High-level Ministerial Dialogue on Climate Finance
Co-chairs' summary
20 November, Warsaw

The high-level ministerial dialogue on climate finance convened under the Conference of the Parties at its nineteenth session in Warsaw to consider the progress made in the mobilization of long-term finance and efforts being undertaken by developed country Parties to scale up the mobilization of climate finance after 2012[i]. The high-level dialogue was Co-Chaired by H.E., Ms. Maria Kiwanuka, Minister of Finance, Planning and Economic Development, Uganda, and H.E., Mr. Martin Lidegaard, Minister for Climate Energy and Building, Denmark.

The following paragraphs provide highlights of some of the key points made and common threads emerging from the discussion, from the perspective of the two Co-Chairs of the high-level ministerial dialogue. It should be noted that the paragraphs are by no means exhaustive or intended to capture the entirety of the various remarks and interventions. A full webcast of the high-level ministerial dialogue is accessible from the UNFCCC website[ii].

<u>Inaugural session</u>

The dialogue started with an inaugural session followed by two separate sessions structured around the mandate. H.E. Marcin Korolec, Minister of the Environment of Poland and President of COP 19 and CMP 9, opened the meeting followed by remarks from Ban Ki-moon, Secretary-General of the United Nations, H.E. Jakaya Kikwete, President of the United Republic of Tanzania, Hela Cheikhrouhou, Executive Director, Green Climate Fund, and Naoko Ishii, CEO and Chairperson, Global Environment Facility.

In his opening statement, H.E. Marcin Korolec, Minister of the Environment of Poland and President of COP 19 and CMP 9, underlined the importance of mobilizing climate finance as essential to restoring trust between Parties and in order to find the basis for progress over the next year.

In his remarks, the Secretary-General of the United Nations identified a number of barriers to sustainable investments, including "perverse subsidies", a lack of predictability of climate policies and budgets, and economic constraints. He stressed the need to send policy signals that unlock clean energy investments, close the viability gap between green and fossil-fuel based projects, and de-risk renewable energy and low-carbon investment. Three areas for common action were identified: Public finance and predictable long-term policies, leveraging of private finance, and operationalization of the Green Climate Fund.

H.E. Jakaya Kikwete, President of the United Republic of Tanzania, stressed that an effective response to climate change requires financial resources. Many developing country governments are doing their best to mobilize resources, but the costs are too high. He reminded participants of the COP 16 decisions and emphasized that funding should be new and additional, that priority should be given to the climate needs of the Least Developed Countries, and that there is a need for transparency. If a breakthrough is to be made in 2015, action is needed, and all must play their part accordingly. He identified a united purpose and political will as a matter of essence and called on Ministers to agree on ways to unlock obstacles and explore various options and sources for mobilizing financial resources, based on experience from the fast-start finance.

Ms. Naoko Ishii, CEO and Chairperson, Global Environment Facility, spoke of the need for speed, scale and synergy. Ms. Ishi underlined the need to foster synergies between financing channels, including forging strong complementarities between the operating entities of the financial mechanism of the Convention.

In her remarks, Ms. Héla Cheikhrouhou, Executive Director of the Green Climate Fund, noted the fact that the Fund is getting ready to open for business, underlining two important elements: readiness as an essential step on the road towards the successful operationalization of the Fund; and the Private Sector Facility as an innovative feature of the Fund, which will help to mobilize private sector financing alongside public funds and promote the private sector's role in addressing climate change in the developing world.

Sessions I and II

During the sessions, Ministers and Heads of Delegations shared views on the state of climate finance and discussed ways forward to achieve the joint commitment of mobilizing USD100 billion per year by 2020 from a variety of sources to address the needs of developing country Parties[iii]. Each session featured brief remarks by "icebreakers" to inform and stimulate discussions. In a keynote speech at the opening of the second session, Lord Nicholas Stern identified government-induced policy risk as the biggest barrier to private investment.

Progress made in scaling-up the mobilization of climate finance

With fast-start finance delivered by developed country Parties to fulfil their collective commitment of mobilizing USD 30 billion for the period 2010-2012 many speakers reflected on lessons learned in a number of areas, including the need for enhanced transparency and ensuring balance in the allocation of resources between mitigation and adaptation.

Several interventions focused on existing challenges to scaling-up climate finance and the types of public policies and appropriate tools that can unlock public and private sources. Many speakers identified a potential for leveraging and re-directing private investments. In this regard, several speakers pointed out conducive policies and regulatory frameworks as essential since instability and lack of predictability pose a significant risk to investors.

A number of interventions provided examples of new initiatives and several speakers recognised on-going collaboration between developed and developing country Parties on the ground which shows that it is possible to overcome barriers to climate finance through concrete action and initiatives, including in bilateral and multilateral contexts.

Several speakers underscored the importance of the political process for the fulfillment of the joint commitment of mobilizing USD 100 billion by 2020. Clarity, predictability, accessibility, adequacy, transparency, and effectiveness were highlighted as important objectives. Some interventions called for mid-term targets and "milestones" to 2020.

Speakers welcomed the recent progress made by the Green Climate Fund Board and underscored the need to maintain the pace of progress in order to further build on the political momentum for an expeditious initial resource mobilisation and initiation of the readiness and preparatory support.

Efforts being undertaken to scale-up the mobilization of climate finance

Several speakers spoke of developing country strategies, introduction of emissions trading schemes, establishment of national green/climate funds, and introduction of GHG emissions linked green taxation schemes as examples which aim to mobilize and attract finance and investments from public and private sectors, internationally and domestically. At national level, supporting policy environments and regulatory actions underpin pathways for scaling up climate finance from all sources. Many underscored the importance of sending strong policy signals including carbon pricing, reduction of fossil fuel subsidies and establishing the types of incentives that allow for the most efficient use of public finance in such a way that it unlocks larger scales of funding from the private sector.

Many speakers underscored the importance of mainstreaming climate change into development planning and finance and the need to re-direct private financial flows to low-carbon and climate-resilient activities, including through reduced fossil fuel subsidies.

A number of interventions highlighted that collective efforts of developed countries to increase coordination of support at multilateral and bilateral levels and efforts of developing countries to improve coherence across different funding arrangements at national level are fundamental to scaled-up climate finance.

Several speakers underscored the importance of ensuring predictability and sustainability of resources for climate action after the fast-start finance period. In this regard, new and enhanced commitments to provide continued climate finance are to be acknowledged and welcomed.

Announcements of forthcoming contributions by developed countries, including pledges made in order to achieve the goal of mobilizing USD 100 million for the Adaptation Fund and the commitment made by some to maintain current levels of finance for REDD+, were applauded. There was strong support for the Green Climate Fund and a number of speakers declared that they would contribute to its capitalization when the essential operational requirements are met.

Many underscored the imperative of strengthening the tracking and reporting of climate finance, not only for measuring public finance and leveraged resources from private sector but also for measuring effectiveness and results achieved. Some speakers underscored the relationship between partnerships, results achieved on the ground, and predictability. The dialogue emphasized the role of transparency in building trust and confidence and the contributing role of the ongoing initiatives that seek to develop tools to track and report climate finance, including for mobilized private sector finance. A call for addressing the issue of a definition of mobilized climate finance in 2014 was made.

Closure of the high-level dialogue

The Co-Chairs summarized that there was a strong willingness to work together to achieve the common goal of providing scaled-up climate finance, and a realization that all have a role to play. There is significant experience to build on with the fast-start finance period providing useful lessons learned. The dialogue served as an important platform for parties to reconfirm their political support for the Green Climate Fund and communicate continued support to developing country parties after the fast-start finance period, including pledges to the Adaptation Fund in excess of USD 100 million, REDD+, and the Green Climate Fund once it is operational. There was a sense that public funds should unlock private finance, and a clear call for transparency, predictability, clarity and balance between adaptation and mitigation.

Going forward, continued political support, coordination and collaboration was seen as key to implementation, enhanced transparency, and the mobilization of scaled-up climate finance to USD 100 billion per year by 2020.

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[i] Decision 1/CP.18

[ii] Part I: http://unfccc4.meta-fusion.com/kongresse/cop19/templ/play.php?id_kongresssession=7027&theme=unfccc
Part II: http://unfccc4.meta-fusion.com/kongresse/cop19/templ/play.php?id_kongresssession=7030&theme=unfccc

[iii] http://unfccc.int/files/meetings/warsaw_nov_2013/application/pdf/131120_hlmd_programme.pdf