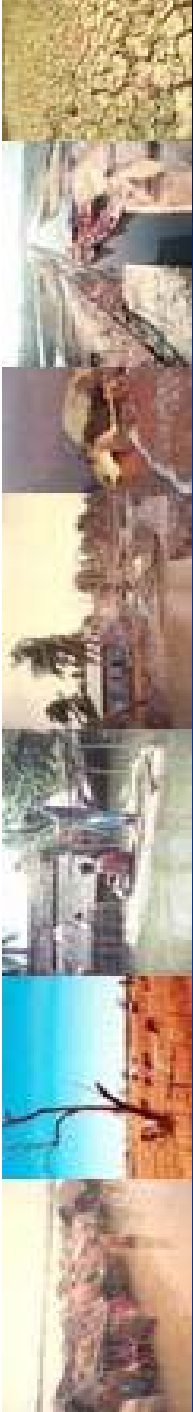


Session 2 of the AWG-LCA: Workshop

Investment and Financial Flows to Address
Climate Change

By
Bangladesh
On behalf of LDCs





Conceptual Framework for Investment and Financial Flows to Address CC

- Investments today determine extent of climate change tomorrow
- 1 to 3 % of GDP is needed to avoid worst effects
- Financing Mitigation
 - Investment and financial flows to support global mitigation efforts to be adequate to keep global temperature rise to well below 2°C
- Financing Adaptation
 - Investment and financial flows to support adaptation needs for present, up and beyond 2012

Immediate Investment and Financial Flows for Adaptation

- Adequate funding for speedy implementation of NAPA recommendations;
- Support scaling up of hydrological and meteorological services;
- Support early warning system;
- Establish national and regional centres for undertaking research and development;
 - Impacts and vulnerability assessment;
 - Support adaptation research and development;
 - Support South-South and North-South Cooperation;
 - Support data and knowledge sharing.
- Support transfer of environmentally sound technologies for adaptation
- Establishing mechanism for compensation of climate victims and insurance for risk reduction

Immediate Investment and Financial Flows for Mitigation

- Capacity building, creating enabling environment to promote CDM in the least developed countries
- Support environmentally sound technology transfer from North to South to
 - Improvement of efficiency in production, distribution and consumption of energy;
 - Promotion of deployment of renewable energy technology;
 - Improvement of transport planning and switching to low carbon fuels; and
 - Technology need assessment and support for afforestation, re-forestation and forestry management.

Principles and Architecture of a Future Funding Mechanism under LCA

- **Adequacy**
 - To meet the funding requirement for adaptation, mitigation, and technology transfer
- **Equity**
 - Finance obligations should be based on historic responsibility
- **Predictability**
 - Mechanism should be tied to binding commitments and target
- **New and Additional**
 - Finance generated through new mechanism must be additional to ODA commitments of Annex-I Parties
- **Governance**
 - Financial mechanism to operate under the authority and guidance of the COP
- **Disbursement**
 - Access should be easy and fast
- **Priority**
 - Funding should be targeted at most vulnerable groups and local communities and natural resource management

Likely Sources of Fund

- Commitment Fund under Article 4.3 of the Convention;
- Levy on International Air Travel;
- International fuel levy (aviation and maritime transportation);
- Extending adaptation fund levy to other mechanisms;
- Carbon Market
- Venture Capital
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