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Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020

Compilation and synthesis by the secretariat

Summary

This document synthesizes the information provided by developed country Parties in their biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020. It has been prepared in order to inform the annual in-session workshops on long-term finance in accordance with decision 5/CP.20, paragraph 12.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), by decisions 3/CP.19 and 5/CP.20, decided to continue its deliberations on long-term finance with three core elements for the period from 2014 to 2020:[1]

(a) Biennial submissions by developed country Parties on their strategies and approaches for scaling up climate finance;

(b) Annual in-session workshops on long-term finance to be organized by the secretariat;

(c) Biennial high-level ministerial dialogues on climate finance.

2. The COP requested developed country Parties to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, on the following:[2]

(a) Information to increase clarity on the expected levels of climate finance mobilized from different sources;

(b) Information on policies, programmes and priorities;

(c) Information on actions and plans to mobilize additional finance;

(d) Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change;

(e) Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance.[3]

3. The COP, by decision 5/CP.20, requested the secretariat to prepare a compilation and synthesis of the biennial submissions by developed country Parties to inform the in-session workshops.

B. Submissions received

4. The following Parties made submissions on their updated strategies and approaches for scaling up climate finance in 2016: Australia, Canada, Japan, New Zealand, Norway, the Slovak Republic and the European Commission on behalf of the European Union and its member States,[4] and the United States of America.[5]

[1] Decision 3/CP.19, paragraphs 10, 12 and 13.
[2] Decision 3/CP.19, paragraph 10.
[3] FCCC/CP/2013/7.
[4] This submission is supported by Albania, Bosnia and Herzegovina, Serbia and the former Yugoslav Republic of Macedonia.
[5] Available at http://www4.unfccc.int/submissions/SitePages/sessions.aspx?expectedsubmissionfrom=Parties&focalBodies=COP&years=2016&themes=Finance.

II. Synthesis of information provided

5. This chapter synthesizes the information provided by developed country Parties in their submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020. It is based on the elements contained in decision 3/CP.19 as referred to in paragraph 2 above. The synthesis captures both quantitative and qualitative information as provided by Parties in their submissions.

A. Expected levels of climate finance mobilized from different sources

6. Developed country Parties reiterated their full commitment towards achieving the goal of mobilizing USD 100 billion per year by 2020 to support mitigation and adaptation efforts in developing countries and several submissions pointed to the collective road map that was jointly prepared by developed country Parties to demonstrate how they intend to meet the goal.

7. As requested by the COP, developed country Parties reported on their expected levels of climate finance mobilized from different sources. This information was provided in aggregated or in more detailed ways and covered different time frames. In addition, most submissions also contained an overview of levels of climate finance up to 2015 or in one case also covering 2016. This information can be found in the annex.

8. As shown in table 1, most developed country Parties provided quantitative information on the expected levels of climate finance and pointed to the increasing trend of their financial commitments. For instance, some of these Parties reported their aim of doubling their international climate finance by 2020 compared to 2014.

9. Many Parties highlighted their pledges and expected future commitments to the Green Climate Fund (GCF), stressing the role of the fund in financing high-impact, transformational projects and catalysing finance from other sources and noting that the GCF will be the key multilateral fund supporting nationally determined contribution (NDC) implementation. In addition, contributions to the Global Environment Facility (GEF) were highlighted, with one Party underlining the role of the GEF as a catalyst in establishing a global approach to sustainable development.

10. While many Parties provided figures for bilateral public finance, others also included multilateral flows in their reported figures. Furthermore, some Parties only reported expected levels of public finance, while others included private finance in their estimates. A number of Parties noted challenges in providing clarity on the expected levels of climate finance beyond the approved budget.

11. Many submissions made reference to the importance of tracking private climate finance and some highlighted support to initiatives that aim to make progress in this area, such as the Research Collaborative on Tracking Private Climate Finance of the Organisation for Economic Co-operation and Development. While it was noted that efforts to track mobilized private finance are still in their infancy, a number of Parties did provide some quantification on their mobilized private finance, noting, however, that those estimates come with some caveats. Norway, for example, reported the outcomes of a pilot study which puts mobilized private co-finance in 2014 at 1.234 billion Norwegian kroner, noting that this is probably a low estimate due to incomplete data. The Netherlands expects to realize a total of EUR 273 million in mobilized private finance over the period 2010–2016 and EUR 300 million in 2017. Belgium noted that ongoing initiatives to improve the measurement, reporting and verification of private climate finance will in the future facilitate the reporting on and scaling up of private climate finance in developing countries.

12. Table 1 presents the information provided by Parties on the expected levels of climate finance as outlined in the preceding paragraphs.

Table 1
Information provided by developed country Parties on expected levels of climate finance

Party	*Reported levels of expected climate finance*	*Time frame*
Australia	At least AUD 1 billion (the AUD 200 million annual floor in public finance will be maintained)	2016–2020
Austria	Austria will strive to provide at least EUR 0.5 billion (in addition to the current Austrian pledge to the GCF)	2015–2020
Belgium	EUR 50 million (annually in public finance)	2016–2020
Canada	CAD 2.65 billion	2016–2020
	CAD 800 million (annually)	By 2020
Czechia	Approximately USD 5.3 million (to the GCF) and EUR 1.4 million for the German Climate Finance readiness programme	2014–2018
	Approximately 10% of the EUR 3.7 million annual budget for bilateral development cooperation (annually)	2018–2019
Denmark	DKK 270 million (approximately USD 38 million; earmarked climate finance, including DKK 156 million to the LDCF	2016
Estonia	EUR 1 million (annually)	2015–2020
European Union and its member States	At least 20% of the EU budget to be spent on climate-relevant activities (approximately EUR 180 billion)	2014–2020
	The European Commission intends to more than double climate finance grants from the EU budget, reaching EUR 2 billion per year on average	Up to 2020
Finland	EUR 65 million (for GEF-6)	Ends 2018
	EUR 80 million (for the GCF)	2015–2018
	EUR 500 million (in new investment funding for developing countries, a substantial part of which will contribute to climate finance)	2016–2019
France	EUR 5 billion (annually in bilateral and multilateral finance)	By 2020
	France announced that within this target adaptation finance will be tripled to EUR 1 billion annually	
Germany	EUR 2.438 billion (from budgetary sources)	2016
	In addition, Germany continues to provide significant amounts of mobilized public climate finance, from KfW and DEG as well as mobilized private finance	
	Germany aims to double its international climate finance as compared with 2014	By 2020
Hungary	HUF 1 billion (approximately EUR 3.2 million; including bilateral and multilateral finance; in addition to its 2015 pledge to the GCF of HUF 1 billion)	2016 to latest 2020
	Hungary’s ODA type bilateral climate finance is expected to remain at a similar level in the coming years	
Ireland	EUR 175 million (in public grant finance, primarily for adaptation)	2016–2020

Party	*Reported levels of expected climate finance*	*Time frame*
	Additional EUR 2 million (to the GCF) with a view to building up its support for the fund	2016
	Ireland will continue to support the LDCF and will provide, subject to budget availability and approval, at least EUR 6 million in grant-based funding by 2020	
Italy	At least USD 4 billion (bilateral and multilateral finance and mobilized private finance)	2015–2020
Japan	JPY 1.3 trillion (public and private finance)	In 2020
Lithuania	Lithuania is determined to mobilize climate-related support in amounts similar to or higher than those mobilized in 2015 (approximately EUR 0.5 million)	Over the coming years
Netherlands	EUR 1.7 billion (expected amount of public climate expenditures)	2010–2016
	EUR 273 million (mobilized private finance)	2010–2016
	EUR 660 million (including EUR 360 million in public finance and EUR 300 million in mobilized private finance)	2017
New Zealand	Up to NZD 200 million	2016–2019
	Most recent projections suggest this commitment will be met in three years rather than four and it is expected that this figure will be once again exceeded as new adaptation and mitigation projects come online. New Zealand is committed to further increasing finance in the period beyond 2019	
Norway	Norway intends to continue its REDD-plus[a] finance at least at current levels (2016 budget: NOK 2.8 billion)	Up to 2020
	Norway pledged to continue to provide finance for REDD-plus	Up to 2030
	NOK 1.6 billion (to the GCF)	2015–2018
	Norway will double its contribution to the GCF by 2020 if the fund secures verified emission reductions from deforestation and forest degradation in developing countries	
	NOK 108 million (annually; to the regular replenishment of the GEF)	2016–2017
Poland	USD 8 million	Up to 2020
Slovakia	While there is no forward-looking information on expected levels available, financial information provided in annual reports for 2014 and 2015 demonstrates an upward trend	
Spain	Spain aims to double its international climate finance as compared with 2014 (by mobilizing an amount of EUR 900 million)	By 2020
Sweden	Sweden will nearly double levels of multilateral climate finance as compared with 2015	2016
United Kingdom of Great Britain and Northern Ireland	GBP 5.8 billion in ICF	2016–2020
	In 2020, the United Kingdom’s annual climate finance will be double that of 2014, with a commitment to achieve a 50:50 balance between adaptation and mitigation spent over this period	
	Over the lifetime of the existing ICF portfolio, the United Kingdom expects to	

Party	Reported levels of expected climate finance	Time frame
	mobilize GBP 4.1 billion of private climate finance	
United States of America	The United States committed to doubling its grant-based public finance for adaptation	By 2020

Abbreviations: AUD = Australian dollar, CAD = Canadian dollar, DEG = Deutsche Investitions- und Entwicklungsgesellschaft mbH, DKK = Danish krone, EU = European Union, HUF = Hungarian forint, GBP = pound sterling, GEF = Global Environment Facility, GEF-6 = the sixth replenishment of the GEF, GCF = Green Climate Fund, ICF = international climate finance, JPY = yen, KfW = Kreditanstalt für Wiederaufbau, LDCF = Least Developed Countries Fund, NOK = Norwegian krone, NZD = New Zealand dollar, ODA = official development assistance.

[a] In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

B. Policies, programmes and priorities

1. Information on policies

13. In presenting information on and concrete examples of their climate finance related policies, many Parties emphasized the interrelationship between climate finance and development assistance and the need for integrating climate actions under the Paris Agreement into development efforts to achieve the Sustainable Development Goals.

14. With regard to mainstreaming climate change into development and sectoral policies, Australia, for example, noted that it integrates climate actions into its development assistance and economic diplomacy with a view to optimizing and protecting its investments and to building long-term resilience to the adverse effects of climate change. In doing so, Australia enhances its development objectives and prevents the creation of new risks and the exacerbation of existing risks. The German submission also made reference to the importance of boosting the co-benefits of climate change activities with a view to enhancing sustainable development.

15. Parties mentioned various types of domestic legislation, policies or strategies that positively contribute to the mobilization of climate finance. Examples provided in the submissions range from national laws governing international development cooperation, energy transition or financial sector operations to national climate finance strategies and specific government instructions to development agencies. The following paragraphs seek to provide an overview and the examples listed represent only a selection of the policy-related information included in Parties' submissions.

16. Belgium, for instance, adopted a new law in 2013 enforcing the integration of climate change into all programmes of Belgian cooperation. This in turn was followed by the adoption of a federal strategy on the environment in Belgian development cooperation which seeks to strengthen the role of civil society and environmental governance at all levels.

17. An example of a law targeted at financial institutions was provided by Japan. The Japan Finance Corporation (JFC) Act was revised in 2010 to expand the scope of operations of the Japan Bank for International Cooperation through the inclusion of a new area of financial operations that promotes overseas business activities aimed at preserving the global environment. The revision of the JFC Act led to the launch of a new green product that promotes private sector investment in low-carbon technologies and renewable energy projects.

18. With regard to strategies influencing climate finance, Austria made reference to its National Climate Finance Strategy, which contains strategic criteria with which all climate finance related policies, programmes and priorities need to be aligned. Criteria include a balance between mitigation, adaptation and REDD-plus[6] activities, efficiency, effectiveness and transparency of the use of funds and consistency with official development assistance reporting. In addition, the Environmental Subsidies Act was amended in 2014 to provide a legal basis for the national climate finance programme, which started from and builds on the fast-start finance phase.

19. A 2015 instruction by the Swedish Government to the Swedish International Development Cooperation Agency (SIDA) is another noteworthy example mentioned in the submissions. The instruction requested SIDA to ensure that an environment and climate perspective permeates all its operations and has, inter alia, resulted in an increased emphasis on environment and climate change in Swedish development cooperation strategies in 2015 and 2016.

2. Information on programmes

20. In addition to policy-related information, Parties presented a diverse set of examples on programmes and initiatives illustrating their support to climate action in developing countries.

21. In line with the aim to integrate climate aspects into their development assistance, many Parties cited programmes and initiatives supported by their respective development cooperation agencies. It was also pointed out that great emphasis is put on taking into consideration national development strategies, NDCs and the needs of recipient countries with a view to customizing support programmes. Furthermore, one submission noted that a government-wide approach involving various government and non-government entities is essential in providing comprehensive support and building the capacity of partner countries.

22. Additionally, many submissions stressed the importance of strong partnerships and collaboration with other countries, foundations, civil society organizations and the private sector when implementing programmes to expand the reach and impact of efforts and to scale up climate finance. Furthermore, support at the regional level was mentioned as an important element to make the best use of experience and resources.

23. Parties also emphasized that finance provided by governments will continue to be important, especially for those projects and sectors where private capital is not readily available. It remains vital to use public finance and policy interventions to further mobilize private finance. In this regard, it was pointed out that continued efforts are needed to improve working relations with the private sector to deliver results on the ground. Provision of support to the development of a pipeline of investment-ready projects and to bridging the gap between project proponents and financiers was also highlighted.

24. Another key aspect of country support highlighted in the submissions relates to supporting countries to build capacities to refine and implement their NDCs and national adaptation plans (NAPs), and translate them into polices and strategies that are aligned with national development objectives.

25. Supporting partner countries in accessing climate finance, for instance from multilateral funds, was another key pillar of work mentioned in many submissions. In

[6] In decision 1/CP.16, paragraph 70, the COP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

addition, several Parties highlighted programmes and initiatives aimed at supporting developing country Parties in implementing requirements under the enhanced transparency framework under the Paris Agreement.

26. Table 2 presents an overview of some of the programmes, facilities and initiatives that were highlighted in the submissions.

Table 2
Overview of initiatives and facilities established and/or supported by Parties for climate action in developing countries

Initiatives, funds or facilities	*Scope*
Group of Seven Initiative on Climate Risk Insurance (InsuResilience)	This initiative aims to increase the number of people in developing countries who have access to climate risk insurance coverage to 400 million by 2020. It aims at expanding already established indirect risk insurance facilities in combination with additional direct and indirect insurance schemes and targeted measures to develop insurance markets in regions at risk
Climate Risk and Early Warning Systems (CREWS) initiative	CREWS aims to significantly increase the capacity for multi-hazard early warning systems. By 2020, all relevant small island developing States and least developed countries are expected to have at least moderate early warning system and risk information capacities. CREWS aims to mobilize USD 100 million by 2020 in order to fill the gaps in the existing bilateral and multilateral cooperation programmes
Community-based Climate Change Action Grants (CBCCAG)	CBCCAG (2013–2016) supported community-based adaptation and mitigation activities in Viet Nam, the Philippines, Timor-Leste, Vanuatu, Tonga, Kiribati, Solomon Islands, the Marshall Islands and Papua New Guinea, in partnership with non-governmental organizations
Mission Innovation (MI)	MI is a global initiative of 22 countries and the European Union to dramatically accelerate global clean energy innovation. As part of the initiative, participating countries have committed to doubling their governments’ clean energy research and development investments over five years, while encouraging greater levels of private sector investment in transformative clean energy technologies
Africa Renewable Energy Initiative (AREI)	AREI is a transformative, Africa-owned and Africa-led inclusive effort to accelerate and scale up the harnessing of the continent’s huge renewable energy potential. Under the mandate of the African Union, and endorsed by the Committee of African Heads of State and Government on Climate Change, the initiative is set to achieve at least 10 GW of new and additional renewable energy generation capacity by 2020, and mobilize the African potential to generate at least 300 GW by 2030
Clean Energy Finance Facility for the Caribbean and Central America	The facility aims to catalyse much-needed public and private sector investment in clean energy projects by providing grant support for early stage project development. It will help promising but undercapitalized projects to address key planning and feasibility issues that are critical to successful financing and implementation. In addition to grant support, facility participation can open doors to private financing and additional Overseas Private Investment Corporation (OPIC) and United States Trade and Development Agency support, including OPIC loans and guarantees, political risk insurance and investment fund support
Norway’s International Climate and Forest Initiative (NICFI)	NICFI aims at supporting efforts that reduce greenhouse gas emissions from deforestation and forest degradation in developing countries while promoting sustainable development and poverty reduction. Specific objectives are to contribute to the new climate regime being an effective instrument for reducing emissions, contribute to early actions for measurable emission reductions from deforestation and forest degradation and promote the conservation of primary forests because of their particular importance as carbon stores and their biological diversity
Forest Carbon Partnership	FCPF is a World Bank programme and consists of a Readiness Fund and a Carbon

Initiatives, funds or facilities	*Scope*
Facility (FCPF)	Fund. It was created to assist developing countries to reduce emissions from deforestation and forest degradation, enhance and conserve forest carbon stocks and sustainably manage forests (REDD-plus)
Global Innovation Lab for Climate Finance (the Lab)	The Lab catalyses and draws on global experience and expertise to identify, design and pilot the next generation of climate finance instruments. These instruments will provide concrete solutions to financing challenges faced in real projects, and can build new markets, attract new investors and help to unlock billions of dollars in new climate-friendly investment in developing countries
NDC Partnership	The NDC Partnership helps countries to achieve their national climate commitments and ensure that financial and technical assistance is delivered as efficiently as possible. The partnership is open to all countries as well as international institutions that are committed to ambitious nationally determined contribution (NDC) and related Sustainable Development Goals implementation. Non-state actors are also able to participate as associate members
Facility to support NDC implementation	The facility is a new instrument of EUR 30 million in grants approved by the Board of Agence française de développement in May 2016. It will help countries to reinforce or establish a governance for effective NDC implementation through capacity-building activities, translate NDCs into sectoral public policies and action plans and support countries in developing concrete climate projects or programmes, especially in the area of adaptation
Partnership for Market Readiness (PMR)	PMR is a forum and a fund to support the preparation and implementation of carbon pricing and other instruments to scale up mitigation efforts. It supports countries in undertaking economic and policy analytical work to identify options for achieving post-2020 goals
Capacity-building Initiative for Transparency (CBIT)	As part of the Paris Agreement, Parties agreed to establish CBIT, which aims to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Paris Agreement, leading up to 2020 and beyond. Parties decided that the aim of CBIT is to strengthen national institutions for transparency-related activities in line with national priorities, provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Paris Agreement and assist in the improvement of transparency over time

27. Recognizing that accessing climate finance from multilateral climate funds is both a challenge and a priority for many developing countries, a number of Parties described the support that they have provided in this area. Box 1 highlights some examples of support to building the capacities of developing countries to access climate finance, as provided in the submissions.

Box 1

Support in enhancing access to climate finance

New Zealand highlighted its approach to assisting its partner countries in the Pacific region in accessing climate finance. The country has, for example, launched a Technical Assistance for Pacific Access Programme which, to date, inter alia supported the design of a flood management project and the development of Green Climate Fund (GCF) proposals in areas such as water security and flood early warning systems. In addition to the above-mentioned programme, support to the development of a series of Pacific climate and resilience investment roadmaps is also envisaged.

Implemented jointly by the Kreditanstalt für Wiederaufbau Development Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit on behalf of the German Federal Ministry for Economic Cooperation and Development, the Climate Finance Readiness Programme supports institutions in getting accredited with the GCF and provides strategic and conceptual advice. Partner countries receive support in preparing for the implementation of mitigation and adaptation activities through better access to climate finance and for GCF project development and accreditation of national and regional development banks. Furthermore, Germany invited other implementing organizations such as the United Nations Environment Programme, the United Nations Development Programme and the World Resources Institute to join the programme.

The United States of America mentioned its support to the Adaptation Project Preparation Facility for the Asia-Pacific, which has helped to build the capacity of small island developing States in the region to access and manage adaptation finance, including from the GCF. With the support of the project, countries have been able to access over USD 260 million from multilateral adaptation funds for adaptation activities, benefitting more than 100,000 individuals.

3. Information on priorities

28. With regard to the priorities of their climate change support, Parties provided a range of information and highlighted important milestones that were reached since the last set of submissions in 2014, most notably the Paris Agreement and the 2030 Agenda for Sustainable Development.

29. It was noted that the Paris Agreement was a global success and a turning point for climate action with a clear focus on implementation, while recognizing the need to make all financial flows consistent with the low-emission and climate-resilient pathways set out in Article 2, paragraph 1(c), of the Paris Agreement.

30. In this context, it was highlighted that the Paris Agreement recognized that public finance will be key to supporting climate action in developing countries and that such finance needs to be responsive to NDCs and NAPs and underpin domestic actions, while at the same time leveraging greater investments through innovative approaches and cooperation. It was also noted that significant focus should be put on adaptation, an area where private sector finance has been less available, and Parties reiterated their commitment to helping to mobilize funds in this area. In line with the provisions promoting gender equality in the Paris Agreement, one Party further noted that gender equality is an overarching objective of its approach to climate change.

31. Furthermore, several submissions emphasized that climate finance flows should be consistent with the 2030 Agenda for Sustainable Development, as goal 13 in particular sets out targets for climate action, including implementing commitments under the Convention, enhancing adaptation and climate resilience, and promoting effective climate planning.

Chapter II.B.1 above discussed the importance that Parties attach to the mainstreaming of climate change considerations into development and sectoral policies. Concerning this interrelationship between climate-related support and development policy and cooperation, several Parties noted that their climate support has a strong focus on poverty alleviation.

32. In terms of the geographic distribution of climate finance, many Parties emphasized that they attach particular importance to assisting countries that are most vulnerable to climate change, including small island developing States and the least developed countries (LDCs). Several submissions included information on the regional distribution of climate finance or priority recipient countries. Two Parties, for instance, mentioned that their climate-related support is focused on the Pacific region, with one submission noting that this is where the country has the relationships and experience that allows it to make a practical difference. Another Party mentioned that it prioritized cooperation with African countries and countries belonging to the group of LDCs.

33. With regard to thematic priorities, most Parties provided information on their support to mitigation and adaptation and many highlighted their key areas of support in those two fields. In mitigation, many developed country Parties mentioned a focus on clean energy and sustainable landscapes. Reducing and managing climate and disaster risks, for example through risk insurance, and building climate resilience were mentioned as key areas of adaptation-related support. Many Parties emphasized that they continue to strive for a better balance between mitigation and adaptation. Further information on how Parties aimed to address the allocation of mitigation and adaptation finance is provided in chapter II.D below.

34. Building capacities for tracking climate finance was considered another important area of support, not only with regard to helping countries to fulfil reporting requirements under the enhanced transparency framework under the Paris Agreement, but also to enhance climate finance effectiveness by enabling countries to direct finance to areas or sectors where it is needed the most and achieves the greatest impacts.

35. Finally, in terms of delivery mechanisms, most Parties provide climate finance through bilateral and multilateral channels. One Party reported that historically it has channelled most of its climate finance through multilateral and regional development organizations and funds which are able to mobilize private finance flows in line with country strategies. Besides bilateral and multilateral channels, a number of submissions make reference to the existence of policies that focus on mobilizing private finance or finance from alternative sources.

C. Actions and plans to mobilize additional finance

36. With regard to the information on actions and plans to mobilize additional finance, most Parties noted the importance of catalysing finance from private sources and highlighted their efforts in this area. Some submissions also contained information on efforts to mobilize finance from alternative sources.

1. Mobilizing private climate finance

37. With regard to the mobilization of private climate finance, several submissions stressed the important role of public funds in addressing the risk factors and financial barriers that are hindering private climate investments. Providing assistance for creating favourable policy environments was cited as a key prerequisite for successfully scaling up climate finance from private sources. It was also noted that a multifaceted approach involving a mix of instruments and interventions is needed given the varying circumstances and needs across developing countries.

38. In line with this, the submissions made reference to a wide range of mechanisms and instruments used by Parties to help to scale up private climate finance. Most examples of support mentioned fall under one or several of the following categories:

(a) Technical assistance;

(b) Public–private partnerships and initiatives;

(c) Integration of environmental, social and governance (ESG) criteria;

(d) Concessional financial instruments;

(e) Export and trade finance;

(f) Green bonds.

39. The following paragraphs seek to provide an overview of some key examples of support provided in the above-mentioned categories. The list is not exhaustive and further examples of instruments and mechanisms used to mobilize private climate investments can be found in the submissions.

40. With regard to technical assistance, a wide range of interventions were mentioned in the submissions. Some Parties highlighted support to facilitate early stage project preparation, which is crucial to help more projects to achieve financial closure, and support to improve the policy and regulatory environment in developing countries. Examples of initiatives offering the former type of support include the US-Africa Clean Energy Finance Initiative and the Renewable Energy Performance Platform supported with funding from the United Kingdom of Great Britain and Northern Ireland. An example of support targeted at improving the regulatory environment is the Global Energy Transfer Feed-in Tariffs (GET FiT) programme, developed by Deutsche Bank in 2010, which, inter alia, helps countries to upgrade their existing regulatory frameworks to improve the risk profile and commercial viability of private renewable energy investments.

41. Parties also stressed their support to public–private initiatives and partnerships that pursue the goal of scaling up climate finance. The Climate Technology Initiative Private Financing Advisory Network (PFAN), for example, has mobilized over USD 1 billion in private financing for clean energy projects since its inception in 2006. PFAN helps to connect clean energy entrepreneurs with investors and secure financing for projects. Another partnership highlighted in a number of submissions is the Tropical Forest Alliance 2020, an initiative where supply chain companies, tropical forest countries, investors, development organizations and civil society come together to reduce deforestation from large-scale agricultural production. A concrete example of the work undertaken through this initiative is a collaborative effort by the United States Agency for International Development, private sector companies and civil society in Paraguay that aims to adopt more sustainable practices in the beef sector. Some submissions also cited innovative initiatives at the national level, with one example being the Business Partnerships Platform, which was launched to help to accelerate Australia's collaboration with business in addressing development challenges in the Pacific.

42. The integration of ESG criteria into the business strategies and models of private sector actors was also highlighted as a key area of support by some Parties. Sweden, for example, stressed its support to Swedish Leadership for Sustainable Development, a network consisting of more than 20 leading companies and expert organizations which are systematically integrating sustainable development into their business models and practices. Another noteworthy development is the recent introduction of two investment labels in France. The Sustainable and Responsible Investment label and the Energy and Ecological Transition for Climate label are aimed at increasing the visibility of green investment products launched by asset managers, thereby expanding the reach of these products.

Moreover, Article 173 of the recently enacted French Energy Transition for Green Growth Law fosters the appropriation of climate issues by French investors, enabling a climate-consistent allocation of capital.

43. Most Parties underlined the key role of concessional financial instruments in mobilizing private capital for climate investments. Such instruments include low-cost debt, mezzanine finance, direct equity investments, private equity fund investments and guarantees. Box 2 showcases some of the initiatives or actors using such instruments mentioned in the submissions.

Box 2

Examples of initiatives and actors using concessional financial instruments

Green Africa Power, a fund with the mandate to invest in renewable energy projects in least developed countries in sub-Saharan Africa, provides mezzanine finance to fill the gap in the financial structure between equity and debt. The Global Climate Partnership Fund is another example of an innovative fund that provides mainly medium- and long-term financing for climate investments, including mezzanine finance.

In the private equity space, UK Climate Investments LLP, a joint venture between the UK Green Investment Bank and the United Kingdom Government's Department for Business, Energy and Industrial Strategy, make minority equity investments of approximately 10–30 million pounds sterling into renewable energy generation and energy efficiency projects in India, South Africa and parts of East Africa.

Other initiatives cited in Parties' submissions include the Climate Public Private Partnership programme, which has established two private equity funds leveraging private capital for low-carbon subfunds and projects in developing countries, and three Nordic development finance institutions – Norfund, Swedfund and Finnfund – which provide long-term equity capital and other risk capital.

Guarantees were also reported to have helped to mobilize private climate finance. For instance, the Swedish International Development Cooperation Agency offers insurance to eligible projects to protect them from market risks and covers part of the loss if a borrower fails to repay its bank loan. The Danish Export Credit Fund (EKF) provides guarantees to mitigate risks associated with climate investments and exports, especially in developing countries. Between 2013 and 2016, EKF has provided approximately USD 6 million in guarantees for climate-related projects.

44. Several Parties also noted the central role played by export and trade finance in their strategies to mobilize private finance for climate-related investments. In addition to the guarantees and export credits provided by the Danish Export Credit Fund mentioned in box 2, another example that was provided in the submissions is a trade and investment insurance for preventing global warming. This insurance is issued by Japan's Nippon Export and Investment Insurance and provides 100 per cent insurance coverage of emergency risk after shipping for projects or exports in the following areas: energy efficiency, new energy, nuclear, uranium development, the Joint Crediting Mechanism (JCM), the clean development mechanism (CDM), carbon dioxide capture and storage, and afforestation. In addition, the submission of the United States highlighted the role of export finance provided by its Export-Import Bank, for example in the context of a wind energy project in Viet Nam.

45. Green bonds were also mentioned as a powerful instrument to channel private finance into climate-related projects. France reported that it is planning to strengthen its green bond market, which already comprises many stakeholders, including issuers such as

industrial company Engie, national electrical utility company Électricité de France and commercial banks. In 2017, France plans to launch the first ever sovereign green bond.

2. Enhancing alternative sources for climate finance

46. In addition to describing their efforts to mobilize private finance, several Parties also emphasized the importance of mobilizing alternative sources for climate finance, particularly with regard to achieving the goal of jointly mobilizing USD 100 billion by 2020.

47. A number of submissions highlighted actions and plans for putting a price on carbon in several ways. France, for instance, pointed to its recent domestic energy tax reform, which allows for the increase of energy tax rates in accordance with the carbon intensity of energy products. The carbon price is set to progressively increase from EUR 7 per tonne of carbon dioxide equivalent (t CO_2 eq) in 2014 to EUR 30.50 /t CO_2 eq in 2017. Furthermore, under the regulations of the French Law on the Energy Transition to Green Growth, which was enacted in 2015, the carbon price is to gradually increase to EUR 56/t CO_2 eq in 2020 and EUR 100/t CO_2 eq in 2050. Another example is Ireland, which introduced a carbon tax in 2009 and is, inter alia, developing a carbon tax guide in cooperation with the World Bank to disseminate experiences and lessons learned.

48. A number of Parties also highlighted their support to and participation in market mechanisms, such as the CDM, and their contributions to the development of new market mechanisms under the Paris Agreement. Norway, for instance, emphasized the essential role of pilot initiatives in testing and implementing new mechanisms and raising global ambition. Specific reference was made to the Transformative Carbon Asset Facility, which supports developing countries in implementing economy-wide or sectoral policies and programmes that create enabling conditions for private sector financing in low-carbon technologies. Another example is JCM, developed by Japan, through which the country has already partnered with 16 countries to facilitate dissemination of advanced low-carbon technologies. JCM is a market mechanism which functions in the context of Article 6, paragraph 2, of the Paris Agreement and has already issued credits from projects in Indonesia and Mongolia.

49. In addition, one Party stressed its support for the establishment of an international price on carbon given the important signal this would send to investors. Moreover, the importance of international initiatives aimed at reducing fossil fuel subsidies was emphasized by several Parties; the Global Subsidies Initiative, conducted from 2008 to 2012 by the International Institute for Sustainable Development, was cited as an example of such efforts. The Friends of Fossil Fuel Subsidy Reform, an informal group of countries that are not members of the Group of 20, which was founded in 2010, is another example of an international effort aimed at building political consensus on the importance of fossil fuel subsidy reform.

50. Finally, with regard to supporting other countries in developing their own market-based measures, some submissions noted the critical role of partnerships and development cooperation programmes such as the Partnership for Market Readiness by the World Bank, which supports countries that are seeking to establish domestic carbon pricing mechanisms.

D. Balance between adaptation and mitigation, taking into account the needs of developing countries that are particularly vulnerable to the adverse effects of climate change

51. Most Parties underlined the importance of ensuring a balance between adaptation and mitigation finance and the majority of the submissions contain detailed information on

commitments to increase adaptation-related funding to the poorest and most vulnerable populations, and outline some of the concrete efforts undertaken in this area.

52. Several Parties noted that their funding for adaptation has increased in recent years and with regard to future levels of funding it was noted that a number of Parties included specific targets on adaptation in their pledges before Paris. The United States, for instance, committed to doubling its grant-based public finance for adaptation by 2020 and the United Kingdom is committed to achieving a 50:50 balance between adaptation and mitigation finance in the period leading to 2020. Notably, Belgium and Ireland are already directing the majority of their climate finance to adaptation.

53. Many Parties highlighted their adaptation-related support to the GCF and referred to the decision of the Board of the GCF that aims for a 50:50 balance of allocation between adaptation and mitigation, and a minimum of 50 per cent of the adaptation funding being directed towards particularly vulnerable countries.[7] A number of Parties noted that their members on the Board of the GCF will closely monitor whether the GCF fulfils this decision.

54. Pointing to the lack of private finance for adaptation, some Parties emphasized their plans to actively stimulate private investment in adaptation projects and to help to identify scalable privately financed adaptation projects.

55. One Party pointed out that its climate finance support is mainly based on requests by its partner countries and that while an increase in the number of adaptation-related requests can be observed, currently mitigation-related requests dominate. In addition, it was noted that private finance data are captured only partially and biased towards mitigation finance because there are more data available for mitigation-related sectors than for adaptation-related sectors.

E. Steps taken to enhance enabling environments

56. To meet the goal of transforming the global economy into a low-carbon and climate-resilient one, it was noted that all Parties, whether developed or developing, need to have enabling policy and regulatory environments for climate finance in place. In addition, the vital role of a favourable overall investment climate, which, inter alia, includes sound legal systems, good governance practices, strong fiscal policies and accountable institutions, was underlined.

57. In the context of developing countries, one Party noted that enabling policy frameworks and credible long-term planning are an important pull factor to attract climate finance from various sources. To establish appropriate enabling environments that underpin low-emission and climate-resilient pathways, Parties emphasized, among other matters, the importance of putting a price on carbon and eliminating fossil fuel subsidies. They also noted the significance of creating policy mechanisms, such as feed-in-tariffs; financial instruments, such as climate risk insurance; and regulatory instruments, including technical standards.

58. Several Parties specifically referred to Article 2, paragraph 1(c), of the Paris Agreement and noted their initiatives, both domestic and international, to support the shift of investments. Box 3 illustrates some key initiatives that were highlighted. Further examples can be found in chapter II.C above on mobilizing private climate finance and in Parties' submissions.

[7] GCF decision B.06/06.

Box 3

Examples of initiatives related to making climate finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development

The importance of mobilizing institutional investors to shift global investments in line with climate objectives was highlighted in a number of submissions and several Parties highlighted their efforts to catalyse investments from large capital pools. The Norwegian Government Pension Fund Global (GPFG) is an example of an institutional investor increasingly active in climate finance. GPFG has made significant investments in environmentally friendly companies and technologies and has recently divested from 73 companies based on risks mostly associated with climate change, deforestation and water.

Norway also reported that it will intensify efforts to create enabling environments for private sector climate investments in developing countries and establish new schemes for public–private cooperation. There are also plans to create a new company, Renewable AS, which will focus on low or zero emission solutions and invest in new technologies that are in the transition stage between development and commercialization. The company will invest in funds and companies that are active in Norway or abroad.

The United Kingdom of Great Britain and Northern Ireland underlined that public finance will be insufficient to meet the long-term goals of the Paris Agreement and noted its leading role in promoting initiatives to mobilize private climate finance. Its submission highlighted several initiatives, including the world's first prudential review of climate implications for the insurance sector and associated asset risk, which was conducted by the Bank of England. In addition, the Group of 20 Green Finance Study Group, co-chaired by the United Kingdom and the People's Bank of China, was cited as a key source of global leadership on the issue of green finance.

Denmark noted its goal to be independent of fossil fuels by 2050 and stressed that its policies are supported by a strong focus on innovation, technology and skills in private companies and research institutions. Like a number of other developed country Parties, Denmark supports fossil fuel subsidy reform and, inter alia, provides funding to the World Bank's Energy Sector Management Assistance Program, which assists developing countries in analysing their potential for fossil fuel reforms and helps to develop reform models.

59. The development of NDCs was seen as an important step towards enhancing the policy and regulatory environments in developing countries and as a framework for making climate finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in line with Article 2, paragraph 1(c), of the Paris Agreement.

60. In line with this, one Party noted that the financial and institutional support provided for the implementation of developing countries' NDCs and other national strategies is aimed at developing a holistic vision for low-carbon sustainable development, including the mainstreaming of climate considerations into national and sectoral policies and the enhancement of local skills for the design and implementation of bankable projects.

Annex

Overview of the levels of climate finance reported by developed country Parties as contained in the submissions

Party	*Reported level of climate finance*	*Time frame*
Austria	EUR 40.5 million	2010
	EUR 34.23 million	2011
	EUR 45.73 million	2012
	EUR 131.22 million	2013
	EUR 141.46 million	2014
	EUR 117.53 million (preliminary contributions)	2015
Belgium	EUR 10.9 million to mitigation, EUR 25 million to adaptation and EUR 10.8 million to cross-cutting activities	2015
Czechia	Approximately EUR 8.2 million (an increase of EUR 600 000 compared with 2014)	2015
Denmark	DKK 1.4 billion (total Danish climate finance as reported to the secretariat)	2014
Estonia	Approximately 80% of the EUR 4.7 million contributed to the environmentally sustainable development of partner countries was provided to support developing countries in alleviating climate change and adapting to it	2011–2014
European Union and its member States	EUR 14.5 billion (from public budgets and development finance institutions)	2014
Finland	EUR 94 million (public finance)	2013
	EUR 116 million (public finance)	2014
	Approximately EUR 115 million (public finance)	2015
France	Approximately EUR 3 billion (commitment of the AFD Group)	2015
Germany	Approximately EUR 2.7 billion (from budgetary sources)	2015
Hungary	EUR 480 629 (provided to the Multilateral Fund for the Implementation of the Montreal Protocol)	2015
	HUF 1 billion (approximately EUR 3.2 million; transferred to the GCF)	2016
Ireland	EUR 34.15 million	2013
	EUR 33.67 million	2014
	EUR 36 million	2015
Japan	USD 20 billion	2013–2014
Lithuania	Approximately EUR 0.5 million	2015
Netherlands	EUR 45 million (public finance)	2010

Party	*Reported level of climate finance*	*Time frame*
	EUR 118 million (public finance)	2011
	EUR 145 million (public finance)	2012
	EUR 287 million (public finance)	2013
	EUR 395 million (public finance)	2014
	EUR 501 million (public and private; tentative)	2015
New Zealand	NZD 190 million (climate-related support across the entire aid programme)	2012–2015
Norway	NOK 5.231 billion (public support)	2015
	NOK 1.234 billion (mobilized private co-finance linked to public support for projects summing up to NOK 4.230 billion; likely low estimate)	2014
	NOK 833 million (imputed climate shares of core support to MDBs and other multilateral organizations)	2014
Poland	USD 3.33 million (climate-specific public finance)	2013
	USD 4.94 million (climate-specific public finance)	2014
Slovakia	EUR 1 135 512 (climate-specific finance)	2014
	EUR 2 196 007 (climate-specific finance)	2015
Spain	EUR 205 677 244	2012
	EUR 254 575 047	2013
	EUR 463 129 072	2014
Sweden	SEK 4.3 billion (USD 645 million; public climate support)	2013–2014
United Kingdom of Great Britain and Northern Ireland	GBP 3.87 billion	April 2011 to March 2016
United States of America	USD 15.6 billion (public finance)	Fiscal years 2010–2015
	Additional USD 3 billion to the GCF	2014

Abbreviations: AFD = Agence française de développement, DKK = Danish krone, HUF = Hungarian forint, GBP = pound sterling, GCF = Green Climate Fund, MDB = multilateral development bank, NOK = Norwegian krone, NZD = New Zealand dollar, SEK = Swedish krona.