



Climate

Accelerating Methane Action: The Case for a Dedicated Fund

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Background

Launched at CoP26 in 2021, the Global Methane Pledge (GMP) is the first global initiative focused on reducing emissions of methane—a super-pollutant responsible for about one-third of current warming.^{1,2}

One of the key drivers of global action on methane has been the UN Environment Programme (UNEP) Climate and Clean Air Coalition (CCAC), with its Scientific Assessment Programme (SAP) that developed the Global Methane Assessment,³ which raised global awareness and urgency around methane mitigation. Additionally, the CCAC supports countries in developing methane action plans, with a particular focus on the Global South, with projects such as methane roadmaps, emissions inventories and the integration of short-lived climate pollutants into Nationally Determined Contributions (NDCs).⁴ Now signed by 158 countries, the GMP has catalysed various initiatives, such as the International Methane Emissions Observatory (IMEO), which provides near real-term data on emissions to countries and operators, as well as the Global Methane Hub (GMH), that supports mitigation financing.^{5,6}

Although some signatories are delivering on their commitments, the recent Global Methane Budget highlights that methane emissions have reached an unprecedented high grow rate between 2020 and 2022.⁷

A key factor in this action gap is the lack of sustained financial support to help developing countries implement the commitment. Current available funding is split in different initiatives, notably:

- **CCAC Trust Fund:** supports national emission reduction projects.
- **Global Methane Hub:** provides substantial funding to the CCAC, non-governmental organisations (NGOs), research and initiatives such as the Enteric Fermentation Research and Development Accelerator.
- **World Bank:** the Global Flaring and Methane Reduction Partnership, a multi-donor trust fund, working on ending routine gas flaring across the world.
- **Bilateral agreements:** countries from the Global North support Global South countries by providing funding, technical assistance, and resources to help implement methane reduction projects.
- **Private funding:** this covers a wide range of funding streams, from household spending to banks, investment firms and insurance companies.
- **Multilateral development banks (MDBs):** entities like the European Investment Bank (EIB) or the African Development Bank support methane reduction projects globally.
- **Bilateral Agency:** such as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

In April 2023, the United States launched the Methane Finance Sprint, with an objective of raising at least \$200 million for methane mitigation, and by CoP28, \$1 billion had been raised.⁸ However, it remains unclear how and when this money will be distributed.

This fragmented funding results in three major challenges:

- 1. Financial assistance is inadequate:** \$48 billion is needed each year until 2030 to reach the goal of the GMP. Current finance is less than one-third of this target.⁹
- 2. Financial assistance is project-based:** current funding is limited to specific aspects of methane monitoring or mitigation. The lack of comprehensive, sustained financial support means that many countries are implementing a patchwork approach, resulting in gaps in their efforts. For example, a country may receive financial assistance to improve methane monitoring technology but lack the financial support to develop and implement effective policies to reduce emissions.
- 3. Financial assistance is unpredictable:** the absence of a structured approach to providing financial assistance creates unpredictability, hindering countries from setting clear timeframes and action plans for implementation. Countries often struggle to make necessary investments in human resources and infrastructure in the absence of consistent funding streams. This unpredictability hampers their ability to establish a well-structured, coordinated approach to methane monitoring and mitigation.

Of the 158 signatories of the GMP, 110 are official development assistance (ODA) recipients, including low and middle-income countries and least-developed nations.¹⁰ To effectively implement the GMP, stable and predictable funding for all these countries is needed. This briefing explores how the creation of a dedicated fund for methane mitigation, hosted by the UN Multi-Partner Trust Fund (MPTF), could address this shortcoming.

A dedicated fund for methane

A dedicated fund to implement the GMP would offer four key benefits:

- 1. Provide long term, stable and predictable funding:** a fund set until at least 2030, based on a needs assessment, would support multi-year planning and investment in methane monitoring and mitigation.
- 2. Centralisation:** consolidating current financial initiatives into one fund would reduce administrative burdens for donors and recipients, improve coordination, geographical coverage and avoid duplication.
- 3. Accountability and transparency:** fund access would come with obligations to ensure that the fund disbursed are used to meet the GMP objectives. This requires the creation of a committee in charge of monitoring, reporting, and approving projects, following the example of the Montreal Protocol Multilateral Fund.¹¹
- 4. Attractiveness:** key emitters not yet in the Pledge, such as Algeria, India and South Africa, may join if dedicated financial support is available.

To implement the GMP, following the collective experience of various multilateral environmental agreements, a dedicated fund for methane could be used to support the following government-led activities:

Financial assistance for enabling activities should be provided to all signatories in need, on a grant basis. The level of funding provided to the country should be dependent on the range of activities required to reduce methane emissions to a targeted level and the size of the challenge.

| Enabling Activities | Secretariat-related support costs |
|---|---|
| <p>Institutional strengthening: regular country support to ensure the provision of full-time staff members in Government dedicated to methane emission reductions, to provide a consistency of engagement and focal point to oversee national implementation of international obligations.</p> | <p>Technical assistance: to provide capacity-building and support with policy development and reporting and monitoring</p> |
| <p>Development of Country programmes, including:</p> <ul style="list-style-type: none"> • Inventories and reporting • Policy development and implementation • Capacity-building and training | <p>Regional methane networks: to promote the exchange of information, experience and know-how between countries on a regional basis.</p> |
| <p>Pilot and demonstration projects: technical and policy demonstrations and pilot projects can help kickstart implementation and promote technology transfer.</p> | <p>Meeting costs and core unit</p> |

To determine the initial replenishment of the fund, a needs assessment would be required. It should also be supplemented by access to financing for investment costs related to implementation. These can be secured from existing source of finance, with the fund facilitating transparency, accessibility and coordination based on the policy planning it supports. For example, in the context of methane mitigation, this could include access to concessional financing for municipalities to invest in landfill gas recovery systems.

The Multi-Partner Trust Fund

A critical consideration for delivering the GMP is the choice of host for the Fund. The UN Multi-Partner Trust Fund’s goal is to design and administer multi-stakeholder pooled funding.

It has managed over 200 funds, with multi-year budgets ranging from \$80,000 to \$2 billion.¹² It handles core administrative services, including day-to-day administration, treasury and investment management, as well as monitoring and reporting. It also provides design guidance during the establishment, launch and operationalisation of the fund.¹³

The Fund must be established by two UN agencies, that develop terms of reference based on a concept note that outlines the Fund’s function, objectives and governance. They also set up a steering committee, generally with around nine seats, with a majority of UN representatives, the other seats being held by countries, civil society, philanthropies and financial organisations.¹⁴ The steering committee is in charge of setting the Fund strategic direction, making resource allocation decisions and monitoring progress toward achieving transformative change. Implementation is handled by participating UN and non-UN agencies, including NGOs and MDBs. While there is no maximum fund size, an initial capitalisation of at least \$5 million is required,¹⁵ requiring at least one committed funder at the outset.

In EIA’s view, the MPTF is well-suited to host the GMP fund. It has proven experience in handling the administrative tasks and day-to-day management of large funds, while the strategic guidance and governance would remain in the hands of existing expertise in the methane space, including the CCAC, MDBs and specialised NGOs. Moreover, such a fund could be launched within a few months, capitalising on the momentum from COP29.¹⁶

The MPTF could be applied to the GMP as follows:

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| Establishing UN agencies | UN Environment Programme , leveraging UNEP's methane expertise through the CCAC and IMEO, accompanied by another, such as UN Development Programme or UN Office of Project Services (UNOPS). |
| Objectives and functions | Deliver the GMP by providing finance and capacity building support to signatories of the Global Methane Pledge, based on a needs assessment of each country. |
| Initial capitalisation | Provided by the Global Methane Hub. |
| Possible steering committee members | <p>UN Agencies:</p> <ul style="list-style-type: none"> Food and Agriculture Organisation UN Development Programme World Health Organisation UN Economic Commission for Europe World Meteorological Organisation <p>Others could include:</p> <ul style="list-style-type: none"> Global Methane Hub World Bank Civil society representatives with international methane experience MDBs and bilateral agencies (GIZ, EIB, African Development Bank, Asian Development Bank...) |

Current CCAC partners with methane expertise

Conclusion

The Global Methane Pledge represents a crucial commitment in the battle to curb rising methane emissions and meet our global climate targets.

While it has catalysed action and increased awareness, the alarming rise in emissions highlights the urgent need for further efforts. To encourage sustained commitments, countries need to have access to strategic, comprehensive and sustained financial support.

Methane mitigation has been described as "the strongest lever we can quickly pull to reduce warming between now and 2050."¹⁷ Current funding models are simply not taking advantage of this critical chance to stay within the 1.5°C limit. The creation of a dedicated Methane Fund, administered by the UN Multi-Partner Trust Fund, would provide the essential financial backbone for implementing lasting change.

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