TWN
Paris News Update
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www.twn.my
Published by
Third World Network
29 December 2015

Key UNFCCC COP21 decisions on finance-related issues

Kuala Lumpur, 29 December (Hilary Chiew) – Several finance-related decisions were adopted by the 21st session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC).

Four decisions were adopted in the afternoon of 10 December while one decision was adopted in the final plenary in the evening of 12 December.

The four finance issues in the agenda item of COP21 were (i) long-term climate finance, (ii) report of the Standing Committee on Finance, (iii) report of the Green Climate Fund (GCF) to the COP and guidance to the GCF, and (iv) report of the Global Environment Facility (GEF) to the COP and guidance to the GEF.

Adoption of the draft decisions of the items (except for the report of the GCF and guidance to the GCF adopted on 12 December) was swift in the afternoon of 10 December to the dismay of developing countries.

After the plenary was closed and the Chair moved on to open the plenary for the COP serving as the Meeting of the Parties to the Kyoto Protocol (CMP), the spokespersons for the Group of 77 and China and the Alliance of Small Island States (AOSIS) asked for the floor to deliver their interventions.

Ambassador Diann Black-Layne of Antigua and Barbuda speaking for AOSIS requested to go back to the COP items, expressing concern over the conduct of the adoption.

"This is an unusual COP … we are adopting items that were not negotiated but were streamlined and nowhere in the decisions indicated that this was the case. In the future, we will be referencing these COP decision over and over again. These are issues of importance for developing countries, particularly small island developing states (yet they are adopted) with no clear idea of what will happen to those items and paragraphs that we never got to discuss and negotiate," said a clearly upset Black-Layne, adding that she wanted the status of these COP decisions to be noted.

Representing the **G77 and China, Bernaditas Muller (Bolivia)** noted that she and Black-Layne could not come in time to express their views due to the 'efficient manner' of the conduct of the COP plenary.

She shared the views of Ambassador Black-Layne, noting "the unusual way that was followed (in adopting the decisions)" and said that "Parties were busy with negotiating the new agreement and therefore not able to devote enough time to these very important issues," referring to the parallel intense negotiations on the Paris Agreement for the post-2020 period.

"I would like to put on record our concerns and that we reserve the right to bring it up at the next COP or perhaps the next SBI (Subsidiary Body for Implementation) of these streamlined decisions that for the most part left out very essential points critical to developing countries' interests," stressed Muller.

The **European Union** noted that in the course of discussion of these agenda items, "we agreed with proposals from Parties (that) in light of the exceptional circumstances of this COP to focus on agreeing on streamlined text for these items."

"While we would like to have more opportunities to consider proposals made by Parties, we support the approach taken here and look forward to engaging in all these items at COP22," it said, adding that it would also like its statement to be noted for the record.

COP21 Vice-President Cheikh Ndaiye Sylla (Senegal) acknowledged that the interventions are very important statements and they would be taken into account and noted that as per the suggestion of

Bolivia, they can be taken into account in future SBI meetings.

(i) Long-term finance

The decision from Paris is contained in five paragraphs which read as follows:

"*1. Welcomes with appreciation the pledges and announcements and progress made towards reaching the goal of jointly mobilizing USD 100 billion annually by 2020 by developed country Parties, in accordance with decision 1/CP.16, including financial contributions made to the Green Climate Fund, the Least Developed Countries Fund and the Adaptation Fund, providing further clarity to and predictability of public climate finance flows from 2015 to 2020;*

2. Urges developed country Parties to continue efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and adaptation, recognizing the importance of adaptation finance;

3. Takes note with appreciation of the summary report on the in-session workshop on long-term climate finance held in 2015;

4. Decides that the second biennial high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will focus on the issues of adaptation finance, needs for support to developing country Parties and cooperation on enhanced enabling environments and support for readiness activities, and that it will be informed by the report of the in-session workshop in 2016 and the second biennial assessment and overview of climate finance flows;

5. Requests the Presidency of the Conference of the Parties, with the support of the secretariat, to prepare a summary of the second biennial high-level ministerial dialogue on climate finance for consideration by the Conference of the Parties at its twenty-third session (November 2017)."

(ii) Report of the Standing Committee on Finance (SCF)

Among the key paragraphs of the decision are:

"*3. Endorses the workplan of the Standing Committee on Finance for 2016–2017;*

4. Requests the Standing Committee on Finance, in implementing its workplan on the measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows, to continue to engage with relevant bodies under the Convention, multilateral and bilateral agencies and international institutions;

5. Welcomes the third forum of the Standing Committee on Finance on enhancing the coherence and coordination of forest financing, held on 8 and 9 September 2015 in Durban, South Africa;

6. Notes the recommendations of the Standing Committee on Finance on its third forum; ...

8. Requests the Standing Committee on Finance to report to the Conference of the Parties at its twenty-second session (November 2016) on the progress made in the implementation of its workplan;

9. Decides to initiate the review of the functions of the Standing Committee on Finance referred to in decision 6/CP.20, paragraph 23, at the twenty-second session of the Conference of the Parties;

10. Requests the Subsidiary Body for Implementation, at its forty-fifth session (November 2016), to prepare draft terms of reference for the review referred to in paragraph 9 above, on the basis of the submissions referred to in paragraph 11 below, for consideration by the Conference of the Parties at its twenty-second session;

11. Also requests the members of the Standing Committee on Finance and invites Parties and observer organizations to submit their views on the terms of reference for the review of the functions of the Standing Committee on Finance by 21 September 2016,3 for compilation by the secretariat into a miscellaneous document;

12. Further requests the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties."

(iii) Report of the GCF to the COP and guidance to the GCF

Of the 29-paragraph decision, which was adopted at the final plenary on 12 December, those of significance are:

"*8. Urges Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them to the Green Climate Fund through fully executed contribution arrangements or agreements to do so as a matter of high priority;*

9. Reiterates the invitation for financial inputs from a variety of sources, public and private, including alternative sources, throughout the initial resource mobilization process;

10. Requests the Board of the Green Climate Fund to agree on the arrangements for the first formal replenishment process of the Green Climate Fund as soon as feasible;

11. Welcomes the decision of the Board of the Green Climate

Fund to develop a strategic plan for the Green Climate Fund and to adopt it as soon as possible;

12. Also welcomes the decision of the Board of the Green Climate Fund to simplify the funding proposal template and concept note template in an expeditious manner;

13. Requests the Board of the Green Climate Fund to ensure that the revised funding proposal template and concept note template are designed to facilitate the application process;

14. Also requests the Board of the Green Climate Fund to adopt a simplified process for approval of proposals for certain activities, in particular for small-scale activities, as soon as possible in 2016, to reduce complexities and costs involved in project proposal development;

15. Welcomes the decisions of the Board of the Green Climate Fund to approve the accreditation of 20 national, regional, international and private entities to the Green Climate Fund;

16. Urges the Board of the Green Climate Fund to streamline the accreditation modalities and to seek a balance of diversity in accredited entities;

17. Takes note of the progress achieved to date in the implementation of the readiness and preparatory support programme of the Green Climate Fund and stresses the importance of improving the approval process and timely disbursement of readiness resources to facilitate readiness programme implementation pursuant to Green Climate Fund Board decision B.11/4;

18. Requests the Board of the Green Climate Fund to prioritize the development of its initial risk management framework;

19. Also requests the Board of the Green Climate Fund to enhance transparency and stakeholder engagement;

20. Urges the Board of the Green Climate Fund to operationalize the Independent Evaluation Unit, Independent Redress Mechanism and Independent Integrity Unit as a matter of urgency and to make public the procedures Parties and affected individuals should follow when seeking redress until the Independent Redress Mechanism is operationalized;

21. Invites the Board of the Green Climate Fund to take into account in its programmatic priorities the Cancun Adaptation Framework, in particular the principles referred to in paragraph 12 and the activities referred to in paragraph 14 of decision 1/CP.16;

22. Also invites the Board of the Green Climate Fund, in line with paragraph 38 of the governing instrument of the Green Climate Fund,6 to consider ways to provide support, pursuant to the modalities of the Green Climate Fund, for facilitating access to environmentally sound technologies in developing countries, and for undertaking collaborative research and development for enabling developing countries to enhance their mitigation and adaptation action;

23. Urges the Board of the Green Climate Fund to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with Green Climate Fund Board decision B.08/08;

24. Encourages the Board of the Green Climate Fund to consider the mobilization of private sector finance to progress the Fund's forestry-related result areas;

25. Requests the Board of the Green Climate Fund to take into account decision -/CP.21,7 in particular paragraph 6, referring to support for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as appropriate in its funding decisions;

26. Encourages the Board of the Green Climate Fund to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument, including by engaging with relevant bodies of the Convention, including the Standing Committee on Finance; and

27. Invites Parties to submit to the secretariat in writing annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the operating entities of the Financial Mechanism of the Convention."

(iv) Report of the GEF to the COP and guidance to the GEF

Of the 16-paragraph decision, those of significance are:

"*4. Encourages additional voluntary financial contributions to provide support for the national adaptation plan process through contributions to the Least Developed Countries Fund and the Special Climate Change Fund;*

5. Welcomes the addition of eight project agencies to the network of the Global Environment Facility;

6. Notes that the Independent Evaluation Office of the Global Environment Facility is carrying out a review of the Least Developed Countries Fund;

7. Encourages the Global Environment Facility to include the conclusions of the review in its report to the Conference of the Parties at its twenty-second session (November 2016);

8. Requests the Global Environment Facility to carry out a *technical review of the programme priorities of the Least Developed Countries Fund, taking into account the independent review referred to in paragraph 6 above, and focus the technical review on, inter alia:*

(a) Undertaking pilot concrete climate change activities that are particularly relevant for the least developed countries;

(b) Enhancing longer-term institutional capacity to design and execute activities referred to in paragraph 8(a) above;

9. Urges the Global Environment Facility to work with all its agencies and recipient countries to ensure that these countries can take full advantage of the expanded network of agencies;

10. Welcomes the exploration of innovative non-grant instruments by the Global Environment Facility and encourages the Global Environment Facility to work with its agencies, recipient countries and the private sector to submit proposals;

11. Also welcomes the approval of projects by the Global Environment Facility to support 46 developing country Parties in preparing their intended nationally determined contributions5 and encourages the Global Environment Facility to continue providing such support;

12. Requests the Global Environment Facility to consider how to support developing country Parties in formulating policies, strategies, programmes and projects to implement activities that advance priorities identified in their respective intended nationally determined contributions in a manner consistent with the operational policies and guidelines of the Global Environment Facility, starting in 2016;

14. Welcomes the efforts to date of the Global Environment Facility to engage with the Green Climate Fund and encourages both entities to further articulate and build on the complementarity of their policies and programmes within the Financial Mechanism of the Convention; and

15. Invites Parties to submit to the secretariat annually, in writing and no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility; …"

Another finance-related decision was the adoption of the SBSTA43 draft conclusion and draft decision on **Methodologies for the reporting of financial information by Parties included in Annex I to the Convention.**

Of the 17-paragraph decision, those of significance are:

"*1. Recognizes the need to enhance common understanding on key terminology for reporting financial information under the Convention to facilitate transparency and comparability of information and data on support over time and across Parties;*
…

6. Decides to enhance consistency and transparency through adjustments in the reporting parameters in tables 7, 7(a) and 7(b) of the common tabular format by:

(a) Creating reporting fields for the provision of information on definitions or methodologies used for reporting information in the following reporting parameters: "climate-specific" or "core/general", "status", "funding source", "activity", "financial instrument", "type of support" and "sector";

(b) Improving the software for tables 7, 7(a) and 7(b) of the common tabular format by extending the number of input rows in the Microsoft Excel file;

(c) Aligning the categorization in the reporting parameter "status" of support ("pledged", "committed" and "provided") in tables 7, 7(a) and 7(b) of the common tabular format with the categorization used in other existing international methodologies ("committed" and "disbursed");

7. Requests the secretariat to revise the electronic reporting application for a common tabular format, in accordance with the provisions contained in the annex, in time for the preparation and submission of the biennial reports of Parties due in 2018;

8. Decides that developed country Parties shall use the revised electronic reporting application, taking into account their national circumstances, when preparing and submitting their biennial reports in 2018 in accordance with decision 2/CP.17; …

12. Requests the secretariat to update the UNFCCC national focal points when the information referred to in paragraph 6 above on climate finance directed to recipient countries as reported under the Convention is made available;

13. Also requests the Standing Committee on Finance to take into account the enhanced information provided by Parties included in Annex II to the Convention referred to in paragraph 6 above in its biennial assessment and overview of climate finance flows;

14. Further requests the Standing Committee on Finance to take into account the work on the methodologies for the reporting of financial information from Parties included in Annex I to the Convention in the context of its workplan on the measurement, reporting and verification of support;

15. Invites the Subsidiary Body for Implementation to take into consideration the adjustments referred to in paragraph 6 above in its revision of the "Guidelines for the preparation of *national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications", to be completed at the twenty-second session of the Conference of the Parties*; …"