

DRAFT TEXT BY CO-CHAIRS

on

COP 26 agenda sub-item 8(a) Matters relating to finance Long-term climate finance

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Draft COP decision on long-term climate finance

The Conference of the Parties,

Recalling Articles 4 and 11 of the Convention,

Also recalling decisions 1/CP.16, paragraphs 2, 4 and 97–101, 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 1/CP.21, 5/CP.21, 7/CP.22, 6/CP.23, 3/CP.24, and 11/CP.25, paragraph 10, and 5/CMA.2, paragraph 10,

1. *Recalls* the commitment of developed country Parties, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing country Parties in accordance with decision 1/CP.16;
2. *Welcomes* the recent pledges made to the Adaptation Fund (totalling USD 351.6 million) and to the Least Developed Countries Fund (totalling USD 431 million);
3. *Notes* the continued efforts of developed country Parties towards reaching the goal of mobilizing jointly USD 100 billion per year by 2020, in the context of meaningful mitigation action and transparency on implementation, in accordance with decision 1/CP.16;
4. *Notes with concern* the lack of private sector finance within the delivery of the goal of mobilizing jointly USD 100 billion per year by 2020, and *welcomes* that a substantial component of climate finance provided by developed country Parties is provided from public finance, and in this regard, *highlights* the importance of public climate finance in supporting developing country Parties;
5. [*Notes with serious concern* the significant gap in relation to the fulfilment by developed country Parties of reaching the goal of mobilizing jointly USD 100 billion per year by 2020, in the context of meaningful mitigation actions and transparency on implementation, in accordance with decision 1/CP.16, and *urges* developed country Parties to continue to provide climate finance towards achieving this goal;]
6. *Acknowledges* the need to support developing country Parties in implementing the Convention;
7. *Recalls* that, in accordance with decision 1/CP.21, paragraph 53, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation action and transparency on implementation;
8. *Notes with appreciation* the first report of the Standing Committee on Finance on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement¹, and the fourth (2020) Biennial Assessment Report on Climate Finance Flows;²
9. [*Requests*][*Urges*] developed country Parties to [continue][enhance and improve] their efforts to channel a substantial share of public climate [financial resources][funds] to adaptation activities and to strive to achieve a greater balance between finance for mitigation and finance for adaptation, recognizing the importance of adaptation finance [and the need

¹ Standing Committee on Finance document SCF/2020/23/4. Available at https://unfccc.int/sites/default/files/resource/54307_2%20-%20UNFCCC%20First%20NDR%20technical%20report%20-%20web%20%28004%29.pdf.

² Available at https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf.

for [at least][doubling][quadrupling][significantly enhancing] adaptation finance], [with emphasis on][including from] public and grant-based resources [on top of mitigation finance], in particular for developing countries that are particularly vulnerable to the adverse effects of climate change;

10. *Welcomes* the progress of Parties' efforts to strengthen their domestic enabling environments in order to attract climate finance, and requests Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in accordance with decision 3/CP.19;³

11. *Emphasizes* the importance of an effective and coherent climate finance landscape in maximizing access to and the impacts of climate finance in meeting the needs and priorities of developing country Parties;

12. [*Draws attention* to the lack of a multilaterally agreed definition of climate finance and *acknowledges* that a [common] definition of climate finance is important to have clarity to avoid double counting and to account for the financial flows from developed to developing countries to address climate action;]

12bis [*Takes note* of the definitions of climate finance provided by Parties in their nationally determined contributions, national communications, biennial reports and biennial update reports, and *encourages* Parties to enhance clarity and transparency of their definitions to facilitate a greater understanding of climate finance provided, needed and received;]

13. [*Requests* the Standing Committee on Finance to continue its deliberations on a definition of climate finance on the basis of the work the committee has done so far, and on submissions by Parties, in accordance with paragraph 10 of decision 11/CP.25 and paragraph 10 of decision 5/CMA.2, with a view to providing a draft proposal for consideration by the Conference of the Parties at its twenty-eighth session (November 2023) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November 2023), and to annually report on its work to the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;]

14. [*Stresses* that climate finance shall include the elements indicated in the annex;]

15. [Placeholder for the outcome of the COP determination of resources needed in accordance with Art. 11.3 (d) and COP decisions 12/CP.2 and 12/CP.3 (GEF) and 5/CP.19 (GCF)]

16. *Notes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for scaling up climate finance from 2014 to 2020 in accordance with decision 3/CP.19, paragraph 10, and *takes note* of the compilation and synthesis thereon;⁴

17. *Notes* the summary reports on the 2019⁵ and 2020⁶ in-session workshops on long-term climate finance, in particular discussions on progress in mobilizing and scaling up climate finance held by the Presidency of the Conference of the Parties at its twenty-sixth session and *invites* Parties and relevant institutions to consider the key messages contained therein;

18. *Notes with appreciation* the note by the Presidency of the twenty-fourth session of the Conference of the Parties on the third biennial high-level ministerial dialogue on climate finance,⁷ particularly the key messages contained therein;

19. *Welcomes* deliberations of the fourth high-level ministerial dialogue on climate finance and *looks forward to* the summary to be prepared by the Presidency of the Conference of the Parties;

³ Decision 3/CP.24, para 7.

⁴ FCCC/CP/2019/INF.1.

⁵ FCCC/CP/2019/4.

⁶ FCCC/CP/2021/6.

⁷ FCCC/CP/2019/7.

20. [Reiterates that the secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional, and other multilateral channels, will continue to explore ways and means to assist developing country Parties in assessing their needs and priorities in a country-driven manner, including their technological and capacity-building needs, and in translating climate finance needs into action; ⁸]

21. **[Option 1:** *Decides* that the long-term finance under the Convention will focus on:

(a) [Delivering the obligations of support by developed country Parties in relation to Article 4 of the Convention;]

(b) [Measuring and tracking the fulfilment of the goal of mobilizing jointly USD 100 billion per year by 2020 under the Convention, with information on geographical and thematic balance flows, drawing on available sources of information, including national communications and biennial reports from both developed and developing country Parties;]

(c) [Assessing support provided for implementing mitigation and adaptation actions under the Convention, including for technology development and transfer to, capacity-building in, and cross-cutting support for developing country Parties, as well as actions to address loss and damage;]

22. [Also *decides* to continue the discussions on long-term climate finance up to 2027, affirming the importance of climate finance for the implementation of the Convention and the Paris Agreement;]

23. *Invites* the Presidency of the twenty-seventh session of the Conference of the Parties (November 2022) to organize a high-level ministerial dialogue on climate finance, to be convened in 2022, on the progress and fulfilment of the goal of mobilizing jointly USD 100 billion per year by 2020;

24. [*Decides* to establish a measurement and tracking platform to be maintained by the secretariat in order to track progress towards fulfilling the goal of mobilizing jointly USD 100 billion per year by 2020 under the Convention, and *requests* the secretariat to prepare in 2022 an official synthesis report on progress towards this goal since 2020, using information on the geographical and thematic balance flows and drawing on available sources of information, including the national communications and biennial reports of both developed and developing country Parties, as well as annual UNFCCC synthesis reports that assess the delivery of this goal from 2020 to 2025, and which constitute inputs to the global stocktakes in 2023 and 2028;]

[Option 2: *Notes* that deliberations on long-term finance ended [in 2020] in accordance with decision 3/CP.19, paragraph 12;]

25. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in paragraphs 20 and 24 above;

26. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

⁸ Decision 6/CP.23, para. 10.

Annex

1. Climate Finance shall include the following elements:
 - (a) The resources must be new and additional;⁹
 - (b) The resources shall be climate specific;
 - (c) The resources shall be grant, concessional loans and guarantees/ other instruments that ensure concessional finance.
2. The climate finance should include, as per Article 4, paragraph 3 of the Convention, such financial resources, needed by developing country Parties to meet the agreed full costs incurred and the agreed full incremental costs of implementing measures under Article 4, paragraph 1, of the Convention.

⁹ The resources for climate action should be over and above the existing provision for developmental projects.