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Vulnerability, Emissions and Governance: A statistical analysis of the determinants of aid allocation in the Green Climate Fund

Abstract:

The Green Climate Fund, as part of the UNFCCC, pledges to move money from developed to developing nations to help them pay for adaptation and mitigation measures and subsequently reduce their vulnerability to climate change. However, climate finance literature has found that funding is not always allocated based on commitments, and that other factors, such as recipient governance quality, are more likely to influence the amount of money a country receives than their vulnerability or other needs. This paper uses statistical analysis to determine which factors are being prioritised by the Green Climate Fund in the allocation of funding to recipient countries, and uses a Multivariate Linear Regression to test the relationship between Green Climate Fund allocation and recipient vulnerability, access to alternative sources of financing, emissions, good governance and environmental policies. This paper finds that good governance is prioritised by the Green Climate Fund. Though the Fund pledges to help the most vulnerable countries, no relationship was found between funding allocation and historical and predicted vulnerability. Furthermore, no relationship was found between accessibility to alternative sources of financing and Green Climate Fund allocation, nor between environmental policies or CO_2 emissions per capita. Consistent with other literature, small island developing states appeared to receive greater funding than other vulnerable groups, but no effect was found for African countries and Least Developed Countries.