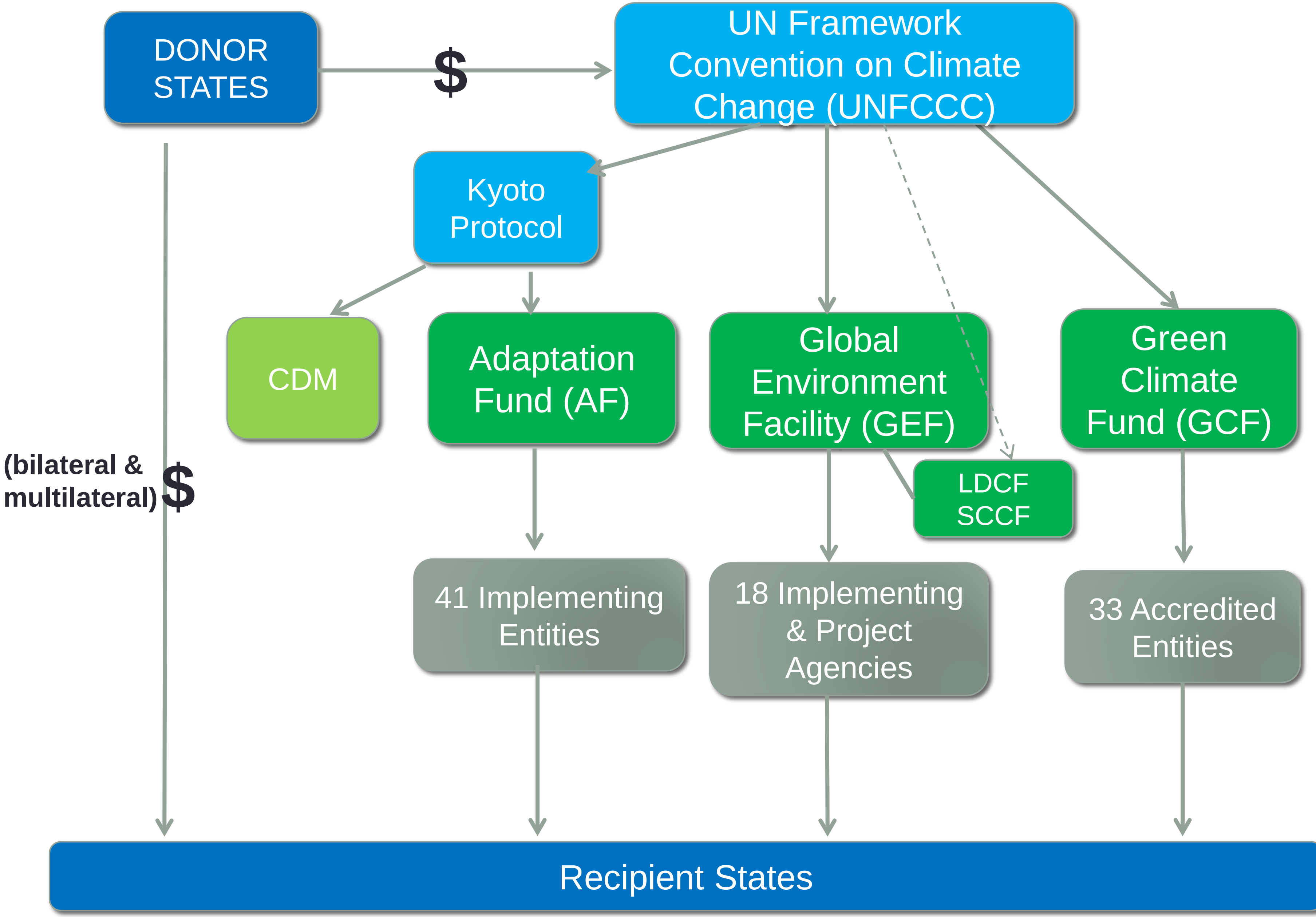
THE REGIME COMPLEX FOR CLIMATE FINANCE: A POST-PARIS ASSESSMENT

Alex Thompson
Department of Political Science
Ohio State University
Thompson.1191@osu.edu

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

- Observation: The North-South climate finance regime is fragmented and still based on “soft” obligations.
- Challenge: How can it be improved, that is, made more efficient at providing resources for mitigation and adaptation?
  - Focus on changes that are consistent with political constraints

UNFCCC Regime for Climate Finance



Explaining the Finance Regime

- Path dependence
- Political rationale: Heterogeneity of interests and issues
  - Upstream-downstream structure gives donors leverage
  - “Regime complex” appropriate for climate (Keohane & Victor 2011)
  - Institutional variety serves interests of North and South (Graham & Thompson 2015)
- Significant room for improvement

Finance after Paris

- Paris Agreement offers little new guidance on finance obligations or institutional architecture
- But erosion of Developed-Developing distinction provides an opportunity to streamline
- Room for improvement without changing the regime’s fundamental nature (soft and decentralized)

Recommendations

1. Set common standards across institutions
   - Accounting, reporting, accreditation, funding process
2. Information provision and analysis
   - Link needs with funding sources
   - Best practices for projects & programs
   - Comparison and evaluation of effort (Aldy 2015)
     - Goal of “pledge and review” for financial support
3. Institutional coherence
   - Improve division of labor
   - Reduce duplication & redundancy

Conclusion

- New era of climate finance with wider participation
- 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”