

Climate Finance: Components of a Global Institutional Regime

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Background

- Climate finance is broader than the public developed to developing country flows that feature in the UNFCCC negotiations
 - 83% of climate finance (as of 2007) was funded domestically
 - 86% of climate finance (as of 2007) was from private sources
- CF regime will be decentralised
- Institutional design discussion have been primarily at the international level (e.g. Green Fund, global registry, CIFs)
- Domestic CF institutions are already being created

Institutional Functions

- policy and rule-making
- securing commitments and raising funds
- disbursing funds
- promoting institutional coordination and linkage
- monitoring performance and securing accountability
- compliance

Institutional Functions

Function	Current Public Institutions
Policy and rule-making	UNFCCC COP To a lesser extent, smaller forums including the G20, G8, the MEF and thematic bodies, for example, IRENA
Securing commitments/raising funds	UNFCCC COP and MDBs EU ETS, CDM
Disbursing funds	GEF, MDBs, climate-related bilateral funds EU ETS, CDM
Ensuring institutional coordination and linkage	To a limited extent, the UNFCCC COP
Monitoring performance/accountability	UNFCCC (national communications), OECD DAC Creditor Reporting System, civil society organizations
Compliance	Kyoto Protocol compliance framework

Institutional Design Considerations

- One vs. many
- “Institutions” vs. norms
- New vs. existing institutions
- Public or private finance, or both?
- Level of governance: international, regional, domestic
- Public vs. private institution

Possible New Institutions

- Global Climate Registry
 - Tracks public and private finance
 - Registers developed country finance commitments and finance flows, developing country finance receipt, and emissions reductions/adaptation project results
 - Does not determine what is new and additional
 - Privately delivered
- Finance Coordination Principles
 - Similar to MDG
 - Principles agreed between funding entities to reduce duplication

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Recent Publications



Book:

Climate Finance: Regulatory and Funding Strategies for Climate Change and Global Development (NYU Press, 2009)



Article:

Climate Finance: Key Concepts and Ways Forward (Harvard Project on International Climate Agreements)

Both available and downloadable without charge at www.climatefinance.org