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Financing gap the subject of debate, developing countries call for clear political signal in Doha

Bangkok, 3 September (Hilary Chiew) – Developing countries were united in demanding for a political signal to close the gap on financing and address mid-term finance from developed countries at the on-going contact group on finance under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA).

Groups representing various developing countries spoke strongly for the need to have certainty that there will be continuation of commitment for additional financial resources for developing countries.

Representing the Group of 77 and China, the Philippines said countries in the Group has taken a common position to address this gap between the end of the fast start finance (2010-2012) and the start of the long term finance in 2020. How Parties address this gap is of crucial importance.

It said the adverse effects of climate change are here and as the world enters very soon into 2013, Parties would like to have some certainties that there will be continuation of financial commitments to developing countries for them to be able to meet their commitment under the Convention especially in adaptation and also other climate change actions that they are undertaking at the moment.

Parties in the Group are near to having a common text on this particular issue and tried to meet as often as they can in Bangkok to make a submission as the group is clear that mid-term finance as it might be termed and in hoping for a more predictable long term finance, the gap need to be addressed.

It said the commitment by developed countries to mobilise jointly US$100 billion annually by 2020 need clarification as in from which year. Is it from now or from the year 2020? Pointing to Option 2 of the three options for mid-term finance in the guiding note prepared by the Chair of AWG-LCA, Mr Aysar Tayeb, the Group said if it is from 2020, then it will fall into Option 2.

The three options are:

1. Reaffirms the commitment of developed country Parties to scale up, new and additional, predictable and adequate financing to reach the goal of mobilising US$100 billion per year by 2020 to address the mitigation and adaptation needs of developing countries.
2. Commitment by developed countries to provide new and additional resources approaching US$ … for the period 2013 – 2020 to address the mitigation and adaptation needs of developing countries.
3. No text.

It further noted that studies on long term finance needs show that more than US$100 billion will be necessary for developing countries to meet adaptation needs and not just mitigation actions. The second option, it said will open ways for Parties to understand the extent of global cooperation to move from fast-start finance towards the US$100 billion annually.

It said Parties are aware that the US$100 billion is tied to specific conditions such as taking meaningful actions and transferring of these actions, hence, the amount for Option 2 has to be new and additional.

Learning from the lesson of fast-start finance, it added that Parties have to be clear what new and additional means.

Speaking on behalf of the African Group, South Africa said it is willing to work on either Option 1 or 2 but stressed that there must be balance in adaptation and mitigation and Parties need to conclude the work of the AWG-LCA in Doha.

Brazil associated with G77-China and echoed the African Group said it understood the importance of having this discussion and thanked the Chair for the constructive note. It does not see this as a final exercise and final text as it is only to reach a common agreement within the G77-China on this topic.

It agreed that the gap need to be resolved by the end of this session in Bangkok with political signal and that there is room for improvement in the second option with language that is more predictable to achieve final agreement in Doha. It acknowledged the difficulties but Parties need to discuss them nevertheless.

Barbados, representing the Alliance of Small Island States said the group shared the view of the G77-China, the African Group and Brazil in terms of the gap. It said the AWG-LCA is a political decision-making body and what it is calling for is for the AWG-LCA to provide certainty on the sources of finance.

It is concerned that its negotiating partners (referring to developed country Parties) in the political-making forum are unwilling to provide a political commitment.

Apart from intervention statements in the AWG-LCA, they are reluctant to put on paper the certainty that AOSIS is seeking while developing countries had taken on a slew of obligations: put on papers their additional obligations in terms of Nationally Appropriate Mitigation Actions (NAMAs), preparation for biennial update report and the preparation of National Adaptation Plans of the Least Developed Countries (LDCs).

It said AOSIS is happy to focus on the gap. Looking at Option 1 and 2. It said the first option is a reinstatement of existing position and is nothing new while Option 2 could have a variant including looking at mid-term target. It certainly believed that a political statement that provide political certainty will ensure a successful outcome in Doha. It is an absolute priority as Parties move forward in the AWG-LCA.

Before discussing the options, **the United States** said it would like to state that this is a Party-driven process and that it can go through the options and clarified where these options had been addressed already. It said the discussion is an unnecessary exercise and asked the Chair to clarify the status of the documents to which the Chair of the contact group who is also the Chair of the AWG-LCA Mr Aysar Tayeb reiterated that it has not official status and that the AWG-LCA will have one decision just like what it produced in Cancun and Durban and the content of the decision is to be determined by Parties.

The European Union noted the no status paper which it said will disappear once Parties leave the room. It heard many Parties that emphasised the importance of finance and certainly do not think that it will stop after 2012 as decisions had been taken in Durban to set up a work programme to scale up mobilisation of finance after 2012.

It further said discussions were held in Bonn (in May) and it will be on the COP agenda in Doha for Parties to take a decision. Like the United States, it wondered about the point of this discussion (here in Bangkok).

Norway said additional decision in the AWG-LCA is not required to complete the work. The Green Climate Fund was launched and could become an effective instrument and that developed countries standby its commitment of US$100 billion by 2020. The ending of the AWG-LCA does not mean the end of finance for mitigation as it will continue to be discussed and addressed.

Malawi welcomed the informal notes and stressed that as the AWG-LCA is supposed to end at Doha hence the need for a decision there. Not having a text is not an option and Option 3 is unacceptable. How do Parties expect to close the AWG-LCA when there is nothing (delivered), it asked, adding that it preferred Option 2 as it is more science-based.

It further said that it failed to understand how US$100 billion is being mobilised, when it will start and what do Parties have before the year 2020.

The **European Union** posed a question to Barbados as well as to all its colleagues in the G77-China which argued for a political decision. It said as long term finance work programme on long term finance is a technical process, it is therefore a useful space to understand the issue and Parties need to have understanding before taking actions.

It said report from the work programme will go to Doha to inform the decision to be taken there. It asked why set up a technical programme if Parties are going to make political decision without taking into account the results of the technical work.

The decision Parties take must be well-informed and we don't need a commitment as commitment may not be the best way to move forward, adding that how to make the US$100 billion commitment works required the developed country Parties to be informed.

Canada said there is no doubt about the importance of finance and the AWG-LCA has produced valuable outcomes in the last few years. It said Parties agreed to close the AWG-LCA and there is no consensus to have decisions on finance.

It further said it was puzzle by the numbers of meetings and would like the Chair to provide advance notice.

The Philippines speaking for itself agreed with Barbados that the new obligations of the developing countries have no clarity as to how they will be financed though they are to start by 2020. It said the aim of the work programme is to contribute to on-going effort to scale up. Although there are structures like the Standing Committee (on Finance) but they remain an empty shell.

Bangladesh supported option 2 with a caveat where in the MRV (measuring, reporting and verification) there must be language to operationalise this principle. We need understanding on the level of commitment starting from January 2013. It said the experience of fast-start finance had been very discouraging as there is no clarity how much money was actually channeled to the Adaptation Fund.

Australia said there is no mandate for text on finance for the AWG-LCA. It said there is shared understanding on the importance of finance but there is no shared understanding on how to move forward in the AWG-LCA.

On structure, it said discussion did not stop with the creation of the institutions. Time, energy and money were invested and that it has not forgotten the US$100 billion support but it has to look at the context. It will need technical information from the work programme and guidance on how to move forward on finance at the COP (in Doha) but not at the AWG-LCA.

It was supported by **New Zealand and Japan**. The latter said it has limited resources and its financial resources are stretched and work should be focused on substantive matter.

To this, **Chile** said it appreciated that the work programme is a valuable technical tool and it is attending it in this spirit and look forward to the report and the COP decision on that report but it believed that a strong political signal is needed to reflect on the changing financial situation.

It welcomed the informal notes prepared by the Chair; it is useful in terms of collecting the concerns of developing countries as to what is going to happen after 2012 in terms of climate finance. Although there is no agreement but majority believed that the AWG-LCA need to give the signal. It pointed out that back in 2009 (COP15 in Copenhagen), the decision on the quantum of finance was not guided by a technical workshop but based on a political will to do it.

Uganda said it believed in record keeping and tracking and the only way this can be accomplished is to have a text as basis. When it looked at termination of the AWG-LCA, it need to know what are the issues resolved and what are the ones to be carried forward. The text, it added, is important to help Parties to look back where they came from.

It said it has question on the mobilisation of the US$100 billion by 2020 and that it preferred Option 2.

China associated with the statement by the G77-China and noted that despite the arrogance statements by its partners, the option of no text is not acceptable and that it supports Option 2 to close the gap.

Before the meeting closed, the **United States** registered its complaint that two meetings so far have been chaired by the Vice-Chair (Indonesia) which gives it a feel as a spin-off group.

Chair Aysar Tayeb said the next meeting for the contact group is Monday, 3 September.

(With contributions from Marjorie Williams.)