

# OPPORTUNITIES FROM PARIS ON CLIMATE FINANCE

Climate Finance for Clean Cooking  
Africa Biogas and Clean Cooking Conference  
Addis Ababa, 7 April 2016



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## An agreement, a global agreement



## Increased ambition of the long term goal

**2°C**      **1.5°C**      **zero**



COP21 was a  
success, but that  
was the easy  
part

Christiana Figueres  
Executive Secretary,  
United Nations Framework Convention  
on Climate Change



- Implementation of INDCs
- Higher ambitions by Parties
- Collaborative actions



CLIMATE FINANCE



## CLIMATE FINANCE is

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financing channelled by **national, regional and / or international entities** for climate change mitigation and adaptation projects and programs.

could be in the form of climate **specific support mechanisms and or financial aid** for mitigation and adaptation activities



## OBJECTIVE OF CLIMATE FINANCE

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To enable the transition towards **low-carbon, climate-resilient growth and development** through capacity building, R&D and economic development and thus to achieve ultimate objective of the Paris Agreement.





## COOKING SECTOR UNDER CDM

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- Only 49 projects and 51 PoAs from > 10,000 + CDM database
- Expected to generate @ 75.4 MtCO<sub>2</sub>e up to 2020
- Participation CER generation potential from cooking sector under CDM is @ 1%



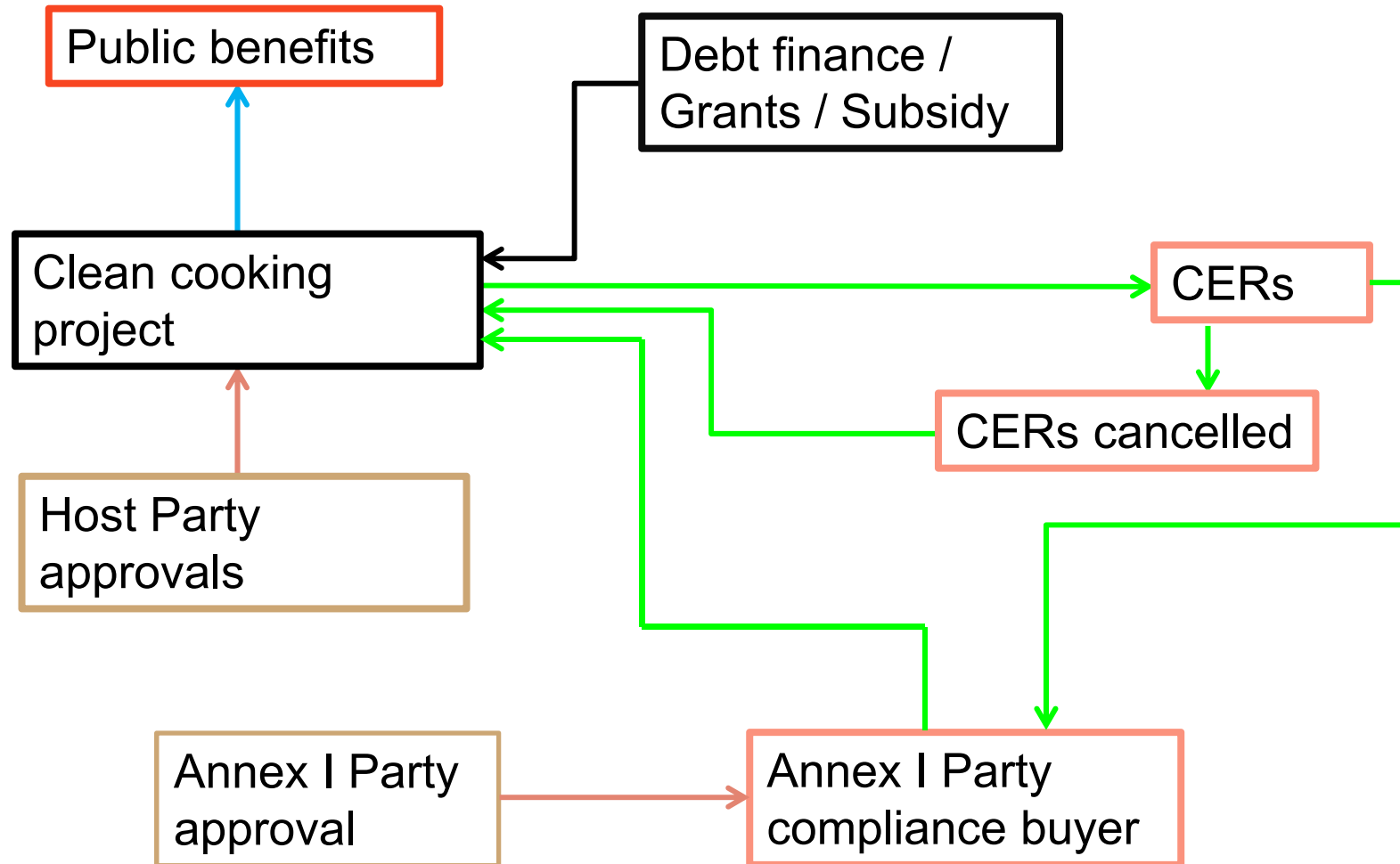
## CDM SOLUTION

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- Addresses the environmental integrity and transparency issues
- Payment for performance to ensure delivery
- Facilitate the development of policy tools such as green bonds, result based finance etc.
- Provide visibility to the contribution of institutional investors in mitigating climate change
- Contribute in levelling the playing field for transaction costs of green bonds and non-green bonds



# CARBON FINANCE UNDER CDM



## CLIMATE FINANCE UNDER THE PARIS AGREEMENT

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- **Market mechanisms are reinstated under the Paris Agreement**
  - **Parties can use a market mechanism (SDM) that combines features of CDM and JI**
  - **Credits generated can be traded as “Internationally transferred mitigation outcomes” (ITMOs)**
  - **Results-based finance in terms of Debt finance / grants / subsidies / conditional finance**
  - **Allocation of credits to buyer and seller countries to prevent double counting**
  - **Cooperative approaches**
  - **Bilateral mechanisms and direct emissions trading**
- 



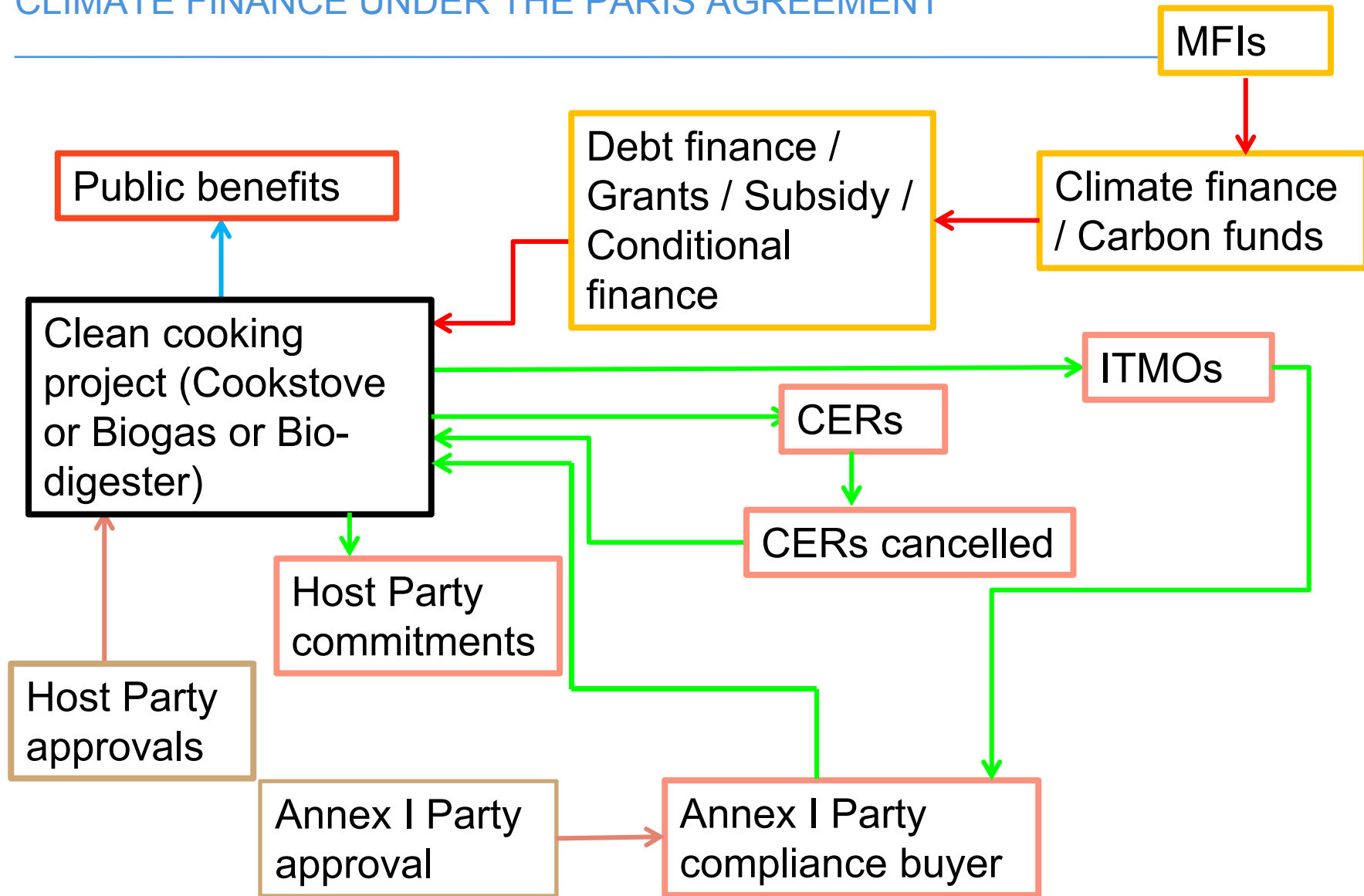
## CLIMATE FINANCE UNDER THE PARIS AGREEMENT

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- The CMP requested CDM EB to explore opportunities for the financing of the CDM through GCF
- Parties are encouraged for voluntary cancellation
- Post 2020, the mechanism agreed at Paris will give opportunities for the blending of different type of incentives (use of green bond proceeds and sale of carbon credit in the carbon market without double claiming)



# CLIMATE FINANCE UNDER THE PARIS AGREEMENT



## Market based mechanism

- Cooperative approach
  - ITMOs
  - Real, measurable, long-term reductions
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- Policies and measures
  - Net-mitigation and sustainable development
  - Share of proceeds

## Increased pre-2020 mitigation actions

- Into force in 2020
- INDCs kick-started long term planning
- Climate finance
- Restoration of CDM demand
- Sustainable development co-benefits





# United Nations Framework Convention on Climate Change

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