

THE REGIME COMPLEX FOR CLIMATE FINANCE: A POST-PARIS ASSESSMENT

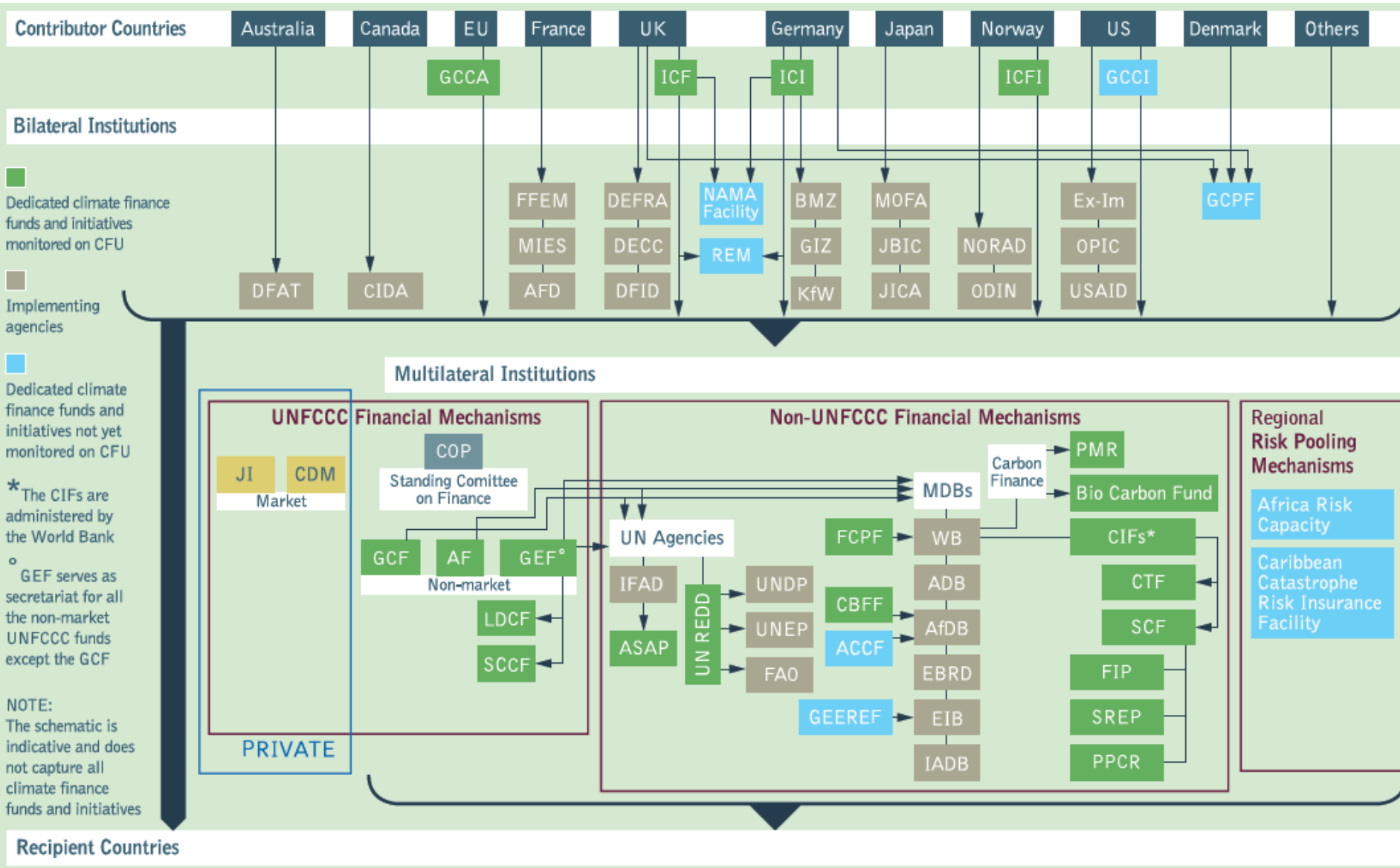
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Workshop on “International Climate Change Policy after Paris,”
July 14-15, Harvard Project on Climate Agreements

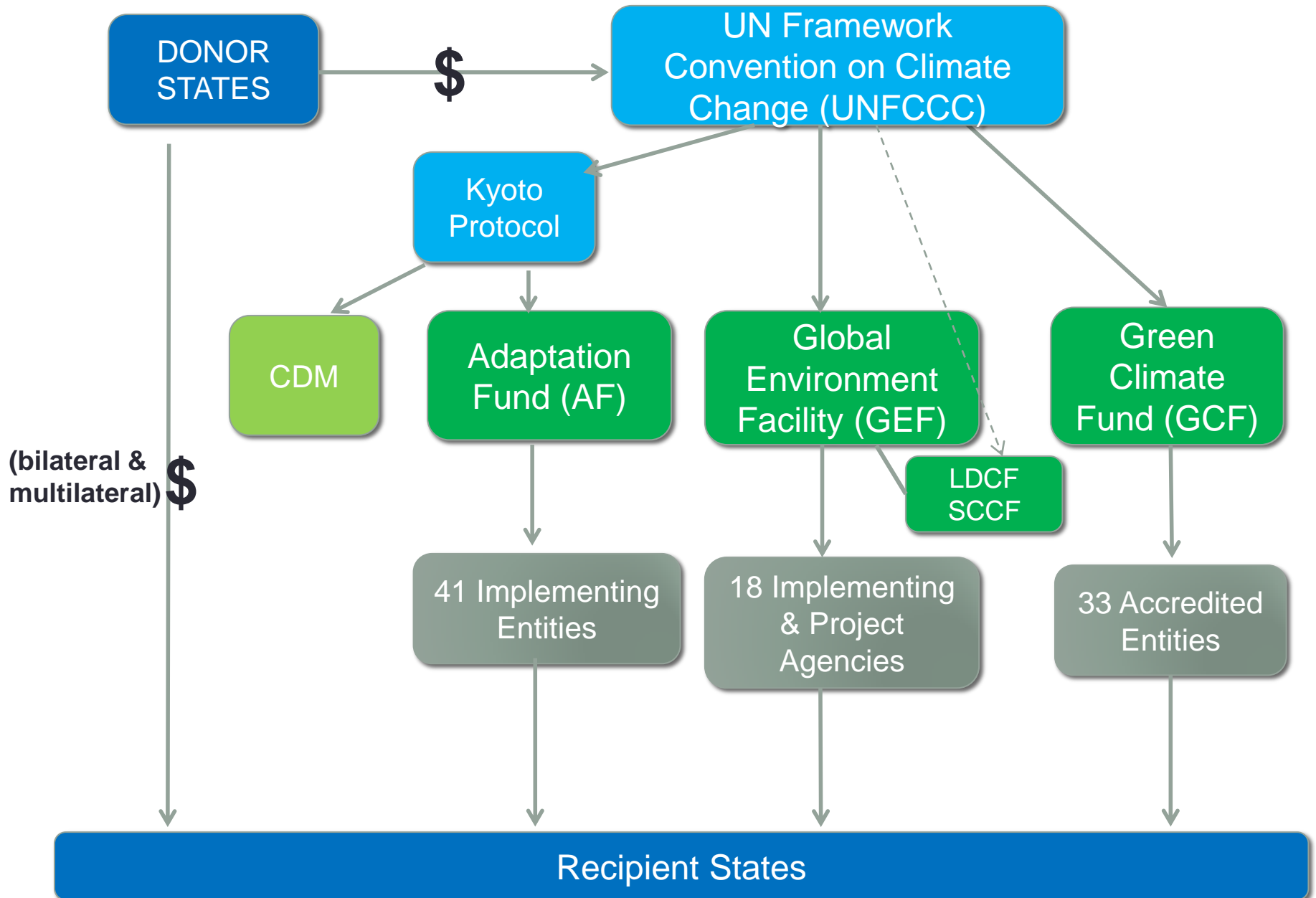
Questions

- Why is the North-South climate finance regime fragmented and based on “soft” obligations?
- How can it be improved, that is, made more efficient at providing resources for mitigation and adaptation?
 - Changes that are consistent with underlying political constraints

Global Climate Finance Architecture

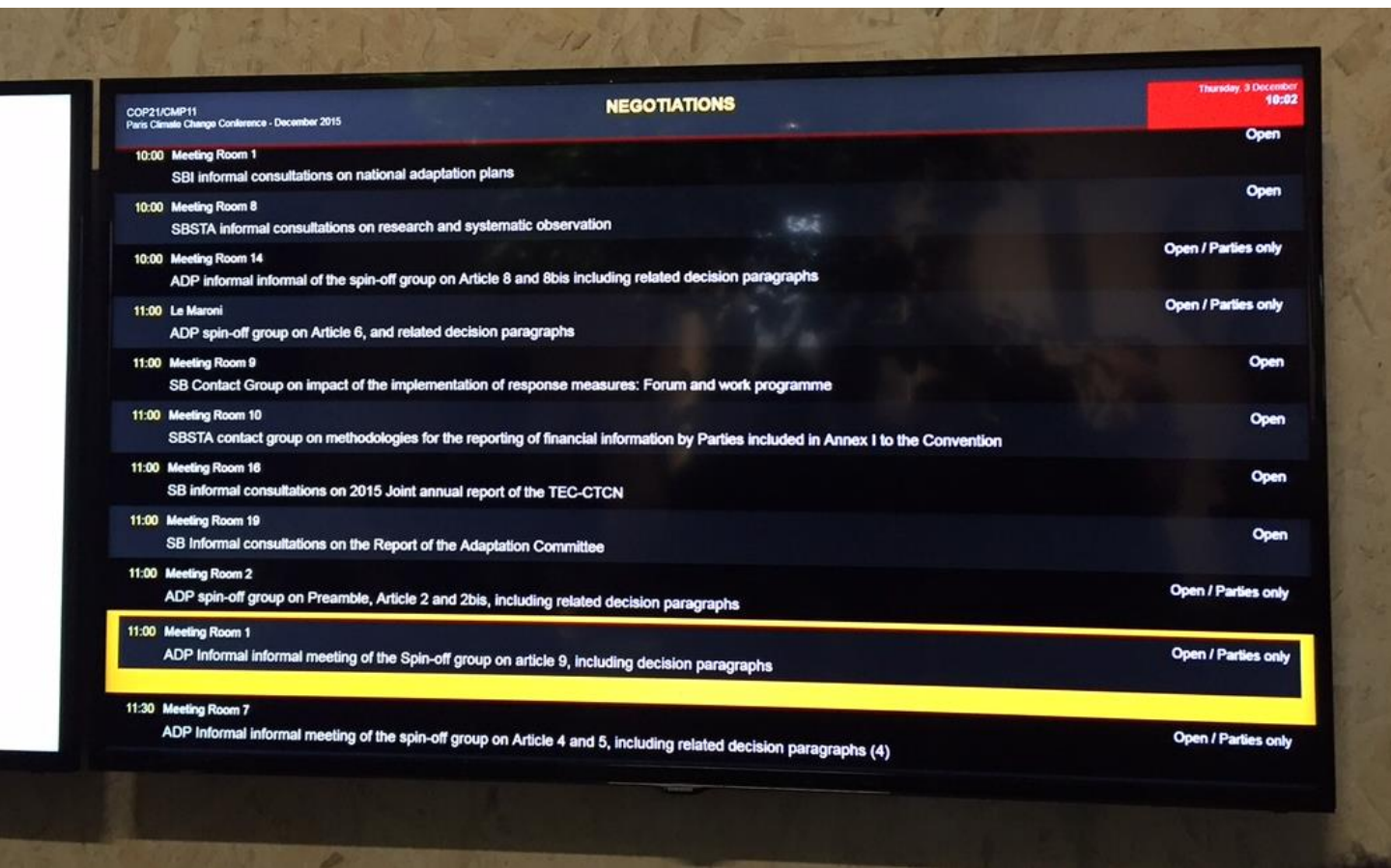


UNFCCC Regime for Climate Finance



Explaining the Finance Regime

- Path dependence
 - New institutions layered on top of existing ones
- Political rationales
 - Heterogeneity of interests = lack of delegation, legalization
 - Upstream-downstream structure gives donors leverage
 - “Regime complex” sometimes appropriate (Keohane & Victor 2011)
 - Institutional variety serves interests of both North and South (Graham & Thompson 2011)
- Significant room for improvement
 - Not enough financing to meet needs
 - Unnecessary redundancy and complexity
 - Paris: new room for positive change



COP21/CMP11 meetings schedule

schedule for

Meeting bodies: COP

Time	Title	Room	Notes
10:00-11:00	Informal consultations on linkages between the Technology Mechanism and the Financial Mechanism of the Convention	Meeting Room 26	Parties and Observers only
15:00-16:30	COP Informal consultations on climate finance items 12 (a - b)	Meeting Room 16	Parties only
16:30-18:00	COP Informal consultations on climate finance items 12 (c - d)	Meeting Room 16	Parties only

Finance in the Paris Agreement

- Main innovation is relaxation of CBDR, erosion of Developed-Developing distinction
- Developed countries *shall* provide financial resources and information on support
 - \$100 b./yr., then a “progression beyond previous” efforts (collective goals)
- Other parties: “encouraged” to participate “on a voluntary basis”
- In return for support, developing countries should provide meaningful mitigation and “transparency on implementation”
- Cooperative approaches for “ITMOs”—but no details
- Paris Agreement “served” by GCF, GEF, LDCF & SCCF—otherwise, little guidance on institutional architecture

Policy Recommendations

- Goal: Streamline the regime without changing its fundamental nature (soft and decentralized)
- Guiding principles:
 - Maintain broad coalition, North-South balance
 - Modest centralization to promote efficiency and incentivize effort
 - Minimize institutional overlap & proliferation when possible

Standards and Information

- Set common standards across institutions
 - Accounting rules for “support”
 - Reporting format
 - Accreditation of project agencies
 - Funding process: Project approval, M&E, etc.
- Information provision and analysis
 - Comparison and evaluation of finance effort
 - Lessons from mitigation? (Aldy 2015)
 - Clearinghouse to link needs with funding sources
 - Best practices for projects and programs
 - GEF Evaluation Office as a model?

Institutional Coherence

- Improve division of labor
 - GEF v. GCF
 - Project agency specialization
 - Lessons from GEF with GCF
- Reduce duplication and redundancy
 - AF and CDM: Extract best features
 - Role of CIFs?
 - Streamline ancillary institutions (panels, committees, working groups, etc.)
- Address capacity issues for smaller countries

Conclusion

- Agreement “applicable to all parties” provides an opportunity to streamline
- Differentiation and flexibility also important in finance (not just for mitigation commitments)
- Key is to combine virtues of centralization with reality of a decentralized “regime complex”
 - Balancing “top-down” and “bottom-up”