



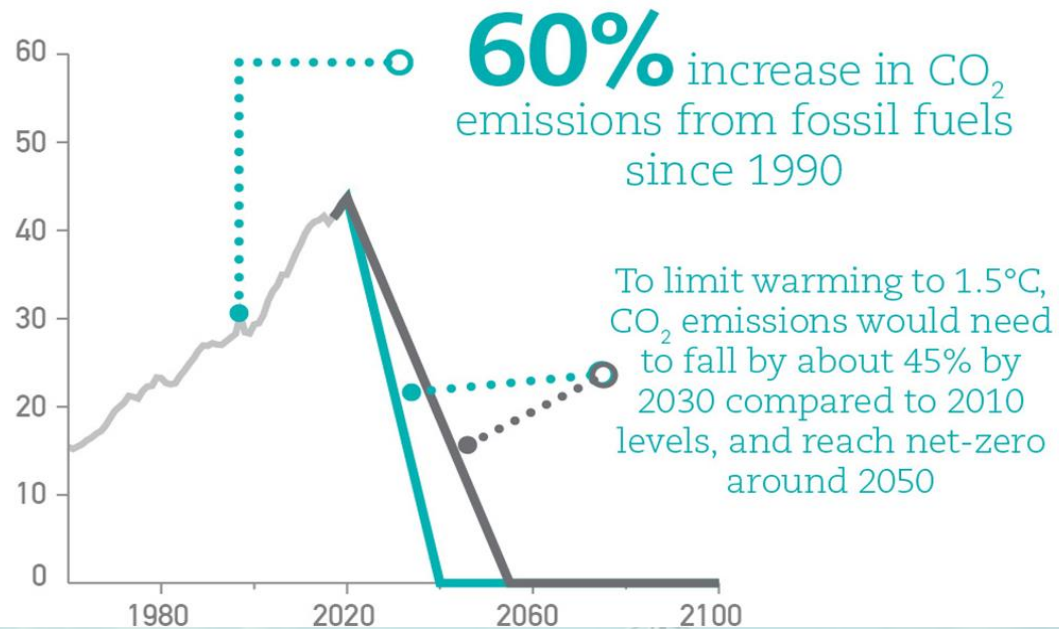
Green Finance Policies in Asia, ADBi Deep Dive Workshop, ACEF 2020

Cecilia Tam, Team Leader, OECD Environment Directorate

# We have just over a decade to drastically reduce emissions

## STYLISED NET GLOBAL CO<sub>2</sub> EMISSION PATHWAYS

Billion tonnes CO<sub>2</sub> per year (GtCO<sub>2</sub>/yr)



# 6.9T

USD/year is needed to support climate and development objectives until 2030; of which...

# ...2.7T

USD/year for low-carbon energy investments

...Resulting in

# +Δ 4.7% GDP by 2050

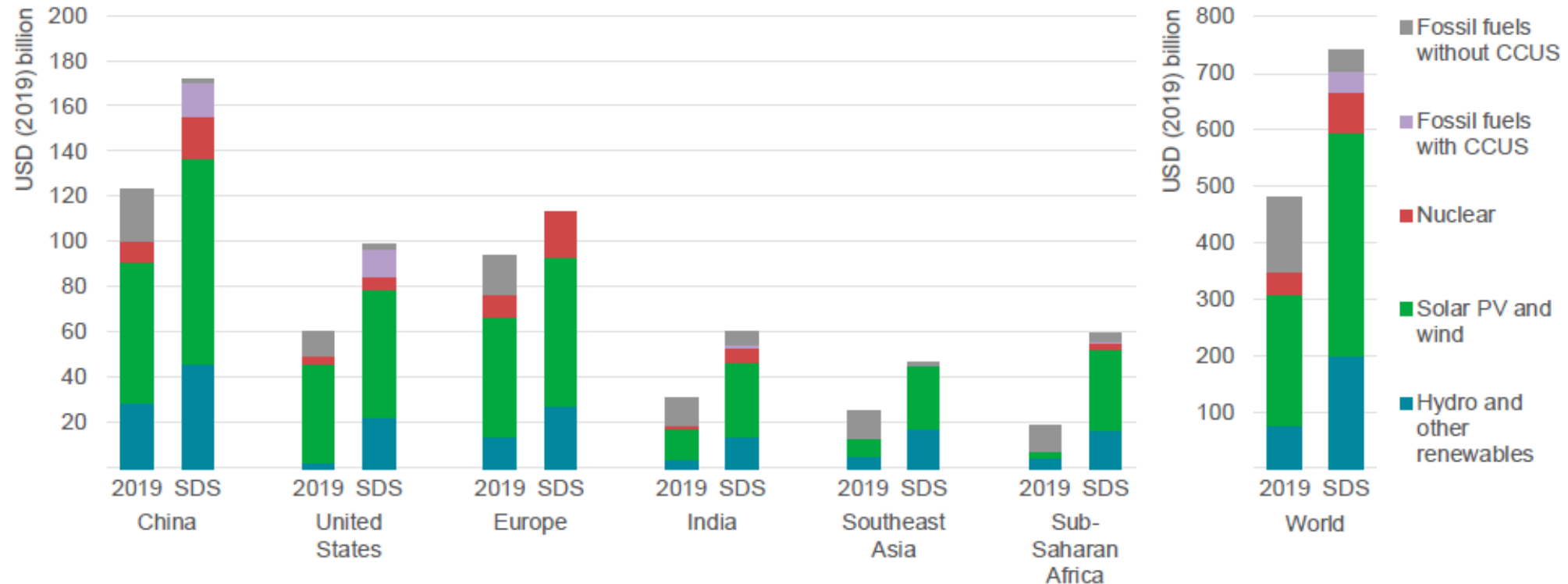


Financing Climate Futures  
RETHINKING INFRASTRUCTURE



# Rapid scale up and reorientation of investments required to reach decarbonisation goals

## Annual power generation investments in 2019 compared to annual investment needs SDS 2025-2030



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Note: SDS = annual average investment from 2025-30 in the IEA Sustainable Development Scenario.



# Six transformative areas

*to align financial flows with low-emission, resilient infrastructure*  
*This presentation focuses on clean energy*

## BUDGET

Disentangle public budgets from fossil fuel revenues



## RESET

Reset the financial system in line with long-term climate risks and opportunities



## INNOVATE

Unleash innovation in technologies, institutions and business models



## RETHINK

Rethink development finance for climate



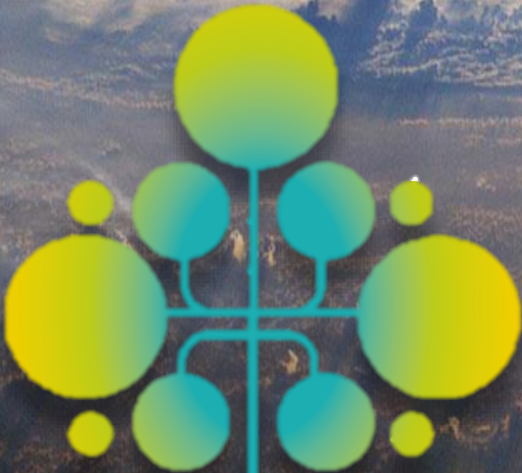
## PLAN

Plan infrastructure for a low-emission and resilient future



## EMPOWER

Build low-emission and resilient urban societies





There is increasing momentum for change in the financial system, with a growing number of initiatives that harness the financial system to drive the low-emission transition

**RESET**  
Reset the financial system in line with long-term climate risks and opportunities



**INCREASES IN SUSTAINABLE FINANCE BETWEEN 2013-2017**

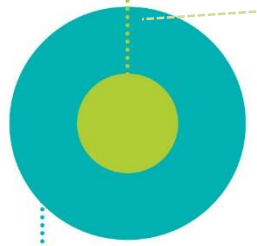
**2X** sustainable finance measures and  
**4X** international initiatives to promote sustainable finance

Source: UNEP Inquiry (2018)

**GREEN BOND MARKET**

**\$3bn** in 2011

**\$163bn** in 2018



**\$895bn** in 2018 including climate-aligned bonds

Source: Climate Bonds Initiative (2018)

With around half of the proceeds allocated to clean energy according to the Climate Bond Initiatives



**RETHINK**  
Rethink  
development finance  
for climate



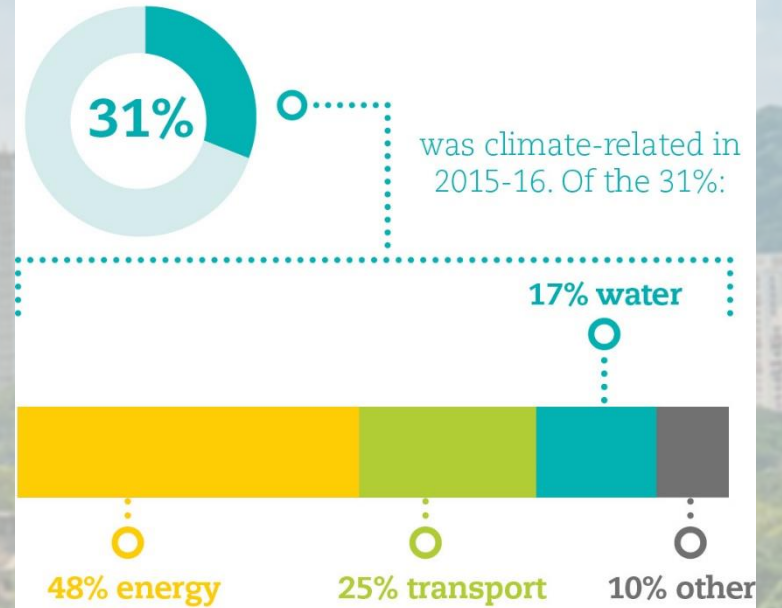

**DEVELOPMENT BANKS**

**\$35bn** committed  
in 2017 in climate finance by  
development banks

a **28%** increase from  
2016

Source: IDB et al. [2017]

**MDB COMMITMENTS TO  
INFRASTRUCTURE SECTORS<sup>3</sup>**



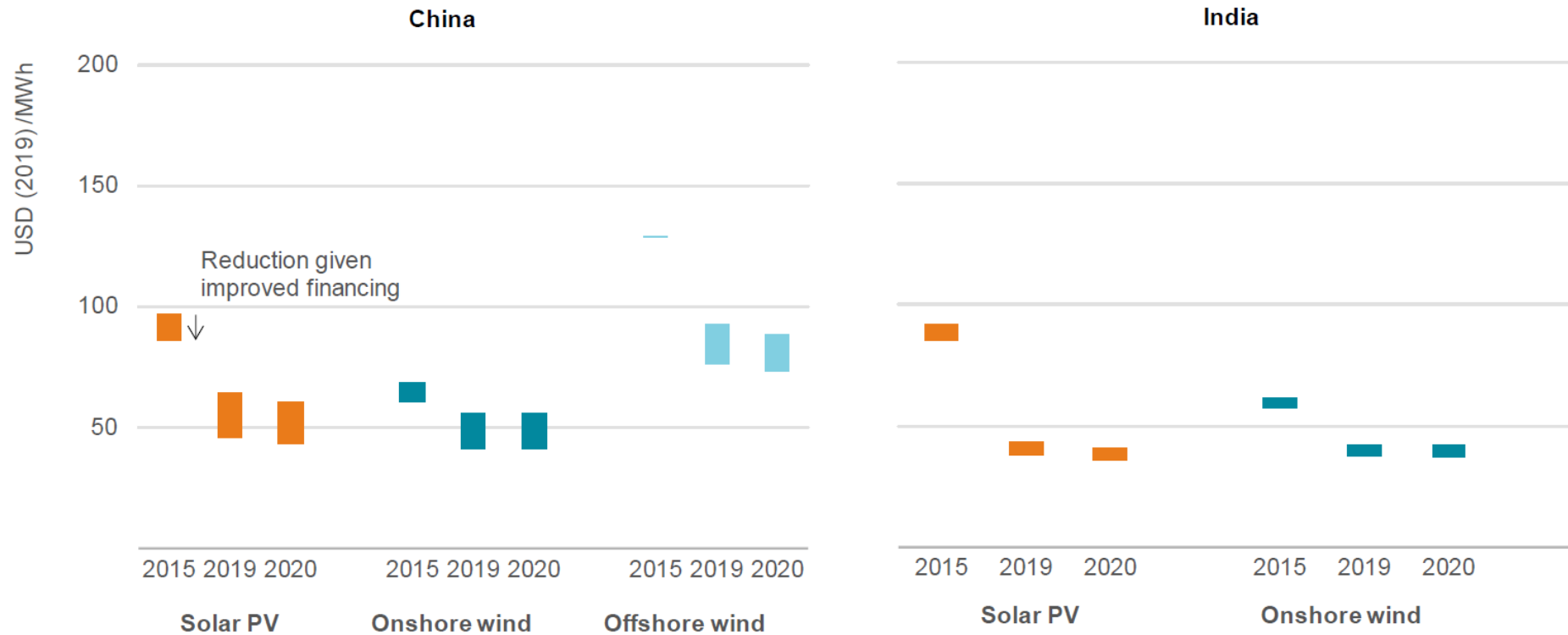
**Action area:**  
Strengthen development banks' mandates and  
incentives by aligning portfolios with climate goals





# Improved financing conditions helping to drive down the cost of solar and wind

**Impact on LCOE for newly commissioned renewable power capacity, by level of financing costs**



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Notes: Figures are indicative estimates (expressed in real terms). Upper limits of the columns show the levelized cost of electricity (LCOE) level using a standard weighted average cost of capital (WACC) representing average market risk (8% in advanced economies and 7% in developing economies). The length of the column illustrates how much the LCOE of the technology in the specific region has dropped as a result of reduced financing costs. Capital costs are based on commissioning dates and the terms of the WACC are based on financial close.

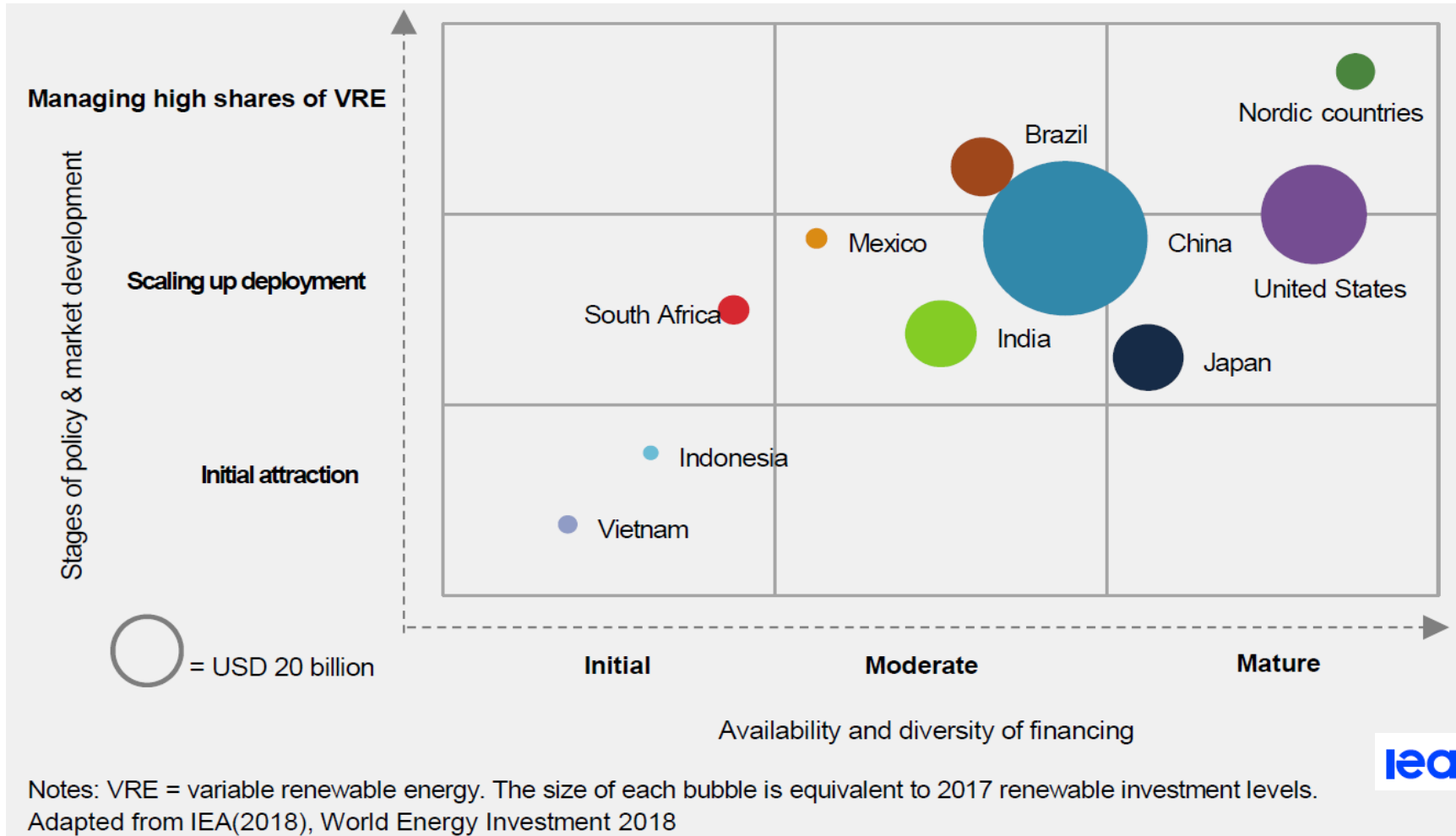
Source: IEA analysis based on technology capital costs from IRENA (2020).





# Ensure supportive policies to develop pipelines of bankable clean energy projects

## Stages of policy, market & financing for renewable investment, selected countries in 2017







# CEFIM Overview



Clean Energy Finance and Investment Mobilisation (CEFIM) is an OECD programme funded by Denmark

**Aim:** to accelerate clean energy finance and investment by strengthening domestic enabling conditions

**Technology scope:** grid-scale renewable generation and energy efficiency in buildings and industry

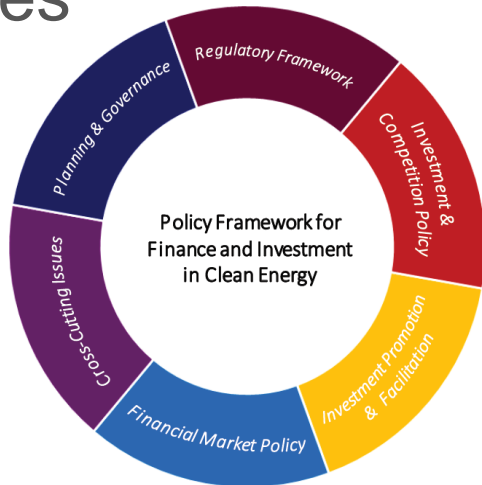
**Activities:**

- i) Clean energy finance and investment review
- ii) Policy technical assistance
  - **CEFI Database**
- iii) In-country investor dialogues
- iv) Regional peer learning



# An integrated approach to unlocking investment for sustainable growth

Holistic analysis of policies



Enhanced capacity via targeted policy support



Accelerated investments



Highlighting best practices





**THANK YOU**

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