



# Financing for Climate Change : Key Issues for an Agreed Outcome in Copenhagen

Jagjeet Sareen  
Financial Cooperation Unit



# The Five Elements of the Bali Action Plan

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1. Shared vision for long-term cooperative action
2. Enhanced action on mitigation
3. Enhanced action on adaptation
4. Enhanced action on technology development and transfer
5. Enhanced action on the provision of financial resources and investment

# The Political Essentials for Copenhagen

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1. Clarity on developed country commitments (mid-term targets for reducing their greenhouse gas emissions)
2. Clarity on developing countries nationally appropriate mitigation actions (NAMAs), including for reducing emissions from deforestation and forest degradation
3. Clarity on financial and other support to cover both mitigation and adaptation actions
4. Clarity on the institutional setup and its governance to channel financial and other support to developing countries



# Ambitious Targets for Developed Countries

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The first essential relates to clarity on ambitious targets for developed countries.

- The European Union has firmly committed to 20% below 1990 levels by 2020 and is putting in place policies to achieve that goal. Its intention of committing to minus 30% if others follow suit, remains on the table.
- Additionally, a number of other industrialised countries, including Japan, Australia and Norway, have already announced their level of ambition.
- Waxman and Markey Bill provides an indication of the ambition of USA to reduce its emissions
- In terms of Parties' proposals relating to industrialised country targets, there is strong convergence that developed countries must agree on an ambitious mid-term target, with all developed countries sharing a comparable effort.

# NAMAs for Developing Countries

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The second political essential relates to clarity on nationally appropriate mitigation actions of developing countries.

- Many developing countries have climate change policies, strategies or programmes in place and have begun implementing them.
- A system must now be set up to recognise such actions and provide the necessary support. It needs to ensure transparency in monitoring, reporting and verifying both the support and the mitigation actions.
- Progress is being made on the definition of such a system. There is growing convergence that a “nationally appropriate mitigation action registry” under the UNFCCC could provide the needed accountability.

# Financial and Technological Support

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The third political essential relates to clarity on how financial and technological support for mitigation and adaptation will be generated.

- Although Parties might not yet be in a position to finalise targets and figures, important advances can already be made on resource mobilisation. In fact, concrete proposals on how resources can be mobilised in a predictable and sustainable manner have been submitted.
- These include a financial architecture that scales up international public and private investment and financial flows in a sustainable and predictable way, including incentives that help to shift investments and financial flows to more climate-friendly and resilient alternatives.
- There is convergence that the engagement of the private sector is important, but not enough. Public money is also needed.
- Ambitious mitigation commitments by developed countries hold the key to the mobilization of financial flows through market-based mechanisms



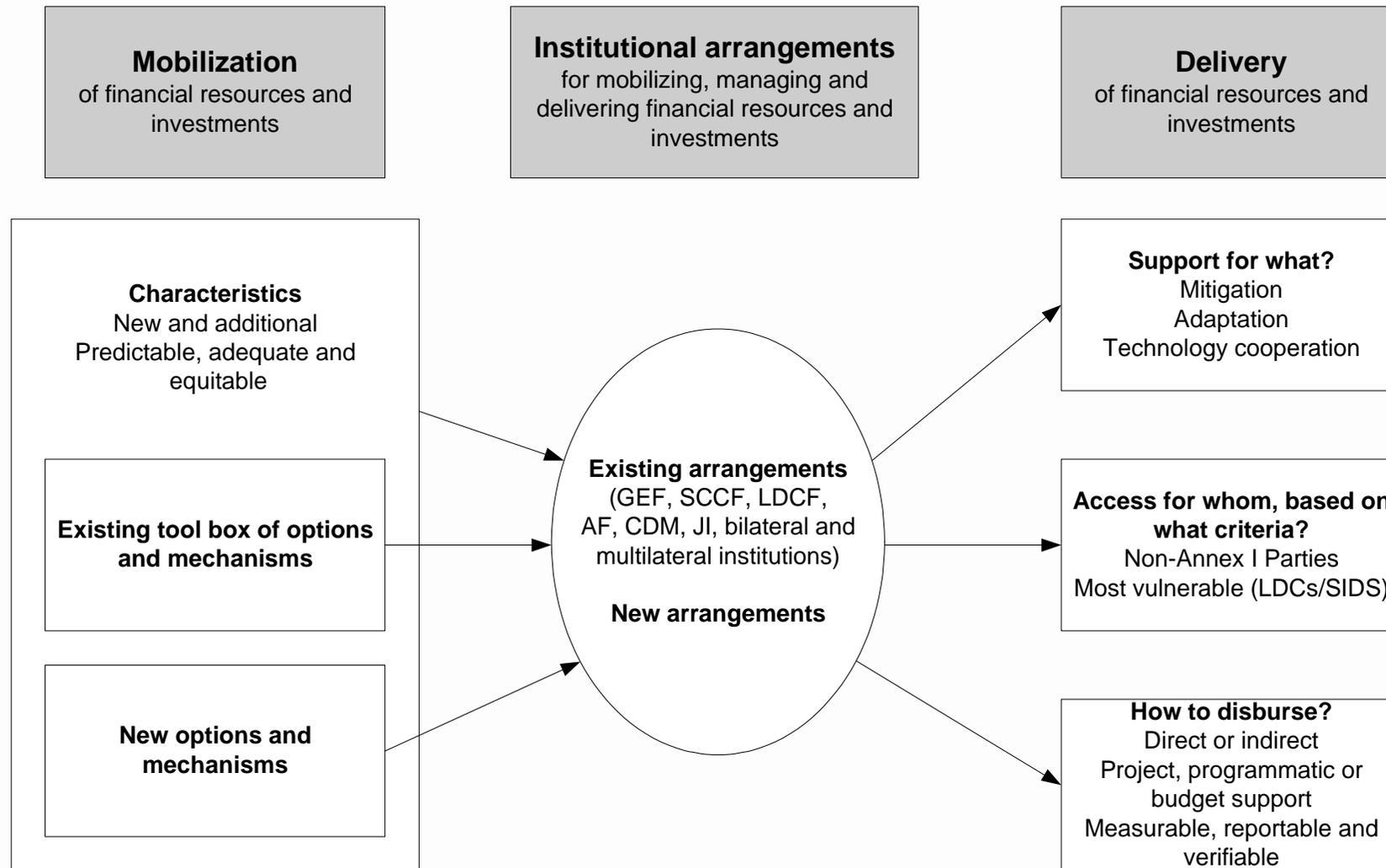
# Institutional framework - Governance

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The fourth political essential relates to clarity on the institutional framework to deliver support for mitigation and adaptation.

- Developing countries by and large are exasperated with the current financial architecture.
- It is critical that the funds that are agreed as part of the Copenhagen outcome have governance structures that are founded on equality, and respect the interests and needs of developing countries.
- The agreed outcome needs an institutional arrangement that optimizes the allocation of funds and provides for a transparent system to monitor, report and verify actions and support.
- There is some convergence on the need to strengthen existing institutions, but submissions proposing the creation of new institutions have also been received.

# Possible Elements of a Financial Framework



# Mobilizing Additional Financial Resources

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- Parties have tabled many proposals to generate financial resources
- Some propose governance of all funds under the Convention; others have suggest to also account those flows that are contributed outside the Convention.
- Some proposals generate funds internationally; others flow through government budgets
- Efficient and effective delivery will be central to global efforts to address climate change

# Delivery of Enhanced Financial Resources

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Delivering substantially larger amounts of financial resources will require consideration of several important issues, including:

- Which countries will have access to resources and based on which criteria;
- Whether the funds are distributed by country or project type;
- Whether funds are distributed for individual projects (as is currently the case under the GEF), for programmes, or even as budget support;
- Whether, or under what conditions, funds can be provided to Parties directly through direct access.

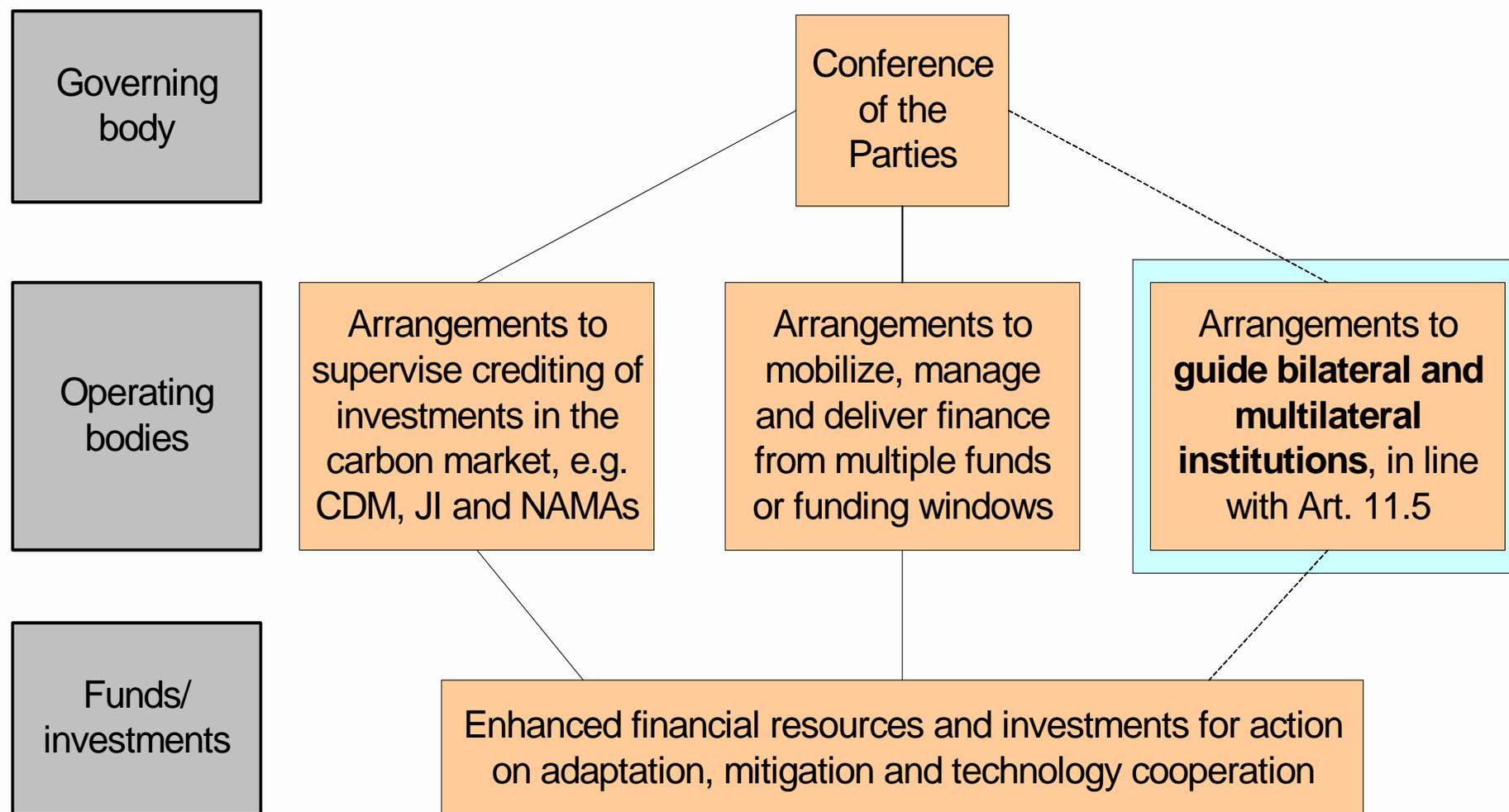
# Institutional Arrangement for the Provision of Financial Resources

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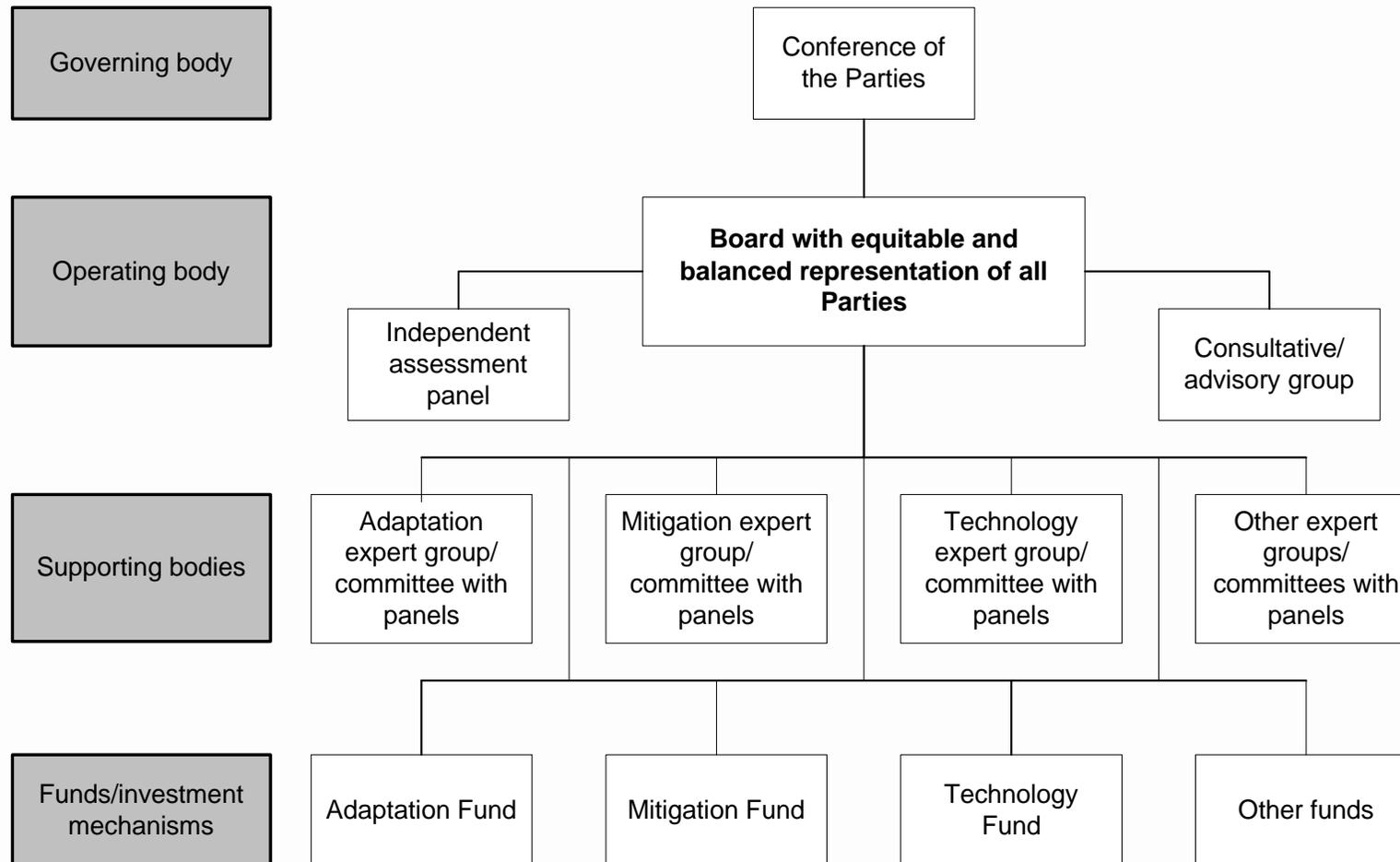
In order for Parties to agree on an overall financial framework,

- Many proposals have been submitted for the institutional arrangements to manage and deliver the funds
- What should be the principles underlying an overall financial framework?
- How can coherence be ensured in the proposed financial framework to provide new and additional financial resources and investment, through existing institutional arrangements and any new institutions that may be established?
- How should financial support for adaptation and mitigation provided through different bilateral, regional and multilateral channels be deployed in a way that supports nationally appropriate adaptation and mitigation actions?

# Possible Institutional Arrangements



# Institutional Arrangements – A Reflection of the G77 and China Proposal



# The Year Ahead ...

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<b>Dates &amp; Venue</b>	<b>Event</b>
<b>10 – 14 August</b> Bonn	<b>UN Climate Change Talks</b> Informal meetings of AWG-LCA and AWG-KP
<b>22 September</b> New York	<b>High Level Event on Climate Change at UN General Assembly</b>
<b>28 Sept. - 9 Oct.</b> Bangkok	<b>UN Climate Change Talks</b> Formal sessions: AWG-LCA 7 and AWG-KP 9
<b>2 to 6 Nov.</b> Barcelona	<b>UN Climate Change Talks</b> Resumed formal sessions: AWG-LCA 7 and AWG-KP 9
<b>7-18 Dec.</b> Copenhagen	<b>Climate Change Conference</b> Formal sessions: COP 15, COP/MOP 5 and AWG-LCA, AWG-KP, SBI, SBSTA

# Time is running!

