

Work of the Spin-off group on Article 6 on finance and related decision paragraphs

Proposal by the co-facilitators

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Article 6 *(FINANCE)*

1. [Over time, [all] finance flows should [promote][be consistent with] the transformation to low-emission and climate resilient societies and economies.] *{previous paragraph 1}*
2. [To this end, all Parties shall take action to mobilize, and/or facilitate the mobilisation of, climate finance in line with their respective and evolving responsibilities and capabilities. Some Parties may need support in order to take action.] *{previous paragraph 1 bis}*
3. [The actions taken by Parties in the mobilization of climate finance shall reflect and be dynamically adapted to future changes in needs, developments and environmental and economic realities, reflecting evolving capabilities and responsibilities.] *{previous paragraph 1 ter}*
4. [[Developed country Parties should take the lead and][Developed country Parties [and Parties [with economies in transition] in a position to do so]] [All Parties in a position to do so] [shall][should][other] provide support to assist developing country Parties with respect to both mitigation and adaptation [and others in a position to do so should complement such efforts].] *{previous paragraph 2}*
- 4bis. [In the implementation of this Agreement, developed country Parties and other developed Parties included in Annex II to the Convention shall provide and mobilize new and additional, predictable, accessible, sustained and scaled-up financial resources to developing countries [and other Parties in need of support] to implement their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the objective of this Agreement, meeting costs of adaptation, addressing loss and damage and including access to and transfer of environmentally-sound technologies and capacity-building, based on the principles and in accordance with the provisions of the Convention.] *{previous paragraph 2 bis}*
5. [Parties [[shall][should][other] take appropriate steps to][should promote the mobilization of climate finance from a wide variety of instruments and channels, including public, private, bilateral, multilateral, domestic, and international. In this regard]: *{previous option 2 paragraph 2 chapeau, option 1 paragraph 9 chapeau}*
 - (a) [Recognizing the importance of mobilizing domestic resources in the first instance, Parties in a position to do so should provide support to assist developing country Parties in need of support with respect to both mitigation and adaptation.] *{previous option 2 paragraph 2 a first sentence}*
 - (b) Parties [shall][should] strive to improve domestic [and international] enabling environments [and policy frameworks] to [attract] [and] [mobilize] low-emission, climate-resilient [finance and] investment, noting that cooperative action and support may enhance such efforts. *{previous option 1 paragraph 8, previous option 2 paragraph 2 b}*
 - (c) [Parties should] [prioritize the provision of][recognize the importance of providing] [the most concessional finance] [grant-based [and concessional finance][support]] to the poorest, most vulnerable, and/or those with the least ability to mobilize other resources, [including][especially] for adaptation[, with priority given to financing for activities that are readily implementable, scalable, results based and deliver co-benefits];] *{previous option 1 paragraph 9 a, previous option 2 paragraph 2 c}*
 - (c bis) [Prioritize financial support for results-based payments for verifiable achieved emission reductions related to existing approaches under the Convention;] *{previous option 1 paragraph 9 a bis}*
 - (d) [Parties should] integrate climate considerations, including resilience, into [international development assistance [, national development plans, national and international investments]][their domestic development plans, international development assistance, and domestic and international investments]. *{previous option 1 paragraph 9 b, previous option 2 paragraph 2 d}*

- (e) [Parties should] [reduce international support for high-emission and maladaptive investments][enhance international support for low-emission and climate-resilient investments.] *{previous option 1 paragraph 9 c, previous option 2 paragraph 2 e}*
- (f) [Explore options for simplifying procedures for accessing support, in particular for the LDCs and SIDS;] *{previous option 1 paragraph 9 d}*
- (g) [Implement and improve where necessary the pricing of greenhouse gas emissions.] *{previous option 1 paragraph 9 e}*
6. [[Parties recognize the importance of the Green Climate Fund and other multilateral mechanisms [and other efforts] for] The mobilization of climate finance [that] [shall][should][other] be scaled up [in a predictable and transparent manner] [beyond previous efforts] [from USD 100 billion per year] from 2020.] *{previous option 1 paragraph 5}*
- 6bis. [The provision and mobilization of financial resources by developed country Parties and other developed Parties included in Annex II shall represent a progression beyond their previous efforts, and financial resources shall be scaled up from a floor of US\$100 billion per year from 2020, including a clear burden-sharing formula among them, and in line with needs and priorities identified by developing country Parties in the context of contributing to the achievement of the objective (Article 2/XX) of this Agreement.
- These resources shall be provided in a measurable, reportable and verifiable manner, and be based on clear road map with individual annual targets in the post-2020 period, with clearly identified pathways to annual expected levels of available resources towards achieving short-term quantified goals. It shall take into account an equitable regional distribution of financial resources and a gender-sensitive approach, and include the implementation of Articles 5 and 6 of the Convention.] *{previous option 1 paragraph 5 bis}*
7. [[Public funds, distinct from Official Development Assistance, will be the main source of financing[.]] [Parties] [recognize][recognizing][note][noting] [the [desirability][role] of][that sources may include] a wide variety of sources, public and private, bilateral and multilateral, including [alternative][additional] sources[, noting the need for a diversity of sources and instruments to fit recipients' changing economic circumstances].] *{previous paragraph 4 and paragraph 4ter of option 1}*
8. [[Developed country Parties [and other developed Parties included in Annex II]][Developed country Parties and Parties [with economies in transition] in a position to do so][All Parties] [shall][should][other] [periodically] [prepare and] communicate [biennially on the provision and implementation] [[relevant, indicative] information] [on the [provision of financial resources, including quantitative and qualitative information on the] [projected][achieved] [efforts to mobilize climate finance][levels of public [climate finance][financial resources to be provided to developing country Parties]][about their plans related to paragraph 5, as appropriate].] *{previous option 1, paragraph 3, option 2 paragraph 3, option 1 paragraph 3 bis }*
9. [The short-term collective quantified goal by developed country Parties shall be (periodically) reviewed and assessed based on needs and priorities identified by developing country Parties, in accordance with modalities and procedures to be developed by the CMA, in the context of achieving the objective of this Agreement.] *{previous option 1 paragraph 3 bis second part}*
10. [The CMA shall facilitate the communication of finance efforts for the stocktake referred to in Article 10, taking into account the [annual reports][biennial assessment] of the Standing Committee on Finance.] *{previous paragraph 12 ter}* *{pending outcome of discussions on Article 10}*
11. [Placeholder: outcome on discussion on MRV and Article 9 on transparency]
12. [Placeholder: notion of avoiding double counting]
13. [[Parties][The provision of [support][these scaled-up resources]] [should][shall] strive to [achieve a] balance [of] [adaptation support [relative to][and] mitigation support][50:50 allocation for mitigation and adaptation actions of developing country Parties], [bearing in mind][taking into account the] country-driven strategies, priorities and needs [of developing country Parties which are particularly vulnerable to the adverse effects of climate change, including small island developing States (SIDS), least-developed countries (LDCs), and Africa.] *{previous option 1 paragraphs 6 and 6 bis, option 2 paragraph 2 a second sentence}*
14. [Parties recognize that financing for adaptation should be public and grant-based.] *{previous part of former option 1 paragraph 6 bis}*
15. [The provision of financial resources, including for the transfer of technology shall ensure facilitated and enhanced direct access, pursue a country-driven approach, delivered through simplified procedures, and continuous readiness support in particular to capacity-constrained developing countries, in particular LDCs and SIDS. It shall likewise ensure adequacy and predictability of resources, and avoid double counting.] *{previous option 1 paragraph 7/8/9 bis}*

16. [The CMA shall ensure that adequate support is available to the International Mechanism to address Loss and Damage as defined in Article (XX), as well as to promote and support the development and implementation of approaches to address irreversible and permanent damage resulting from human-induced climate change.] *{previous paragraph 12 bis}*
17. [Parties may transfer mitigation outcomes for the purpose of fulfilling commitments and supporting actions under this Agreement in accordance with relevant COP decisions.] *{previous option 1 paragraph 4 bis}{proposal for placement: mitigation part of the agreement section}*
18. [The Financial Mechanism, as established by Article 11 of the Convention, shall serve as the financial mechanism of this Agreement, including [the Green Climate Fund and the Global Environment Facility as] its operating entities[, in line with their respective mandates].] *{previous paragraphs 10 and 10 bis}*
[Its operation shall remain open to be entrusted to other existing international entities. The guidance to the entity or entities entrusted with the operation of the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply mutatis mutandis to the provisions of the paragraph.] *{previous paragraph 10 bis second paragraph}{placement proposal: issue to be addressed in decision paragraph 45}*
[The Funds under the Convention such as the Special Climate Change Fund (SCCF) and the Least-Developed Countries Fund (LDCF), and the Adaptation Fund under the Kyoto Protocol to the UNFCCC (KP) shall also serve this Agreement. Other funds may be established under this Agreement as may be deemed necessary. These funds shall operate under the guidance and authority of the CMA in relation to activities to be developed and implemented under this Agreement.] *{previous paragraph 10 bis third paragraph}{placement proposal: issue to be addressed in decision paragraphs 44 and 45}*
[The Adaptation Fund Board, established by decision 1/CMP.3 shall be designated as an operating entity entrusted with the operation of the financial mechanism, referred to in Article 6.18, for the implementation of this Agreement.] *{placement proposal: issue to be addressed in agreement article 21.3 on interim arrangements}*
19. [The Standing Committee on Finance established under the Convention shall assist the CMA in exercising its functions with respect to the Financial Mechanism of the Convention, in line with its functions and responsibilities established under the COP. [Other thematic bodies of the Convention shall likewise assist the CMA, which may also establish other thematic bodies as may be necessary.]] *{previous paragraphs 11 and 11 bis}{placement proposal: issue to be addressed in decision part; issue of other thematic bodies not appropriate for finance section of the agreement}*

B. DRAFT DECISION

FINANCE

44. [[*Decides* that the operating entities of the Financial Mechanism (the Green Climate Fund and the Global Environment Facility), the Least Developed Country Fund[,], [and] the Special Climate Change Fund [and the Adaptation Fund] shall serve the Agreement.][*Reaffirms* that the Green Climate Fund (GCF) and the Global Environmental Facility (GEF) shall serve the Agreement as the operating entities of the Financial Mechanism. The Least Developed Country Fund and the Special Climate Change Fund administered by the GEF will continue to serve the agreement.] [The CMA has the authority to modify this list.]] *{former paragraphs 44 and 44 bis} {substantive overlap with current paragraph 10 in the agreement section}*
45. [The CMA shall provide guidance on the policies, programme priorities, and eligibility criteria for the Financial Mechanism related to this Agreement. The CMA should consider the special circumstances of LDCs, SIDS, and African States when providing this guidance. [A developing country Party in need of support is eligible to receive support from the operating entities of the Financial Mechanism if it has communicated an NDMC under Article 3 and has submitted timely reports under Article 9.]] *{substantive overlap with current paragraph 10 in the agreement section}*
46. [*Decides* to establish a process for the consideration of new and alternative sources of finance beyond existing bilateral and multilateral sources, in accordance with the terms of reference to be developed by the COP at its twenty-second session, with a view to the COP taking a decision on this matter at its twenty-third session;]
47. [*Requests* the IPC to prepare a recommendation to the CMA regarding the creation of a process, which should include biennial in-session workshops, to consider progress in relation to the efforts referred to in Article 6, paragraph 5, of the Agreement;]
48. [*Also requests* the secretariat to organize and prepare a summary of the biennial in-session workshops referred to in paragraph 47 above for consideration by the CMA;]
49. [*No provision on market mechanism.*]
50. [*Placeholder for language on thematic funding, including technology development and transfer, capacity-building, REDD+, JMA, financing for forests, Article 6 of the Convention*]