



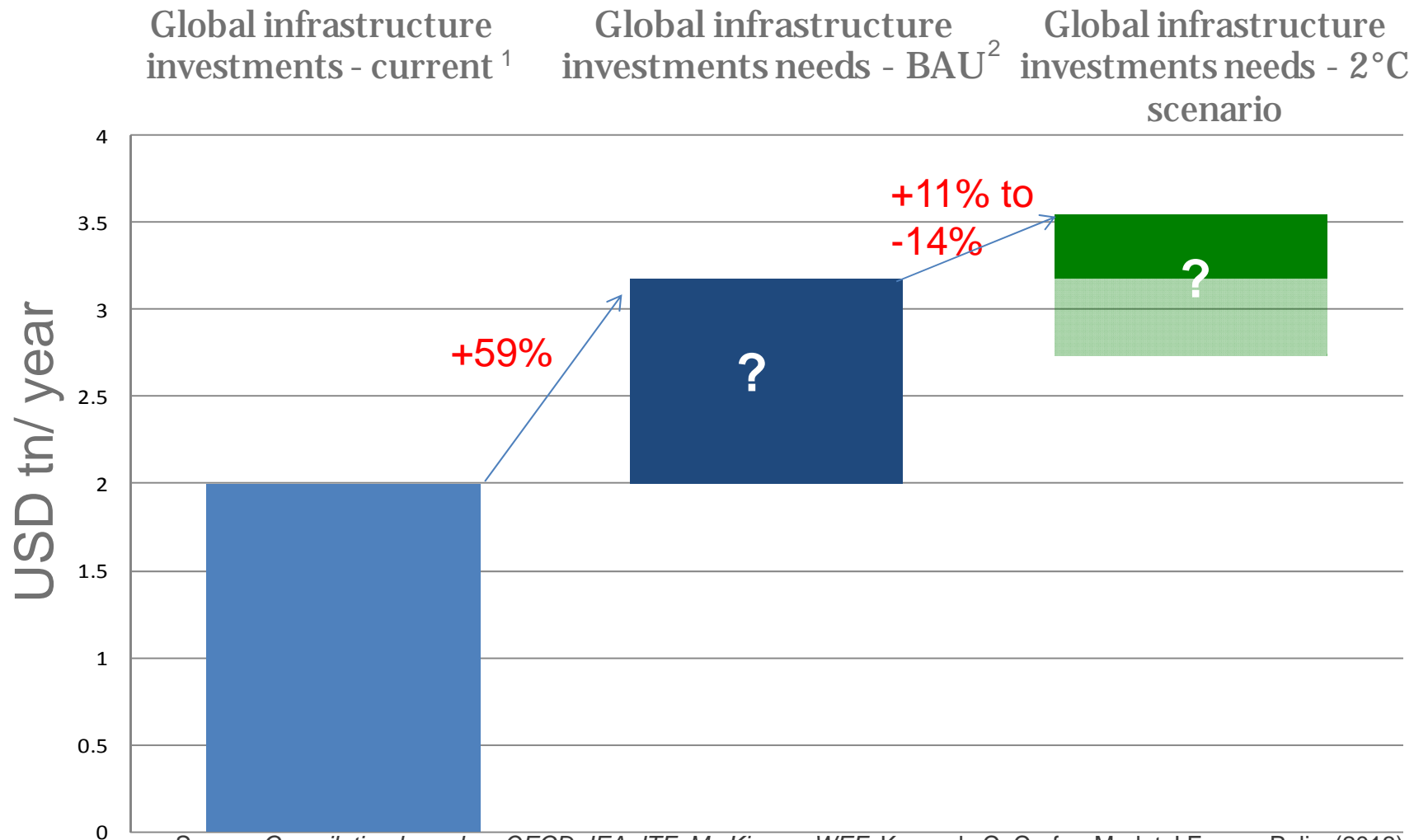
GREEN VS. BROWN: SHIFTING THE FINANCE FLOWS

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www.oecd.org

San Giorgio Group Meeting
3-4 October 2013, Venice



Closing the investment gap to 2030



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

Note: Infrastructure sectors including roads, rail, ports, airports, power, water and telecoms

1: Annual average based on global investments over the period 1996-2012

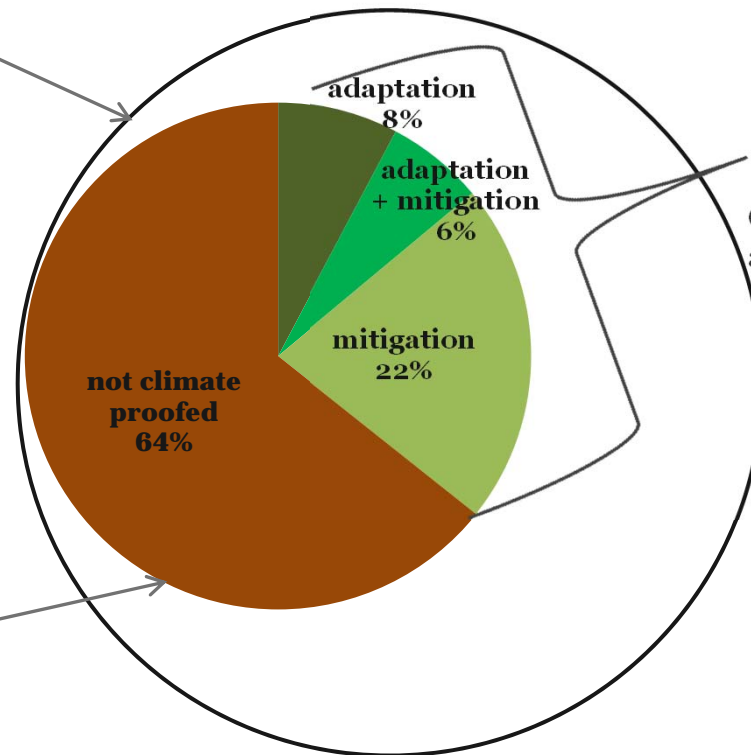
2: Annual average needs for the period 2012-2030



Green vs. brown: Climate-focused ODA as a proportion of total ODA to climate-relevant sectors

Average annual total
ODA 2010-2011:
USD 129.3 billion

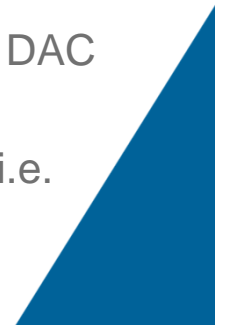
Average annual
ODA to climate-
relevant sectors
2010-2011:
USD 54 billion



ODA to climate action, annual
average 2010-2011: USD 21 billion*

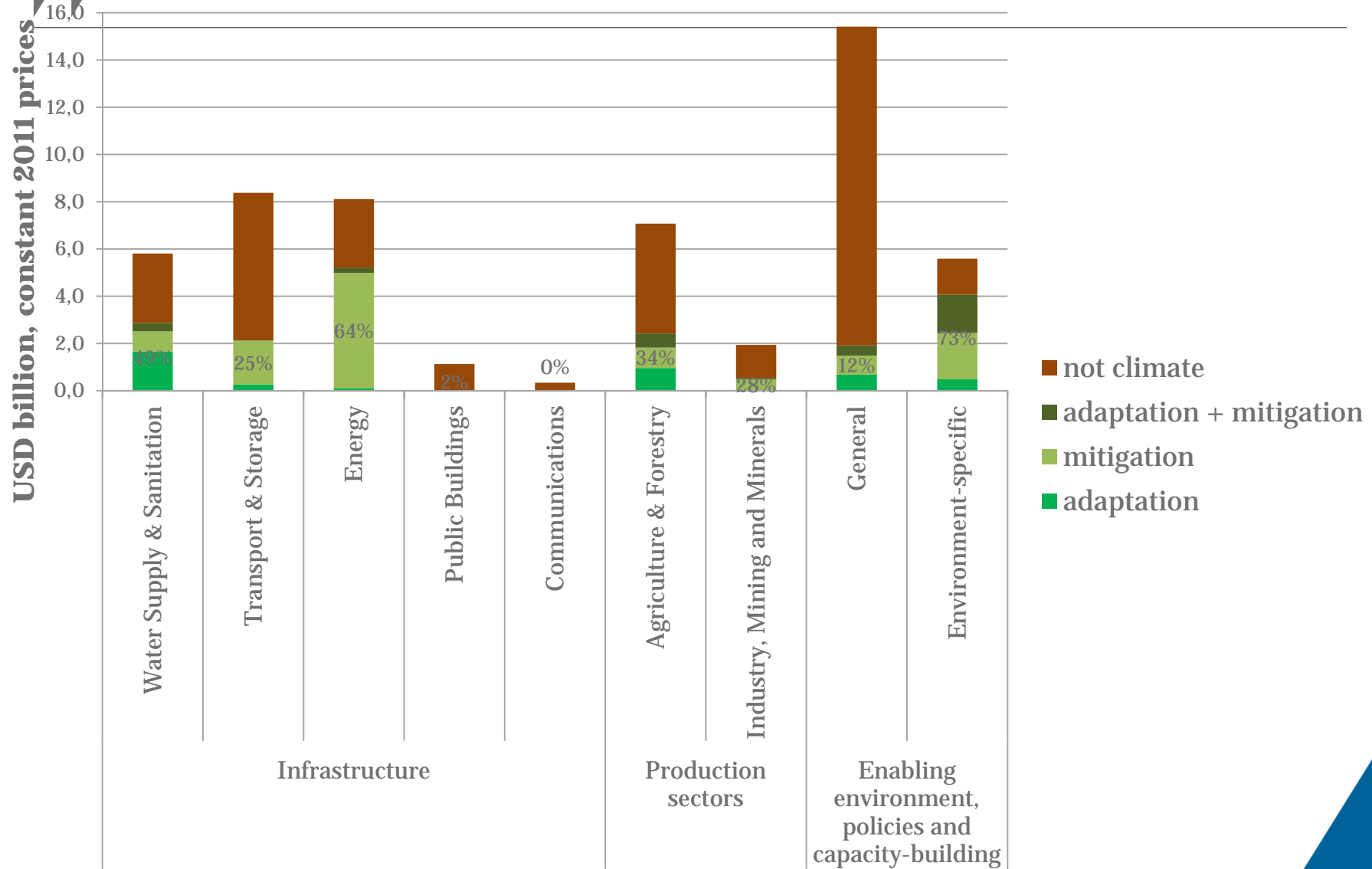
- ODA to climate-relevant sectors (eg emitting ones) comprises 42% of total ODA from DAC donors in 2010-11.
- Of the total ODA to climate-relevant sectors, 36% of this is to support climate action (i.e. mitigation and/or adaptation is a principal or significant objective).

* Illustrative chart : represents sectors considered most mitigation and/or adaptation relevant.



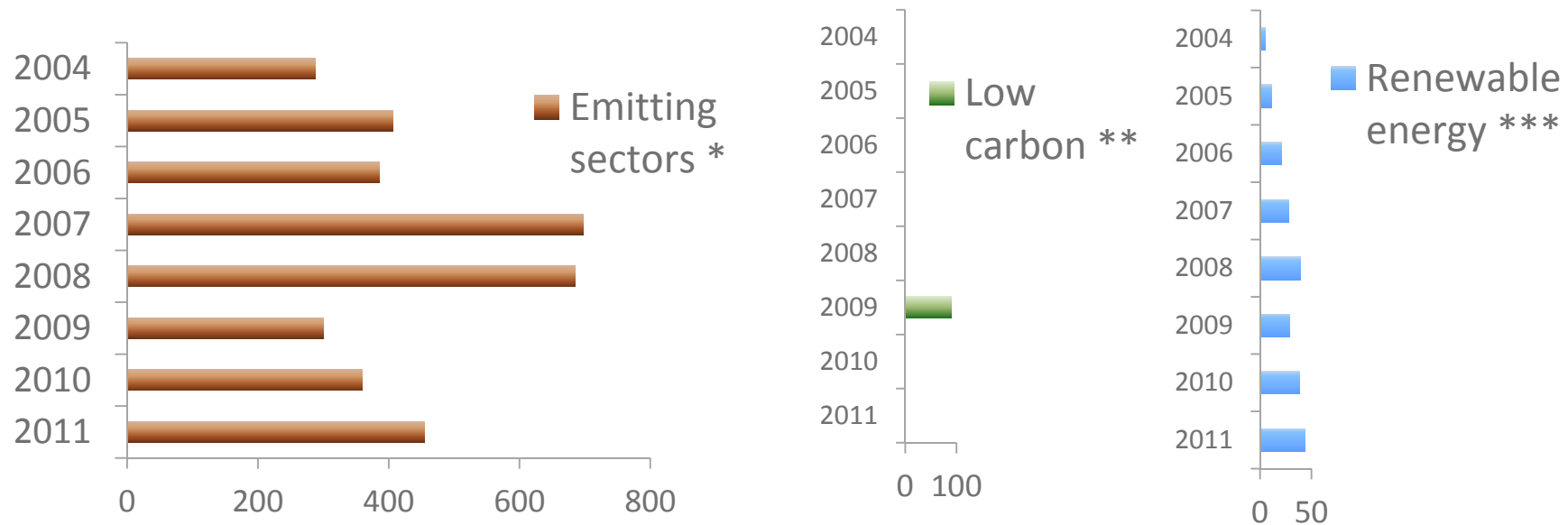


Climate-related ODA to key climate-relevant sector clusters, annual average 2010-2011





Tentative scaling of global green FDI vs. FDI to emitting sectors (USD billion)



* Source: OECD (2012) / FDI outflows from 34 countries in highly GHG emitting industrial sectors (agriculture, mining, manufacturing, energy, construction and transport)

** Source: UNCTAD (2010) / FDI flows in three low-carbon business areas (renewables, recycling and low-carbon manufacturing technology)

*** Source: BNEF (2012) / North-North, South-South, South-North and North-South cross-border investments in new build asset finance for renewable energy projects only



Are governments sending the right signals?

INCENTIVES FOR CLEANER GROWTH

USD 17 bn of government R&D to renewables & energy efficiency

USD 88 bn p.a. in 2011 for renewables subsidies globally

INCENTIVES THAT LOCK-IN CARBON-INTENSIVE GROWTH

USD over 30 bn pa in company car & parking tax benefits in OECD countries

USD 22 bn of government R&D to fossil fuels

USD 55-90 bn p.a. in fossil fuel support in developed countries

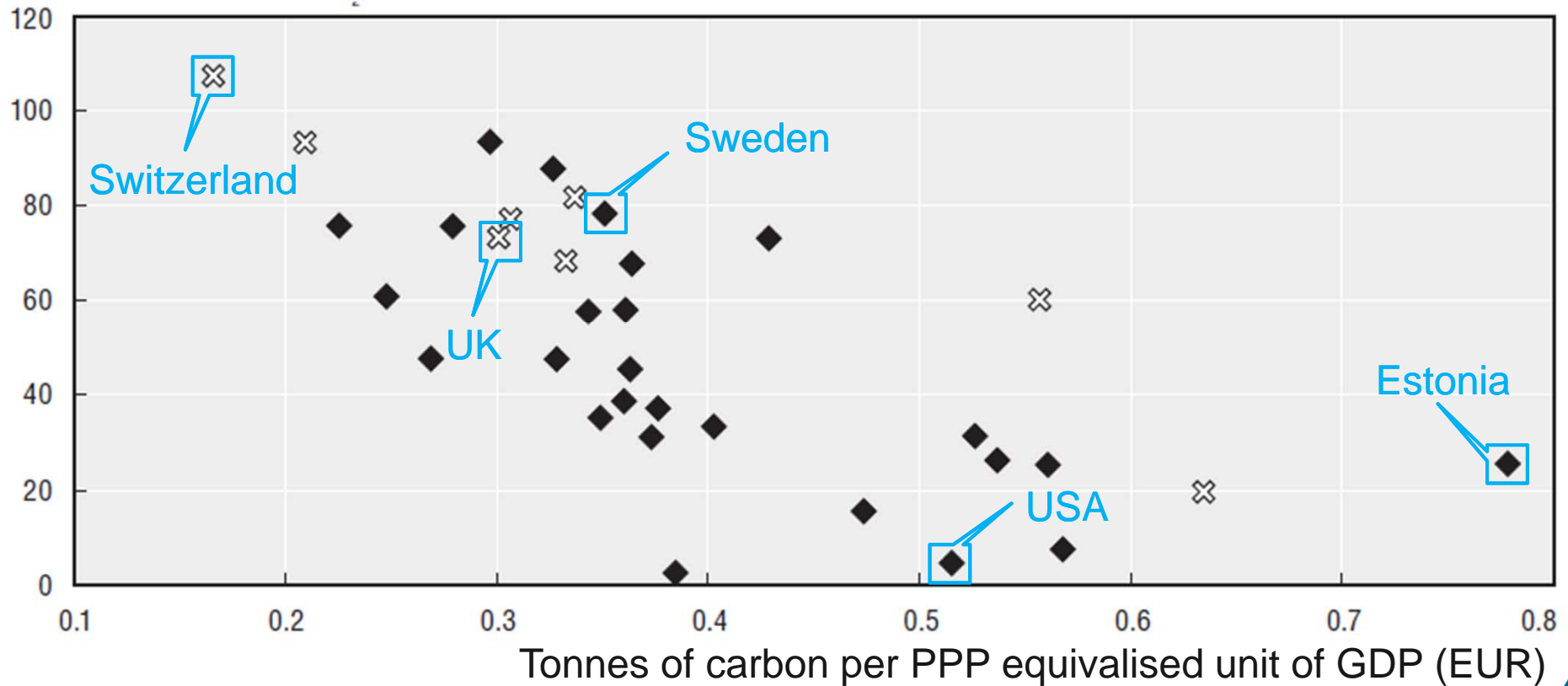
USD 523 bn in support to fossil fuel consumption in developing & emerging economies



Pricing works! Shifts investment to efficient & clean energy

Average tax rates on CO2 and carbon efficiency in OECD countries

Implicit tax rate per tonne of CO2



◆ OECD country ✕ OECD country with explicit carbon tax

Source: OECD (2013) *Taxing Energy Use - A Graphical Analysis*





Policy developments that may shift financing towards the green....

- World Bank, OPIC, Ex-Im Bank, DFIs & NDBs (Frankfurt) – limit financing for **coal-fired plants** or projects that lead to significant GHG emissions.
- OECD “Sector Understanding on **Export Credits** for Renewable Energy, Climate Change Mitigation and Water Projects” (Sept. 2012)
- G20 work on Long-Term Financing and focus on infrastructure finance → **green** infrastructure finance

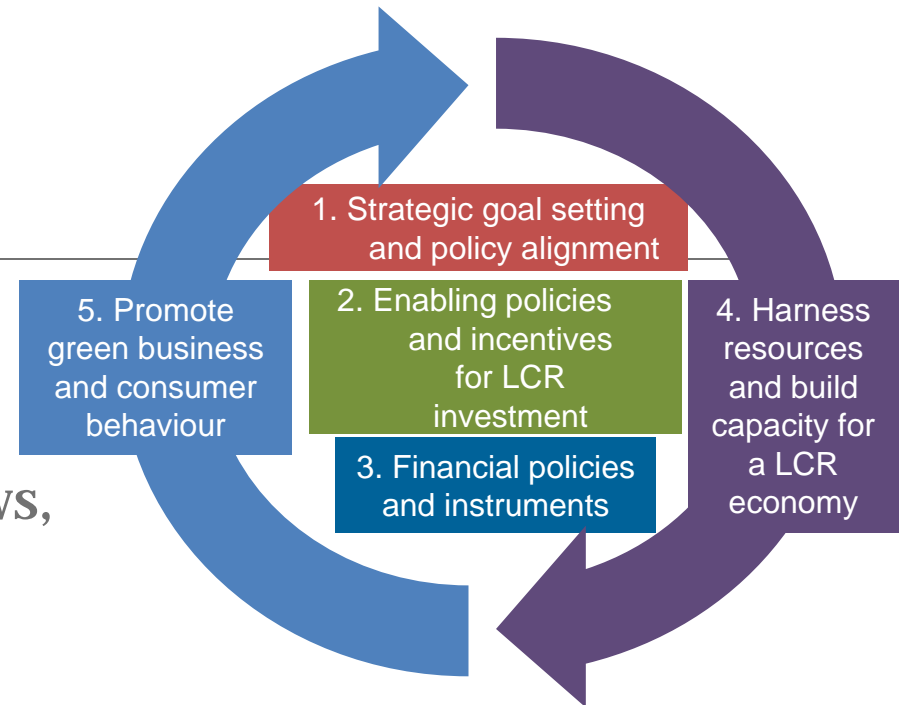


OECD work

- **Green Policy Framework** : applied to energy & transport, links to Investment Policy Reviews, Institutional Investors

- **Tracking & transparency**:

- **Research Collaborative** on Tracking Private Climate Finance (OECD, CPI, WRI, BNEF, etc...)
- Developments under the OECD Working Party on **FDI Statistics**
- New **export credits** data in 2014
- **DAC** – broadening to non-concessional, export credits, loan guarantees; focus on finance effectiveness (Busan)

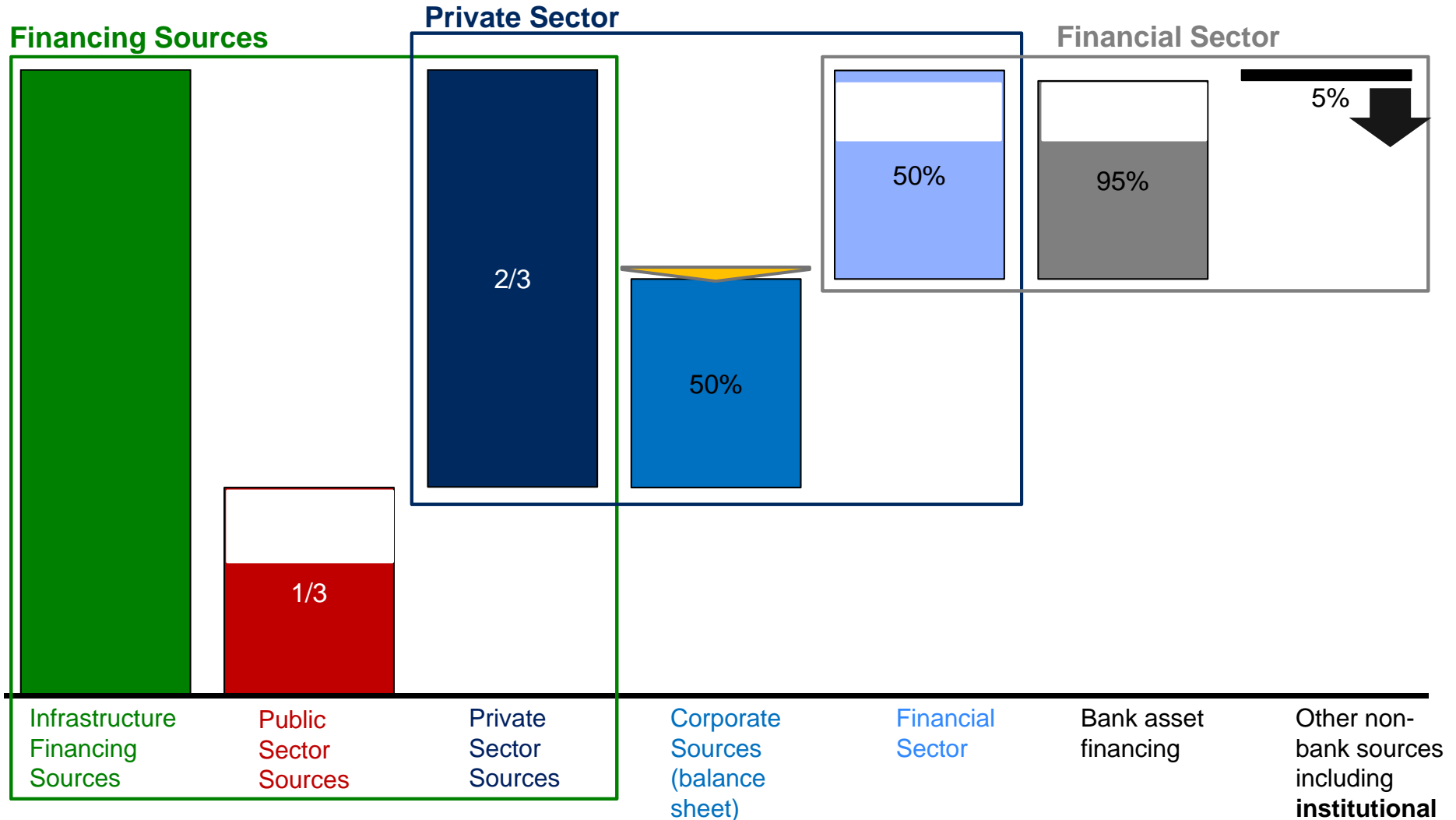




EXTRA SLIDES



Investment financing sources for green infrastructure in OECD countries (illustrative example, varies by country)

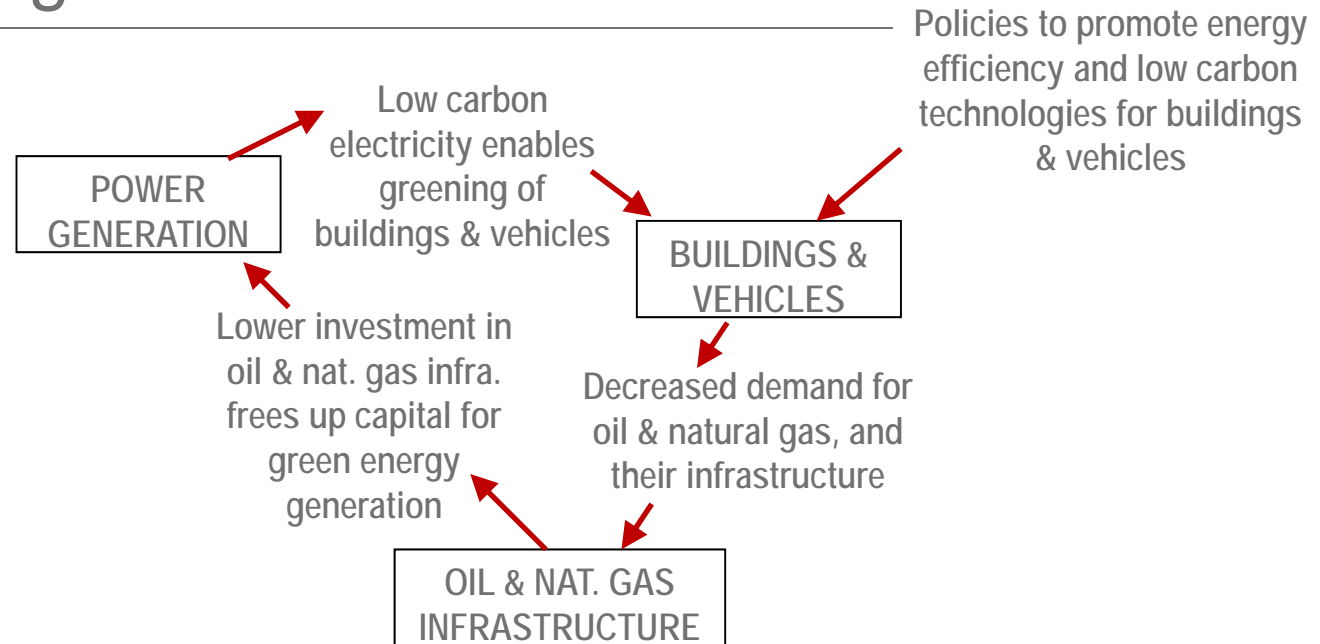


Source: OECD Analysis based on OECD (2012) The Role of Institutional Investors in Financing Clean Energy; G20/WB/FSB/OECD (2012) European Bank Deleveraging and Global Credit Conditions; G20/OECD (2012) The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development

institutional investors



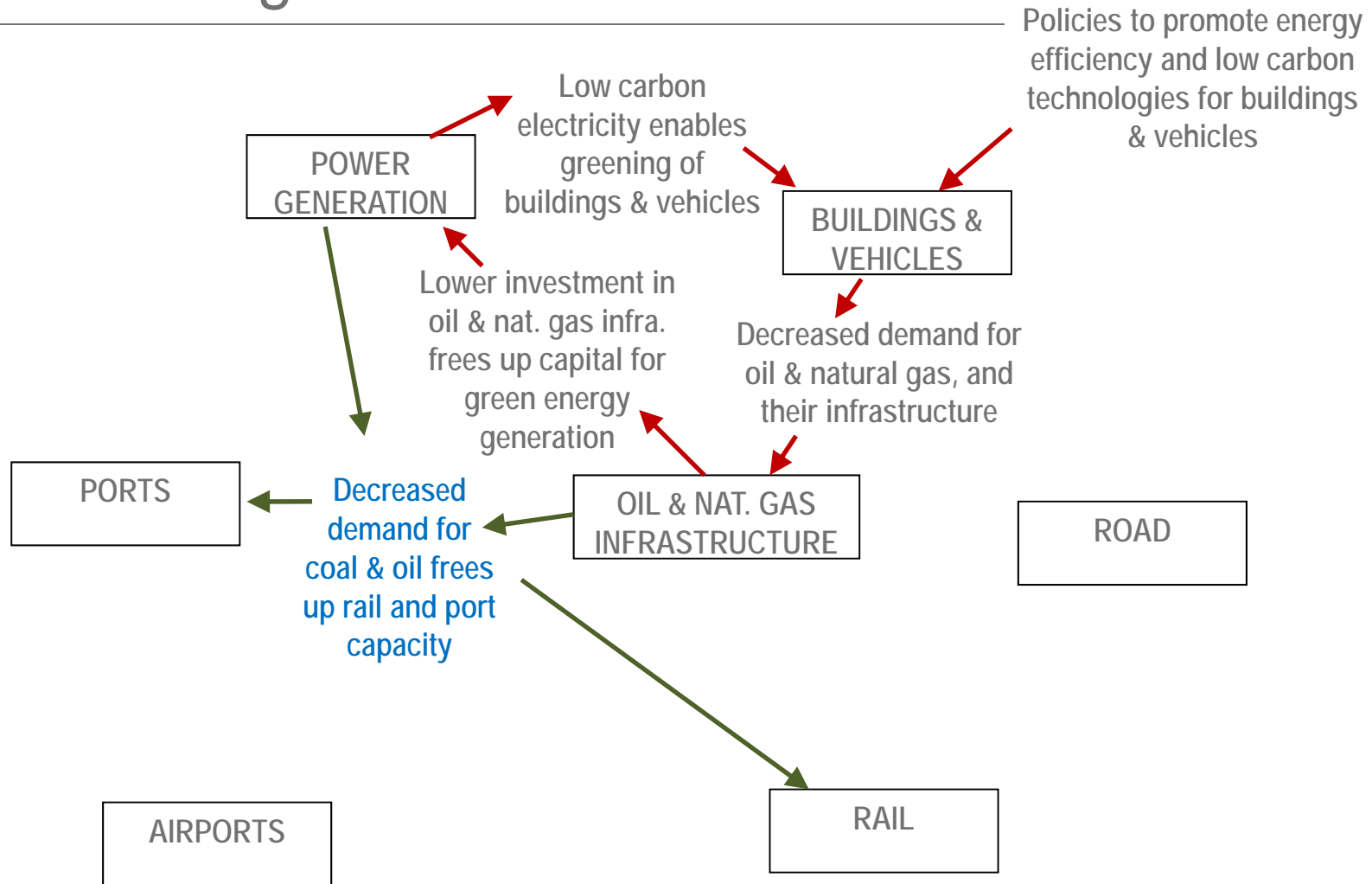
Virtuous circles of infrastructure for low carbon growth



Source: Kennedy C. and J. Corfee Morlot, *Energy Policy* (2013).



Virtuous circles of infrastructure for low carbon growth

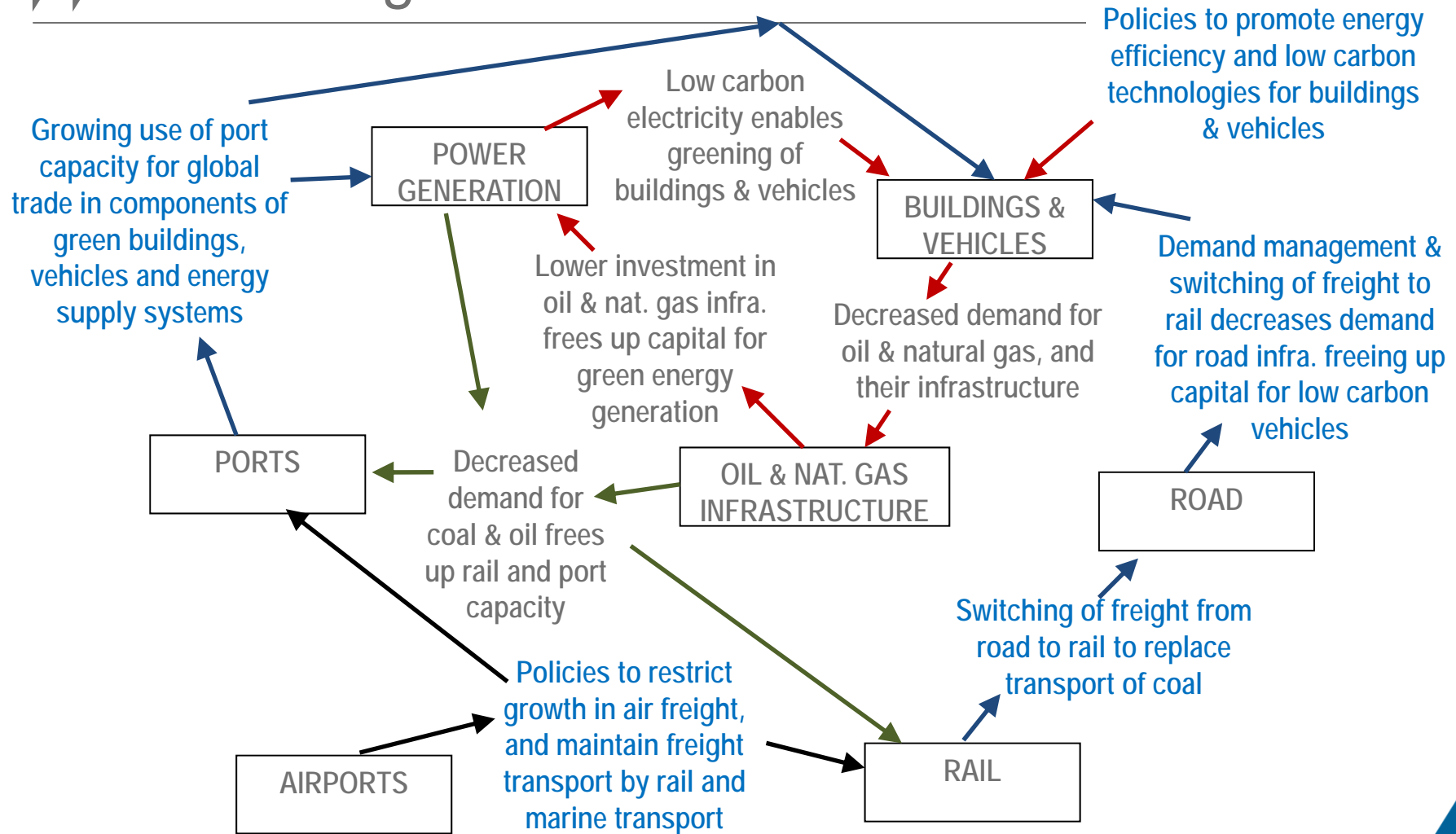


Source: Kennedy C. and J. Corfee Morlot, *Energy Policy* (2013).





Virtuous circles of infrastructure for low carbon growth



Source: Kennedy C. and J. Corfee Morlot, *Energy Policy* (2013).