

Investment and financial flows to address climate change

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Introduction

- Project launched in 2007 in response to **COP 12 mandates: assessment of investment flows needed in 2030** that will be necessary to meet worldwide mitigation and adaptation requirements
- **Consultations** with IFIs, UN agencies, IGOs, NGOs, private sector and civil society
- Analysis was **based on existing work**
- The **results should be seen as indicative** only
- To be used as **instrument panel** for developing options to improve I&F flows

Key findings

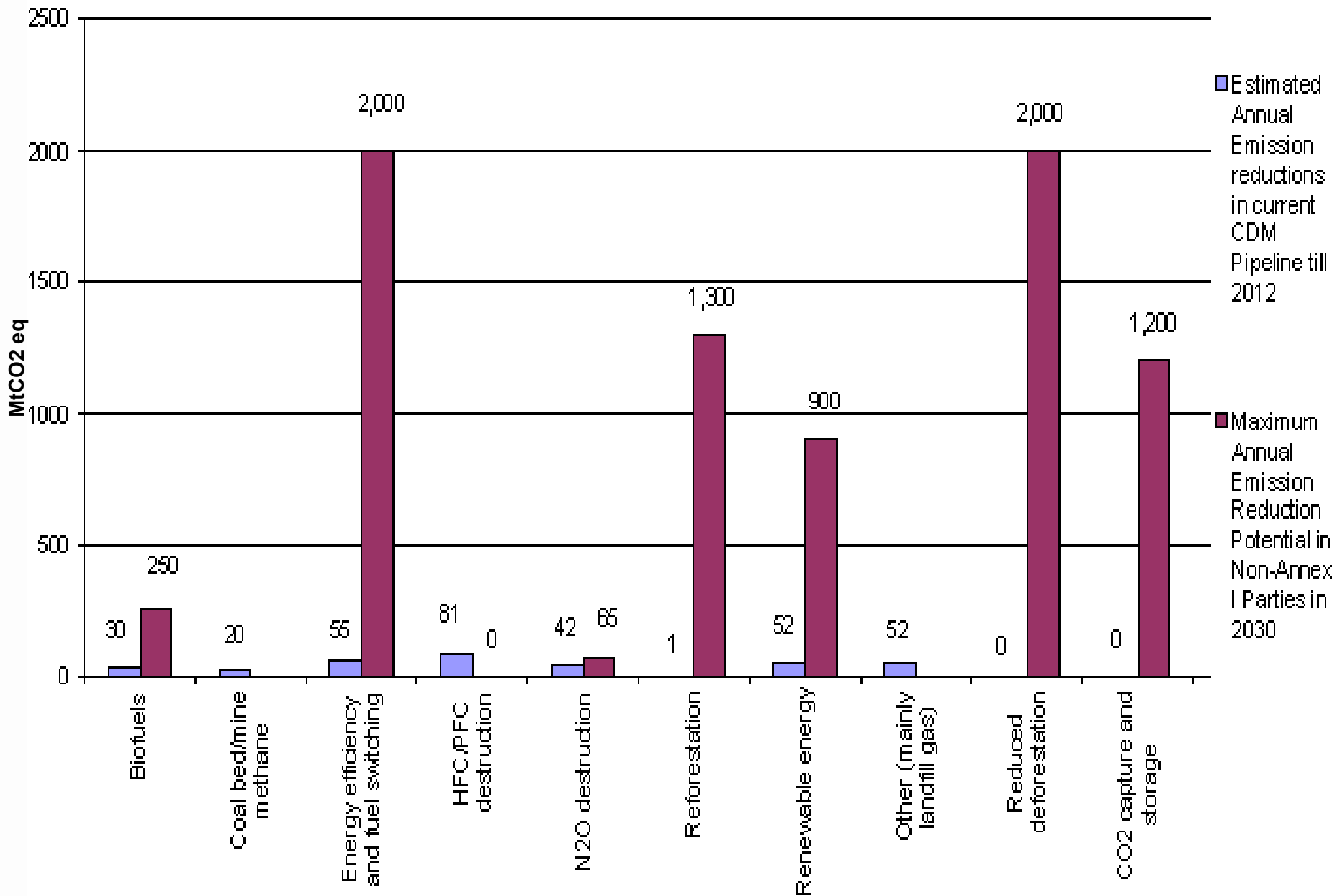
- The **additional estimated I&F flows needed in 2030** is large compared with the funding currently available under the Convention and its KP, but small in relation to estimated GDP (0.3 to 0.5%) and global investment (1.1 to 1.7%) in 2030:
 - **Mitigation measures** needed to return global GHG emissions to current levels in 2030, require additional I&F flows between USD 200-210 billion in 2030.
 - **Adaptation** additional I&F flows needed for in 2030 amount to several tens of billions of USD.

Key findings

- Incentives and a large share of investment and financial flows will need to be directed to **developing countries** where most of the cost effective opportunities for reducing emissions will happen and because they will be particularly vulnerable to climate change impacts.
- When considering means to enhance investment and financial flows to address climate change in the future, it is important to focus on the role of **private-sector investments** as they constitute the largest share of investment and financial flows (86 %).

Instrument panel

- Creating climate change safe future will require:
 - **Shifts in investment patterns,**
 - **Scaling up** funding,
 - **Optimising the allocation** of existing funds.
- With **appropriate policies and/or incentives**, a substantial part of the additional I&F flows needed could be covered by available sources.
- **Additional external public funding** for climate change mitigation and adaptation will be needed particularly for sectors in developing countries that depend on government I&F flows.



Instrument panel

- How can the Climate Change Convention and its Kyoto Protocol influence future I&F flows?
 - Expanded carbon markets
 - Adaptation Fund
 - Financial mechanism / ODA
- What other options should be considered to address I&F flows in a future regime?
 - New sources
 - National Policies
 - Int'l coordination