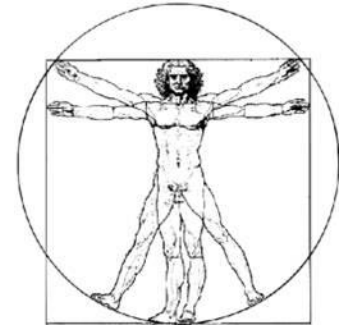


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Title: **Climate finance:** *key issues for Madrid*

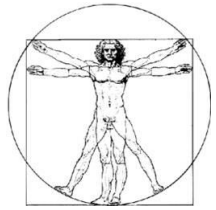
Sub-title

Author(s) **Mamadou HONADIA**

Affiliation(s) **Evans NJEWA** LDCs Finance Lead Coordinator

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

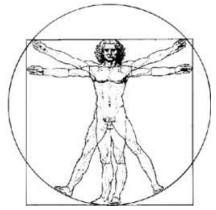
Overview



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- Background
- COP24 and SB50 update
- Finance items for COP25
- Issues to be addressed by COP25
- Potential positions
- Strategy for COP25
- Additional information

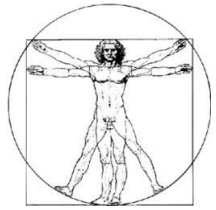
Background



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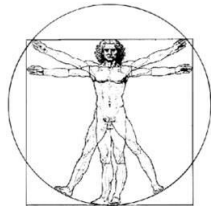
- ❖ The issue of finance has its origins in the UNFCCC in Art 4: Commitments.
- ❖ **Art. 4.3.** Developed country Parties and other developed Parties included in Annex II **shall provide new and additional financial resources to cover the full agreed costs** incurred by developing country Parties in fulfilling their obligations under Article 12, paragraph 1, **and shall provide the necessary financial resources to developing country Parties, including for the purpose of technology transfer, to cover the full agreed additional costs incurred in implementing the measures** referred to in paragraph 1 of this Article and on which a developing country Party has agreed with the operating entity or entities referred to in Article 11, in accordance with that Article. **The implementation of these commitments shall take into account the need for adequate and predictable funding,** as well as the importance of appropriate burden-sharing among developed country Parties.

Background



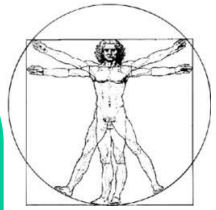
- ❖ Art. 4.4. Developed country Parties and other developed Parties listed in Annex II shall **also assist** developing country Parties that are particularly vulnerable to the adverse effects of climate change to **meet the costs** of their adaptation to such effects.
- ❖ Art. 4.5. Developed country Parties and other developed Parties listed in Annex II shall take all feasible measures to encourage, facilitate **and finance, as appropriate, the transfer of or access to environmentally sound technologies and know-how** to other Parties, and in particular to those of them that are developing countries, to enable them to implement the provisions of the Convention.....

Background



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- ❖ Finance has always been at the heart of international treaty debates on operationalization and implementation;
- ❖ The various treaties signed and ratified have provided for one or more Operating Entities in charge of the Financial Mechanism and adopted Decisions to enable their implementation;
 - ❖ GEF: Created in 1991 with the World Bank designated as the Trusty of the UNFCCC and the KP;
 - ❖ Later, in 2010, the GCF was established as the second operating Entity;
- ❖ Several Decisions invited or encouraged countries in a position to do so, existing institutions or organizations to provide support to developing countries to facilitate the implementation of the treaty.



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Private, CSO, Banks,
Municipalities, Research,
Fondations etc

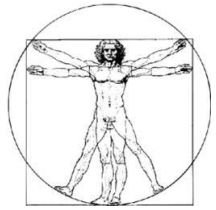
Functioning of the 3
Accords: Secreariat, travel,
Subs bodies, Consultations,
Workshops, Techn. doc,
Special Funds

FINANCE

Projects and programmes
Adaptation and Mitigation

2 Operating Entities: GEF
+ GCF

COP24 and SB50 Update



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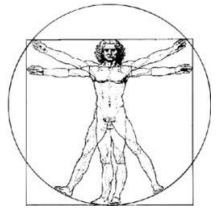
1. Ex-ante financial support (Art 9.5 of PA) - Types of quantitative and qualitative information that developed countries shall biennially communicate on the projected levels of public financial resources to be provided

- Vehicles for reporting agreed and reporting will start from 2020.
- Information categories that will be reported will be reviewed and updated in 2023, and will inform the Global Stocktake

2. Ex-post financial support provided and mobilized (Article 9.7 of the PA)

- Under the Transparency Framework, Parties agreed on information to be provided on financial support **provided, mobilized**, and on financial support **needed and received**.

COP24 and SB50 Update

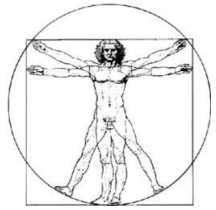


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3. **Adaptation Fund** to start serving the Paris Agreement as of **1 January 2019**

- Under the guidance of, and be accountable to, the CMA with matters related to the PA and to continue serving **both the Paris Agreement and the Kyoto Protocol** until the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available.
- AF to serve exclusively the PA once the share of proceeds under **Article 6.4 of the PA** becomes available.
- **Sources of funding** for the AF will be share of proceeds from Article 6.4 of the PA and a variety of voluntary public and private sources.

COP24 and SB50 Update



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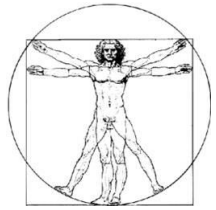
4. The Standing Committee on Finance (SCF), every 4 years, was requested:

- to prepare a report on **determination of the needs of developing countries** related to the implementing the Convention and the Paris Agreement for the COP's and the CMA's consideration **starting from November 2020.**
- to map the available information relevant to **Article 2, paragraph 1(c), of the Paris Agreement (financial flow => low carbon emissions activ. and CC resilient programmes)**

5. Green Climate Fund

- The first formal **replenishment process of the GCF was launched** end of last year with the aim to conclude the process by October 2019. **Hopefully US \$ 9,658 billions**

COP24 and SB50 Update



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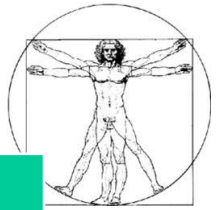
6. Long-term Finance (LTF)

- In-session workshops on topics of **effectiveness of climate finance**, and the **provision of financial and technical support** in relation to holding the temperature increase to 2/1.5 degrees.
- Summary reports to be forwarded to the COP for its consideration.

7. New collective quantified goal on finance

- Parties agreed to **initiate the discussion at CMA 3 (November 2020)** on setting the new collective quantified finance goal from a floor of US\$100 billion per year to support developing countries. Parties should aim to take a decision at CMA 7 (2024).

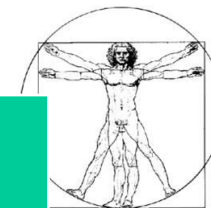
Finance Items for COP25



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Agenda number	Agenda item	
COP 8 (a)	Long-term climate finance	COP will consider Secretariat's report
COP 8 (b)	Matters related to the SCF	COP will consider report
CMA 6 (a)		CMA will consider draft guidance
COP 8 (c)	Report of the GCF to the COP	COP will provide guidance on PPP
CMA 6 (b)		CMA will provide guidance on PPP
COP 8 (d)	Report of the GEF to the COP	COP will consider report
CMA 6 (c)		
CMA 8 (d)	Matters related to the Adaptation Fund	CMA will consider recommendation of CMP rules/procedur

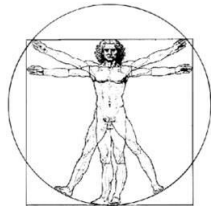
Finance Items for COP25



Agenda nber	Agenda item	
SBI 14	Matters related to Adaptation Fund: Membership of the AFB	SBI will consider AFB membership and recommend to CMP
SBSTA 11 (c)	Common tabular formats for the electronic reporting of the information on financial, TT and CB support provided and mobilized as well as support needed and received	SBSTA will recommend CMA3 proposal on common tabular format
SBI 4 (c)	Provision of financial and technical support	SBI continue consideration and agree on further actions
COP 16 (c)	Programme budget for the biennium 2020–2021	To adopt the draft Dec

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Issues to be addressed by COP25



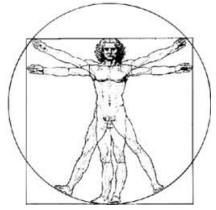
Adaptation Fund

- The AF Board to make recommendations on **rules of procedure of the Board, arrangements of the AF with respect to the PA and implications of the AF receiving share of proceeds from activities under the KP** when the AF serves the PA.
- AFB has drafted the recommendations for consideration by CMA2 and CMP15 – eg. arrangements with trustee.

Long-term Finance

- Summary reports from the LTF in-session workshop will be considered at the COP.

Potential positions

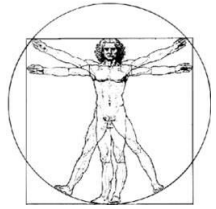


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Adaptation Fund

1. Current Board composition of the Adaptation Fund Board should be retained with more developing country members.
2. Developing Country Parties must ensure that no major governance and policy changes in the Adaptation Fund which affects its nature and uniqueness are approved.
3. Securing a meaningful outcome on **Article 6** so that share of proceeds from the **cooperative approaches (Art 6.2) and market mechanism established under Art 6.4** of the Paris Agreement are effective to feed the Adaptation Fund.

Potential positions



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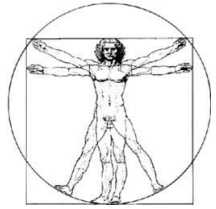
Transparency of Support

1. Importance of Parties being as **transparent** as possible when reporting on the **underlying assumptions, definitions and methodologies**.
2. Need for **scaled up financial and technical support** to build lasting capacity for LDCs to report on finance received and needed.

Determination of Needs

1. Ensure that the report focuses on the quantitative and qualitative information **of the actual** needs of developing countries (mitigation, adaptation, L & D, TT and CB) and not a focus merely on modalities for assessing the needs.

Potential Strategy for COP25 and Beyond



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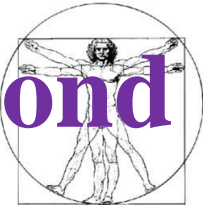
Guidance to the GCF and GEF

1. Identify critical challenges that PED face with regards to accessing the GCF and GEF and ensure that proper guidance is given to the OEs of the Financial Mechanism.

Adaptation Fund

2. Push additional sources of finance for the AF to include market mechanism established under Art 6.2 in addition to 6.4 of the Paris Agreement.

Potential Strategy for COP25 and Beyond



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Article 2.1 (c)

3. It is important to better understand what different group's concerns are with regards to Article 2.1 (c) and how it can be operationalized.

4. Ask PED to identify needs around Article 2.1 c .

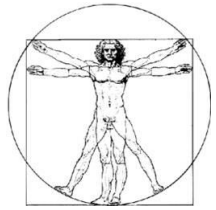
Standing Committee on Finance

5. Strengthen and enhance engagement with the SCF and in particular on the determination of needs, the SCF Forum and the Biennial Assessment.

6. Assess how far Annex I Parties strive to achieve the collective goal of \$ US100 billion.

7. Provide a definition on climate finance.

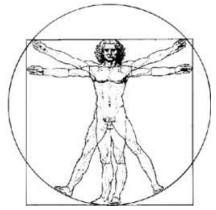
Recent informations



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- **GCF - Around US\$ 7.5 billion pledges** made including pledges made before the UN Summit.
- GCF pledging conference will take place on Oct 24-25 in Paris and the GCF Board will endorse the replenishment outcome and policies for contributions at GCFB 24 in November 2019.
- **LDCF:** Belgium 15 million Euros; Sweden 55 million USD at the Climate Summit.
- **Adaptation Fund:** Sweden USD 55 mln, Quebec USD 3 mln, Spain USD 2 mln at the Climate Summit.

Recent informations



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- **AFB34** approved some concepts and project proposals from a number of LDCs including Malawi, Benin, Congo, Rwanda, Senegal, Tanzania, Gambia, Viet Nam, Djibouti, Sudan, Uganda, Cambodia, Lao People's Democratic Republic, Angola, Burkina Faso, Guinea, Liberia, Mali, Niger, Sierra Leone, Togo.
- AFB34 initiated policy shift discussion on raising country cap from 10 to 20 USD, and expansion of countries to have more than 1 national implementing entity – to be concluded at AFB 35 March 2020

