Secretariat, Global Infrastructure Basel

1. Interconnection Between Mitigation and Adaptation:

- For new infrastructure, adaptation and mitigation must be integrated. Building non-resilient infrastructure undermines long-term societal benefits and investment value.
- For existing infrastructure, adaptation investment is less straightforward compared to mitigation, making it harder to define the "job to be done."

2. Need for a Pipeline of Quality Projects:

- The subnational level plays a crucial role in developing clear, high-quality adaptation projects to attract investments.
- A significant barrier to adaptation financing is not market preference but the lack of well-structured and viable adaptation projects.

3. Current Funding Disparity:

- Currently, 85% of funds focus on mitigation, highlighting the need for stronger efforts to balance adaptation investments.

Key takeaways:

Roger Cruz emphasised that integrating resilience into infrastructure projects is essential for long-term success. The development of high-quality, well-defined adaptation projects is key to increasing adaptation financing, particularly at the subnational level.

2. Are there specific recommendations or financing mechanisms for adaptation that might improve the situation of getting into the guts of supporting resilience with financial resources?

Key insights from:

Niina Ratilainen

Member of the Turku City Council and of the European Committee of the Regions

1. Access to the CoR report on Adaptation financing mechanisms for action at the local and regional levels:

- The European Committee of the Regions' report provides detailed recommendations for public sector entities, cities, regions, private sector stakeholders, and national governments.
- The report includes four case studies showcasing innovative and region-specific financing methods across the EU:
  - Sweden: Centralised issuance of green bonds to raise funding for smaller municipalities.
  - Spain (Bilbao): Use of public-private partnerships to share risks and costs effectively.
  - France (Brittany): Pooling investor resources for carbon credits to fund local adaptation measures.
  - Slovakia: Stakeholder partnerships that restored 305 km of rivers, reducing flood risks.
- The case studies reflect the varying needs and solutions of urban cities versus rural municipalities, highlighting the importance of tailored approaches to climate adaptation financing.

Key takeaways:

Niina Ratilainen highlighted that learning from these examples, cities and regions can identify and implement the most suitable financing solutions for their specific contexts, leveraging partnerships and innovative methods.

Key insights from:

Sonsoles Letang

Director General of Climate Change and Environmental Quality of the Catalan Government

1. Local and Multifaceted Approach:

- Catalonia's approach combines public and private funding mechanisms, innovative financial tools like carbon markets, and direct support through loans to address the highly localised nature of climate risks and opportunities.

2. Catalonia's Climate Fund:

- The Climate Fund, established in 2021 by the Catalan Government, is the primary tool for promoting public investment in both mitigation and adaptation projects.
- Funded through taxes on carbon emissions from vehicles and environmental impact taxes on installations, it supports public and private projects.
- To date, the fund has invested approximately €380 million in 67 initiatives, focusing on reducing carbon emissions and increasing resilience across various sectors.

3. Verified Carbon Market for Forest Credits:

- Catalonia has also implemented a verified market for climate forestry credits, enabling the trade of carbon credits derived from sustainable forest management practices.
- These practices not only reduce emissions but also improve biodiversity and groundwater levels, providing dual benefits for mitigation and adaptation.
- The program currently includes 18 forest properties (mostly privately owned, as 80% of Catalonia's forests are private) and spans over 2,000 hectares. Companies are actively participating by purchasing these credits.

4. Low-Interest Loans for Private Sector Investments:

- Catalonia is launching a program offering low-interest loans to private sector entities for projects contributing to mitigation and adaptation.
- The loans are facilitated by the Catalan Finance Institute (the region's public bank) and subsidised by the Climate Fund, which contributes €7 million to reduce interest rates.
- The Catalan Finance Institute has reserved a total of €53 million for financing private sector initiatives under this mechanism.

Key takeaways:

Sonsoles Letang emphasised that integration of adaptation and mitigation actions is a central theme in Catalonia, with benefits designed to be both environmental and socioeconomic.

Key insights from:

Stephen O'Driscoll

Head of the Environmental, Climate and Social Division at the European Investment Bank (EIB) Projects Department

1. Local and Region-Specific Financing Solutions:

- Financing mechanisms must be tailored to the specific needs of local and regional contexts, as environmental challenges and opportunities vary greatly.
- Well-designed projects significantly enhance the potential fo unlocking finance compared to poorly structured ones.

2. ADAPT Platform for Climate Adaptation:

- The EIB has established the ADAPT platform, a climate adaptation investment advisory service. This platform provides free support to subnational governments for upstream project preparation and implementation.

3. Collaboration with EU Missions:

- The EIB supports EU missions focused on climate change adaptation and climate-neutral, smart cities. These initiatives aim to make cities more resilient and climate-smart, integrating private sector capital opportunities into their plans.

4. Climate City Gap Fund:

- Managed by the EIB in partnership with the World Bank, the Climate City Gap Fund supports early-stage urban climate action planning.
- Despite having a modest fund of €100 million, the initiative has unlocked €4 billion in financing and supported 185 cities worldwide.

Key takeaways:

Stephen O'Driscoll highlighted the importance of designing adaptable, locally responsive financial mechanisms to mobilise significant investment and the necessity of advisory services to bridge gaps in project development. Initiatives like ADAPT and the Climate City Gap Fund demonstrate the value of leveraging early-stage support to unlock transformative financing.

3. How to encourage long-term investments in adaptation?

Key insights from:

Roger Cruz

Marketing and Uptake Lead at the FAST-Infra Label Secretariat, Global Infrastructure Basel

1. Complexity of Long-Term Investments in Adaptation:

- There is no single solution to the challenges of long-term investments in adaptation. Multiple stakeholders, including private and public sectors, need to collaborate, each contributing a part of the solution.

2. Focus on Sustainable Infrastructure Quality:

- Sustainable infrastructure projects must go beyond mitigation and adaptation outcomes. They should address broader issues like biodiversity, pollution, circularity, resilience, social impacts, and governance.
- Achieving true sustainability requires high-quality management across these dimensions.

3. Challenges in Standards and Measurement:

- The absence of standardised frameworks and metrics for evaluating sustainable infrastructure projects hinders investors' ability to assess claims of sustainability.
- "What is not measured is not managed" – the lack of measurable and pragmatic standards increases transaction costs and prolongs timelines.

4. Role of FAST-Infra Label:

- FAST-Infra Label is a coalition managing $6.3 trillion in assets worldwide, working to establish a common framework for defining and integrating sustainable infrastructure. The framework aims to create a shared language for private investors, public sectors, multilateral development banks (MDBs), and developers, bridging the gap between these groups. It focuses on integrating mitigation, adaptation, and "doing no harm" principles while ensuring positive contributions.
- FAST-Infra Label aims to create a marketplace for high-quality sustainable infrastructure projects. By enhancing project standards and providing better data, the initiative seeks to make infrastructure projects more attractive to investors, especially at the subnational level.

5. Importance of Standardised and Comparable Data:

- The market does not lack data; it lacks standardised and comparable data that can be used by investors for project screening and decision-making.
- Efforts involve leveraging the expertise of organisations like CDP and Bloomberg to acquire, clean, analyse, and deliver actionable data for investors.

Key takeaways:

Roger Cruz underscored the importance of collaborative, standardised approaches to overcome barriers in long-term adaptation investments. By focusing on sustainability standards, data comparability, and shared frameworks, initiatives like FAST-Infra Label can bridge the gap between investors and projects, fostering increased investment in sustainable infrastructure.

Key insights from:

María José Sanz

Basque Centre for Climate Change (BC3) Scientific Director and Lead Partner in the MAIA Project reflection on the panel discussion

1. Data Standardisation vs. Interoperability:

- María José Sanz expressed scepticism about the idea of standardising data, emphasising that the focus should be on creating interoperable data. This would
- Allow for more flexible and effective integration across various systems, especially when dealing with diverse sectors and regions.
- She suggested using common ontologies as a foundation for making data interoperable.

2. Risk of Disconnecting Finance from National Accounts:

She raised a concern about the risk of decoupling new financial instruments from national accounts, which are traditionally tied to specific data sets that may not align with the discussions around climate finance. This disconnect could undermine the integration of broader concepts like social and human capital into financial discussions.

3. Challenges of Mainstreaming Climate Finance:

- María José Sanz pointed out the fragmentation in the climate finance landscape, where central banks, international financial institutions, and other entities are addressing climate change independently. She expressed concern about how to bring together public and private finance, as well as local and global knowledge, while respecting each entity's expertise and role.
- The challenge lies in mainstreaming these elements and ensuring that the conversations are aligned and actionable.

4. Indicators on Adaptation and Over-Simplification:

- She highlighted a tension between the large number of adaptation indicators (which were initially over 8,000) and the fact that they were ultimately reduced to only 100.
- This raises concerns about whether such simplifications accurately reflect the complexity of adaptation efforts, particularly for local contexts like the Valencia region's reconstruction.

5. Call for Effective Solutions:

- María José Sanz acknowledged the complexity of these issues but emphasised that resolving these tensions and creating actionable, comprehensive solutions is crucial for effective climate adaptation and financing.

Key takeaways:

María José Sanz's reflection stressed the need for better data interoperability, a more integrated approach to climate finance, and a holistic view that incorporates social and human capital into climate finance conversations. She expressed concern about the oversimplification of indicators and the disconnect between climate finance and national accounts, urging a more effective and collaborative approach across stakeholders.

Wrap-Up from
Kirsten Dunlop
Chief Executive Officer at EIT Climate-KIC

1. Innovation in Financial Systems:

- Kirsten Dunlop highlighted the need for innovation in financial systems and architecture, particularly in thinking beyond traditional asset classes. She emphasised the importance of multi-asset class constructs like regenerative housing and regenerative landscapes, which integrate relationships with the environment, land stewardship, and materials.
- Challenge to the Current Financial Structure:
- These new approaches push against the traditional way the financial system is structured, requiring a shift in how investments are perceived and managed.

2. Focus on Financial Instruments and Literacy:

- There was an emphasis on structuring financial instruments that facilitate better understanding and literacy around climate finance, particularly through standardisation and interoperability.

3. Role of Public and Financial Institutions:

- Stressed the importance of financial institutions and public banks providing the necessary advice and resources to help regions engage effectively with climate finance.

4. Conclusion on Governance:

- She concluded by underscoring the essential role of multi-level governance in achieving climate finance goals. Without proper multi-level design and governance, these efforts would not succeed.

Wrap-Up from

Natalia Uribe

Regions4 Secretary General

Natalia Uribe emphasised the integration of science and policy as a key theme of the discussion. The importance of governance, data sharing, and interoperability was highlighted as essential for effective climate action. Regions play a crucial role, being responsible for the majority of mitigation and adaptation efforts, with their leadership key to attracting investment. Gaps in cohesion and adaptation funding remain, along with the need for better-designed, bankable projects to unlock financing. Financial and insurance bodies were recognised for their critical role in climate resilience and recovery.

Moderators and speakers at the MAIA side event at COP29

About the MAIA Project

The MAIA project, a key initiative under the EU Mission on Adaptation to Climate Change, aims to enhance the accessibility of fragmented climate knowledge and research across the EU. By organising events like this policy-science dialogue, MAIA fosters discussions, strengthens partnerships, accelerates climate action and promotes climate strategies.

Access to the photo gallery here.

For more information on MAIA's policy outreach activites, visit the MAIA Project website.

Thank you!

To learn more about MAIA and stay informed about our activities and opportunities to connect, see the MAIA Project website

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