

**Award: ESRC Centre for Climate Change Economics and Policy**  
**Project: Political Economics of Climate Finance (CCCCEP Phase 2)**  
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### **Overview of project aims**

Addressing climate change will require substantial new investment. Unlocking additional financial flows, particularly to developing countries, is therefore a key aspect of international climate change governance. Important questions on climate finance have concerned the amounts and forms of finance required, and on the institutional frameworks needed to stimulate, allocate and oversee the funds. This project studied the political economy and public policy context that underpin and drive climate change investment and climate action more broadly. A key question of concern was a better understanding of the factors that explain the passage of national climate change legislation, which in turn provides the public policy context in which investment decisions are taken.

### **Overview of data**

There are four empirical papers in this project that used or generated new data (Clare et al 2017; Fankhauser et al 2015a, b; 2014), in addition to more conceptual work (e.g., Fankhauser and Pearce 2014) and a theoretical paper (Eyckmans et al. 2015). Fankhauser et al. (2014) is an earlier working paper version and Clare et al (2017) is a later update of Fankhauser (2015a, b).

The four empirical papers are econometric studies that explain the passage of climate change legislation (measured as the number of laws passed in country  $i$  in year  $t$ ) as a function of different political economy factors. Each observation is a country-year (e.g. UK in 2008) for which we record the number of climate laws passed in that year (1 – the 2008 Climate Change Act, in this example). (In some specifications the dependent variable is a yes-no dummy, depending on whether any laws were passed).

The dependent variable on the passage of climate change laws was taken from a database that was produced in an associated project: ***Climate Change Laws of the World*** is the biggest publicly available dataset on climate change policy and legislation, with about 1,500 entries for 197 countries (status: November 2018; the published papers used earlier, smaller versions of the dataset). These data are not included in this submission, as a constantly updated version of the data is available on the website of the Grantham Research Institute, see [here](#).

The explanatory variables are all from datasets in the public domain and as such are not included in this data submission. The main sources are as follows:

- The Database of Political Institutions, which contains institutional and electoral results data such as measures of checks and balances, tenure and stability of the government, identification of party affiliation and ideology, and fragmentation of opposition and government parties in the legislature, among others. The latest version of the database, containing 40 years of data for 180 countries, is hosted by the Inter-American Development Bank, available [here](#). Earlier versions are available from the World Bank, see [here](#).
- Polity IV project, which contains information about the level of democracy (e.g. on political competitiveness, the openness of elections, and checks and balances on the executive). Versions of the dataset are available [here](#) and [here](#).
- IMF Statistical data was used for economic variables such as GDP. It is available [here](#).

Included in the repository is the computer codes (STATA do files) underlying the Fankhauser et al (2015a) and (2015b) papers. Clare et al (2017) and use the same code but update the earlier analysis using more recent data sets. Fankhauser et al (2014) use earlier code, which was updated for the 2015 papers.

### **Links to other projects**

This project is part of the second phase of research in the Centre for Climate Change Economics and Policy (CCCCEP 2). Research in CCCCEP 2 was structured into five interrelated research themes. Theme 2, under which this submission falls, was concerned with “Advancing climate finance and investment”, and consisted of three projects: (i) the political economics of climate finance (the subject of this submission), (ii) multi-lateral governance and climate finance and (iii) carbon markets.

### **Relevant CCCEP publications**

Clare, A. S. Fankhauser and C. Gennaioli. 2017.” The national and international drivers of climate change legislation” in: A. Averchenkova et al., eds. Trends in Climate Change Legislation, Cheltenham: Edward Elgar.

Eyckmans, J., S. Fankhauser, and S. Kverndokk. 2015. “Development Aid and Climate Finance”, Environmental and Resource Economics, 63(2): 429-450.

Fankhauser, S., C. Gennaioli and M. Collins. 2015a ”The political economy of passing climate change legislation: Evidence from a survey”, Global Environmental Change, 35: 52-61. DOI: 10.1016/j.goenvcha.2015.08.008

Fankhauser, S., C. Gennaioli and M. Collins. 2015b ” Do international factors influence the passage of climate change legislation?”, Climate Policy, 16(3): 318-331. (See <https://core.ac.uk/download/pdf/35434307.pdf> for the final manuscript with full acknowledgements).

Fankhauser, S., Gennaioli, C. and Collins, M., 2014. *Domestic dynamics and international influence: What explains the passage of climate change legislation?* Centre for Climate Change Economics and Policy Working Paper No. 156, London.

Fankhauser, S. and D.W. Pearce. 2014. “Financing for Sustainable Development”, in: G. Atkinson, S. Dietz, E. Neumayer and M. Agarwala, eds., Handbook of Sustainable Development. Cheltenham: Edward Elgar.