



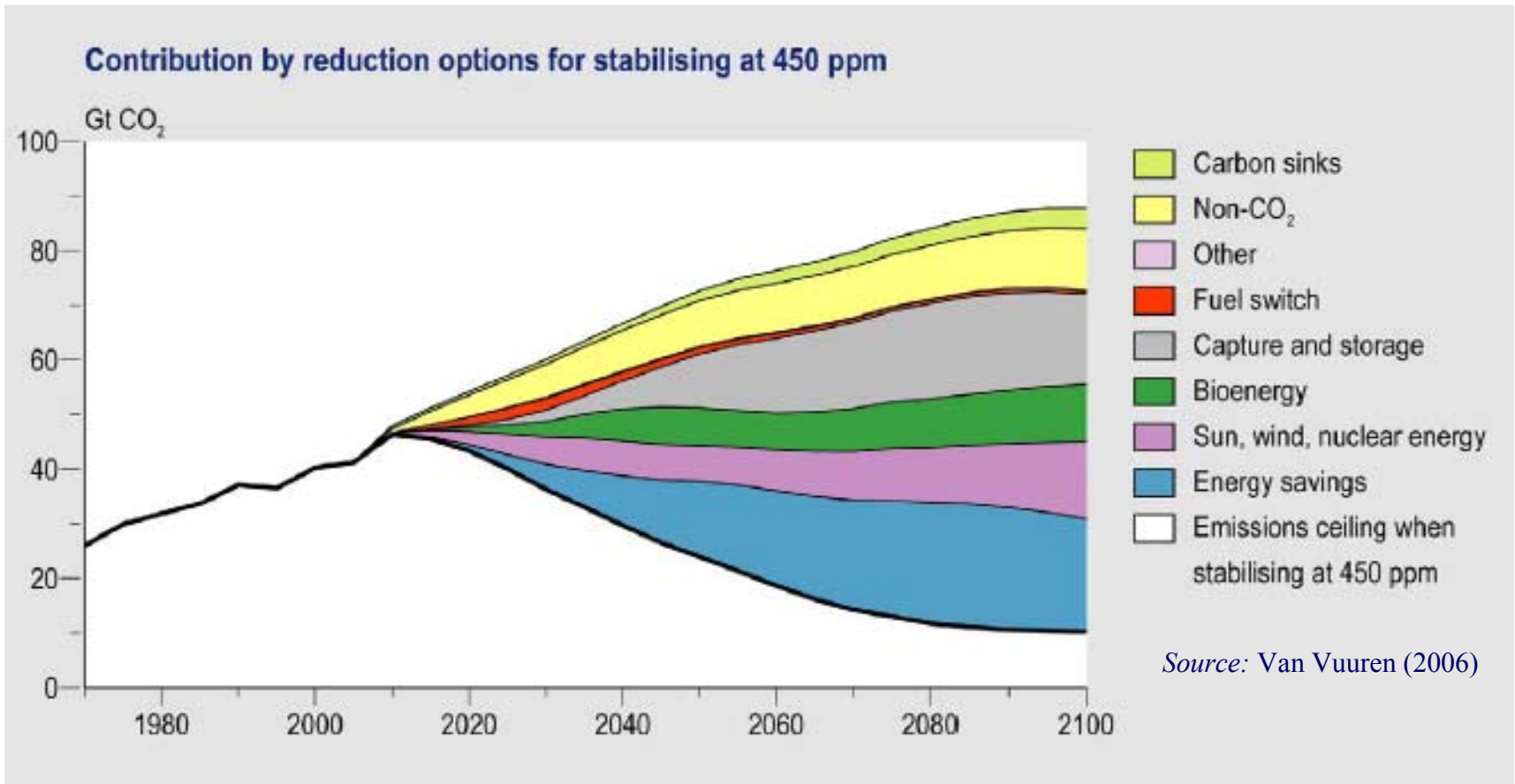
# **Investment and financial flows to address climate change - EU views**

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# What is the challenge?





# What is the finance and investment challenge?

- The transition to a global low-carbon economy and society is the prerequisite for long-term sustainable development for all Parties
- The transition to be supported by creating a post-2012 financial architecture as an integral part of mitigation and adaptation efforts
- Additional finance and investment needed – large but affordable – EU recognises 2°C objective will increase this challenge
- Estimates are preliminary and uncertain - more analysis needed on flows for 2°C scenario and regional and local needs
- All Parties to scale-up efforts, channel and optimise finance – for mitigation, adaptation, technology and capacity building, taking into account respective capabilities
- EU strongly committed to address this challenge



# Where do we get finance and investment from?

- Resources should be adequate, predictable and sustainable – for mitigation and adaptation
- Flows will come predominantly from the private sector (e.g. 86% of total for mitigation)
- Public flows will remain essential
  - to leverage private investments
  - to address gaps and market failures



# How should finance and investment be mobilised?

- Need to leverage private and public investments, a price for carbon is essential
  - Global carbon markets
    - E.g. expansion of emissions trading, improvement of JI and CDM (incl. own mitigation), explore new mechanisms e.g. sectoral no-lose crediting
  - National policies
    - e.g. Domestic regulation, taxes, incentives, subsidies, etc
- Innovative financing
  - Open to discuss further proposals such as auctioning of allowances, levy on bunker fuels, etc.
- Financial mechanism
  - To strengthen, scale-up efforts, and catalyse flows
- Enabling environment also key
  - E.g. business environment, policy stability, institutional capacity, etc



# Conclusions

- The challenge – large but affordable – EU committed to meeting this challenge together with other Parties
- Need to make the most of all tools and actors – while ensuring coherency, consistency and effectiveness of financial architecture
- Now identify and focus on potentials of tools that:
  1. enhance mitigation and adaptation efforts, contribute to technology transfer and build capacity
  2. channel and leverage private and public flows
  3. ensure adequate, predictable and sustainable resources