



Setting the Scene: Long-term Climate Finance

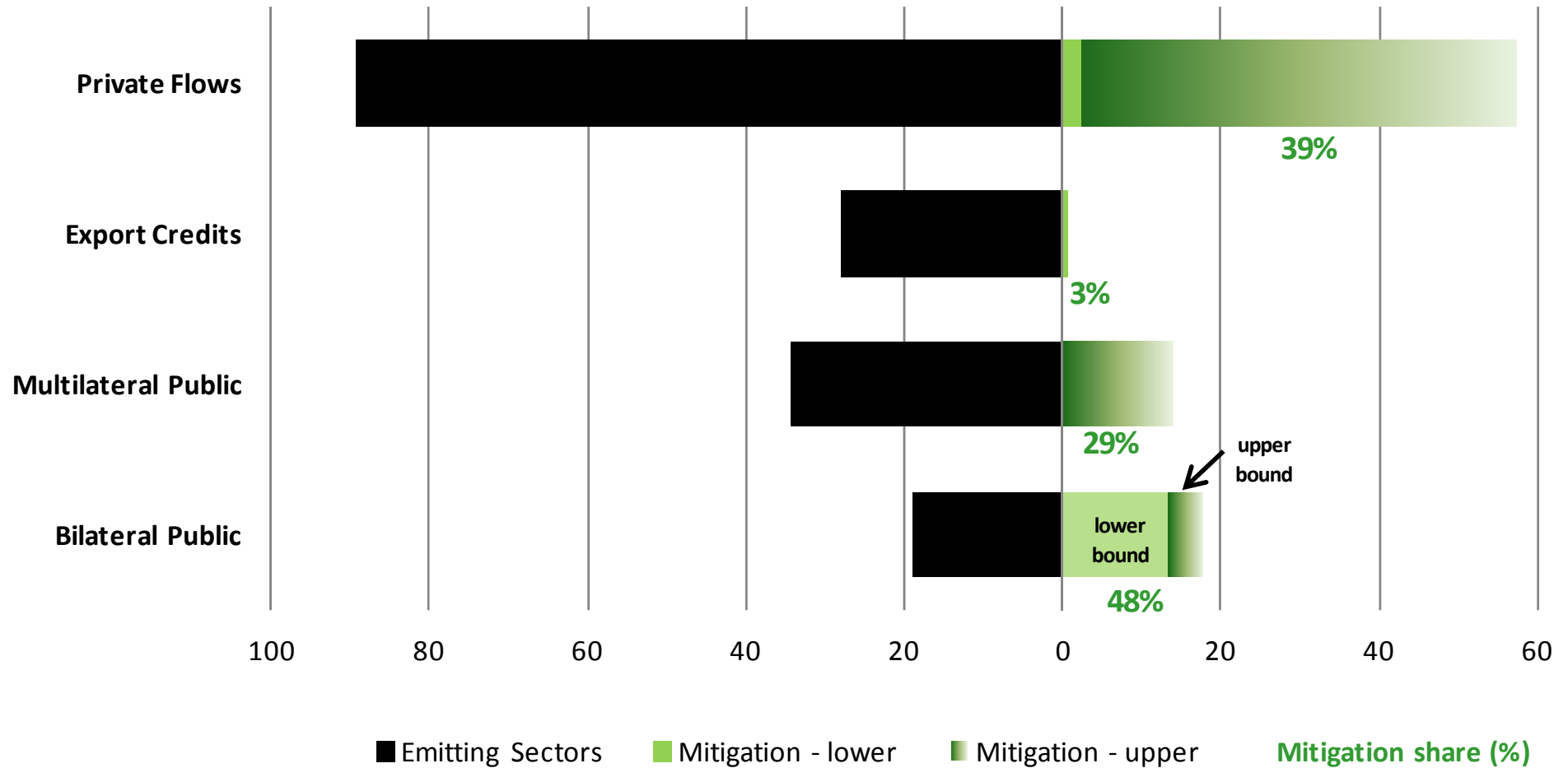
Helen Mountford, Deputy Director, OECD Environment

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Bonn, 9 July 2012**



CHALLENGE 1 : SCALE UP and SHIFT INVESTMENT

(N-S flows for mitigation only, 2010 or latest year, billion USD)



Source: OECD analysis 2011 - compiled from various sources UNCTAD, 2010; OECD DAC-CRS and export credit databases; World Bank, 2010; AGF, 2010; Buchner et al, 2011; Golub et al, 2011.



CHALLENGE 2: ENGAGE PRIVATE SECTOR

- **Barriers linked to infrastructure**
 - High upfront capital
 - Relatively low returns
 - Very long investment timelines
- **Barriers linked to climate market failure**
 - Less profitable than LCR alternatives
 - Lack of familiarity
 - Higher policy risk
- **Contextual barriers**
 - New financial regulations and deleveraging restrain availability of long term bank financing

Balancing the risk-return profile to attract private sector investment

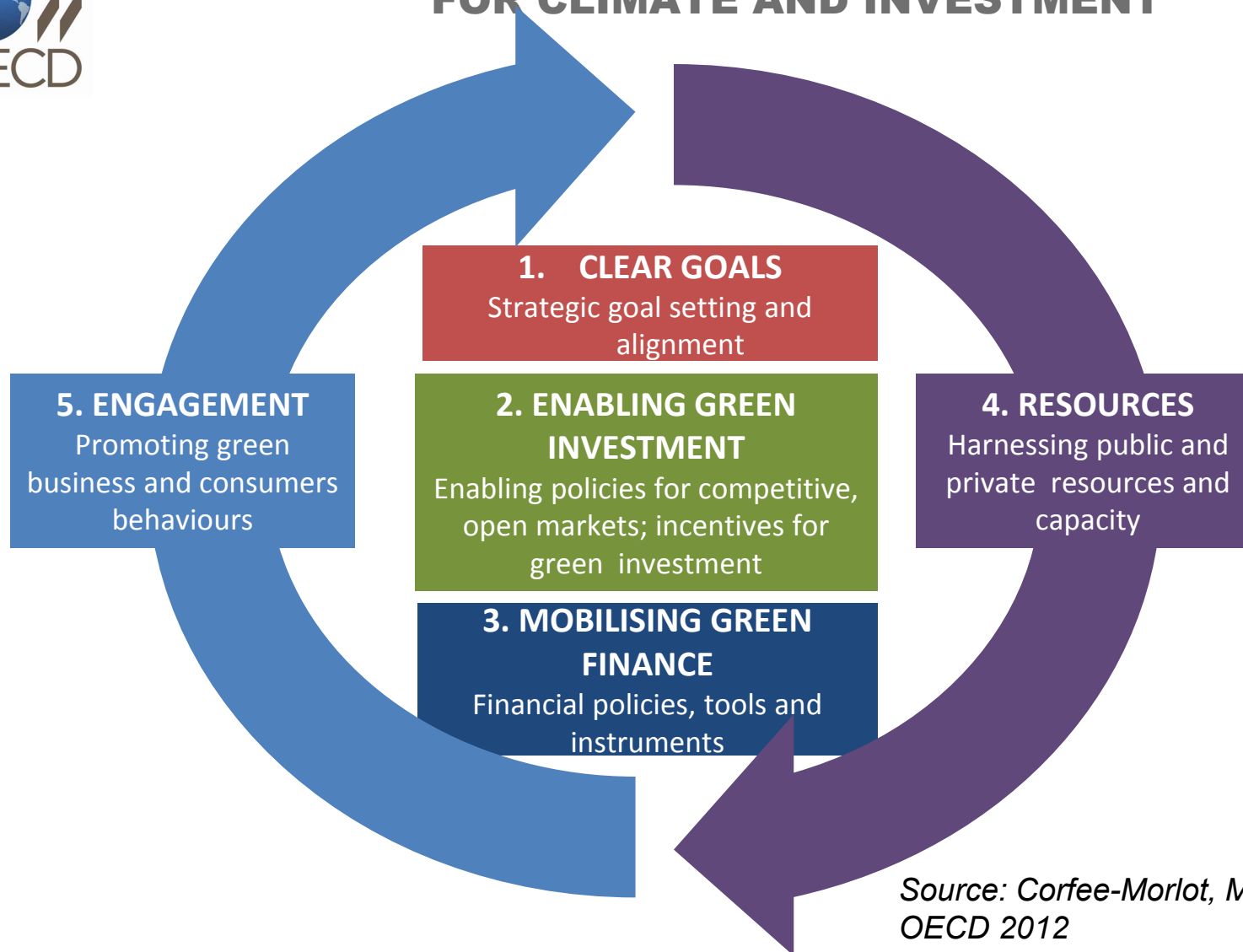


Role of the public sector:

1. Policies to improve the risk-return profile of green infrastructure
2. Use limited public finance to leverage private sector investments



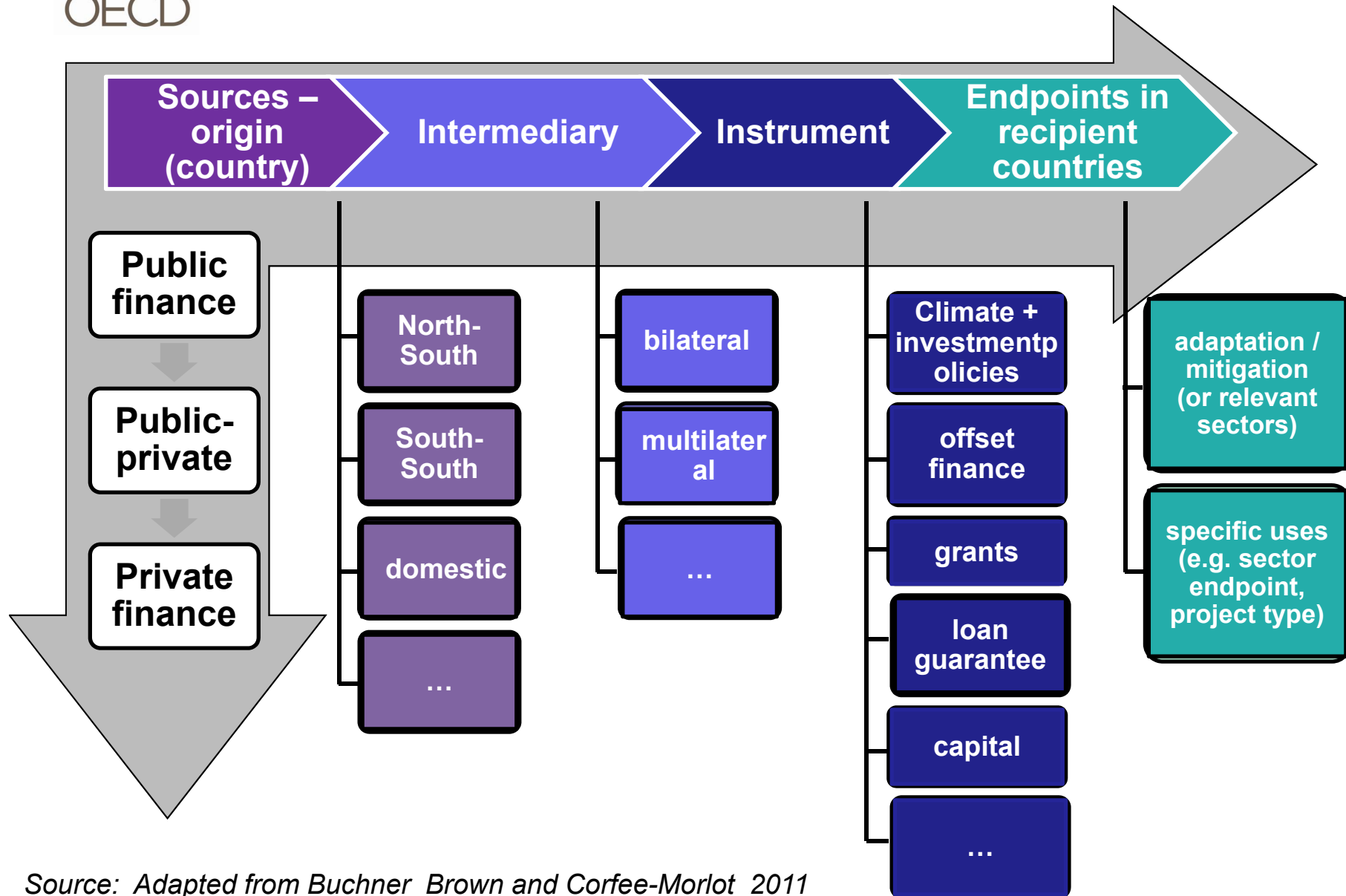
TOWARDS AN INTEGRATED DOMESTIC POLICY FRAMEWORK FOR CLIMATE AND INVESTMENT



Source: Corfee-Morlot, Marchal, et al.
OECD 2012

The mix of policies will need to be adapted to different country contexts, but the main elements are common

CHALLENGE 3: TRACKING FINANCE TO DEVELOPING COUNTRIES



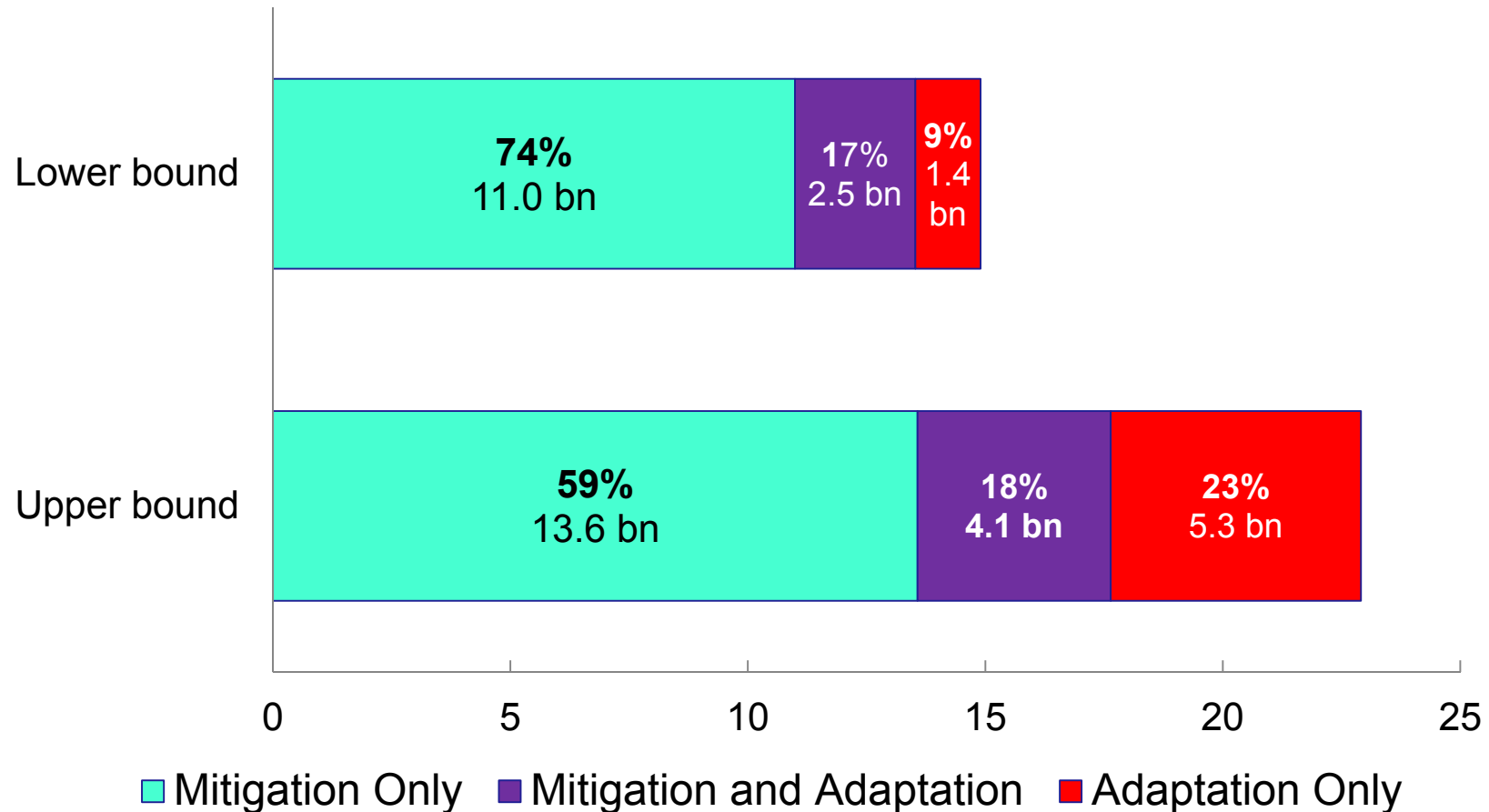
Source: Adapted from Buchner Brown and Corfee-Morlot 2011



Total Bilateral Climate-Related Aid, 2010

**Total upper to lower bound range:
USD 14.9 - 22.9 billion**

Bilateral commitments, constant 2009 prices



Source: OECD DAC-CRS 2012



For more information

OECD climate finance work

www.oecd.org/env/cc/financing

Methods and data for climate change financing

www.oecd.org/dac/stats/rioconventions

The Climate Change Expert Group (CCXG)

www.oecd.org/env/cc/ccxg

The Busan Building Block for Climate Finance
and Development Effectiveness

www.oecd.org/dac/climatefinance