

## **Submission of the United Nations Development Programme (UNDP) to the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA)**

The Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), at its third session, invited its Chair to prepare, under his own responsibility, a document assembling the ideas and proposals presented by Parties on the elements contained in paragraph 1 of decision 1/CP.13 (the Bali Action Plan), taking into account the ideas and proposals presented by accredited observer organizations. The ideas and proposals shall be those received in response to the invitations contained in the Bali Action Plan and in the conclusions of the first and second sessions of the AWG-LCA, as well as those that were presented during its first three sessions and in the in-session workshops of the AWG-LCA.

In response to this invitation, the United Nations Development Programme (UNDP) makes the following submission.

### **1. Overall objective.**

Nearly all sectors of society contribute to greenhouses gas emissions and are affected by climate change. The magnitude and the impact of the problem give this generation the opportunity to craft an effective and rational response, under the aegis of the United Nations Framework Convention on Climate Change (UNFCCC), that not only moves societies (production and consumption patterns) towards less carbon intensive pathways, but that at the same time, makes major inroads towards achieving the Millennium Development Goals and long term sustainability, and reduce poverty.

The scale and scope of the response needed to address climate change requires a new development paradigm in support of this transition towards sustainable economies. Every policy and investment decision has to be assessed in light of its greenhouse gas reduction capacity and its contribution to long term sustainability.

In light of this overall objective, it is important that any new financial architecture agreed upon under the UNFCCC reinforces and is coherent with poverty reduction strategies and aid effectiveness agendas, emphasizing, amongst others, government ownership, donor alignment and aid effectiveness.

Any agreed outcome on long-term cooperative action must therefore focus on concrete elements that can directly improve the well being of billions of poor and vulnerable people in the areas most adversely impacted by the effects of global climate change. A new regime should not only promote climate change mitigation and adaptation but also bring important development benefits to the poor.

### **2. Possible key action/decisions.**

*UNDP is ready to enhance its own capacity and be fully available to support any new regime Parties may agree upon. Key actions/decisions to ensure that development agencies such as UNDP provide support to this possible transition towards long term sustainability include:*

### **2.1. Promoting mechanisms for integrated delivery, at the national level, of development assistance and assistance to address climate change**

Under the guidance of the COP, services of agencies like UNDP should ensure integrated delivery of development assistance at the national level by ALL development partners, including UN country teams, multilateral development banks, regional centers of excellence and non-governmental organizations. This requires a new and integrated mode of cooperation between the Bretton Woods Institutions, the UN and various other players at regional, national and local levels.

*UNDP, as the development agency of the UN system and as the UN convener at national level, in full cooperation with the UN agencies and multilateral development banks, can play an important role in further supporting UN country teams' integrated assistance to respond to climate change at country level.*

*A number of existing coordinating mechanisms (such as the UN internal coordinating mechanisms and financial mechanisms such as the GEF) may be further enhanced to support such integrated delivery.*

*New mechanisms could also be considered, such as country level trust funds for channeling bilateral and multilateral donor funding, or a global UN system wide Multi Donor Trust Fund that would facilitate integrated action at the national level by providing an UN system wide, coherent financial mechanism to complement climate financing from multilateral development banks and other emerging and existing sources, such as the GEF. This will enable the UN system to provide strong and integrated support to developing countries upon their request, with the UN capacity development, policy and advisory functions complementing the infrastructure financing from the development banks and other investors.*

### **2.2. Enhancing the supportive role agencies such as UNDP can provide to developing countries to develop long term planning addressing climate change across various economic sectors**

It is important to ensure that *additional support to address climate change is fully integrated with development support* so that addressing multiple development challenges and climate change are mutually supportive. Agencies such as UNDP that are working across various economic sectors could assist countries to ensure that action on and financing for climate change also address poverty, security, food, fuel and energy provision, and that the goals and aspirations of the Convention on Biological Diversity and the Convention to Combat Desertification are met in a cost effective and coherent manner.

UNDP is ready to enhance its *capacity to support countries in designing and implementing integrated climate change (adaptation, mitigation) policies, strategies and action plans and budgets that promote long term sustainability and poverty reduction.*

### **2.3. Enhancing the supportive role that agencies such as UNDP can provide to developing countries in accessing financial support**

*Capacity development plays a crucial role in supporting countries' ability to negotiate, design and manage finance for addressing climate change.* Such capacity is key to ensure that countries are prepared to absorb financial support in a transparent, efficient and results-oriented way. UNDP already plays a key role in strengthening the capacity of national institutions, building aid coordination mechanisms and developing management systems for accessing and utilizing development resources in various sectors and activities.

UNDP should further assist countries to enhance their capacities to use existing and emerging carbon financing, and other existing and emerging public and private investment mechanisms and financial flows for addressing climate change, to support effective transitions towards sustainable development across sectors and the production and consumption chain.

Through its experience in building capacity to access development finance and poverty alleviation and in supporting various financing mechanisms (such as the GEF and the Multilateral Fund of the Montreal Protocol), *UNDP can assist developing countries as they strive to:*

- ✓ Evaluate and identify the most pressing climate change challenges, policy options and investments, and the associated finance requirements.
- ✓ Assess the mix of public policies and financial instruments that will lead to market transformations that promote sustainable development/investments and to transformations of economies in the long run.
- ✓ Attract, combine and sequence the relevant financial instruments through mechanisms such as the GEF, the MDG Carbon Facility, and the UN REDD partnership.
- ✓ Build the capacities to access the diversity of international funding sources, vertical funds, and investment opportunities; to deal with the different eligibility rules and procedures; and to ensure that investments are not stand-alone but are integrated into the overall development frameworks and national efforts to achieve sustainable development and the MDGs.
- ✓ Develop the capacity to design and implement policies and incentives that will attract and drive private sector investments towards less carbon intensive production and consumption processes, while at the same time advance deployment of sustainable development technologies and practices.
- ✓ Find innovative solutions to address the financial risks associated with investing in developing countries - a key requirement in order to attract the private sector to making climate change investment in developing countries, particularly the least developed countries.

The support of UNDP described above should be covered on a *full cost recovery basis for services provided*, through legal agreements with major funding mechanisms, under the purview of the COP of the UNFCCC. Progress should be reported on a regular basis to the COP.

#### **2.4. Importance to ensure that any new global climate change regime and global development cooperation are coherent and mutually supportive**

*The financial architecture for enhanced cooperation on climate change being negotiated under the UNFCCC should provide for new and additional, predictable financial resources following the principles of the Convention. Increasing public and market based resource transfers from developed countries and putting in place a transparent tracking system will be key to reaching agreement.*

*In addition, other international fora and processes will need to consider their impact and relation to the international response to climate change. Similarly, the climate change process can provide a major contribution to the building of a more effective, sustainable and equitable architecture for development financing, trade and progress in addressing global public goods. The explicit overarching objective of these efforts should be sustainable human development for all countries and people.*

UNDP proposes the following key considerations to guide more effective complementarity and synergy between global development and climate change efforts:

- Financing for climate action in developing countries must be over and above existing aid commitments;
- Development itself, including development cooperation, needs to adapt to climate change: climate vulnerability and adaptation should be reflected in budgets, policy frameworks and development strategies;
- International assistance must be used in a more strategic manner: even 0.7% of the collective GDP of all industrialized countries would be far from sufficient to respond to climate change. Hence, a proportion of aid must be used strategically to help unlock current and future climate financing to deliver on both climate and development targets, thus multiplying the impact of aid for sustainable development and poverty reduction.

UNDP thanks the AWG-LCA for the opportunity to provide an input to the Chair's document and stands ready to provide any further input or clarification as may be required.