



CLIMATE
POLICY
INITIATIVE

The Sustainable Finance Challenge

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Climate Policy Initiative









\$67.5 billion

Losses from just
five climate-related
disasters in 2018



California

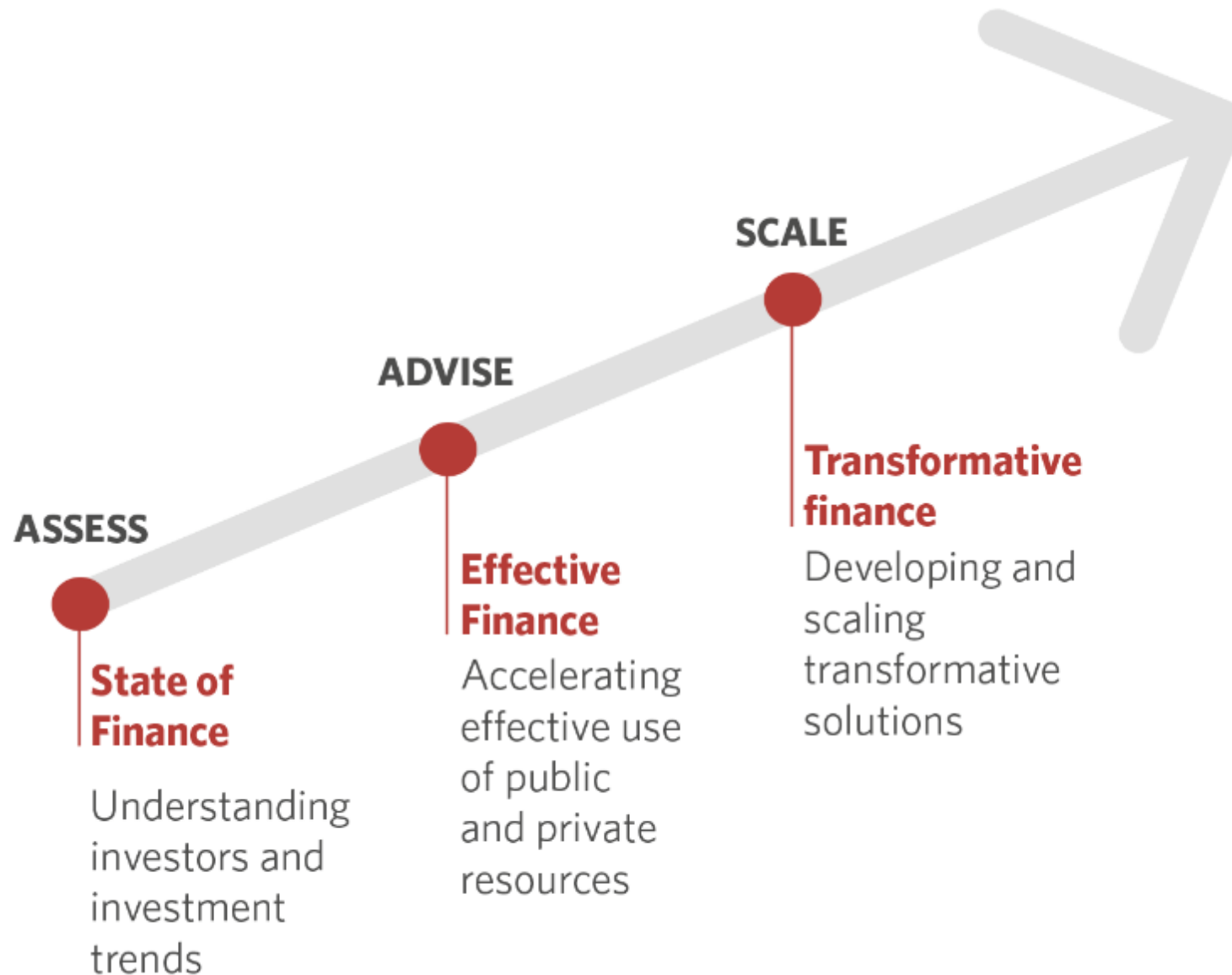


Taiwan



Florida

Climate Policy Initiative



**Driving trillions for
a low-carbon,
climate resilient
economy**

Nations Unies

Conférence sur les Changements Climatiques 2015

COP21/CMP11

Paris France



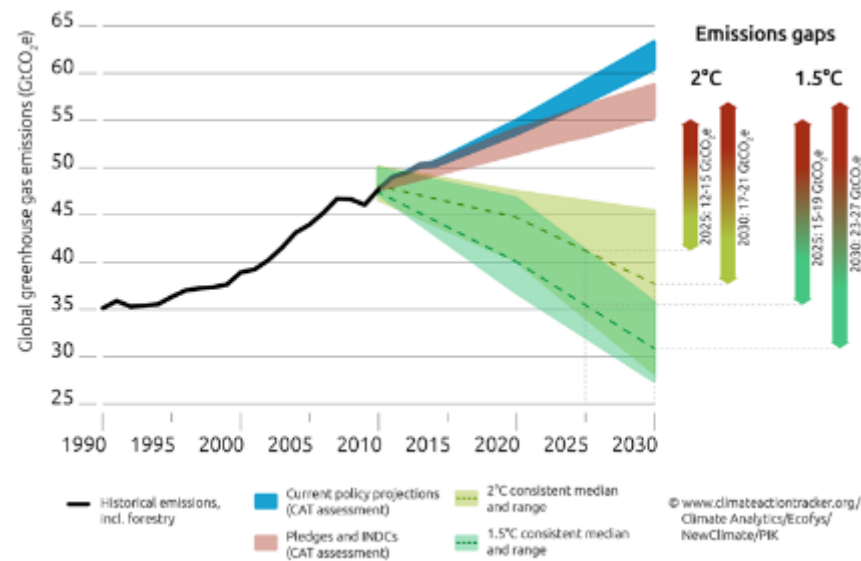




The role of finance

Sustainable investment is critical to tackle the key global challenges of the 21st century

Climate Change – Meeting the Paris Agreement goals and ramping up ambition in emissions reductions



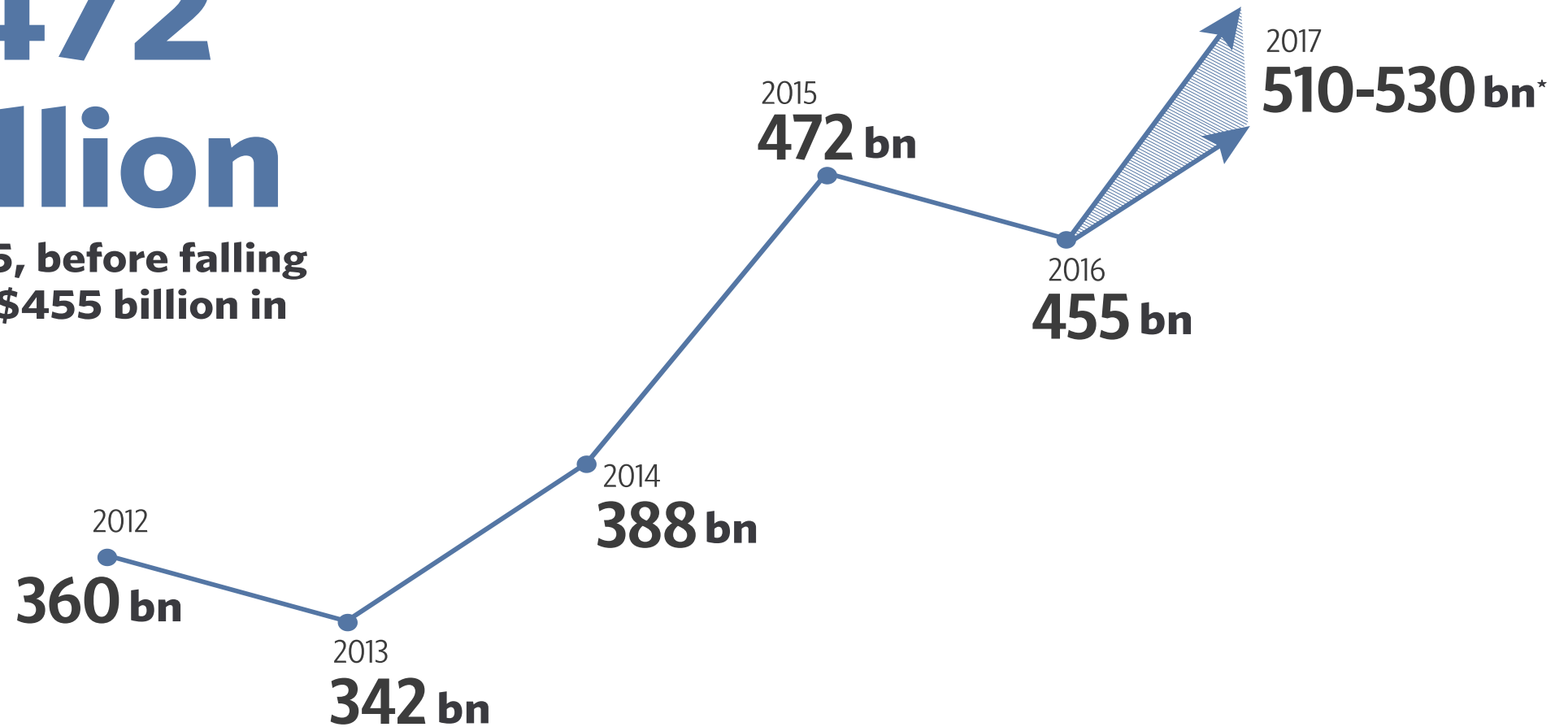
Sustainable Development – Meeting the Sustainable Development Goals



Global climate finance
flows surged to

**\$472
billion**

in 2015, before falling
3% to \$455 billion in
2016.



* Preliminary Estimate



LANDSCAPE OF CLIMATE FINANCE IN 2015/2016

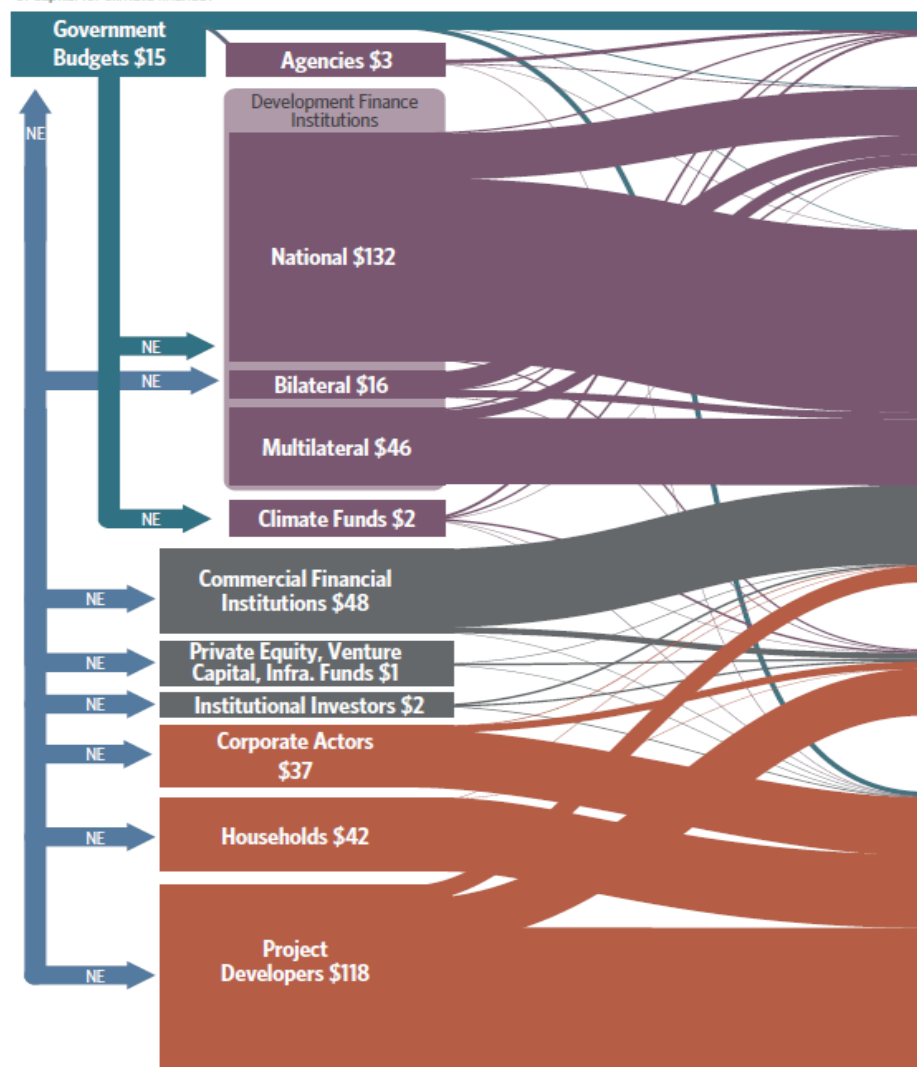
Global climate finance flows along their life cycle in 2015 and 2016. Values are average of two years' data, in USD billions.

463 BN USD
ANNUAL
AVERAGE



SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?



INSTRUMENTS

What mix of financial instruments are used?



RECIPIENTS

Does climate finance go through public or private channels?



USES

What types of activities are financed?



KEY

PUBLIC
MONEY

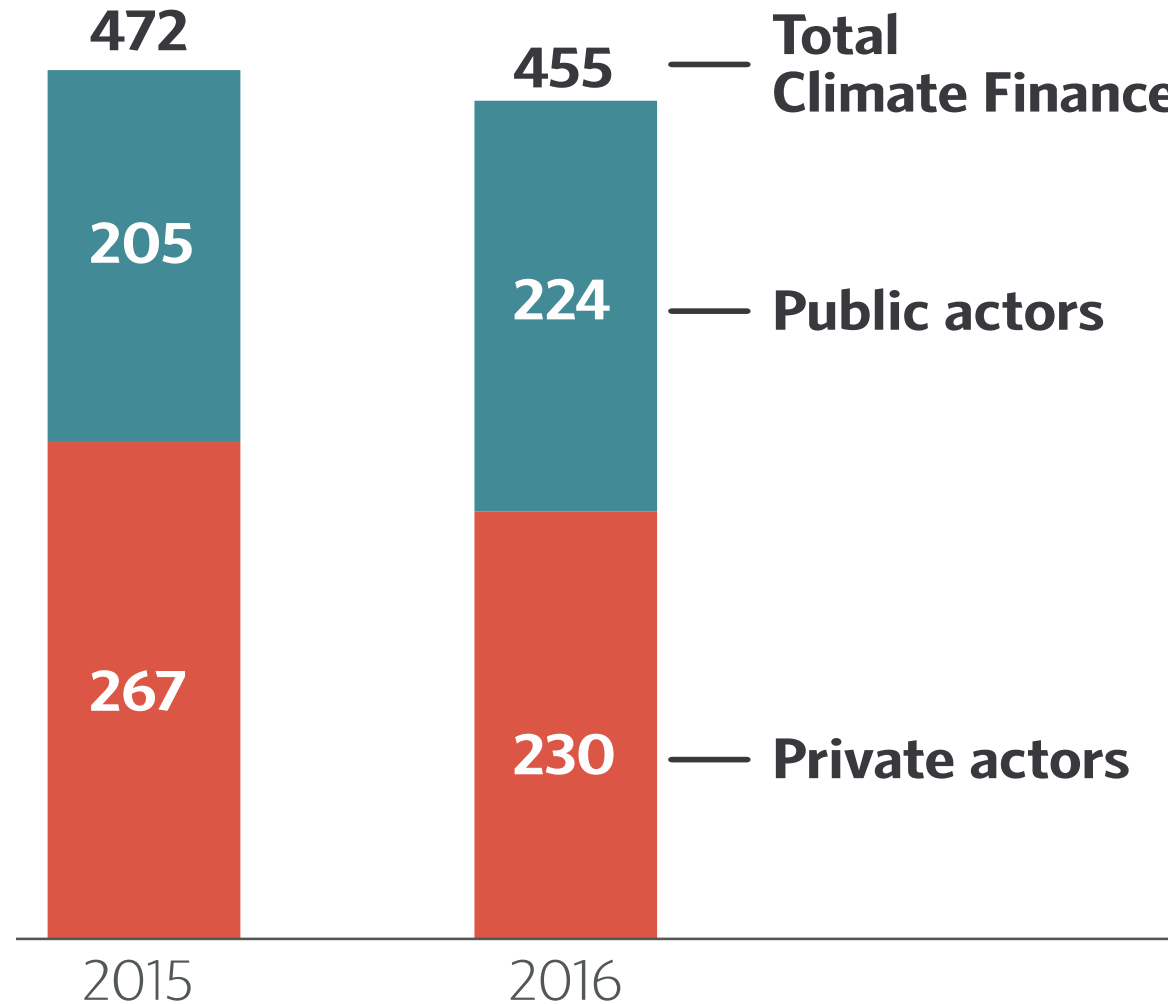
PRIVATE
MONEY

PUBLIC FINANCIAL
INTERMEDIARIES

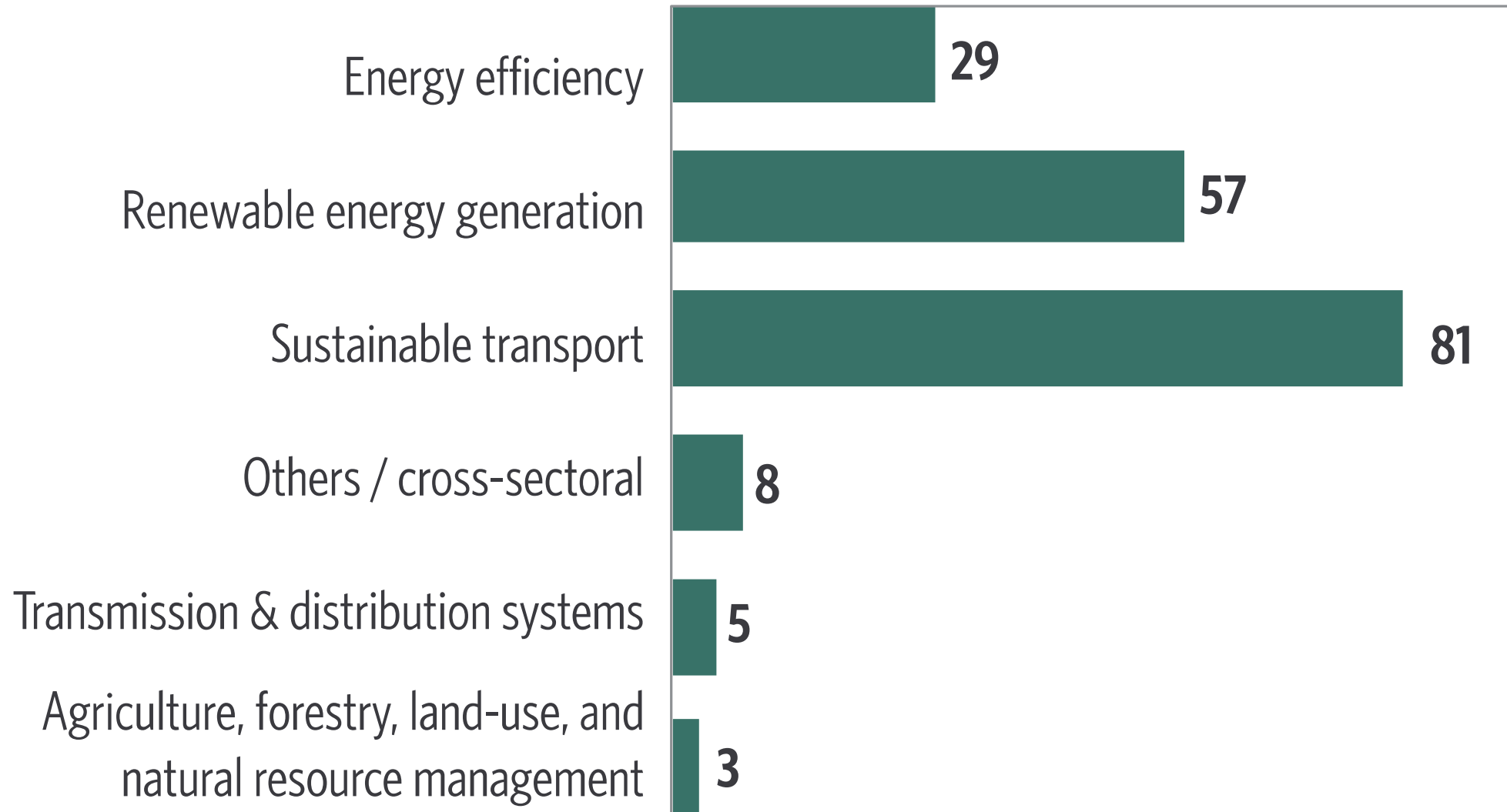
PRIVATE FINANCIAL
INTERMEDIARIES

FINANCE FOR INVESTORS & LENDERS
NE: NOT ESTIMATED

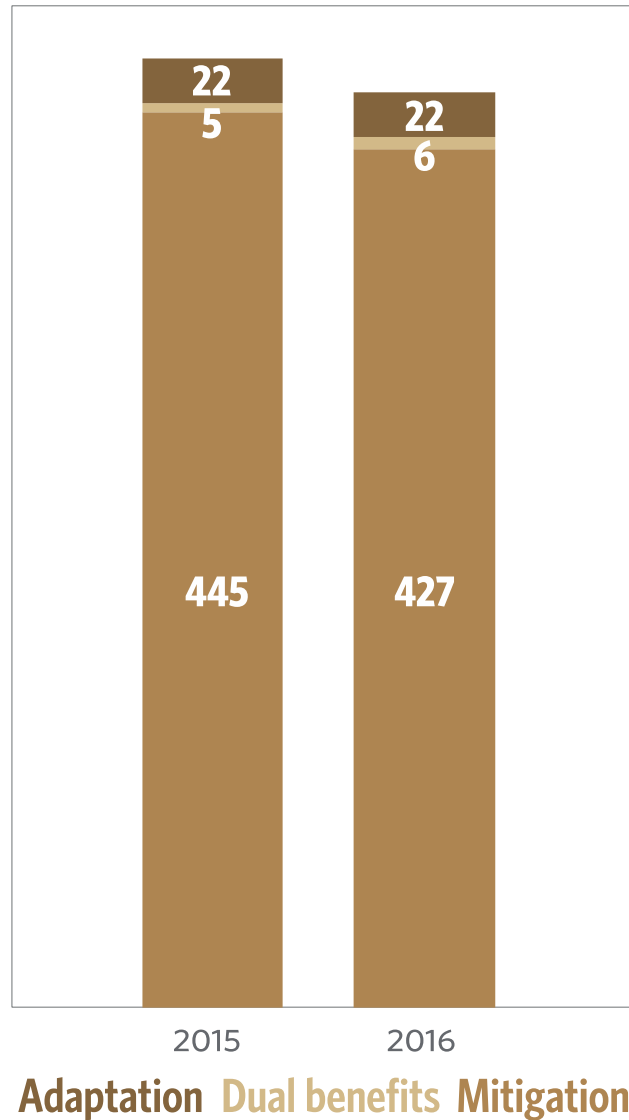
The private sector is doing more than ever, while the overall share of public investment remains steady



In public finance, sustainable transport is the largest segment driven by new data coverage in China



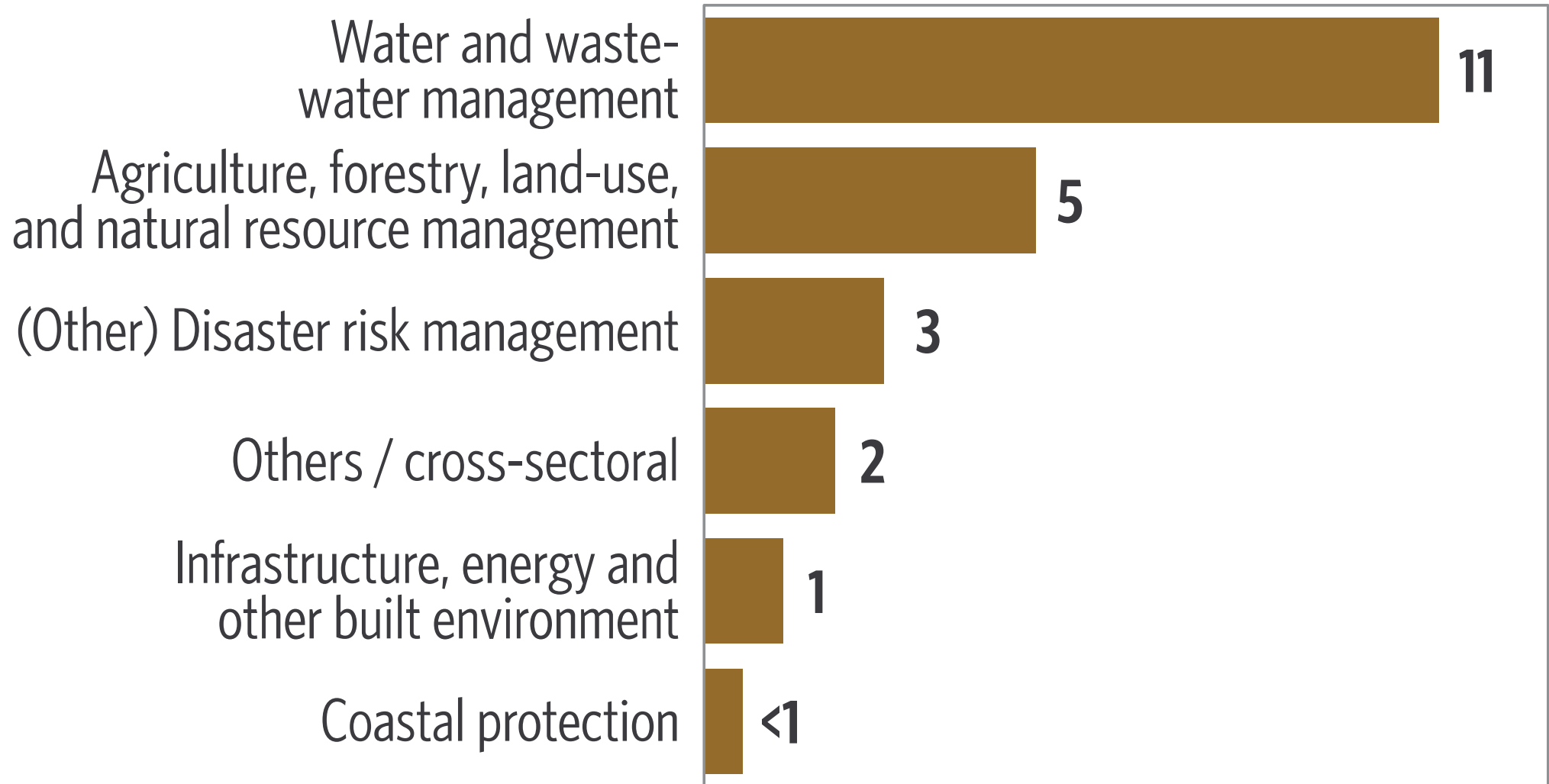
Adaptation finance, at \$22 billion, is a small part of overall flows due to a number of methodological reasons



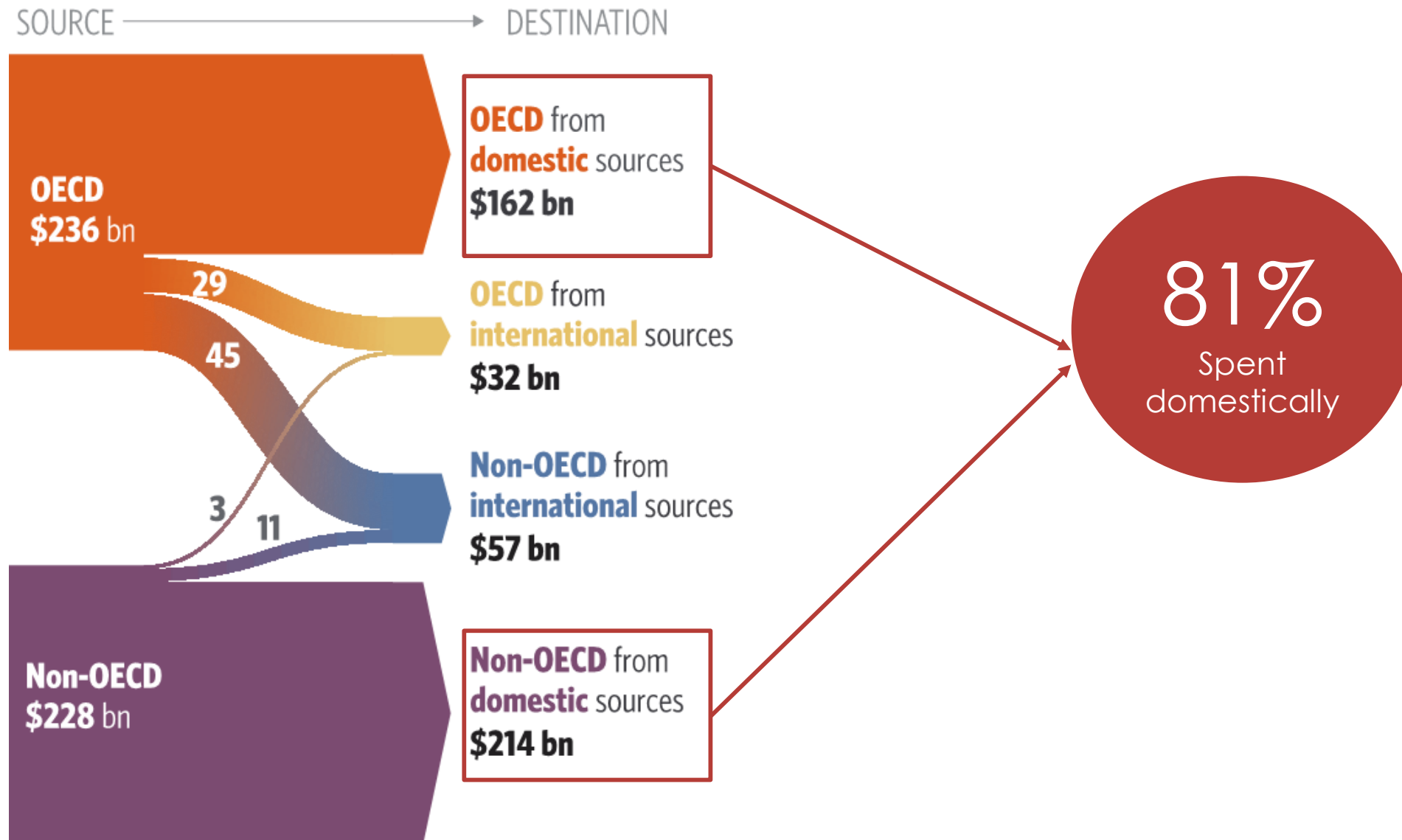
Two aspects make it difficult to compare to mitigation:

1. Only public finance data captured
 2. Incremental investment vs whole cost
- Reporting is patchy

In adaptation, water and wastewater management captured 50% of public finance, on average, during 2015/16



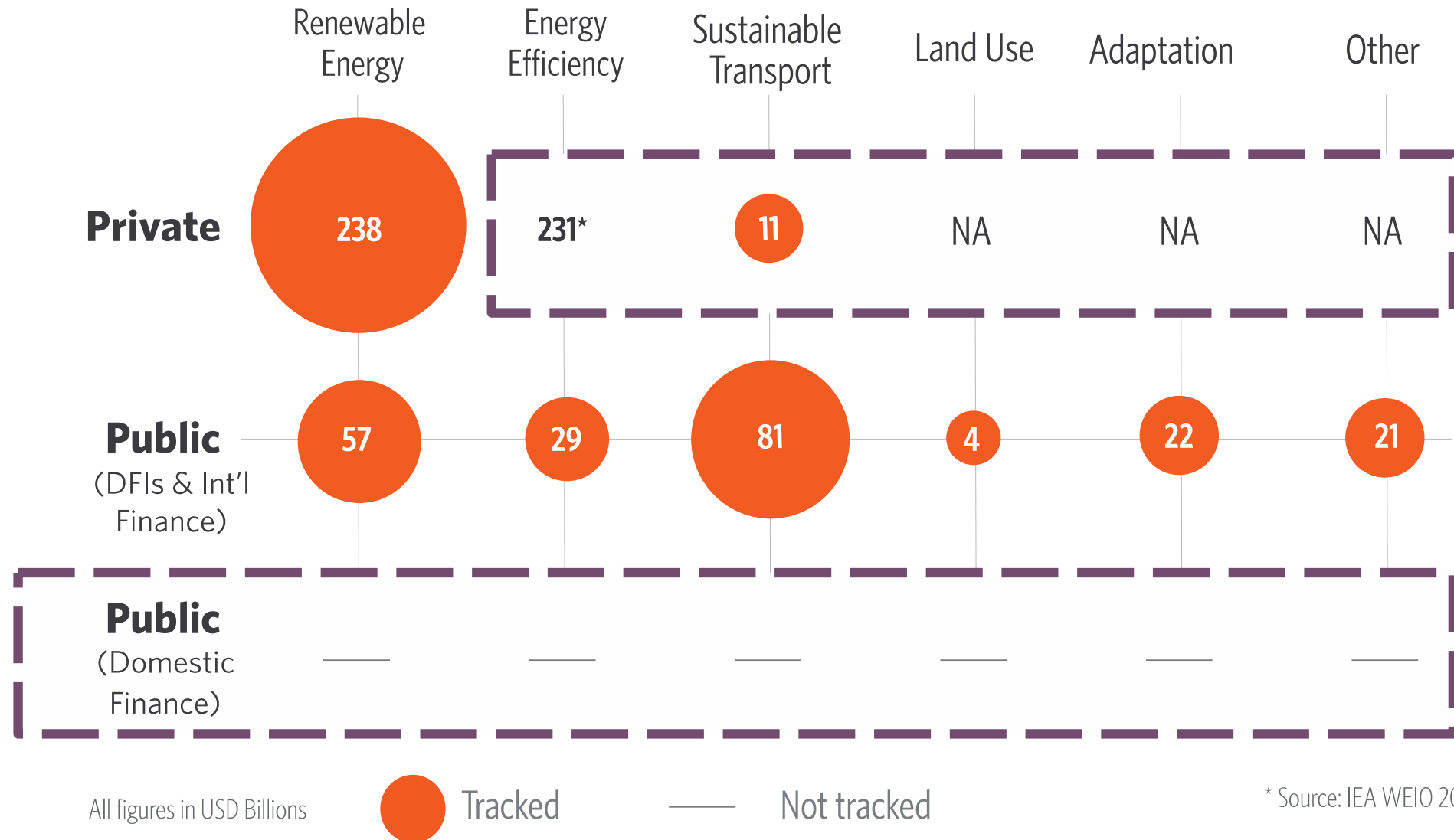
The vast majority of finance is spent domestically



In non-OECD regions, East Asia and Pacific are the largest destination for climate finance



More work needs to be done in tracking climate finance



World Bank to limit financing of coal-fired plants

World Bank to end financial support for oil and gas extraction

World Bank Group Announces \$200 billion over Five Years for Climate Action

Major Financial Institutions Move to Integrate Climate Change



**Sustainable investing is finally 'going mainstream',
BlackRock claims**

**Bank of America commits to \$125 billion
green funding**

Fossil fuel divestment funds rise to \$6tn

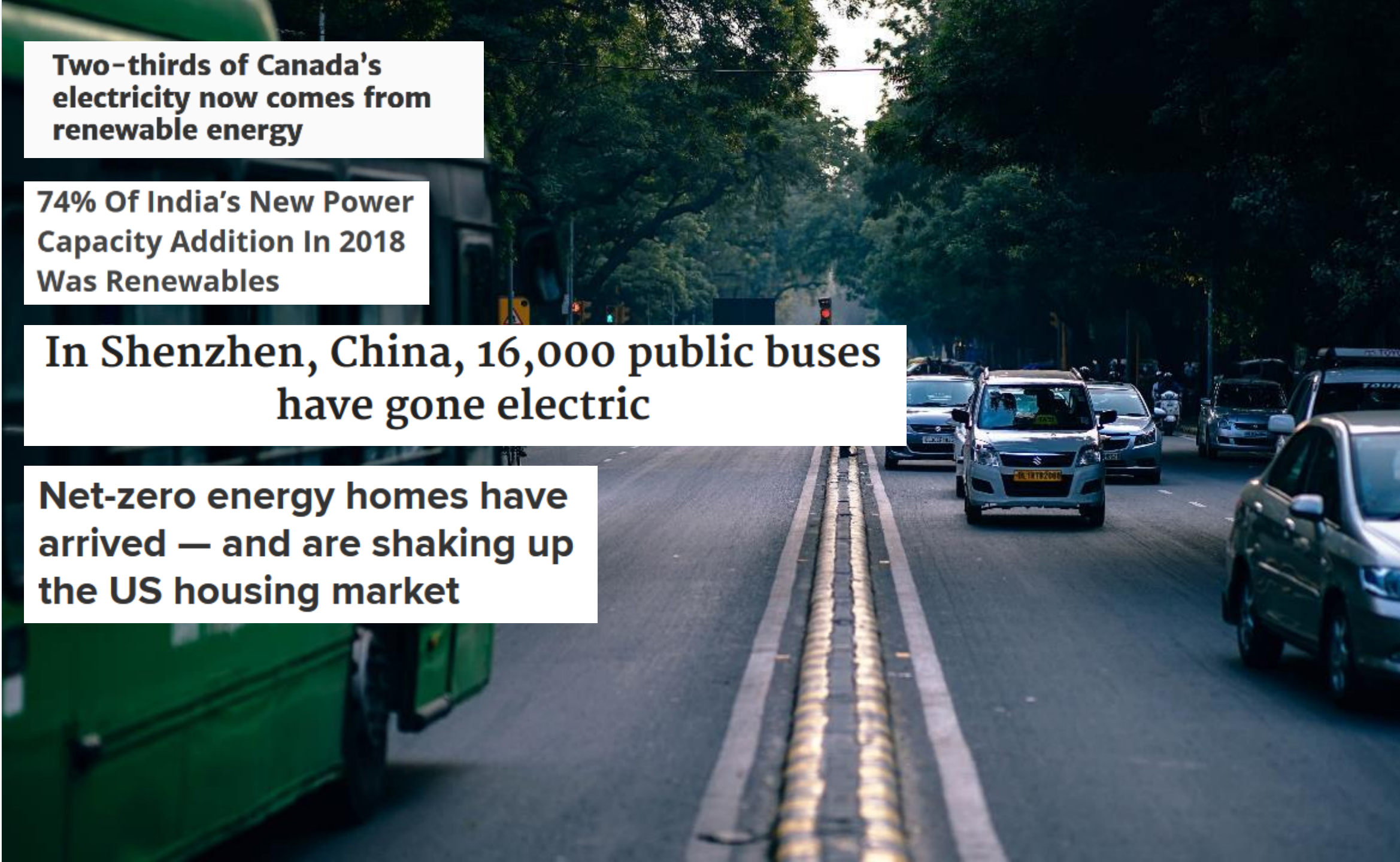
Institutional investors seeking greater ESG disclosure

Two-thirds of Canada's electricity now comes from renewable energy

74% Of India's New Power Capacity Addition In 2018 Was Renewables

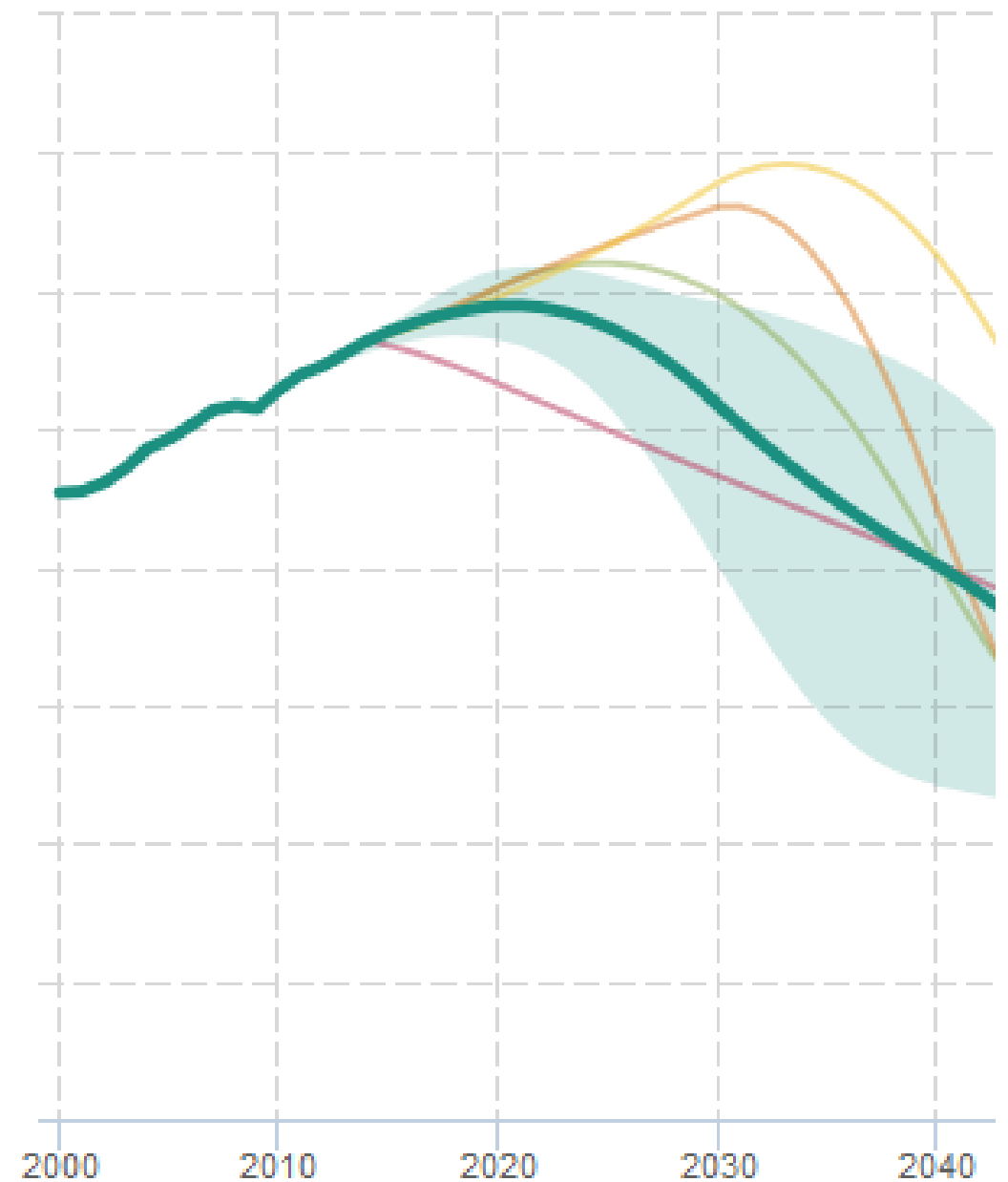
In Shenzhen, China, 16,000 public buses have gone electric

Net-zero energy homes have arrived — and are shaking up the US housing market



2020

Year global emissions
must peak and rapidly
decline



Accelerating action



Countries' financing challenge

- Finance flowing to low-carbon, climate-resilient activities needs to increase considerably.
- All flows of finance across the economy need to become consistent with, and not contrary to, climate objectives.
- Phasing out inconsistent public support not only levels the playing field but also increases the cost-effectiveness of low-carbon and climate-resilient investments.

Long-term strategies must target wider development objectives



- Infrastructure has a long lifetime: investment decisions made now can shape national development pathways for decades to come.
- It is critical that long-term strategies consider wider development objectives in order to finance climate-resilient infrastructure that both delivers development goals and avoids carbon lock-in.



The Lab identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development.

35 instruments launched

60+ public and private Lab Member institutions

300+ supporting experts, nearly half from developing regions

The Lab brings together over 60 institutions to address the sustainable investment gap

FUNDERS



MEMBERS



PAST FUNDERS



SECRETARIAT



\$1.4+ bn

mobilized by
35 instruments for climate
action in developing countries

\$200+ mn

invested by Lab Member institutions

\$1.2 bn

catalyzed in
additional investment

Lab instruments have
mobilized

200x

what funders have invested
in the Lab Secretariat

Lab instruments
have successfully
mobilized over
\$445 million
in investment from
the private sector

More than 90% of measured private finance has come from institutional investors and commercial banks. A small amount has also come from private equity investors.

Private investors also co-invest in projects on the ground, which is more difficult to measure.

The Lab process has five steps

1.



Call for Ideas

The Lab publicizes an open call for innovative sustainable investment solutions

2.



Selection

Lab Members select the most promising ideas to take forward in each annual cycle

3.



Development

Selected ideas benefit from 7 months of analysis, stress-testing, and guidance from experts and investors

4.



Endorsement & Launch

Lab Members vote to endorse and launch the ideas for piloting

5.



Implementation

The ideas move into action and fundraising to launch pilots, with continued support from the Lab network

Financing Adaptation: The Water Financing Facility

2016 Lab Instrument



- **Aims to mobilize \$1 bn** equivalent in local currencies through local bond market
- **\$15.4 mn in investment secured** from seven sources
- **Seeking approximately \$75 mn** in total co-financing support



- Aims to provide sustainable access to safe water and sanitation to **20 million people**
- Target growth to **8 countries**

Mobilizing Private Investment: Climate Investor One

2015 Lab Instrument



- Aims to catalyze **~\$2.5+ bn in private sector funds** at construction phase
- **Has raised \$555 mn** across Development & Construction Equity funds so far
- **Has deployed \$50 mn** into inaugural construction project CleanTech Solar, a pan-Asia rooftop solar platform



- Targets **~4,800 GWh** (1,700MW) in electricity generation per year
- Will reduce **~1.8 mn tons of CO2e** emissions each year
- Will serve **~12 mn people** over project lifetimes

Supporting the SDGs: Long-Term FX Risk Management

2015 Lab Instrument



- Hedged **\$240 mn of climate-related investment** in 11 countries
- Total currency risk managed **grew 40%** from 2017 to 2018
- Has a portfolio of exposure to almost **60 hard-to-hedge currencies** in developing countries

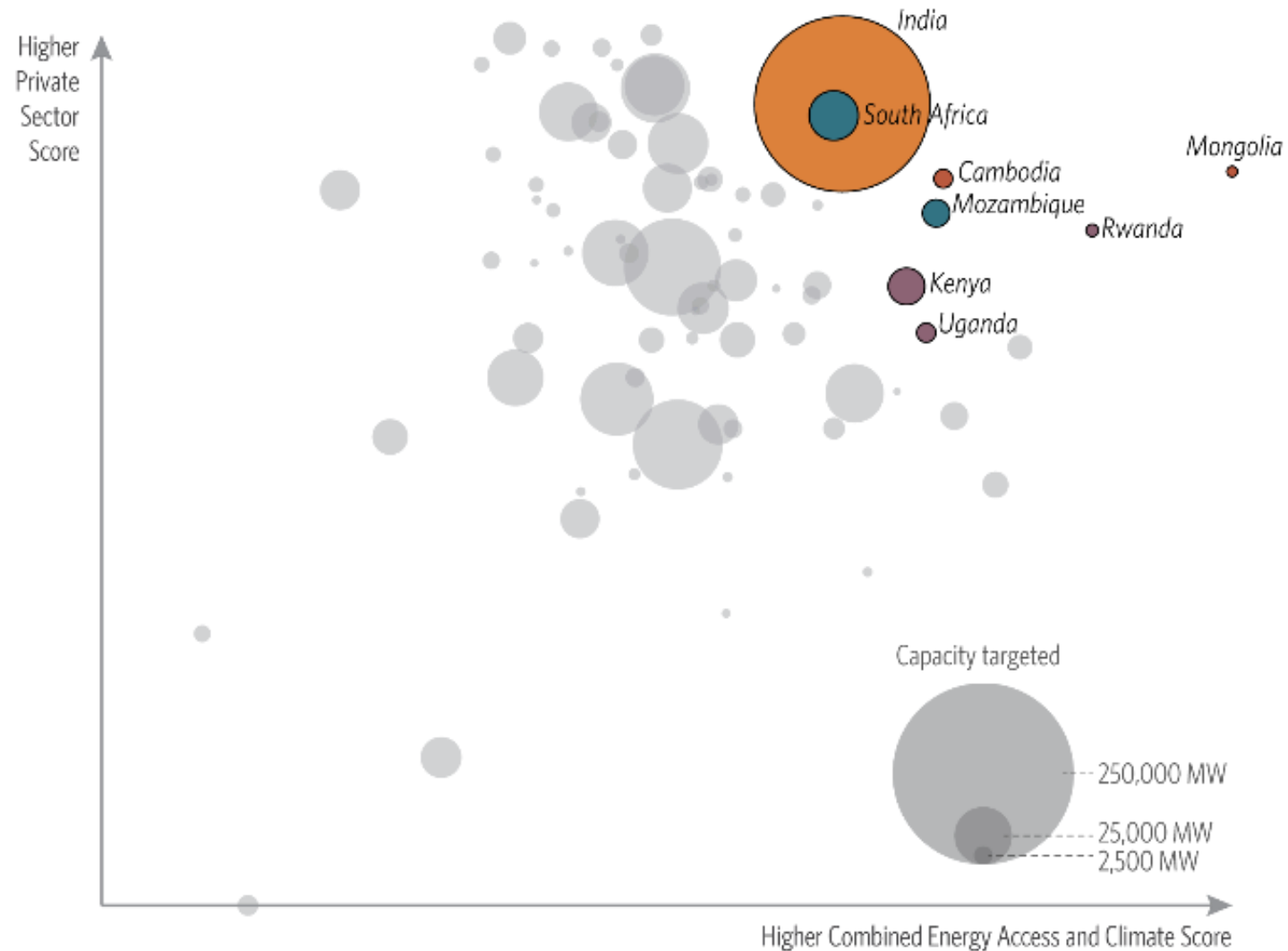


Supported projects include:

- M-KOPA – has provided **solar home systems** to more than **500,000 low-income households** in Kenya, Tanzania, and Uganda
- InsuResilience Investment Fund – provides household **weather insurance** in Georgia

The opportunity

The Opportunity: USD 360 bn for blended finance in clean energy



\$26 trillion

Conservative estimate
of economic benefits
of low-carbon growth
by 2030



\$26 trillion

Combined annual
GDP of Canada,
India, Brazil and the US





Contact

CPI: www.climatepolicyinitiative.org

The Lab: www.climatefinancelab.org

USICEF: www.usicef.org

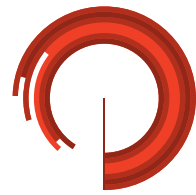
Global Landscape of Climate Finance:
www.climatefinancelandscape.org



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Thank You