Who we are

ODI is a leading global affairs think tank. We inspire people to act on injustice and inequality. We focus on research, convening and influencing, to generate ideas that matter for people and planet.
What do we mean by ‘climate finance’?

Aspiration: All financial flows are consistent with climate goals

Total climate spending: $632 bn in 2021

Climate finance promised: $100 bn/year

Climate finance provided: ~$80 bn in 2021

Sources: CPI (2021), OECD (2021). Not to scale.
Developed nations will provide “scaled up, new and additional, predictable and adequate funding …[with] a goal of mobilizing jointly $100 billion per year by 2020 to address the needs of developing countries… This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance.”

~ Copenhagen Accord (2009)
Copenhagen Accord (COP15)

Paris Agreement (COP21)

Katowice decisions (COP24)

Glasgow Climate Pact (COP26)

Sydney? (COP29)

2009  2015  2018  2021  2024
Why are developing countries frustrated?
Annual CO2 emissions
Carbon dioxide (CO₂) emissions from fossil fuels and industry. Land use change is not included.

Why are developed countries concerned?
Who has contributed the most to global CO₂ emissions?
Why does $100 billion a year matter?

- **Symbolic**: recognises unequal historic responsibilities for rising global temperatures.

- **Relational**: builds trust and facilitates cooperation across national borders.

- **Instrumental**: makes new and additional funding available for climate action in countries with severe resource constraints.
How is the $100 billion a year disbursed?

- Developed countries
  - Bilateral climate finance
  - European Union
  - Multilateral development banks
  - Multilateral climate funds
How is the $100 billion a year disbursed?

Developed countries

- Bilateral climate finance
  - Germany
  - France
  - Japan
  - >25 other countries

- European Union

- Multilateral development banks
  - World Bank
  - 8 regional MDBs
  - Global Environmental Facility

- Multilateral climate funds
  - Climate Investment Funds
  - Green Climate Fund
  - >15 other funds
“The climate emergency is a race we are losing.”

António Guterres
UN Secretary-General

“Our greatest challenge is to create jobs for the unemployed of today, while preparing workers for the jobs of tomorrow.”

Cyril Ramaphosa
President of South Africa
**What is a country platform?**

1. Coordinates national and international political interests behind a shared plan
2. Aligns concessional finance behind the shared plan
3. Delivers a step-change in climate action.

**What features support those functions?**

| (i) A credible political agreement between the government and its partners to address an issue of shared concern | (ii) A **programmatic multi-stakeholder approach** to a specific problem using a significant package of concessional public finance | (iii) Strategic **support to scale up** private sector investment and transform key parts of the domestic economy |
Long-term political alignment

Highly tailored to country contexts

Clear financing roadmap for public and private finance

Reforms to global financial architecture

Accelerate emission cuts at home
Which countries are paying their ‘fair share’?

• $100 billion floor attributed to Annex II countries according to:
  • Share of gross domestic product (GDP) – willingness to pay
  • Cumulative emissions – historical responsibility
  • Population – add per capita element to income and emissions
**Fair share of climate finance: 2017-2020**

- Seven countries provided their fair share of climate finance in 2020: Sweden, France, Norway, Japan, the Netherlands, Germany and Denmark. (France and Japan do not perform well on quality of finance)

- In relative and absolute terms, the US is responsible for the vast majority of the climate finance gap.

Other notable laggards in absolute terms include Australia, Canada, Italy and Spain, which each provided less than a third of their fair share and account for a shortfall of at least $2 billion.
Who hasn’t paid their fair share of climate finance?

The United States economy is...

- 4x larger than Japan
- 5x larger than Germany
- 7x larger than the UK
- 8x larger than France

...but it provided less climate finance than any of them.

In fact, the United States provided just 5% of its fair share of climate finance in 2020. It should be providing $43.8 billion, but actually provided $2.3 billion.
Who hasn’t paid their fair share of climate finance?

Australia and Canada also fall far short...

They provide less than \( \frac{1}{4} \) of their fair share.

**Australia** should be providing $2.9 billion

- It actually provided $0.68 billion

**Canada** should be providing $4.1 billion

- It actually provided $0.74 billion
Who else should provide climate finance?

- We propose two new metrics: per capita GDP ability to pay as a proxy for ability to pay and per capita cumulative territorial emissions as a proxy for responsibility for climate change.

- Israel, Qatar and Singapore would be eligible under both metrics and should be the focus of future advocacy.

- Certain types of countries are disproportionately represented in terms of historic emissions:
  - Former USSR members
  - Oil exporters
  - Small Island Developing States
Who should step up on climate finance?

Since the climate accords were established in 1992, the world has changed. Many countries have dramatically increased their incomes — and emissions.

...But not all of these countries are stepping up on climate finance.

Israel, Qatar and Singapore each have higher incomes and higher cumulative emissions* per person than at least five traditional donors.

Considering their ability to pay and historic responsibility for climate change, it is time for these countries to step up on climate finance.

*The term 'cumulative emissions' in this context describes territorial emissions produced since 1990.
What comes next?

“By decision 1/CP.21, para. 53, Parties decided that, prior to 2025, the Conference of the Parties… shall set a **new collective quantified goal (NCQG)** from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries.”

~ Decisions adopted at COP21
“We cannot be good at rescuing banks but bad at saving countries.”

Mia Mottley
Prime Minister of Barbados

“We have a tremendous responsibility and opportunity to build up together, a stronger, more resilient and inclusive world”

Amina J. Mohammed
Deputy Secretary-General, UN
What do we mean by ‘climate finance’?

Aspiration: All financial flows are consistent with climate goals

Total climate spending: $632 bn in 2021

Climate finance promised: $100 bn/year

Climate finance provided: ~$80 bn in 2021

Sources: CPI (2021), OECD (2021). Not to scale.
What is the ultimate goal of climate finance?

FINANCE ALIGNED WITH PARIS AGREEMENT
Public and private finance towards low-emission and climate-resilient development and away from climate-incompatible investments

FINANCIAL POLICIES AND REGULATIONS
FISCAL POLICY LEVERS
PUBLIC FINANCE
INFORMATION INSTRUMENTS