The prospects and limits of transparency for increased fairness and equity in international climate finance

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Many commentators have highlighted the shift that the Paris Agreement brings to the governance architecture of the international mitigation regime – radically reorienting it toward a “bottom-up” approach. By contrast to the “top-down” Kyoto Protocol, this new regime is mainly based on unilateral pledges of mitigation action. Researchers are trying to examine if and how fairness and equity can be ensured in such a world of voluntary mitigation contributions.

Beyond these mitigation aspects, the implications of the Paris Agreement’s architecture for other climate policy elements also deserve attention. One interesting observation – that remains to be verified – is that the governance approach to climate finance under the UNFCCC seems to have evolved in the opposite direction than that of mitigation. The mainly decentralized, fragmented, bottom-up approach to climate finance has progressively evolved – especially since Copenhagen and Cancun – towards a hybrid approach that retains many bottom-up options but increasingly combines them with top-down elements1. I want to argue here than one of these top-down elements (i.e., the “enhanced transparency framework” of the Paris Agreement2) could potentially offer a whole new dimension to equity and fairness considerations related to climate finance.

The climate finance approach that prevails under the UNFCCC is still mainly based on bottom-up options3. This bottom-up architecture of voluntary climate finance contributions means that equity and fairness considerations are “nationally determined”. Even if Parties’ efforts are to be guided by the Convention principles, including those of “common but differentiated responsibilities and respective capabilities”, each contributing country sovereignly determines that its climate finance contribution is fair and equitably allocated. In addition, the lack of internationally agreed climate finance accounting system makes it extremely difficult for analysts to examine the extent to which climate justice imperatives are

1 Examples of such top-down elements are the quantified global policy goals on climate finance agreed under the UNFCCC (i.e., the US$ 30 billion to be provided by developed to developing countries in 2010-12 and the US$ 100 billion to be mobilized by 2020) and the creation of the Green Climate Fund (supposed to be the flagship multilateral climate fund).


3 Each contributing country “nationally determines” the financial resources that it devoted to climate finance efforts. Climate finance contributions are “nationally appropriated”: each contributing country decides what a “balanced allocation between adaptation and mitigation” means for its climate finance, which developing countries are the “most vulnerable” ones and should therefore receive funding in priority, which sources of climate finance it would mobilize and its financial conditions (grants or loans, and the “softness” of loans).
reflected both in climate finance contributions (“Which country is providing its fair share of climate finance?”) and allocation decisions (“Is adaptation finance allocated in priority to the most vulnerable countries?”).4

By opening the door to stronger civil society scrutiny and advocacy, and to improved international deliberation and coordination on climate finance, the “enhanced transparency framework” could potentially lead to better progress toward common quantified goals, fairer burden sharing between contributing countries, and more equitable allocation to beneficiary countries. However, for these to be realised, the design and functioning of the international transparency system is crucial. For example, it is of uttermost importance that the amount of climate finance provided and mobilized by each country be internationally comparable.

I therefore believe that the current negotiations on climate finance transparency modalities held under the UNFCCC require significant scholarly scrutiny. How are transparency modalities negotiated and institutionalised? Under which conditions can transparency advance climate justice imperatives? These are timely questions given the likely permanence that these transparency arrangements will have for climate finance governance in the coming decades.

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