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SUBSIDIARY BODY FOR IMPLEMENTATION
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Item 4 of the provisional agenda
Financial mechanism of the Convention: fourth review of the financial mechanism

Review of the financial mechanism referred to in decision 6/CP.13

Submissions from Parties

Addendum

1. In addition to the nine submissions contained in document FCCC/SBI/2008/MISC.3, one further submission was received on 2 June 2008.

2. In accordance with the procedure for miscellaneous documents, this submission is attached and reproduced* in the language in which it was received and without formal editing.

* This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

FCCC/SBI/2008/MISC.3/Add.1

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SUBMISSION FROM AUSTRALIA

AUSTRALIA

Views on the fourth review of the financial mechanism

This submission provides the preliminary views of the Australian Government on the fourth review of the financial mechanism under the UN Framework Convention on Climate Change (UNFCCC), taking into account the elements referred to in operative paragraph 2 of Decision 6/CP.13 and in accordance with the objectives outlined in the Annex ‘Additional guidelines for the review of the financial mechanism’.

Australia considers that the Global Environment Facility (GEF) is performing its role as an entity operating the financial mechanism of the Convention.

The issue of financing will be central to the work of the Ad hoc Working Group on Long-Term Cooperative Action under the Convention. Australia acknowledges that the provision of financial resources and investment to support efforts on adaptation, mitigation and technology transfer, is a key element of the Bali mandate. Australia recognises the scale and urgency of the challenge presented by climate change will require levels of investment and finance not currently available under the Convention’s financial mechanism - or more broadly - through international financial institutions, multilateral organisations, national governments and existing ODA commitments.

Innovative new and additional investment is required urgently to mobilise the necessary financial flows, including outside of UNFCCC fora, to address climate change. Australia considers the international community’s response to demand for increased financial flows must necessarily reflect the entirety of the post-2012 outcome negotiated in the United Nations.

The private sector is potentially the major source of global investment and financial flows for mitigation efforts, and for adaptation in developed countries. But Australia notes the resources parties dedicate nationally and ODA are likely to remain primary sources of adaptation funding in developing countries. All governments must be prepared to increase the resources they dedicate nationally to address climate impacts and also to boost assistance to LDCs, small island developing countries and vulnerable developing countries.

Effective domestic policies and measures will be important drivers to facilitate increased investment in the development of low-emission technologies and expanded international carbon markets. Australia urges governments to examine ways in which existing resources could be used more effectively but notes domestic policies and measures may be insufficient to drive increased investment flows in some LDCs, small island developing countries and ‘climate-vulnerable’ sectors (such as energy production). Other economic incentives or investments in specific sectors, especially in developing countries, may need to be considered.

Australia supports the need for a clearer vision of the roles of different agencies and financial flows to improve integrating mitigation and adaptation strategies into development strategies. Australia supports the examination of means to scale-up and facilitate complementarity in financing measures, and welcomes discussion on how to improve the interface between the financial mechanism and possible new financial instruments to support low-carbon development pathways.

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