

Possible elements of a financial framework to address climate change

Preety Bhandari
Coordinator
Financial and Technical Support
Programme

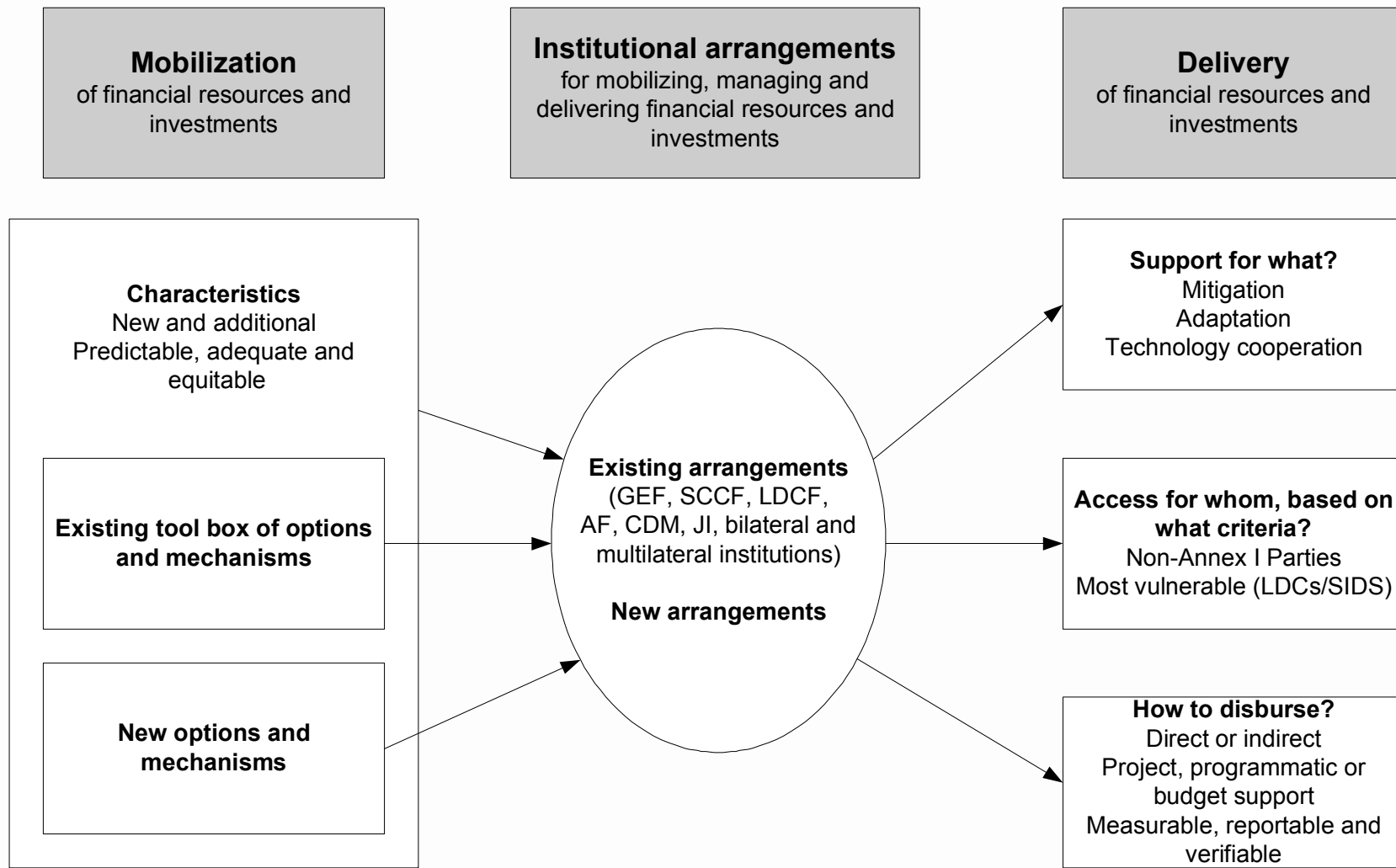
Presentation on the update of the technical paper on investment and financial flows to address climate change

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Possible elements of a financial framework



Generation of financial resources

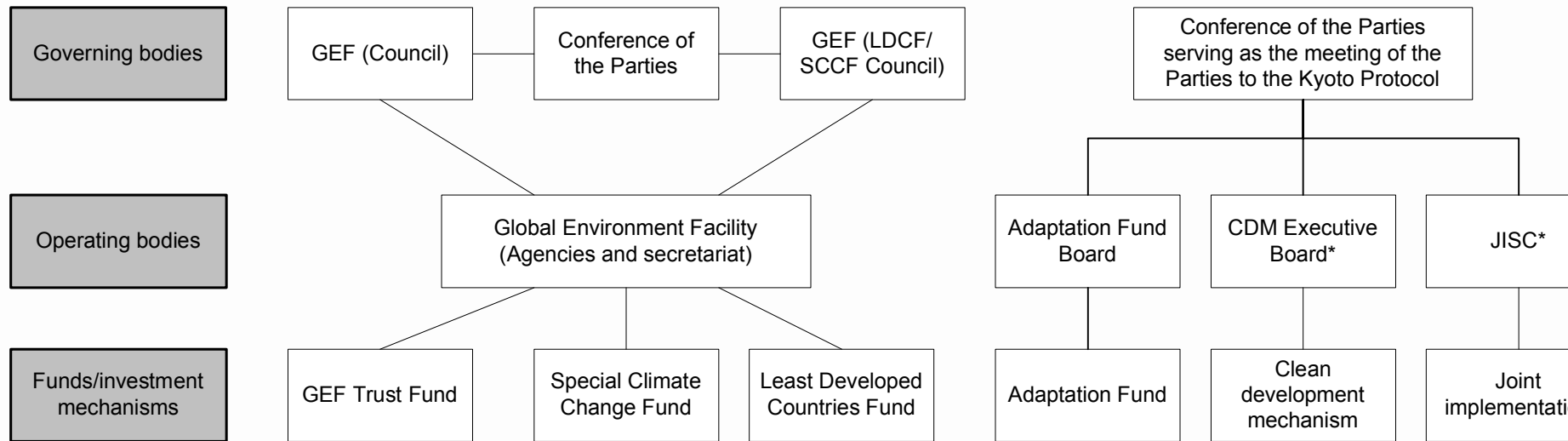
- **Existing toolbox under the Convention**
 - Mitigation
 - GEF Trust Fund,SCCF(Technology),CDM,JI
 - Adaptation
 - SPA, SCCF(Adaptation), LDCF, Adaptation Fund
- **Existing tool box influenced by the Convention**
 - Bilateral initiatives
 - Japanese Cool Earth Partnership, UK Environmental Transformation Fund – International Window, Norwegian Climate and Forest Initiative, UNDP-Spain MDG Achievement Fund, Global Climate Change Alliance of the EC, German International Climate Initiative, International Forest Carbon Initiative of Australia
 - Multilateral initiatives
 - UN REDD, FCP, CIF



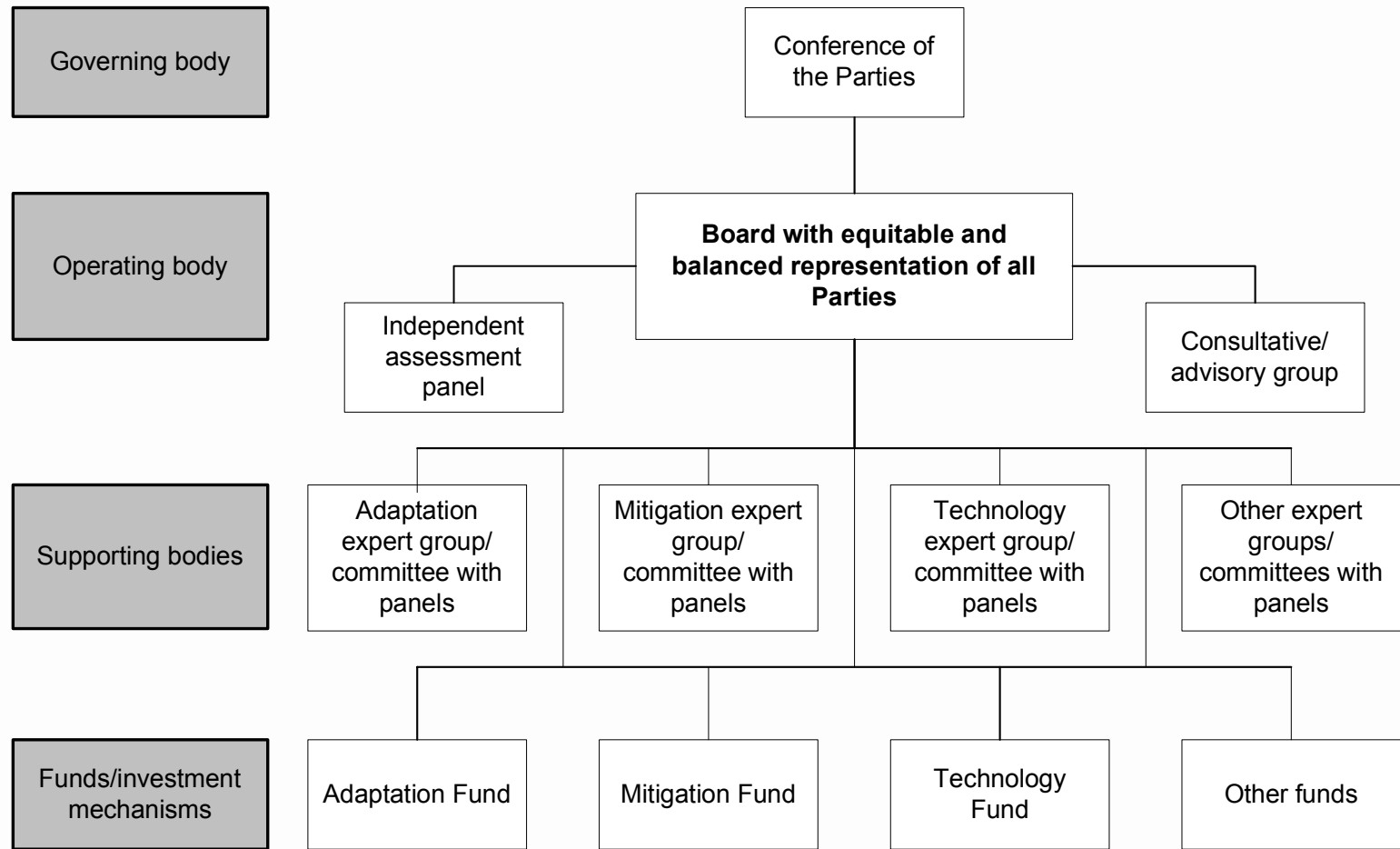
Potential financial resources

Proposal	Source of funding	Purpose	Notes	Nominal annual level of funding
Increasing the scale of existing mechanisms				
European Union	Continue 2 per cent levy on SoP from CDM	A	Ranging from low to high demand in 2020	0.2–0.68
Bangladesh, Pakistan	3–5 per cent levy on SoP from CDM	A	Ranging from low to high demand in 2020	0.3–1.7
Many Parties	CDM and other crediting mechanism	M	In 2020	10–34
Defined budgetary contributions from developed countries				
Group of 77 and China	0.5–1 per cent of GNP of Annex I Parties ^a	A, M	Calculated for 2007 GDP	201–402
Contributions raised through market-based mechanisms and taxation				
Mexico	Contributions based on GDP, GHG and population and possibly auctioning permits in developed countries	A, M	Initial phase	10
Norway	2 per cent auctioning of AAUs	A	Annually	15–25
Switzerland	2 USD per t CO ₂ with a basic tax exemption of 1.5 t CO ₂ eq per inhabitant	A	Annually	18.4
Republic of Korea	Crediting NAMAs	M		Uncertain
Colombia, LDCs	2 per cent levy on SoP from joint implementation and emissions trading	A	Annually, after 2012	0.03–2.25
LDCs	Levy on international air travel (IATAL)	A, M	Annually	4–10
LDCs	Levy on bunker fuels (IMERS)	A	Annually	4–15
Tuvalu	Auction of allowances for international aviation and marine emissions	A, M	Annually	28

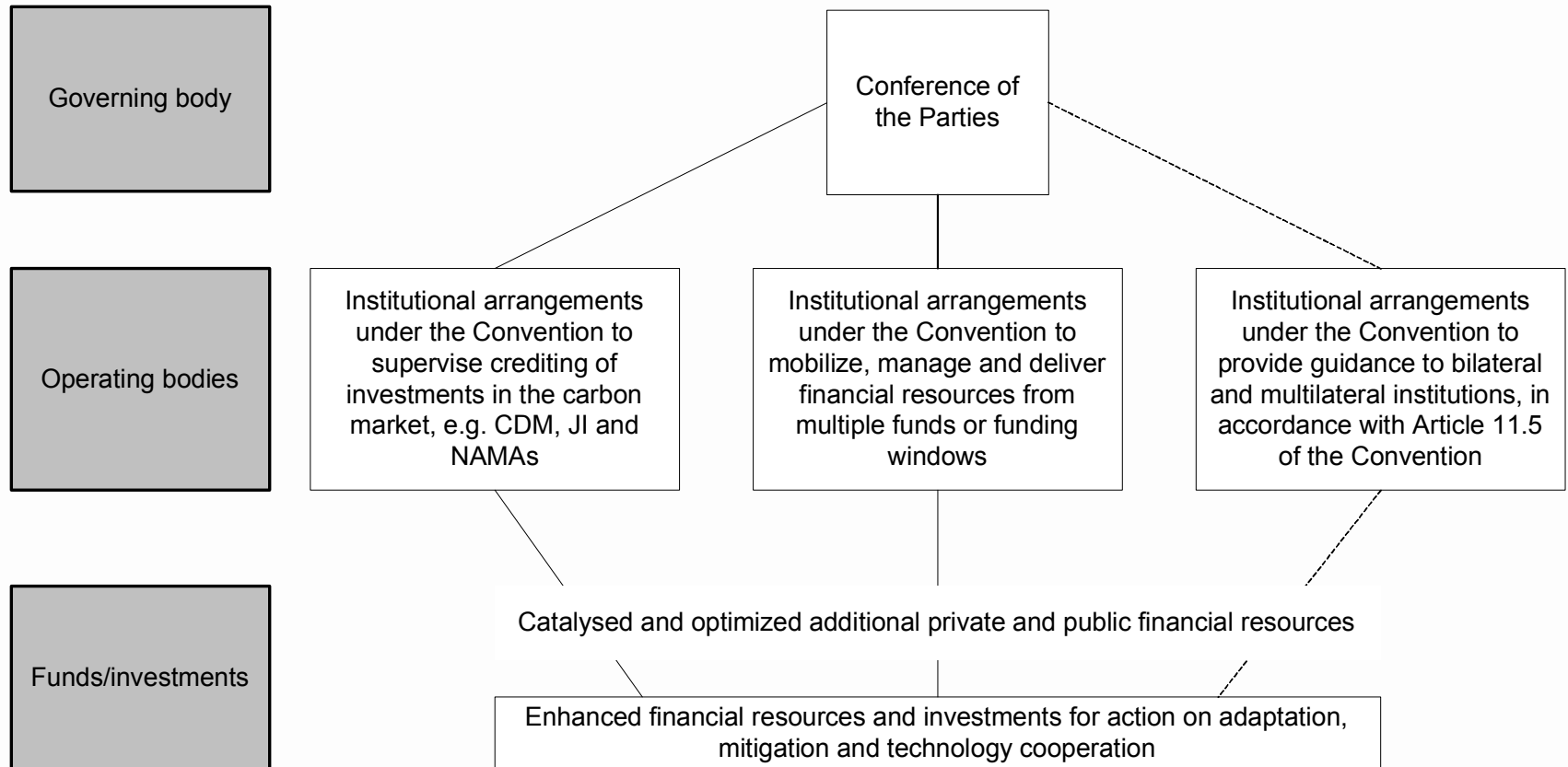
Current institutional arrangements under the Convention



Institutional arrangements – a reflection of the G77 and China proposal



Possible overall financial framework



Delivery of enhanced financial resources

- Delivering substantially larger amounts of financial resources for mitigation, adaptation and technology cooperation will require consideration of several important issues, including:
 - Which countries will have access to resources and based on which criteria;
 - Whether the funds are distributed by country or project type;
 - Whether funds are distributed for individual projects (as is currently the case under the GEF), for programmes, or even as budget support;
 - Whether, or under what conditions, funds can be provided to Parties directly through direct access.