Financing Convention Implementation

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UNFCCC Convention

- Common but differentiated responsibilities underpins Convention.
- Article 4.3: “Developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs”
- Binding internationally negotiated commitments of state parties which must be respected.
- Repay climate debt:
  - Commit to reduce their domestic emissions by 50% by 2017;
  - Apply the difference between their total and domestic commitment as the basis for assured funding for developing countries.

Scale of Financing

- 2009 UN Department of Economic and Social Affairs' estimated $500 - $600billion annually.
- Current negotiations are dismantling the global climate regime and risk a 5 degree C rise in global temperatures.
- All estimates will need to be revised upward without significantly increased developed country mitigation.

Fast Start Finance

- *Approaching* ***USD 30 billion for the period 2010–2012, with a balanced allocation between adaptation and mitigation***

- Fast-start finance neither new, additional or real
  - May 2011, developed countries reported pledges to the UN totaling $28 billion in short-term finance.
  - Recent report estimated only $16.2 billion of the $30billion has been promised and a mere $12 billion has been allocated in national budgets.
  - 45% has been ‘committed’, 33% ‘allocated’ and only about 7% has been ‘disbursed’ for activities in fast-start finance

- No 2013 Finance on the table

New and Additional?

- ‘New’ money to mean fast-start finance had not been pledged or planned before Copenhagen when the pledge was made
- ‘Additional’ refers to financial resources raised for climate change should come in addition to funding developed countries provide towards progress in meeting their development aid commitments
- Figures up to early September 2011 indicate that less than $3bn are “additional”
- Lack of transparency and accountability in verifying fulfillment of pledges: lack of reliable and objectively verifiable data; very different benchmarks and baselines

Cancun’s $100 Billion Goal

- Cancun decisions: $100 billion per year mobilized by 2020, but does not state whether this will come from developed countries or from the carbon markets.

- In previous proposals, the EU said that 40% of their proposed $100 billion Euros would come from developing countries, 20-40% from carbon markets, and 20-40% from public sources, including “innovative sources” to which developing countries would contribute.

- Consistent with this, the Cancun outcome frames developed countries’ finance responsibility as a “goal” to “mobilize” from “a variety of sources”. It does not, in fact, guarantee a single cent of “new and additional” finance from the developed countries.

- $100 billion is an arbitrary, political figure that is based neither on need nor on equity.

- Durban risks establishing a $100 billion ceiling on developed countries’ responsibilities, while guaranteeing no particular amount of funding to developing countries.

Innovative Finance Summary

- Financial Transactions Tax – $650 billion/year
- Special Drawing Rights – $250 billion/year
  - ~$165 immediately available from 2009 release
- Maritime - $4-9 billion/year
- Aviation Levy – $9.5 billion/year
- US Fossil Fuel Subsidies - $4-51billion USD/year
- Shift military spending
- End tax evasion

Design of the GCF – Key Issues

- Role of the private sector
- Accountability to COP
- Direct Access with robust safeguards
- Legal Status

Role of the GEF in Climate Finance

- GEF does not ensure equitable and balanced representation of all parties within a transparent system of governance.
- GEF not under the authority of the UNFCCC COP and remains contingent upon donor contributions.
- GEF under the guidance of the COP, but the guidance is interpreted by the GEF trust fund committees and implemented according to their interpretation.
- Inefficiency and inequity in fund distribution – especially with regards to the least developed countries and small island developing states.
- No direct access (yet) and high administrative costs.

Conclusion

- Current actual committed financing as well as pledges are insufficient.
- Financing needs will increase relative to low mitigation ambition.

- Climate finance is not developed country export and job creation opportunity!