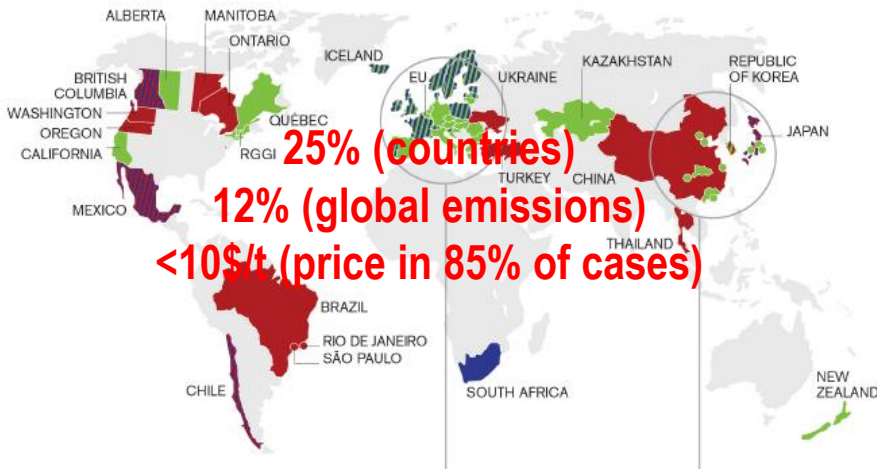


The social value of mitigation actions

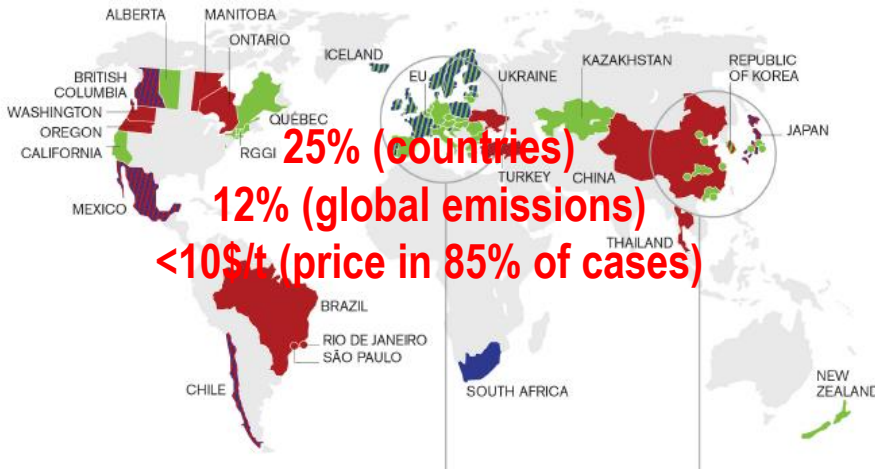
The missing concept between carbon pricing and
climate finance

Etienne Espagne (CEPII)



« *considerably lower* than the price that economic models have estimated is needed to meet the 2°C climate stabilization goal recommended by scientists» (WB, 2015)

#136 (Decision), Carbon Pricing Leadership Coalition ...



« considerably lower than the price that economic models have estimated is needed to meet the 2°C climate stabilization goal recommended by scientists» (WB, 2015)

#136 (Decision), Carbon Pricing Leadership Coalition ...

article 2 (Agreement), Task force on climate-related financial disclosure, Green Finance Study Group, ...

100 billions floor (Agreement), Green Climate Fund, ...

« once climate change becomes a defining issue for financial stability, it may already be too late » (Carney, 2015)

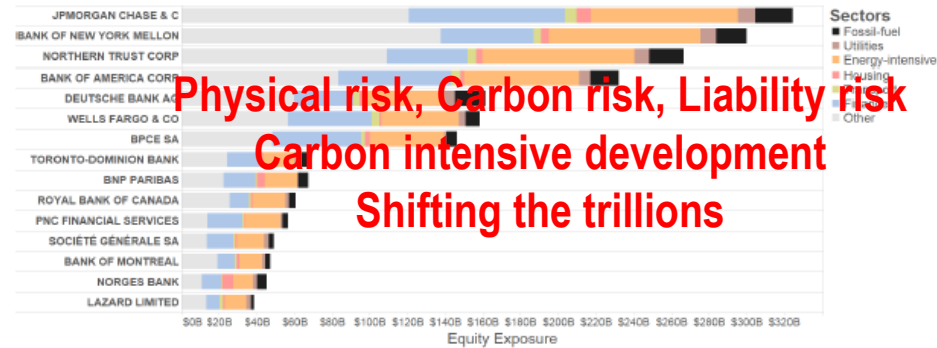
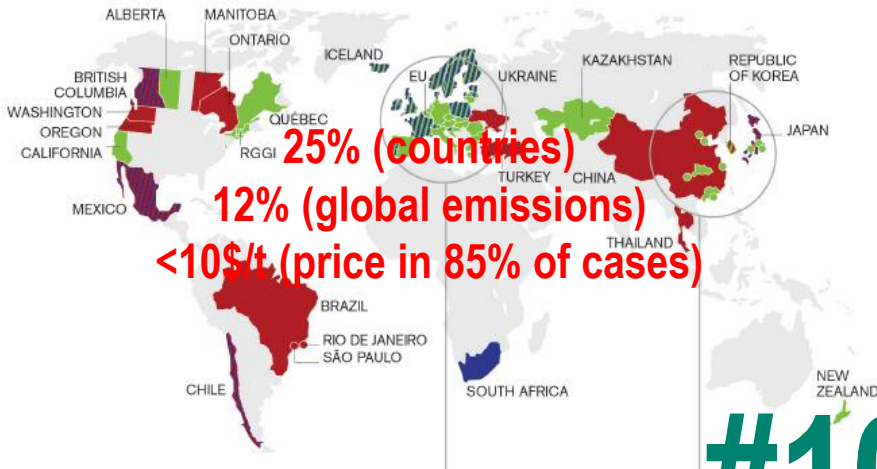


Figure 3: Portfolio composition of top world-wide banks.



« considerably lower than the price that economic models have estimated is needed to meet the 2°C climate stabilization goal recommended by scientists» (WB, 2015)

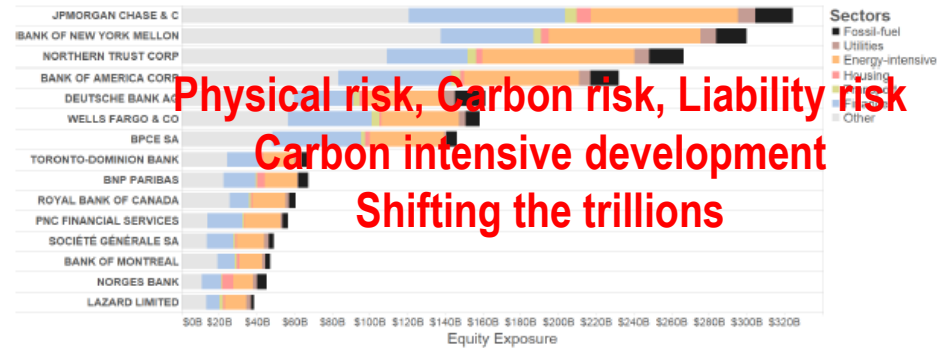
#108 ?

article 2 (Agreement), Task force on climate-related financial disclosure, Green Finance Study Group, ...

100 billions floor (Agreement), Green Climate Fund, ...

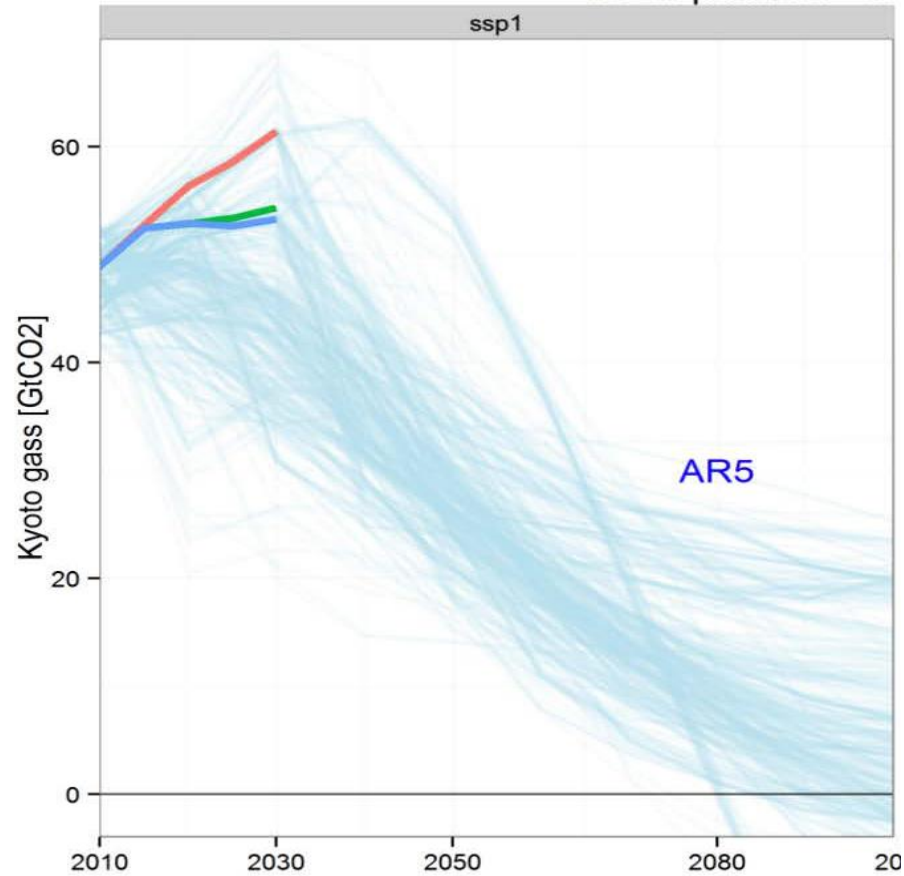
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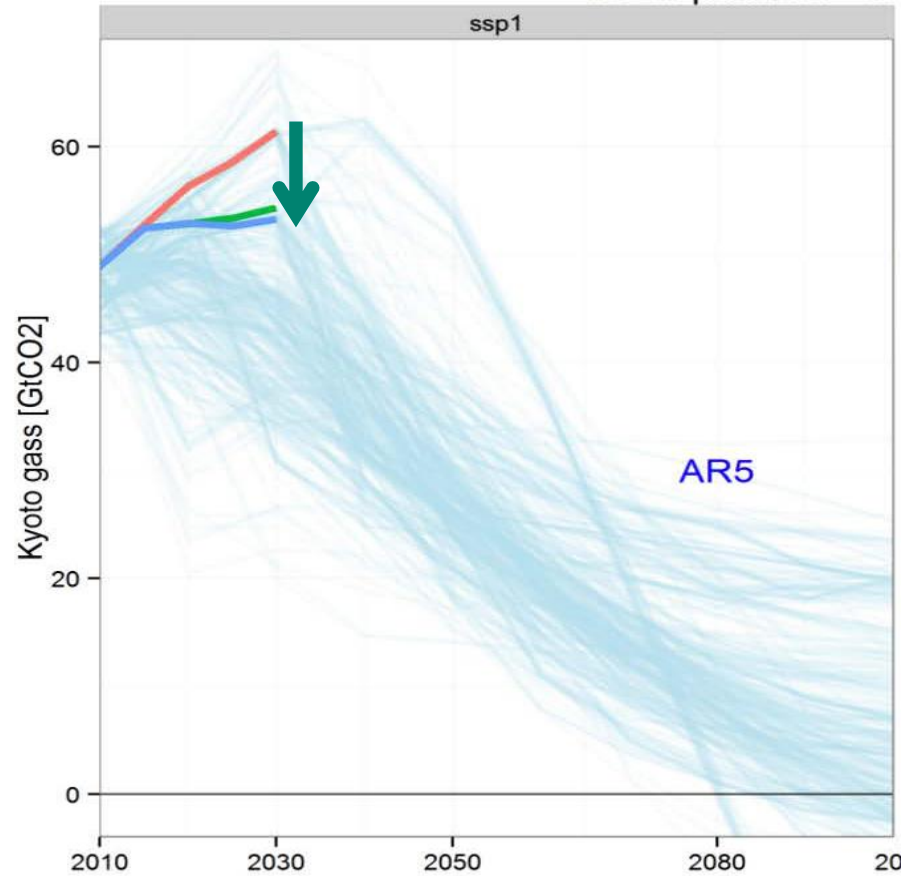
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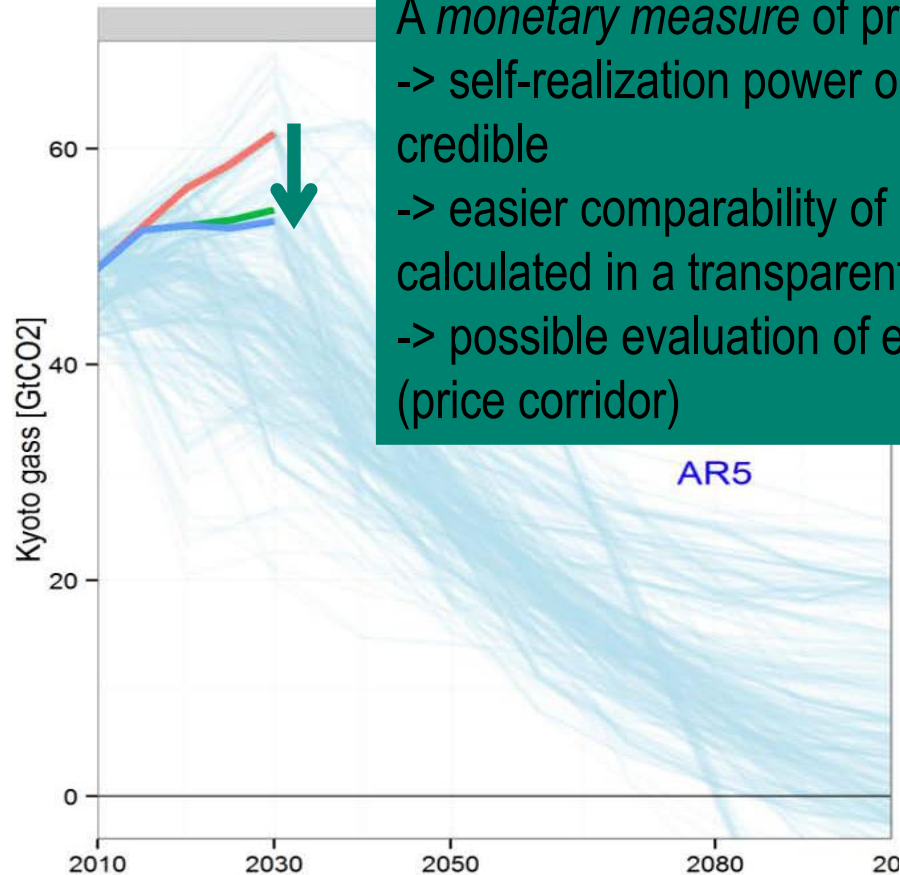


Physical risk, Carbon risk, Liability risk
Carbon intensive development
Shifting the trillions

Figure 3: Portfolio composition of top world-wide banks.

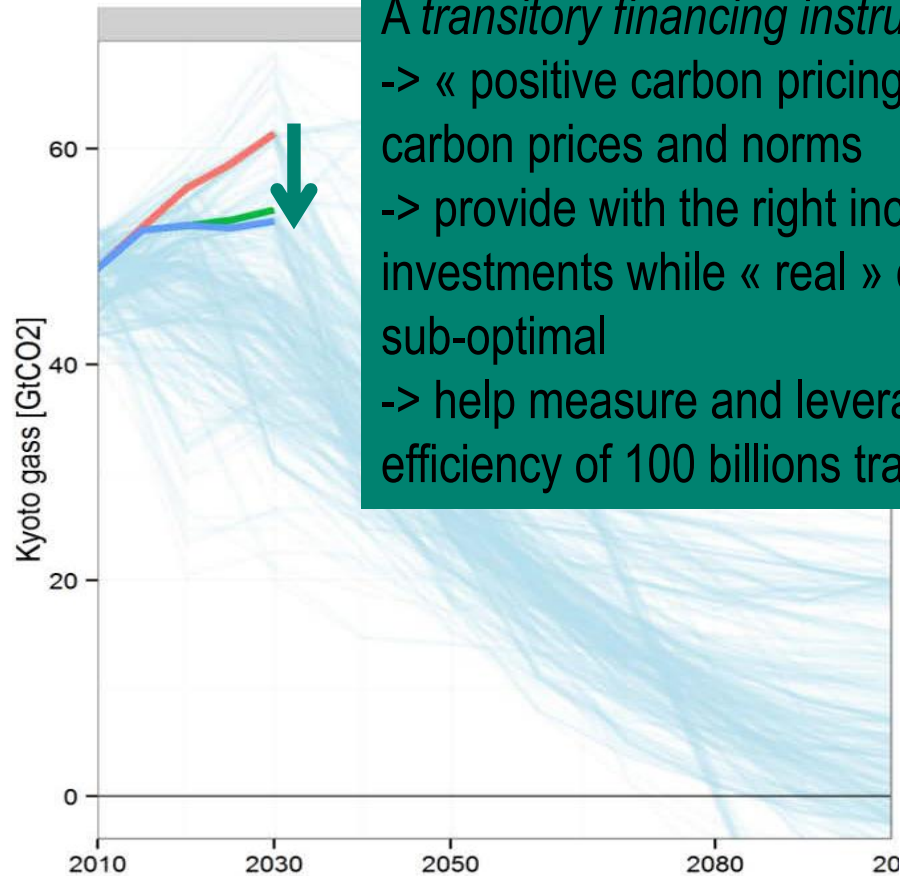






A *monetary measure* of projected mitigation efforts
-> self-realization power on the financial markets if credible
-> easier comparability of NDCs' efforts if calculated in a transparent way for each country
-> possible evaluation of efforts' convergence (price corridor)

1. A *monetary measure* of projected mitigation efforts



A transitory financing instrument

-> « positive carbon pricing », as a complement to carbon prices and norms

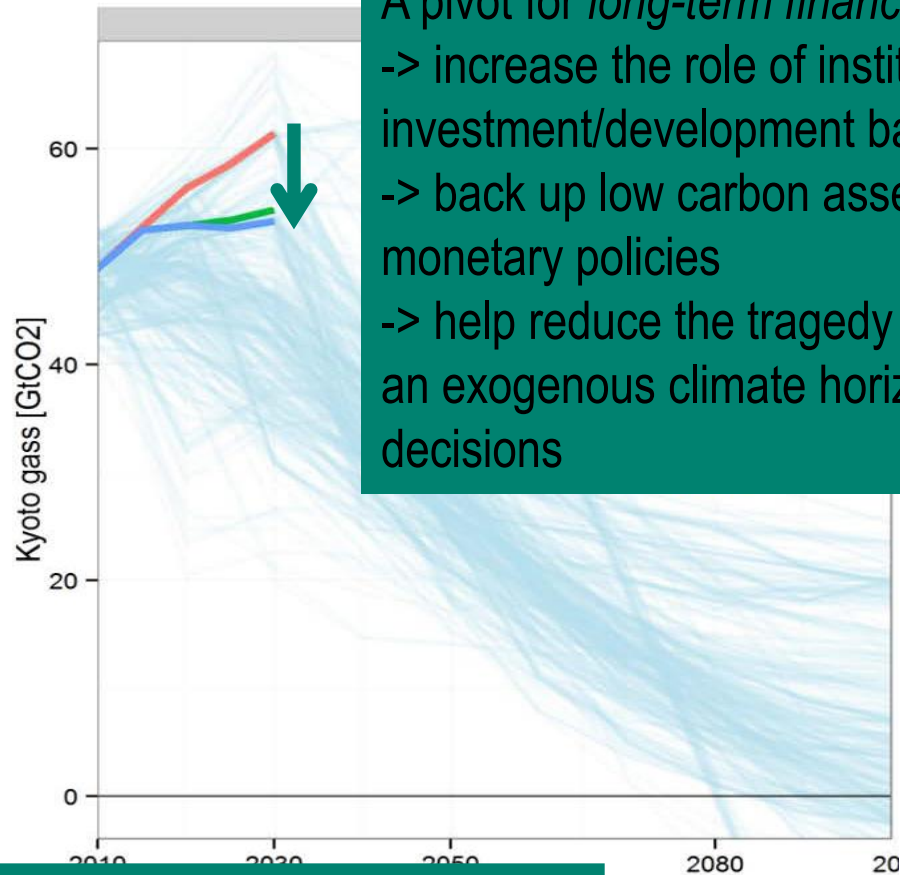
-> provide with the right incentive to new investments while « real » carbon price remains sub-optimal

-> help measure and leverage the mitigation efficiency of 100 billions transfers

1. *A monetary measure of projected mitigation efforts*

2. *A transitory financing instrument*

Three levels of implementation of #108



A pivot for *long-term financial sustainability*

-> increase the role of institutional investors, public investment/development banks

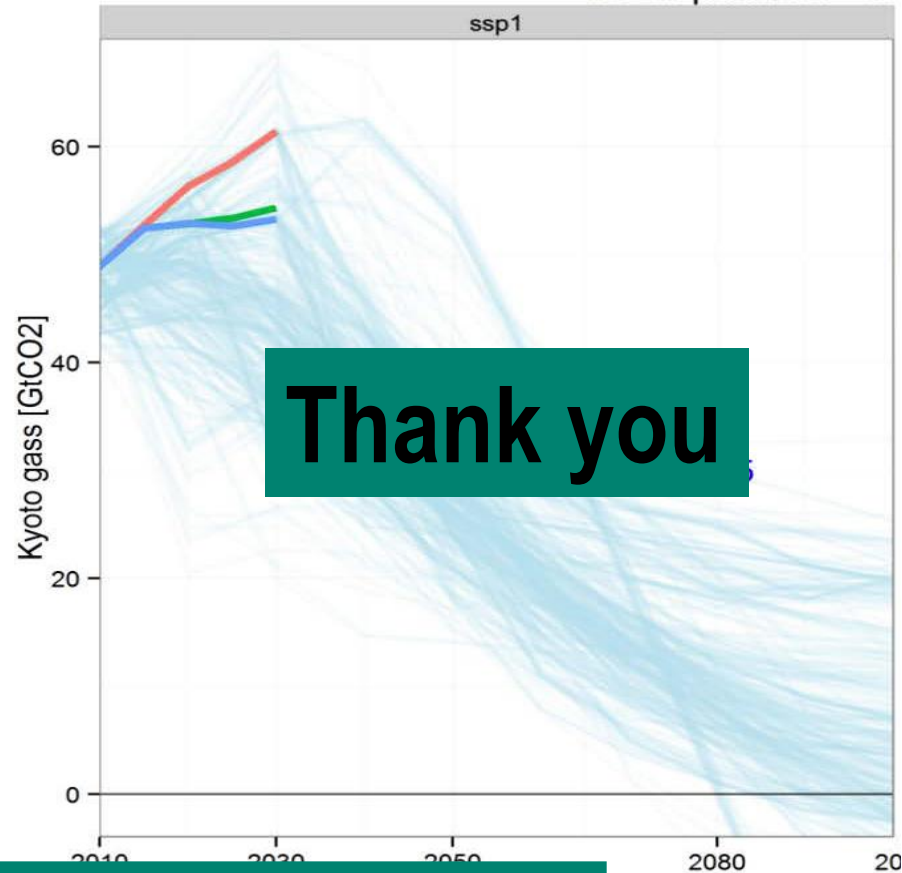
-> back up low carbon assets for non-conventionnal monetary policies

-> help reduce the tragedy of the horizons by giving an exogenous climate horizon to today's portfolio decisions

1. A *monetary measure* of projected mitigation efforts

2. A *transitory financing instrument*

3. A pivot for *long-term financial sustainability*



1. A monetary measure of projected mitigation efforts

2. A transitory financing instrument

3. A pivot for long-term financial sustainability