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Background Note
Session II

Meeting of the Chairpersons of Economic and Environmental Affairs Committees

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Session II: Financing the cost of taking action – climate change as an exciting opportunity for non-state actors

Mobilising the money used to address climate change, or climate finance is crucial and may come in many guises. The UNFCCC defines climate finance as local, national or transnational financing drawn from public, private and alternative sources of financing, including non-state actors (NSAs) for climate change mitigation and adaptation projects and programs. However, what countries decide to count as climate finance may often be a political decision. What stands in the way in many countries is the capacity of parliaments to provide effective and specific contributions and ensure these are financed. Investing to build that capacity is a prerequisite for sound legislation and action. The UNFCCC states it is difficult to measure climate finance accurately as there is no systematic data collection on climate finance. In its own right, Oxfam published the climate finance shadow report 2016 arguing that "only (that) climate finance labelled as "principal" under OECD-DAC rules should be counted against UNFCCC climate finance commitments", and therefore while the UNFCCC estimated $53bn in overseas development aid in 2013, Oxfam only counts $12.4bn where the "principal" objective was climate change.

Besides the can of worms of calculating climate finance, Oxfam's report holds the position that the majority of the $100bn promise should come from public purses. It is, therefore, less optimistic about the prospect for reaching this sum by 2020. It also sheds light on the transparency requirement and the need for the UNFCCC to put in place a policy concerning NSAs and conflict of interest. Nonetheless, overall, climate finance is on the increase. After a dip in 2013, where climate finance decreased, more money was spent in 2014 to reduce emissions and adapt to the impacts of climate change.

The Moroccan COP Presidency (COP22) in 2016 revealed that greater effort will be put in pursuing more "meaningful" participation from non-state actors. As the attention turns to the private sector and civil society, the Climate Investment Funds (CIF) managed by five multilateral development banks (MDBs) were called to develop options for a financing vehicle to attract private capital investors for renewable energy and clean technology projects in developing economies.

The Green Climate Fund (GCF) also received a mandate to reinforce the engagement of the private sector through the REDD+ programme. After COP22 it was agreed to keep discussing finance. Countries were invited to increase their financial contributions towards the agreed $100bn by 2020, and achieve the desired equal balance between adaptation and mitigation.

Questions that may guide the discussion:

- Is it possible to agree on a common mechanism to calculate climate finance?
- Has your Parliament/Chamber discussed the issue of climate finance or adopted any reports or resolutions thereon?
- What European action do you consider necessary to drive climate finance?
- How can non-state actors play a role in the mechanism to facilitate implementation of and promote compliance with the provisions of the Paris agreement?