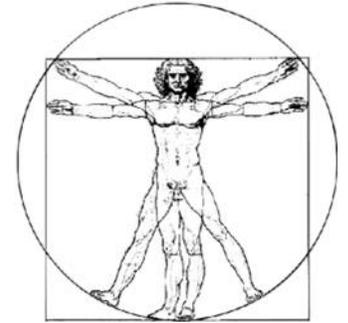


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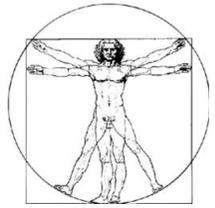
Predictability of Climate Finance under the Paris Agreement

ARTICLE 9.5 OF THE PARIS AGREEMENT AND THE NCG

Orlando Rey Santos

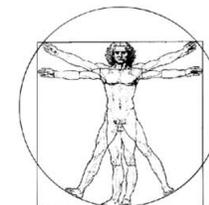
Cuba

for sustained capacity building in support of international climate change negotiations
pour un renforcement durable des capacités en appui aux négociations internationales
sur les changements climatiques



Part I: Introduction & Issues

The Cost of Ambition



European capacity building initiative echi

Languages ▾ Wednesday, August 8, 2018

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Climate Finance: The Paris Agreement's "Lifeblood"

By Friday Phiri

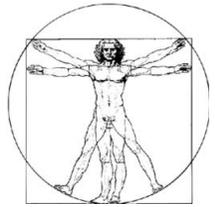
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UN Climate chief Patricia Espinosa making a point during a media roundtable. Credit: Friday Phiri

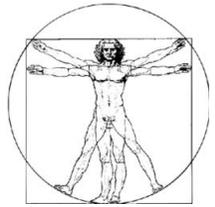
“Conditional Nationally Determined Contributions (NDCs) from developing countries in implementing the Paris Agreement are pegged at the cost of 4.3 trillion dollars to be achieved.”

Predictability of Climate Finance



- Allow long term planning and building scenarios.
- Creates trust and confidence among Parties.
- Intrinsically linked to the PA Work Programme (PAWP) and the implementation of the PA.

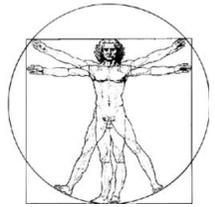
Relevance of ex ante communication for predictability



- To know the intended finance flows ahead of time
- Consistency and possibility of aggregation between communications
- Timeframes for communicating such information allows better planning

The lack of ex ante information impact on the predictability of the NDC and on the intention of enhancing ambition

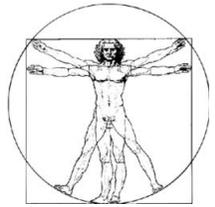
The PA predictability framework



Art. 9.5 PA Ex ante communication

“Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of this Article, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis”

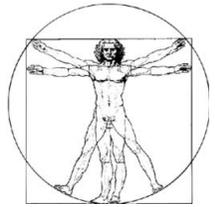
Relevance of the new collective goal



- To ensure the adequacy and predictability of climate finance.
- Differently to the \$100 bn, this new goal is to be set collectively as a result of a process that include a mechanism to take into account the needs and priorities of developing countries.
- Article 2.1.c of the Paris Agreement explicitly states that finance flows have to be made consistent with the global climate goal.
- To limit mean temperature increases to “well below 2° C” (referencing also a 1.5° C limit) already means that the scale of finance needed will in fact be much higher

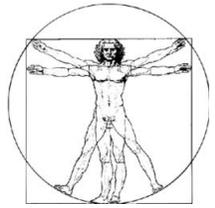
Declaring a number is not enough, the NCG is to come with a clear roadmap.

The need for an early process on the NCG



- The extension of the \$100bn goal to 2025 is already a flexibility from the developing country side in the negotiation of the PA, that is to be honored with an early engagement in the definition of the new goal.
- Need to start as soon as possible taking into account the experience with the previous goal, (adopted in Cancun 2010), with several years to translate from a pledge to a roadmap (COP 22 Marrakesh).

Implications of the difficulties of agreeing in a “predictability framework”



- In the negotiation process the reluctance to consider a proper framework for ex ante information and to start the consideration of a NCG, may be interpreted as a lack of commitments with the climate finance itself.
- The impression of a lack of commitment around these issues, may compromise reaching the balance outcome on the Paris Programme at COP 24

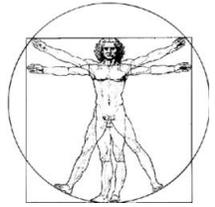
What does 'predictable' mean?

Timing

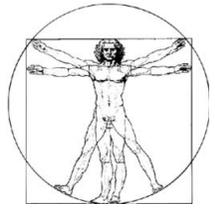
Scale

Reliability

Directionality

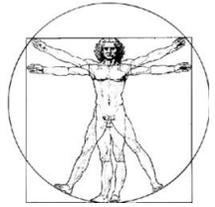


Is it possible “to predict” on Finance?



- Dilema between the need to provide adequate ex ante information and the capability to do so.
- How to deal with the legal constrains of the budgetary process?
- How much up front information is provided now?
- What margin exist of improving current systems?

Is it possible “to predict” on Finance? (cont.)

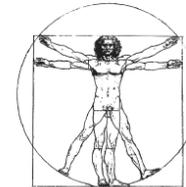


Despite limitations on information available, experience on ODA and multi-year commitments (GEF , GCF) suggest that it is possible to provide indicative information several years into the future, or at least to clarify contributions within defined replenishment cycles.

Some options have been considered in this regard:

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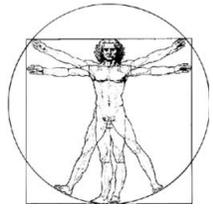
The Paris Predictability Problem

WHAT TO DO ABOUT CLIMATE FINANCE FOR THE 2020 CLIMATE AGREEMENT?

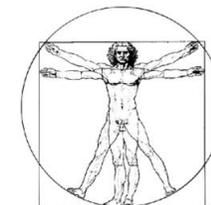
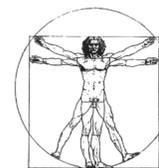
Think Piece¹

Benito Müller²

May 2015



Part 2: Solutions?



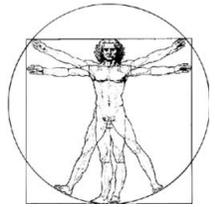
A PARIS REPLENISHMENT CYCLE

FOR CONTRIBUTIONS TO THE UNFCCC FINANCIAL MECHANISM

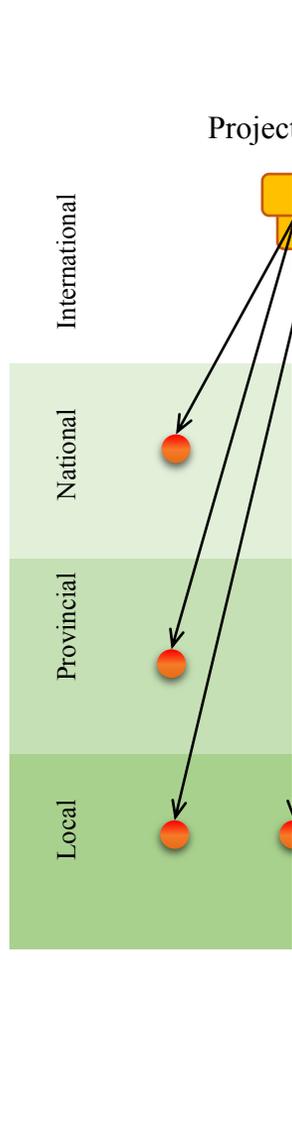
What happened in Paris?

In the final days of the Conference the LDC Group, supported by AOSIS, put forward the idea of a Paris Replenishment Cycle three times for inclusion in the Presidency's text, but to no avail. Initially, they asked for the establishment of such a joint replenishment cycle as complementing to the decision in the draft text that 'a significant share of new multilateral funding for climate change actions should flow through the Financial Mechanism of the Convention and the funds serving the Agreement' [para. 54 in draft Decision V2] – which incidentally also did not make it into the final outcome. The last attempt, at 1 a.m. on Saturday morning, the LDCs' request was merely for a COP decision to consider the idea at COP 22 in Marrakech, but that was also rejected.

Enhancing Complementarity: multilateral “wholesale” and “retail” funders



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Oxford Climate Policy – the blog

To initiate debates on international climate policy

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Whatever happened to the Paris Predictability Problem? (Part I)

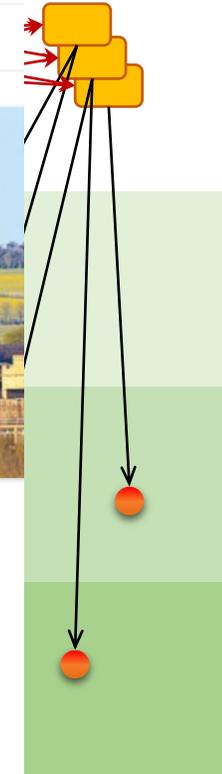
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The Paris Cycle-wreck: beyond (partial) salvage?

Benito Müller

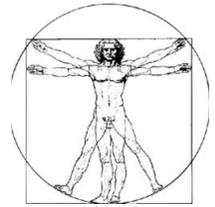
Project MIEs





**Bulgarian Presidency
of the Council of the European Union**

Informal Meeting of Environment Council (ENVI)



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Informal Meeting of Environment Council (ENVI): Roundtable (session 3)

Wednesday 11 April
Session III: International Climate
Negotiations and “Talanoa Dialogue” – the
way forward

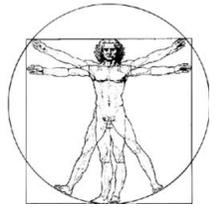
“The Commission would suggest that Member States **should seriously consider the replenishment of the climate funds under the Climate Convention, the Global Environment Facility, and the Green Climate Fund.** Our position on this issue will be very important for the negotiating dynamics at COP 24 and actions on these issues will have a positive impact which will be disproportionate to the relatively small funds that would be needed.”

Raffaele Mauro Petriccione,
Deputy Director General for Climate Action, European
Commission
(transcribed from webcast)

A Western Climate Fund

Innovative Sub-national Contributions to Multilateral Climate Finance

Concept Note, May 2018



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Funding Climate Justice: Advancing Sub-National Action on Multilateral Climate Finance

The University Club of San Francisco, 14 September, 10 – 12am