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Durban Platform: Talk of 'contributions' meaningless without support

Geneva, 21 March (Nathan Tanki) – Developing countries at open-ended consultations under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) said that it was meaningless to talk about the contributions by developing countries to climate change without addressing the means of implementation.

They also stressed that finance, technology transfer and capacity building must be treated as separate elements in the 2015 agreement and not be lumped under the 'means of implementation'. Some of them also emphasised that these elements must also have the same legal binding nature as the 'mitigation' element.

Several countries, including Saudi Arabia, Cuba and China expressed disappointment and concerns that the three distinct elements of finance, technology transfer and capacity building were being addressed together in the session instead of having dedicated discussions on each of the elements separately.

Developing countries also make proposals on how to enhancing the means of implementation so that they could enhance their contributions to mitigation and adaptation.

These views were expressed by several developing countries at the ADP consultations on how to address finance, technology and capacity building in the new 2015 agreement, which were held on 11-13 March in Bonn, Germany.

ADP Co-chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (European Union) asked Parties to address the following questions: *"How would the agreement strengthen international cooperation on finance, technology and capacity-building? What new arrangements are needed and how would these add value?"*

Following are highlights from the various interventions from Parties.

Sudan, for the African Group, said that pre-2020 finance is a necessary confidence builder. To bring finance into the 2015 agreement will require clear accounting rules ex ante and ex post. The guiding principles should be Articles 4.3, 4.4, 4.7, and a clear burden sharing criteria among Annex II Parties would allow for predictability and sustainability. In order to achieve the 1.5 to 2 degree C goal, there needs to be a mechanism for the assessment of required resources, which should build on Parties own assessments. Sudan also called for a clear commitment and guidance to the mechanism to balance funding for adaptation.

On technology, Sudan said that the 2015 agreement should include provisions for the assessment of adequacy and a process to implement technology needs assessments. It said that the 2015 agreement is a platform to express commitment, with ex ante commitments that could be reflected as financial support for technology transfer, or domestic policy commitments to leverage privately owned intellectual property.

Sudan recognised the cross cutting nature of capacity which requires a coordinated approach. It urged clarity in the scope of the 2015 agreement: the agreement should articulate which activities count as capacity building. Although exchanges are underway in the Durban Forum on capacity building, it called for a permanent capacity building committee to be established to provide the normative guidance to the Convention. The measurement, reporting and verification (MRV)of support for capacity building should be measured against identified needs so that capacity is not a barrier to implementation. It also called for the inclusion of a provision for critical assessment of capacity building institutions.

Nauru, speaking for the Alliance of Small Island States (AOSIS), said that many of the developing countries could not do actions, even those to address their own priorities, without support, and so looked to the world for support. Given that finance is an obligation under the Convention, finance should have concrete targets, starting with 100 billion USD in 2020. It also called for the Green Climate Fund (GCF) to be anchored in the new agreement and for clear reporting and rules for private sector engagement.

Regarding technology, Nauru called for anchoring the Technology Mechanism and to ensure that barriers for technology development and transfer are addressed. It added that SIDS and LDCs need to have technology centres.

Malawi on behalf of the **least developed countries (LDCs)** said that the Bali Action Plan process had set up institutional structures on technology and capacity building which need now to be embedded in the new agreement. It pointed out the special need of the LDCs for predictable and adequate support, which will increase, and called for clarity on how resources would be channelled as well as transparency of action through an MRV format. It said that finance should be based and allocated on a well calculated formula. Regarding capacity building, Malawi said it is looking for guarantees that ensure effective support.

Colombia for the **Independent Alliance for Latin America and the Caribbean (AILAC)** said that "nationally determined contributions" (NDCs) must include provisions on the means of implementation and take into account developing country needs, especially those of the most vulnerable. It outlined several functions of the means of implementation portions of the contributions: that it serves as catalyser for more ambition action on provision of support; that it contribute to the transition to low carbon development and investment; that it create the conditions for transformation of the scale of investments; that it meet the need for predictability of means of implementation in the medium and long term. If all Parties are to come on board, the means of implementation cannot be provided in a piecemeal fashion. Further, national strategies for adaptation and mitigation will require building up endogenous capacity. Capacity building should not be limited to government staff, and should not be thought of merely as the number of workshops you but in terms of effectiveness.

Colombia wanted a section on means of implementation with the following elements: an overarching guiding objective as the foundation for all means of implementation; a provision on climate friendly investments that mainstream climate change into national policies; an explicit reference to historical responsibility being a guiding principle for how contributions to the means of implementation is decided; a request to strengthen existing means of implementation for maximum impact; a reference to NDCs of means of implementation to ensure that adaptation and mitigation starts happening on the ground. In terms of operational provisions, it called for forging a relationships between the compliance mechanism, MRV, and the means if implementation. Parties who are frontrunners in taking action should be rewarded.

China said that the Warsaw decision on 'long-term finance' (decision 3/CP.19) requests clarity from developed countries on the level of financial support to implement the Convention. China called for the financial mechanism of the Convention to be made more robust before 2015 by having the GCF capitalised this year. It also called for a shift beyond biennial assessments to MRV of financial support.

Specific commitments of Annex II Parties (developed countries who have financial obligations under the UNFCCC) in the new agreement should include clarity of a pathway for public finance with timelines and sources. It should also include an aggregate figure of Annex II financing: 7 billion USD by 2016, rising to 100 billion USD by 2020, leading to increased commitments in the post-2020 period. Finance should be channelled through the operating entities of the financial mechanism of the Convention, and should be commensurate with the needs of Non-Annex 1 Parties, which will rise over time.

China said there are various options for enhancing the finance in the 2015 agreement. One option could be to have Annex II Parties list, in standardized format and currencies, specific amounts of climate financing by each country over a specified timeframe to be provided to the GCF; with the amounts to be subject to review by the Conference of Parties (COP) every few years for adjustment based on the financing needs of developing countries. Another option is to have Annex II Parties be listed with percentages reflecting their required share of climate financing to be provided to the GCF over a specified timeframe, with the total amount of climate financing to be based on the financing needs of developing countries. It also called for the development of a mechanism for the MRV of support provided to developing country Parties, as there is need for accurate accounting of the provision of funds by

Annex II Parties to ensure compliance. A proposal on MRV that is under work by the Standing Committee on Finance may serve as starting point for the development of this mechanism.

On technology, China said that as it is one of the elements of the 2015 agreement under negotiation it should be of the same legal character as the other elements. There are many ways to provide technology, including technology transfer, technology development, removing intellectual property rights (IPR) barriers, establishing an international mechanism on IPRs, and establishing a window for technology under the GCF. The Technology Mechanism related institutions – the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) should be strengthened with staff and finance.

It added that Annex II countries should put in place the enabling environment in their own countries that will remove the barriers (such as cost and IPRs) to technology development and transfer and enable them to effectively implement their technology development and transfer obligations to developing countries under Article 4.5.

On capacity building, it said this must be effective and sustainable in the long-term, until developing countries have acquired enough capacity. Capacity should be not only about mitigation and enhancing MRV, but also for all the actions under the Convention. It should be demand driven and include specific and quantified commitments and adequate finance through the GCF. China further called for an international mechanism on capacity building for enhanced action, whose operations would be linked to the Technology Mechanism.

The Philippines said that a crucial factor to enable the contributions by developing countries is for financial and technological support to be provided. The way to do this is to operationalise Article 4.3 of the Convention, which provides for developed countries to provide financing as part of their historical responsibility for climate change. The whole Convention is designed to enable developing countries to address climate change. The Philippines pointed out that developing countries need to address adaptation needs before they can think about mitigation, but adaptation also has co-benefits. As regards technology, the obligation of developed countries is to transfer technology developing countries; it was not about selling technology.

The Philippines said it is willing to make contributions to both mitigation and adaptation efforts, but needed finance and technology. It said that the ambition of developing countries will go up as the ambition of MRV-ed support also goes up. It stressed the importance of having equally ambitious transparency and MRV of support.

On the GCF, the Philippines lamented the slow progress and increasing conditionalities imposed on developing countries. It asked how adaptation finance could be 'results-based' and what indicators could be used to measure that. It noted with concern the lack of accountability of the private sector and urged Parties to arrive at a clear definition of climate finance, as there is much confusion and mixing with official development aid. Additionally, it noted with concern the difficulty the COP has had in getting the Global Environment Facility (GEF) to respond to recommendations. There can be no enhanced implementation without clarity of support, emphasised the Philippines.

Uganda was concerned that the issues of finance and technology transfer had not really made much advance under the UNFCCC process and is now being discussed in the ADP. It noted some progress in the area of technology transfer, with all regions now have training of their Nationally Designated Entities to the CTCN. However, the establishment of networks as part of the CTCN remains outstanding and this needed to be addressed. The LDCs need a fully operational Technology Mechanism with medium and long term support as well as an elaboration of the linkages between the TEC and CTCN. It concluded by saying that the outcomes of technological needs assessments need to be implemented, and that any discussion of contributions is meaningless without the means of implementation.

India noted that climate finance is still not predictable nor based on needs and said this led to a lack of trust. It reiterated a common desire to retain the primacy of public funding, and made suggestions as to elements that should be included in any MRV regime, including the sources of funds, the periods of funding, which funds were in addition to ODA, the impact on the recipient population etc. The MRV for a recipient country should include the amount received and details of what sectors were supported. There should be regular information on finance flows. Private sector finance is not climate finance and can be reported on separately. India also called for the inclusion of milestones for the amount of climate financing needed. Any burden-sharing for the provision of finance must be among developed countries only. It reiterated that any provisions on finance and other means of implementation must have the same legal binding-ness as the other elements and cannot be treated on a different footing.

On technology transfer, India stressed that it is not possible to use market-based approaches, and said that the existing TEC and CTCN mechanisms were not adequate and did not assist actual technology transfer to take place. It called for a facilitative IPR regime and a dedicated technology window under the GCF to support technology transfer by providing finance for the differential cost involved.

South Africa noted the decision in Warsaw for assistance to be provided to developing countries to put forward their NDCs and called for a process to support SIDs, LDCs and African states in this regard. It stressed the funding gap that exists for climate change which is far beyond what is in the existing UNFCCC financial mechanism. It referred to data from the World Economic Forum on the requirement for incremental financing of 700 billion USD to 1 trillion USD needed by 2030. It said that it was clear to all that there needs to be a large volume of resources that needs to be leveraged over time. It supported the kind of information needed outlined by India on the MRV of support. It said there is need for an ex ante assessment of the contributions related to financing which would relate to the funding gap. There is need for clarity on the investments for mitigation and adaptation, including on what are grants, concessional loans etc.

For the new agreement, there needs to be a strengthening of what exists presently, building on the commitments in Article 4 of the Convention. It called for procedures on the MRV of finance and to address pathways for the scaling up of finance. It wanted a system for predictability and delivery of finance and the need to agree on a range of global policies and regulations in this regard as well as the general sources of climate finance, including addressing the problem of incidence. It also stressed the need for for common guidelines for the assessment of finance contributions.

Ecuador was also of the view that developed countries and operating entities of the financial mechanism have to build capacity and provide support for preparing their NDCs. It is essential to include finance and other means of implementation in the NDCs, as the ADP is meant to enhance implementation of the Convention. It urged Parties to begin concrete discussions on the MRV of support, and suggested using a previous submission made by Ecuador to the Ad Hoc Working Group on Long-term Cooperative Action on the matter. The submission presented clear definitions of what MRV is, in order to help measure the destination, origin, and effectiveness of funds. It suggested that reporting measures use a common agreed format, and noted that information flows two ways. The ambition of developing countries is linked to the provision of finance. It sees the MRV system as an important tool to start a discussion about the linkage of contributions with the financial mechanism.

Bangladesh supported the statement of the Philippines and echoed frustration with the slow progress of the GCF. It added that 100 billion USD will not be enough for adaptation needs, even in just the LDCs. In addition, financing for loss and damage also needs to be crafted into the new agreement.

Swaziland said that capacity building is a cross-cutting issue but it needs to be a stand-alone element in the 2015 agreement. Every institution does give some capacity support, but needs guidance and support for consistency. It called for adequate coverage of initiatives, and for the establishment of institutional arrangements for capacity building, in order to develop skills, build partnerships, raise awareness and build knowledge bases.

Saudi Arabia began with a comment indicating its lack of comfort with how the consultations had been arranged. It was now disappointed to see finance, technology transfer, and capacity bulding grouped together as one session despite each being a distinct element. It questioned the logic to this process and stated a deep concern with the process. It wanted the avoidance of the term "means of implementation" as the basis for discussions, given that the Durban decision uses the language finance, technology development and transfer, and capacity building. It also cautioned against including private finance in the discussion because there was no basis given previous finance decisions. The obligation to meet the needs of developing countries cannot be pushed off to the private sector.

Cuba shared the concern of Saudi Arabia. It noted that the issues of means of implementation also relate to NDCs. Whatever the final agreement is, Parties will need clear indication of what the support is and the details of how it will be provided. There should be transparency on how finance, technology transfer, and capacity building are to be supported. In terms of the new agreement, Cuba said that as means of implementation has its own framework, it should be built upon. The decisions of the Bali Action Plan should not be forgotten.

Iran reminded Parties that the extent to which developing country Parties implement their obligations depends on the provision of financial support and technology transfer, as stated in Article 4.7. It expressed concerns over carbon markets being used as this indicated a shift of responsibility, and called for a clear finance roadmap from now to 2020.

Indonesia pointed out that while it is clear that developing country Parties needed support, they have taken action using their own budgets and continue to expand their share of the budget that goes towards transitioning to a low carbon economy. It said that numerical targets have only been recently developed as of 2010, but that they remain without a pathway to achieve them and the end targets are not in line with needs. It informed Parties that it made a pledge of 250,000 USD to the GCF out of desperation and in the spirit of south-south cooperation. While it recognises this contribution as small, it was meant to inspire developed countries to pledge.

Palau spoke of its efforts to undertake adaptation action, but supported Nauru's observation that SIDS cannot do it alone. It agreed with Bangladesh that any Party who can provide support should do so, and requested that the new agreement should include a methodology to assess all Parties in their ability to render support. The methodology should make use of usual indicators such as GDP, trade balance, national reserves etc. Support should be given without conditions, such as grants.

Kuwait supported Saudi Arabia's desire not to have the three elements of finance, technology transfer, and capacity building as a single package of means of implementation. It said that means of implementation is not explicitly defined as those three elements in the Convention or the Durban Mandate.

Grenada said that the 2015 agreement must include: clarity and predictability by establishing concrete outcomes and targets; a clear definition of climate finance to avoid overlap with ODA and the private funds; and 100 billion USD as an initial contribution. It further suggested that the replenishment cycles of the operating entities of the financial mechanism be synchronised with the IPCC (Intergovernmental Panel on Climate Change) updates so that finance can respond to scientific assessments of needs and impacts. Technology has to be diffused – especially in SIDS where endogenous energy has to be developed due to the extremely high cost of importing. Grenada added that there needs to be a process to review the adequacy of finance with an automatic trigger; a strengthening of the GCF as the central channel of finance; an anchoring of the TEC and CTCN as well as any future capacity building mechanism; and a way to support MRV on all elements.

Algeria urged Parties to consider all the elements of the Durban mandate in a balanced manner. It is obvious that work on the means of implementation is lagging. It highlighted several elements that should be included in the 2015 agreement, bearing in mind that pre-2020 finance is the cornerstone for the 2015 deal: provisions for additional, adequate, scaled up, predictable finance; clear accounting rules, including assessments of the amount of resources needed; a clear commitment for adaptation finance; a reflection that the technology mechanism is a building block; a provision to strengthen capacity building; a clear definition of the relationship between any capacity arrangements and other bodies of the Convention; and transparency of action and support, facilitated by clear MRV rules.

Timor Leste in response to Switzerland's call (see below) for finance from all Parties, said that the goal is not to renegotiate the Convention but to enhance its implementation, and therefore Switzerland should consult Article 4, especially 4.3, which states clearly that finance should be given by developed countries.

The **Republic of Korea,** on behalf of the **Environmental Integrity Group** said that the means of implementation are an integral component of the post-2020 regime, and supported calls to strengthen recipient country ownership. It called for a balance between mitigation and adaptation and for effective contributions to be made on the basis of common but dfferentiated responsbilities (CBDR). It further called for a mechanism to attract private sector funds and for designing practical modalities and coordination processes including the Registry for the support of nationally appropriate mitigation actions (NAMAs). There should be a clear vision of how the means of implementation would be provided in an effective and predictable and scaled up manner, from all Parties who were in a position to contribute. This would help build trust and encourage developing country action. The GCF should be the main entity of the 2015 agreement and should provide needs-based finance including through the mobilization of the private sector. It also called for the capitalisation process of the GCF to begin.

The European Union (EU) acknowledged that means of implementation is a core part of the 2015 agreement and a wider package. The point of providing means of implementation is to transition into low carbon economies, and the EU will mobilize finance to this effect both before and after 2020. It noted progress made in the GCF and stated that several EU members stand ready to commit funds to the GCF soon, as well as to the GEF's 6th replenishment cycle, and also through bilateral channels. Additionally, the UN Secretary General's (climate) summit planned for September this year would be an opportunity to discuss finance at a political level. The EU wants the ADP to consider how to anchor and enhance existing institutions in the new agreement. It said that the process for discussing finance should not be the same process as that for discussing mitigation, as Parties could not commit finance for post-2020 this far in advance. It recommended mobilizing private sources of finance.

The **United States** began by outlining its own efforts in the area of climate finance. It stated its commitment to continue with climate finance efforts, including by leading a ministerial process to bring attention to the issue and supporting an OECD collaboration on tracking. As with the end of the Fast-Start finance period, the US said money would not stop flowing just because there is no goal. It suggested looking to the private sector for new sources of finance. In terms of whether or not to include finance in NDCs, it was of the view that the new agreement should avoid that, but suggested that finance would be part of a broader package. It did not see mitigation action as being conditional on finance. The pool of donors should be expanded and Parties should focus on ways to mobilize large pools of private finance and create strong enabling environments. Adaptation finance for LDCs should be prioritised and a greater diversity of financing tools should be used. The existing institutional arrangements should be strengthened.

Japan said that it committed 16 billion USD during COP19 and is participating in the GCF. It said that there should be several layers to the 2015 package, including an agreement and a series of COP decisions, and the position of finance in those layers is undetermined. It was of the view that financial commitments are political in nature and should not be legal. In that way, there is no need for ratification from the Japanese national authority. While calling for clarity and transparency, it expressed concerns at overburdening the UNFCCC Secretariat with financial issues as it was not a financial institution. Regarding private finance, it said that half of the current flows are private and a large portion of the 100 billion USD goal should be as well. The question remains as to how to mobilize it. Finally, it noted the progress made by the TEC and CTCN, including a TEC dialogue on IPRs.

Norway said that NDCs, although underpinned by support, cannot be conditional, even though Parties will be more able to take action if they have guaranteed support. It encouraged thinking about new funding sources, including new donors and taxes on aviation and maritime transport, new technologies, and new market mechanisms. An international framework to help disseminate technologies is key, and is the purpose of the TEC. Norway shared hopes that the GCF becomes the core vehicle for delivery of finance.

Switzerland supported the four elements outlined by Colombia, Nauru's suggestion to better use existing institutions, the intervention of the US, Sudan's point on transparency ex ante and ex post, Indonesia's point about country ownership, and Bangladesh's point that all Parties who can contribute should contribute. Switzerland objected to the idea of using historical responsibility as an indicator of who the donors should be because traditional donors are only responsible for 40% of all historical emissions, but should give more than 40% of finance. The real guiding principle, it suggested, should be today's capacity and responsibility. While Switzerland did call for mitigation pledges to be unconditional, it did suggest setting that in the context of support. The point should be to gather all the pledges of mitigation, and then use finance as the means to address the inevitable gap.

Australia noted the changing face of climate finance, with more diverse and sophisticated instruments being used, and with an understanding being to be built on how to leverage private money. However, the task is precise: to ensure the 2015 outcome captures the outcomes of negotiations so far, yielding a robust package. It agreed that the donor base should be expanded and that after 2015, the modalities for delivery should be reviewed. It is unrealistic to expect 75% of the 100 billion USD goal to be public. It said that Parties should rather think of climate finance as an exchange that requires cooperation and enabling environments, adding that private finance does not flow through altruism.+