

Doha decisions on finance

Geneva, 13 Dec (Meena Raman) – The UNFCCC's 18th Conference of Parties (COP 18) which ended on Saturday 8 Dec in Doha adopted several decisions on finance related matters. These were mainly process or procedural decisions relating to mid-term finance (2013-2020); long term finance beyond 2020; arrangements between the COP and the Green Climate Fund (GCF); and the Standing Committee on Finance.

The finance issues were dealt with under the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) on mid-term finance and in the Contact Group on finance formed to deal with the remaining issues on finance on the COP 18 agenda.

Some of the other key decisions that were forwarded from the Subsidiary Body on Implementation (SBI) to the COP/Conference of Parties serving as the meeting of Parties of the Kyoto Protocol (CMP8) and were adopted include the review of the financial mechanism; report of the Global Environment Facility (GEF) and additional guidance to the GEF and initial review of the Adaptation Fund under the Kyoto Protocol.

Developed countries were reluctant to have decisions on mid-term and long-term finance.

On 4 December, the Qatari COP President, Abdullah Hamad Al-Attiyah launched ministerial consultations by appointing the ministers of Switzerland and Maldives to conduct bilateral consultations to find solutions on matters related to finance both in relation to issues under the AWG-LCA and the COP Contact Group.

Below are relevant highlights from the various decisions that were adopted on Dec 8 under the Doha package.

Under the outcome of the AWG-LCA

“...Acknowledging the pledges and announcements made by several developed country

Parties on the continuation of climate finance post 2012;

63. *Urges* additional developed country Parties to announce climate finance pledges when their financial circumstances permit;

64. *Reiterates* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund, and the request to the Board of the Green Climate Fund to balance the allocation of the resources of the Green Climate Fund between adaptation and mitigation activities;

65. *Calls on* developed country Parties to channel a substantial share of public funds to adaptation activities;

66. *Urges* all developed country Parties to scale up climate finance from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, to the joint goal of mobilizing USD 100 billion per year by 2020;

67. *Invites* developed country Parties to submit, by the nineteenth session of the Conference of the Parties, information on their strategies and approaches for mobilizing scaled-up climate finance to USD 100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation;

68. *Encourages* developed country Parties to further increase their efforts to provide resources of at least to the average annual level of the fast-start finance period for 2013- 2015;

69. *Decides* to extend the work programme on long-term finance for one year to the end of 2013, with the aim of informing developed country Parties in their efforts to identify pathways for

mobilizing the scaling up of climate finance to USD 100 billion per year by 2020 from public, private and alternative sources in the context of meaningful mitigation actions and transparency on implementation, and informing Parties in enhancing their enabling environments and policy frameworks to facilitate the mobilisation and effective deployment of climate finance in developing countries;

70. *Looks forward* to the implementation of the work programme of the Standing Committee, including the creation of a climate finance forum which will enable all Parties and stakeholders to, inter alia, exchange ideas on scaling up climate finance;

71. *Requests* the Standing Committee, in initiating the first biennial assessment and overview of climate finance flows, to take into account relevant work by other bodies and entities on the measurement, reporting and verification of support and the tracking of climate finance;

72. *Requests* the Board of the Green Climate Fund to expeditiously implement its 2013 workplan, with a view to making the Green Climate Fund operational as soon as possible to

enable an early and adequate replenishment process;

73. *Agrees* to consider the progress made in the mobilization of long-term finance at its nineteenth session, through an in-session high-level ministerial dialogue under the Conference of the Parties on efforts being undertaken by developed country Parties to scale up the mobilization of climate finance after 2012, informed by inputs from Parties, technical bodies and processes under the Convention, as well as the outcomes of the extended work programme on long-term finance;"

Work programme on long-term finance

"1. *Takes note* of the report by the co-chairs on the workshops of the work programme on long-term finance;

2. *Decides* to extend the work programme on long-term finance for one year to the end of 2013, with the aim of informing developed country Parties in their efforts to identify pathways for mobilizing the scaling up of climate finance to USD 100 billion per year by 2020 from public, private and alternative sources in the context of meaningful mitigation actions and transparency on implementation, and informing Parties in enhancing their enabling environments and policy

frameworks to facilitate the mobilization and effective deployment of climate finance in developing countries;

3. *Invites* the President of the Conference of the Parties to appoint two co-chairs, one from a developing country Party and one from a developed country Party, for the work programme mentioned in paragraph 2 above;

4. *Requests* the co-chairs to report back to the Conference of the Parties at its nineteenth session on the outcomes of the work programme;

6. *Requests* the Standing Committee to support the implementation of the work programme by providing expert inputs;

7. *Decides* that the work programme on long-term finance shall be open and transparent;

8. *Agrees* to continue the existing processes within the Convention for assessing and reviewing the needs of developing country Parties for financial resources to address climate change and its adverse effects, including the identification of options for the mobilization of these resources, and the adequacy, predictability, sustainability and accessibility of these resources."

Arrangements between the COP and the GCF

"1. *Recognizes* that the provisions contained in Article 11, paragraph 3, and decision 3/CP.17 and the governing instrument of the Green Climate Fund contained in the annex to 3/CP.17 form the basis for arrangements between the Conference of the Parties and the Green Climate Fund to ensure that the Green Climate Fund is accountable to and functions under the guidance of the Conference of the Parties to support projects, programmes, policies and other activities in developing country Parties;

2. *Requests* the Standing Committee and the Board of the Green Climate Fund to develop arrangements between the Conference of the Parties and the Green Climate Fund in accordance with the governing instrument of the Green Climate Fund and Article 11, paragraph 3, for agreement by the Board and subsequent agreement by the Conference of the Parties at its nineteenth session."

Report of the GCF to the COP and guidance to the GCF

"3. *Welcomes and* endorses the consensus decision of the Board of the Green Climate Fund to select Songdo, Incheon, Republic of Korea as the host

of the Green Climate Fund, on the basis of an open and transparent process;

4. *Requests* the Board of the Green Climate Fund and the Republic of Korea to conclude, in accordance with decision 3/CP.17, annex, paragraphs 7 and 8, the legal and administrative arrangements for hosting the Green Climate Fund, and to ensure that juridical personality and legal capacity are conferred to the Green Climate Fund, and the necessary privileges and immunities are granted to the Green Climate Fund and its officials in an expedited manner;

6. *Decides* to provide initial guidance to the Green Climate Fund at its nineteenth session;

7. *Requests* the Board of the Green Climate Fund, in its report to the Conference of the Parties at its nineteenth session, to report on the implementation of decision 3/CP.17 in which inter alia requested the Board:

(a) To develop a transparent no-objection procedure to be conducted through national designated authorities referred to in paragraph 46 of the governing instrument,² in order to ensure consistency with national climate strategies and plans and a country-driven approach and to provide for effective direct and indirect public and private-sector financing by the Green Climate Fund, and to determine this procedure prior to approval of funding proposals by the Fund;

(b) To balance the allocation of the resources of the Green Climate Fund between adaptation and mitigation activities;

(c) To secure funding for the Green Climate Fund, taking into account paragraphs 29 and 30 of the governing instrument, to facilitate its expeditious operationalization, and to establish the necessary policies and procedures to enable an early and adequate replenishment process;

(d) To establish the independent secretariat of the Green Climate Fund in the host country in an expedited manner as soon as possible, in accordance with paragraph 19 of the governing instrument;

(e) To select the trustee of the Green Climate Fund through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services;

(f) To initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant

thematic bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate;

8. *Looks forward* to the appointment of the Executive Director of the Green Climate Fund in accordance with decision 3/CP.17.

14. *Requests* the Board of the Green Climate Fund to expeditiously implement its 2013 workplan, with a view to making the Green Climate Fund operational as soon as possible, which will enable an early and adequate replenishment process; “

Report of the Standing Committee

“3. *Endorses* the work programme of the Standing Committee for 2013–2015, contained in annex II to the report of the Standing Committee;

4. *Welcomes* the work on the forum of the Standing Committee and encourages the Standing Committee to facilitate the participation of the private sector, financial institutions and academia in the forum;

5. *Requests* the Standing Committee to report on the forum in its report to the Conference of the Parties;

9. *Decides* that the name of the Standing Committee shall be changed to the Standing Committee on Finance;

10. *Invites* developed country Parties to submit to the secretariat, by May 2014, information on the appropriate methodologies and systems used to measure and track climate finance;

11. *Requests* the Standing Committee, in preparing the first biennial assessment and overview of financial flows, to consider ways of strengthening methodologies for reporting climate finance;”

Review of the financial mechanism

“1. *Decides* to initiate the fifth review of the financial mechanism, in accordance with the criteria contained in the guidelines annexed to decisions 3/CP.4 and 6/CP.13 and further guidelines that may be developed;

2. *Requests* the Standing Committee, in accordance with its mandate contained in decision 2/CP.17, paragraph 121(e), and taking into account existing guidelines and recent developments within the financial mechanism of the Convention, drawing upon information from, inter alia, fast-start finance, the work of the Green Climate Fund, taking into account its early stage of operationalization, the initial review of the

Adaptation Fund and the work programme on long-term finance, to further amend the guidelines for the review of the financial mechanism, and to provide draft updated guidelines for consideration and adoption by the Conference of the Parties at its nineteenth session, with a view to finalizing the fifth review of the financial mechanism for consideration by the Conference of the Parties at its twentieth session;

3. *Also requests* the Standing Committee to provide periodic updates on the status of its work relating to the fifth review of the financial mechanism to the Subsidiary Body for Implementation for its consideration, beginning at its thirty-eighth session, with the aim of ensuring an inclusive and transparent process; “

Initial review of the Adaptation Fund

1. *Recognizes* the effectiveness and efficiency of the interim secretariat of the Adaptation Fund Board and the International Bank for Reconstruction and Development (the World Bank), as interim trustee for the Adaptation Fund, in the delivery of their services to the Board, as well as the operational improvements identified in the report on the review of the interim arrangements of the Adaptation Fund;

3. *Decides* that the interim institutional arrangements of the trustee of the Adaptation Fund, as provided by decision 1/CMP.3 and contained in the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee of the Adaptation Fund, adopted by decision 1/CMP.4 and amended by decision 5/CMP.6, will be extended until June 2015;

4. *Requests* the Chair of the Adaptation Fund Board to discuss with the World Bank the extension of the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund, in accordance with paragraph 3 above, and to submit a recommendation for consideration by the Conference of the Parties serving as the meeting

of the Parties to the Kyoto Protocol at its ninth session;

5. *Decides* to extend the interim institutional arrangements of the secretariat of the Adaptation Fund Board, as provided by decision 1/CMP.3, until the completion of the second review of the Adaptation Fund in 2014;

6. *Encourages* the Adaptation Fund Board to continue working with the interim trustee for the Adaptation Fund on further enhancing the process of monetization of certified emission reductions;

7. *Also encourages* the Adaptation Fund Board to continue enhancing access to funding from the Adaptation Fund, especially through its direct access modality;

8. *Requests* the Adaptation Fund Board to consider how to further improve accessibility to funding from the Adaptation Fund, especially through its direct access modality, and to report on its conclusions to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;

9. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund based on the current uncertainty regarding the prices of certified emission reductions and the continuation of the Adaptation Fund during and beyond the second commitment period of the Kyoto Protocol;

10. *Requests* the Subsidiary Body for Implementation, at its thirty-eighth session, to initiate the second review of the Adaptation Fund in accordance with the terms of reference contained in the annex to decision 6/CMP.6, or as these guidelines may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session, with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session.”