Submission by the United States of America to the AWG-LCA for incorporation into the draft co-facilitators' consolidated text on long-term finance

Introduction

The United States believes that mobilizing long-term investment for green infrastructure is one of the most important challenges of our time. We stand behind the climate finance commitments in the Copenhagen Accord and the Cancun agreements. We are on track to contribute our fair share of the "fast start finance," having increased our international climate finance sharply in the past three years. We recognize the ongoing importance of scaled-up public finance, particularly for assisting the poorest and most vulnerable countries to adapt to the effects of climate change.

Because private investment will continue to be the main driver of economic growth, the transition to a low-carbon, climate resilient economy cannot happen principally through public sector expenditure. Success in tackling climate change depends on our ability to motivate pools of institutional capital to make "green" versus "brown" investments and to overcome private sector concerns about developing country risk. The challenge for governments – both developed and developing – is to use a strong core of public resources and combine it with targeted policies to substantially increase private investments in green infrastructure. This will be an inherently complex task that requires concerted action at the national and international level, through a range of actors including bilateral aid agencies, multilateral development banks, and private investors.

Both Copenhagen and Cancun yielded the same outcome on long-term finance: a joint commitment by developed countries to the goal of mobilizing $100 billion annually by 2020 through a combination of private and public sources, both bilateral and multilateral, in the context of meaningful and transparent mitigation by developing countries. There was no agreement to have the COP determine, limit, or otherwise take decisions on sources, whether the relative contributions of public and private finance or otherwise. Rather, a fundamental backdrop to Copenhagen and Cancun was that each country is free to determine the mode and source of its climate finance contributions.

Draft decision text on long-term finance submitted for incorporation into the draft co-facilitators' consolidated text on long-term finance under agenda item 3.4 of the AWG-LCA

The Conference of the Parties

1. *Reaffirms* that, 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;

2. *Recalls* paragraph 98 of decision 1/CP.16 in which developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of

mobilizing jointly USD100 billion per year by 2020 to address the needs of developing countries;

3. *Reaffirms* that, in accordance with paragraph 1(e) of the Bali Action Plan, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources;

4. *Reaffirms* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund;

5. *Takes note* of the relevant reports on the financing needs and options for the mobilization of resources to address the needs of developing country Parties with regard to climate change adaptation and mitigation, including the report of the High-level Advisory Group on Climate Change Financing;

6. Recognizing that institutional investors such as pension funds, sovereign wealth funds, and insurers control trillions of dollars seeking long-term investment opportunities, *urges* Parties to take concerted action to identify and implement means to facilitate large-scale private investment into low-carbon, climate resilient infrastructure in developing countries;

7. Recognizing that increased climate finance flows depend in part on domestic enabling environments, *urges* developing countries to promote transparency and good governance and improve regulatory and economic policies that reduce investment risks;

8. Recalling that the goal of mobilizing $100 billion in paragraph 98 of decision 1/CP.16 was made in the context of meaningful mitigation actions and transparency on implementation, *emphasizes* the importance of tracking progress by developing countries in implementing nationally appropriate mitigation actions in an internationally transparent manner;

9. *Recognizes* the evolution over time in developing countries' needs and their ability to contribute to climate finance.