

Work of the Spin-off group on Article 6 on finance and related decision paragraphs

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Article 6 (FINANCE)

1. [Over time, [all] finance flows should [promote][be consistent with] the transformation to low-emission and climate resilient societies and economies.]
- 1bis. [To this end, all Parties shall take action to mobilize, and/or facilitate the mobilisation of, climate finance in line with their respective and evolving responsibilities and capabilities. Some Parties may need support in order to take action.]
- 1ter. [The actions taken by Parties in the mobilization of climate finance shall reflect and be dynamically adapted to future changes in needs, developments and environmental and economic realities, reflecting evolving capabilities and responsibilities.]

Option 1:

2. [[[Developed country Parties should take the lead and][Developed country Parties and Parties in a position to do so] [All Parties in a position to do so][Developed country Parties] [shall][should][other] provide support to assist developing country Parties with respect to both mitigation and adaptation [and others in a position to do so should complement such efforts].]
- 2bis. [In the implementation of (this Agreement), developed country Parties and other developed Parties included in Annex II to the UNFCCC (the “Convention”) shall provide and mobilize new and additional, predictable, accessible, sustained and scaled-up financial resources to developing countries to implement their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the objective of (this Agreement), meeting costs of adaptation, addressing loss and damage and including access to and transfer of environmentally-sound technologies and capacity-building, based on the principles and in accordance with the provisions of the Convention.]
- 2ter. [Developed country Parties shall provide support, including adequate and predictable financial support channelled through the financial mechanism of the Convention and other financial mechanisms to developing country Parties to advance the implementation of their policies, strategies, regulations and action plans on climate change education, training, public awareness, public participation and public access to information to enable effective adaptation and mitigation action by all Parties.]
3. [[Developed country Parties][Developed country Parties and Parties in a position to do so][All Parties] [shall][should][other] periodically communicate information on the projected levels of public climate finance.]
- 3bis. [Developed country Parties and other developed Parties included in Annex II shall prepare and communicate biennially on the provision and implementation on the provision of financial resources, including quantitative and qualitative information on the projected levels of public financial resources to be provided to developing country Parties.

A short-term collective quantified goal by developed country Parties shall be (periodically) reviewed and assessed based on needs and priorities identified by developing country Parties, in accordance with modalities and procedures to be developed by the CMA, in the context of achieving the objective of (this Agreement).]
4. [The Parties recognize the desirability of a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, noting the need for a diversity of sources and instruments to fit recipients’ changing economic circumstances.]
- 4bis. [Parties may transfer mitigation outcomes for the purpose of fulfilling commitments and supporting actions under this Agreement in accordance with relevant COP decisions.]

- 4ter. [Public funds, distinct from Official Development Assistance, will be the main source of financing, noting that sources may include a wide variety of sources, public and private, bilateral and multilateral as well as additional sources.]
5. [[Parties recognize the importance of the Green Climate Fund and other multilateral mechanisms for] The mobilization of climate finance [that] [shall][should][other] be scaled up [in a predictable and transparent manner] [from USD 100 billion per year] from 2020.]
- 5bis. [The provision and mobilization of financial resources by developed country Parties and other developed Parties included in Annex II shall represent a progression beyond their previous efforts, and financial resources shall be scaled up from a floor of US\$100 billion per year from 2020, including a clear burden-sharing formula among them, and in line with needs and priorities identified by developing country Parties in the context of contributing to the achievement of the objective (Article 2/XX) of this Agreement.
- These resources shall be provided in a measurable, reportable and verifiable manner, and be based on clear road map with individual annual targets in the post-2020 period, with clearly identified pathways to annual expected levels of available resources towards achieving short-term quantified goals. It shall take into account an equitable regional distribution of financial resources and a gender-sensitive approach, and include the implementation of Articles 5 and 6 of the Convention.]
6. [Parties should strive to balance adaptation support relative to mitigation support, bearing in mind country-driven strategies, priorities and needs, including in relation to [finance][forests], technology transfer and capacity-building.]
- 6bis. [The provision of these scaled-up resources, including for the transfer of technology, shall aim to achieve a balance of 50:50 allocation for mitigation and adaptation actions of developing country Parties, recognizing that financing for adaptation should be public and grant-based, taking into account the needs of developing country Parties which are particularly vulnerable to the adverse effects of climate change, including small island developing States (SIDS), least-developed countries (LDCs), and Africa, bearing in mind the country-driven strategies, priorities and needs of developing countries, including in relation to forests, technology development and transfer and capacity-building.]
7. [Parties should strive to improve the predictability of finance flows.]
8. [Parties [shall][should strive to] improve domestic enabling environments to attract low-emission, climate-resilient investment, noting that cooperative action and support may enhance such efforts.]
9. [The Parties [shall][should][other] take appropriate steps to:
- (a) [[Prioritize the provision of][Recognize the importance of providing] grant-based [and concessional finance][support] to the poorest, most vulnerable and/or those with the least ability to mobilize other resources, [including][especially] for adaptation[, with priority given to financing for activities that are readily implementable, scalable, results based and deliver co-benefits];]
 - (a bis) [Prioritize financial support for results-based payments for verifiable achieved emission reductions related to existing approaches under the Convention;]
 - (b) Integrate climate considerations, including resilience, into international development assistance[, national development plans, national and international investments];
 - (c) Reduce international support for high-emission and maladaptive investments;
 - (d) Explore options for simplifying procedures for accessing support, in particular for the LDCs and SIDS;
 - (e) [Implement and improve where necessary the pricing of greenhouse gas emissions.]]
- 7/8/9 bis. [The provision of financial resources, including for the transfer of technology shall ensure facilitated and enhanced direct access, pursue a country-driven approach, delivered through simplified procedures, and continuous readiness support in particular to capacity-constrained developing countries, in particular LDCs and SIDS. It shall likewise ensure adequacy and predictability of resources, and avoid double counting.]]

Option 2:

2. [Parties should promote the mobilization of climate finance from a wide variety of instruments and channels, including public, private, bilateral, multilateral, domestic, and international. In this regard:
- (a) Recognizing the importance of mobilizing domestic resources in the first instance, Parties in a position to do so should provide support to assist developing country Parties in need of support with respect to both mitigation and adaptation. Parties should strive to balance adaptation support and mitigation support, bearing in mind country-driven strategies, priorities and needs.
 - (b) Parties should strive to improve domestic enabling environments to attract and mobilize low-emission, climate-resilient investment, noting that cooperative action and support may enhance such efforts.

(c) Parties should prioritize the provision of the most concessional finance to the poorest, most vulnerable, and/or those with the least ability to mobilize other resources, including for adaptation.

(d) Parties should integrate climate considerations, including resilience, into [international development assistance][their domestic development plans, international development assistance, and domestic and international investments].

(e) Parties should ~~[reduce international support for high-emission and maladaptive investments]~~[enhance international support for low-emission and climate-resilient investments]~~[reduce]~~[enhance] ~~international support for [high-emission and maladaptive]~~[low-emission and climate-resilient] investments.

3. Parties should periodically communicate relevant, indicative information about their plans related to paragraph 2, as appropriate.]

10. [The Financial Mechanism established by Article 11 of the Convention, including [the Green Climate Fund and the Global Environment Facility for] its operating entities shall serve as the financial mechanism of this Agreement. [The CMA shall decide on the operating entities' policies, programme priorities, and eligibility criteria related to this Agreement.]]

- 10bis. [The Financial Mechanism of the Convention, as defined in its Article 11, shall serve as the financial mechanism of (this Agreement), including the Green Climate Fund and the Global Environment Facility as its operating entities, in line with their respective mandates. Its operation shall remain open to be entrusted to other existing international entities. The guidance to the entity or entities entrusted with the operation of the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply mutatis mutandis to the provisions of the paragraph.
The Funds under the Convention such as the Special Climate Change Fund (SCCF) and the Least-Developed Countries Fund (LDCF), and the Adaptation Fund under the Kyoto Protocol to the UNFCCC (KP) shall also serve this Agreement. Other funds may be established under this Agreement as may be deemed necessary. These funds shall operate under the guidance and authority of the Governing body of (this Agreement) in relation to activities to be developed and implemented under this Agreement.]

11. [The Standing Committee on Finance established under the Convention shall serve this Agreement. [Its biennial assessment of climate finance flows shall utilize, inter alia, information drawn from relevant submissions from Parties.]]

- 11bis. [The Standing Committee on Finance of the Convention shall assist the (Governing body) of (this Agreement) in exercising its functions with respect to the Financial Mechanism of the Convention, in line with its functions and responsibilities established under the COP. Other thematic bodies of the Convention shall likewise assist the (Governing body of this Agreement), which may also establish other thematic bodies as may be necessary.]

12. [A High-Level Segment on Climate Finance shall be held biennially, as part of the sessions of the CMA, to consider the biennial assessment of the Standing Committee on Finance and make recommendations, as appropriate, to the CMA.]

- 12bis. [The (Governing body to this Agreement) shall ensure that adequate support is available to the International Mechanism to address Loss and Damage as defined in Article (XX), as well as to promote and support the development and implementation of approaches to address irreversible and permanent damage resulting from human-induced climate change.]

- 12ter. [The CMA shall facilitate the communication of finance efforts for the stocktake referred to in article 10, taking into account the biennial assessment of the Standing Committee on Finance.]

B. DRAFT DECISION

FINANCE

44. *Decides* that the operating entities of the Financial Mechanism (the Green Climate Fund and the Global Environment Facility), the Least Developed Country Fund[,] [and] the Special Climate Change Fund [and the Adaptation Fund] shall serve the Agreement, and that the CMA has the authority to modify this list;
- 44bis. Reaffirms that the Green Climate Fund (GCF) and the Global Environmental Facility (GEF) shall serve the Agreement as the operating entities of the Financial Mechanism. The Least Developed Country Fund and the Special Climate Change Fund administered by the GEF will continue to serve the agreement. The CMA has the authority to modify this list.
- 44ter. The CMA shall provide guidance on the policies, programme priorities, and eligibility criteria for the Financial Mechanism related to this Agreement. The CMA should consider the special circumstances of LDCs, SIDS, and African States when providing this guidance. A developing country Party in need of support is eligible to receive support from the operating entities of the Financial Mechanism if it has communicated an NDMC under Article 3 and has submitted timely reports under Article 9.
45. *Decides* to establish a process for the consideration of new and alternative sources of finance beyond existing bilateral and multilateral sources, in accordance with the terms of reference to be developed by the COP at its twenty-second session, with a view to the COP taking a decision on this matter at its twenty-third session;
46. *Requests* the IPC to prepare a recommendation to the CMA regarding the creation of a process, which should include biennial in-session workshops, to consider progress in relation to the efforts referred to in Article 6, paragraphs 8 and 9, of the Agreement;
47. *Also requests* the secretariat to organize and prepare a summary of the biennial in-session workshops referred to in paragraph 46 above for consideration by the CMA;
48. No provision on market mechanism.
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