

# Financing climate change and sustainable growth

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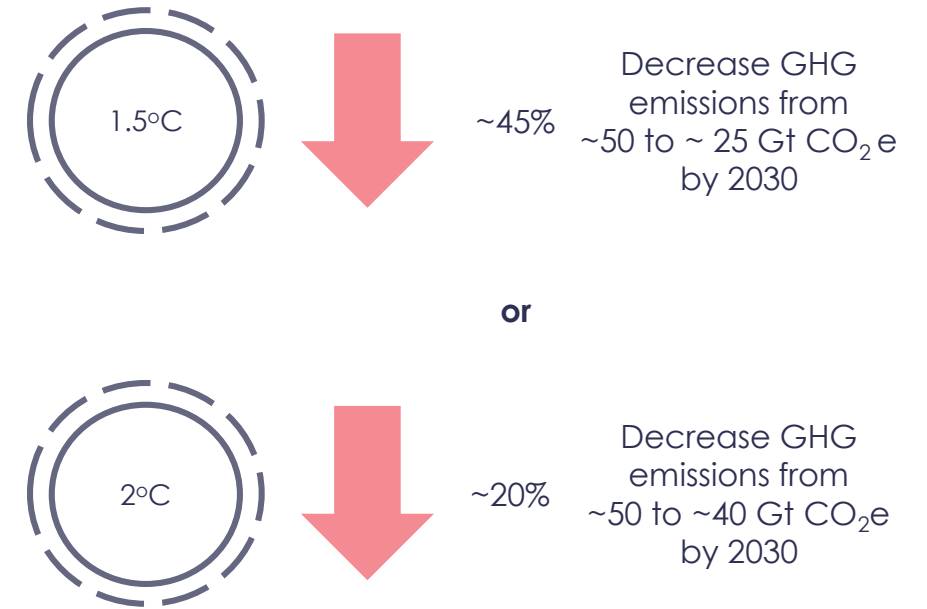
# Structure

- **Part I Urgency, scale and sustainable growth**
- **Part II Financing for sustainable investments and climate action**

# Urgency: next decades are critical in establishing low-carbon development, growth and poverty reduction

## Change in the next decades

## At the same time (to meet Paris targets)



The next decade is critical. Choices made on infrastructure and capital now will either lock us in to high emissions, or set us on a low-carbon growth path which can be sustainable and inclusive.

# Strong investment in sustainable infrastructure is at the core of meeting the global agenda and supporting social inclusion



Well-designed infrastructure can be pro-growth, pro-poor, and pro-climate

# The growth story of the 21<sup>st</sup> century is strong, sustainable, and inclusive

5 - 10 years



Investment in sustainable infrastructure of US\$ 90 trillion can boost shorter-run demand and growth, sharpen supply, reduce poverty and support sustainable development.

>10 years



Spur innovation, creativity and growth in the medium term, unleash new waves of innovation and discovery.

>20 years



Low-carbon is the only feasible longer-run growth on offer; high carbon growth self destructs.

The next 10-15 years are a unique “use it or lose it” moment. Seizing the benefits will only be possible if we act boldly over the next 2-3 years.

**We have in our hands a new and very attractive way forward, the inclusive growth story of the 21st century.**

# Structure

- **Part I Urgency, scale and sustainable growth**
- **Part II Financing for sustainable investments and climate action**

# Strategy underpinning One Planet Lab and UNCAS

- a) **Establish the policy framework, credible and for the medium term, to encourage sustainable/climate investment: carbon pricing, remove fossil fuel subsidies; support networks (grids, charging points, public transport, broadband...); support R&D. The role of Coalition of Finance Ministers on Climate Action is crucial.**
- b) **Move the whole financial system, mostly private to embody sustainability and climate throughout their actions. Mechanisms: (i) remove obstacles, NGFS/FSB; (ii) bring the right transparency and regulation; TCFD (iii) create platforms, e.g. VERT. Help them accelerate.**
- c) **Align all activities of MDBs/DFIs behind sustainability and climate; and, over time expand their ability to finance. They have a crucial ability to carry early and other risks, and partner with the private sector. High Level MDB Statement at UN Climate Summit around raising ambition on their own finance, Paris alignment, transparency and mobilisation of private finance. Strong statement from IDFC as well.**
- d) **Importance of delivering and building on the \$100 billion commitment. A concerted push by bilaterals and MDBs, delivery of the additional and urgent concessional financing for the multilateral climate funds, and improved private sector mobilization are all needed to achieve the \$100 billion target by 2020 and to lay the foundation for a more robust climate finance architecture. An ambitious replenishment of the Green Climate Fund, on which France has been leading, will be central to this effort.**



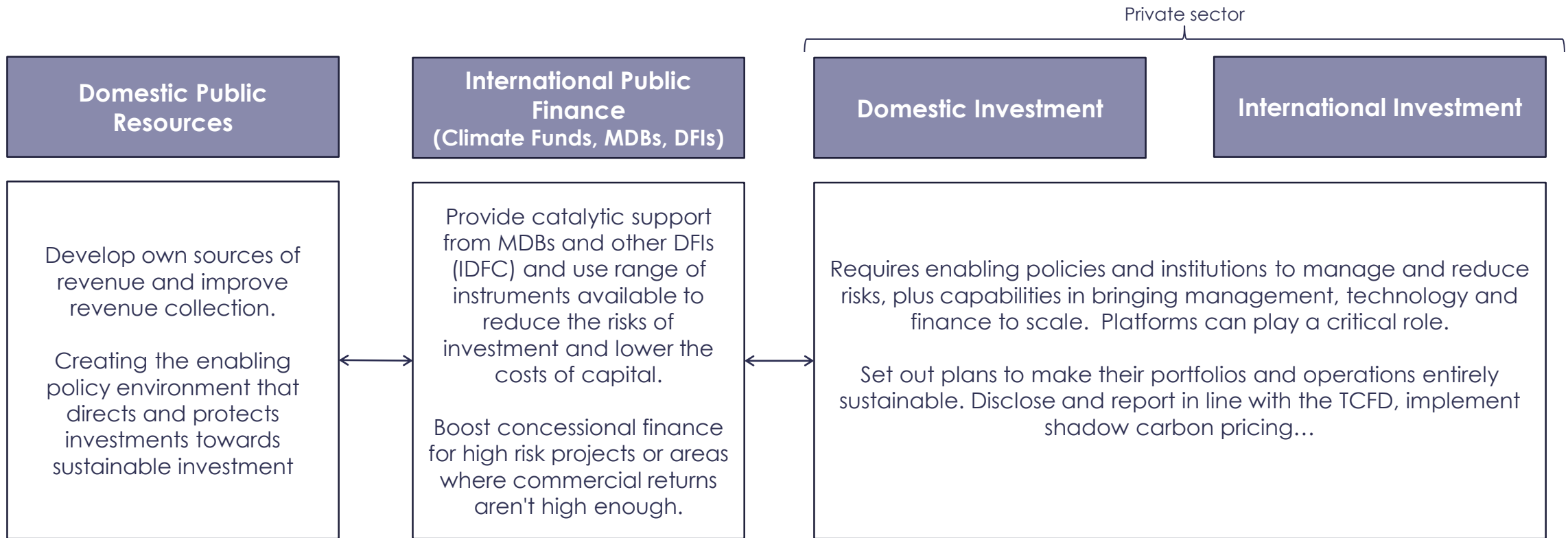
# Multiple stakeholders play a role in the strategy underpinning One Planet Lab and UNCAS

	Policy	Financial Sector	Development Finance
Objective	Establish the policy framework- credible and for the medium term- to encourage sustainable/climate investment.	Move the whole financial system to scale up finance and embody sustainability and climate in all their actions.	Align all activities of MDBs/DFIs behind sustainability and climate. Lay the foundation for a more robust climate finance architecture by delivering and building on the \$100 billion commitment and expand capacity of MDBs over time.
Actors	National governments Finance ministers	Private sector Central banks/ regulators	MDBs, IDFC Climate Funds
Mechanisms	<ul style="list-style-type: none"> <li>Carbon pricing</li> <li>Remove fossil fuel subsidies</li> <li>Support networks (grids, charging points, public transport, broadband)</li> <li>Support R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Remove obstacles, e.g. NGFS / FSB</li> <li>Transparency and regulation, e.g. TCFD</li> <li>Create platforms, e.g. VERT</li> </ul>	<ul style="list-style-type: none"> <li>Develop approach and benchmarks to align portfolios with Paris agreement and SDGs</li> <li>Increase private sector multipliers by MDBs/DFIs crucial ability to carry early and other risks and crowd in long-term finance.</li> <li>Deliver additional and urgent concessional financing to the multilateral climate funds.</li> </ul>
Initiatives/ action	<ul style="list-style-type: none"> <li>Coalition of Finance Ministers on Climate Action</li> <li>Carbon Pricing Leadership Coalition</li> </ul>	<ul style="list-style-type: none"> <li>Network of Central Banks and Supervisors for Greening the Financial System (NGFS)</li> <li>Financial Stability Board (FSB)</li> <li>Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>Commitments by investors and banks on alignment with Paris and SDGs</li> <li>VERT, LUCI and other platforms</li> </ul>	<ul style="list-style-type: none"> <li>Ambitious replenishment of the Green Climate Fund.</li> <li>High Level MDB Statement at UN Climate Summit- raising ambition on their own finance; Paris alignment; transparency; and mobilisation of private finance.</li> <li>Strong statement from International Development Finance Club (IDFC) at UN Climate Summit.</li> </ul>

**All sectors must use all tools available to act. Ambition depends on finance, finance follows ambition.**



# Mobilizing the required capital for sustainable investment requires unlocking a number of pools to work together



**Given the scale of investment required a significant increase of finance is needed from all sources — domestic public, international, private — and the links between them made stronger.**

# Climate funds are a core element of delivering on the US\$ 100 billion and more climate finance commitment



Strong record in leveraging MDB and other finance and supporting pioneering projects.

Received a £200 million contribution from the UK to the newly established CIF Global Energy Storage Program, at the 2019 UN Climate Summit



Now fully operational but scale and leverage has not yet reached what was envisaged.

New pledges made at the 2019 UN Climate Summit raised the replenishment total beyond US\$ 7.4 billion, with top ups from 8 countries.



The GEF has a strong record of collaboration, and delivering results.

Successful replenishment of US\$4.1 billion in 2018

\$160 million in new funding for the GEF-managed Least Developed Countries Fund pledged in New York, in 2019.

**It is now time to shift the focus to the larger task of mobilizing the trillions that will be needed for sustainable infrastructure, and development more generally. We need an enhanced partnership based on a new understanding of climate action. Sustainability requires investment in physical, human, natural and social capital.**

# Can it be done? Three forces present us with a special opportunity to act and deliver at scale

%

Historically **low interest rates** and **no shortage of global savings**.  
Search for growth.



**Rapid technological change** and **falls in cost**  
(digital, materials, biotech...)



International agreements have **provided political direction** and evidence that collaboration is possible and will continue

Opportunities exist now to finance the transition with low interest rates; excess global savings and new, changing technology.

We have in our hands a new and very attractive way forward: the sustainable, inclusive, resilient growth story of the 21st century. Action at scale is urgent.