

Financing Climate Action

Changing the direction of investment

Paris Agreement —global commitment to low-carbon climate resilient economies



- (a) 2°C/1.5°C (Art 1, Para 1.a).) target
- (b) Improving adaptation capacity, climate resilience and development (Art 2, Para 1. b).)
- (c) Making **finance flows** consistent with these goals (Art 2, Para 1.c).)

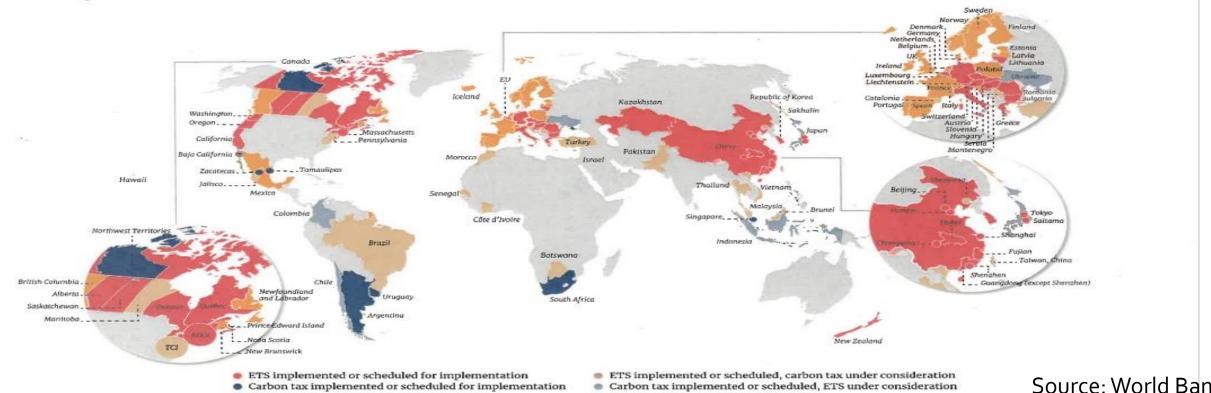
Response: Central Banks Network



Influential: 116 members and 19 observers (June2022)

The carbon market growing

FIGURE 1 Map of carbon taxes and ETSs



Carbon tax implemented or scheduled for implementation

ETS and carbon tax implemented or scheduled

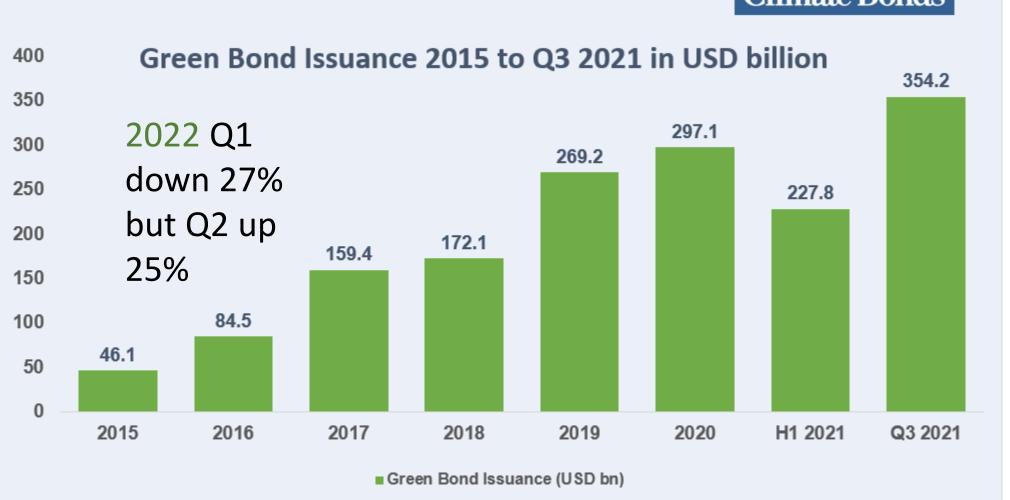
16/11/2022

Carbon pricing initiatives are considered "scheduled for implementation" once they have been formally adopted through legislation and have an official, planned start date. Carbon pricing initiatives are considered "under consideration" if the government has announced its intention to work towards the implementation of a carbon pricing initiative and this has been formally confirmed by official government sources. TCI refers to Transportation and Climate Initiative. RGGI refers to the Regional Greenhouse Gas Initiative.

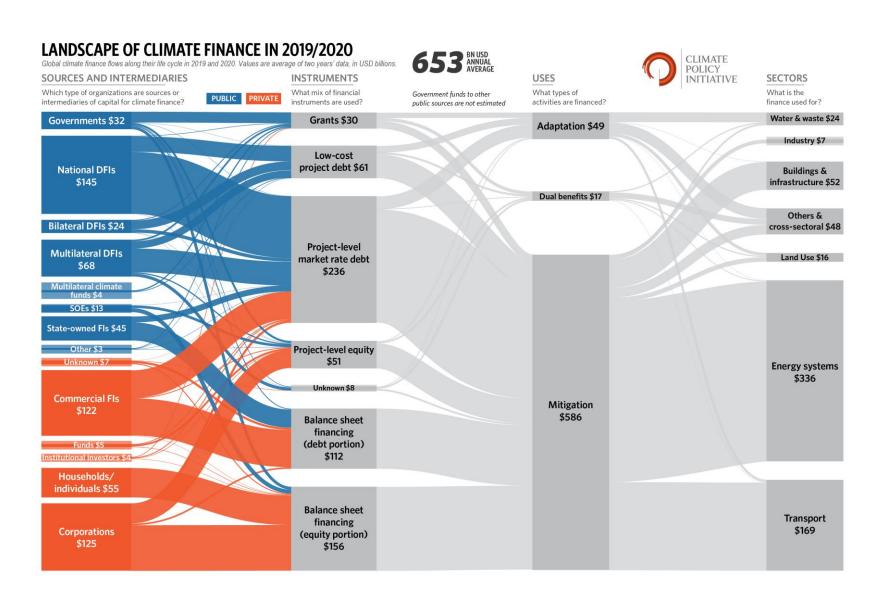
Carbon tax implemented or scheduled, ETS under consideration

ETS or carbon tax under consideration

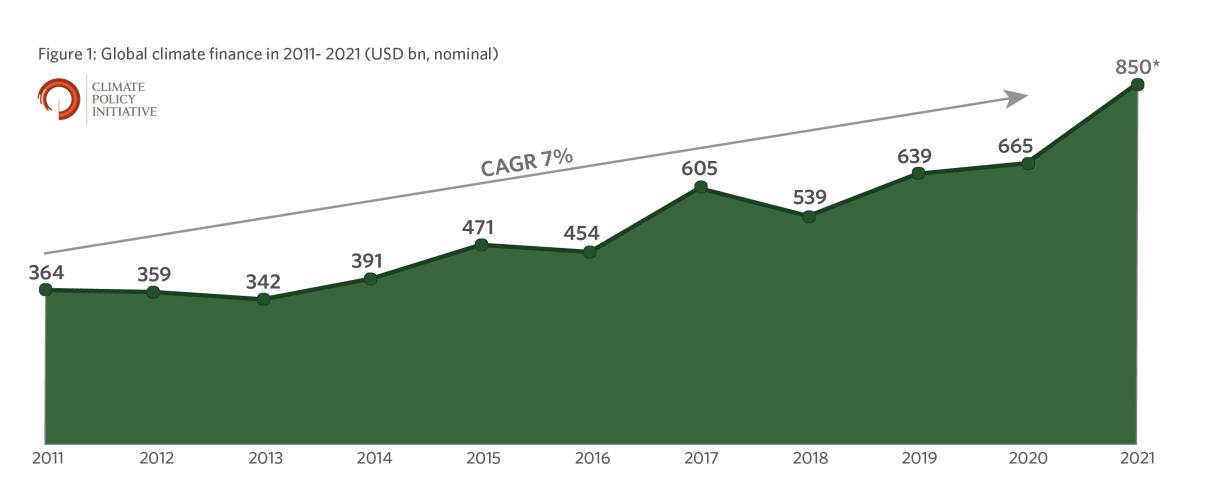




Response: climate finance

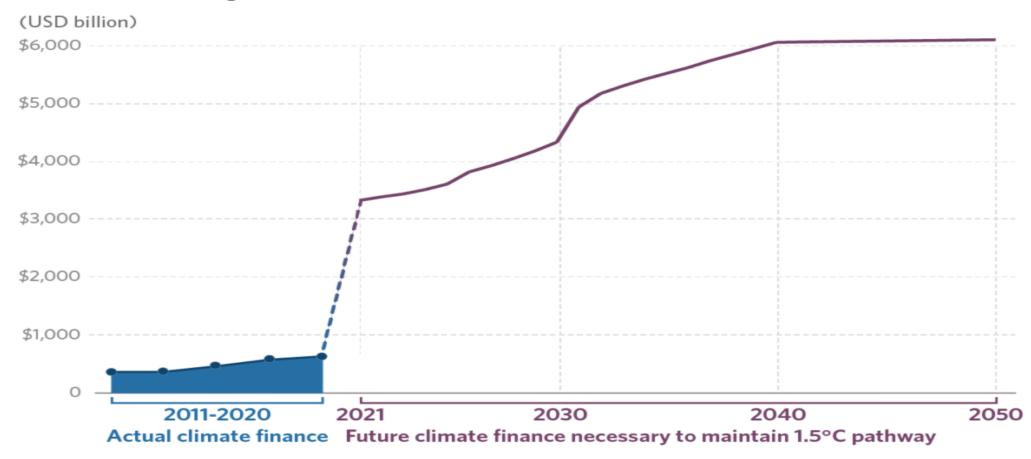


Climate Finance Still Growing



...but far below what is needed

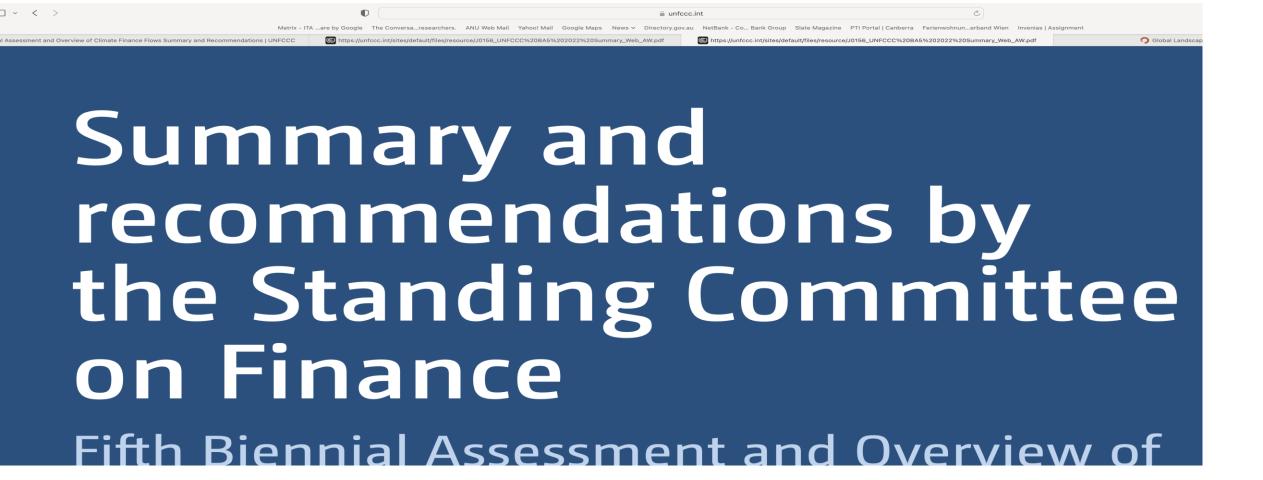
Figure 3: Global tracked climate finance flows and the average estimated annual climate investment need through 2050



16/11/2022

Source: CPI 2021

Fifth Biennial Assessment of Finance Flows - SCF



Response: Green Climate Fund, a catalyst for paradigm shift



For developing countries, particularly the most vulnerable

Balancing mitigation and adaptation

Supporting readiness and direct access

Indonesia: Stimulating Blended Finance

SIX Priority Functions

A system-approach to drive transformative solutions for climate action and the SDGs



Government

FOR THE SDGs

- Accelerate catalytic use of public, private, philanthropic funding for high impact initiatives by sector themes and innovative use of financial instruments, development guarantees, derisking mechanism, incentives and standardisations.
- Drive pipeline of Funds for priority outcomes by addressing key barriers to investment and dissolving bottlenecks.
- Support "proof of concept" projects and follow-on finance through BFI incubator and deal platform.

REGIONAL & EMERGING MARKETS FOR THE SDGs

- Strengthen emerging markets and regional collaboration, especially around joint net zero emission initiatives and implementing NDCs (e.g. Regional NCCC Market), Natural Capital Communities Carbon Market and SDG Market Place.
 - Create platform to mainstream best practices linked to the SDGs for industry and emerging market development finance units.



ENTERPRISE FOR THE SDGs

 Facilitate actionable commitments from supply chain and business leaders around SDGaligned verticals and Science-Based Targets.

Bridge the Missing Middle

Residents

Bridge the Missing Middle

Bridge the Missing Missing Missing Middle

Bridge the Missing Mis and policy-makers in strengthening regulatory frameworks to accelerate commercial and blended investment into high-impact projects and sectors.

- Promote application of the principles of Tri Hita Karana Blended Finance Roadmap, OECD DAC developed by global and local partners.
- Advocate through the high-level multilateral to adopt the THK principles to guide and accelerate the use of blended finance especially by the multilateral development banks.

HUMAN DEVELOPMENT FOR THE SDGs

- Collaborate with leading faculty, experts, academia and think-tanks to build capacity and knowledge on the use of blended finance, access catalytic capital and ethnical development of technology.
- Convening for impact to drive system leadership and mindset shifts.
- Facilitate engagement and collaboration across government, development institutions, businesses, investors and civil societies.

TECH & DATA FOR THE SDGs

- THK Blended Finance data and transaction platform with partners aligned for SDGs.
- Develop an eco-system for technology and innovation in future knowledge that solves barriers and scales SDG solutions.
- Ensure that technological development is driven by the gains it provides for social progress around three pillars of Tri Hita Karana compass









Response: Imperatives for developing countries

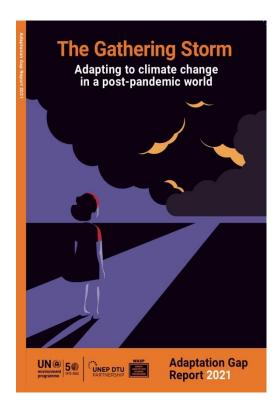




Aligning development pathways to climate objectives

- Mitigating risk, addressing market failures, correcting policies, providing incentives, opportunities to leap-frog
- Scaling up adaptation efforts, addressing diverse and context specific needs

Adaptation Finance Lagging



- 5-10 times current finance required
- Adaptation increasingly embedded in national policy and planning (c80 % countries)
- UNFCCC note new commitments at CoP26:
- > \$350 m to Adaptation Fund
- \$600m to LDC Fund

Public and Private Must Work Together

- Public funds insufficient for effective response
 - But private funds cautious and conservative
 - -Perceive risk when no track record
- A key role for public funds is leveraging private
- Key task is reducing perceived risk
 - Choice of instrument crucial
 - Loans, subsidies and grants can sometimes produce perverse outcomes
 - -More financial innovation essential



Thank you

