



# Scaling up climate finance : The Role of Public Policies

Chair MPDD / CIRED, November 25th, 2021

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2021

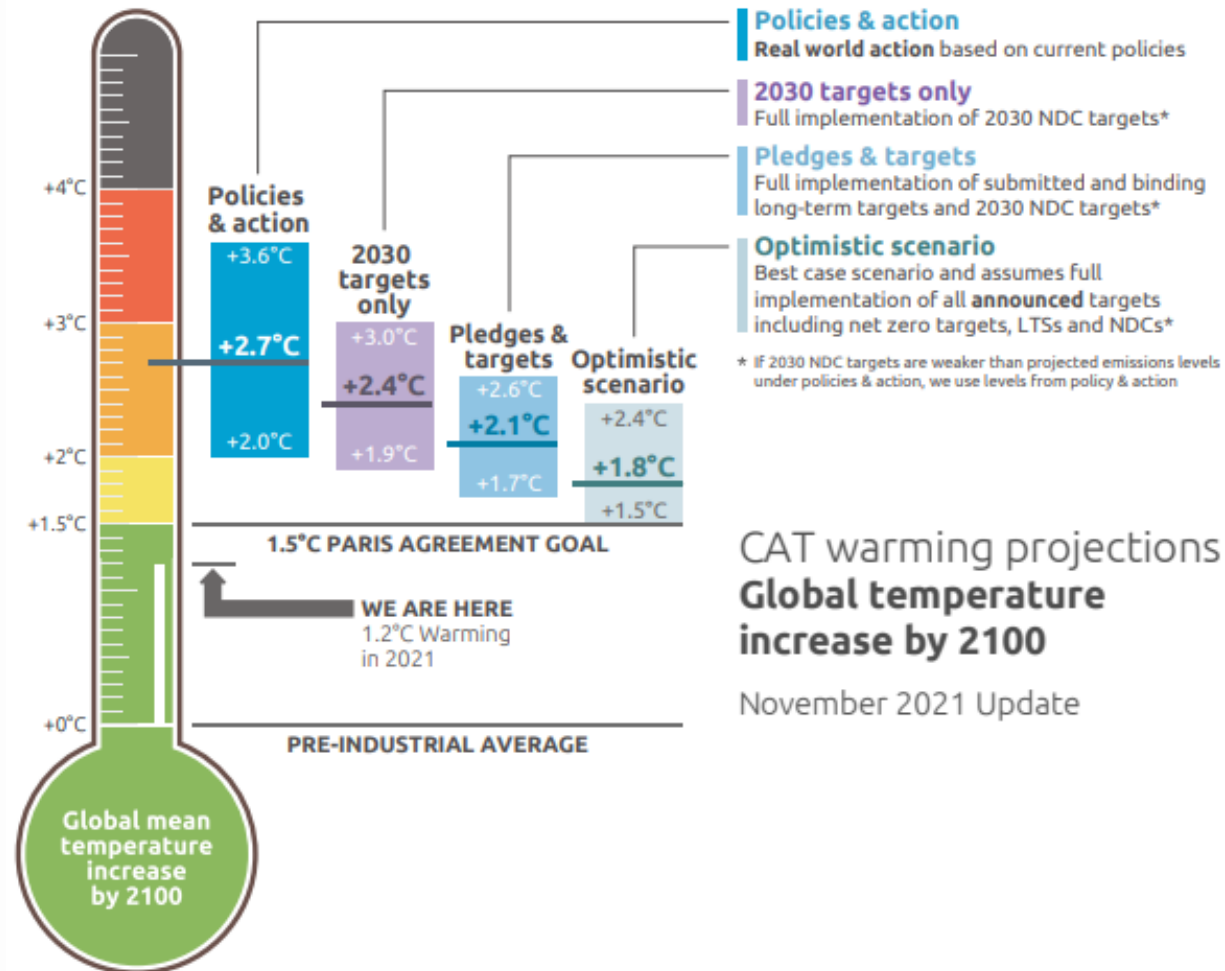


# Emission Gaps



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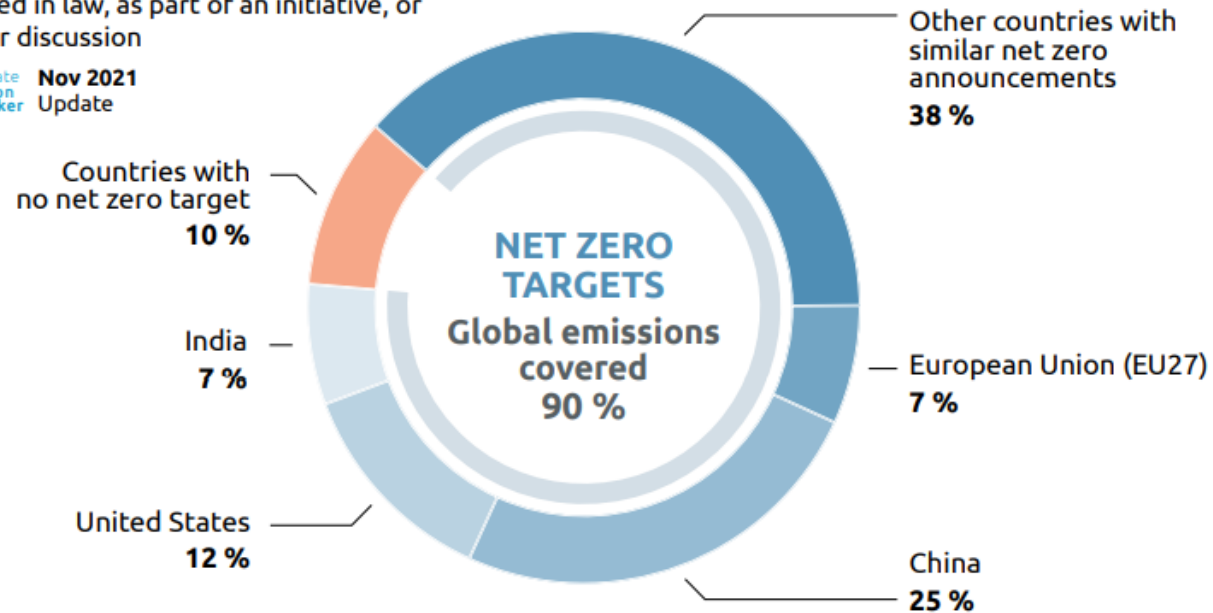
# Long-term Strategies

## Net zero emissions target announcements

Agreed in law, as part of an initiative, or under discussion

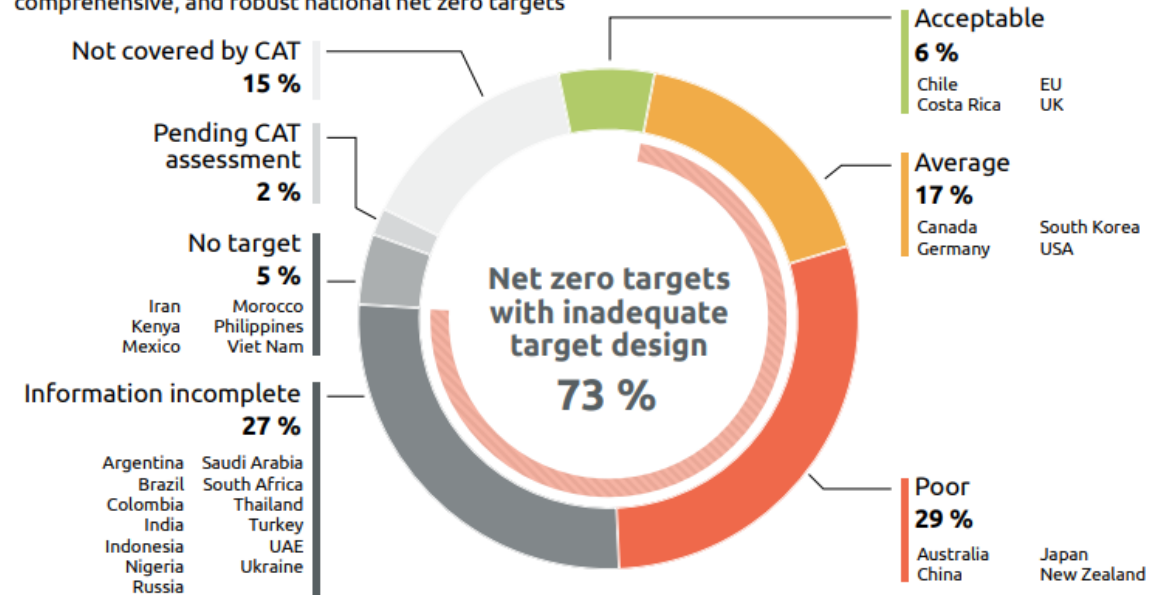


Nov 2021  
Update



## Net zero target design - mostly inadequate to date

Evaluation of the quality of net zero targets using the CAT's design blueprint for transparent, comprehensive, and robust national net zero targets



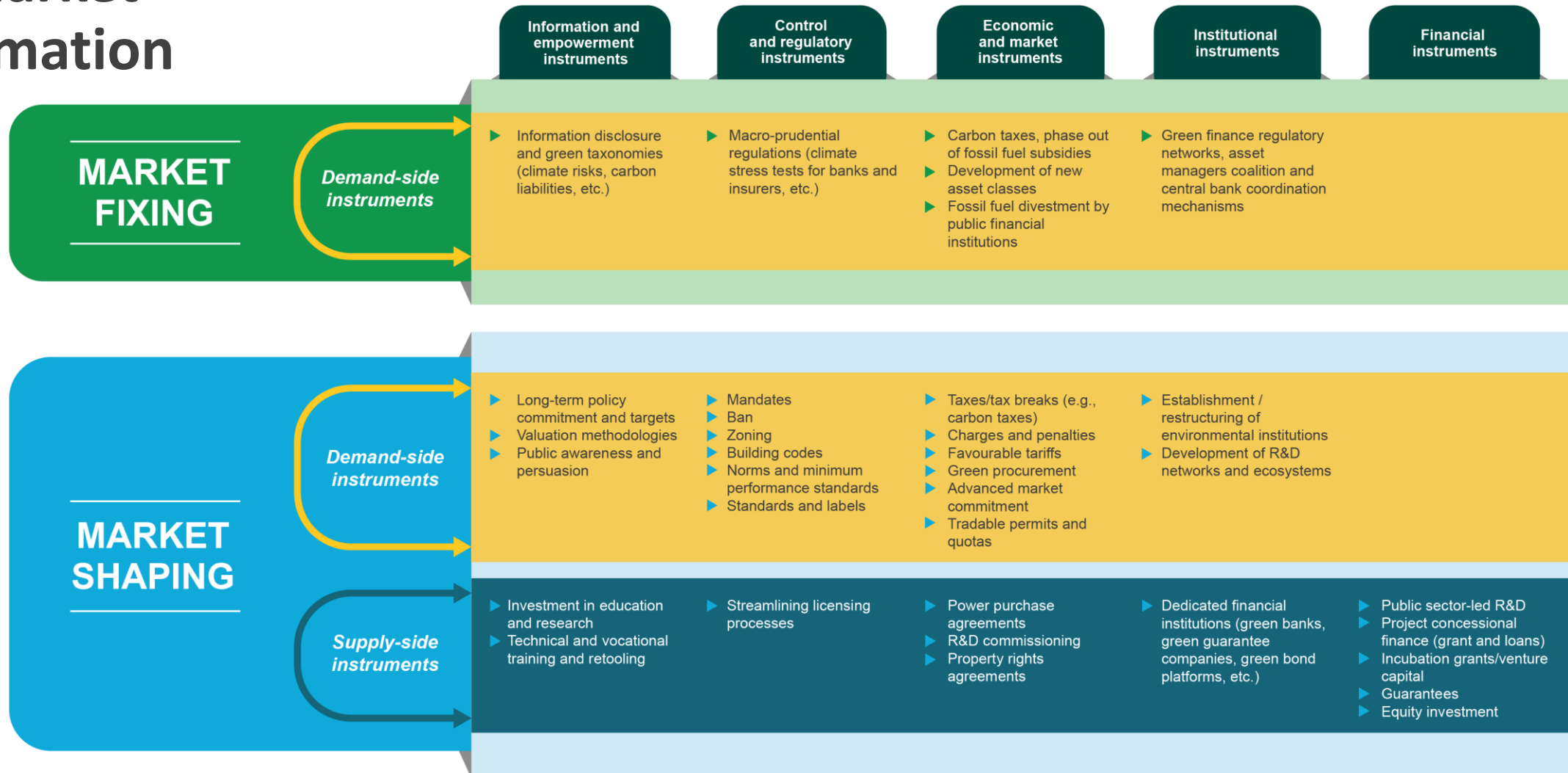
# THE CLIMATE FINANCE PARADOX



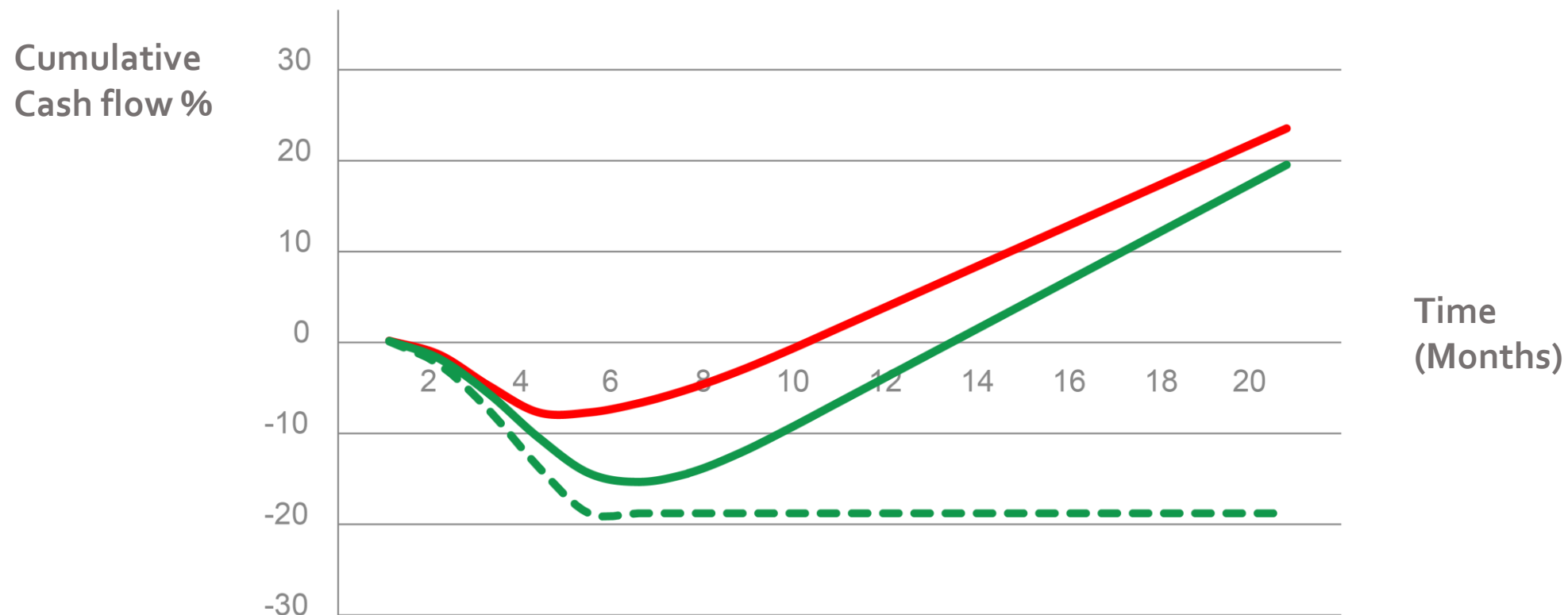
# BARRIERS TO LOW EMISSION, CLIMATE RESILIENT INVESTMENTS

Risk Categories	Development Phase	Construction Phase	Operation Phase	Termination Phase
POLITICAL AND REGULATORY	Environmental review	Cancellation of permits	Change in tariff regulation	Contract duration
	Rise in pre-construction costs (longer permitting process)	Contract renegotiation		Decommission
				Asset transfer
	Currency convertibility			
	Change in taxation			
	Social acceptance			
	Change in regulatory or legal environment			
	Enforceability of contracts, collateral and security			
MACROECONOMIC AND BUSINESS	Prefunding	Default of counterparty		
	Financing availability		Refinancing risk	
			Liquidity	
			Volatility of demand/market risk	
	Inflation			
	Real interest rates			
	Exchange rate fluctuation			
TECHNICAL	Governance and management of the project			Termination value different from expected
	Environmental			
	Project feasibility	Construction delays and cost overruns	Qualitative deficit of the physical structure/ service	
	Archaeological			
	Technology and obsolescence			
	Force majeure			

# Green market transformation



# BASE CASES IN HIGH FINANCING COST ENVIRONMENT

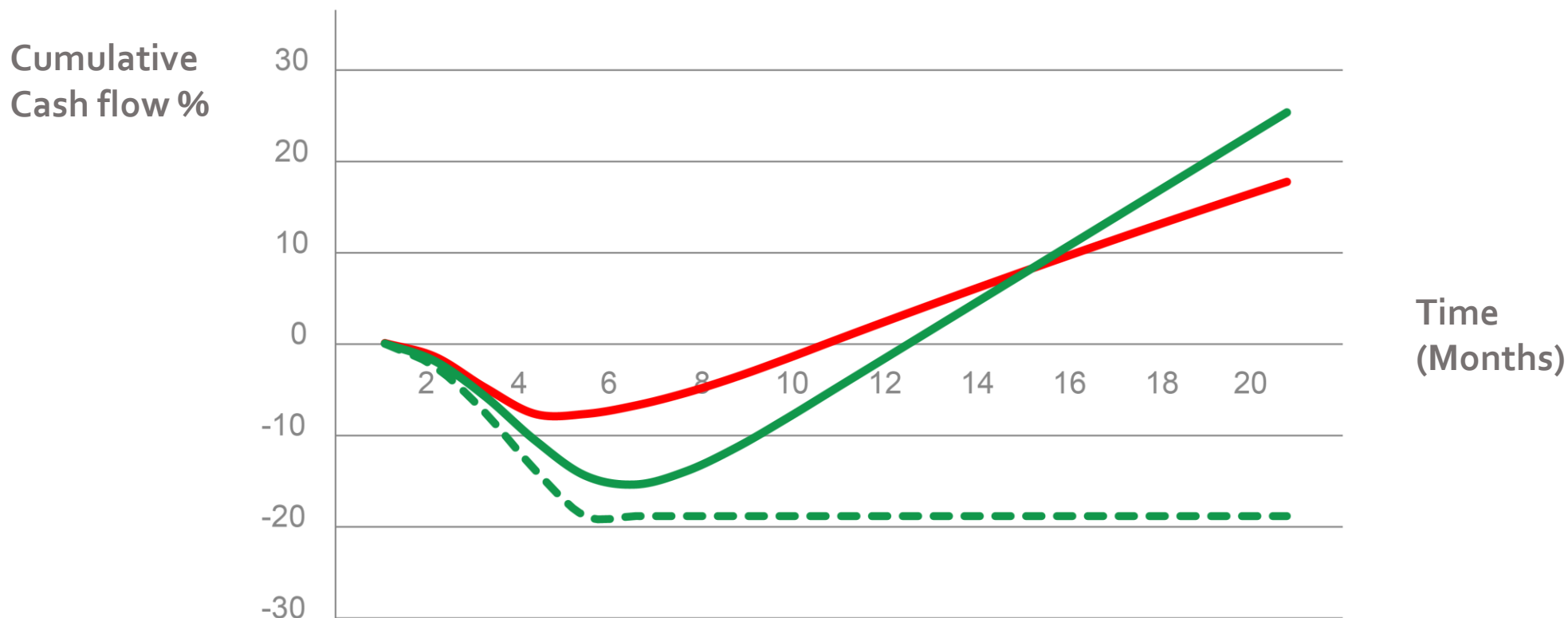


High-carbon  
projects



Low-carbon  
climate projects

# CARBON TAXES AND LOWER INTEREST RATES



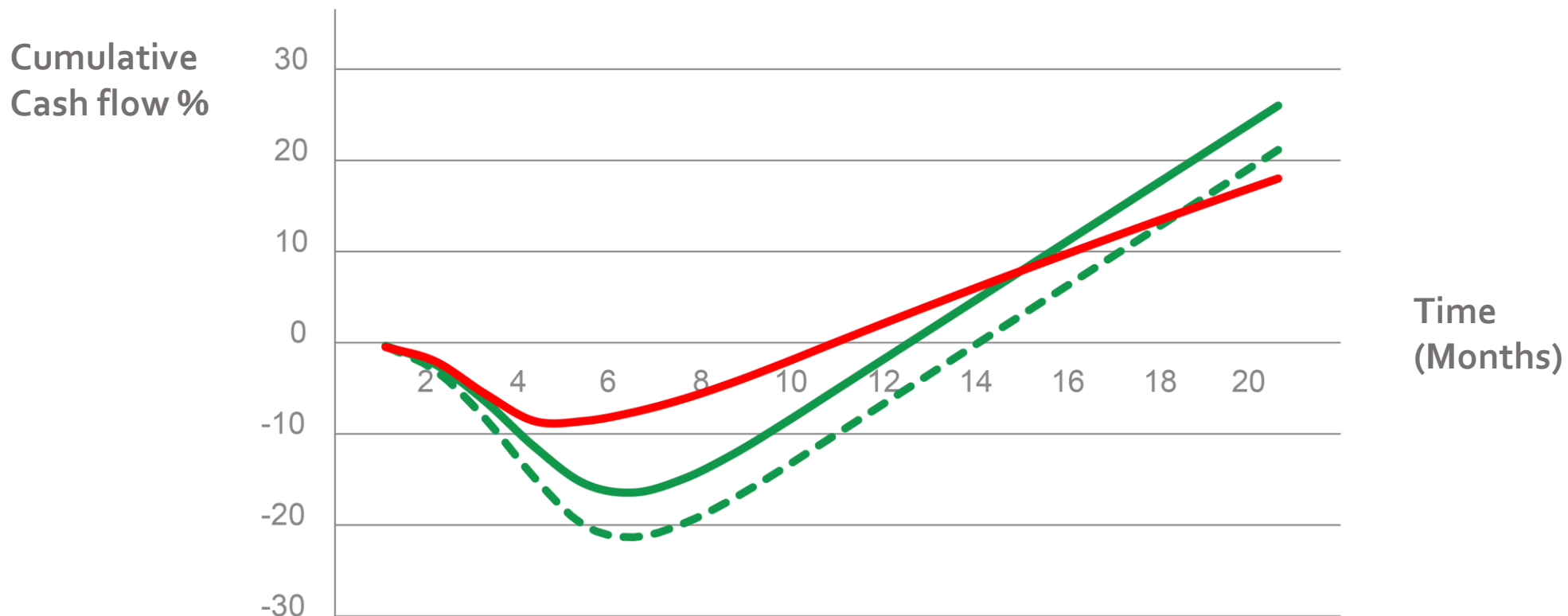
High-carbon  
projects



Low-carbon  
climate projects



# CARBON TAXES, LOWER INTEREST RATES + UP-FRONT DE-RISKING

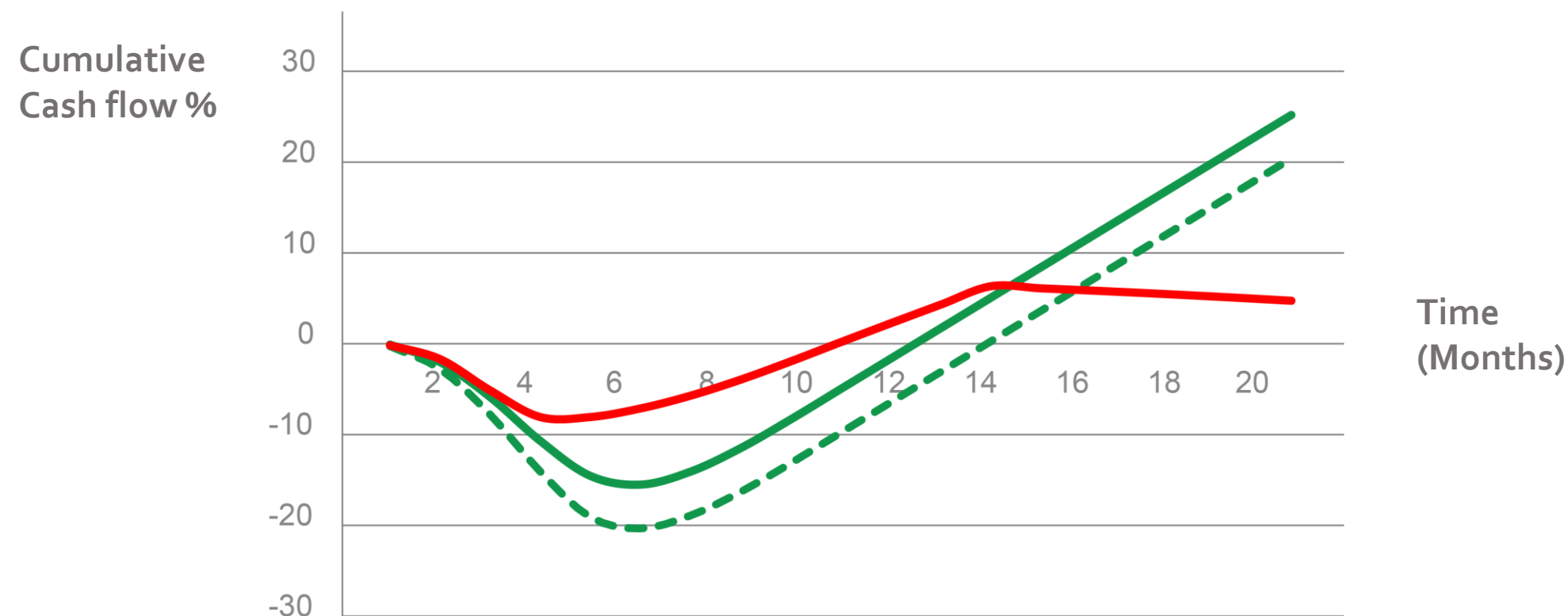


High-carbon projects



Low-carbon climate projects

# WHEN PHYSICAL RISKS COME INTO PLAY



High-carbon  
projects



Low-carbon  
climate projects

# About the GCF

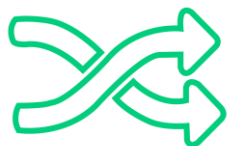


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**01**

Transformational  
planning



**02**

Catalysing  
innovation



**03**

Mobilising  
finance



**04**

Aligning  
finance with  
sustainable  
development

