Mobilising finance and investment for industry transformation

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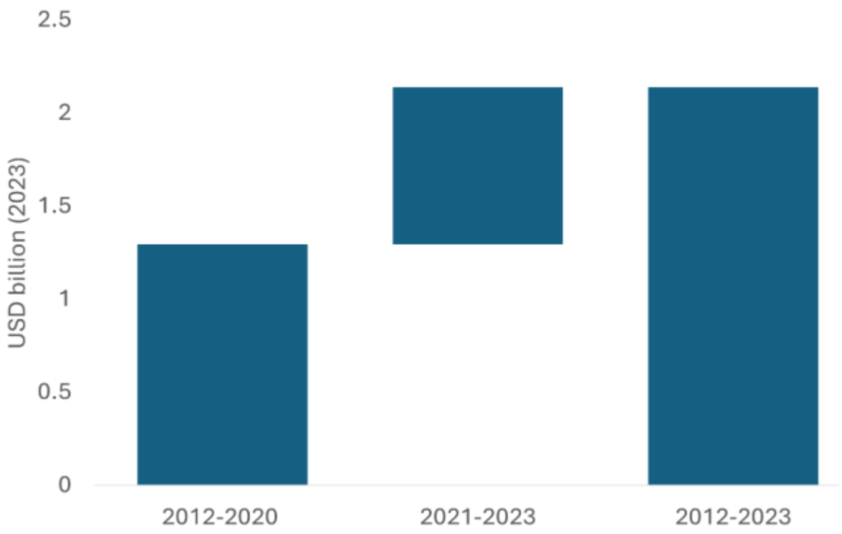
International support for industry transformation: where we stand

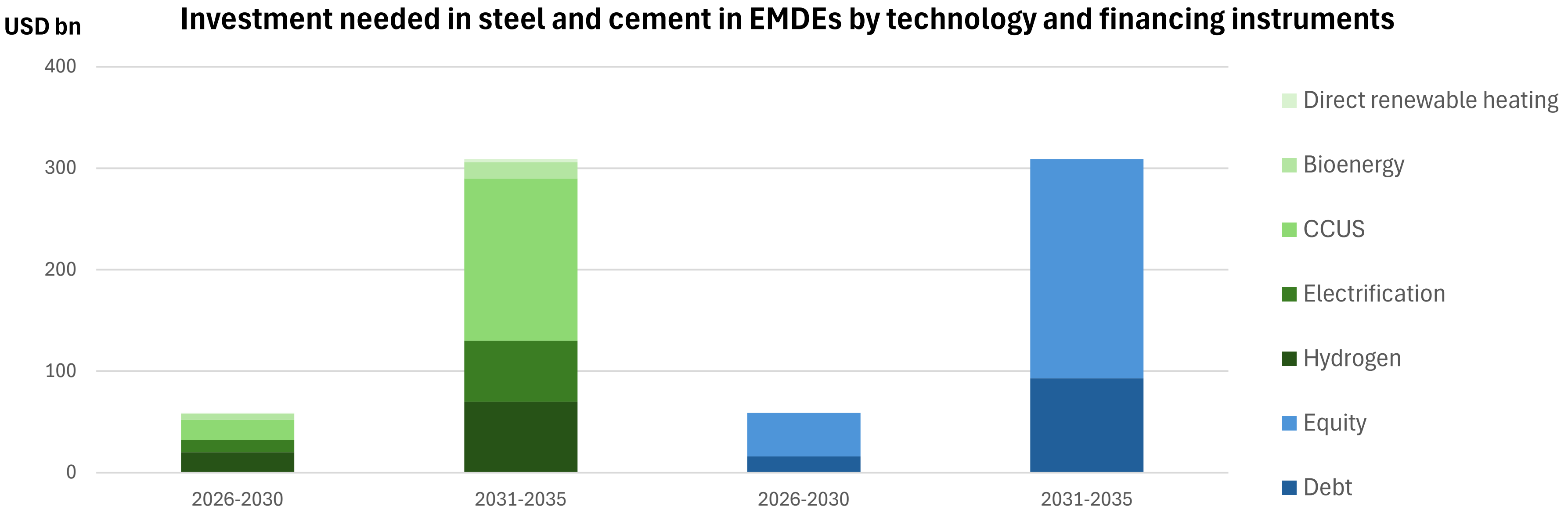
Mitigation-related private finance mobilised for steel, cement and chemical sectors (2012-2023)



Source: OECD and IEA, 2025

- **Total support increased significantly between 2020 and 2023**
  - Public bilateral and multilateral finance increased from USD 1.1 to 1.5 billion
  - Private finance mobilised increased from USD 1.3 to 2.1 billion
- Growth driven by **increase in total mitigation-related development finance** (i.e all sectors) with :
  - Official Development Assistance **(ODA) increase**
  - Increase in share of **mitigation-related flows** in total development finance

International support for industry transformation: where we need to go



Source: OECD and IEA, 2025

International assistance for industry transformation: how to get there

Scale up **blended finance** to mobilise private capital

Deploy **risk mitigation instruments** to improve project bankability

Use **revenue stabilisation mechanisms** to enhance financial viability

Strengthen **domestic policy frameworks**

Establish **county platforms and national/regional programmes**

Accelerating industry transformation and closing the competitiveness gap

Identifying financing solutions & enabling conditions

Specific recommendations

by industry sub-sector, technology, country

Identify and prioritise solutions

- close competitiveness gap
- techno-economic modelling

Enable stakeholder alignment

- government, industry, finance stakeholders
- whole of government & value chain approaches

Implementation driven

- outcomes inform national strategies, policy development
- support project pipelines

A combination of instruments is needed to close the competitiveness gap

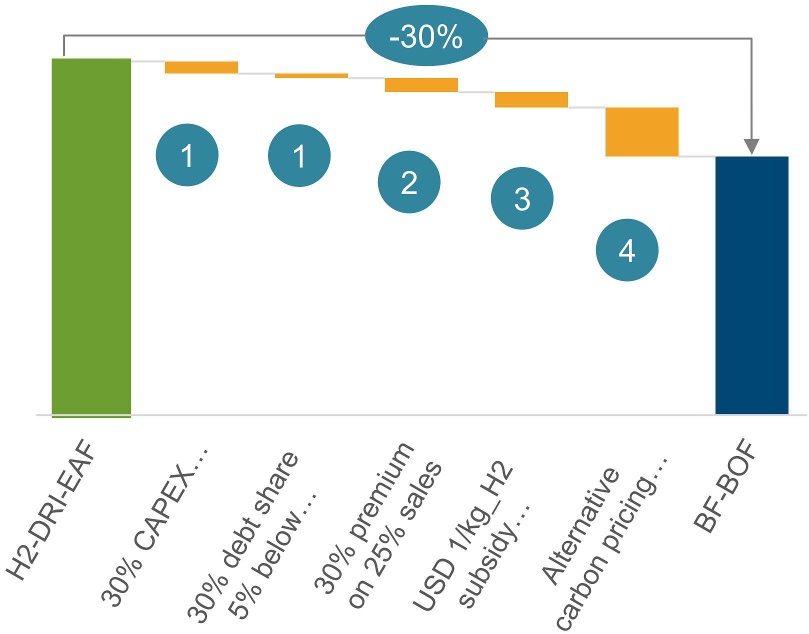
1 **CAPEX** instruments are useful but not sufficient to close the gap
e.g. grants, tax rebates, concessional loans

2 **Demand-side** mechanisms are important to create a sustainable market
e.g. green premiums

3 Instruments for **OPEX** are crucial
e.g. price cap, targeted support, contracts for difference

4 Mechanisms that **give a value to CO_2** are key
e.g. ETS, carbon tax, carbon credits

Illustrative example: Hydrogen for the steel sector



H2-DRI-EAF: steel produced via hydrogen-base direct reduced iron and electric arc furnace
BF-BOF: steel produced via blast furnaces and basic oxygen furnace (benchmark case)
CfD: Contracts for Difference

Enabling conditions are equally essential

Planning
Long-term vision, targets, sectoral roadmap

Infrastructure
CCS, H2, low-carbon electricity, biomass…

Taxonomies

Availability / affordability of inputs
Energy & raw materials

Regulations for low-carbon technologies
CCS, clean hydrogen

Demand side policies
Mandates, green public procurement

National collaboration
Co-ordination across ministries, Stakeholder engagement

International co-operation
Technology development, trade, definitions, access to finance

Strategic **Value chain** **Governance**

Insights from practice: Petrochemicals and plastics in Thailand

	Option 1 Bio-ethanol to bio-olefins	Option 2 Bio-based & biodegradable plastics	Option 3 CCS
Competitiveness gap	200%	>150%	15-25%
Key instruments	Reducing price of bioethanol (excise tax, custom duty)	• Plastic pollution fee • Green premium • Concessional finance	Instruments monetising CO_2 (carbon pricing, carbon incentives
Key enabling conditions	Amend bioethanol regulations Reconsider plans to reduce support for bioethanol	Demand mechanisms (i.e. green taxes, GPP, labelling)	CCS governance, legal & regulatory framework
	Targets for bioplastics production & biomass feedstock strategy		
	Thailand Taxonomy		

Thank you!

For more information, see OECD work on:

[Climate change]

[Industry transformation]

[Finance and investment for industry decarbonisation].

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OECD work on industry transformation

Some key references

OECD/IEA (2025) Support for decarbonising heavy industry in emerging markets and developing economies: Where we stand, where we need to go and how to get there

OECD/Climate Club (2025) Climate Club Financial Toolkit: Economic, De-risking and Financing Instruments for Industry Decarbonisation

OECD/Climate Club (2024) Mapping financial and technical assistance for industry decarbonisation in emerging markets and developing economies

Cordonnier, J. and D. Saygin (2023) Financing solutions to foster industrial decarbonisation in emerging and developing economies

OECD (2022) Framework for industry's net-zero transition: Developing financing solutions in emerging and developing economies

Upcoming work in 2026

Updates of OECD analysis for Climate Club

Climate Club guidance and narrative on country platforms and economic benefits of green industrialization

OECD Handbook on financing industry transformation