

Elements of a global financing framework

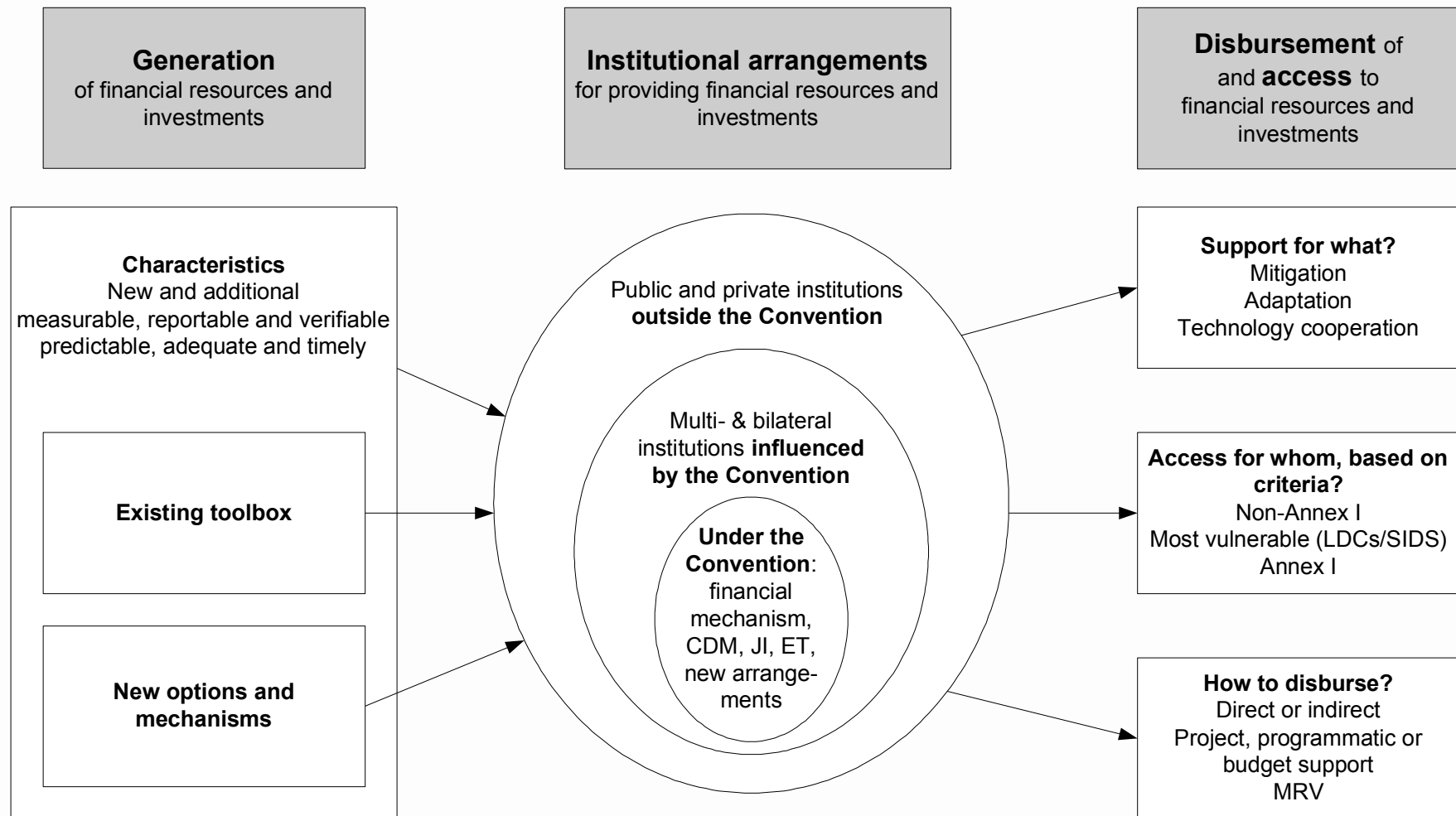
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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Elements of a global financing framework



Generation of Financial Resources

- Existing toolbox under the Convention
 - Mitigation
 - GEF Trust Fund,SCCF(Technology),CDM,JI
 - Adaptation
 - SPA, SCCF(Adaptation), LDCF, Adaptation Fund
- Existing tool box influenced by the Convention
 - Bilateral initiatives
 - Japanese Cool Earth Partnership, ETF UK,Norwegian Rain Forest Fund, Spanish MDG Fund, GCCA of EC, German Climate Initiative, Australian GIFC
 - Multilateral initiatives
 - UN REDD,FCP,CIF



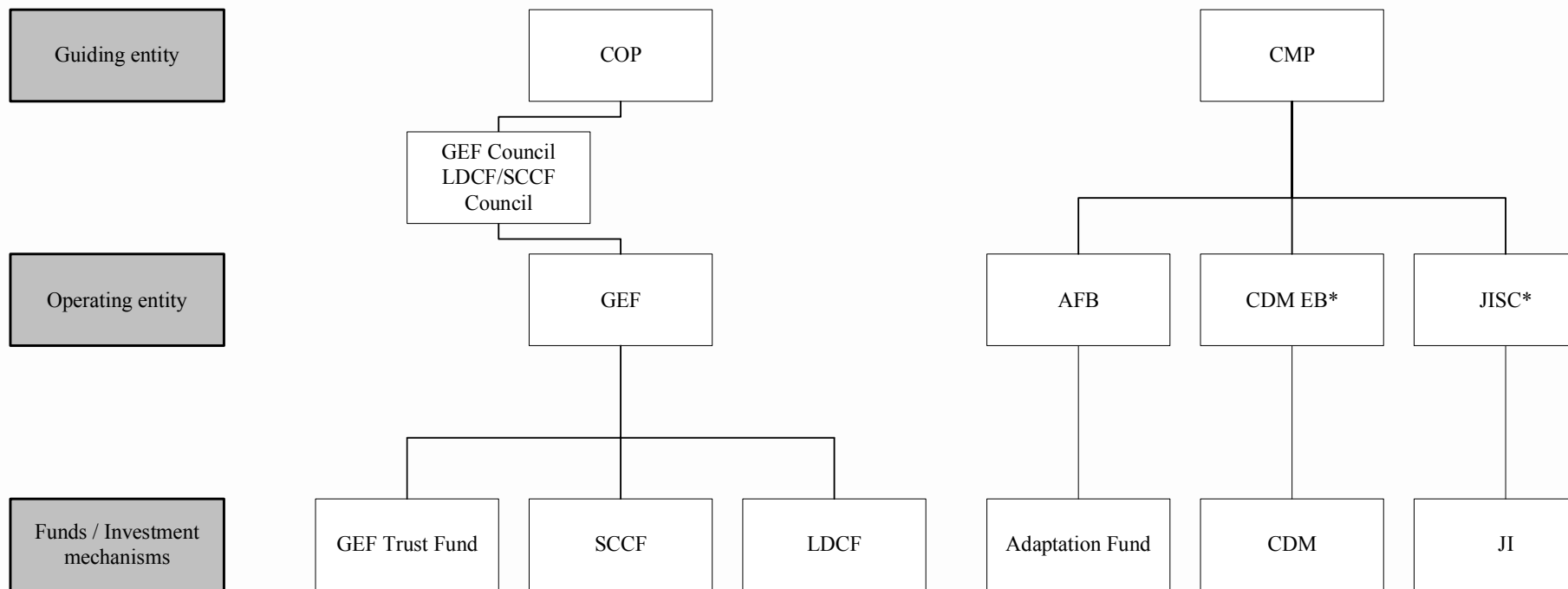
Generation of financial resources and investments

New options and mechanisms

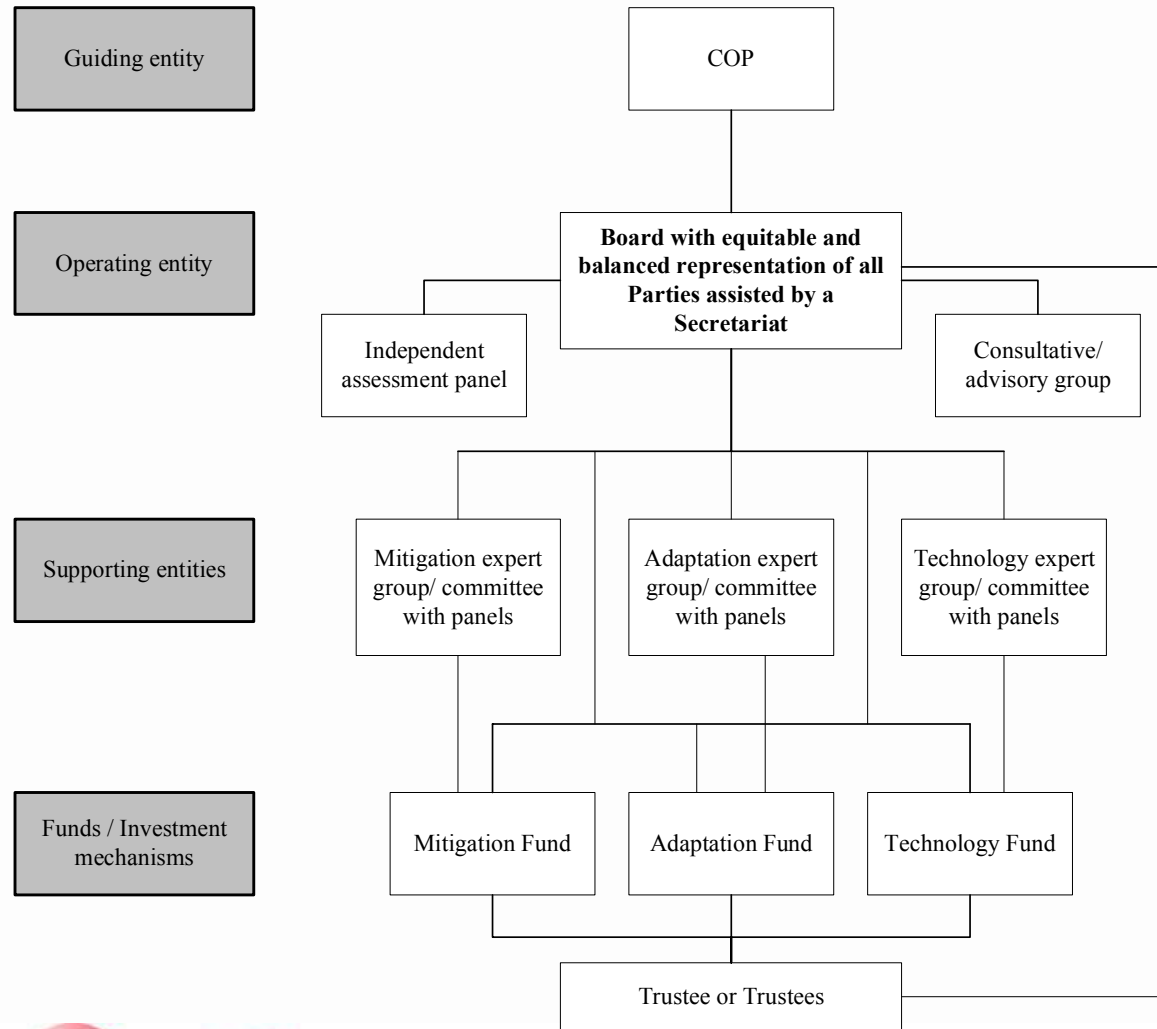
Proposed by	Source	Nominal annual level of funding (USD billion)
Increasing the scale of existing mechanisms		
EU	2% levy on SOP from CDM (for Adaptation)	0.25–2.5
Pakistan	3-5% levy on SOP from CDM	0.375–6.25
Defined budgetary contributions from developed countries		
G77 and China	0.5-1% of GNP from Annex I Parties	201–402
Contributions raised through market based mechanisms, taxation and others		
Mexico	contributions based on GDP, GHG and population and auctioning permits in developed countries	10
Norway	Auctioning AAUs	15–25
Switzerland	2 USD/t CO ₂	18.4
South Korea	Crediting NAMAs	
Colombia	2% levy on SOP from JI and ET	0.03–2.25
LDCs	Levy on international air travel (IATAL)	4–10
LDCs	Levy on bunker fuels (IMERS)	4–15
Observer organizations	Auction of Allowances for International Aviation and Marine Emissions	20-40

Institutional arrangements for providing financial resources and investments

Current institutional arrangements under the Convention



Institutional arrangements – a proposal from the G77 and China



Institutional arrangements for providing financial resources and investments

- Options:
 - Using and improving existing institutions such as the Adaptation Fund and the GEF to avoid a possible proliferation of institutions and funds, or
 - Establishing new institutional arrangements to provide new and additional financial resources and investment
- Main issues relating to future institutional arrangements:
 - Governance (direct accountability to the COP and equal voice to developed and developing countries)
 - Coherence (links and coordination between various sources and funds)



Disbursement of and access to financial resources and investments

- Proposed disbursement and access under the Convention
 - Support for what?
 - Equal support provided for mitigation and adaptation and associated technology cooperation
 - Access by whom, based on criteria?
 - All countries vs. only developing countries
 - for mitigation: national circumstances and capability
 - for adaptation: level of vulnerability
 - How to disburse?
 - Direct access
 - Programmatic approaches
 - How to MRV?
 - Set up transparent system to measure, report and verify financial flows to monitor funding delivered, actions undertaken and results achieved