

Submission from Solomon Islands on the Operational Definition of Climate Finance

Purpose

This submission is made in response to Decision 5/CMA.2, paragraph 10:

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

10. Underscores the important contribution of the Standing Committee on Finance in relation to the operational definitions of climate finance, and invites Parties to submit via the submission portal¹, by 30 April 2020, their 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;

Definition of Climate Finance in the context of the negotiations and national operational level

1. Recalling Article 4.3 of the UNFCCC: “The developed country Parties and other developed Parties included in Annex II 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. 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 this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for **adequacy and predictability in the flow of funds** and the importance of appropriate burden sharing among the developed country Parties”.

2. Also notes that at the Conference of the Parties (COP15) held in December 2009 in Copenhagen developed countries pledged to provide **new and additional resources**, including forestry and investments, approaching USD 30 billion for the period 2010 - 2012 and with **balanced allocation between mitigation and adaptation**. This collective commitment has come to be known as fast-start finance. Following up on this pledge, the Conference of the Parties in Cancún (COP16), in December 2010, took note of this collective commitment by developed country Parties and reaffirmed that **funding for adaptation will be prioritized** for the most vulnerable developing countries, such as the **least developed countries, small island developing States** and Africa.

3. Solomon Islands is both a least developed country (LDC) and small island developing state (SIDS). Although there is need for ‘differentiation’ within the context of the negotiations, Solomon Islands experience at the implementation level is that it is **difficult to differentiate climate finance from development finance**.

4. From Solomon Islands perspective/experience, climate finance:

- refers to international finance flows **from developed country Parties to vulnerable developing country Parties**, such as LDCs and SIDS, to enhance the implementation of their climate change policies, strategies, regulations and action plans and their NDC targets with respect to **mitigation**,

¹ <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>

adaptation, loss and damage (including relocation), capacity building and technology transfer, to contribute to the achievement of **low greenhouse gas emissions pathway**² and climate resilient development³;

- **strengthens the global response to the threat of climate change**, in the context of **sustainable development** and efforts to **eradicate poverty**;
- must achieve **balance between adaptation and mitigation**;
- should be **adequate, predictable** and represent a **progression beyond previous efforts**;
- comes from a wide variety of sources (**public, private**), instruments (**grants, concessional loans, equity, guarantee**) and channels (**multilateral, bilateral**), with a significant portion coming from **public funds**;
- should facilitate **timely access, lessen co-financing burden** and promote **longer-term investments** and **programmatic approaches**;
- is **additional** to the original commitment by donors to reach 0.7 per cent of gross national income for development finance; and
- should be **tracked** to ensure **effectiveness and impact**.

² Linked to 1.5°C global average temperature increase above pre-industrial levels as articulated in the Paris Agreement.

³ In line with the goals of the [Framework for Resilient Development in the Pacific \(FRDP\)](#).