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Next Generation Climate and Nature Financing

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CLIMATE GOVERNANCE COMMISSION
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Despite commitments at COP29 (to raise at least 300bn annually by 2035 and to aim for 1,3 trillion annually by 2035 from all public and private sources) and at COP30 (to triple adaptation finance by 2035), substantial barriers to raising the necessary finance remain. While existing commitments must be upheld, new and additional ways of raising and deploying public funds for climate and nature are needed. Global Public Investment (GPI) offers one promising new approach for collectively raising but also governing the distribution of finance for shared challenges and outcomes such as life-saving climate and nature protection—and for meeting emergent challenges across the range of vital Planetary Boundaries. Moreover, it can be a way to bring into a common and coherent international framework the now multiple viable international proposals for raising new and additional levels of public international finance, such as through international "solidarity" levies and wealth taxes. Increasing public finance, improving its governance, and ensuring it is more coherently structured are all outcomes that will be required to break the entrenched gridlock of the current climate finance regime and fully meet our climate and nature financing needs.

From Charity to Mutual Benefit

GPI proposes a new approach to financing global challenges, in which all countries participate to address common needs and challenges, like climate change or the need for biodiversity protection, which have profound planetary implications. In place of ODA-funded replenishment-type contributions, shorter-term and risk-averse private finance, or tied bilateral grants and loans, GPI provides a framework for ongoing investments by all countries in our shared needs and opportunities. Accordingly, all countries would share the decision-making in how the money is spent.

A GPI approach could expand the contributor case for global challenge financing—and do away with outdated and colonial categories of "donor" and "recipient". It provides a new narrative for justifying and explaining to taxpayers and citizens around the world why it makes sense to grow rather than to shrink public financing for global challenges (in an era that has seen greater wealth created than at any point in history). After all, the planetary bill that needs settling is nothing less than to ensure a "safe operating space" on the planet and the survival of our own species upon it. Money is good to have; it is even more important to use it.

Unmet Needs in Climate Finance for Earth System Viability

In addition to overall shortfalls in climate and nature finance, there are elements of the necessary intergovernmental response to the climate emergency that have also been under-prioritised in funding allocations to date and which, for their global "core function" qualities, may be particularly appropriate to fund through GPI.

For example, a GPI funding mechanism might be particularly well suited to the funding of facilities related to the safeguarding of a shared global Earth system. This may include, for example, protection of the Amazon rainforest or the "triple basin"

forests as “the lungs of the Earth,” and a monitoring and early warning and response system for such crucial planetary tipping elements as the Atlantic meridional overturning circulation (AMOC). The UK Project Aria tipping points project shows a working emergent example of such governmental investment in key Earth system functions, for the good of the whole. GPI could be well-suited to scaling other such mission-oriented responses to the climate crisis, for example as a funding modality for the establishment of vital green tech co-development and diffusion facilities.

The Importance of Public Investment

While private finance is an essential ingredient in achieving agreed climate and nature financing targets, the unique attributes of public finance play a particularly important role in ensuring basic core functions upon which all countries rely. Such core functions may not need to have exactly equal impact/import across all countries or regions, but they must be publicly accessible in and to the citizens of all countries and regions. To avoid the problem of free riding, it makes sense to finance these global public functions through publicly allocated (and managed) funds, which can be sustained over the longer term and subject to public scrutiny and oversight. For vital public issues where accurate information is at a premium, public safeguards with respect to transparency and objectivity are also critical. This is just as important for international financing as it is for domestic public investment.

Unlocking Global Public Finance at Scale

We currently exist within the wealthiest cohort of humanity ever to exist, with global GDP at over 117$USD trillion. While the expansion of global trade and cross-border economic activity has rapidly expanded the wealth of the super rich (the wealth of just 3,000 billionaires has increased by $6.5 trillion in real terms since 2015, and now comprises the equivalent of 14.6 per cent of global GDP), global public finance mechanisms, to be invested in the global public good, have been woefully neglected and often reduced to a narrow debate about ODA, which is at best only a small part of the overall capital stack that is needed. New mechanisms and frameworks for how we invest public finance internationally should be developed and implemented with a speed and scale commensurate with the gravity of the global challenges we currently face.

To support these urgent and crucial investments, there are numerous sources of international public finance beyond ODA that can be turned to. Tapping into these additional sources through a collectively managed and equitable framework, particularly at a time when ODA budgets are shrinking (latest figures suggest a 19% drop in ODA in 2026) can help to overcome the collective action gridlock that has imposed an artificial ceiling on climate and nature finance to date. These new and additional sources include financial levies and transaction taxes, such as being explored by the Premium Flyers Coalition, global wealth and solidarity taxes, various forms of in-kind and co-financing arrangements, and climate and nature loans and direct investments backed by common guarantees. Mechanisms to consider may include:

- A global minimum tax on high-net-worth individuals
- A further strengthened global minimum corporate tax
- A financial transaction tax(es)
- A minimum tax on fossil fuel producers and/or windfall tax on fossil fuel profits, and/or Fossil Carbon Value Added Tax (CVAT)
- An equity-focused/calibrated global carbon tax
- Rechanneling SDRs and sovereign debt issues
- An International Anti-Corruption Court (IACC).

The Wisdom of Swift Public Investment Now at Requisite Levels

Recent studies have estimated that current climate and nature destruction trajectories could damage the world economy by 25% by 2050 and up to 50% by 2070/2090. While the NCQG is 300bn, the cost of the recent LA wildfires alone has been estimated to be at least 131bn. Additionally, the net cost of inaction equates to 11% to 27% of cumulative economic output rendering it far more economical to invest in robust climate and nature action now than to allow risks to continue accelerating.

A new and more coherent approach to financing our shared global challenges requires a new and collectively built organising framework to get us beyond the fragmented and politically fractured approaches of today. GPI is the most legitimate and viable approach to international public finance that can do this that has been proposed to date and that carries the support of global civil society. There are many ways GPI could potentially be implemented in the climate finance space, from levies to guarantees. Some of these are approaches that will be debated and considered within the framework of the Seville Platform for Action launched Coalition of Governments and International Organisations for GPI, announced during the UN Financing for Development IV Conference in Seville in 2025. GPI is not, however, a singular mechanism or fund whose success or failure rests on universal governmental buy-in. Rather, it is as an institutional framework for fiscal cooperation through which new funding streams can be identified, resourced, and ultimately tagged, monitored and responsibly and equitable governed. The world's problem is not that sufficient funding to meet global needs does not exist; it is the lack of frameworks for channeling the wealth that does exist in the (global) public interest.

Who We Are

The Climate Governance Commission (CGC) works to fill a crucial gap in confronting the planetary emergency of climate change, biodiversity loss, and pollution by developing and advancing feasible, high-impact global governance solutions. Co-chaired by Mary Robinson (former President of Ireland), Maria Fernanda Espinosa (73rd President of the UN General Assembly), and Johan Rockström (Director of the Potsdam Institute), the Commission brings together climate scientists, former heads of state, civil society leaders, and other experts to operationalise solutions outlined in its flagship report, Governing Our Planetary Emergency.

The Global Public Investment Network is a global civil society network comprising over 100 independent organisations who are collectively pushing for reform of international public finance in line with the principles that all countries have something to contribute, all should be able to benefit, and all must decide. The GPI Network also hosts the Secretariat of the Coalition of Governments for GPI, an initiative launched in collaboration with the Club de Madrid and the Development Bank of Latin America and the Caribbean.

Authors:

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