**Views on the 2013 work programme on long term finance**
**Submission by Norway**

Norway appreciates the invitation from decision 4/CP.18 to provide views on long term finance. We think that the work programme on long term finance (LTF WP) in 2012, and the report by its co-chairs, made useful contributions to the ongoing work on long term finance. In line with the recommendations made by the co-chairs of the work programme, Norway recognizes the need for more clarity on how climate finance will be scaled up to meet the goal of mobilizing USD 100 billion pr. year by 2020. We therefore look forward to the work under the LTF WP in 2013, and appreciate the opportunity to provide input to its co-chairs.

Climate finance is a key element in finding solutions to the challenge of climate change. Norway`s financing of climate related projects and programs in developing countries has increased significantly over the past years, from an already high level. Our main priorities the last few years have been reducing emissions from deforestation and forest degradation, renewable energy and sustainable management of natural resources, and adaptation with particular focus on food security and disaster risk reduction. At COP-18, Norway announced how we will continue to provide support for climate related projects and programs in developing countries post 2012, including budgeted numbers for 2013.

**Sources of climate finance – from potential to mobilization**
In order to generate financial resources at the required scale, available analyses show that a range of sources is likely to be required. It will therefore be important to advance the discussion on sources of climate finance, both under the UNFCCC as well as outside the UNFCCC.

Through processes such as the UN Secretary General's Advisory Group on climate change financing (AGF) and by the Group of twenty (G20), a range of potential sources of climate finance have been analyzed and described, including their revenue potential. This includes public and private sources, including alternative sources of finance.

The LTF WP in 2012 also contributed to better understanding of possible sources of finance. In order to further advance the discussion on the mobilization of climate finance from various sources of climate finance, it could be useful for the LTF WP in 2013 to pick up the discussion of *how* to operationalize or implement the different categories of sources, as described in the LTF WP in 2012. This exercise may be useful in improving our understanding about available options (both domestically and internationally), involved actors and their roles, as well as limitations and requirements for the mobilization of resources for climate finance.

We would also like to continue the discussion on alternative and innovative sources of climate finance in the 2013 LTF WP. It is clear from the AGF report that there is a significant potential for mobilizing finance through e.g. carbon pricing at the global level. In our view, comprehensive carbon pricing policies is one of the most promising options for raising revenues, while also being an effective mitigation instrument. It would thus be useful for the LTF WP to consider different carbon-pricing-related instruments in particular, including the potential role and limitations of the UNFCCC in making progress on the implementation of such sources.

**Developing and extending the application of results-based financing mechanisms for mitigation**

This part of the submission focuses on how results-based financing mechanisms can be used to leverage substantial emission reductions and mobilize and leverage further finance, including in sectors where such mechanisms are not currently in place. For the purpose of this submission, we interpret results-based financing mechanisms as *payment for verified results*. In our opinion, a discussion of the benefits, limitations and scope of result-based approaches may usefully inform the discussions of the LTF WP in 2013.

Payment for verified results is a relevant approach to climate finance for several reasons. For developing countries, results-based approaches can increase the predictability of climate finance, allowing them to pursue low-carbon development strategies. Furthermore, results-based finance may lead to more openness about the impact and effectiveness of climate finance, helping developed country governments justify their international climate finance to domestic constituencies in a time where public budgets are under pressure.

Norway has gained useful experience on results-based approaches for mitigation during the fast-start finance period through its International Climate and Forest Initiative. This initiative has built on a set of characteristics that may be applicable to other sectors as well, such as the need for strong national ownership; a clear and shared definition of what counts as the result; deploying a sectoral (rather than project) approach; and the need for robust and transparent national systems for measurement and reporting. The following questions could, inter alia, be relevant for discussions during the LTF WP in 2013:

- How may results-based mechanisms contribute to the mobilization of financial resources, both public and private, for mitigation action in developing countries? Experiences and lessons learned from existing initiatives
- Which sectors present themselves as good candidates for results-based approaches?
- What lessons can be learned from CDM and other initiatives?
- The mandate of the extended work programme emphasizes the importance of enabling environments and policy frameworks. What lessons can be learned from “REDD readiness” –activities implemented and other relevant processes/initiatives aimed at making countries ready to receive results-based funding?