



Views on the operational definitions of climate finance for consideration by the Standing Committee on Finance in order to enhance its technical work on this matter in the context of preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows

Decision 11/CP.25 (Para. 10) / Decision 5/CMA.2 (Para. 10)

*Submission by the Philippines
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In December 2019, the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change, serving as the Meeting of Parties to the Paris Agreement (CMA) adopted Decision 11/CP.25 and Decision 5/CMA.2, stating the “important contribution of the Standing Committee on Finance (SCF) in relation to the operational definitions of climate finance.”

In line with this, Parties were invited to submit, by 30 April 2020, “their views on the operational definitions of climate finance for consideration by the SCF in order to enhance its technical work on this matter in the context of preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows.”

Preface

1. Climate change places additional burden on the already scarce resources of developing country Parties.
2. Energy investment needs of countries alone amount to USD 1.7 trillion per year.¹ Meanwhile, losses from natural catastrophes in 2017 reached USD 339 billion.²
3. Developing countries require substantial new and additional financing to address climate change, with the total costs of the emission reduction and climate adaptation scenarios identified in the Intended Nationally Determined Contributions (INDCs) amounting to USD 3.548 trillion.³
4. At the COP 25 Ministerial Stocktake on Pre-2020 Implementation and Ambition,⁴ the Philippines, drawing from experience in several pilot initiatives, asserted that the country would need roughly USD 85 billion to fund the preliminary adaptation requirements of 1,715 local government units. These requirements comprise of risk assessments and multi-hazard

¹ 2018 Standing Committee on Finance Biennial Assessment and Overview of Climate Finance Flows

² Ibid.

³ Carbon Brief, 2015 as cited in the 2016 Standing Committee on Finance Biennial Assessment and Overview of Climate Finance Flows

⁴ 11 December 2019 in Madrid, Spain

early warning systems, which are among the fundamental interventions for climate risk management that need to be in place.

5. Hence, for climate-vulnerable developing countries like the Philippines, enhanced climate action entails enhanced support.
6. This submission presents the Philippines' perspectives on the nature and scope of climate finance under the Convention.

Operational definition of climate finance

1. Under the UNFCCC, "climate finance" refers to the financial resources dedicated to adapting to and mitigating climate change globally, including in the context of financial flows to developing countries.⁵
2. Expounding on this, climate finance, based on the relevant provisions of both the UNFCCC and the Paris Agreement, is an obligation of the developed country Parties to the developing country Parties as a part of their historical responsibilities being the major contributors to the concentration of greenhouse gases (GHG) in the atmosphere accumulated since the Industrial Revolution. This is clearly established in the following articles under the Convention and its Paris Agreement:
 - 2.1. Article 4.3 of the Convention provides that developed country Parties "shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1." Moreover, they "shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures" that are covered by paragraph 1 of Article 4.
 - 2.2. Article 4.7 of the Convention provides that "(t)he extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology (...)"
 - 2.3. Article 9.1 of the Paris Agreement states that "developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention."
3. Climate finance is **an incremental funding to official development assistance (ODA)**, and critical to addressing climate change. The term 'new and additional' financial resources under the Convention was meant to qualify that climate finance flows are 'new and additional' to other forms of ODA, and not just diverted from existing levels of ODA toward financing labeled as climate finance.

⁵ 2014, 2016, and 2018 Biennial Assessment and Overview of Climate Finance Flows: Technical Report of the United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on Finance