

Climate finance

CIDSE position paper for the UNFCCC 'COP 18' summit in Doha, Qatar

CIDSE is an international alliance of Catholic development agencies working with partners in the South, whose mission is to reach out to the most vulnerable, and to ensure they live in dignity and justice. To this end, the delivery of international climate finance for developing countries to cope with the impacts of a changing climate and to support low carbon development is crucial. **We are calling on developed countries to fulfill their commitment made in Copenhagen to deliver \$100bn of climate finance per year by 2020, and to fill the Green Climate Fund (GCF) so it can start disbursing funds as soon as it is fully operational. Developed countries must give clarity on how they intend to scale up climate finance, starting 2013 up to the 2020 goal.**

COP 18 is a key moment for the international community to start building a 2015 deal that needs to be fair, ambitious and legally binding, if we are to stay below a 2 to 1.5°C increase in global temperatures as science demands. Such joint effort can only happen in a trustful and fair way if developed countries lead the talks by delivering on their previous commitments on finance and by showing ambition in closing the emissions gap. Finance is a building block of the global climate regime, therefore it should not be used as a bargaining chip to put additional pressure on developing countries, especially when a large number of them have already submitted voluntary pledges that are at least as ambitious as those submitted by many developed countries.

Therefore, CIDSE urges developed country parties present at COP 18 to the following:

Regarding the \$100bn commitment:

- **Fulfill their commitment to deliver \$100bn per year by 2020, and provide a roadmap for scaled up climate finance from 2013 to 2020.** With Fast Start Finance (FSF) coming to an end a few weeks after COP 18, developing country parties will need assurance that finance will not cease nor decrease after 2012. They need to be given guarantee that there will be scaled up predictable and reliable finance, which is new and additional to development aid, to support their adaptation and mitigation needs. The Work Programme on Long Term Finance has been a first step towards identifying a roadmap and clear sources of international climate finance. This is a step on which Parties must build up to come to clear decisions in Doha.
- **Commit to a 2013-2015 public finance package** that no less than doubles the amount of the Fast Start Finance period and ensures early and rapid progress towards the \$100bn goal and that includes \$10-15bn in new public finance for the GCF over the same period.
- **Strengthen the commitment of a balanced allocation of the funds between adaptation and mitigation**, building on lessons learned from Fast Start Finance where adaptation has been globally underfunded¹, despite the importance and urgency of the needs.

¹ Concord, Aidwatch 2012, PP. 27-28.

Regarding the sources for climate finance:

- **Meet the \$100bn commitment exclusively from public sources**, notably through budgetary contributions and innovative financing, in order to secure funding for specific needs such as adaptation, especially for Least Developed Countries (LDCs) and to leverage and incentivize the shifts in private sector investments. Indeed, most assessments, including those presented at the workshop of the Work Programme on Long Term Finance, show that the scale of the adaptation and mitigation needs will be several times higher than the \$100bn², therefore private finance will have to play a role in the delivery of the amounts needed. But private finance cannot be counted as contributing to developed countries' \$100bn commitment.
- **Take concrete decisions and actions on innovative financing mechanisms as a source of international public finance.** The financial transaction tax is one of the promising innovative sources that could generate funds for climate finance. The progress towards the establishment of such a tax under Enhanced Action of 11 EU Member States must be further strengthened at COP 18, and parties must commit to allocate a significant share of the revenues raised to international climate finance through the Green Climate Fund.
- **Parties should send the International Maritime Organisation (IMO) a clear signal to develop a shipping scheme** that respects and reconciles the relevant principles of both the UNFCCC and IMO, i.e. one that is universally applicable but also respects the principle of Common But Differentiated Responsibilities (CBDR). Using revenues raised for climate finance, with a rebate for developing countries, is a way to ensure the latter, with these revenues channeled through the GCF.
- **Further define the role that private finance can play towards international climate finance needs and frame it with strong social, environmental and human rights safeguards, governing and accounting rules.** Notably, what constitutes "mobilization" and "leverage", and how leverage is calculated are unresolved, complex topics and must be further elaborated.

Regarding the Green Climate Fund:

- **Commit to start capitalising the Green Climate Fund over the next three years.** The Green Climate Fund as the operating entity of the financial mechanism of the Convention has been set up to channel international climate finance to countries that need it the most, and to maximize the use of finance flows. The fund will not be able to play such a role, and risks to lose its credibility, if it is not filled with money. An initial capitalization of the fund for the period 2013 to 2015 is a first step needed to ensure it will be able to disburse money at the moment it is operational, so as to address the most urgent needs.
- **Make the Green Climate Fund rapidly operational, so it becomes the primary channel of international climate finance by 2020.** Countries must notably agree in Doha on the institutional linkages between the COP and the GCF board.
- The adaptation window under the GCF should build on the experience of the Adaptation Fund and **adopt direct access, grant base, full financing, country driven, gender sensitive, participatory and transparent approach in financing adaptation for developing countries, communities and ecosystems.**

² IEA, 2009. *World Energy Outlook 2009*, at 9 ("On an annual basis, global additional [energy infrastructure] investment needs reach \$430 billion (0.5% of GDP) in 2020 and \$1.2 trillion (1.1% of GDP) in 2030."); World Bank, 2010. *World Development Report 2010: Development and Climate Change*, at 6.1 ("Over the next 20 years, mitigation in developing countries could cost \$240-600 billion a year, and adaptation \$10-90 billion a year.").

- In addition to the COP decisions it is crucial that the GCF board makes the fund operational in a way that allows country ownership, civil society engagement through inclusive and transparent participation processes and direct access to climate finance.

Regarding reporting and accounting:

- **Agree on improving existing guidelines and develop a common framework to measure, report and verify delivery of financial support**, including at the project level, to enhance accountability and comparability. The methodology should ensure that financial information is measured and reported in a consistent, timely, comprehensive and publicly accessible manner. It should establish a common metric for “additionality”.
- **Agree that for loans, guarantees, or other non-grant financial instruments through which public funds may be channeled, only the grant equivalent should be counted toward the public contribution.** Parties must also highlight that adaptation needs should be supported by grant-based, public sector funding only.

Regarding the space for climate finance in the UNFCCC:

- **Give clarity on where the negotiation on 2020 finance will continue beyond the closure of the working group on Long-term Cooperative Action (LCA).** It is essential to guarantee a proper negotiating space where finance for adaptation and mitigation will be discussed, space that must be given the necessary political attention.

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More about CIDSE in Doha via www.cidse.org/cop18



CIDSE Members



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