

## **F. [Finance]**

*[Guiding principles]*

**79** (option 1 can be dropped, this is a merging of 4 and 5)

**Option 5:** In the implementation of this agreement, all developed country Parties and other Parties included in Annex II to provide climate finance as a means to enhance action towards achieving the objective of the Convention and to achieve the transformation required to that end, and in line with the needs of developing and article 4, paragraphs 3, 4, 5, 7, 8 and 9, of the Convention;

The principles under the Convention, in particular the principles of common but differentiated responsibilities and respective capabilities and equity, acknowledging that the need for support by developing country Parties may change over time and be accommodated under Article 4, paragraph 7, of the Convention, and acknowledging the need for financing for forestry in line with the Warsaw Framework for REDD-plus, including alternative approaches to results-based actions such as joint mitigation and adaptation for the integral and sustainable management of forests;

The extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by developed country Parties of their commitments related to financial resources, transfer of technology and capacity-building;

In accordance with the objectives set forth in this agreement and pursuant to the Convention's ultimate objective, climate finance to contribute to the necessary transition towards sustainable development goals, towards the achievement of the goal of maintaining the average global temperature increase below 2 °C or 1.5 °C, as well as building economies, societies and ecosystems that are resilient to climate change; (Last paragraph comes from a merging of opt 4 with the language of opt 5)

**82.1** (option c can be dropped, d now includes sub-bullets from option 1 and option c)

**Option (d):** In the implementation of this agreement, financial resources provided by developed country Parties, as for the means of implementation shall:

- a. Consist of new, additional, adequate and predictable financial resources provided by developed country Parties and other Parties included in Annex II to developing country Parties for the full and enhanced implementation of the Convention, as part of promoting sustainable development in developing countries, including through enabling enhanced mitigation and adaptation actions;
- b. Ensure facilitated and enhanced access of developing countries;
- c. Enhance addressing climate change in addition to development aid, acknowledging that climate finance is to be separate from official development assistance;
- d. Deliver new additional adequate and predictable funding for adaptation from public sources and on a grant basis, including for the implementation of the Cancun Adaptation Framework and adaptation related provisions included in this agreement, for building institutional capacity and appropriate legal frameworks;
- e. The scale of financial resources shall be periodically reviewed and updated every four years in relation to regular assessments of needs of developing countries and in the context of the temperature goal.]
- f. Advance the implementation / fulfilment of commitments by developed country Parties in terms of finance, technology transfer and capacity-building to enable developing country Parties to take action plans to implement Article 6 of the Convention;
- g. Ensure a country-driven approach in the access and delivery of climate finance;
- h. PLACEHOLDER FOR READINESS TEXT FROM AOSIS

- i. Take into account the urgent and immediate needs and special circumstances of particularly vulnerable countries, including the LDCs and SIDS;

**82.2** (option c can be dropped)

**Option (d):** Developed country Parties and other Parties included in Annex II to provide financial resources for the enhanced implementation of the Convention under this agreement, in order to / in a manner that:

- a. Aims for a balanced allocation of financing between adaptation and mitigation, while assuring a minimum of 50% of resources for adaptation and an equitable distribution between different regions of developing countries and enhances country ownership in the disbursement of financial resources; with all financing for adaptation to be grant based, prioritizing the urgent and immediate needs and special circumstances of developing countries particularly vulnerable to climate change, including [in particular] LDCs and SIDS and African States;
- b. Ensures additionality, adequacy and predictability in the flows of funds and the need for clarity of appropriate burden-sharing among developed countries;
- c. Is systematically and regularly scaled up and based on developing countries needs, in line with a process to regularly update the scale of support in the context of the temperature goal;
- d. Meets the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including [in particular] SIDS, LDCs and countries in Africa;
- e. Gender-sensitive and based on a country owned and driven approach and ensure the right to development of developing countries;
- f. Explore further options to simplify access procedures to funds, [especially] [for particularly vulnerable countries, including] LDCs and SIDS.]

**86.**

[Clarity on the scaling up of resources shall be a key component of the agreement on post 2020 commitments through synthesized biennial submissions of developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including quantified forward-looking information on the expected level of funding to be provided.

- a. Regular assessments and reviews shall be conducted on scaling up levels of ambition in both mitigation and adaptation taking into account evolving needs identified by developing country Parties.
- b. A process for the determination of the level of resources required to keep levels of temperature increase to below 1.5 – 2 degrees Celsius shall be conducted.]

**87.**

[A clear process for periodic reviews and assessment of the finance goal based on the needs assessments of developing country Parties, addressing gaps in the delivery of resources and in line with an agreed goal on the limit of temperature increase, shall be established under this agreement.]

**88.**

[An effective measurement, reporting and verification of support mechanism, including of all means of implementation shall be developed.]

*[Anchoring institutions under the legal agreement]*

**89.** (option 4 and 5 can be dropped)

**Option 6:** The Financial Mechanism of the Convention defined in Article 11 shall serve as the financial mechanism of the 2015 agreement; the related funds established under the Kyoto Protocol

will also serve as instruments of the legal agreement. This will also apply to all the rules and guidelines developed by the COP and the CMP in relation to the operation of the financial mechanism, its operating entities and associated funds and to the decisions related to the transparency and MRV of support, with the GCF acting as the main operating entity of the financial mechanism;

- a. The operating entities of the financial mechanism shall serve this agreement in line with their respective mandates, under the guidance of the COP and the CMP of the 2015 agreement;
- b. Further coordination and rationalization of the operating entities under the Convention and this agreement shall be developed with a view to ensuring predictable, new, additional and adequate resources, including the transfer of technology for these funds.]

*[Proposals for decisions related to anchoring institutions under the agreement]*

*[Addressing the scale of resources]*

**92. (heading language comes from 91)**

Climate finance shall be scaled up, from the USD100billion per year, to provide the financing, access to technology and capacity-building necessary to meet the goal of limiting the temperature increase to below 2/1.5 °C, [and of building economies, societies and ecosystems that are resilient to climate change] in line with the needs of developing countries

[Scale of resources provided by developed country Parties shall be based on a percentage of their GNP of at least (X per cent) taking into consideration the following:

- a. The provision of finance shall take into account the different assessment of climate-related finance needs prepared by the secretariat and reports by other international organizations; (this language has eliminated reference to the 100b and moved it to the heading)
- b. Based on an ex ante process to commit quantified support relative to the required effort and in line with developing countries' needs;
- c. The scale of provision of finance shall be reviewed every five years in the light of a dynamic assessment of needs of developing countries and gaps in the delivery of financial resources;
- d. Based on clear burden-sharing arrangements among developed country Parties to identify the flows of financial support from developed countries, including through the application of an assessed scale of contributions from developed countries;
- e. Including aggregate and enhanced specific / individual commitments / contributions by developed country Parties,
- f. Based on a road map with annual targets for public funding from developed country Parties in the post-2020 period or pathways with annual expected levels of climate finance towards achieving short-term quantified goals;
- g. A short-term collective quantified goal that defines the expected, scaled-up climate finance level for the post-2020 period shall be determined every five years starting in 2020, in order to enhance the predictability of the provision of climate finance, indicating specific levels of public sources to be provided; this goal shall be regularly reviewed and updated.]

**93. (paragraph 99 had the same language, 99 can be deleted)**

[A periodic process for assessing the needs of developing countries to implement the Convention, including through this agreement, is established; the assessment process will be based on country

Parties' submissions and other relevant reports and will be performed every four years in alignment with the replenishment cycles of the operating entities of the Financial

94. [The GCF shall be strengthened, as follows:

- a. Developed country Parties to provide a list of specific amounts / percentages reflecting the required share of climate finance to be provided to the GCF, subject to review and in accordance with Article 11 and the arrangements between the COP and the Fund;
- b. Developing linkages with the thematic bodies under the Convention and this agreement, in order to provide the GCF with the necessary expertise to serve its funding windows, both present and future.
- c. Funding windows to be established by the GCF on Technology development and transfer and Loss and Damage.
- d. The GCF replenishment shall be based on a specific financial target linked to the overall financial goal in line with the temperature goal and the gap in provisions of finance provided to developing countries in the context of the needs assessment and the temperature goal.]

95.

[The importance of providing clarity on the level of support, in particular financial support, that will be provided to [developing countries][Parties not included in annex X] to allow for the enhanced implementation of the Convention, in particular with regard to adaptation, to be recognized as a crucial element in creating the necessary conditions for the enhanced participation of developing countries in the global effort to combat climate change and adapt to its adverse effects.]

96.

[The GCF acting as the main operating entity of the Financial Mechanism for the implementation of this agreement. The GCF shall be strengthened by ensuring predictable, sustainable and adequate resources, including through the following resources as follows:

- a. Developed country Parties to provide 1 per cent of gross domestic product per year from 2020 and additional funds during the pre-2020 period to the GCF;
- b. The GCF replenishment shall be based on a specific financial target linked to the overall financial goal, in line with the temperature goal and the gap in the provision of finance to developing countries, in the context of the needs assessment and the temperature goal;
- c. Developed country Parties to provide a list of specific amounts / percentages reflecting the required share of climate finance to be provided to the GCF, subject to review and in line with the principle of burden sharing among developed country Parties.]

98. (content similar to 92, chapeau is different context, so this option is kept)

**Option 4:** Climate finance provided by developed country Parties shall be based on a quantified target taking into consideration the following:

- a. The provision of finance to be based on a floor of USD 100 billion and shall take into account the different assessments of climate finance related needs prepared by the secretariat and reports of other international organizations;
- b. Based on an ex ante process to identify the quantified support relative to the required effort and in line with developing countries' needs;
- c. It shall be reviewed every four years in line with the dynamic assessment of the needs of developing countries and gaps in the delivery of financial resources;
- d. Based on a road map with annual targets for public funding from developed country Parties in the post-2020 period or pathways with annual expected levels of climate finance towards achieving short-term quantified goals;
- e. A short-term collective quantified goal that defines the expected, scaled-up climate finance level for the post-2020 period should be determined in order to enhance the predictability of the

provision of climate finance, indicating specific levels of public sources to be provided; this goal shall be regularly reviewed, updated and scaled up.]

**100.**

[Complementarity between the existing operating entities of the financial mechanism of the Convention will be determined in accordance with the relevant decisions of the Conference of the Parties and the COP/MOP of this agreement.]

**102.**

[Financial support provided under the agreement shall be regularly scaled up and shall be subject to a triennial review.]

*[Contributions under the legal agreement]*

**121.** (drop option 2 and 4)

**Option 3:** Funding for capacity-building shall be provided by developed country Parties to developing country Parties and channelled through the Financial Mechanism for the implementation of climate change actions in line with COP decisions and Article 6 of the Convention, in an adequate and predictable manner;

125. (drop 2)

**Option 3:** Developed country Parties shall provide developing country Parties with financial, technical and capacity-building support in order for them to efficiently and effectively fulfil the requirements of this agreement.]

**127.-** (only sub-bullet b comes from G77+China)

b. New and additional finance, independent of adaptation budgets, to be provided for the financing and operationalization of the Warsaw International Mechanism on Loss and Damage.

128.1 (drop 3)

**Option 6:** Public sector financing from developed country Parties shall be the primary source of resources, with other sources to be considered supplementary.

Different sources to be considered on the basis of clear criteria in order to avoid incidence and ensure fiscal sovereignty of developing countries, and ensure the sustainability, predictability and additionality of resources.]