

Final Conclusions working group

12: Financing

April 29, 2010 in [12. Financing](#), [Working Groups](#)

A. Financing Commitments under the UNFCCC

1. Developed country parties included in Annex 1 of the United Nations Framework Convention on Climate Change (UNFCCC) have committed to financing the costs incurred by developing country parties to cover the costs of mitigation, technology transfer and capacity building, including all adaptation costs. This financing constitutes an obligation in response to developed country parties historical emissions of greenhouse gases; and constitutes a part of reparations for their climate debt.

2. Developed country parties have failed to meet their climate finance commitments, in part because the current financing model – which includes both carbon markets and existing financial institutions outside the authority of the UNFCCC – is ineffective at meeting the needs of developing country parties to address climate change.

3. Under the UNFCCC climate finance must be new and additional to existing commitments to Overseas Development Assistance (ODA) toward the achievement of the Millennium Development Goals; however the vast majority of current climate finance by developed country parties is counted as both ODA and climate finance. This constitutes a double counting of financial assistance to developing country parties.

In addition, this financing is channeled through financial institutions, the World Bank, and Regional Development Banks in the form of or attached to loans – even for adaptation, which increases the debt of developing country parties.

4. Financing for adaptation in developing countries must not be conditioned on mitigation actions.

5. All policy and program priorities, and eligibility criteria for funding must come from the parties to the UNFCCC.

6 . Funding shall be available to all developing country parties without discrimination or conditionality, under the principles of common but differentiate responsibility and climate debt.

7. Financing must not undermine the sovereignty and self-determination of developing country parties. Financing must respond to country driven processes that involve communities in decision-making.

8. Funding priority must be given to those communities and countries most affected, that preserve nature, and that have contributed least to the emissions of greenhouse gases; and respond to the principles and provisions of the UNFCCC.

9. The outcome of the Ad Hoc Working Group on Long-term Cooperative Action at COP15 must be the basis for negotiations in Cancun (which continues the mandate established in the Bali Action Plan), and not the Copenhagen Accord, which is not a formal decision of the Conference of the Parties to the UNFCCC.

B. Scale and Sources of Financing for Climate Change

10. The scale of existing financial resources currently allocated to developing countries parties for addressing climate change plus the Copenhagen Accord proposal to mobilize (US\$10 billion per year between 2010 and 2012, and up to US\$100 billion by 2020 annually – which represents only 0.8% to 8% of developed countries' national defense budgets, respectively) is grossly inadequate.

11. Developed country parties must commit at least 6% [\[1\]](#) of their annual GDP for climate finance in developing countries. The viability of mobilizing this amount of finance is evident – developed countries spend an equivalent amount each year on national defense. In addition, developed countries have mobilized trillions of dollars (equivalent to 5 times the 6% GDP proposed) to bail out failed banks and speculators. This is a question of political will, and the priority given to effectively combating climate change and protecting Mother Earth.

12. The finance required must be provided from public sources, and must be new and additional to ODA, to bilateral assistance, and to funds flowing outside the UNFCCC. Any funding provided outside the UNFCCC will not be regarded as meeting the commitments of developed country parties under the Convention.

13. The carbon market shall be eliminated as source of financing, because its capitalist logic promotes the paradox that those actors who will benefit most, are the same actors who have most harmed the environment. In addition, market mechanisms allow developed countries to evade their commitments to reduce emissions, while at the same time benefitting economically from the climate crisis. Moreover, this model impedes the equitable distribution of resources, can not guarantee a predictability flow of resources at scale, nor the timely availability or direct access to financing for those most affected.

14. Financing for climate change must be delivered as grants, understood as a part of the reparations for climate debt between parties. Loans cannot be considered as fulfillment of financial commitments. In the same way climate financing does not signify a donor/recipient relationship between developed and developing countries.

15. All Annex 1 funding allocated to military purposes and subsidies for fossil fuel producers shall be redirected to climate change.

C. Functions and Structure of the Financing Mechanisms

16. A new financial mechanism shall be established under the authority of the UNFCCC, replacing the Global Environment Facility and its intermediaries such as the World Bank and the Regional Development Banks.

17. This financial mechanism must be under the authority of, and accountable to, the COP of the UNFCCC. There must be equitable representation of developing countries in all decision-making and technical bodies, with specific representation of most affected countries. Affected communities, sectors, classes, women, social movements, and civil society groups must also be formally represented; not financial institutions.

18. The management and administration of the financial mechanism must be transparent, inclusive, participatory and democratic.

19. The financial mechanism must respect the sovereign control of each country to determine the definition, design, implementation of policy and programmatic approaches to climate change. In addition, the mechanism must uphold human rights, including economic, social, cultural and collective rights, and other rights enshrined in international covenants and agreements.

20. The financial mechanism must be an operational entity that ensures the flow of resources to developing countries to address climate change in a timely and efficient manner.

21. A system to monitor, report and verify the fulfillment of developed country financial commitments must be established. Information must be publicly disclosed, and allow for independent evaluation and systems for redress for civil society through the climate justice tribunal.

22. The financial mechanism shall be defined and approved at COP16, and be made operational at COP17. Until that time, climate financing for developing countries must be ensured and increased through greater fulfillment of existing commitments.