

Developed countries oppose long-term finance discussions under UNFCCC post 2020

Madrid, 6 Dec (TWN)- At the on-going climate talks in Madrid, developed countries are opposed to continuing discussions on long-term finance under the UNFCCC post 2020, and want further discussions on finance to take place under the Paris Agreement.

Discussions were contentious on the issue as developing countries wanted to continue deliberations on long-term finance (LTF) post-2020 under the Convention, with developed countries countering that the mandate for the LTF should end in 2020 and any further considerations on finance should happen under the Conference of Parties to the Paris Agreement (CMA), mostly in workshops.

(The 17th UNFCCC COP [in 2011] had launched the work programme on LTF. Subsequently, COP 19 [in 2013] included three types of activities concerning LTF. These included biennial submissions by developed countries on their approaches for scaling up climate finance, continued deliberations on LTF through in-session workshops, and biennial high-level ministerial dialogues.)

In Madrid, informal consultations on the LTF are taking place under the COP in a contact group Co-chaired by **Rob Moore (United Kingdom)** and **Richard Muyungi (Tanzania)**. The consultations began on 4 Dec where Parties provided their views on what they would like to see included in a draft decision text. On 5 Dec, the Co-chairs issued the first iteration of the draft text, which was 6 pages long with 42 paragraphs.

The first iteration of the draft text was essentially a compilation of the views presented by Parties

during the deliberations and through written submissions. Upon the presentation of the draft text, Parties said they needed time to consult and that there were opportunities for the Co-chairs to streamline the text.

Palestine for the **G77 and China** informed the Co-chairs that any streamlining should only be “editorial”, with all the views retained in the second version. The Co-chairs are expected to issue a new iteration of the draft text on 6 Dec, and Parties are expected to deliberate on that version, and it can be expected that negotiations on this will continue to be highly contentious.

Besides the issue of the continuation of the LTF, other contentious issues were on taking stock of the commitments of developed countries to mobilise USD 100 billion per year by 2020, which was proposed by the **G77 and China**, but developed countries were not amenable this.

Some developing countries also objected to references to assessments by the Organisation for Economic Cooperation and Development (OECD) of climate finance being mobilized by developed countries for developing countries.

Palestine for **G77 and China** said the group saw the LTF as being an extremely important and only platform within the Convention that dealt with finance at a macro level, including dealing with both the technical and political levels. Palestine clarified that while the process involved mobilizing USD 100 billion a year up to 2020, it did not end in 2020. Referring to the Paris Agreement (PA), it said that developed countries are to continue to take the lead in the provision of finance and that the decision in Paris extended the mobilization of

the USD 100 billion goal for another 5 years. “We do not see the LTF coming to an end next year,” reiterated Palestine.

It also spoke about the new collective goal on finance and said that the LTF was well placed to discuss the goal. It stressed that finance is a critical element in the enhancing of any ambition and called for an assessment report. “Next year is key. Developed countries are supposed to mobilise USD 100 billion per year by 2020. We need a report on the progress by this process, not some other process. We can draw information from other sources, but it is important we take stock. The LTF provides an excellent vehicle for this,” said Palestine.

(Parties had agreed in Paris in 2015 to a new collective goal on finance to be set by the CMA prior to 2025, from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries).

The **European Union (EU)** reminded Parties that for the LTF, a clear time-related mandate exists in decision 3/CP.19, with a sunset clause up to 2020. “We see no ground to extend the LTF. There is a need to discuss finance in the future in some sort or form and we would be interested to hear in more detail those ideas, and that is a separate issue,” said the EU. It also said that several reports such as the OECD report on finance were available which have determined how much climate finance had been mobilized.

South Africa for the **Africa Group** confirmed its understanding that the finance discussions would continue post 2020 and added that the Convention would not come to an end in 2020. It said that the purpose of the PA is to further enhance the implementation of the Convention, adding that the LTF must continue and discuss a number of key issues such as access to climate finance, long-term plans, and capacity building. It also called for a report from the Convention bodies on the status of reaching the USD 100 billion goal by 2020.

Gambia for the **Least Developed Countries (LDCs)** stressed that they looked forward to continuing the LTF discussions beyond 2020 and that this presents an opportunity to confirm whether the USD 100 billion per year by 2020 was realised or not.

Belize for the **Alliance of Small Island States (AOSIS)** said several issues such as scaling up climate finance, adaptation finance and balance between adaptation and mitigation finance were

important to discuss. It said that there was no harm in continuing discussions under the Convention.

India said that neither the LTF nor the USD 100 billion commitment end with 2020. “The Convention does not end in 2020,” it said further, and reiterated that the purpose of the PA is to enhance the implementation of the Convention, adding that the scope, scale and speed of climate finance needs to be discussed and highlighted.

India also said that it was quite evident that climate finance needs in developing countries exceed billions and run into trillions of dollars and the roadmap to raise climate finance to match the scope, scale and speed is a fair ask “to deliver climate justice”. It said that the requirement of climate finance was not just about low carbon solutions, but for implementing the Convention, in the context of sustainable development and poverty eradication. India underlined the need for a clear definition of climate finance and urged developed countries to fulfill their commitment and provide real climate finance.

Responding to the EU on the OECD report, it said that India had also done its own assessments on climate finance and its findings were far less than what was quoted in the OCED report. “There is a clear cut disagreement. We support our G77 and China Chair’s proposal of an internal assessment of USD 100 billion, since there is a lot of confusion between what amount has been pledged and what amount has been generated,” it added further. India also cautioned against undermining the importance of public finance and playing up the role of private finance.

China said that while developed countries had made contributions for climate finance, aspects such as double counting in reporting channels and lack of transparency needed to be resolved. Developed countries must respect the Convention, said China, adding that they should have a clear roadmap and pathway to meet their due obligations leading up to 2025.

Norway said “LTF ends here” and was worried about the duplication of the finance agenda in the COP and CMA, adding that finance discussions have to be linked with the CMA architecture, otherwise it would be “crowded”. It also said that stocktake was a good idea, but to take it to a workshop. “Information on climate finance provided and mobilized will not be available till 2022; so, we question the need for such a

document. There is the Biennial Assessment and Overview of Climate Finance Flows (under the Standing Committee on Finance) that will come out next year. That could be a good document to use next year,” it said further.

Speaking for the **Alliance of the Latin American and Caribbean (AILAC)** countries, **Colombia** said that 2020 is a milestone because Parties would be looking to the achievement of the USD 100 billion goal and begin deliberating on a new goal. Colombia suggested that an in-session workshop should be used to kickstart deliberations on the new goal, adding that since the LTF is a forum for high-level discussions, it sees utility in prolonging the process.

Switzerland said the issue of LTF needs a home and needs to continue, but under the CMA. It also said that they need to look at enabling environments and the role of the private sector and added that these should be in the LTF discussions under the CMA. It also said that the final figures may not be available by the time of the stocktake proposed by G77 and China.

Bangladesh said that the LTF must focus on the mobilization of climate finance of USD 100 billion and that it was time for clarity on the sources of finance.

The **United States (US)** said that there seemed to be a “significant confusion” on the mandate and the decisions adopted in the past. The timeline has nothing to do with the horizon of USD 100 billion or the lifespan of the Convention, it said and referred to paragraphs 12 and 13 of decision 3/CP.19 which, according to the US, makes it clear that LTF is till 2020. The US also said that Parties had agreed to create space for finance discussions

under the CMA through biennial submissions, in-session workshops and biennial high-level ministerial dialogues, which paved the way for transition from the LTF. It also expressly warned against spending time “mischaracterizing past decisions”.

(Para 12 of 3/CP.19 reads: “*Decides to continue deliberations on long-term finance and requests the secretariat to organize in-session workshops on, inter alia, strategies and approaches for scaling up climate finance..., cooperation on enhanced enabling environments and support for readiness activities, and on needs for support to developing countries, from 2014 to 2020. Further requests the secretariat to prepare a summary of the workshops for consideration by the COP and to inform the ministerial dialogue referred to in para 13.*”

Para 13 of 3/CP.19 reads: “*Also decides to convene a biennial high-level ministerial dialogue on climate finance starting in 2014 and ending in 2020 and informed, inter alia, by the workshops referred to in paragraph 12 and the submissions referred to in paragraph 10. Further requests the presidency of the COP to summarize the deliberations of the dialogue.*”

Responding to the discussions, **Palestine** said, “The Convention is the root. Out of the root sprouts the Kyoto Protocol and PA. The obligation of provision of resources is anchored in the root. Mobilisation of finance as it evolves can come in different forms, but the root is important.”

In a subtle reference to the US’s withdrawal from the PA, Palestine said that if finance was discussed only under the CMA, then it would be missing the “important value” of inputs that the US would bring to the table.