

# Investment and financial flows to address climate change

Consultation process

Bali – 3 December, 2007

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

# Consultation process

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- Consultations took place with a wide range of stakeholders (experts, IFIs, UN agencies, IGOs, NGOs, private sector and civil society)
- Four consultative events
  - Expert meeting
  - Workshop with experts and international organizations
  - Consultation with private sector representatives
  - Consultation on the way forward with all stakeholders

# Experts Meeting

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## **Objective:**

To get advice on approach and state of the art methodologies

## **Outcomes:**

- Elaboration of a draft outline for the report
- Guidance on methodology to be used, definition of terms and available sources of information



# Workshop with experts and international organizations

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## Objectives:

- To identify:
  - ways in which to stimulate private sector financing of climate change actions
  - public sector niche in financing and facilitating climate change actions
  - Innovative approach to finance climate friendly development

## Outcomes:

- Identification of the need to share best practices regarding approach to mainstreaming adaptation and mitigation at the institutional level
- The critical importance to have quality data for analysis was highlighted
- Need for public private partnerships
- 2012 uncertainty constitute is a significant barrier to progress.



# Consultation with private sector representatives – Financial sector

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## Objectives:

- To identify how to increase private sector participation in the current and future carbon market
- To identify ways to facilitate private sector participation in financing technology R&D, demonstrations projects and initial deployment of technologies
- To identify how to increase private sector participation in financing clean energy

## Outcomes:

- Creation of enabling environment at the national level is key
- There is plenty of resources available but good projects are lacking
- Long-term political clarity is crucial to stimulate financial sector participation in the carbon market



# Consultation with private sector representatives – Insurance sector

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## Objective:

To identify how to enhance insurance sector participation in the management of climate change risks and in finance and services for carbon markets/ clean technology development.

## Outcomes:

- Identification of a need for a dialogue between the economic development, disaster reduction and climate change practitioners and among modelers, insurance companies and Parties
- Importance of PPP pilot projects to look at how to best share risks amongst different players



# Consultation on the way forward with all stakeholders - objective

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To identify gaps and prioritize needs for further work on finance and investment flows to address climate change that can be undertaken by interested organizations.



# Consultation on the way forward with all stakeholders – recommendations

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## On collecting data on current I&F to address climate change:

- Overall, much improvement is required with regards to systematic collection of current data in particular in order to make it useful to climate change reporting.





# Consultation on the way forward with all stakeholders - recommendations

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## On projections:

- It would be useful to be pursuing work at a more disaggregated level in order to better understand action required and implication at the national level.
- Incorporating investments flows in the models remains to be done in several cases.
- Should focus more on investment on consumers side (demand side or consumer investment pattern change) for e.g., on energy efficiency which could be most cost effective.
- Linking the model to the new IPCC scenarios would be useful.
- Case studies looking at some current significant decisions that are being taken by corporate could improve our understanding of projected investment and financial flows.

# Consultation on the way forward with all stakeholders - recommendations

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## On assessment of needs by developing countries:

- Capacity building is crucial in order to improve the assessment particularly in LDC countries.
- Build on existing networks instead of creating new arrangements would facilitate the process.
- Engagement of entities which are more powerful in the decision making process with regard to planning and financing could be crucial in the future. E.g. Central banks, National statistics agencies, Revenue services and investment planning and investment promotion agencies.
- Pilot assessment could be done to extract lessons learned and roll out procedure in all countries.
- Sub-regional economic entities could be involved and support national entities.



# Consultation on the way forward with all stakeholders - recommendations

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## Overall:

- More work can be done in all sectors relevant to mitigation and adaptation in order to better understand the cost and financial and investment flows for adaptation and mitigation at the sectoral and regional level.
- Several options exist in order to scale up and make better use of resources available to address climate change - most of the options identified would need to be supported by further analysis regarding their potential and possible implementation mechanisms as well as by political and institutional commitments.
- Need for a task force coordinating overall work on the topic and for improved communication channels among stakeholders

