

The World Fund Against Climate  
Change proposal and the Greenhouse  
Development Rights Framework:  
possible links to build upon

*Mexico*

Carolina Fuentes

A fair sharing of effort: operationalizing  
the Greenhouse Development  
Rights Framework

Bonn, Germany  
June 6, 2008

## CURRENT FINANCING AND CHALLENGES

| Current status  | Challenges  |
|---|---|
| Large number of specific funds  | To overcome atomization                                 |
| Unpredictability of current financing   | To develop a strong and predictable source of financing |
| KP flexible mechanisms that offset developed countries' emissions in developing countries | To widen the scale of global mitigation activities      |

## CURRENT FINANCING NEEDS

---

- According to recent estimates, additional resources required in 2030 to reduce global emissions to current levels range between 200-210 billion usd (UNFCCC)
- Estimated annual investment requirements to ensure a low carbon energy future in developing countries: 30 billion usd (IEA).

**The current financial system is insufficient to sustain the scale of global actions needed to address climate change**



# The World Fund Against Climate Change

---

## **Main purpose**

- To build, through common understanding, a non substitutive but complementary scheme to the Kyoto Protocol, that ensures the full, sustained and effective implementation of the Convention

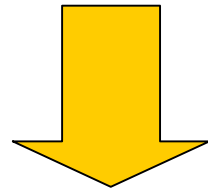
## **Objectives**

- To expand the scale of global mitigation efforts and enable the participation of all countries
- To support adaptation activities
- To promote technology transfer and difussion
- To underpin, financially, the new climate change regime

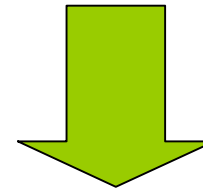
## How does the Fund relate to adaptation and technology transfer activities?

---

- All contributions received by the Fund should be subject to a double levy, whose amount needs to be determined multilaterally.



**Adaptation Fund**



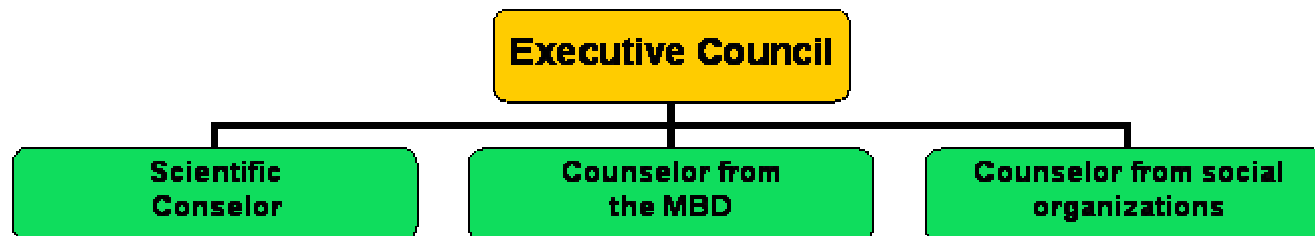
**Clean Tecnology Fund**

- The Fund would operate under an inclusive and transparent governance regime and would be subject to the supervision of an Executive Committee.

# The Fund' Governance Scheme

---

- The Fund will be operated by an Executive Council with participation of all contributing and beneficiary countries
- The Council will have three independent councillors



- The Council will report anually to the COP
- Developing countries will have the same representativity and voice than developing countries
- Administration by an existing multilateral institution

## Advantages of the Fund proposal

---

- **Increased access to financial and technical resources**
- **Expansion of the global mitigation scale** - Developing countries will have positive incentives to widen their mitigation efforts.
- **Broader participation** - The governance scheme of the Fund will be open to all countries.
- **A predictable and verifiable regime**: activities will be subject to independent supervising.
- **Not necessary to demonstrate additionality**, since the Fund is not a compensatory mechanism to offset emissions.

# Relations with the GHG Development Rights Framework

---

## ***Principles and general spirit***

- The mexican Fund proposal is being developed within the frame of the BAP
- Any given mechanism in the frame of the Convention needs to comply with its principles and spirit.

## ***Operational considerations***





# Relation with the GHG Development Rights Framework

## Contributions

- In principle, all countries should contribute to the Fund in strict accordance with the principle of common but differentiated responsibilities.
- Contributions shall be agreed multilaterally and could be determined by criteria, such as:
  - Greenhouse gas emissions
  - Population
  - Gross Domestic Product (GDP)



The Fund should mobilize no less than 10 billion USD per year. Need to determine each nation's contributions to the Fund



## Proposed principles and indicators to define contributions

---

| <b>Principles</b> | <b>Indicators to be considered</b>   |
|-------------------|--------------------------------------|
| Polluter pays     | current and historical GHG emissions |
| Equity            | total and per capita emissions       |
| Efficiency        | Carbon intensity of the economy      |
| Payment capacity  | Carbon intensity of the economy      |

## Relations with the GHG Development Rights Framework

---

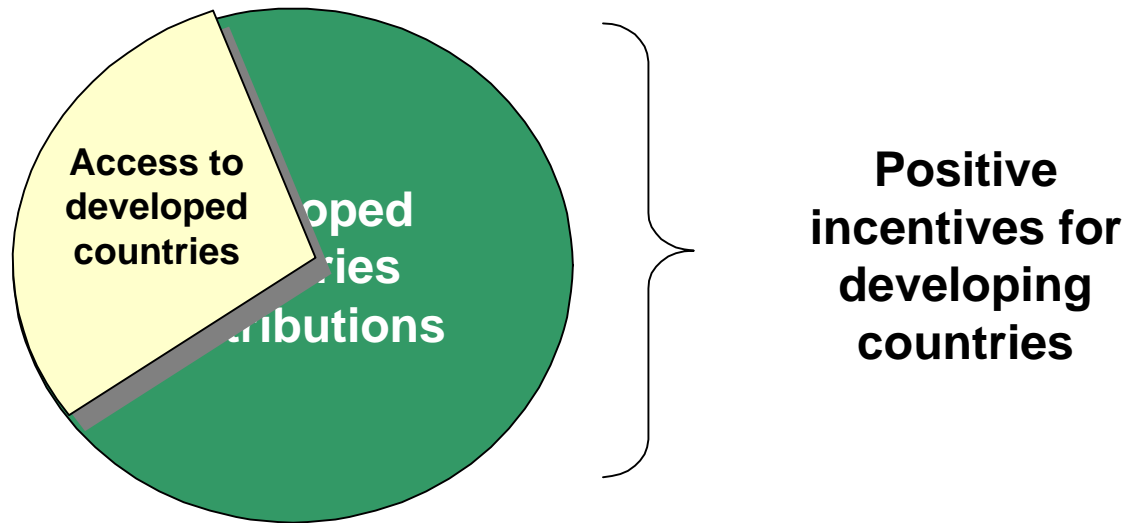
### Access to the Fund resources

- Developing countries would be able to access amounts larger than their own contributions
- Special consideration would be given to LDC's.
- Mitigation activities to be supported shall yield real, measurable, reportable and verifiable mitigation results. These results should take into account sustainable development.

## Relations with the GHG Development Rights Framework

---

- Developed countries would only have access to a portion of their own contributions



# Relations with the GHG Development Rights Framework – Mitigation

---

## Mitigation

- The Fund aims to expand the scale of global mitigation efforts and enable the participation of all countries.
- Mitigation activities to be supported shall be defined by all countries. It is necessary to guarantee these activities are in line with the right to development.
- Activities to be eligible range from the project scale to the programme, subsector, complete sector or sub national entities scale.

## Examples of eligible activities

---

| <b>Green agenda</b>  | <b>Grey agenda</b>                        |
|--|---|
| Reforestation and afforestation                              | Energy efficiency                         |
| Reducing emissions from deforestation and forest degradation | Large scale promotion of renewable energy |
| Reducing emissions by management of agricultural soils       | Green buildings                           |
| Sustainable production of biofuels                           | Low emission vehicles                     |

## Final remarks

---

- The Fund can provide a predictable and strong financial underpinning for the new climate regime
- The determination of each nation contribution to the Fund shall be fair and equitable