

Wuppertal Institute
for Climate, Environment
and Energy

How to Mobilise USD 100 Billion?

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Wolfgang Sterk
Research Group
Energy, Transport and
Climate Policy

Overview

- UNFCCC Framework, Principles and Commitments
- Climate Finance Questions
- Mobilisation, Accounting and Adequacy

The UNFCCC Framework

UNFCCC Art. 3

“The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the **developed country Parties should take the lead in combating climate change and the adverse effects thereof.**”

UNFCCC Art. 4

Developed countries shall provide “new and additional” financial resources (...) needed by the developing country Parties **to meet the agreed full incremental costs** of implementing measures...

“The 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”

Bali, Copenhagen and Cancún

Bali Action Plan para 1.(b)(iii)

“Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, **in a measurable, reportable and verifiable manner;**”

Copenhagen Accord para. 8

“The collective commitment by developed countries is to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010–2012 with balanced allocation between adaptation and mitigation. (...) In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly **USD 100 billion dollars a year by 2020** to address the needs of developing countries. This funding will come **from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance.**”

Climate Finance Questions

- Financing needs?
- Mobilisation of public funding?
- What counts towards the USD 100 billion? Gross or net flows? Carbon finance? Private finance?
- “New and additional”?
- MRV of climate finance?
- Role and setup of the Green Climate Fund? Examples of successful funds?
- Mobilisation of private finance?
- Relationship between number of institutions involved, adequacy and predictability?
- Relationship to ODA? Lessons learned?

The AGF Report

- Mobilising 100 billion “challenging but feasible”
- Focus on innovative public sources with double dividend
- Conservative assumptions regarding carbon price and shares for climate finance

REPORT OF THE
SECRETARY-GENERAL'S
HIGH-LEVEL ADVISORY GROUP
ON CLIMATE CHANGE FINANCING

5 NOVEMBER 2010



An AGF Recalculation

Targets in line with 2° C so that carbon price USD 50/t

6% of auctioning revenues

⇒USD 42 billion

CDM levy at 2%

⇒USD 3 billion

International maritime transport, no net incidence and 100% climate finance

⇒USD 38 billion

International aviation, no net incidence and 100% climate finance

⇒USD 12 billion

⇒**Total USD 95 billion**

⇒**Net flows**

Financing Needs

Total Investment?

Incremental Investment?

Incremental Cost?

⇒ Saying that more than 80% of investments come from private sources is a bit beside the point

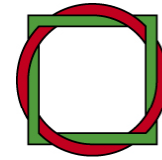
Climate Finance Needs in Developing Countries

Estimates vary, but

- Total investments needs in 2020 clearly many multiples of 100 billion
- Incremental investments needs several 100 billion
- Incremental costs likely in the order of 100 billion

⇒ 100 billion pledge needs to be seen as net flows to cover incremental costs and leverage needed incremental investment





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Thank you very much for your attention !

For further information please visit our website:

www.wupperinst.org

wolfgang.sterk@wupperinst.org

