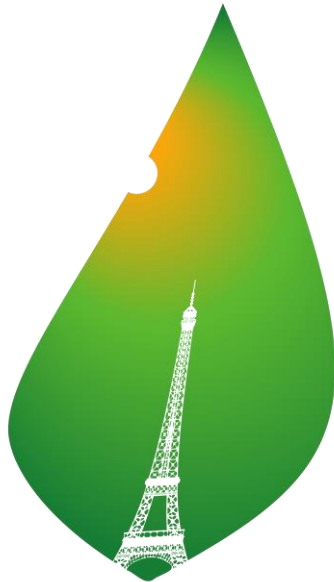




Financing Climate Action

Changing the direction of investment

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



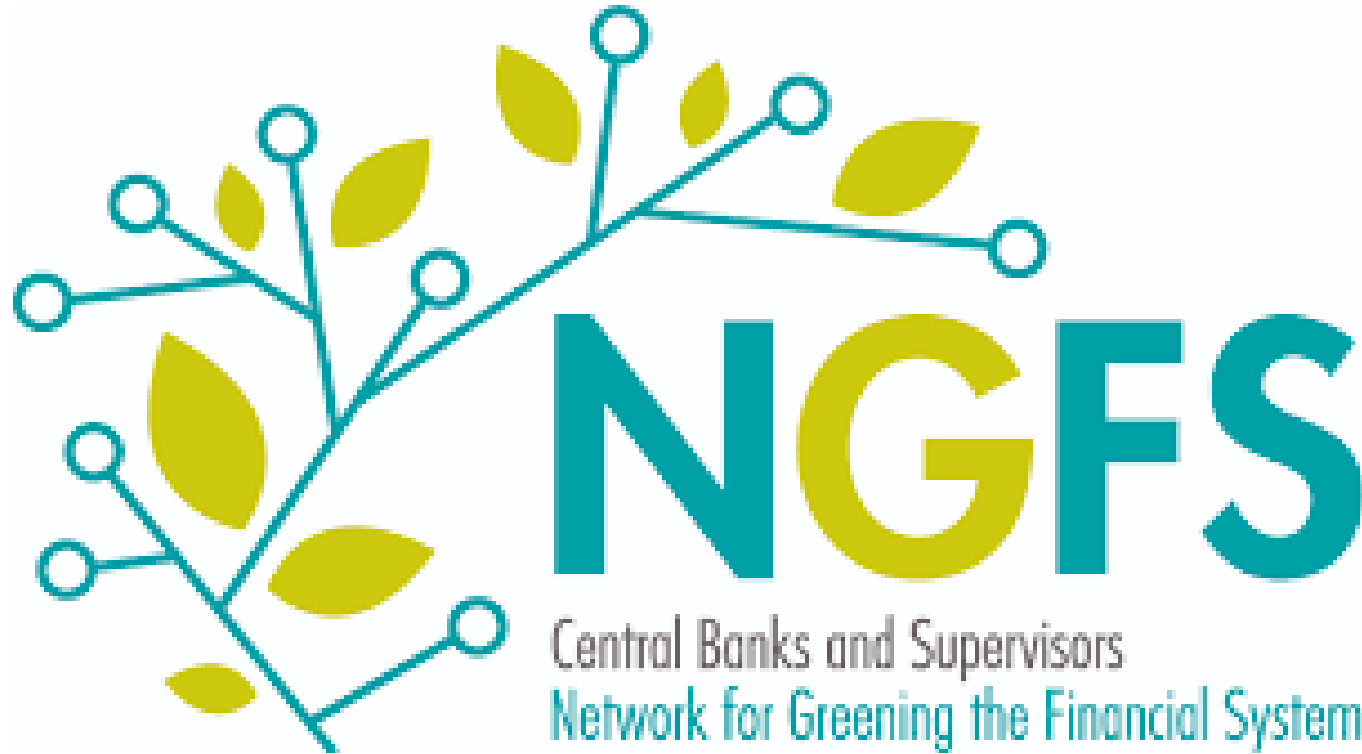
PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21•CMP11

(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).)

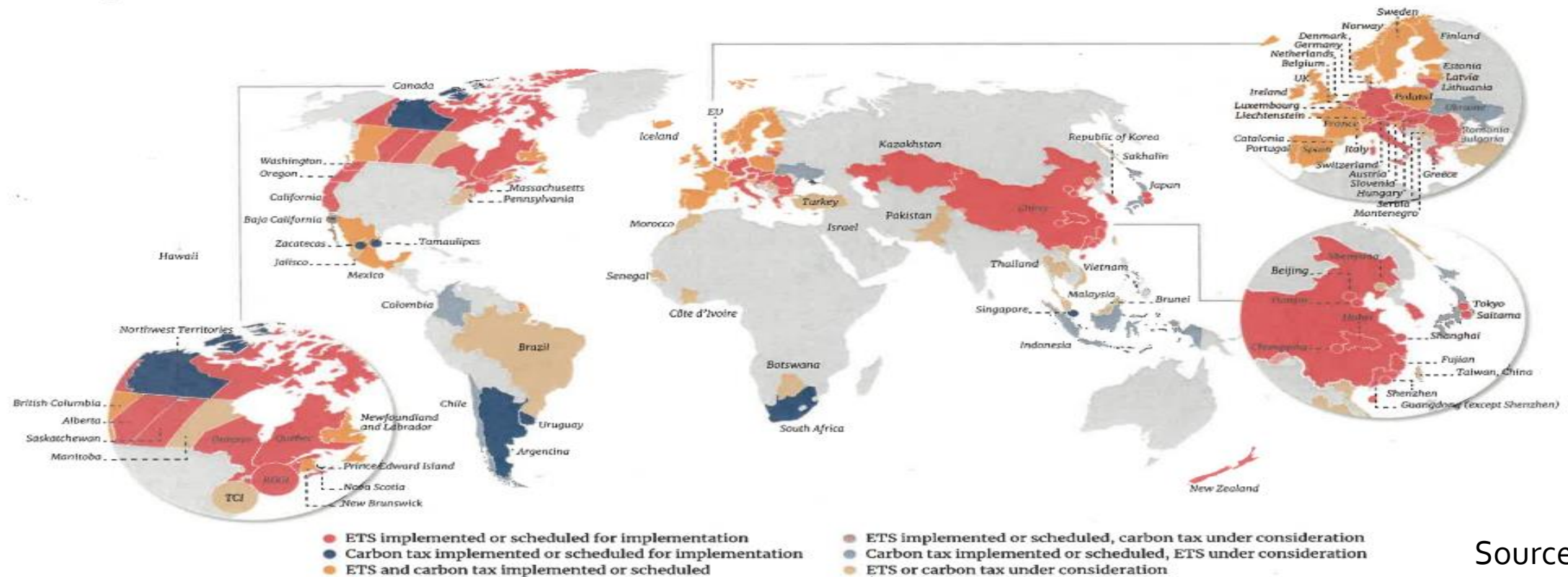
Response: Central Banks Network



Influential: 116 members and 19 observers
(June 2022)

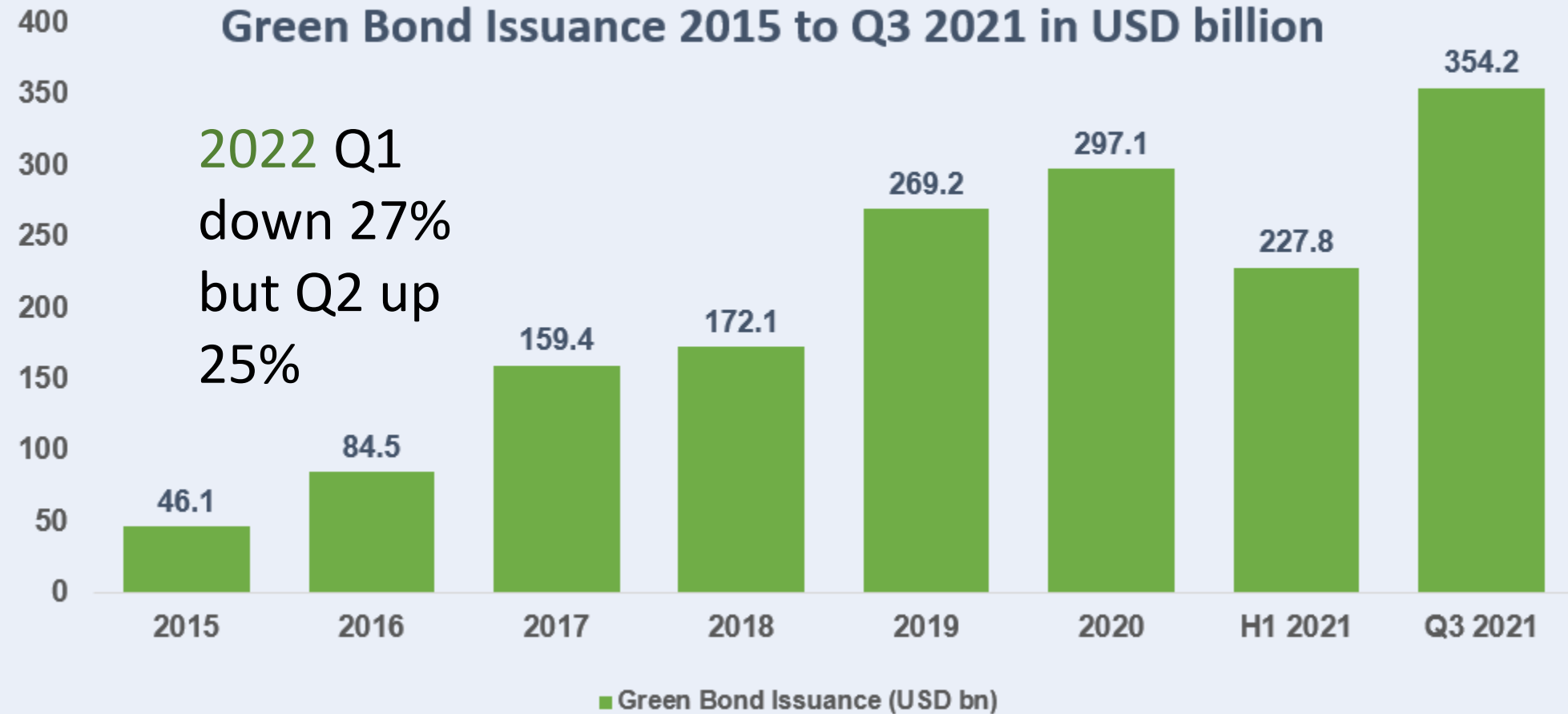
The carbon market growing

FIGURE 1
Map of carbon taxes and ETSS

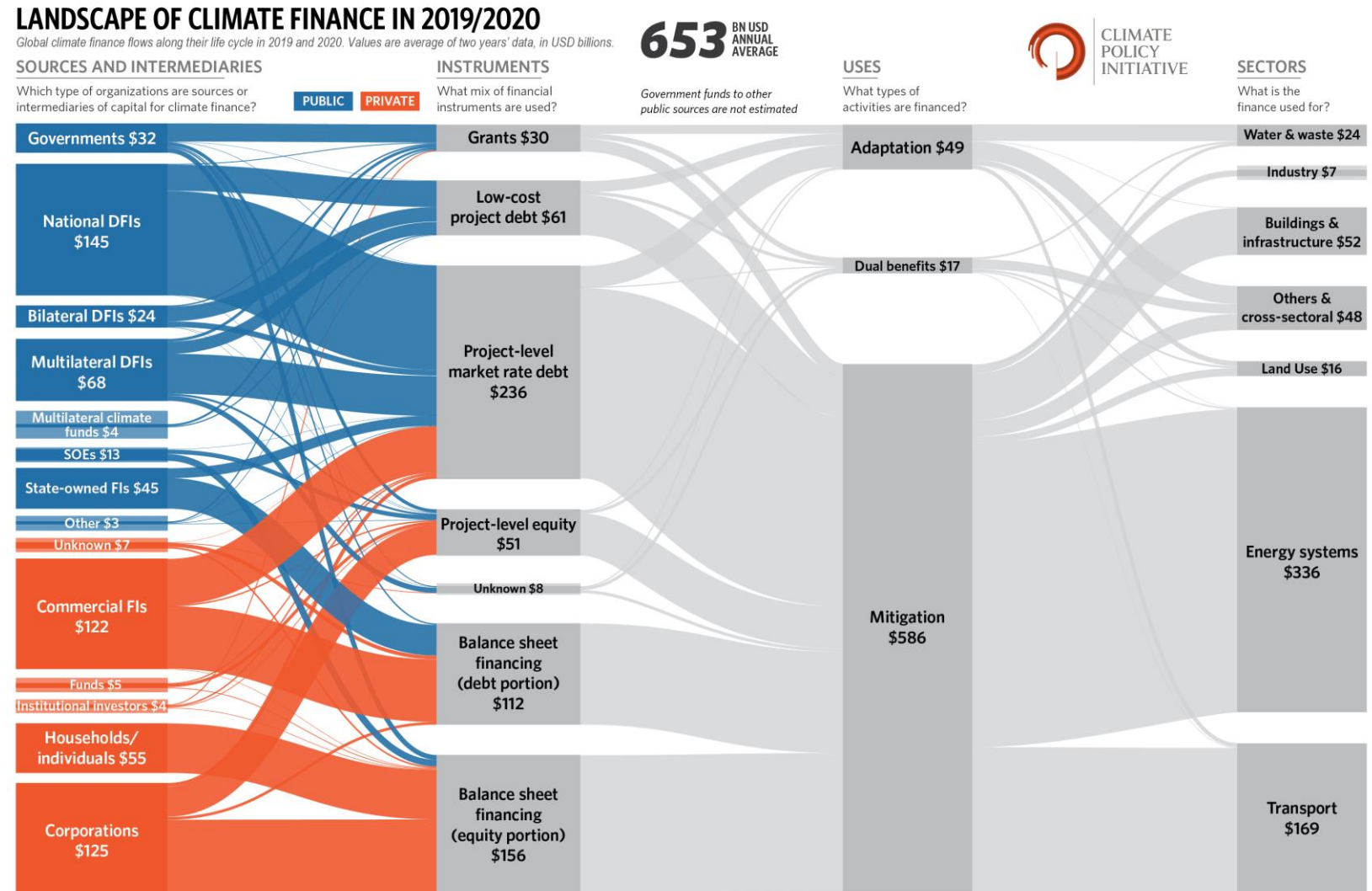


Source: World Bank

Green Bond Issuance 2015 to Q3 2021 in USD billion



Response: climate finance

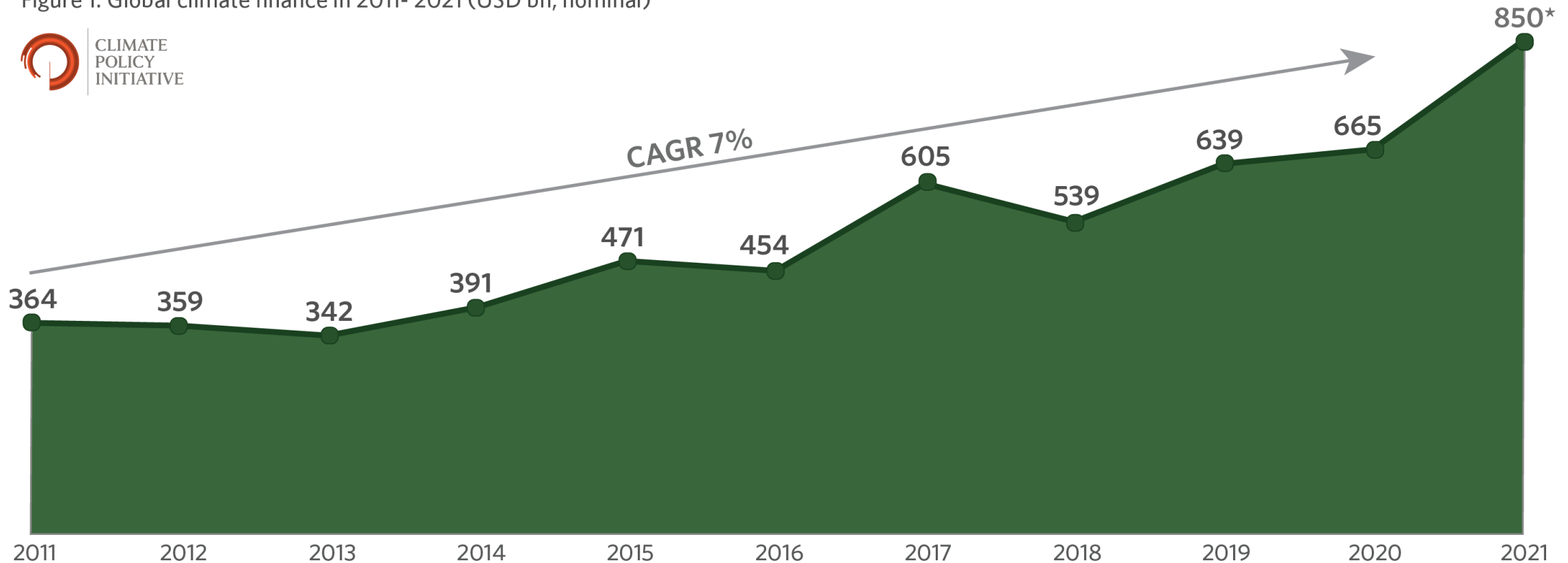


Climate Finance Still Growing

Figure 1: Global climate finance in 2011- 2021 (USD bn, nominal)



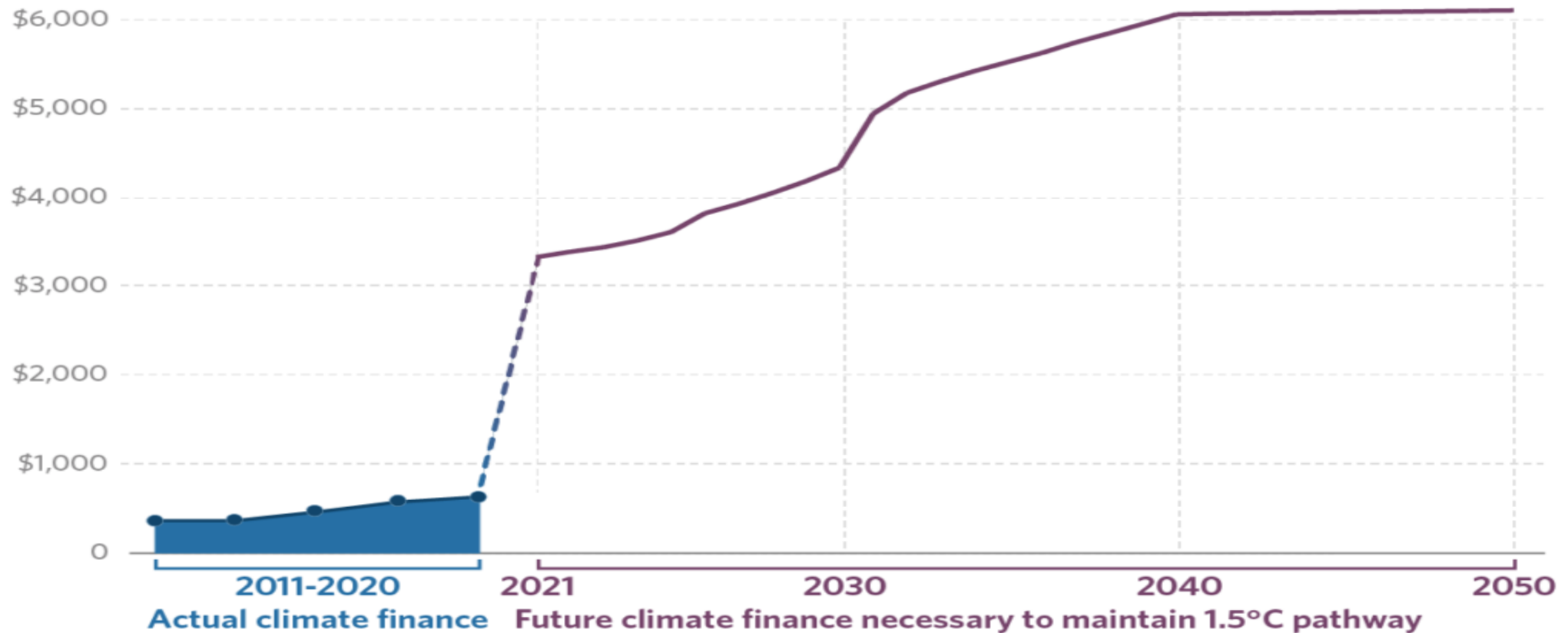
CLIMATE
POLICY
INITIATIVE



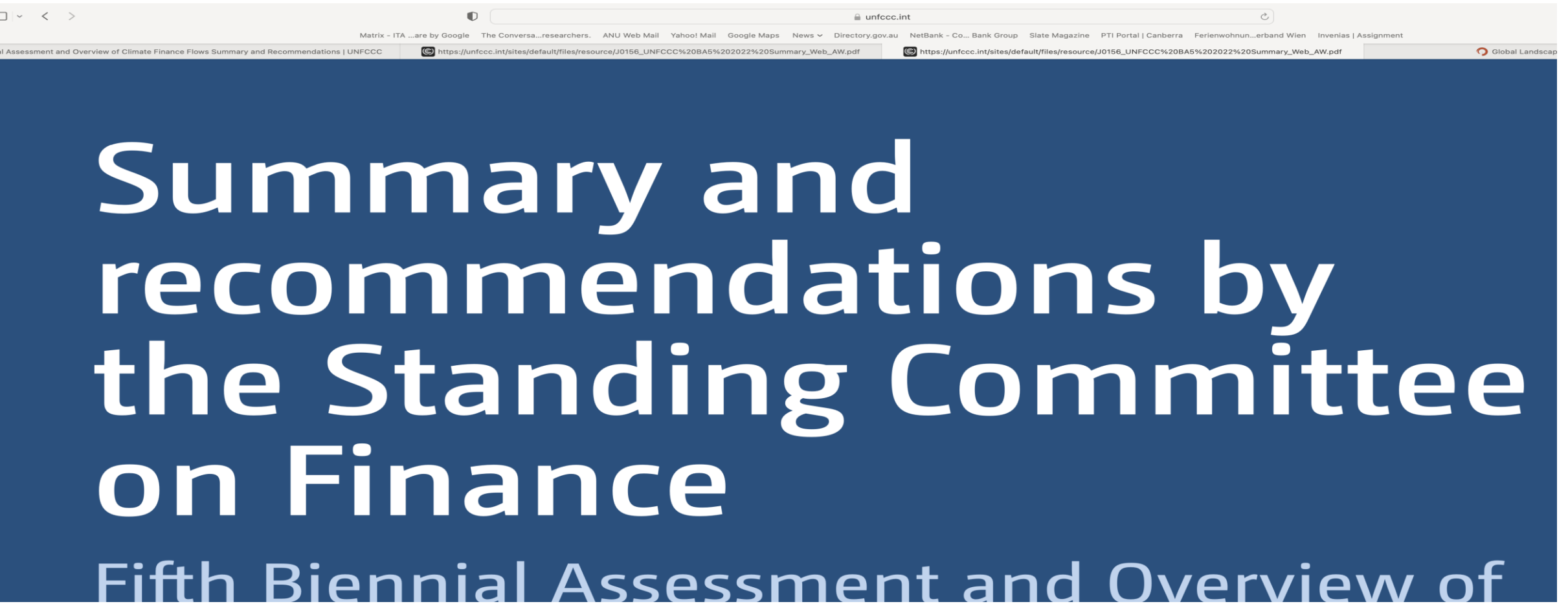
...but far below what is needed

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

(USD billion)



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

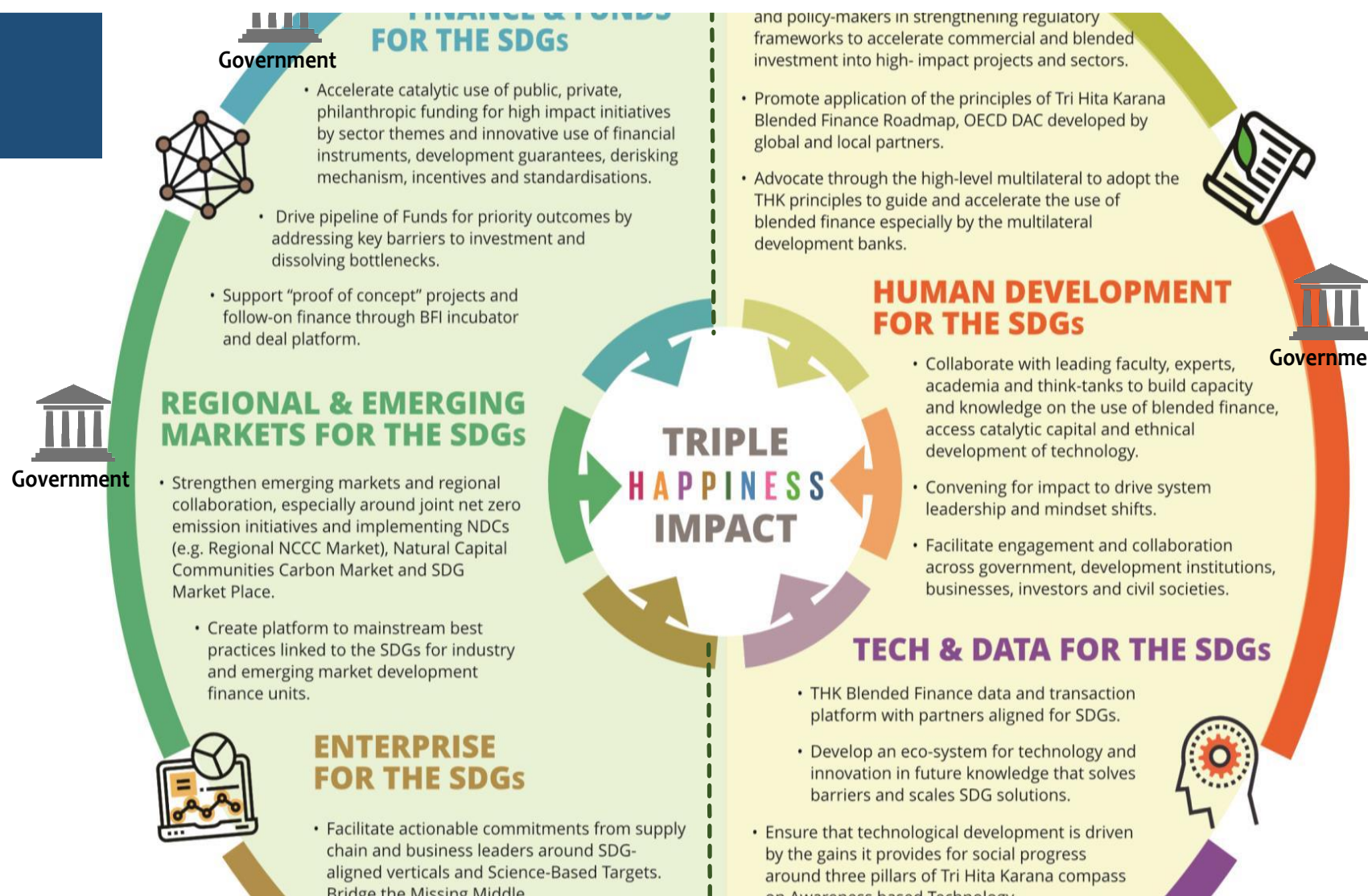
Supporting readiness and
direct access

Indonesia: Stimulating Blended Finance

SIX Priority Functions

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

GLOBAL
BLENDED FINANCE ALLIANCE



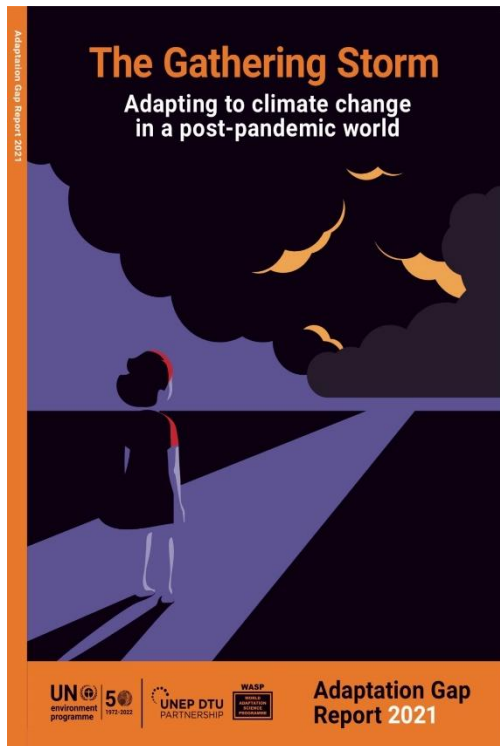
Response: Imperatives for developing countries



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

