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From Lima to Paris: towards a political consensus on the 100 billion climate finance

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Significant progress is being made to produce an agreement text in time for the UNFCCC COP21, but tension is in the air. [The last of 122 INDCs](#) has been received, and the co-chairs' tool was revised to pull negotiations into shape in the final round of official meetings coming up next week in Bonn.

Nevertheless, the much-contested \$100 billion figure on climate finance remains the elephant in the room. As climate executive secretary Christiana Figueres put it, 'the \$100 billion is a political number. It was pulled out of a hat. But it must be respected.' While it remains hard to say whether developed countries are on track to meeting the '100 billion' goal, technical developments and new commitments have recently brought us closer to a political compromise.

Last weekend, back to back with the [World Bank Group / IMF Autumn meetings in Lima](#), France and Peru – the presidents of the COP21 and COP20 - have convened a private meeting of finance ministers to talk about climate finance ahead of the COP21. During the meeting, [multilateral development banks have announced \\$15 billion new climate finance a year by 2020](#), scaling up ambitions towards meeting the \$100 billion target. The World Bank Group has also [pledged to increase its climate-related funding by one-third to \\$29 billion a year by 2020](#), reflecting its ambitions to increasingly climate-proof its grant and lending portfolios and to mobilise private co-financing. Numbers like these bring us closer to the \$100 billion, but it is not obvious to what extent they can be added together.

There is willingness by countries to share their ambitions on scaling up climate finance, too. A series of individual commitments have been announced to date, among which the [EU](#), [Germany](#) and the [UK](#) have all pledged to double their climate finance by 2020. These pledges should be interpreted with caution as they do not reveal the actual amount entailed. For example, the UK's £5.8bn (\$8.9bn) pledge over five years is less significant than Germany's four billion euros (\$4.5bn) a year by 2020. Even [China](#) has offered ¥20 billion (\$3.1 billion) to other developing countries, but evidently this should not be counted as a part of the 100 billion, which is the responsibility of developed countries (although this raises the question of exactly how much of the World Bank's abovementioned commitment can be counted).

In short, even if there are numbers on the table, these numbers are hard to compare and to aggregate. Yet, this was the very task given to the OECD, which has launched a report on ['Climate Finance in 2013-14 and the USD 100 billion goal'](#) last week, mapping the current landscape of public and mobilised private climate finance flows that could be counted towards the 100 billion. The report indicates that, in total, \$62 billion climate finance has been provided and mobilised by developed countries in 2014, which is a step up from \$52 billion in 2013. Notably, the report provides the first ever aggregate measure of mobilised private climate finance, \$17 billion in 2014. Co-financing was used as the best proxy to measure mobilised private finance, indicating clearly that the method needs refinement, but this is a good start. Let's not fool ourselves though that an accounting exercise can solve the issue in full. Ultimately, the last word on the 100 billion will be in the form of a gentlemen's agreement among developing and developed countries.

More technical clarity on the sources, channels and instruments could add to the credibility of voluntary climate finance pledges and increase the chances that they would be 'accepted' as part of the 100 billion by developing countries. A *bon élève* is [France](#), which has committed to increasing its climate public funding from € 3 billion to 5 billion (\$5.6 bn) per year by 2020; France has also committed to increase its overseas development assistance by € 4 billion by 2020, 2 billion of which being climate ODA and the other 2 billion being non-climate ODA. However, none of the commitments indicate a precise target for grant-based finance, an instrument much needed by least-developed countries. An exception is the EU, which has pledged to provide 2 billion per year on average between 2014 and 2020, in grants alone. At the same time, it should not go unnoticed that the 100 billion covers only a slice of the finance discussion under the UNFCCC – the other parts being the broader set of financing flows needed to be redirected to align with 2 degrees, and continued financing for solidarity post-2020 (see the [IDDRI's working paper "Mapping issues and options on climate finance in 2015" \[PDF - 395 Ko\]](#)).