

Developing countries bring up problems over climate funds

Bonn, 1 June 2010 (Meena Raman) – At the opening plenary of the climate talks in Bonn, developing countries expressed difficulties in accessing funds from the Global Environment Facility and lamented the slow progress in scaling up funds to address climate change.

The climate talks in Bonn began on 31 May with the opening on Monday of the 32nd session of the Subsidiary Body on Implementation (SBI) of the United Nations Framework Convention on Climate Change (UNFCCC) as well as the Kyoto Protocol.

The 32nd session of Subsidiary Body for Scientific and Technological Advice (SBSTA) also opened on Monday.

(These bodies are the subsidiary bodies of the UNFCCC and the Protocol, which provide advice to the Conference of Parties and forward draft decisions for its consideration and adoption).

The other two subsidiary bodies – the Ad-hoc Working-Group on Long-term Cooperative Action (AWG-LCA) and the Ad-hoc Working Group further commitments under the Kyoto Protocol (AWG-KP) will have their first their meetings on Tuesday, 1 June.

At the opening of the SBI chaired by Robert Owen Jones of Australia, **Ambassador Abdulla Mohammed Alsaidi of Yemen, speaking for the G77 and China** reiterated the difficulties developing countries were facing in receiving technical and financial support on national communications. Predictability of funding and the provision of the agreed full costs for the preparation of national communications for developing countries are crucial, he said.

(A national communication is a report that each Party to the Convention prepares periodically to provide information about the national inventory of greenhouse gases emissions and a description of the

steps taken or envisaged to implement the Convention.)

The Group also underlined that as Parties deliberate on the future of the financial architecture of the Convention the developing countries continue to undergo suffering from the adverse impacts of climate change. At the same time, the Special Climate Change Fund and the Least-developed Countries Fund remain greatly underfunded. Alsaidi called for more contributions to these funds and in relation to the LDCF, the suppression of the requirement for co-financing for the projects under them.

The G77 and China noted the results of the 5th replenishment of the interim operating entity of the financial mechanism, the Global Environment Facility (GEF) and said that the pledges barely exceed those of the 4th replenishment, taking into account the rollover funds from one replenishment to another. Meager results were likewise obtained at the recent meeting of the GEF Assembly, said the Group.

Alsaidi said that these developments will inform the ongoing review of the financial mechanism of the Convention and that the Group would work to undertake appropriate action that would reinvigorate a financial mechanism that would be an effective channel for the implementation of commitments for financial resources.

The G77 and China also welcomed the progress made in the operationalisation of the Adaptation Fund under the Kyoto Protocol, recent contributions made to it and in particular the start of direct access procedures by the Adaptation Fund Board. It said that there would then be an initial review that would assess the effectiveness of the Fund, including the interim institutional arrangements.

Referring to the upcoming climate conference in Cancun in December, the G77 and China requested that any logo, poster or any other material to appear in the Conference premises and on the official websites of the host country and the UNFCCC Secretariat should be designed to give equal treatment to the 16th session of the Conference of Parties under the Convention and the 6th session of the Conference of Parties serving as the meeting of the Parties of the Kyoto Protocol to avoid any confusion whatsoever as to the non-existence and no-continuation of the Kyoto Protocol.

The Solomon Islands, speaking for the Alliance of Small Island States (AOSIS) observed that there were several items in the agenda of the SBI that were similar to that of the work of the AWG-LCA. Hence, it was necessary to clearly identify what items were under the respective bodies.

It also welcomed the work of the Adaptation Fund Board and said that it was a useful model for considering the financial architecture being discussed under the AWG-LCA.

While welcoming the replenishment of the GEF, Solomon Islands said that most of the members of AOSIS were not able to access the GEF resources. While there were significant changes proposed during the recent GEF assembly, it said that these changes could hardly be called reforms. It welcomed additional reforms of the GEF.

Lesotho, speaking for the Least-developed countries said that it had been nearly 10 years since the consideration of the LDC work programme. It wanted to see full implementation especially of the National Adaptation Programmes of Action (NAPAs). While all LDCs have completed their NAPAs, the level of funding for implementation is far from being adequate. It said that close to USD 2 billion was needed to fully implement the NAPAs. Lesotho also said that existing procedures for accessing finance need revamping. The concept of co-financing is not appropriate. The time for processing NAPAs also needed a closer look.

Democratic Republic of Congo, speaking for the African Group, lamented the slow progress in the Special Climate Change Fund. Immediate steps must be taken to operationalise the Fund with sufficient funds.

Bolivia drew attention to the report provided by the Secretariat on the GHG inventories of Annex 1 Parties. It said that the report showed that

developed countries have increased their emissions by over 11%. This was a serious concern and it called on Parties to work with greater commitment and to comply with the provisions of the UNFCCC and the Kyoto Protocol. It said that the report showed the need to think of consumption patterns and unlimited growth and overexploitation of nature and Mother Earth, which generates wealth for a few countries. Bolivia also noted the rise in the number of clean development mechanism projects. It said that this increase in CDM did not lead to reduction in GHG emissions and showed that market mechanisms could not resolve the problem of emissions.

Brazil, speaking for the G77 and China on the issue of national communications by developing country Parties said that the production of their national communications should not be more onerous than that of developed country Parties. There was not only need for financial resources but also technical support that should be provided in a sustainable manner.

In relation to the GEF, Brazil speaking for the G77 and China said that many concerns have been raised over the difficulties in accessing funding for national communications through the GEF but it was not responsive to these concerns.

The operational procedures were problematic with maximum amounts of financing fixed regardless of whether a country was big or small and this indicates the GEF is not able to deal with national realities. Having fixed costs that can be disbursed denies the principle of meeting the agreed full costs of incurred by developing countries in preparing their national communications. The process must be controlled by countries and not imposed by the GEF on them.

Brazil said that there can be no criteria set beyond what has been agreed to in the guidelines. The best way, said Brazil, was to ensure timely disbursement of funds to meet the agreed full costs in complying with the obligations of the Convention. The financial support was not sufficient and the procedures are inadequate, it said.

Kuwait expressed shock that the GEF did not want to finance the preparation of national communications of oil producing countries. Although it was an oil producing country, it expected to be treated with equality. It requested the GEF to withdraw this decision and stressed that

financing must be needs-based. Others who supported Kuwait included Iran, Algeria and Saudi Arabia, which said that the GEF did not have authority to decide on the issue of eligibility of countries to funding.

The United States expressed amazement that developing countries were having difficulties accessing funding and it wondered where the money was going. It asked for a full review of the resources including its adequacy and to ensure full resources for financing is available to developing countries.

On the Adaptation Fund under the Kyoto Protocol, **the Philippines, speaking for the G77 and China** said that the Group was looking to further operationalising of the Fund through direct access procedures. It welcomed more contributions for this fund. It said that the Group intends to submit a draft decision containing terms of reference for the review of the Fund and look forward to next session for the review.

Bangladesh speaking for the LDCs said that it wanted to see a major ramp up of support for the Adaptation Fund with new and additional sources of fund. It said that the current 2% of levies from the Clean Development Mechanism was “peanuts” and there must be exploration of new ways and means to have more resources. It stressed the need for direct and easy access.

Maldives speaking for the AOSIS in this regard said that the Adaptation Fund was a model for future financing with balanced and fair representation on the Board. On the institutional arrangements, the interim trustee and secretariat should continue to be interim.

Tuvalu, while welcoming the Fund noted the high costs of providing services by the interim

secretariat. It hoped that criteria can be developed for the secretariat and the trustee of the Fund to cost effectiveness which also reflects the needs of vulnerable countries.

Switzerland was satisfied with the World Bank as the trustee of the Adaptation Fund and said that the institutional arrangements should be lean and efficient. It hoped that the upcoming review could produce useful strategic guidance to the COP on this matter.

Bolivia stressed the need for funds to come from public resources through public mechanisms.

On the issue of technology transfer, **the United States** said that much was being done bilaterally and multilaterally, complemented by private business. It said that it was clear that the protection of intellectual property rights is necessary.

In relation to intergovernmental meetings, **Bangladesh, speaking for the G77 and China** said that it was against any idea of innovation in the conduct of meetings and stressed need for transparency.

Philippines said that any rules on participation of observers should not be without consultation with Parties.

(The SBI is considering the roles and level of engagement of observer organizations in the process).

The Chair proposed the setting up of contact groups or to carry out informal consultations (which was then agreed to by Parties) to prepare draft conclusions on the various agenda items, which will be presented at the closing of the SBI session on 9 June 2010.