

Climate Finance in the Paris Agreement

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**The Asia-Pacific Regional Workshop on Integrating Market Mechanisms
to the Implementation of INDCs/NDCs**

15 February, 2016

Bangkok, Thailand

Disclaimers

- A researcher's interpretation of the Paris Agreement (not official);
- Recognizing the contentious nature of climate finance;
- Criterion on judgement: Does the Paris Agreement make a step forward on the basis of existing obligations under the UNFCCC?

Outline

- Timeline for signature, ratification and entry into force of the Paris Agreement
- Interpretation of Article 9 of the Paris Agreement (and relevant paragraphs in the Paris Decision)
- Financial resources needed for implementing NDCs of countries in the Asia and the Pacific region
- Pledges toward the USD 100 billion commitment

Timeline



Article 9 of the Paris Agreement (1)

- The Paris Agreement is weak on climate finance.

- The provision of financial support

- Article 9, Para. 1: Developed countries to “provide financial resources to assist developing country Parties”

- Article 9, Para. 3: Developed countries to “take the lead in mobilizing climate finance”

- Article 9, Para. 2: Developing countries are “encouraged to provide or continue to provide such support voluntarily”

A
rehashing
of
existing
obligation
s

Expanding
the
contributor
base

Article 9 of the Paris Agreement (2)

- Predictability of future climate finance
 - Article 9, Para. 3: "mobilization of climate finance should represent a progression beyond previous efforts"
 - Paris Decision, Para 54: "developed countries intend to continue their existing collective mobilization goal through 2025"
 - Paris Decision, Para 54: "the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year"
- A general provision
- Extend the \$100 billion commitment to 2025
- A one-off goal

Article 9 of the Paris Agreement (3)

- The role of public finance
 - Article 9, Para. 3: "noting the significant role of public funds"
 - Article 9, Para. 4: "considering the need for public and grant-based resources for adaptation"

The use of grant is referred only in the context of adaptation

Article 9 of the Paris Agreement (4)

- The role of the Green Climate Fund
 - Article 9, Para. 8: "The Financial Mechanism of the Convention, including its operating entities, shall serve as the financial mechanism of this Agreement"
 - Paris Decision, Para. 55: "encouraging the coordination of support from, inter alia, public and private, bilateral and multilateral sources, such as the Green Climate Fund"

A failure to link developed countries' contributions to the GCF

Article 9 of the Paris Agreement (5)

- Adaptation finance

- Article 9, Para. 4: "the provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation"

Non-
committal
language

- Paris Decision, Para. 116: "significantly increasing adaptation finance from current levels"

Not
mention
post 2020
adaptation
finance;
only prior
2020

Article 9 of the Paris Agreement (6)

- Transparency of financial flows
 - Paris Decision, Para. 58: requests the SBSTA to “develop modalities for the accounting of financial resources provided and mobilized through public interventions”
 - Paris Decision, Para. 56: initiate at COP 22 “a process to identify the information to be provided by Parties”

A step forward in improving financial reporting
Unclear how private finance will be accounted and reported
Unclear the way to measure the results of climate finance

Financial needs for implementing NDCs

Country	Financial needs (USD bn)		Population
	Mitigation	Adaptation	2015 thousand
Mongolia	2.8	2.7	2959
Cambodia	No data	1.3	15578
Lao PDR	1.4	1	6802
Afghanistan	6.6	10.8	32527
Bangladesh	27	40	160996
India	No data	206	1311051
Sri Lanka	No data	0.4	20715
Georgia	No data	0.6	4000
Kyrgyzstan	1.2	1.6	5940
Turkmenistan	No data	10.5	5374
Fiji	0.5	No data	892
Kiribati	No data	0.07	112
Solomon islands	0.2	0.1	584
Vanuatu	0.2	0.1	265
Total (with data)	39.8	275.3	

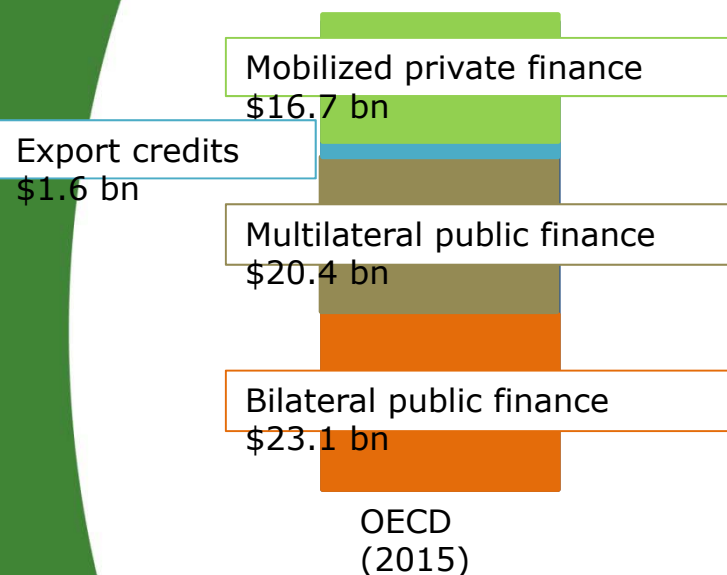
Estimation of regional financial needs

- Assumption: If the support/cost values are scaled up to the **total population** in the non-Annex I countries in the AP region
- Annual financial need for mitigation is **USD 50 billion** during 2015 to 2030 for the AP region;
- Annual financial need for adaptation is **USD 47 billion** during 2015 to 2030 for the AP region;
- Uncertainties:
 - Not take account into national circumstances and priorities;
 - Mixed data for various years and for support vs. cost;

Pledges toward the \$100 billion goal

\$100 bn by
2020

Total in 2014: \$61.8 bn



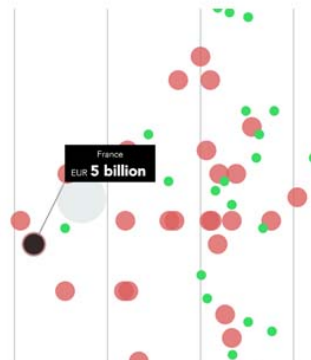
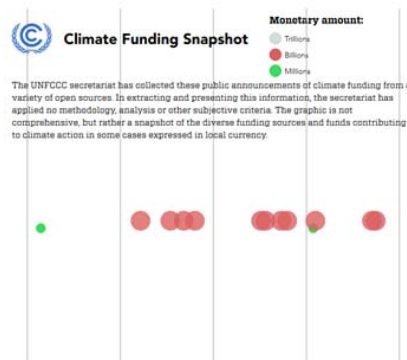
Indian official: The true amount may be only \$2.2 bn (Guardian, 2015)

Critics: 1. Climate **relevant** finance is counted, where climate change is not a primary objective.

2. Grants accounted for \$12 bn (OECD, 2015); the remaining public finance included concessional or non-concessional financing that requires payback.

3. Export credits do not mobilize additional finance.

4. At best \$3-5 bn adaptation finance in 2014 (with adaptation as main objectives).



UNFCCC: Climate Funding Snapshot
(<http://newsroom.unfccc.int/financial-flows/list-of-recent-climate-funding-announcements/>)

Next steps

- The facilitative dialogue in 2018 will provide another opportunity to address financial gaps;
- The first global stocktake in 2023 will likely include the negotiation of the new quantified goal from the floor of \$100bn.



Thank You

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