

**Submission by the Philippines, Malaysia, Thailand, Saudi Arabia, India, China, Sri Lanka, Egypt, Sudan, Iraq, Iran, El Salvador, Nicaragua, Democratic Republic of Congo, Ecuador, the Maldives, and Venezuela.**

DRAFT DECISION ON ENHANCED FINANCING UNDER THE AWG-LCA (LONG-TERM FINANCE, INCLUDING FAST-START FINANCE AND ADDRESSING THE GAP IN FINANCING POST-2012)

*The Conference of Parties*

*Recalling* Article 4, paragraphs 3, 4 and 5 of the Convention,

*Also recalling* Article 4, paragraphs 1, 8 and 9, considered within the context of Article 4, paragraph 7,

*Keeping in mind* Article 11 of the Convention, in particular Article 11.1, which defines the financial mechanism which functions under the guidance of, and is accountable to the Conference of the Parties which shall decide on its policies, programme priorities and eligibility criteria for financing,

*In fulfillment of* its decision 1/CP. 13, paragraph 1 (e), its decision 1/CP.16, paragraphs 18, 95 to 101, and paragraphs relevant to financing on all of the building blocks of the Bali Action Plan, as well as its decision 1/CP. 17, paragraphs 126 and 132,

*Expressing* grave concern over the increasing incidence of extreme weather and slow onset events, their intensity and unpredictability, causing serious damage in particular to developing countries,

*Underlining* the need for urgency in the implementation of commitments under the Convention related to financing, including for the transfer of technology, and in particular in meeting costs of adaptation,

*Decides*

On fast-start finance

1. that in the light of lack of clarity in the reporting of developed countries on their fulfillment of the commitments related to fast-start finance, further information on the following shall be provided so as to enable an informed assessment of lessons learned from fast-start finance, to be taken into account in the development a work programme to analyze options to scale up the mobilization of climate change finance:
  - (i) on how these resources are considered to be new and additional to existing official development assistance and financial obligations to financing institutions, and international organizations;

- (ii) the basis adopted for sharing the collective commitment of US\$30 billion over a three-year period, from 2010 to 2012;
- (iii) on the nature of financing provided under fast-start finance, including the amount of loans provided, if any, and the sustainability and predictability of the funding provided;
- (iv) the channels used for the provision of fast-start finance;
- (v) how the balanced allocation between adaptation and mitigation was achieved, and if not, why not;
- (vi) how funding for adaptation was prioritized for the most vulnerable countries, such as the LDCs, SIDS and Africa, including the choice of recipients of fast-start finance; and
- (vii) on ways in which developing country Parties were enabled to access these resources, as well as conditions for access

On financing between the period from 2013 to 2020

*Also decides*

2. That developed country Parties shall significantly scale up new and additional, predictable, adequate and sustainable financing provided to developing countries from the amount allocated for fast-start finance to reach a minimum level of US100 billion annually by 2020, taking into account the need for a balanced allocation between adaptation and mitigation,
3. that direct and facilitated access to these financial resources, including for technology transfer, shall be guaranteed,
4. that a review of this amount to be provided by developed country Parties to developing country Parties shall be made, based on assessment reports of the needs of developing country Parties both for mitigation and adaptation, on an annual basis until this minimum level is reached,
5. that an equitable geographical allocation of financial resources shall be implemented, including through criteria based on geophysical vulnerabilities identified by the countries themselves, and independent assessments of vulnerability to extreme weather events and disaster risk assessments, as well as factual evaluation of loss and damage for these countries, in terms of human, infrastructure, health and other social criteria, and economic losses, and
6. that the main sources of funding will be public sources, with supplementary financing from other sources, including consideration of alternative sources, subject to measurement, reporting and verification procedures of support provided as may be agreed upon, and that the adequacy of these sources shall be subject to the consideration of the COP.

*Further decides*

## On long-term finance

7. that the consideration of long-term finance under the Convention should be line with the principles and provisions of the Convention,
8. further, that coherent with Article 3.2 of the Convention, the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,
9. that in the implementation of existing commitments under the Convention of developed country Parties and other developed Parties included in Annex II, as contained in Articles 4.3, 4.4 and 4.5, within the context of Article 4.7, and in accordance with Article 11 of the Convention, long-term financing, including for the transfer of technology, shall be new and additional, and adequate and predictable, and be mainly provided through public sources, with supplementary funding from other sources,
10. that, in implementation of decision 1/CP. 16, paragraph 97, in accordance with the relevant provisions of the Convention, scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change , and that to this end, the specific needs and concerns of developing country Parties whose vulnerabilities are listed in Article 4.8 and in Article 4.9, would be the main guidelines,
11. that a process is hereby launched to assess and review the needs of developing country Parties for financial resources, including for the transfer of technology, to address climate and change and its adverse effects, including the identification of options for the mobilization of these resources, and the adequacy, predictability, sustainability, and accessibility of these resources,
12. that provision of financial resources shall be on a grant or concessional basis, including for the transfer of technology, in particular for adaptation, and that loans shall not be used as a condition to access grant funding through the operating entities of the financial mechanism of the Convention,
13. that in the light of the start of work in relation to the *ad hoc* Working Group on the Durban Platform for Enhanced Action, to identify options for scaling-up financing in the period after 2020, including future work that requires elaboration by specific thematic bodies established under the Convention, such as the Standing Committee on Finance, the Adaptation Committee and the Technology Executive Committee,

*Requests the Green Climate Fund, as an operating entity of the financial mechanism of the Convention,*

14. that, given the historical imbalance in the financing, and as decided in paragraph 100 of decision 1/CP. 16, to ensure that new multilateral funding for adaptation shall flow through the Green Climate Fund, with clear reporting obligations for the amount of financing for adaptation channeled through this Fund.
15. That in order to ensure predictability and sustainability of financing, to ensure that the contribution to the Green Climate Fund shall be on the basis of assessed contributions from developed country Parties and other developed Parties included in Annex II of the Convention, and a replenishment process should be on the basis of these assessed contributions, and that this would be based on information as to how and when the resources for the Green Climate Fund would be determined.

*Also requests the Standing Committee*

16. To ensure coherence of climate change financing, including through the assessment of projects and programmes financed through voluntary channels to determine whether these are coherent with the guidance provided by the Convention and show how these will contribute to the achievement of the objective of the Convention,
17. To determine how all developing country Parties shall have equal access to financing through the operating entities of the financial mechanism, and to invite other voluntary sources to provide information on how equal access to resources flowing through voluntary channels is made possible, in its development of guidance to be provided to the operating entities of the financial mechanism of the Convention,
18. In the fulfillment of its mandate to assist the COP in exercising its functions with respect to the financial mechanism of the Convention, in particular on the COP's function to mobilize financial resources in accordance with Article 4, paragraphs 3, 4 and 5, and Article 11, as stated in Article 7.2 (h) of the Convention, to consider all options in terms of their predictability, sustainability, adequacy and facility of access,
19. To provide guidance to the operating entities of the financial mechanism that reflects Article 12.4 of the Convention, which states developing country Parties, may on a voluntary basis, propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits,

20. To assess the financing needs of developing country Parties both as a global aggregate but also at regional and domestic levels, and in terms of urgent, short-term, medium- and long-term needs, both for adaptation and mitigation, and
21. To include in its annual report to the COP progress made on paragraphs 17 to 21 above.

*Further requests the secretariat*

22. to continue its activities related to the assessment of needs of developing countries in order to guide the development of guidance to the operating entities of the financial mechanism through the Standing Committee, as part of the process launched in paragraph 12 above,
23. to update regularly its technical papers on financing and investment flows, taking into account all sources of information, the needs identified in national communications and other reports or assessments conducted under the Convention, and information provided by developed country Parties in their national communications of the resources disbursed, and the delivery channels used, to implement the obligation provided for in Article 12, paragraph 3 of the Convention, in accordance with existing and future guidelines for reporting,