Parahyangan Catholic University

Faculty of Social and Political Science

Department of International Relations Bachelor Program

Terakreditasi Unggul

SK BAN–PT No. 1853/SK/BAN-PT/Ak-PNB/S/V/2023

The Global Governance behind Climate Finance Post the 15th Conference of the Parties (COP) in Copenhagen

Undergraduate Thesis

By

Atira Balkis Salsabila Makmun

6092001301

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Thesis Validation

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Hereby assert that this undergraduate thesis is the product of my own work, and it has not been previously proposed by any other parties in order to attain an academic degree. Any ideas and information gained from other parties are officially cited in accordance with the valid scientific writing method.

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Jakarta, January 3, 2024

Atira Balkis Salsabila Makmun

ABSTRACT

The United Nations Framework Convention on Climate Change (UNFCCC) was established to address climate change globally, urging developed countries to contribute financial resources to help developing nations achieve climate-related goals. Although financial support was widely acknowledged as being necessary, no concrete commitments were made until the 2009 UNFCCC Conference of Parties (COP15) in Copenhagen. But the accord was criticised for not being legally binding. Rather, it provided a forum for nations to voluntarily submit their mitigation plans and emission targets. However, the Accord succeeded in enabling a rise in climate finance assistance, opening the door for future trends. Thus, by using analytical content, this research aims to answer, ***"How does the global governance of climate change affect the mobilisation of funds towards developing countries post COP15?"***. This study aims to analyse deeper into the process of global governance in shaping the climate finance landscape post-COP15, specifically the UNFCCC's role as the acting institution of global climate governance. Grounded in the concept of global governance from institutional liberalism, this study employs a qualitative methodology, emphasising literature reviews and case studies. The research contends that the UNFCCC, as a key player in global climate governance, has significantly influenced this process by establishing a USD 100 billion funding goal and creating the Green Climate Fund. Analysis also reveals a positive trend in fund mobilisation post-COP15, both in overall volume and diversified funding sources. Multilateral partnerships are on the rise, indicating collaborative efforts, and a preference for transparent public funding is observed. The data supports the effectiveness of global governance, exemplified by the UNFCCC's initiatives, in directing financial resources toward climate change mitigation and adaptation for developing countries on a global scale.

Keyword: *climate change, climate finance, COP, global governance, UNFCCC*

ABSTRAK

Konvensi Kerangka Kerja PBB tentang Perubahan Iklim (UNFCCC) didirikan untuk mengatasi perubahan iklim secara global, mendesak negara-negara maju untuk menyumbangkan sumber daya keuangan guna membantu negara-negara berkembang mencapai tujuan terkait iklim. Meskipun dukungan finansial secara luas diakui sebagai hal yang diperlukan, belum ada komitmen konkrit yang dibuat hingga Konferensi Para Pihak UNFCCC (COP15) tahun 2009 di Kopenhagen. Namun kesepakatan tersebut dikritik karena tidak mengikat secara hukum. Sebaliknya, hal ini memberikan forum bagi negara-negara untuk secara sukarela menyampaikan rencana mitigasi dan target emisi mereka. Meskipun begitu, kesepakatan ini berhasil meningkatkan bantuan pendanaan iklim, sehingga membuka pintu bagi tren masa depan. Oleh karena itu, dengan menggunakan konten analitis, penelitian ini bertujuan untuk menjawab, ***"Bagaimana tata kelola global perubahan iklim mempengaruhi mobilisasi dana ke negara-negara berkembang pasca COP15?"***. Studi ini bertujuan untuk menganalisis lebih dalam proses tata kelola global dalam membentuk lanskap pendanaan iklim pasca-COP15, khususnya peran UNFCCC sebagai lembaga pelaksana tata kelola iklim global. Berlandaskan pada konsep tata kelola global yang berasal dari liberalisme institusional, penelitian ini menggunakan metodologi kualitatif, dengan menekankan tinjauan literatur dan studi kasus. Penelitian ini berpendapat bahwa UNFCCC, sebagai pemain kunci dalam tata kelola iklim global, telah memberikan pengaruh signifikan terhadap proses ini dengan menetapkan tujuan pendanaan sebesar USD 100 miliar dan menciptakan Green Climate Fund. Analisis juga menunjukkan adanya tren positif dalam mobilisasi dana pasca-COP15, baik dalam volume keseluruhan maupun sumber pendanaan yang terdiversifikasi. Kemitraan multilateral sedang meningkat, hal ini menunjukkan adanya upaya kolaboratif, dan terdapat preferensi terhadap pendanaan publik yang transparan. Data tersebut mendukung efektivitas tata kelola global, seperti yang ditunjukkan oleh inisiatif UNFCCC, dalam mengarahkan sumber daya keuangan untuk mitigasi dan adaptasi perubahan iklim bagi negara-negara berkembang dalam skala global.

Kata kunci: perubahan iklim, pendanaan iklim, COP, tata kelola global, UNFCCC

FOREWORD

Following the event after COP15, awareness about climate finance continues to increase through the influence of global governance. Given this phenomenon, it can be seen that the UNFCCC played a role as the acting institution of global climate governance. Analysing on the capacity of the UNFCCC and the climate finance changes that happened after the COP15, titled "The Global Governance behind Climate Finance Post the 15th Conference of the Parties in Copenhagen," this thesis was written to obtain the Bachelor of International Relations degree from Parahyangan Catholic University.

Through this research, the author aimed to explore and explain the process of UNFCCC, as the global climate governance, in shaping the landscape of climate finance. With the emergence of climate change, global governance has been an issue that continues to develop in international relations and continues to show urgency to be discussed academically.

The author is proud to give her views and opinions in this academic work by the grace of God and with considerable effort and attention. Thank you to all who took the time and effort to read this thesis. The author is completely aware of the numerous defects that may be identified in this work and would eagerly appreciate any constructive input and criticism to improve it further.

Jakarta, January 3rd, 2024

Atira Balkis Salsabila Makmun

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TABLE OF CONTENT

LIST OF ABBREVIATIONS

AE	: Accredited Entities
AML/CFT	: Anti-Money Laundering and Countering the Financing of Terrorism
BFI	: Bilateral Finance Institution
CBDR-RC	: Common but differentiated responsibilities and respective capabilities
CMA	: Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	: Conference of the Parties
CO_2	: Carbon dioxide
CSO	: Civil society organisations
DFI	: Development Finance Institution
ESG	: Environmental and social governance
EU	: European Union
GCF	: Green Climate Fund
GEF	: Global Environmental Facility

GHG : Greenhouse gas

IDFC : International Development Finance Club

IGO : Intergovernmental organisation

INC : Intergovernmental Negotiating Committee

INGO/NGO : Inter-non-governmental organisation / Non-governmental organisation

IPCC : Intergovernmental Panel on Climate Change

IR : International relations

LDC : Least Developing Countries

MCF : Multilateral Climate Fund

MDB : Multilateral Development Bank

MRV : Measurement, reporting, and verification

NDA : National Designated Authority

NDB : National Development Bank

NDC : Nationally Determined Contribution

NDS : National delegation size

ODA : Official Development Assistance

OECD	: Organisation for Economic Co-Operation and Development
SBI	: Subsidiary Body for Implementation
SBSTA	: Subsidiary Body for Scientific and Technological Advice
SIDS	: Small Developing Island States
UN	: United Nations
UNCDD	: United Nations Convention to Combat Desertification
UNEP	: United Nations Environmental Program
UNFCCC	: United Nations Framework Convention on Climate Change
US	: United States (of America)
USD	: United States Dollar
WMO	: World Meteorological Organization

CHAPTER I

INTRODUCTION

1.1 Background

Climate change is a serious threat to world peace and security. Global warming tends to worsen environmental conditions as a source or sink of natural resources where they are already at a critical stage. The production of coal, oil, and gas results in the annual release of billions of tons of CO_2 into the atmosphere. With no indications of slowing down, human activity is producing greenhouse gas emissions at record levels. The Earth is at least one degree Celsius over pre industrial levels and is getting near to what scientists say would be "an unacceptable risk," according to a September 2019 World Meteorological Organization (WMO) assessment.[1] Climate change will put more environmental stress on the world's population by destroying the natural resource base. There may be cascading effects if various stressors are combined. Some environmental changes may not only directly endanger human health and life, as in the case of floods and droughts, but may also have a negative impact on people's quality of life through disease, a lack of food and water, and weakened economic and ecological systems. In addition to affecting human living situations, environmental changes brought on by global warming may have a greater impact on society by endangering social infrastructure or by

[1] World Meteorological Organization, "WMO Annual Report Highlights Continuous Advance of Climate Change," April 18, 2023, https://public.wmo.int/en/media/press-release/wmo-annual-report-highlights-continuous-advance-of-climate-change.

provoking reactions from the public that make the issue worse.[2] Communities, institutions, and the stability of society systems can all be negatively impacted by the accompanying socioeconomic and political stress. These deplorable circumstances might encourage civic unrest or, worse, violent conflict. Although scientists have already linked the recent trend of increased magnitude, frequency, and severity of climate disasters to climate change, the full effects of climate change won't be felt for decades, and future generations are likely to suffer the most.[3]

To minimise the casualties of the climate crisis, many initiatives have been undertaken by various actors. The United Nations Environmental Program (UNEP) and the Global Environmental Facility (GEF) are two examples of the permanent legacies of the UN-sponsored conferences that have been established and subsequently strengthened. These organisations are essential in bringing climate change concerns to the attention of the global society and in setting up the groundwork for future institutionalisation and negotiations. Subnational entities have also grown to be significant players in efforts to address the climate catastrophe. Through project funding, certification, and communication, four transnational municipal networks in Europe have guided their member cities toward the adoption of climate strategies. Environmental NGOs have also been actively tracking and

[2] Jürgen Scheffran, "Climate Change and Security," *Bulletin of the Atomic Scientists* 64, no. 2 (May 2008): 19–26, https://doi.org/10.1080/00963402.2008.11461141.
[3] Christopher B. Field, Vicente Barros, Thomas F. Stocker, and Qin Dahe, *Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation: Special Report of the Intergovernmental Panel on Climate Change*, (Cambridge: Cambridge University Press, 2012).

advocating for these initiatives. The Climate Action Network is currently a global network of over 900 NGOs in 100 countries supporting the shift to a low- or zero-carbon economy, with the aim of phasing out net greenhouse-gas emissions by 2050.[4] Greenpeace and the World Wildlife Fund have taken the lead on this issue as well.

In order to organise the global response to climate change, the UNFCCC established a framework, a set of guiding principles, and objectives. The goal of preventing dangerous anthropogenic interference with the climate system was accepted by the Parties under Article 2, however it came with a number of restrictions and was not quantified. The first legally-binding, quantitative mitigation obligations for developed countries were established by the Kyoto Protocol in 1997. By the Protocol's first commitment period, 2008–2012, the 38 nations mentioned in Annex B committed to reducing their GHG emissions collectively by 4.2% relative to 1990 levels.[5] The other Parties to the Kyoto Protocol are not constrained but can take part in different types of engagement. The Protocol also included several new procedures designed to assist in reducing greenhouse gas emissions in an economical manner. The first commitment period of the Protocol has not been as environmentally effective as it could have been, notwithstanding a decrease in emissions among Annex B

[4] Christopher B. Field, Vicente Barros, Thomas F. Stocker, and Qin Dahe, *Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation: Special Report of the Intergovernmental Panel on Climate Change*, (Cambridge: Cambridge University Press, 2012).

[5] UNFCCC, "Report of the Conference of the Parties on its eighteenth session, held in Doha from 26 November to 8 December 2012. Addendum. Part two: Action taken by the Conference of the Parties at its eighteenth session," February 28, 2013.

Parties. The fact that not all Annex B Parties took part was one of the causes. The nation that possesses the highest proportion of emissions worldwide, the United States, did not ratify the Protocol. It was therefore not binding to achieve the 7% target emissions reduction, which would have equalled more than 40% of the difference between the base year emissions levels and all of the committed emissions in Annex B.[6]

Instability is currently prevailing in the global response to climate change. Though years of blockade have undermined the multilateral process and made it appear incapable of moving forward, there is still hope. On the other hand, the regularisation of the multilateral process—annual meetings between states to continue negotiations toward a worldwide agreement—is one of its greatest strengths. State-centric and transnational governance mechanisms can continue to work together and exchange ideas in the multilateral process, which acts as a focal point to keep climate change at the top of the international agenda. Yet before being able to do that, we need to understand first how global governance shapes these initiatives.

[6] UNFCCC, "Report of the Conference of the Parties on its eighteenth session, held in Doha from 26 November to 8 December 2012. Addendum. Part two: Action taken by the Conference of the Parties at its eighteenth session," February 28, 2013.

1.2 Problem Identification

1.2.1 Problem Identification

With the poor being disproportionately impacted, the climate disaster is exceedingly unjust. Rich industrial nations are the main problem-makers, but they are also likely to suffer less from it; on the other hand, the poor, who have made the least of the problem's contributions, will suffer the most. The United Nations Framework Convention on Climate Change was established with the goal of addressing climate change as a unique global issue that necessitates a worldwide solution. The UNFCCC asked developed countries to contribute new and additional financial resources in 1992 to help developing nations use climate finance institutions to achieve the UNFCCC's goals. The Convention also creates a financial framework for the distribution of financial resources on a grant or discounted basis.[7] In order to advance negotiations, the Parties have gathered yearly at the Conference of the Parties (COP) since the establishment of the UNFCCC. Representatives from every nation that has ratified the UNFCCC are expected to be present. The parties assess their progress toward the main objective of the UNFCCC, which is to address climate change, at each Conference of Parties. Despite widespread agreement that developing countries need financial support, no firm commitments were made back then or even in the 2000s.

[7] IPCC, "Climate Change: A Threat to Human Wellbeing and Health of the Planet. Taking Action Now Can Secure Our Future — IPCC," n.d., https://www.ipcc.ch/2022/02/28/pr-wgii-ar6/.

It wasn't until 2009, at the UNFCCC's 15th Conference of Parties (COP15) in Copenhagen, that developed nations started to commit to deliver climate finance assistance towards developing countries–as long as those actions included meaningful mitigation measures and openness about how they were being carried out.[8] Through suppressing the rise in global temperature below 2°C, the Copenhagen Accord works to stabilise atmospheric GHG concentrations in accordance with the principles of shared but differentiated responsibility and respective capabilities. However, the Copenhagen Accord has frequently come under fire for not being a legally binding agreement.[9] The Copenhagen Accord is not an international treaty with binding provisions that could effectively control the parties' actions, in contrast to the Kyoto Protocol. All the Accord does is give developed (Annex I) and developing (Non-Annex I) nations the space to declare their voluntary commitment to their own quantified economy-wide emissions targets for 2020 and climate change mitigation measures.[10] This offers significant ease for the parties to pledge noncommitment or a reasonable target for reducing emissions in line with their interests.

[8] IPCC, "Climate Change: A Threat to Human Wellbeing and Health of the Planet. Taking Action Now Can Secure Our Future — IPCC," n.d., https://www.ipcc.ch/2022/02/28/pr-wgii-ar6/.
[9] Lee Chung Lau, Keat Teong Lee, and Abdul Rahman Mohamed, "Global Warming Mitigation and Renewable Energy Policy Development from the Kyoto Protocol to the Copenhagen Accord—a Comment," *Renewable and Sustainable Energy Reviews* 16, no. 7 (September 2012): 5280–84, https://doi.org/10.1016/j.rser.2012.04.006.
[10] Ibid.

Despite this, the fundamental architecture of climate finance was built under the Accord, as the objective initiated there was continued to be formalised at COP16 in Cancun as well as reaffirmed at COP21 in Paris. In fact, the amount of Official Development Assistance (ODA) has increased since around 2009, despite some fluctuations.[11] Thus the Accord, excluding the criticism over its less ambitious commitment, managed to open the door for future climate finance trends.

1.2.2 Research Scope

This thesis takes a deeper analysis on the strategies of global governance towards the distribution of climate funding from developed countries to developing countries, specifically after the historical result of the Copenhagen Accord. The thesis is focused on the development of climate finance between the 2010 - 2020 timeframe. This period marks many major milestones for climate change actions, particularly under the finance category, as 2010 was the year the USD 100 billion goal was formalised and the Green Climate Fund was founded, thus many climate finance institutions started to gain more fund mobilisation from developed countries. Besides that, the groundbreaking COP21 that sets the limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C was held in 2015. However, this research will only focus on the mobilisation and distribution of funds towards developing countries, in which the

[11] Noriko Nakaune et al., "Before and after the Copenhagen Accord - Changes in the Characteristics of ODA Donors in the Mitigation Sector," *Climate Change Economics* Vol 14, no. 03 (February 17, 2023), https://doi.org/10.1142/s2010007823500161.

definition for that term itself will be used following the UNFCCC and OECD's Annex Countries Classification as it is the most commonly acknowledged in reports.[12]

1.2.3 Research Question

Within this thesis, the author aims to answer the question of: How does the global governance of climate change affect the mobilisation of funds towards developing countries post COP15?

1.3 Research Purposes and Utilities

1.3.1 Research Purposes

The purposes of this research are to understand and explain the process of global governance in shaping its effect on climate finance's fund mobilisation towards developing countries. The discussion amongst scholars on this matter has been limited to only the acknowledgement of climate finance and understanding of global governance. However, this research seeks further to know the procedure behind global governance and the effect it has over climate finance trends. Hence, the research provides explanations on the identification of global climate governance process, indicators of an effective global governance in climate change, and effect of global governance towards the climate finance landscape. Moreover, based on the landscape of climate finance post-COP15 that is shown at the end of

[12] Refer to Appendix A for further details.

this research, the criticism over the Copenhagen Accord, that it is a failed agreement, is not true as it instead shows a positive trend.

1.3.2 Research Utilities

In developing the research, the author expects to contribute to the disciplinary of International Relations, especially on the issue of climate financing, as well as providing insights to researchers, civil society organisations (CSOs), and any individuals who are interested in climate finance policy-making. Furthermore, the author wishes to increase their insight in interpreting, collecting, and processing qualitative data, as well as improve understanding in proper theories, concepts, and logical trains.

1.4 Literature Review

According to the UNFCCC, climate finance is a financial resource provided and mobilised to help developing countries mitigate and adapt to climate change.[13] This form of finance includes funds from public and private sources, as well as innovative financing mechanisms such as carbon markets and climate-related insurance. However, based on the developments during and after the COP21 Paris Agreement, international organisations and member countries seem to have different definitions regarding what is climate finance and its implementation.[14] Therefore, before conducting an analysis of the

[13] UNFCCC, "Introduction to Climate Finance," Unfccc.int, 2022, https://unfccc.int/topics/introduction-to-climate-finance.

[14] Shally Venugopal and Shilpa Patel, "Why Is Climate Finance so Hard to Define?" Www.wri.org, April 2013, https://www.wri.org/insights/why-climate-finance-so-hard-define.

problem, the author attempts to first understand the different definitions of climate finance itself by conducting a literature review from related journal articles. Out of the five climate finance literature that the author reviewed, two of them focus on the side of where it came from–the source–and the rest focus on how it's distributed–the instrument.

In several academic journal articles, the author found that climate finance can be defined through its funding sources. Martin Stadelmann, Axel Michaelowa and J. Timmons Roberts explore the role of private finance in their journal article entitled *"Difficulties in Accounting for Private Finance in International Climate Policy."*[15] Based on the analysis of Stadelmann, Michaelowa, and Roberts, climate finance can be done through implementing carbon markets and also promoting the role of private finance on a global scale. To ensure the realisation of both, Stadelmann, Michaelowa, and Roberts provide recommendations which include: the increase of transparency and accountability regarding climate finance data by organisations; the strengthening of governance and oversight of the finance distribution; and the encouragement of greater collaboration between stakeholders.[16]

Another journal article with similar results was written by Bhim Adhikari and Lolita Shaila Safaee Chalkasra. Adhikari and Chalkasra conducted their research on various sources of climate finance such as public finance,

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[15] Martin Stadelmann, Axel Michaelowa, and J. Timmons Roberts, "Difficulties in Accounting for Private Finance in International Climate Policy," *Climate Policy* 13 (6), (2013): 718–37, https://doi.org/10.1080/14693062.2013.791146.
[16] Ibid.

private investment, as well as carbon markets.[17] This type of climate finance was evaluated by Adhikari and Chalkasra to see their effectiveness in reducing greenhouse gas emissions and promoting sustainable development. Adhikari and Chalkasra, in their journal article entitled *"Mobilising Private Sector Investment for Climate Action: Enhancing Ambition and Scaling up Implementation,"* suggested that there is a need for a coordinated approach to climate finance that leverages the power of multiple instruments and encourages collaboration between public and private actors. They also concluded that effective climate finance requires not only financial resources, but also strong policy frameworks and the support of stable international organisations.[18]

The two journal articles highlight the challenges associated with sourcing climate finance, particularly through the private sector, such as the oversight of transparency and accountability. However, these journal articles also clarify that private funding can play an important role in mobilising climate finance if the funding mechanisms are carefully designed and implemented to address the challenges of the climate crisis.

Another finding regarding the notion of climate finance can be analysed from the form of financial instruments used to distribute climate finance. Wei Jin, Wen Ding, and Jun Yang published a journal article entitled

[17] Bhim Adhikari and Lolita Shaila Safaee Chalkasra, "Mobilizing Private Sector Investment for Climate Action: Enhancing Ambition and Scaling up Implementation," *Journal of Sustainable Finance & Investment,* (2021): 1–18, https://doi.org/10.1080/20430795.2021.1917929.
[18] Ibid.

"*Impact of Financial Incentives on Green Manufacturing: Loan Guarantee vs. Interest Subsidy"* which reviews the use of various financial instruments and their effectiveness in climate finance.[19] Jin, Ding, and Yang stated that for the sake of helping poor countries achieve their goals on climate adaptation and mitigation, green collateral can be used as a co-financial tool to guarantee the commitment of green bonds and loans. The article stated that green collateral has better potential to change the behaviour of global investors towards clean energy in developing countries than if loans alone were used for the country's climate finance.[20]

A similar definition regarding the correlation of the form of financial instruments with climate finance comes from the results of research by Dina Azhgaliyeva, Anant Kapoor and Yang Liu, where these experts explore the important role of green bond instruments in realising effective climate finance.[21] Azhgaliyeva, Kapoor, and Liu in their journal article entitled *"Green Bonds for Financing Renewable Energy and Energy Efficiency in South-East Asia: A Review of Policies"* argued that green bonds could hinder the development of high-carbon projects. This is because, according to their research, global investors are starting to disclose the risks of climate change to their portfolios. Stakeholder pressure on the investor community to adopt a stricter

[19] Wei Jin, Wen Ding, and Jun Yang, "Impact of Financial Incentives on Green Manufacturing: Loan Guarantee vs. Interest Subsidy," *European Journal of Operational Research* 300 (3), (2022): 1067–80, https://doi.org/10.1016/j.ejor.2021.09.011.
[20] Ibid.
[21] Dina Azhgaliyeva, Anant Kapoor, and Yang Liu, "Green Bonds for Financing Renewable Energy and Energy Efficiency in South-East Asia: A Review of Policies," *Journal of Sustainable Finance & Investment* 10 (2), (2019): 113–4, https://doi.org/10.1080/20430795.2019.1704160.

environmental and social governance (ESG) company policy is another contributing factor. Through green bonds, these instruments offer a way to protect against the harms associated with climate change while generating a return on investment that is at least comparable or even superior.[22] Meanwhile, implementing carbon markets can also promote the role of private finance on a global scale. To ensure the realisation of both, Stadelmann, Michaelowa, and Roberts provide recommendations which include: the increase of transparency and accountability regarding climate finance data by organisations; the strengthening of governance and oversight of the finance distribution; and the encouragement of greater collaboration between stakeholders.

Taken together, these journal articles emphasise the importance of climate finance and its major role in supporting the prevention of the climate crisis. Nonetheless, the author sees that the arguments of experts who define climate finance based on its source of funding, whether it be public, private, or carbon market, have a more appropriate view to be used in the research that the author will conduct in the next chapter on the issue regarding global governance of climate finance mobilisation. This is because the arguments provided not only highlight where these funds came from but can also help the author analyse the mobilisation of funds based on the changes and upcoming trends on climate finance demand.

[22] Dina Azhgaliyeva, Anant Kapoor, and Yang Liu, "Green Bonds for Financing Renewable Energy and Energy Efficiency in South-East Asia: A Review of Policies," *Journal of Sustainable Finance & Investment* 10 (2), (2019): 113–4, https://doi.org/10.1080/20430795.2019.1704160.

1.5 Theoretical Framework

1.5.1 Approach of Institutional Liberalism

Liberalism in international relations (IR) emphasises the importance of democratic governance, free commerce, and international collaboration in fostering peace and prosperity among states. The general stance of liberals toward human nature is favourable. They have a strong faith in human's way of thinking and are convinced that rational principles can be used in international relations. Liberals understand that people are ultimately motivated by their own interests and competition. However, they also hold the view that people can engage in collaborative and cooperative social action, both nationally and internationally, because they have a wide range of shared interests, which has a positive impact on both the local and global economies. In other words, liberals, like realists, do agree that conflict and war are not unavoidable, but they also believe people can use reasoning, and that they can work together for the benefit of all parties, both within and outside of governments.[23]

Meanwhile, institutional liberalism is a school of liberalism in International Relations (IR) that places a strong emphasis on the role that international organisations play in fostering cooperation and minimising

[23] Robert H Jackson and Georg Sørensen, *Introduction to International Relations: Theories and Approaches* (Oxford; New York, Ny: Oxford University Press, 2013), 101.

conflict between nations. Institutional liberals contend that states can cooperate for their mutual advantage within the framework of international organisations, like the United Nations, or within a set of rules which governs state action in particular areas, such as aviation or shipping. Institutional liberals use a behaviouristic, scientific method to analyse this affirmative claim about the contribution of international organisations to reducing international conflict. State institutionalisation levels are measured empirically among the states. Then it is determined how much these global organisations have contributed to the advancement of cooperation.

The current study of international institutions focuses on the difficulties that these institutions face in an increasingly globalised society. On the one hand, there is a growing need for the management and regulation they offer, but on the other hand, they lack the authority and credibility needed to take on significant tasks. States' lack of trust in one another and their fear of one another, which are seen as the typical issues connected with international anarchy, can both be reduced with the support of international institutions, which work to foster cooperation between states. Realists are still sceptical of the contribution that international institutions may make to fostering international cooperation.[24] Given the significant overlap between the two topics and its emphasis on the value and positive effects of international institutions, institutional liberalism is directly relevant to the discussion of global governance. That is to say, among other things, global

[24] Robert H Jackson and Georg Sørensen, *Introduction to International Relations: Theories and Approaches* (Oxford; New York, Ny: Oxford University Press, 2013), 111.

governance is the culmination of various international organisations whose main goal is to manage transnational issues in a way that is humane, peaceful, and occasionally adhering.

1.5.2 Concept of Global Governance

The system of global governance is one that guides and regulates the behaviours of transnational actors.[25] International organisation along with other associated work on international regimes and institutions are not the same as global governance. Although both are similar in terms of the structure and order of things, yet the scale and level are different. In terms of scope, global governance encompasses all official and informal ways of governing the world. This new concept was sparked by the emergence and broad recognition of transnational issues that limit state capacity, the growth of non-state actors in response to perceived national capabilities inconsistencies, and a willingness to address these issues within the framework of a perceived multilateralism crisis.[26] Having said that, it is not merely the scope of it but also the way in which it takes into account interactions at all levels of existence that distinguishes global governance. Any event that occurs in one area or at any level—local, national, or regional—can have an impact on all other areas and levels as well. Furthermore, although relationships between states continue to be an

[25] Karen Mingst, Margaret Karns, and Kendal Stiles, *International Organizations: The Politics & Processes of Global Governance*, 3rd ed. (Boulder, Colorado: Lynne Rienner Publisher, Inc, 2015), 3.
[26] Thomas G Weiss and Rorden Wilkinson, *International Organization and Global Governance*, (New York: Routledge, 2014), 51.

important piece of the larger puzzle, global governance also involves the relationship between the implementation of global policy-making processes within particular localities, the impact of local actions on global life, and the interrelationships between institutions, actors, and mechanisms at every level in between.[27]

Global governance arrangements are effective because states and other actors establish them, give them legitimacy, power, and authority as well as see value in them for carrying out specific functions and meeting particular needs and interests. International organisations are powerful because of their structure as rational-legal bureaucracies, their objectives, and their authority that derives from widespread legitimacy of those objectives.[28] They are able to exercise "compulsory power" through the use of normative resources, such as promoting international values and norms, or instilling "best practices," as well as through the use of material resources like food, monetary assets, and sanctions.[29] Power is closely related to legitimacy and authority in both local and global governance contexts. In the same way that states whose governments are acknowledged as legitimate are acknowledged by other states and admitted as members of IGOs, IGOs are able to exercise power largely because of their widespread recognition

[27] Thomas G Weiss and Rorden Wilkinson, *International Organization and Global Governance*, (New York: Routledge, 2014), 52.
[28] John Ikenberry G., Michael Barnett, and Martha Finnemore. "Rules for the World: International Organizations in Global Politics." *Foreign Affairs* 83, no. 6 (2004): 144. https://doi.org/10.2307/20034152.
[29] Ibid.

as legitimate authorities.[30] Essentially, the choice to abide by laws, norms, and regulations is based on an actor's perception of the legitimacy of the rule or institution. Such a belief influences behaviour because it replaces the basic fear of retaliation or self-interest calculation as the driving force behind the decision to comply with the law with an internal sense of duty and righteousness.[31]

Thus, global governance, the coordination and cooperation among nations and international organisations, is crucial for addressing complex global challenges like climate change. Climate finance, which supports efforts to mitigate and adapt to climate change, plays a significant role in this context. The global nature of climate change necessitates collaboration on a worldwide scale. The UNFCCC embodies the principle of shared responsibility, recognizing the historical contributions of developed countries to greenhouse gas emissions and their role in supporting developing nations. This principle ensures fairness in addressing the challenges of climate change. International cooperation is facilitated through agreements negotiated under the UNFCCC, such as the Kyoto Protocol, the Copenhagen Accord, and the Paris Agreement. These agreements provide frameworks for global climate action and finance, emphasising collaborative efforts to address the impacts of climate change.

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[30] Karen Mingst, Margaret Karns, and Kendal Stiles, *International Organizations: The Politics & Processes of Global Governance*, 3rd ed. (Boulder, Colorado: Lynne Rienner Publisher, Inc, 2015), 36.
[31] Ibid, 37.

The following chapter will address more on the relations between global governance and the UNFCCC.

1.6 Research Methodology and Data Collection Technique

This thesis employs a qualitative research methodology that places an emphasis on fostering understanding through the interpretation of facts and theoretical propositions. In contrast to how words are typically interpreted in this type of research, observations made using this method concentrate on the characteristics, behaviours, and complexity of the problem in order to investigate, characterise, and explain a specific social phenomenon through literature reviews, and case studies.[32] This research has gathered its data through descriptive sources, which are secondary data, due to the wide range of phenomena converging in relation to the topic. The primary sources of data are typically found to be international organisation statistics (e.g. UN Statistic Divisions Report, Climate Policy Initiative Global Landscape of Climate Finance Report Series, etc.), journal articles, books, official inter/government websites (e.g. UN, UNFCCC, etc.), and official publications (e.g. UNFCCC's Report of the Conference of the Parties).

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[32] Umar Suryadi Bakry, Metode Penelitian Hubungan Internasional (Yogyakarta: Pustaka Pelajar, 2016), 18.

1.7 Thesis Organisation

This thesis is organised into four chapters. Chapter I discusses the background, problem identification of the topic, and further introduces the theory utilised. Chapter II explores the global governance of climate change and the players. Chapter III dives into the analysis on the process of global governance in shaping climate finance mobilisation post-COP15, including the role played by the UNFCCC. Lastly, the conclusion of this thesis will be stated in Chapter IV.