Mr Co-Chairs,

I would like to share with Parties South Africa’s views on finance and the means of implementation and on elements of the 2015 agreement. We will also indicate the information that should be provided in the Intended Nationally Determined Contributions (INDCs) because finance and the means of implementation are essential elements of the 2015 agreement.

In executing the mandate under the Durban Platform, we need to focus on strengthening the existing obligations relating to finance. Thus the new agreement must strengthen the existing financial institutions and commitments under the Convention and in particular the operationalization of the financial mechanism under Article 11 to enable and support enhanced action on adaptation, technology development and transfer and capacity building in developing countries.

Over three years ago we agreed to establish the Green Climate Fund (GCF) as a transformative, paradigm-shifting Fund to support low emission and climate resilient development pathways in developing countries. We will watch the ongoing resource mobilization discussions closely and we expect that this process will conclude with pledges and contributions to the amount of more than US$ 15 billion from the public sector in November this year. This would be a game changer.

Co-Chairs,

Finance and investments need to be linked to and urgently directed towards contributions and action that will ensure that the global temperature increase remains below 2 degrees Celsius. We are aware that in order to finance the existing gap, we are talking about a financial mechanism and systems that can mobilize, catalyze and leverage resources in the range of US$ 700 billion to US$ 1 trillion per annum. We wish to emphasize the point that the scale for GCF initial resource mobilization should be commensurate with the wide scope and important objectives of the GCF.

In light of the above, we support a Global Goal on Finance that establishes a clear collective pathway to reach the already agreed US$ 100 billion per year by 2020 and beyond. It is essential to allow for a regular assessment of the adequacy of the resources and to recognize that there is a link between the common global goal of 2 degrees Centigrade and the level and scale of financial resources that are required.
Co-Chairs,

We note that despite the clear obligation of developed countries with regard to finance, developing countries have over the years made contributions not only in actions, but also financially. For example, under the current GEF system since its inception South Africa has received US$ 56.7 million in climate finance and has contributed US$ 504 million in cash and in-kind. This contribution is a result of the co-financing approach taken by the GEF.

The new approach followed under the GCF follows both grant and concessional finance approaches and, as such, Parties would need to explore whether the incremental cost financing model would be applicable under the concessional finance regime. We need to bear in mind that concessional finance requires developing countries to repay these loans, albeit at a concessional basis - and the real contribution being given by developed countries is at the level of concessionality. Again, this will mean that developing countries will contribute financially from their own domestic resources, despite the agreed obligations of developed countries under the UNFCCC.

Co-Chairs,

Elements of the 2015 Agreement:

It is our view that the following aspects on finance need to be contained in the 2015 agreement:

• Firstly, there should be a Global Financial Goal that the financial resources to be provided will be such that they can support the 2 degree global goal, that the level of the resources required is directly linked to the gap to be closed to maintain the global goal and that a clear pathway for long-term financing is agreed;

• Secondly, to ensure the predictability of finance, an assessed contribution arrangement based on an agreed percentage formula for calculating Annex II country contributions is needed. This could be based on GDP, income or other criteria;

• Thirdly, a no-incidence arrangement to safeguard economic development in developing countries is needed;

• Fourthly, a range of global policies and/or regulations governing various sources for mobilizing and identifying sources of long-term financing by developed countries is required. The aim would be to adopt elements related to public sources for long-term finance that can be accounted for the fulfillment of developed country financial commitments;
• Fifthly, country ownership is essential and financial support should be based on the needs identified by developing countries according to their priorities; and

• Finally, enhanced MRV of support is required and we need to track the impact and results of climate finance in terms of meeting the 2 degree global goal.

Co-Chairs,

**Information and Intended Nationally Determined Contributions:**

In our view the following should be included in the information that Parties should include in their Intended Nationally Determined Contributions (INDCs):

• Firstly, Parties should explain how they intend to fund their adaptation and mitigation actions. These issues should be addressed in a comprehensive and balanced manner;

• Secondly, the sources of funding should be indicated. For example, whether it would be public or private funding;

• Thirdly, the channel through which the funds will flow, whether multilateral, bilateral or other should be detailed;

• Fourthly, developing countries could indicate the financial resources that they themselves will allocate as part of their contribution, as well as their needs to be provided for by those with obligations for finance under the Convention;

• Fifthly, with regard to assistance to developing countries, the INDCs of developed countries should indicate the nature of the contribution - that is, whether the funds are in the form of grants, loans or other instruments; and

• Finally, the INDC should address capacity building and indicate the sector, technologies and specific projects or project components that are to be financed.

Furthermore, the Lima decision should include a clear commitment to support the development and implementation of the INDCs of developing countries.

**Ex Ante Assessment:**

As indicated in our interventions on mitigation and adaptation, the INDCs on finance will, as part of the package of actions that will constitute a Party’s INDC, be subject to an *ex ante* assessment process and peer review to ensure that it is adequate, fair and ambitious.
Co-Chairs,

Institutions:

The strengthening of the current institutions under the UNFCCC is required. South Africa highlights the Standing Committee on Finance as one such institution.

Other important issues related to institutions that should be addressed include a process for the assessment of the needs related to finance; monitoring the disbursement of financial resources; and reporting on financial flows.

Ex-Post Assessment:

Turning finally to the *ex post* assessment of the delivery and adequacy of the financial resources, we need a mechanism to review our progress in channeling adequate finances to meet the enormous challenge presented by climate change and to monitor the effectiveness of the agreed pathways to the long-term finance commitment by developed country Parties.

Thank-you