

April 2010

## What role for finance in climate policy?

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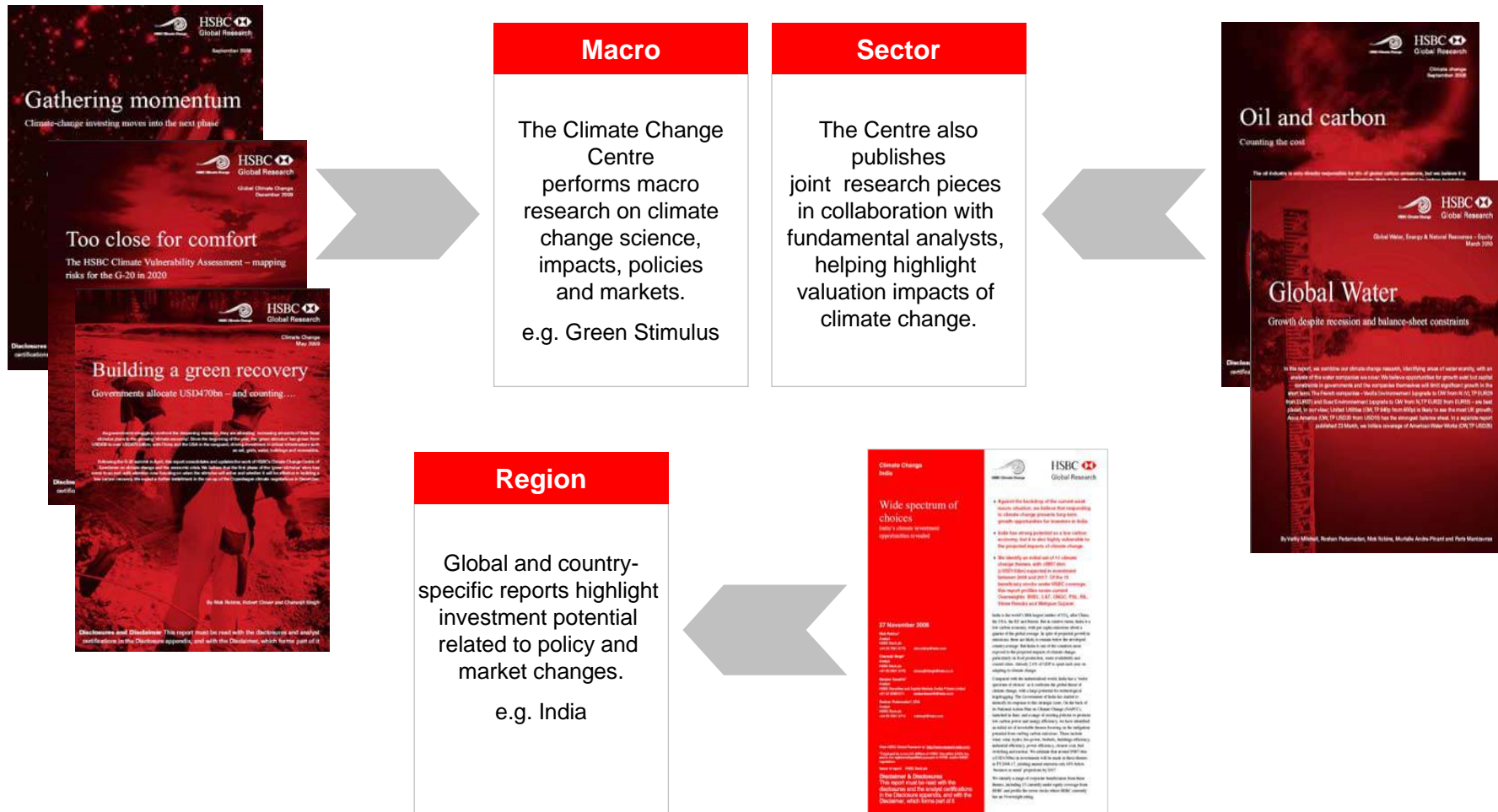
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## Overview

- Investor engagement is growing and significant
- The global green stimulus marks a new point in the transition
- The coming step change involves multiple elements

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Helping HSBC and its clients integrate climate into strategy

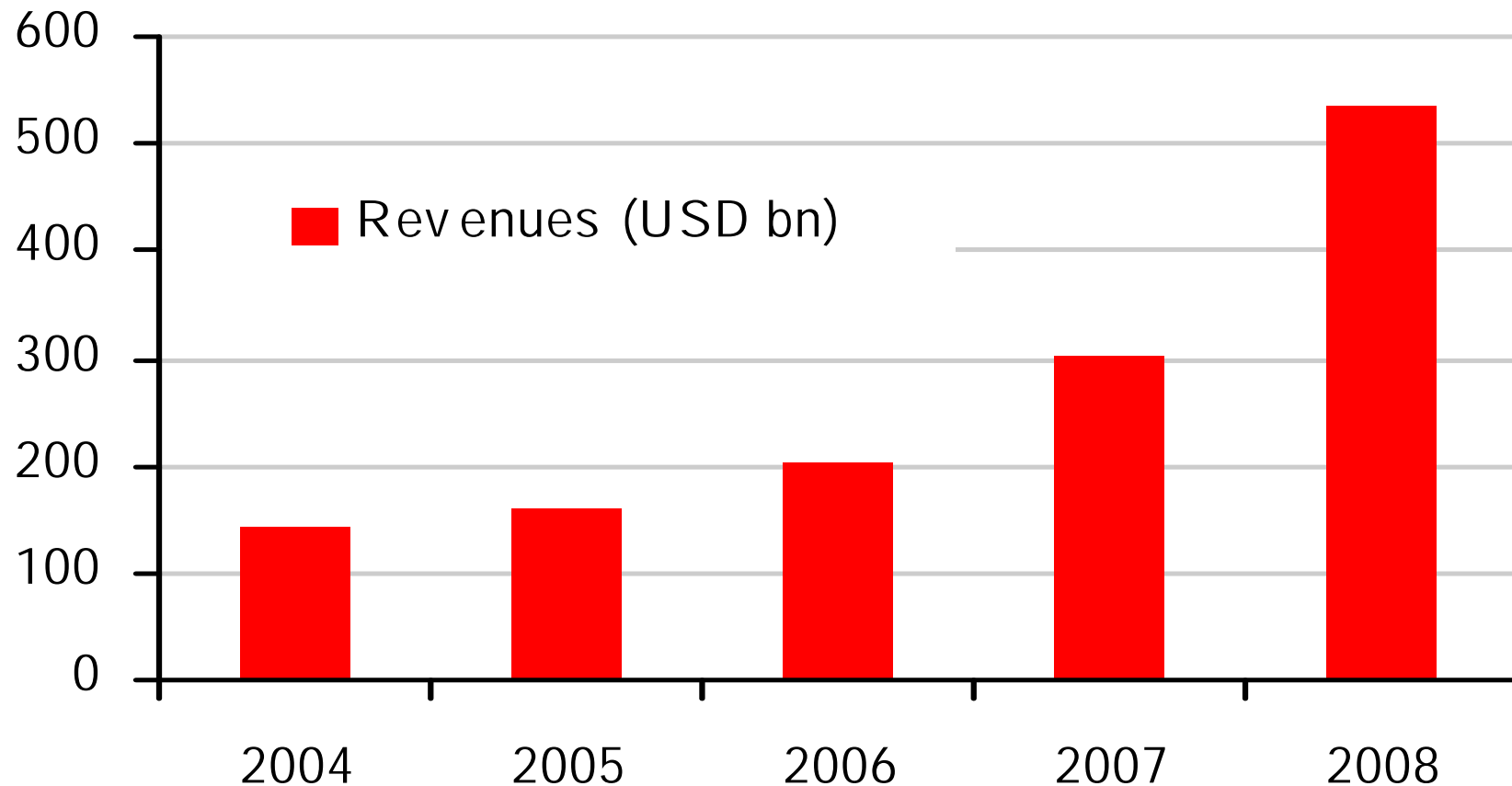


## Growing investor engagement

- Boosting disclosure
  - Carbon Disclosure Project: 534 institutions with a combined US\$64 trillion assets under management
  - Water Disclosure Project: 137 financial institutions globally with a combined US\$16 trillion in AUM
- Promoting integration
  - UN Principles for Responsible Investment: 720 institutions with US\$18 trillion in AUM
- Backing policy reform
  - Investor Statement on a Global Agreement: 187 institutions with USD13 trillion in AUM support a global deal pre-Copenhagen
- Allocating capital
  - HSBC Climate Change Index: over USD530bn in climate revenues from companies listed on the world's stock markets

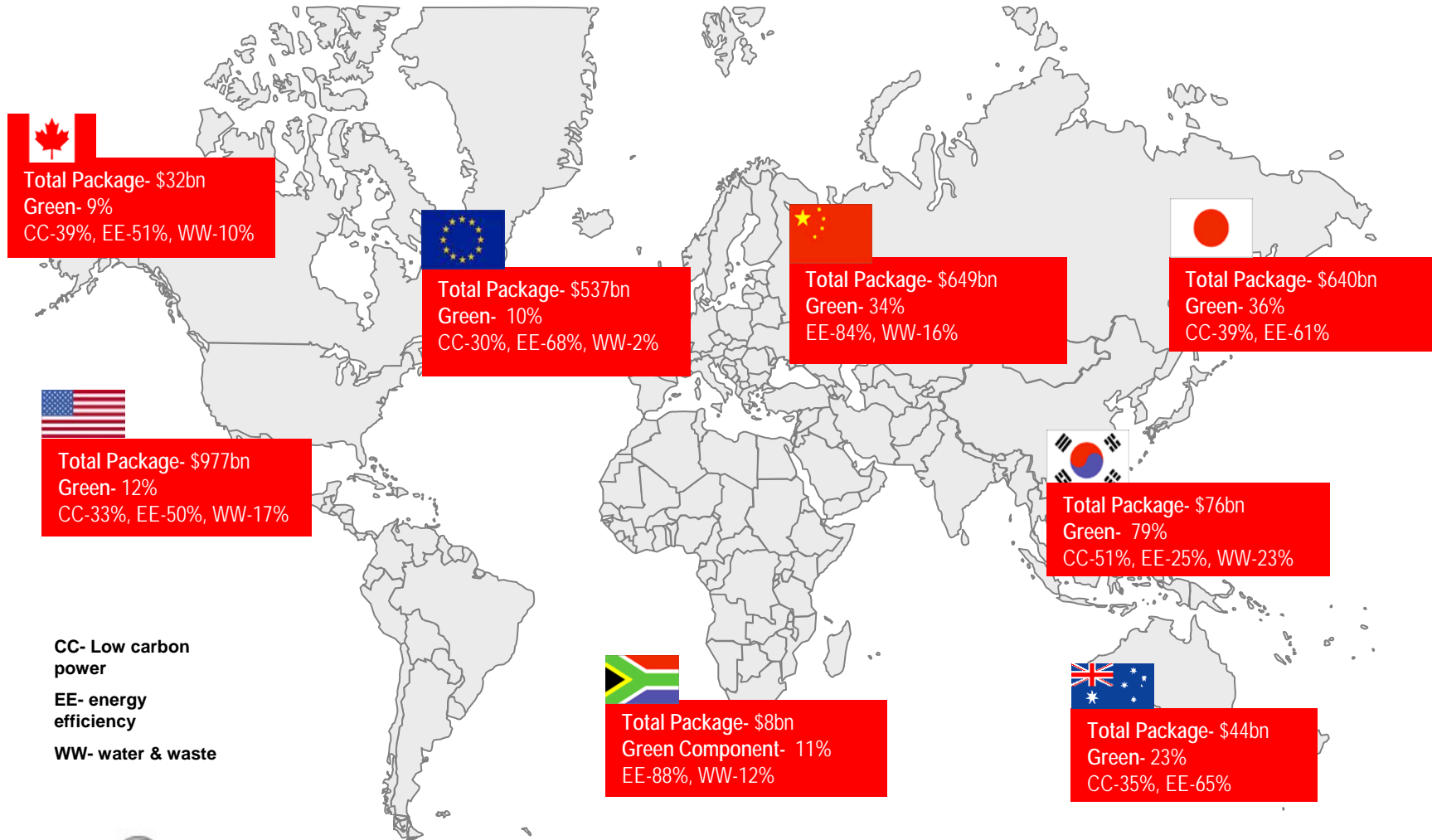
## Steady growth in the climate economy

Climate revenues have been growing at a CAGR of 29% since 2004



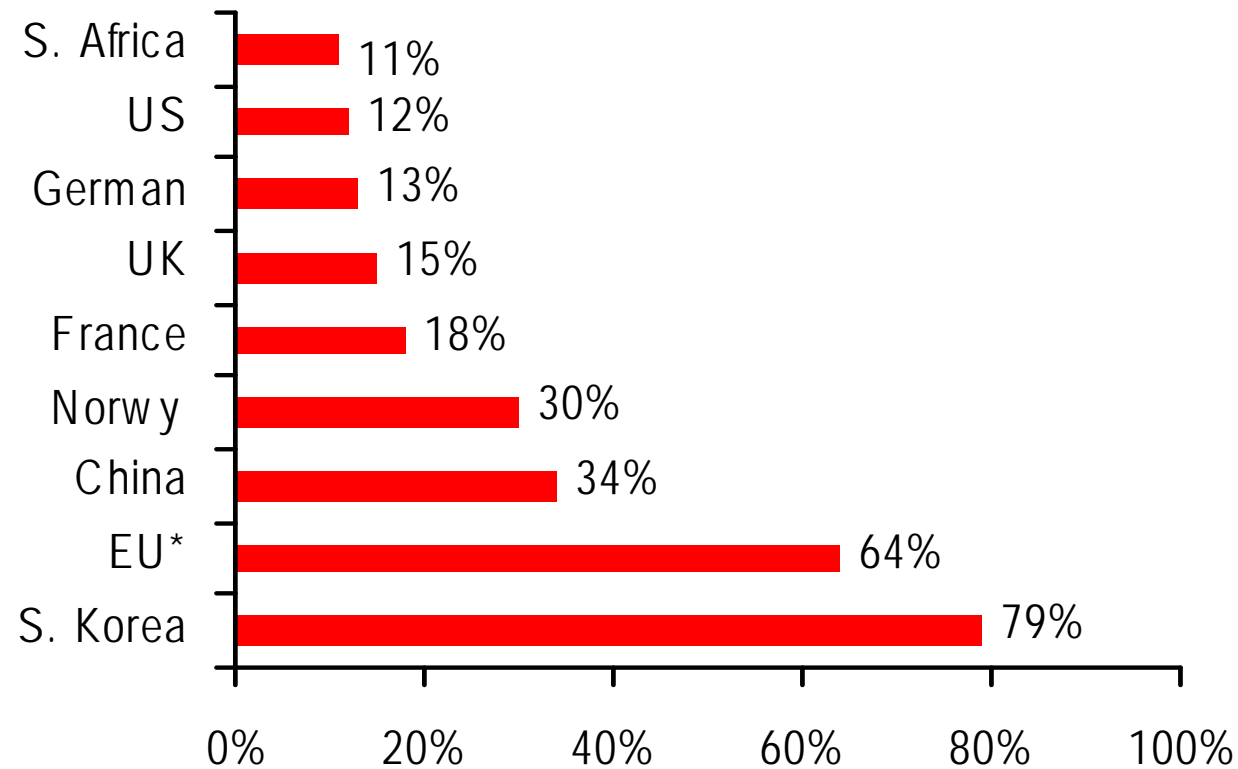
# Building a green recovery: USD521bn in climate themes

Asia leads the way with almost 2/3<sup>rd</sup> of green stimulus



# A wide spectrum of commitment

Green stimulus as % of total fiscal plans

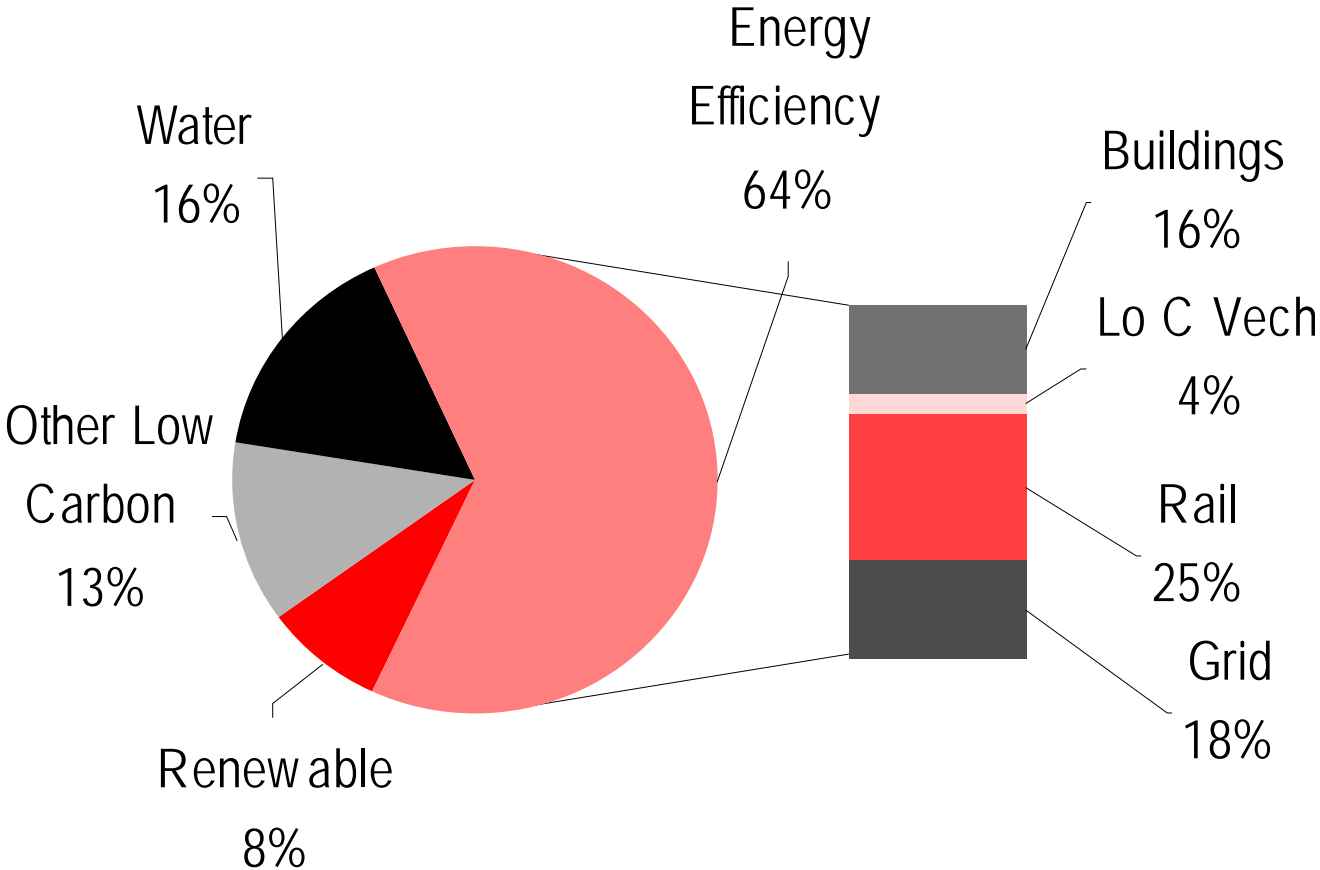


Source: HSBC estimates, \* Includes only EU's central recovery plan, member states listed separately



# Investing in environmental infrastructure

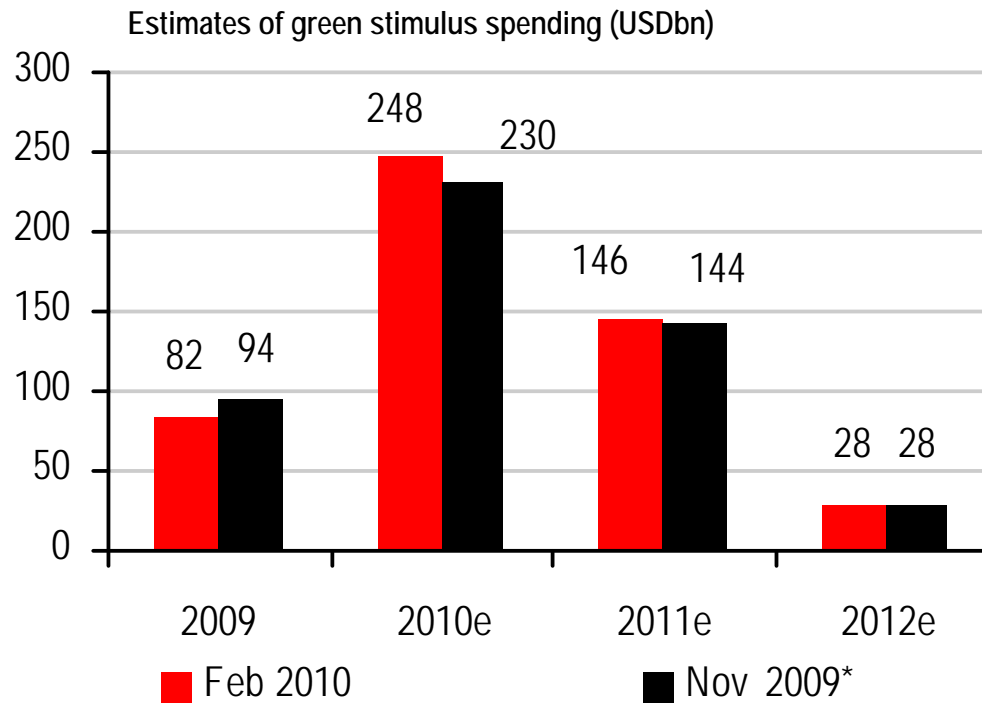
Theme allocation of global green stimulus





# Stimulus delayed is stimulus denied?

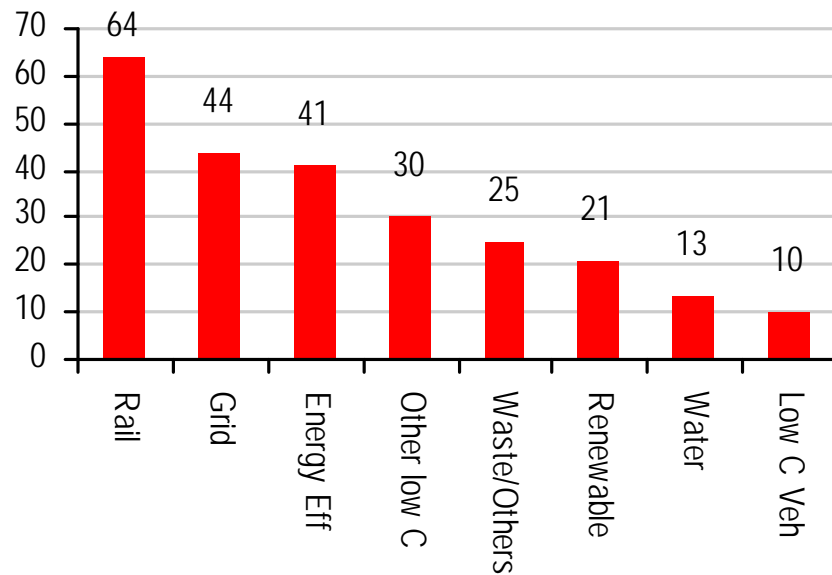
Implementation delays have pushed spending back



Source: HSBC; Government websites; (\*compared with our earlier analysis in Taking stock of the green stimulus Nov 2009)

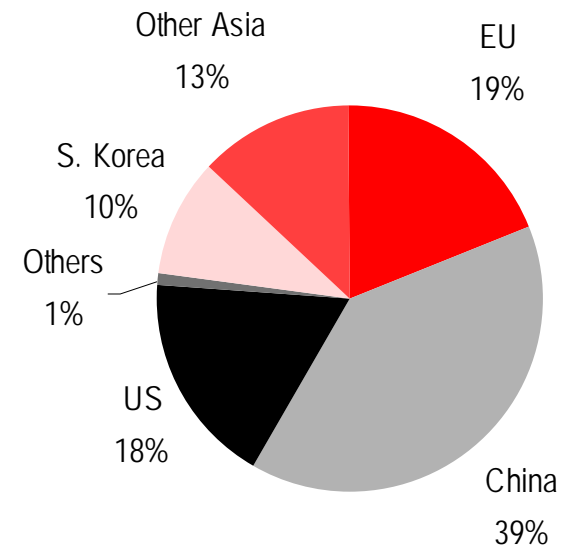
# 2010: the year of delivery

Thematic allocation of 2010 green stimulus (USDbn)



Source: HSBC estimates

Country allocation of 2010 green stimulus



Source: Government websites, HSBC estimates

## Green stimulus: lessons so far

- Public finance can 'crowd in' private capital
  - Underpinning clean energy investment in 2009
- The green stimulus has been a national phenomenon
  - Copenhagen Accord: USD30bn in 'fast start' funding
- Beyond commitments, transparency on delivery is vital
  - Regular reporting of disbursements builds confidence
- Operational efficiency is crucial
  - Fears of delay have been realised risking retrenchment
- Designing a smooth transition from stimulus to recovery
  - How can the needed x3-x6 increase in public RD&D, for example, be delivered in a time of austerity?

## Elements for a step change

1. Investment: public-private synergies
2. Institutions: green funds and banks
3. Incentives: from carbon to industrial policy
4. Instruments: across the asset classes
5. Integration: ensuring markets are 'fit for purpose'

# Disclosure appendix

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