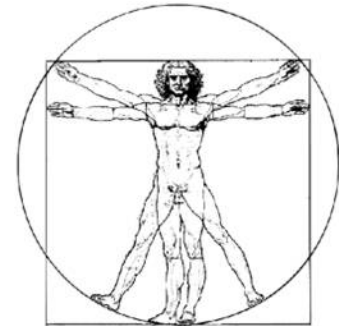


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The Past, Present and Future of the Collective Quantified Goal for Climate Finance

PARAGRAPH 53 OF DECISION I/CP.21

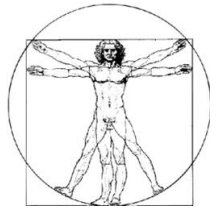
Presentation given at the 2018 ecbi Oxford Fellows Colloquium,

Benito Müller

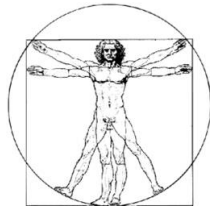
Director ecbi

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

PARAGRAPH 53 OF DECISION I/CP.2I

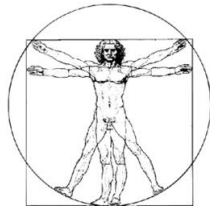


Also decides that, in accordance with Article 9.3, developed countries intend to continue their ***existing collective mobilization goal*** through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior to 2025 ***the CMA shall set a new collective quantified goal from a floor of USD 100 billion per year***, taking into account the needs and priorities of developing countries;



The Past

The Genesis of the \$ 100 Billion



17 December 2009

Clinton's \$100-billion Copenhagen bombshell leaves China in role of spoiler

Good COP: Hillary breathes new life into a global deal that the Chinese had been saying can't be done

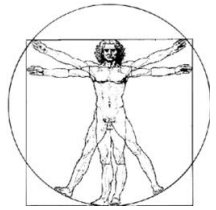
JOE ROMM DEC 17, 2009, 1:21 PM

And today I'd like to announce that, in the context of a strong accord in which all major economies stand behind meaningful mitigation actions and provide full transparency as to their implementation, the United States is prepared to work with other countries toward a goal of jointly mobilizing \$100 billion a year by 2020 to address the climate

We expect this funding will come from a wide variety of sources, **public and private**, bilateral and multilateral, including **alternative sources** of finance.

significant focus on forestry and adaptation, particularly, again I repeat, for the poorest and most vulnerable among us.

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Climate change

Gordon Brown puts \$100bn price tag on climate adaptation

Prime minister attempts to move stalling political talks on global warming away from targets and towards the cost of mitigation

David Adam, *environment correspondent*

Fri 26 Jun 2009 15.11 BST



🕒 This article is over 9 years old



▲ Flooding in Bangladesh: The annual \$100bn falls well short of what developing nations have demanded in climate funding. Photograph: Hassan Bipul/DFID

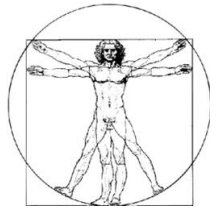
Gordon Brown today attempted to seize the political initiative on climate change by calling for rich countries to hand over \$100bn (£60bn) each year to help the developing world cope with the effects of global warming.

In a speech at London zoo, the prime minister said the cash offer was intended to break the political stalemate over a new global deal on greenhouse gas emissions. He said the "security of our planet and our humanity" rested on such a treaty being agreed at key UN negotiations in Copenhagen in December.

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26 June 2009

Gordon Brown's Roadmap to Copenhagen Speech



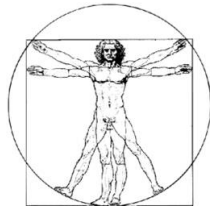
Friday 26 June, London Zoo

Today I want to make a proposal which I hope may advance the discussion among both developed and developing countries and help us move forward towards agreement in Copenhagen.

The private sector has a crucial role to play ... But public finance will also be needed. So I want to propose a new **international partnership on public finance for climate change** ... governed by four principles:

- **Equity** of contribution and allocation.
- **Additionality.**
- **Predictability.**
- **Shared governance.**

Gordon Brown's Roadmap to Copenhagen Speech



Equity

- Leading developing countries “can also make a contribution to the actions taken by the least developed”
- Finance for adaptation should go to the poorest and most vulnerable countries, while monies for mitigation should go to countries on the basis of cost-effective emissions reductions.

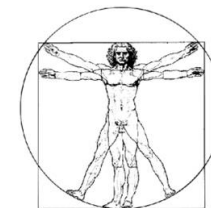
Additionality: Ceiling on climate ODA

- In the UK we will **limit such expenditure to up to 10% of our official development assistance**. And we will work towards this limit being agreed internationally.

Shared governance.

- We must move from a project focus to one which helps developing countries transform their economies and societies as a whole.
- Critically, such institutional reform needs to **shift the balance of power in current governance structures. Developing countries need a stronger voice**. And we need a **country-led approach** where finance is delivered in support of nationally-determined plans.

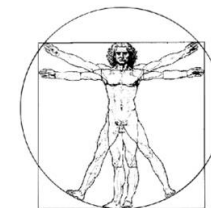
Gordon Brown's Roadmap to Copenhagen Speech



Predictability.

- Tackling climate change requires long-term investment, whether in mitigation or adaptation. **Developing countries need to be able to plan and implement their low carbon and climate resilient development programmes in the knowledge that there will be finance for them. That requires predictable and adequate long-term financial flows.**
- So the British government would be willing to support an international mechanism for the **setting aside and auctioning of a small percentage of national emissions allowances, as Norway has proposed.** Where countries do not feel able to participate in such a scheme, we would want to see **comparable domestic legislation to provide predictable and adequate finance.**
- And I believe we should also explore other potential means of raising finance internationally. For example, it is important that **aviation and maritime emissions** are brought into the Copenhagen agreement, and **the mechanisms for reducing emissions in these sectors could also potentially yield revenues for climate financing.**

Gordon Brown's Roadmap to Copenhagen Speech



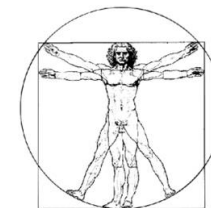
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The Proposal

- So today I propose we take a working figure for this purpose of around **\$100 billion per annum by 2020**. I believe the mechanisms I have set out are capable of raising at least this sum - and it is a credible number against which countries can develop their plans.
- It would come, as I have set out, from a combination of the **carbon market, new and additional sources of predictable finance** and a **limited amount of development aid**.

Gordon Brown's Roadmap to Copenhagen Speech

Analysis: 1. The Carbon Market (Norwegian Proposal)



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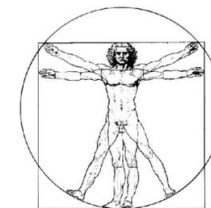
The slide features a light beige background. At the top left, there is a red square with the word "norway" in white lowercase letters. Below this, the text "CLIMATE CHANGE - FINANCE" is written in bold red uppercase letters. Underneath that, in smaller black uppercase letters, is "NORWEGIAN PROPOSAL: Presented at 2008 ecbi Oxford Seminar". The central part of the slide is a photograph of a forest with many thin, white-barked trees (likely birches) and a ground covered in dry, brown grass or fallen leaves. At the bottom of the slide, there is a small blue logo of the Norwegian Ministry of Foreign Affairs, which consists of a stylized lion, followed by the text "NORWEGIAN MINISTRY OF FOREIGN AFFAIRS". In the bottom left corner, there are small navigation icons: a left arrow, a right arrow, and a refresh/circular arrow icon.

Withhold and auction at the international level a (small) portion from national quota allocation (AAUs)

- 2 % of 1990 Annex I emissions, current (2008) carbon price = **USD 14 billion**
- 2% of 2020 Annex I – 30%, carbon price USD 100/ton = **USD 23,2 billion**

Gordon Brown's Roadmap to Copenhagen Speech

Analysis: 2. “New and additional sources of predictable finance”

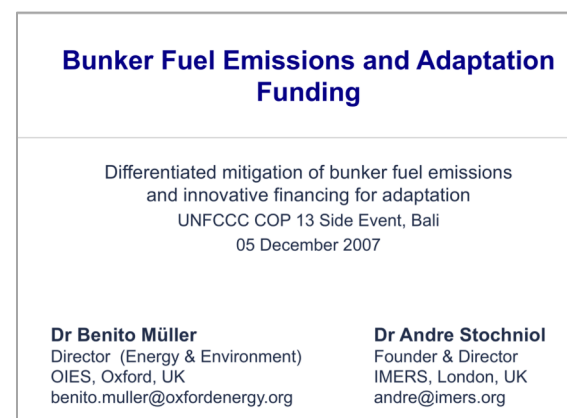
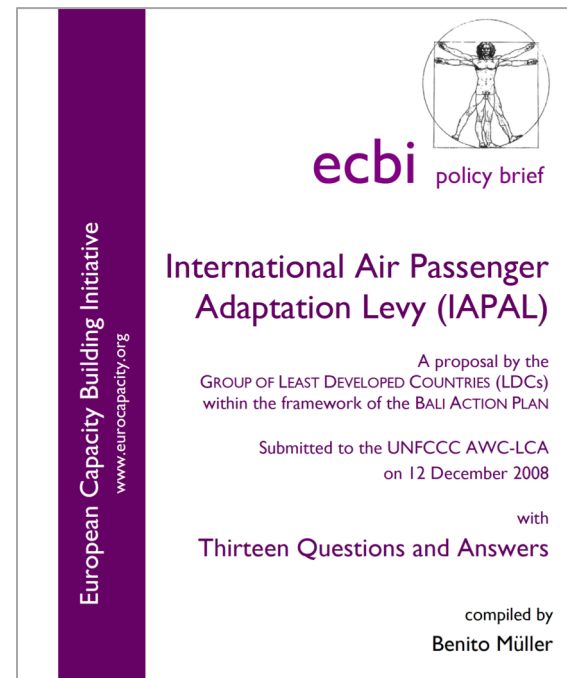


International Air Passenger Adaptation Levy (IAPAL):

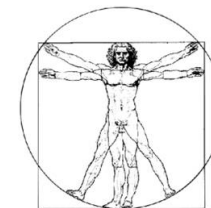
- ❖ An average levy of €/£5 per ticket would generate around **€/£10 billion p.a.**
- ❖ A 2 percent levy — assuming an average ticket price of €/£ 200/500 — would generate **€/£ 7.6/19 billion annually.**

International Maritime Emission Reduction Scheme (IMERS)

- ❖ **US\$ 4 billion p.a.**



Gordon Brown's Roadmap to Copenhagen Speech



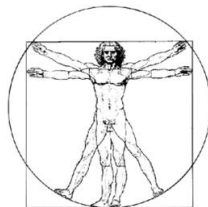
Analysis: 3. “Limited amount of development aid”

❖ 2009 DAC (OECD) = US\$114 billion; 10% = **US\$ 11 billion**

Analysis: Summary

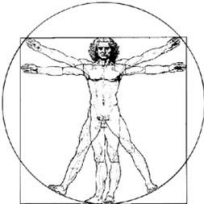
| Source | USD billion |
|-------------------------------------|-------------|
| 50% of IATAL | 4 |
| 50% of IMERS | 2 |
| Norwegian Proposal (average) | 19 |
| 10% ODA | 11 |
| Total | 36 |
| Reminder (diff. to USD 100 billion) | 44 |

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The Present

Public Sector Climate Finance: Status Quo



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United Nations
Framework Convention on
Climate Change

Summary and recommendations
by the Standing Committee on
Finance on the 2016 biennial
assessment and overview of
climate finance flows

2013-14 average

USD billion

Bilateral ODA (18%)

25

Other

16

Total

41

Climate-related development finance in 2013-14

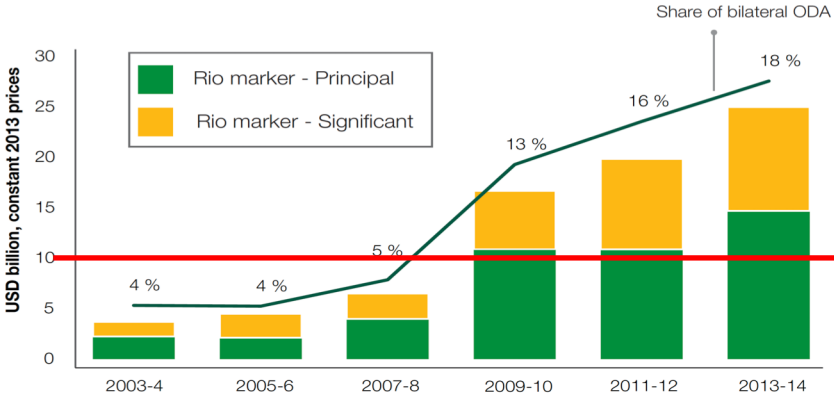
OECD Development Co-operation Directorate
Paris, November 2015

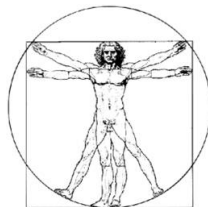


THE DEVELOPMENT ASSISTANCE COMMITTEE
ENABLING EFFECTIVE DEVELOPMENT



Bilateral climate-related commitments reached USD 25 billion on average per year in 2013-14, representing 18% of total bilateral Official Dev. Assistance (ODA).

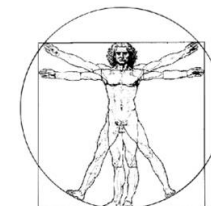




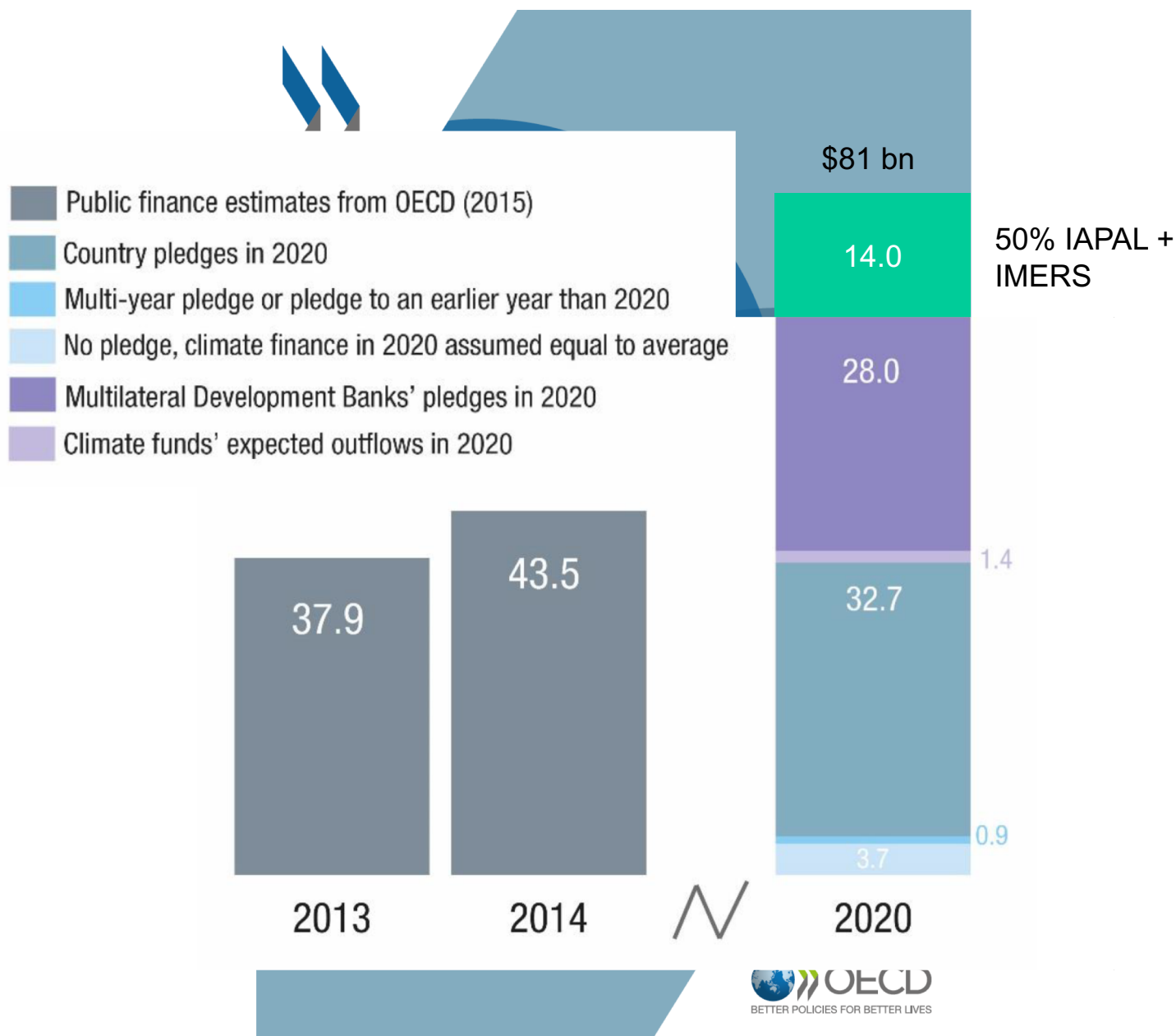
ecbi initiative building capacity european

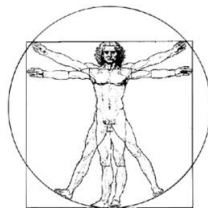
The Future

Public Sector Climate Finance: 2020



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Thank You!

Projection of climate finance in 2020

Public finance

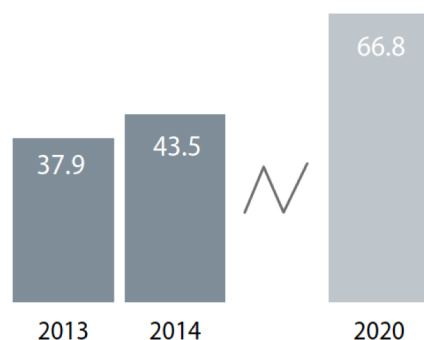
The analysis distinguishes two main components:

- 1 Bilateral pledges, including contributions (inflows) to specialised United Nations Bodies and to the Green Climate Fund.
- 2 Multilateral pledges from MDBs and expected outflows from multilateral climate funds attributable to developed countries.

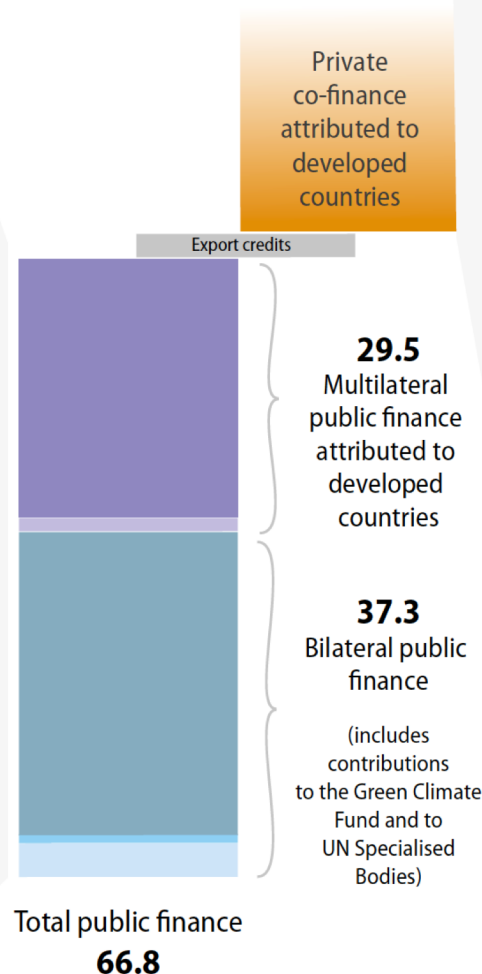
The projection takes as a starting point the methodological framework used in OECD (2015) to produce estimates of climate finance in 2013-14. It takes into consideration the different channels through which developed countries' climate finance can flow to developing countries, while taking the necessary analytical steps to avoid double counting.

Comparison of public pledges to historical levels of climate finance

On the basis of public pledges expressed to date, developed countries are projected to increase the levels of public climate finance – bilateral and multilateral – to close to USD 67 billion by 2020 compared to almost USD 38 billion in 2013 and close to USD 44 billion in 2014.



Projected public finance based on pledges as of September 2016 (USD billions)



Private finance mobilisation potential

Future levels of private finance mobilised by developed countries for climate action in developing countries will depend not only on the level of total public finance (P), but also on:

- A The share of projects with a direct private finance mobilisation potential in the portfolios of bilateral and multilateral actors.
- B The ratio between (attributed) private finance mobilised and public finance provided in such projects, which is affected by a range of factors including policy and broader enabling environments.

If every dollar of developed countries' projected public finance in 2020 mobilised private finance on average in exactly the same proportion as every dollar of public finance did in 2013-14, the projected amount of private finance would be USD 24.2 billion. Such an amount could in practice result from different public finance portfolios, in which for example:

- 75% of projects (A) mobilise private finance with an average ratio of 0.48 (B), the remaining 25% do not mobilise directly.
- 50% of projects (A) mobilise private finance with an average ratio of 0.72 (B), the remaining 50% do not mobilise directly.

- Multilateral Development Banks' pledges in 2020
- Climate funds' expected outflows in 2020
- Country pledges in 2020
- Multi-year pledge or pledge to an earlier year than 2020
- No pledge, climate finance in 2020 assumed equal to average in 2013-14