

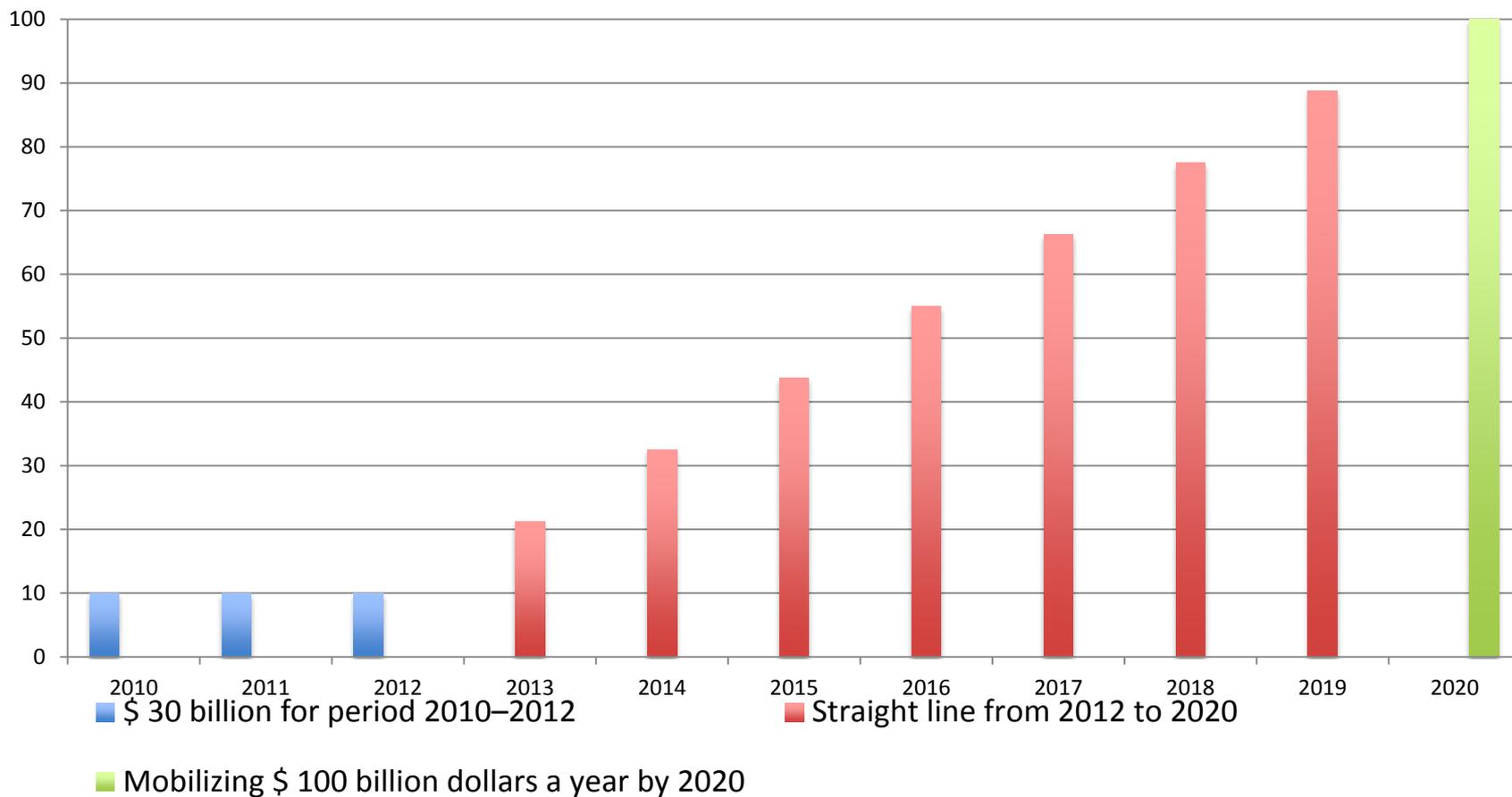
# **Climate Finance Negotiations: Progress to Lima and Forward to Paris**

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# Copenhagen to Warsaw

- Joint mobilize USD100 billion per year by 2020 goal announced (Copenhagen), codified in a decision in Cancun in the context of meaningful mitigation and transparency;
- Green Climate Fund established (Cancun), design process initiated;
- Commitment of USD30 billion, so called fast start finance obligation 2010-2012;
- Standing Committee on Finance (Cancun/Durban);
- Green Climate Fund Governing Instrument (Durban);
- Long Term Finance work programme (Durban/Doha/Warsaw).
- Ongoing business issues (guidance)

# Progress 2 100B



# GCF: Progress to Date

- For its first 5 meetings the Board focused on a mix of institutional and legal issues, as well as the Fund's Business Model Framework.
- The Institutional and legal work was concluded and the Headquarters Agreement signed by the Republic of Korea in June 2013, and the HQ officially opened in December 2013.
- The first Executive Director of the Fund was hired in September 2013.
- For its 6<sup>th</sup>-7<sup>th</sup> meetings the Board focused on getting the Fund ready to “open for business” and meeting the requirements for commencing the initial resource mobilization process.
- Launched the Initial Resource Mobilization process, which has held 2 meetings and will conclude with a pledging process on 21 November.
- The 8<sup>th</sup> Board meeting focused on finalising the elements to allow the Fund to open for business, adopted accreditation framework and the Board agreed to take programme decisions no later than its third meeting in 2015
- Agreed that no later than its 11<sup>th</sup> meeting to start taking decisions on funding.

# GCF Resource Mobilisation

- Initial resource mobilisation should have a target of at least US\$ 10 billion.
- The rationale for this would be that Developed countries have already committed US\$ 7 billion for CIFs and are providing annually between USD 10-15 billion since the launching of the fast start finance process in 2010.
- Current pledges: +\_ USD 3 billion, without UK, US, Japan, Swiss, Russia, Canada.
- Resources to be programmed 2015-2018.
- Board to determine investment portfolios in Feb.
- Fund is able to mobilize resources on an ongoing basis- opportunities for scaling up on pledges.
- First formal replenishment period 2018-2022.

# Lima Finance Agenda

- Adaptation Fund (Board report/ Second Review).
- Long term finance Ministerial/High Level Event.
- Fifth Review of the Financial Mechanism.
- Guidance to the Operating Entities of the Financial Mechanism (GCF/GEF).
- Report of the Standing Committee on Finance.
- Biennial Assessment and Overview of Climate Finance.
- Technical issues: MRV of finance, and compilation of 6<sup>th</sup> Nat Comms.

# Adaptation Fund

- AGN remains concerned about the sustainability, adequacy and predictability, particularly for the Adaptation Fund, but particularly about diversifying the revenue beyond the 2% levy on the CDM;
- Position paper, Ensuring Progress on Adaptation Finance, developed by the Group in Bonn (June 2013), circulated to G77&China and partners. Key interest in using the paper as the basis for a common G77 position
- Submission on the second review:
  - The need for overall Adaptation Finance:
  - Specific Proposals for Increasing the Adaptation Funds' Resources:
  - Targeting Capacity and Institutional Capacities
  - Institutional Options for Adaptation (future of the Fund).

# Africa's ADP Approach

- Financial resources to be provided based on **quantified target** that is inline with the 2/1.5 degrees goal and building on the estimates by WB and other studies.
- It should be **predictable** (meaning sources to be clear and burden sharing between Annex II to be implemented)
- It should be **sustainable** ( meaning that at least a 5 years commitments by Annex II should be clarified by scale and timeline)
- It should be **adequate**, and ensure **country ownership** (meaning that it should be based on the needs identified by the developing countries according to their priorities)
- It should be **new and additional** (meaning that it is different than current commitment of ODAs 0.7% of developed countries GDP)
- It should be **balanced** (meaning that adaptation gets at least 50% of resources)
- It should be based on **clear allocation criteria** ( meaning that each continent gets it share in line with the challenges it is facing, so fair allocation to Africa should be ensured in line with its adaptation needs and mitigation potential)

# General Proposals for the ADP

- Need for clear commitments to support any developing country INDCs ( must be part of any decision in Lima)
- Build on the commitments contained in Article 4, and make full use of the financial mechanism (Article 11), the operating entities and the technical committees;
- Identify procedures for the coordination, monitoring and transparency of finance;
- Address the scale of finance, pathways for scaling up beyond the USD100billion;
- A system to ensure predictability and delivery of climate finance;
- Agreement on a range of global policies and/or regulations governing the generation of sources of climate finance, including addressing issues of incidence; and
- An architecture that is built on the premise and is responsive to country ownership.