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Climate finance - a major make or break issue for Doha

Doha, 1 December (Meena Raman) – The lack of a decision at the 18th meeting of the Conference of Parties to the UNFCCC in Doha on setting clear mid-term finance targets for the period 2013-2020 is not an option, warned developing countries.

The G77 and China want a decision in Doha that developed countries would mobilize jointly, new and additional resources amounting to US$ 60 billion by 2015, to address the needs of developing countries in mitigation and adaptation.

This is a major make or break issue, said the Alliance of Small Island States (AOSIS). Pakistan said that no decision on a finance roadmap could risk the collapse of COP 18, while Kenya said that no decision was not an option. Guatemala said that it could not join consensus (in adopting an outcome) if there was no decision in this regard.

Zambia for the Least Developed Countries stressed the importance of sustainable, predictable and additional finance for planning and budgeting in developing countries as there are potential debts that are going to be incurred as money needs to be borrowed for disasters, for crop losses and for loss of lives. The AWG-LCA must be closed in a manner that does not leave our people in danger, it said.

In stark contrast, developed countries, including the United States, Japan, Canada and the European Union said that no further decisions were needed under the work of the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA), as all work had been completed and the working group should be closed in Doha.

These views were expressed at an informal consultation on finance held on 30 November by the Chair of the AWG-LCA.

Chair Aysar Tayeb (Saudi Arabia) wanted Parties to focus on the following issues: the continuity of finance from 2013 to 2020, fast-start finance, and the measurement, review and verification (MRV) of financial support. Given the shortness of time, Parties focused on finance from 2013-2020.

The **Philippines** for the **G77 and China** had submitted a proposal to address the financing gap for the period 2013-2020. This proposal calls on developed countries to "provide significantly scaled-up financial resources that are predictable, new and additional, to developing country Parties, … to enable and support enhanced action on mitigation, adaptation, capacity-building and technology development and transfer in developing country Parties, taking into account the need for a balanced allocation between adaptation and mitigation".

It also calls on developed countries to "… mobilize jointly new and additional resources amounting to US$ 60 billion by 2015, to address the needs of developing countries in undertaking climate change actions in adaptation and mitigation, taking into account the urgent and immediate needs of those developing countries that are particularly vulnerable to the adverse effects of climate change".

The G77/China proposal also states that "direct and facilitated access to these financial resources shall be guaranteed," and "that the main sources of funding by developed country Parties will be public sources, with supplementary financing from other sources, including consideration of alternative sources, subject to measurement, reporting and verification procedures of support as may be agreed upon."

The proposal also invites developed countries "to report annually on the fulfilment of this commitment … including detailed information on their national plans to scale-up the mobilization of finance after 2012, as well as the projected trajectories and milestones set for achieving the 2020 goal."

It also "requests the Standing Committee (on finance), in consultation with the subsidiary bodies of the Convention, to prepare by May 2015 for the consideration of the Conference of Parties at its 21st session, a synthesis report on the implementation of this decision."

In explaining the proposal, the Philippines said that in Copenhagen (2010) and Cancun (2011), developing countries were told that there would be fast-start financing of USD 30 billion for the period 2010-2012. It was agreed that developed countries would commit to a goal of mobilising jointly at least USD 100 billion per year by 2020. It said that for the period 2013 to 2020, climate financing to developing countries must be ensured.

The Philippines said that although the Green Climate Fund (GCF) was established, it remains an "empty shell" with only a budget for administrative services and not for funding developing country needs. The sum of US 60 billion is puny, in comparison to what has been show by studies to be very much higher for mitigation and adaptation efforts in developing countries.

The **United States** said that the G77/China proposal was not relevant. It said that there is no disagreement that the issue of finance is important and the amount needed is enormous.

Despite the economic downturn in major developed countries, the US said that countries had come forward to provide more than US 33 billion (fast-start finance). It said that tremendous work had been done under the AWG-LCA in building institutions such as the GCF, the Standing Committee, and having a work programme on long-term finance. The US said that the provision of the fast-start finance was an act of good faith and this was not a binding obligation. It added that developing countries need not worry that there would be no further financing and that all governments plan their budgets and that will not change.

There needs to be new ideas for scaling-up finance, it said, but there was no need for a decision in Doha as this was not called for by the Durban decision (referring to COP 17). The AWG-LCA had done its work and no further decisions were needed and the working group needs to be closed, said the US.

Barbados for the **Alliance of Small Island States** said that there is need for clarity on what happens after the ending of fast-start finance. The mid-term target on finance is way to measure progress of the commitments made in Copenhagen and Durban. The mid-term target is not a new obligation but is a way of assessing progress in meeting the commitments. It is about implementing the existing commitments. Developing country Parties had undertaken obligations on mitigation and adaptation from Cancun and Durban and it was only natural for a scaling-up of resources. A decision and the need for clarity on the post-2012 finance will make or break this Conference, it added.

Looking at the negotiations, Barbados said there was no progress on mitigation ambition under the Kyoto Protocol, even when climate impacts are worsening. There has been a significant push back on central issues on 'loss and damage'; and on 'review' (on the adequacy of the long-term global goal for emissions reductions). The GCF remains an empty shell. It did not care where the discussions on finance takes place (under the COP or the AWG-LCA) but there must be a discussion on finance. Developed countries must recognise that this issue will make or break the Doha Conference .

Zambia speaking for the **Least Developed Countries (LDCs)** said that there was still work to be done before closing the AWG-LCA. In an obvious reference to the US comments, Zambia said that planning and budgeting is also going on in developing countries. We have to worry about the next flood or drought, it added. There is need to be sure where money is going to come from for there are potential debts that are going to be incurred as money needs to be borrowed for disasters, for crop losses and for loss of lives. Hence, it is important to have financing which is sustainable, predictable and additional. The AWG-LCA must be closed in a manner that does not leave our people in danger. How do we ensure that our people can have coping capacities, it asked. The financing asked for is not too much and it is very minimal compared to what is really required.

Egypt, speaking for the **Africa Group**, in response to the US said that if no work was needed under the AWG-LCA, it should have been closed already in Durban. It said that the Africa Group had a proposal too which had been submitted as there was need for clarity on the financing commitments for the period 2013 to 2020. There was need for adequacy, predictability and sustainability and a process for reviewing the financing target. Egypt said that this was about meeting the commitments of developed countries and was not about "side-events". It was not about one Party giving money to another but was about funding for all developing countries with clear rules which come from (COP) decisions.

Kenya said that the AWG-LCA has achieved a lot in terms of setting up institutions and frameworks to enhance implementation of the Convention. However, there were still grey areas from now to 2013 to 2020 on the issue of financing commitments.

The AWG-LCA needs to have a successful closure and there is need for a COP decision with clear mid-term targets. Not having a decision is not an option, it added.

Pakistan also said that having no decision on finance is not an option. It said that there is need to have some decision in this regard and this was an issue that would collapse the Conference. A roadmap on mobilising finance is an important product of Doha and would be that pathway to biggest confidence building among Parties.

Guatemala said that it was essential that there be an outcome in Doha on finance. It could not join consensus (in adopting an outcome) if finance is not part of the outcome.

Colombia said that the purpose of the AWG-LCA has to be fulfilled before it is closed. A mid-term target for financing has been proposed because Parties had agreed from Copenhagen (COP 15 in 2009) that US 100 billion per year by 2020 would be mobilised and there was need to set a target in between to set the direction. There was need for clarity about financing beyond 2012. It also echoed Egypt's remarks on the need for finance which was predictable and sustainable.

Ecuador shared the concerns of other developing countries. It said that the GCF is still empty and that financing was a commitment of developed countries that must be met. There was need for accurate accounting of the funding given and a process for compliance assessment for implementation of the commitments.

The **European Union** said that the finance issue was not new and the AWG-LCA had done a lot of work already, reflecting similar views as the US on the progress made regarding the institutions and processes that have been set up. It was "puzzled" as to what else was left to do under the AWG-LCA and there was no mandate from Durban in this regard. It also said that work was being done under the COP on a work programme on long-term finance and since discussions are happening there (under the COP) there is a duplication to discuss matters under the AWG-LCA. It stressed that there was no further work under the AWG-LCA on finance as the work had been done.

Canada also said that that there were no further issues on financing under the AWG-LCA and there was need to close the work of the working group.