

REPORT

**International & Regional
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Multilateral Financial Diplomacy
U.S. Financial Leadership in
Multilateral Organizations

Taking the Longer View

The Challenges of State Financing for Multilateral Climate and Environmental Organizations

By Andrew Hyde and Rebecca Harris

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Dependable and flexible financing of multilateral environmental organizations is pivotal to ensuring sustained global progress in confronting climate change

By Andrew Hyde & Rebecca Harris

Climate change presents an existential threat to the planet requiring a shared and sustained response from the international community. Individual national actions are vital but a wider impact requires the work of multilateral instruments to frame, shape and account for a global response. These multilateral instruments need to have a dependable and predictable financial basis on which to operate.

While there are a variety of sources for funding the work and initiatives of these multilateral instruments, the foundational component comes from annual payments by member states. Assuring a reliable and steady flow of funding from those member states, particularly from the United States, is an important and unfinished task.

Executive Summary

The challenge of climate change is an increasingly pressing global priority requiring a coordinated and long-term response. Recognition of this comes in the prominent role climate issues hold in various Sustainable Development Goals. Several key UN agencies share the responsibility for guiding and shaping the multilateral, intergovernmental response, however they are handicapped by inadequate, uncertain, and capricious funding from member states.

Funding amounts and methods matter not just because of the need for adequate resources, but more universal funding spreads the burden and conveys international legitimacy and lasting commitment. Instead, funding shortfalls and fluctuations result in shorter-term programming driven often by the priorities and whims of the largest donors rather than intentional international deliberations and decisions.

The United States, as the largest contributor to the UN's regular budget, sets a very mixed example in this area both in how much it allocates to these intergovernmental activities and the conditions or caveats it often places on its contributions. Instead, the U.S. should lead by example and advocate to promote more generous, dependable, and flexible funding formulas. Washington should be outspoken in how a successful international effort to combat climate change is integral to U.S. national security and foreign policy. More concerted and effective international collaboration will be a baseline requirement for progress.

Introduction

The world is facing potentially catastrophic climate change absent bold and concerted action. Air pollution now accounts for 1 in 9 deaths globally,¹ while 800 million people are now at risk of rising sea levels. Over a million species are now threatened with extinction and 75% of land and 66% of aquatic environments have been categorized as severely degraded. International political will and action will be essential to guiding a comprehensive global response, but so too will be concerted and sustained follow through to implement and monitor those agreed commitments. Individual countries will need to engage and be accountable for that implementation, but its continued legitimacy and acceptance will also be the responsibility of multilateral organizations that are viewed as representing broader interests that transcend national borders. To do that, those organizations and initiatives require predictable and steady resources, primarily funding from national stakeholders. Understanding how and where those resources are allocated through budget accountability and transparency measures should be part of any resource discussion. These multilateral instruments, specifically those under the UN umbrella, will have to grapple with a range of challenges stemming from their current financing mechanisms and levels.



Financial resources required to advance multilateral environmental agreements and frameworks rely on a variety of organizations, instruments, and initiatives that span from the public sector, including international organizations, to the private sector, to philanthropy and everywhere in between. This funding diversity is both a sign of strength and resiliency but also at times a source of confusion and obfuscation. As part of a thematic series on the financing of UN organizations, the focus of this paper will be on the UN institutions that primarily rely on state-centered funding, while remaining cognizant that there is a great deal of other multinational environmental work occurring through other means.

UN Environment Work

Because of the array of stakeholders, extensive history, and complex structure, many UN organizations and initiatives have evolved in unplanned and sometimes haphazard ways. Their roles range from better analyzing the challenges posed by climate change to framing an agreed international response to implementing programs to encourage coordinated actions across borders. They are also often criticized for developing criteria and responses that can clash with economic or political imperatives in member states as other challenges, such as the COVID-19 pandemic, arise.

The principal UN agencies that lead on the environment are:

United Nations Environment Program (UNEP) – is the principal UN agency in charge of coordinating responses to environmental issues. It was established in 1972, after the first UN Conference on the Human Environment in Stockholm. Its remit covers developing solutions on a wide range of issues, including climate change, the management of marine and terrestrial ecosystems, and green economic development. The organization also develops international environmental agreements; publishes and promotes environmental science reports and helps national governments achieve environmental targets. It also leads to meeting the Sustainable Development Goals associated with the environment.

International Panel on Climate Change (IPCC) – is a UN intergovernmental body dedicated to advancing scientific knowledge about climate change caused by human activities. Established in 1988 by UNEP and the World Meteorological Organization (WMO), it is composed of 195 member states. The organization provides periodic assessments to governments on the impacts and origins of climate change, while providing options on possible responses. The IPCC also provides key inputs into international climate change negotiations.

United Nations Framework Convention on Climate Change (UNFCCC) – sets out the basic legal framework and principles for international climate change cooperation with the aim of stabilizing atmospheric concentrations of greenhouse gases (GHGs). It was established following agreement on a global environmental treaty at the Rio Earth Summit in 1992. Further iterations of the treaty came with more specific and tied GHG targets through further agreements over the past thirty years, most notably including the Kyoto Protocols and the Paris Agreement.

With 198 current signatories, the treaty and subsequent agreements inform an ongoing program of work, including scientific research and regular meetings, negotiations, and future policy agreements for adaptation, security of food production, and enabling sustainable economic development. The UNFCCC's decision-making body, the Conference of the Parties (COP), meets annually to assess progress in dealing with climate change and agree on adjustments. Signatory states are divided into three categories: developed countries, developed countries with special financial responsibilities, and developing countries. Initially, the financing for the UNFCCC came through the Global Environmental Fund, but in an effort to broaden the base of financing options and resources the Green Climate Fund (GCF) and Adaptation Fund were added.

The United Nations Development Program (UNDP) – has in recent years highlighted that a significant portion of its work is impacted by climate change and it has taken steps to integrate its effects across its work. It has also strived to ensure that individual member-state environmental commitments help shape its approach to development,

such as with water and food security, safeguarding economic assets from extreme climate events and disasters, and natural protection. The goal is to accelerate adaptation and the mobilization of public and private finance to implement adaptation priorities.

Follow the Money: How, Where & Who

The diverse array of financing sources and instruments that fuel the UN’s environmental work play a significant role in determining the UN’s goals and the allocation of that funding. National funding flows to different agencies, primarily through both voluntary and assessed contributions, with a greater reliance among environmental agencies on voluntary contributions.

International Financial Institutions, such as the World Bank, IMF, regional development banks, and the Montreal Protocol, have important roles but work within a broader mandate and different framework for funding. The Global Environmental Facility (GEF), under the auspices of the World Bank, belongs to this category as does the Green Climate Fund. These two mechanisms are significant elements of a concerted international response to climate change but are outside the scope of this paper. Public financing to support an international response to climate change comes in a variety of forms and is often blended with private sources of capital and leveraged with various financial instruments. The focus here will be on direct national government financial contributions to UN agencies that perform environmental work and constitute a relatively small portion of the overall budget for the UN.

Table 1: Total budgets (in millions) of listed environmental organizations from 2018-2022 (USD)

	2018	2018	2019	2020	2021	2022	2023
UNEP		\$784.30	\$784.30	\$910.00	\$910.00	\$872.90	\$872.90
UNDP		\$463.22	\$471.68	\$407.65	\$416.60	\$334.68	N/A
IPCC		\$13.77	\$5.40	\$2.10	\$3.93	\$9.13	N/A
UNFCCC		\$58.89	\$58.89	\$63.17	\$63.17	\$68.52	\$68.52

*UNEP and UNFCCC budgets are evaluated and renewed every two years

Even though environment and climate security are top international issues, budgets for these agencies are relatively modest by UN standards. This is in part due to the fact that much of the locus for international action on the environment remains at the national

level, with goals and commitments negotiated by individual member states. By contrast, the UN agencies primarily focus on raising awareness, setting the international agenda on global environmental challenges and framing and assessing commitment implementation. UNEP, for example, calls itself “the global authority that sets the environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the UN system and serves as an authoritative advocate for the global environment.”² These are critically important functions and also include some specific programs and implementation mechanisms. However, most of the operational funds flow through the UNFCCC financial mechanisms, such as the GEF and GCF (which because of their broader institutional remit are outside the scope of this paper).

A more recent responsibility for these agencies has been the role they play in realizing the 2030 Agenda for Sustainable Development. Most of the 17 goals contain an environmental and climate component, with Goal 13 explicitly stating ‘Take urgent action to combat climate change and its impacts.’ Two sub-elements of 13 look at the ‘Atmosphere’ and ‘Climate Action and synergies.’ In particular Target 13a calls for the “Implement[ation of] the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries.”³

Even though UN environmental agencies and initiatives have limited mandates and modest budgets, their funding from member governments frequently falls short. Noting the impact on available donor resources of the COVID crisis along with growing food crisis because of the war in Ukraine, several UN agencies have sounded the alarm on the growing gap between political ambition and actual donor financing. UNEP’s received income in 2022 amounted only to 81 percent of its approved budget. As a result, the budget for 2022-2023 decreased by \$44.2 million from 2021-2022 to line up with the “reduction in earmarked [voluntary] funds due to the impact of COVID19 on donor contributions.” As a result, there has been an increase in the proportion of UNEP’s budget coming from assessed contributions through the UN’s regular budget.

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A recent report published by the World Resources Institute (WRI) stresses the importance of financing international environmental organizations highlighted that nearly 2 billion people already suffer from water shortages and by 2030, the figure will be almost half of the world’s population.⁴ UNEP projects range in focus and capacity from phasing out lead paint in North America to encouraging environmental

cooperation for the Caspian Sea. Each is carefully designed with expected funding accompanied by specific timelines and capacities.

Along with limited and incomplete funding, the lack of funding flexibility and resulting constrained programmatic agility is also a persistent issue. Traditionally, funding, particularly for longer-term projects comes with significant lead time and lengthy implementation, making any revisions to the projects and their funding difficult in the face of rapidly shifting climate priorities and advances in climate science. This, combined with the lengthy and process-heavy approval process that projects originally must go through to get funding, makes shifting funds and having that useful flexibility nearly impossible.

The UNEP's Environment Fund is an example of how this works in practice. Established in 1973, it is UNEP's primary funding vehicle. Through the Fund, UNEP is able to set a standard for many national government policies. It provides funds to back up national workplans, while also providing the basis for a concerted global response to emerging environmental challenges. The Fund comprises nearly half of all the UN environmental work. Currently, 87% of the Environment Fund is allocated to seven thematic subprograms and the fund program reserve, through earmarking.

The Fund provides the bedrock for the work of UNEP worldwide, supporting countries delivery of their environmental SDG commitments. It is critical to the work in science, policy and environmental governance and law, which in turn helps drive positive impact for the environment. It also supports UNEP's work implementing its Medium-Term Strategy and associated programs, providing a variety of environmental review mechanisms, facilitating knowledge transfer from scientific experts to policymakers, identifying new emerging environmental challenges and remedies, enabling informed advocacy, and convening a range of environmental policy stakeholders from governments, industry and civil society to advance the international environmental agenda. While empowering, the direction, extent and efficacy of this work, however, is increasingly influenced by directed funding from national stakeholders.

The Potential and Pitfalls of Discretionary National Contributions

National financing for the UN generally comes in two forms: assessed or mandated contributions based loosely on a formula that relates to a country's share of global GDP and discretionary or voluntary contributions that are often tied or earmarked to specific programs or outcomes and provided as the funds are available. In some parts of the UN, assessed contributions make up the bulk of organizational budgets and provide some predictability and stability for programs and planning. In others, often at more specialized agencies, organizations rely on voluntary contributions for the bulk of their activities. These voluntary contribution levels often fluctuate due to shifting national

fiscal priorities and funding availability. Voluntary funding is also provided by a smaller set of national donors, often developed countries, resulting in a narrow base of stakeholders for particular programs and calling into question their legitimacy or credibility with many nations.

For the UN environmental agencies, voluntary national contributions play an even more outsized role, either to the Environmental Fund or to specific programs. UNEP, for example, receives only 5% of its funding from assessed contributions through the UN regular budget, relying on 95% from voluntary contributions.⁵ This represents a trend over the past several decades of increasing reliance on often capricious and last-minute national fiscal decision making. It also raises questions about the secondary agenda of funding nations on global environmental issues.

BURDEN SHARING

Since 2012, UNEP membership encompasses all 193 UN Member States, who are responsible for funding the program. In 2022, 83 Member States contributed to UNEP, out of which 45 contributed their full share. Currently, the top-15 funding partners provide over 90 percent of the income.⁶ The Environment Fund in 2022 provided US\$ 81 million, or 11 per cent, of UNEP's total income.⁷



To address the potential imbalance and likely shortfalls in contributions from some member states, UNEP in 2002 established the Voluntary Indicative Scale of Contributions (VISC), with the aim of broadening the base of contributions and deliver an increased measure of financing predictability. The VISC sets an annual non-binding target amount of voluntary contribution for each member state. It is based on the UN assessment scale, while also considering national economic and social circumstances and prior contributions. In 2022, UNEP reports that 83 members made contributions, out of which 45 contributed at their full share.⁸ It represents a compromise between

establishing a soft floor for some members while continuing a framework for higher levels of voluntary contributions by states with particular interests and goals. Interestingly, although it has been one of the larger voluntary contributors to UNEP, the U.S. was unique in asking to be left out of the calculations and considerations of the VISIC, seeing that sort of moral pressure as unhelpful to generating the necessary political support for UNEP programs.

Voluntary contributions are also inherently less dependable and sustainable than mandatory or assessed payments, more subject to transitory priorities or political fluctuations. National goals and fiscal priorities can change. Recent political shifts in the UK, for example, place less value on the country's international leadership on climate change and so UK contributions to these UN programs have declined significantly.

EARMARKS

Reliance on voluntary contributions is compounded by the fact that nations often condition how their contributions can be spent through “earmarks” or directed contributions, reflecting nationally determined priorities rather than agreed global goals. Earmarking permits national contributions to have identified destinations, either individual projects or through broader-based programs. Beyond locking in a specific national goal for the money, earmarking can be used by nations to sidestep, manipulate, and sometimes even undermine agreed UN priorities. Moreover, excessive earmarking can also often complicate steady funding streams and help set the basis for erratic funding levels from one year to the next.

UNEP insists that earmarked funds enable it to expand its work to more countries and with more partners. In 2022, UNEP received US\$ 635.6 million in earmarked contributions, with principal providers including the Global Environment Facility, the Green Climate Fund and the European Commission. In its 2022- 2025 program strategy, UNEP highlights the historical trend of increased directed or earmarked funding.⁹ A U.S. official told us that the direction of the money is often more significant than its amount, with unrestricted funds often having a magnified impact on programmatic capability and coherence.

While earmarking undoubtedly generates more funding and hence more capability it still represents a funder-imposed restraint on how and where UNEP can devote its financial resources. So, building palpable alternatives to earmarking is critical. Nations seeking assurances for how and where their money will be spent may be open to a looser definition of expected programmatic outcomes. There has been a trend in recent years towards “soft earmarking,” which goes some distance in this direction by allowing UNEP more discretion in how funding resources are spent. Further progress will depend on active efforts by national authorities to build greater understanding, and trust in the organization and its reputation for effective spending.

In its program strategy UNEP states that “securing core contributions to the Environment Fund, or funding that is only softly earmarked rather than tightly earmarked, is indispensable if UNEP is to maintain its ability to deliver in accordance with the priorities agreed on by Member States.” UNEP lauds earmarks for enabling it to “upscale and replicate the results of its core work, including building capacity in more countries and with more partners,” but notes organizational funding is a “universal responsibility,” and notes that its “work is guided and decided by its 193 Member States—as is its core budget.”¹⁰ This illustrates the inherent tension between accepting earmarks to extend and deepen organizational reach while retaining fealty to agreed goals and priorities.

National earmarking creates opportunities as well as challenges. On the plus side, earmarking represents visible and sometimes generous member-state support, accompanied also in many cases by political momentum for projects funded. However, it can also raise or reinforce the perception of a lack of trust in the UN’s priorities and mechanisms. With over 90% of countries influencing the environmental agenda in some way through deliberately directing funds to projects they deem as important over others it hinders the overall agenda not only of UNEP but also other international organizations in achieving global goals. Earmarking has proven time and again to be a manipulative tool for more wealthy nations to influence UN agenda and prevents funds being truly fluid across ever changing climate needs.

The Mixed U.S. Record on Funding Multilateral Environmental Organizations

The United States has been a steady but relatively parsimonious funder for UN environmental programs over the past several decades. Despite some efforts in the last few years by the Biden Administration and some in Congress to increase U.S. contributions, they have remained consistent. The amount of funding, however, is well below its share of the global economy and its assessed levels of mandatory UN contributions. Overall, President Biden’s FY 2024 budget request for all environmental programs at the UN is \$31.2 million, continuing the \$10.2 million annual U.S. contribution to the UNEP, and \$7.6 million to the Environmental Fund, making it the third largest national contributor for 2022.¹¹

U.S. EARMARKING

The U.S. is one of the largest and most consistent users of fund earmarking, often establishing thematic earmarked funds that support multiple subprograms through specific projects. The U.S. Executive Branch justifies these initiatives by calling them fundamental requirements to gain financial resources from a reluctant Congress.

Capitol Hill responds to funding that leads to specific and desired outcomes. China is also another major practitioner of this mechanism, inflaming concerns about leveraging UN activities and legitimacy to serve solely larger foreign policy objectives.

Reliance on earmarked voluntary contributions to multilateral initiatives can also be an excuse or cover for financial inaction. In the case of the U.S., priorities can shift substantially from one Presidential administration to another along with funding and funding priorities. This inhibits UNEP's programmatic planning and durability. In 2021 the U.S. pledged and provided just over \$6.6 million to UNEP in voluntary funding,¹² a majority of the U.S. contribution – ranking it 4th in absolute country totals behind the Netherlands, Germany, and France, but far below its customary assessed share of approximately 22% of UN costs. This paltry level is in line with the total of U.S. voluntary contributions for almost every year since 2010.¹³

So, despite dramatic differences among Presidential administrations from 2010-21 in the priorities they placed on the environment and tackling climate change along with different attitudes on the utility of multilateral initiatives, the U.S. funding for these initiatives has been inadequate. The U.S., a critical participant in climate talks due to the size of its economy and environmental impact, chronically fails to provide the needed resources for these organizations to perform tasks that Washington claims to value. The charts below highlight comparative funding levels between the U.S. and Germany, a country with an economy less than a quarter of the U.S.

For a country claiming a leadership role in climate talks, it's clear that the U.S. not only fails to keep up with steadily increasing costs and budgets, but that its per capita share falls far short of much smaller and less wealthy countries.

One angle to consider is the mechanics and processes of the actual international system itself. The cumbersome and lengthy budget process for both the U.S. and the UN are often seen to be overly rigid and inflexible. Moving toward a budget process in both places that values more agile and responsive funding, as needed, would be much more effective in tackling evolving high-priority climate issues.

Table 1.2: Total US contributions within listed environmental international organizations (%)

International Organization	Total Organization Budget (USD)	U.S. Contribution (USD)	Share of U.S. Contribution (%)
UNEP	\$1,861,330,000	\$34,442,003	1.85%
UNDP	\$2,093,830,000	\$320,000,000	15.28%
IPCC	\$34,334,981	\$3,006,127	8.76%
UNFCCC	\$122,162,770	\$2,171,150	1.78%

*Statistics for 2022 are unpaid voluntary pledges & predictions

** GEF spending is contracted over 4 years (2018-2021)

*** U.S. pledges to the UNFCCC for 2019, 2020 & 2021 have not been paid



Currently, as one State Department official shared, long budget planning horizons and rigid formulas inhibit an effective and needed response to urgent and pressing priorities.¹⁴

The U.S. has sent mixed signals on its financial commitment to the UN’s environmental work. The Biden Administration sought a modest increase in UNFCCC/IPCC funds from \$15 million to \$21 million in its budget request for Fiscal Year (FY) 2023. Senate appropriators agreed to the higher amount, but ultimately compromised on the House’s flatlined number. For the FY 2024 budget request, Biden is again seeking \$21 million.

Given a much more challenging political and budget environment on Capitol Hill, the increased amount seems unlikely to prevail, although the preliminary Senate spending bill has split the difference at \$18 million. A compounding factor is that the final U.S. funding levels were not agreed to until nearly three months into the fiscal year so the organizations were forced to hedge their planning until they had more sufficient confidence in what the U.S. would provide.

This hedging, which has become all too common, compounded by a high proportion of earmarked voluntary funding impacts how the multilateral organizations and initiatives operate. They also face an array of internal management and financial challenges on a regular basis, such as the segregated nature of their work and lack of coordination in project goals. While it would involve a fundamental shift in process and implementation, a concerted effort to reducing earmarking would free up funding in a way that would enable the more impactful and effective addressal of ever-changing climate crises.

As recent multilateral meetings have amply demonstrated, global ambitions for tackling climate change are extensive. In particular, the agreement at COP-27 in Egypt in November 2022 to establish a new fund to aid lesser developed countries that are often disproportionately impacted by climate disasters will place even greater onus on follow through, implementation, and sustainment. The U.S. role, both political and financial, will be critical.

Reversing this trend will take political will and vision. The U.S. can and must play an important leadership role in framing and advancing concerted international action. In recent years, Washington seemingly has stepped up and accepted that role. It must continue that work and extend it to support the multilateral instruments necessary for success. This means advancing through the means and methods of its own financial support a visible path to sustained and flexible financial resources. The U.S. needs to back up its rhetoric and demonstrate financial support for international mechanisms for the climate and environment. The first steps will be for the U.S. to meet its financial obligations to the UN by making its assessed payments on time and in full and be open to increasing the amount of flexibility of its voluntary contributions. Until the U.S. climate and environmental agenda is reframed under the financial strategies outlined in this paper achieving any and all global goals will be near impossible to achieve.

Adequate and Flexible Funding for a Changing Climate

Multilateral organizations require sufficient and agile funding to fulfill the ambitious and evolving goals their member states have set for them. Flexible finances allow the organizations such as UNEP to address priority issues and enhance the credibility of climate targets. The key is securing adequate financial resources to implement agreed

shared priorities rather than just the priorities or goals of the largest funders. Securing general, unconditional funding through steady and sustained assessed contributions is important. If climate change and environmental degradation are to remain priority targets for concerted international action and response then the type and amount of funding must match. As the world's largest economy and a global leader, the U.S. needs to set an example for other countries to follow.

Findings

UNEP and other multilateral climate and environmental organizations still face challenges in establishing their role in the fight against climate change. A visible manifestation is the difficulty they face in securing adequate, flexible and sustained funding. Some of that difficulty stems from the nature of the challenge facing the world, as well as the ad hoc nature of the instruments and work. Some initial findings to guide future reform considerations could involve:

1. Promote a new flexible funding model with less reliance on earmarking

For multilateral organizations the importance of being able to move and utilize funds as needed is essential. Increased flexibility to projects and programs across the world, delivering fundamental environmental change and climate impact would be significant. It prevents individual or blocks of countries from pursuing a narrow political agenda and aids a more balanced and equal approach to the ever-changing crises that these organizations often face. The UNEP Regional Director of North America stated that “the most effective funds are often un-earmarked, assuming of course that the implementing agency itself is effective.”¹⁵ Though earmarking is unlikely to end soon, an alternative is to increase the amount of “soft-earmarking,” setting overall objectives or general goals rather than specific programmatic outcomes. This allows some degree of flexibility for UNEP to target and shift funds when and where they are most needed. It can also reduce time and effort spent on program support by simplifying varying administrative requirements and reporting requirements.¹⁶ It also allows the agency to react in real time to crises and adjust accordingly- a much needed requirement given the accelerating impact of climate change and current global tensions. This idea is currently being explored by UNEP in their 2022-2025 program strategy through the establishment of thematic funding pools alongside the voluntary indicative scale of contributions,¹⁷ thereby allowing dedicated voluntary contributions without the restrictions of tight earmarking.

2. Strive for steady and reliable funding insulated from domestic politics

Given the uncertain political landscape in many countries, reducing the risk of a sudden reduction in funding, or an unexpected flood of resources enables more reliable and

confident planning for multilateral organizations that face long-term climate challenges. Fluctuations in U.S. funding has led to an erratic funding landscape, causing programs and projects to be suddenly cut or expanded. One approach could be to introduce structural adjustments such as increasing the share of assessed amounts and implement more immediate and steeper penalties for arrears. Creating a credible deterrent to late payments, however, can backfire by causing resentment and thus further justifying withholding payments. Longer budget cycles in select cases could also insulate payments from swings in domestic politics. In the U.S., for example, new Congressional leadership would initially be bound by the choices of its predecessors, thereby allowing more time to absorb and understand the importance of U.S. national contribution.

3. Brand environmental and climate funding as a pillar of foreign policy

Countries should be more outspoken in describing their financial support for multilateral climate instruments as an important foreign policy tool. Not only is the funding supporting agreed global goals, but its provision is a kind of soft power that the country can use to demonstrate its international responsibilities. Moreover, the cost of reducing GHG emissions from developing countries can often much lower than the domestic equivalent. For the U.S., one of the world's largest emitters of greenhouse gasses, this could demonstrate leadership on issues such as preventive measurements for natural disaster infrastructure. It would also highlight to the rest of the world the strength and power that the U.S. has in an abiding commitment to following through on funding promises, whilst encouraging other large emitting countries to take note. Environmental action can also contribute to achieving other foreign policy goals, such as helping to reduce state fragility by confronting climate factors such as fierce competition for natural resources or the impacts of rising sea levels that often fuel conflict.

4. Encourage open discussion to share national best practices on effective and sustained environmental funding

Climate change is a global problem and choices made and priorities established by key players such as the U.S. in the next few years will determine the degree of success in confronting it. While the actions to respond must be national, there is much to gain from shared national experiences and outlook to bring new perspectives and energy. As an example, Norway demonstrated the value it attaches to close collaboration and support for UNEP by entering into a new cooperation agreement in 2022 that unlocked approximately \$53 million in new financial support for core, flexible funding for the agency to spend as it deems necessary across the triple challenges of climate change, nature and biodiversity loss, pollution, and waste.¹⁸ This initiative complements the parallel financial support that Nordic nations (Denmark, Finland, Iceland, Norway, and

Sweden) in 2020 committed to broader-based multilateral environmental initiatives.¹⁹ In addition, they contributed over \$205 million in earmarked funding for thematic areas during the same period, which is more than the U.S. has contributed over the last decade. Greater and more complete information sharing can go a long way toward identifying and disseminating best practices.

Conclusion

The impact of climate change is increasingly evident and is high on the international priority list, particularly for younger generations. Mitigating its effects requires tough trade offs and a high level of international collaboration. Multilateral inter-governmental organizations are only as good as their members allow them to be, but they have a vital role to play in framing the debate and advancing possible solutions. An adequate and reliable source of funding not only solidifies the role they can play but represents critical buy in and provides a critical degree of legitimacy.

Authors

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¹⁴ Non-attribution Interview with State Department Official, September 2022

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