



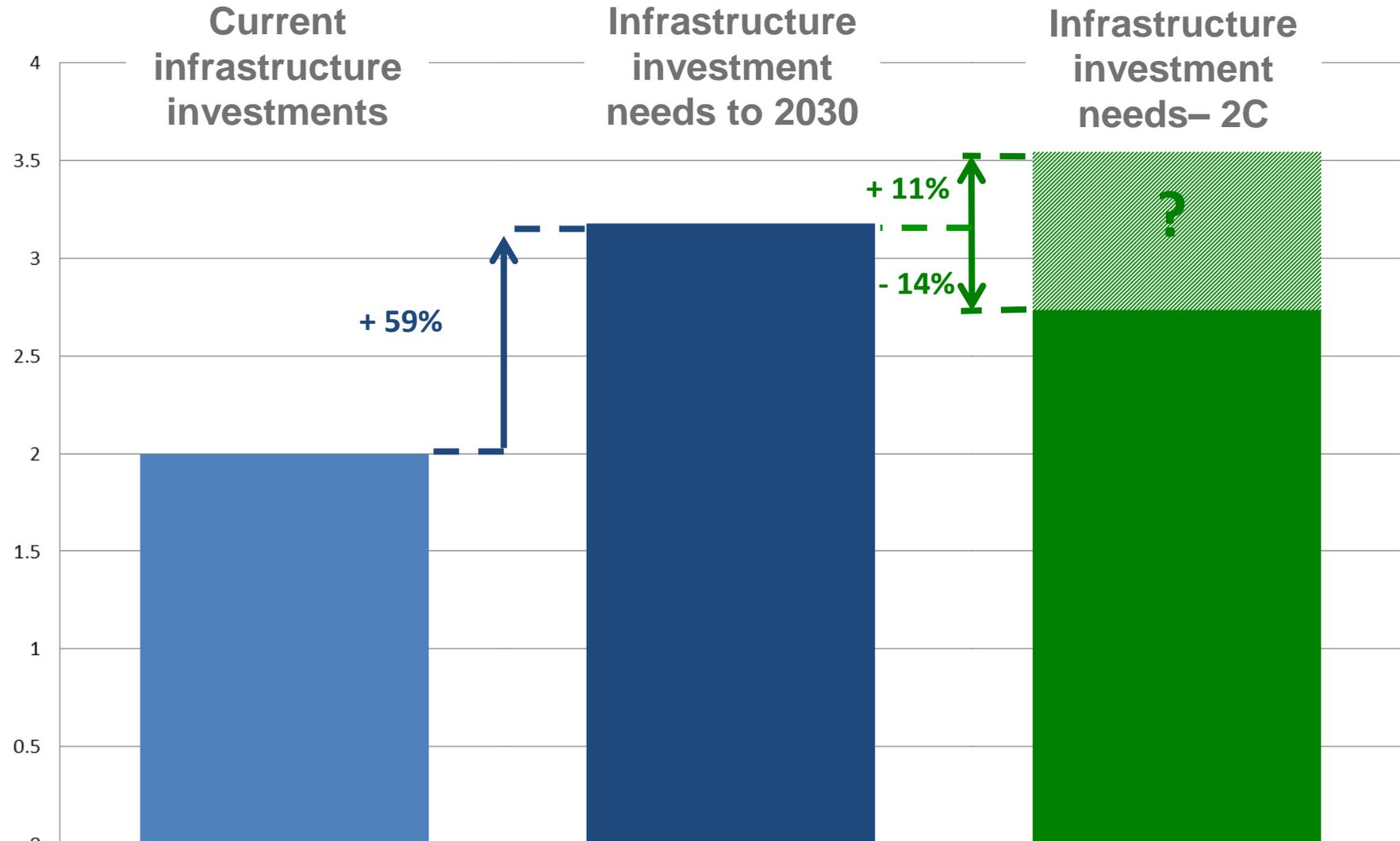
# SECURING CLIMATE FINANCE AND INVESTMENT TO SUPPORT LOW-CARBON AND CLIMATE-RESILIENT GROWTH

Robert Youngman

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# The annual green infrastructure investment gap – *an illustration*



Source: Compilation based on OECD, IEA, ITF, Mc Kinsey, WEF, Kennedy, Corfee-Morlot, J. Energy Policy(2013)



# How to integrate climate & investment policies in a green investment policy framework

## 1. Strategic goal setting and policy alignment

- Clear, long-term and predictable policies
- Align goals at all levels of governance
- Engage the private sector

## 2. Enabling policies for green investment

- Put a price on carbon
- Remove fossil fuel subsidies
- Energy efficiency and product regulations

## 3. Financial policies, tools and instruments

- Financial regulations to drive long-term investments
- Targeted subsidies with predictable phase-out
- Leverage public finance (loans, guarantees, bonds)

## 4. Harnessing resources and capacity

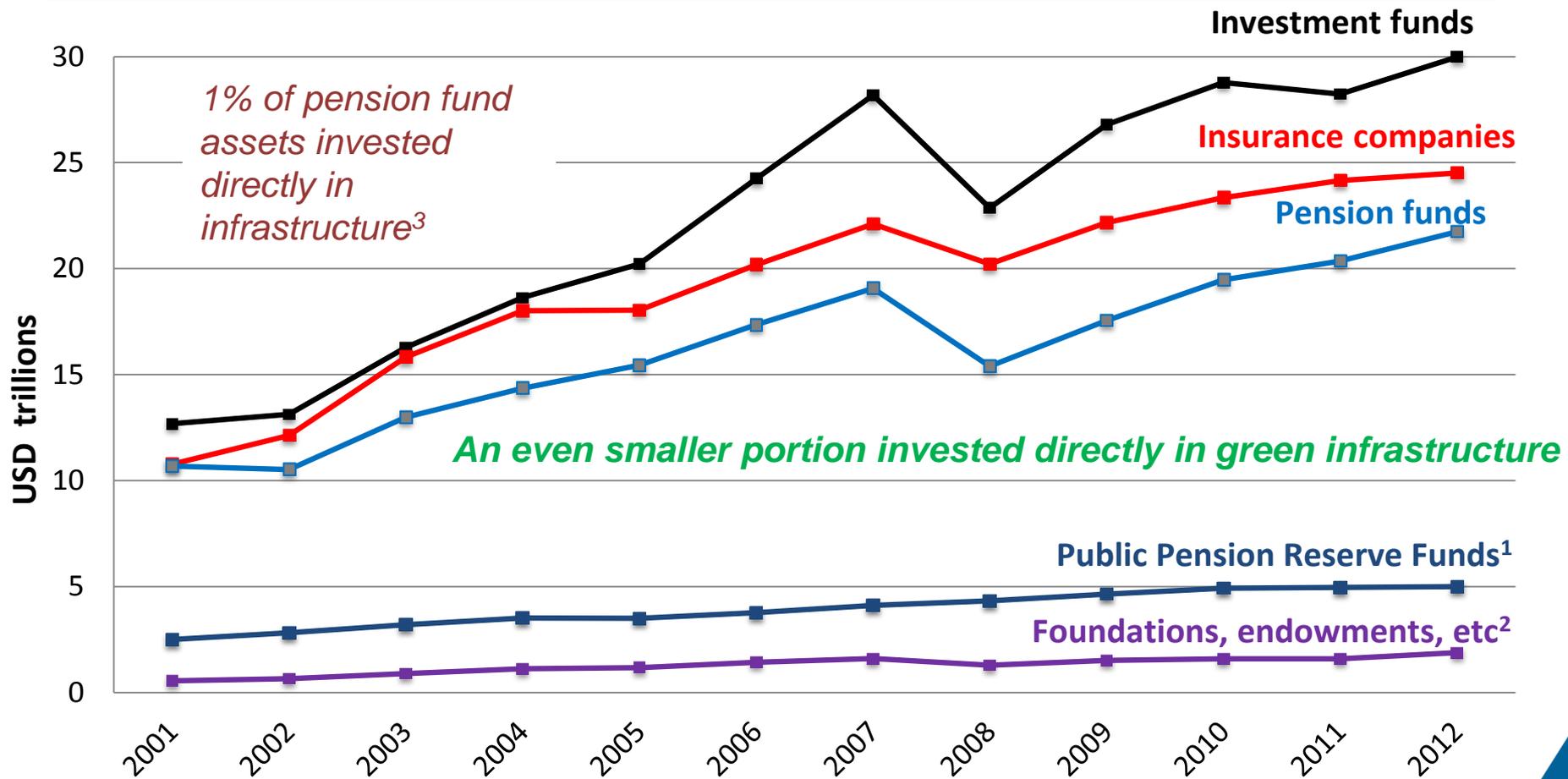
- R&D for green technology
- Capacity building to support LCR innovation
- Monitoring and enforcement
- Climate risk and vulnerability assessment

## 5. Promoting green business and consumers behaviours

- Information policies
- Consumer awareness programmes, public outreach
- Corporate reporting



# \$83 trillion in assets managed by institutional investors in the OECD (2012)



Note: Book reserves not included. Pension and insurance companies' assets include assets invested in mutual funds, which may be also counted in investment funds.

(1) Public Pension Reserve Funds (PPRFs) e.g. Government Pension Fund – Norway or United States' Social Security Trust Fund.

(2) Other forms of institutional savings include foundations and endowment funds, non-pension fund money managed by banks, private investment partnership and other forms of institutional investors.

(3) Source: OECD Large Pension Fund Survey (2013)

Source: OECD Global Pension Statistics, Global Insurance Statistics and Institutional Investors databases, and OECD estimates.



# What are the barriers to institutional investment in green infrastructure?

- **Weak, uncertain or counterproductive environmental, energy and climate policies**
- **Regulatory policies with unintended consequences**
- **A lack of suitable financial vehicles with attributes sought by institutional investors**
- **A shortage of objective information and data to assess transactions and underlying risks**



# Public Finance Institutions can help to overcome barriers

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- Facilitate access to capital
- Reduce risk
- Fill the capacity gap



Thank you!

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**For further information, please visit**

<http://oe.cd/climate>

<http://oe.cd/cop19>