

DRAFT DECISION ON LONG TERM FINANCING UNDER THE CONVENTION

The Conference of Parties

Recalling Article 4, paragraphs 3, 4 and 5 of the Convention.

Also recalling Article 4, paragraphs 1, 8 and 9 of the Convention.

Reaffirming Article 4, paragraph 7 of the Convention.

Further recalling decisions 4/CP.18, 1/CP.17, 2/CP.17 and decision 1/CP.16 paragraphs 2, 4 and 98 to 101.

Underlining the urgency of implementing commitments under the Convention related to financing and transfer of technology in particular in meeting the costs of adaptation in developing countries.

Stressing the urgent need for developed country Parties to provide scaled-up, adequate, sustainable, predictable, new and additional support, mainly from public sources, to developing countries to allow their participation in the global effort to hold the increase of the global average temperature below 2 degrees Celsius, both in relation to adaptation and mitigation.

Recalling the commitment undertaken by developed country Parties to a goal of mobilizing jointly USD 100 billion annually by 2020 to address the needs of developing countries, as part of the support needed by developing countries to effectively participate in the global effort to keep the average global temperature below 2 degrees Celsius.

Recognizing the importance to provide clarity on the level of support, in particular financial support, that will be provided by developed country Parties to developing country Parties to allow for enhanced implementation of the Convention and in particular with regard to adaptation and as a crucial element to create the necessary conditions for enhanced participation of developing countries in the global effort to combat climate change and adapt to its adverse effects.

Stressing that public finance has played and will continue to play the key role in long term finance, and noting that issues of predictability and sustainability are crucial for ensuring implementation, and further noting the importance of assessing the predictability and sustainability of any proposed sources of finance including those related to markets and the private sector.

Recalling that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund.

1. *Takes note of* the report of the Co-chairs of the extended work programme on long term finance as contained in FCCC/CP/2013/7;
2. *Reconfirms* that the consideration of long-term finance under the Convention shall be in line with the principles and provisions of the Convention, and in the context of the

global effort to keep the increase of the global average temperature below 2 degrees Celsius;

3. *Acknowledges* the pledges made by some developed country Parties and urges all developed country Parties to announce pledges on the provision of financial resources for 2014 and thereafter
4. *Decides* that developed country Parties will scale up the provision of climate finance, in accordance with decision 1/CP.16 para. 97 and 1/CP.18 para. 66, up to a minimum level of USD 70 billion per year by 2016, with a view to staying on track to achieving the 2020 goal.
5. *Requests* developed country Parties to prepare and present in 2014 their pathways for scaling up climate finance from the fast start finance levels up to the 2020 goal, including projections and scenarios, the sources and channels to be used, and the balance of allocation between adaptation and mitigation, and requests the secretariat to prepare an information document with all the information provided for the consideration by the COP at its twentieth session, and further requests the secretariat to update it on regular basis.
6. *Stresses* the need to achieve a balanced allocation of resources through the financial mechanism of the convention between adaptation and mitigation, expresses concern over the fact that adaptation continues to receive a minor share of total climate financial flows, and reaffirms the continued importance of public sector financing for adaptation.
7. *Decides* to establish an Open-ended Ad Hoc Working Group on Long-term Finance under the Convention, to consider issues related to long-term finance on an on-going basis, consistent with decisions 1/CP.13, 1/CP.16 and, 2/CP.17, in order to scale up the mobilization of climate finance.
8. *Also decides* that the work of the Open-ended Ad Hoc Working Group on Long-term Finance will focus on the efforts being undertaken by developed country Parties to scale up the mobilization of climate finance, informed by inputs from Parties, technical bodies and processes under the Convention, in particular de Standing Committee on Finance.
9. *Further decides* that the Open-ended Ad Hoc Working Group on Long-term Finance shall start its work in the first half of 2014, hold meetings in parallel with the subsidiary bodies of the Convention, and shall report to the future sessions of the Conference of the Parties on the progress on all its areas of work.
10. *Decides* that the Open-Ended Ad Hoc Working Group on Long-term Finance shall plan its work, inter alia,
 - i) on the roadmap with clear timelines in the provision of climate finance by developed countries to reach the goal of mobilizing jointly 100bn per year by 2020, by including the projected pathways to scaling up adequate, predictable, new and additional financial resources;

- ii) on the definition of an appropriate burden-sharing arrangement among developed country parties for the provision of financial support;
 - iii) on the definition of climate finance in line with the relevant provisions of the Convention, including the definition of mobilized private finance;
 - iv) on the financing needs of developing countries to implement mitigation and adaptation action in order to contribute, by way of financial support from developed country Parties, to keeping the global average temperature below 2°C;
 - v) on assessing different sources of funding, including alternative means of funding, in particular with regards to sustainability and predictability in light of the existing experiences, and ways to avoid net incidence on developing countries;
 - vi) on lessons learned from fast start finance on sources, criteria used for burden sharing between developed countries, criteria used for disbursement including issues of accessibility to the funds; and
 - vii) on the effectiveness of and all climate finance reported within the BURs
11. *Invites* the President of the Conference of the Parties to appoint two co-chairs, one from a developing country Party and one from a developed country Party, for the open-ended Working Group;
 12. *Invites* Parties and the thematic and expert bodies to provide their views on issues related to Paragraph 10 above and the recommendations contained in the reports¹ of the co-chairs on long-term finance by March 1 2014, with a view to preparing an information document for the consideration of the COP with a view to prepare a decision for adoption by the COP at its twentieth session;
 13. *Requests* the co-chairs to report back to the Conference of the Parties at its twentieth session on the outcomes of the Open-Ended Working Group;
 14. *Further Requests* developed country Parties to report annually by September of each year on the implementation of their commitments and their efforts to scale up finance as part of their pathways to reach their commitments by 2020 and in this regard requests the Secretariat to prepare annual information document to be available for the consideration of the COP;
 15. *Decides* that in the light of the start of work plan of the *ad hoc* Working Group on the Durban Platform for Enhanced Action, to identify options for scaling-up and mobilizing of resources in the period after 2020 taking into consideration the recommendations of the work programme on long term finance, and the work of the COP on long term finance, including future work that requires elaboration by specific thematic bodies established under the Convention, such as the Standing Committee on Finance, the Adaptation Committee and the Technology Executive Committee.

¹ As contained in FCCC/CP/2012/3 and FCCC/CP/2013/7.