

Operationalisation of the Paris Agreement – Proposals for the Paris Rulebook

Proposal for Climate Finance

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Driving Transformative Actions through Integrated and Innovative Approaches



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International Forum for Sustainable Asia and the Pacific 2018

IGES
Institute for Global
Environmental Strategies

“Long-term finance goal” (100B\$/yr) is agreed

2007 G8 Heiligendamm Summit
2008 G8 Toyako Summit



“--we will **consider** ----
at least a halving of global emissions by 2050.”

(Chair’s Summary of Heiligendamm)

2009 COP15 Copenhagen
2010 COP16 Cancun

“--developed country Parties commit, ---- mitigation actions and transparency on implementation, to a **goal of mobilizing jointly USD100 billion per year by 2020** to -- developing countries”

(Para. 98. of the Cancun Agreement)

2015 COP21 Paris Agreement

“ -- continue their existing collective mobilization goal **through 2025** ---”

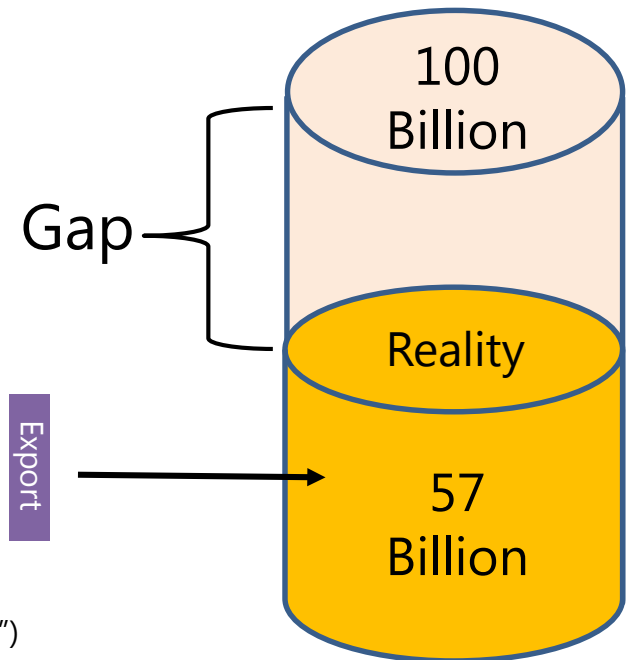
(Para. 53. of COP21 decision)

Current Estimation

UNFCCC Standing Committee on Finance (SCF) estimated **\$40~175 billion/year** (2010-2012 average)



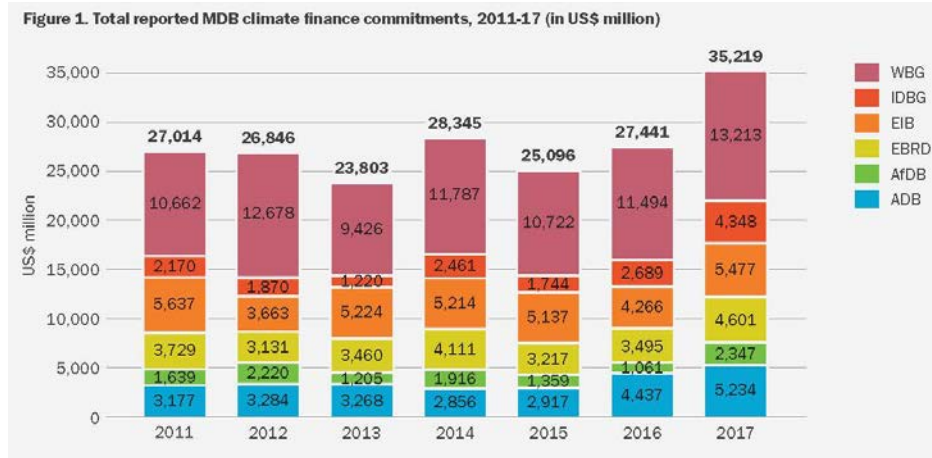
OECD estimated **\$57 billion/year** (2013 -2014 average)



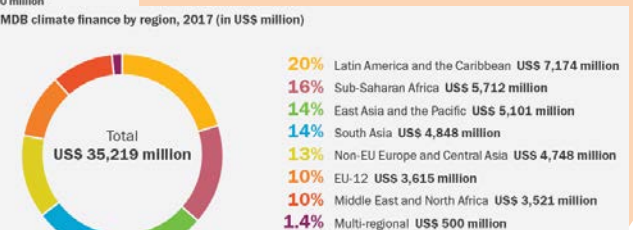
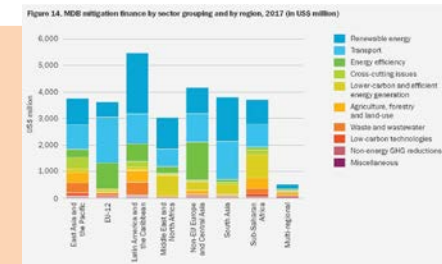
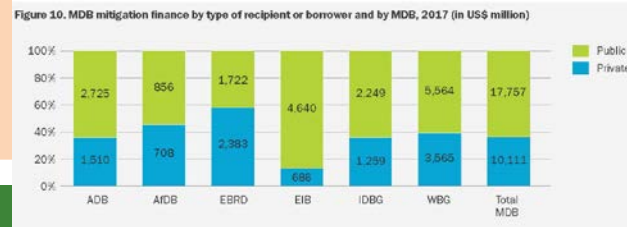
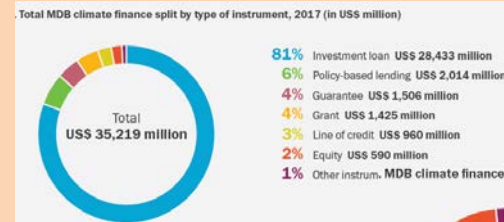
(Source: OECD 2015, "Climate finance in 2013-14 and the USD 100 billion goal")

Multilateral development banks (MDBs) are developing “common principles” to track the climate finance in Joint Reports

Total climate finance by 6 MDBs reached to \$35 billion in 2017, rose by 28% Compared to 2016.



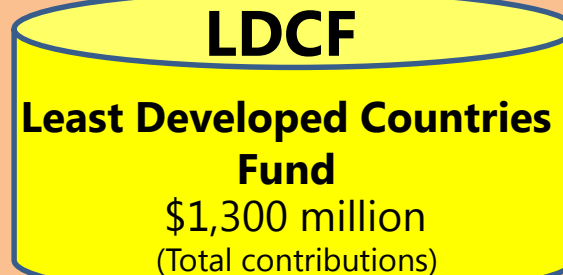
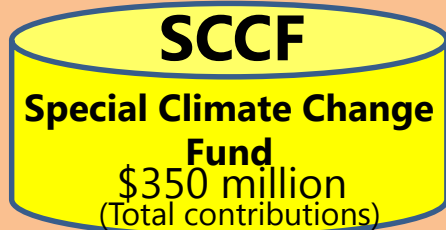
Information sorted by the following items can be known:
 By Instrument types
 Region
 Sector
 Mitigation vs. adaptation
 Public vs. private
 Etc.



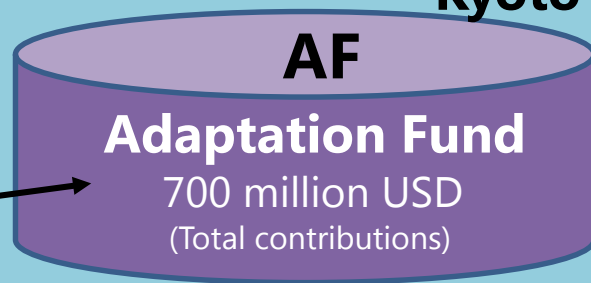
Financial Schemes under the UNFCCC

United Nations Framework Convention on Climate Change

Global Environmental Facility **GEF**



Kyoto Protocol



CDM
2% CER

Paris Agreement

- Governance/institutional arrangement
- Operating modalities
- Safeguards (being negotiated...)

Financial assistance is stipulated under the Paris Agreement (Article 9)

Article 9. 1

先進国から途上国への資金供与(義務)

Developed country Parties **shall provide financial resources** to assist developing countries Parties with respect to both mitigation and adaptation in continuation of their **existing obligations** under the Convention.

Article 9. 3

先進国は多様な資金源を動員(努力)

As part of a global effort, developed country Parties **should** continue to take the lead in **mobilizing climate finance from a wide variety of sources, instruments and channels**, noting the significant role of public funds, though a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties.

Agendas for Negotiation

SBI

Identification of the information on climate finance

Article 9. 5

Developed country Parties **shall biennially** communicate **indicative quantitative and qualitative information** related to paragraphs 1 and 3 of this Article, **as applicable**, including, **as available, projected levels of public financial resources** to be provided to developing country Parties.

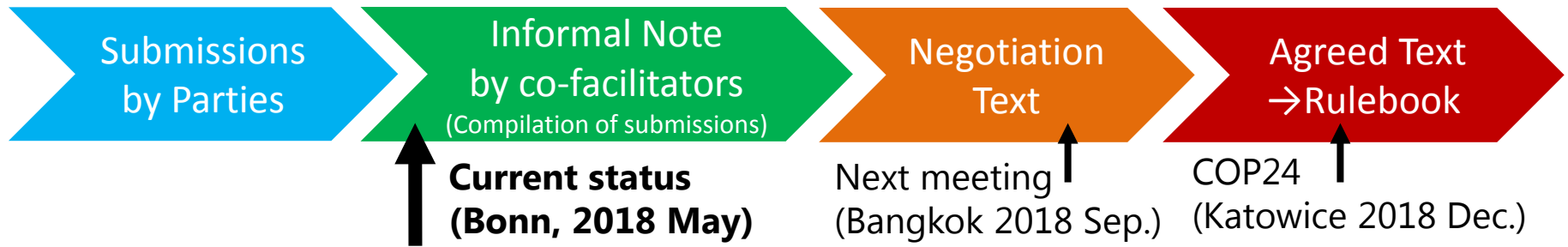
Modalities for the accounting of financial resources provided and mobilized through public interventions

SABSTA

Article 9. 7

Developed country Parties **shall** provide transparent and consistent information **on support for developing country Parties provided and mobilized through public interventions biennially** in accordance with **the modalities, procedures and guidelines to** be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement, at its first session,---.

Negotiation process



- Definition of “climate finance”
- “Quantitative” vs “qualitative” information
- Determination of “new and additional” finance
- Limitations, uncertainties for “Ex ante”/ predictability
- Transparency, comparability, clarity
- Timeframe, parameters
- Avoiding duplication and burden
- Availability and applicability of information
- Including capacity building, technology transfer

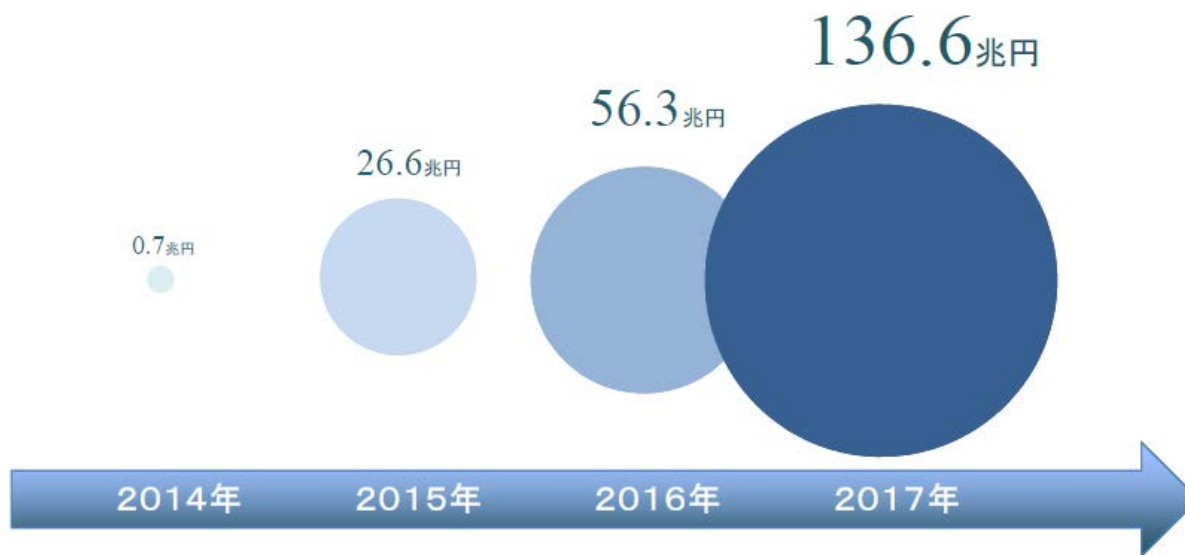
Points of Discussion

Not agreed yet

Rapid Expansion of Private ESG Investment

ESG (Environment, Social and Governance) investment balance in Japan

急増する日本のESG投資残高



(Source: Sumitomo Mitsui Trust Bank, presentation at 2°CForum for private sector)

Proposal by IGES

Current problems

- Limitation to capture multilateral finance outflow by donor
- Purpose should not be only to count the amount, but rather to provide the information that the private investors need

