

## **1st session- Deliverables on Finance**

First of all, I thank the Government of South Africa, the incoming COP Presidency, for taking this initiative to host this meeting and facilitate this discussion amongst us. South Africa holds a special importance for us because of our historical connections. It has been associated with the events that led the father of our nation Mahatma Gandhi to become what he eventually did. I wish to renew our special bond with South Africa on this occasion.

I consider this meeting very important on the road to Durban. We need to be very clear about what is important and critical for us, and what we should achieve at Durban. I see Durban as an important stage in the process of building and enhancing this consensus in the multilateral framework.

Finance is a very important part of the overall balance in the package of deliverables that we seek in Durban.

The first issue is that of actualising the fast start finance. Fast start finance was one of the key decisions intended to create trust in the process. It is very important that the commitments get converted into actual flows through a transparent process.

Confidence comes from transparency. What is important for this to happen is not just an expression of good intentions but a reporting mechanism that

measures and reports the actual disbursement in accordance with established principles of climate finance.

This will also influence the success of Green Climate Fund. While the Transitional Committee is working on its design, it is necessary that we address the issue of its initial funding. The issue of mobilization of resources in the long term must be addressed.

We must decide in Durban that a large and significant part of the resources will flow through the Green Climate Fund. We can decide the operational modalities even later but must agree on the essential architectural features such as its legal entity, governance of its funding windows, direct access and initial capitalisation.

The provision of resources to the Fund should be a responsibility of the developed country parties even though the resources may be generated from a wide variety of sources. The resources should come from developed countries, irrespective of how they are generated, whether through new or innovative instruments. This should be done in a manner that such instruments do not have any impact on any developing country or entity.

The distinction between developed and developing countries is the basis of the principle of CBDR. This must be respected in raising resources.

While the role of private sector in raising and mobilising finance is welcome, it must be ensured that the basic principle of climate change

finance is respected. The resources from this sector or otherwise should meet the incremental costs in form of grant and concessional finance.

It is difficult to account for the resources flowing through the carbon markets as fulfilment of parties commitments.

Such flows are autonomous and are a payment for the commodities or services performed by developing countries. Moreover, carbon prices fluctuate and there is no guaranteed or benchmarked price of carbon to be used as the reference for private sector flows.

It is also our view that the resources will need to be scaled up in accordance with the assessment of the needs of the developing countries for adaptation and mitigation.

Thank you.

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