Climate & Development Knowledge Network

PRÉCIS

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Regional implications of the AGF recommendations: Asia

The United Nations Secretary's High-Level Advisory Group on Climate Finance (AGF) recently reported on ways to raise US$100 billion per year for climate change investment in developing countries by 2020. This summary highlights the report's key implications for Asia.

- Climate change poses significant threats to many Asian economies, and Asia will need to curtail its own rising emissions to avoid the worst impacts. The AGF report highlights ways to mobilise resources to mitigate Asia's emissions and allow it to adapt to climate change, without jeopardising its development.
- Many Asian countries, especially China and India, have successfully attracted private finance to reduce their emissions, particularly through carbon markets. These countries will welcome the AGF's recommendation to further develop and strengthen these markets. Elsewhere in Asia, there will be a greater role for public revenue to finance mitigation. The AGF emphasises mechanisms to raise these funds, such as auctioning emission allowances or redirecting developed world fossil fuel subsidies. These are broadly attractive to Asia, as they both raise substantial funds and create incentives to lower emissions.
- The AGF report emphasises that public resources can be combined with private-sector flows to achieve 'transformational investments'. This represents an exciting opportunity: the private sector is enthusiastic about low-carbon investment in much of Asia, multilateral agencies are already engaged in providing these instruments in the region, and Asia's investment needs are high.
- Less well-developed countries within Asia such as Bangladesh are typically more exposed to the impacts of climate change. They will benefit from the AGF's recommendation that the most vulnerable countries require grants and highly concessional loans for adaptation.
- There were concerns within the region about the AGF's emphasis on raising revenues from international transport. However, the report recognises the need to provide adequate compensation for any negative impacts, such as increased trade costs. Although Asia accounts for a considerable share of world trade, compensation should be possible while retaining resources for climate finance.
- The Copenhagen Accord target of US$100 billion per year is unlikely to be sufficient. Asia's adaptation needs are particularly at risk if the revenues raised are lower than this.

This précis is a summary of the report *Regional implications of the AGF recommendations: Asia*, produced by Vivid Economics and funded by the Climate and Development Knowledge Network (CDKN). Members of the AGF requested this analysis to help developing country decision-makers respond to their recommendations.

Full copies of the Vivid Economics - CDKN report are available from **www.cdkn.org**

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