

LGMA GUIDANCE FOR THE PARTIES ON LOCAL AND OTHER SUBNATIONAL GOVERNMENT CLIMATE FINANCE

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**CITIES & REGIONS
IN THE UNFCCC PROCESS**



**GLOBAL
TASKFORCE
OF LOCAL AND REGIONAL
GOVERNMENTS**



ICLEI
Local Governments
for Sustainability



**C40
CITIES**



**CCRE
CEMR**
Local & Regional
Europe



**CLIMATE
CHANCE**



**European Committee
of the Regions**



**GLOBAL COVENANT
of MAYORS for
CLIMATE & ENERGY**



Regions4
Sustainable Development



UCLG
United Cities
and Local Governments



UNDER2
Secretariat
CLIMATE GROUP



**WORLD
RESOURCES
INSTITUTE** | ROSS
CENTER

Building on the initial draft led by the above LGMA partners, a final list of endorsers of this statement will be announced at the LGMA COP29 press conference on 11 November 2024.

For more information, visit cities-and-regions.org



THE ASK

We, the Local Governments and Municipal Authorities constituency, on behalf of the Global Taskforce of Local and Regional Governments, call on the Parties to the Paris Agreement, current and future Presidencies of UNFCCC COPs, CHAMP endorsers, the UNFCCC Secretariat, other UNFCCC Observer Constituencies, along with 193 signatories to the 2030 Agenda for Sustainable Development, to:



Finance sustainable urbanization and climate action at all levels



For more information on the overall position for COP29 for the LGMA Constituency, please refer to the [LGMA Position on COP29](#).

GUIDANCE FOR NEGOTIATORS

In order to deliver a new ambitious collective quantified goal on climate finance that enables just and equitable and well-funded transition across all levels of government, through guaranteeing direct access of subnational governments to the funds, we urge Parties to agree on an ambitious New Collective Quantified Goal on climate finance (NCQG) from a floor of USD 100 billion per year to USD trillions yearly by 2030, taking into account the needs and priorities of developing countries, including Small Island Developing States (SIDS), and acknowledging the finance gap for biodiversity, adaptation, and other subnational and local action [estimated at USD 4.5 – 5.4 trillion per annum from 2015-2030](#).

It is key to create a robust framework within the NCQG for access to finance to local and other subnational governments while defining the scope and enabling innovative approaches to raising finance bottom up to support the goal for both mitigation and adaptation.

Within the NCQG framework, it is essential to create solid climate financial mechanisms and dedicated initiatives to enable local and other subnational governments to directly and rapidly access climate finance opportunities (including private finance) and technical assistance. The establishment of such integrated climate program financing will ensure that investments align with local needs and priorities, support science-based climate action, help close the green jobs skills gap, foster a just transition, and target support to the most vulnerable.

To further accelerate action on the ground and to enable the financing to reach the poorest and most vulnerable, public finance to local and other subnational governments, especially in the most vulnerable regions and countries, should prioritize grant and concessional terms. Climate finance should not be a burden and not add to countries and governments debt burdens, and grants are vital to ensure that climate finance is not facilitated in a sustainable manner.

We urge Parties to recognize the need to accelerate efforts to enhance access to adaptation finance specifically as part of the NCQG, including for local and other subnational actors and the private sector, and with a focus on facilitating direct access by harmonizing and simplifying access procedures for local and other subnational governments.

We urge Parties to recognize that some local and other subnational governments are major economies and could be part of the contributor base for the NCQG and some are already playing a role to contribute directly.



We call on Parties to phase out fossil fuel and environmentally harmful subsidies to fully implement the outcome of the First Global Stocktake and direct these revenues to the NCQG, especially to the sectors that lack climate finance such as adaptation and loss and damage.

We call on Parties to increase transparency of reporting on contributions to NCQG, which should include, but not be limited to, clear differentiation for fund contributions by local and other subnational governments.



Proposed text to negotiators

On qualitative elements of the goal:

Calls on Parties to continue to enhance the predictability and access to climate finance, including by making efforts to, where feasible, simplify the climate finance architectures and enhance country ownership through supporting modalities such as direct access at the subnational and local levels, readiness and project preparation facilities.

On sources, instruments and contributors:

Allows for new and innovative sources of finance such as public-private partnerships, payment for environmental services, blended finance, guarantees, de-risking investments, green labeling, disclosure schemes, development of local green bond markets, guarantees, debt swaps etc., to be explored and considered as a complement to public and grant-based finance.

Calls on Parties to ensure any instruments should not be a burden and not add to countries and governments debt burdens.

We call on parties to include local and other subnational government action in considerations of wider financial reform, including but not limited to the reform of multilateral development banks.

Multilateral Development Banks (MDBs) to include local and other subnational climate action and finance in their corporate and climate strategies, integrate local and other subnational climate action in their country and sector assistance strategies, develop specific local and other subnational climate action programs providing: technical assistance for project preparation and implementation; increased multilevel cooperation with national governments; scaled-up concessional MDB finance through appropriate finance instruments; and enhanced support for private finance mobilization.

Increase funding from climate donors for local and other subnational governments to implement actions addressing climate-related challenges, including better reception and integration conditions for climate induced migrants and displaced persons, and reducing climate risks associated with population displacement in urban areas, as well as the high risk in the guarantee of water supply and competition between all types of uses.

Support sustainable project pipelines and accommodate smaller project sizes, set up vehicles for financing in local currency and facilitating access to finance for subnational banks, and develop risk-mitigation strategies or guarantees to attract private finance.

Promote an enabling national framework and policy environment to increase subnational governments' access to finance, including ensuring stable and predictable intergovernmental fiscal transfers and national equalization mechanisms or encouraging innovative ways for local and other subnational governments to raise own-source revenues. By improving fiscal health, creditworthiness, and the capacity of local and other subnational governments to generate revenues, mobilize and attract public and private funds, Parties can tackle the local and other subnational territory investment gap.



66 *Proposed text to negotiators*

On access features and reform of Multilateral Development Banks:

Calls on Parties for the harmonization of procedures, including through simplified access modalities, accreditation of national agencies, allowing readiness resources for project preparation, increasing resources for project implementation (i.e. implementation of NAPs, NDCs), improving the articulation of the needs to the fiduciary standards as well as the speed and cost for accessing the funds. It also should facilitate access for diverse stakeholders, including local and other subnational actors, local communities, indigenous peoples, youth, vulnerable people and women.

Calls on Parties to allow for access features of the NCQG should establish minimum floors for certain types of recipients (such as least developed countries, small island developing States, local and other subnational governments and local non-governmental organizations).

We ask Parties to recognize sustainable urbanization as a cross-cutting non-market approach (as outlined in art 6.8) under the initial focus areas on adaptation, mitigation, and clean energy development as a concrete outcome of COP29.

Welcome the introduction of non-market approaches (NMAs) as a climate finance instrument working beyond current climate budgets and leveraging policy makers and private sector climate finance.

For sustainable urbanization to be recognized as a cross-cutting NMA under the initial focus areas on adaptation, mitigation, and clean energy development as a concrete outcome of COP29. Sustainable urbanization is a global phenomenon that is important for all countries, particularly the global South, and that financial and sustainability impacts go beyond adaptation. It provides an opportunity to all developing countries, serving a major share of the global population and covering both climate mitigation and adaptation action.

If such an approach is undertaken, sustainable urbanization can be a holistic solution and a major catalyst to finance future mega-scale urban developments in developing countries through low carbon, sustainable, and resilient pathways in a more cost effective and high impact manner. Such a holistic approach can also enable integration under Art6.8 other specific focused initiatives, such as LoCAL, led by the UN Capital Development Fund.

Under existing approaches, local and other subnational governments also support the Transformative Actions Program (TAP) as one of the initiatives supporting sustainable urbanization as NMA. TAP serves as a one-stop interface for subnational governments and local businesses to submit their sustainable infrastructure projects, which are then connected to financiers and supported by the various Project Preparation Facilities backing TAP. Through capacity-building, knowledge sharing, and access to financing, TAP supports sustainable urbanization projects of all sizes and stages, providing guidance and exploring funding options tailored to their needs and circumstances.

Integration of sustainable urbanization into non-market approaches under Art6.8 can also be considered as one of the outcomes of Urbanization Day to be hosted by COP29 Presidency on 20 November 2024.

66 *Proposed text to negotiators*

Recognizes sustainable urbanization as a cross-cutting non-market approach under Art6.8 of the Paris Agreement.