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The New Collective Quantified Goal on Climate Finance

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Background: Mutually Assured Unhappiness

The Decision (1/CP.21) adopting the Paris Agreement (PA) specifies that the parties to the PA "shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries"[§ 53] before 2025.

In Glasgow, parties decided to "initiate the deliberations on setting a new collective quantified goal"[§ 1] that are to be concluded in 2024 [§ 22] and are to "include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal"[§ 16]

This wide range of topics reflects "the fact that there is no multilaterally agreed definition of climate finance", as recognised in the COP 26 Decision on Matters relating to the SCF (para 6), and some would argue, the need for a definition which cropped up in many of the finance-related discussions in Glasgow (cf. ecbi COP 26 Key Outcomes). The Standing Committee on Finance (SCF) has for some time been deliberating this issue and has been requested by the COP "to continue its work on definitions of climate finance, … with a view to providing input for consideration by [COP 27] (November 2022)"[*ibid*. § 7]

It is not at all clear whether it will be possible to agree on a grand unified definition of 'climate finance'. What is crystal clear is that adopting a collective *quantified* goal, in the absence of an agreement on what is to be counted as contributions, is nothing but a recipe for mutually assured unhappiness, because without such an agreement it is not be possible to objectively agree on whether the goal has been achieved or not.

What to do? Maybe focus on certain types of financial flows where there *is* agreement that they are climate finance, such as the flows through the Financial Mechanism (FM) of the UNFCCC/PA. Of course, it would be too narrow to focus only on the FM. So, what else might be doable? In seeking an answer to this, it may be useful to look back on the genesis of the $100 billion figure.

Genesis of the $100 billion Goal

It is well known that US Secretary of State Hillary Clinton, on arrival at COP in Copenhagen (17 December 2009), announced that "the United States is prepared to work with other countries toward a goal of jointly mobilizing $100 billion a year by 2020 to address the climate change needs of developing countries. We expect this funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance."[2009-2017.state.gov]

What is less well known is that the $100 billion goal was actually first mooted by UK Prime Minister Gordon Brown in his 'Roadmap to Copenhagen' speech (London Zoo, 26 June 2009). While acknowledging the importance of the private sector and carbon markets, Brown emphasised that "public finance will also be needed. So I want to propose a new ***international partnership on public finance for climate change***"[emphasis added]. This partnership was to be governed by four principles: Equity, Additionality, Shared governance, and Predictability. As such it was very progressive indeed – for a summary of these principles, see Müller (2018)[1] – and it was a shame the partnership did not materialise.

The Way Forward: **Collective Quantified Public-sector Goal on Adaptation Finance**

Given this, and the (slightly oversimplified) headline description of it in the Guardian at the time ("Gordon Brown puts $100bn price tag on climate adaptation") one way forward could be to introduce a focus on a supplementary collective quantified goal for public sector (grant) finance for adaptation (for the poorest/most vulnerable countries).

To arrive at a mutually agreeable definition for this sort of funding will not be easy either, but it is clearly less onerous than a general definition of climate finance, particularly if one were to use the methodologies of, say, the Adaptation Fund as benchmark (assuming not unreasonably there is agreement that the AF delivers adaptation finance).

Moreover, funding for adaptation, or rather the lack of it, remains a key issue in the multilateral climate change process, as witnessed in the Adaptation Finance section of the Glasgow Climate Pact (GCP) which in §§14-16:

- *Notes* with concern that the current provision of climate finance for adaptation remains insufficient to respond to worsening climate change impacts in developing country Parties;
- *Urges* developed country Parties to urgently and significantly scale up their provision of climate finance, technology transfer and capacity-building for adaptation so as to respond to the needs of developing country Parties [and];
- *Recognizes* the importance of the adequacy and predictability of adaptation finance.

Indeed, by urging "developed country Parties to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025,"[§18], the GCP has already taken the first step in the proposed way forward, which suggests it could be done.

[1] Benito Müller (2018), The Past, Present and Future of the Collective Quantified Goal for Climate Finance: Paragraph 53 of Decision 1/CP.21, presentation given at the 2018 ecbi Fellows Colloquium.

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