



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY
AMBASSADOR NOZIPHO MXAKATO-DISEKO FROM SOUTH AFRICA AT
THE OPEN-ENDED CONSULTATION ON FINANCE PROCESS, PARIS
CLIMATE CHANGE CONFERENCE (Paris, France, 2 December 2015)**

President,

1. I have the honour to speak on behalf of the Group of 77 and China. We thank the COP Presidency for acting on our request to create an opportunity to have an informal discussion on finance as an issue that cuts across different streams of work in these negotiations. The G77 and China stresses that nothing under the UNFCCC can be achieved without the provision of means of implementation to enable developing countries to play their part to address climate change.
2. However, clarity on the complete picture of the financial arrangements for the enhanced implementation of the Convention keeps on eluding us. We believe that it will help the process if all matters related to finance, whether it is under the Convention, the Kyoto Protocol and under the ADP can be discussed in a comprehensive and coherent manner, regardless of where they will be reflected in the end, whether in the decision or the agreement.
3. As the G77 and China, we hope that by elevating the importance of the finance discussions under the different bodies, we can ensure that the outcome meets Parties' expectations and delivers what is required. We hope, in particular, that we can build greater coherence in the negotiations across the different streams dealing with finance.
4. The Group welcomes the most recent pledges to the Least Developed Countries Fund (LDCF), which has remained under-resourced for a long time, despite repeated calls for contributions. Equally, adequate resources for the Special Climate Change Fund (SCCF) are urgently required. However, we caution against a piecemeal approach with regard to climate finance and once-off announcements. It is now time for all developed country Parties to convert their pledges to the GCF into contribution agreements, as well as scaling up commitments in the ADP process. We also need to find a solution for the Adaptation Fund, as well as the issue of its resourcing in the Paris agreement.
5. Under the Convention, developed countries are obliged to provide financial resources, including technology transfer and capacity building to all developing countries. This is a legal obligation under the Convention. It is neither "aid" nor "charity", nor is it the same as development assistance. Finance support from developed countries relates to the impacts of historical emissions, which will only get worse with time for developing countries. The Group is, therefore, concerned about the introduction of new language, which has no basis in the Convention, such as "Parties in a position to do so" and "dynamism" that do not take into account responsibility for historical emissions.

President,

6. The G77 and China is deeply concerned with the attempts to introduce economic conditions in the finance section currently under negotiation here in Paris. This approach is not consistent with the Convention, the mandate of the ADP and the sovereignty of Parties. Any attempt to replace the core obligation of developed countries to provide financial support to developing countries with a number of arbitrarily identified economic conditions is a violation of the rules-based multilateral

process and threatens an outcome here in Paris. We should not shift the focus of this meeting away from arresting dangerous climate change and addressing the immediate and urgent need for adaptation and loss and damage.

7. As developing countries, we find ourselves confronted with a simplistic narrative that suggests that "the world has changed since the UNFCCC was adopted in 1992" due to the dramatic economic development gains of some of our members and hence that it is time to expand the pool of so-called "donors" of climate "aid" and to narrow the list of those eligible to receive this "support" to only the "poorest of the poor". This narrative serves narrow national interests of developed countries and says little about reality. If the world has really changed so much, we ask why it is that after all these decades all our members remain developing countries with little or no voice in global decision-making processes and institutions?

8. Despite not having a finance obligation under the Convention, developing countries are already making significant contributions towards the global effort through the implementation of climate actions. It is, therefore, necessary that the the new agreement provides for the recognition of the social, economic and environmental value of actions financed voluntarily by developing country Parties, including on adaptation, and their co-benefits to health and sustainable development.

9. Differentiation is, therefore, not just a finance issue, but about the overall Paris outcome. The specific outcomes on finance must also not impose on our sovereignty and should not override or displace the zero poverty goals.

10. In particular, the Paris outcome must provide clarity on the level of financial support that will be provided by developed country Parties to developing country Parties to allow for enhanced implementation of the Convention in the post 2020 period.

11. A substantial scaling up of finance from the 2020 base level of US\$100 billion per year is required. In this regard, developed country Parties, and other developed countries included in Annex II, have the main responsibility to provide finance that is new, additional, predictable and sustainable and with an balanced allocation between adaptation and mitigation.

12. The financial mechanism of the Convention must serve as the financial mechanism of the legal agreement. The related funds established under the Kyoto Protocol and under the financial mechanism of the Convention must also serve as instruments of the legal agreement.

13. On long-term finance, we need a decision that flows of finance, particularly for adaptation, under the financial mechanism of the Convention and the specialised funds, should increase, particularly in the context of increasing climate risks facing developing countries. The decision in Paris must lay the foundations for the Long-Term Finance Ministerial session on the agreed thematic cluster of issues to be held at COP22 in Morocco.

14. Furthermore, in the work on transparency, it is important that agreement is reached on transparency of support urgently for both the pre-2020 and post-2020 periods.

President,

15. The fact that finance for climate change is discussed in a fragmented way across the bodies of the Convention, does not allow us to get a sense of the climate finance landscape. Our sense is that we are repeating this practice in determining what needs to be done now and beyond 2020, without the complete picture. This cannot be best way to address this most crucial aspect of the fight against climate change.

16. The crucial linkages between the provision of financial resource, technology transfer and capacity-building support have not been addressed in an integrated way in the UNFCCC system. This approach in the real world does not make any sense. It cannot continue if we are serious about addressing climate change. We need to have a coherent and comprehensive approach on means of implementation which includes the provision of finance, technology transfer and capacity-building. We therefore need a process that would enable us to agree on such a comprehensive approach. We also need to understand how institutional arrangements created for delivery of means of implementation are linked to ensure a coherent policy approach to the provision of support.

17. The Group believes that this informal consultation today should be the start of a new phase where Parties to the UNFCCC can discuss the provision of finance support in its broadest sense in a coherent and comprehensive manner that responds to the actual needs of developing countries to implement actions that are required to address climate change. We look forward to a fruitful and constructive discussion.

Thank you.