



WORLD
RESOURCES
INSTITUTE

CLIMATE FINANCE STATE OF PLAY

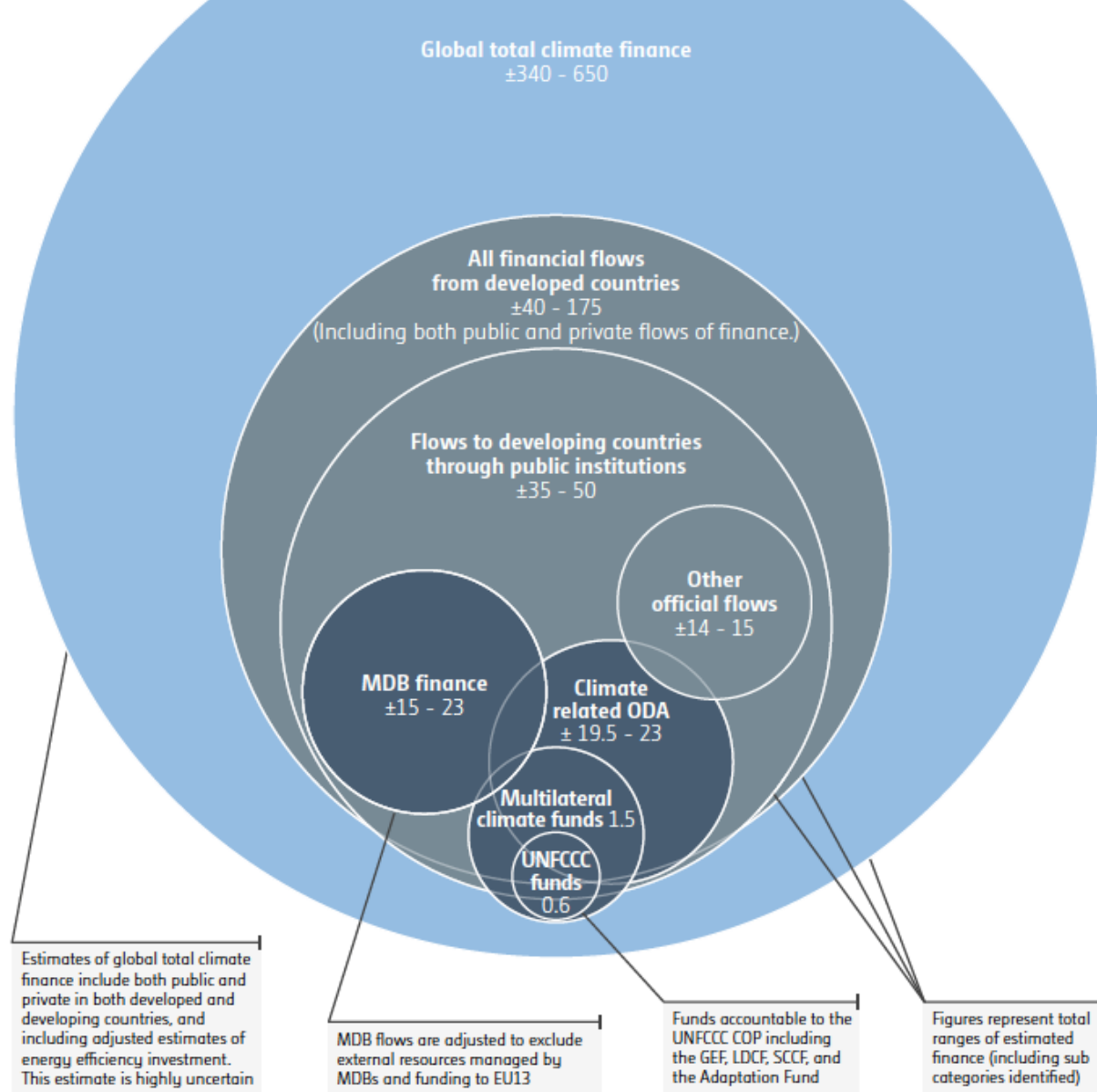
Tokyo Japan, 04 August 2016

ATHENA BALLESTEROS, GLOBAL DIRECTOR, SUSTAINABLE FINANCE CENTER, WORLD RESOURCES INSTITUTE

OUTLINE

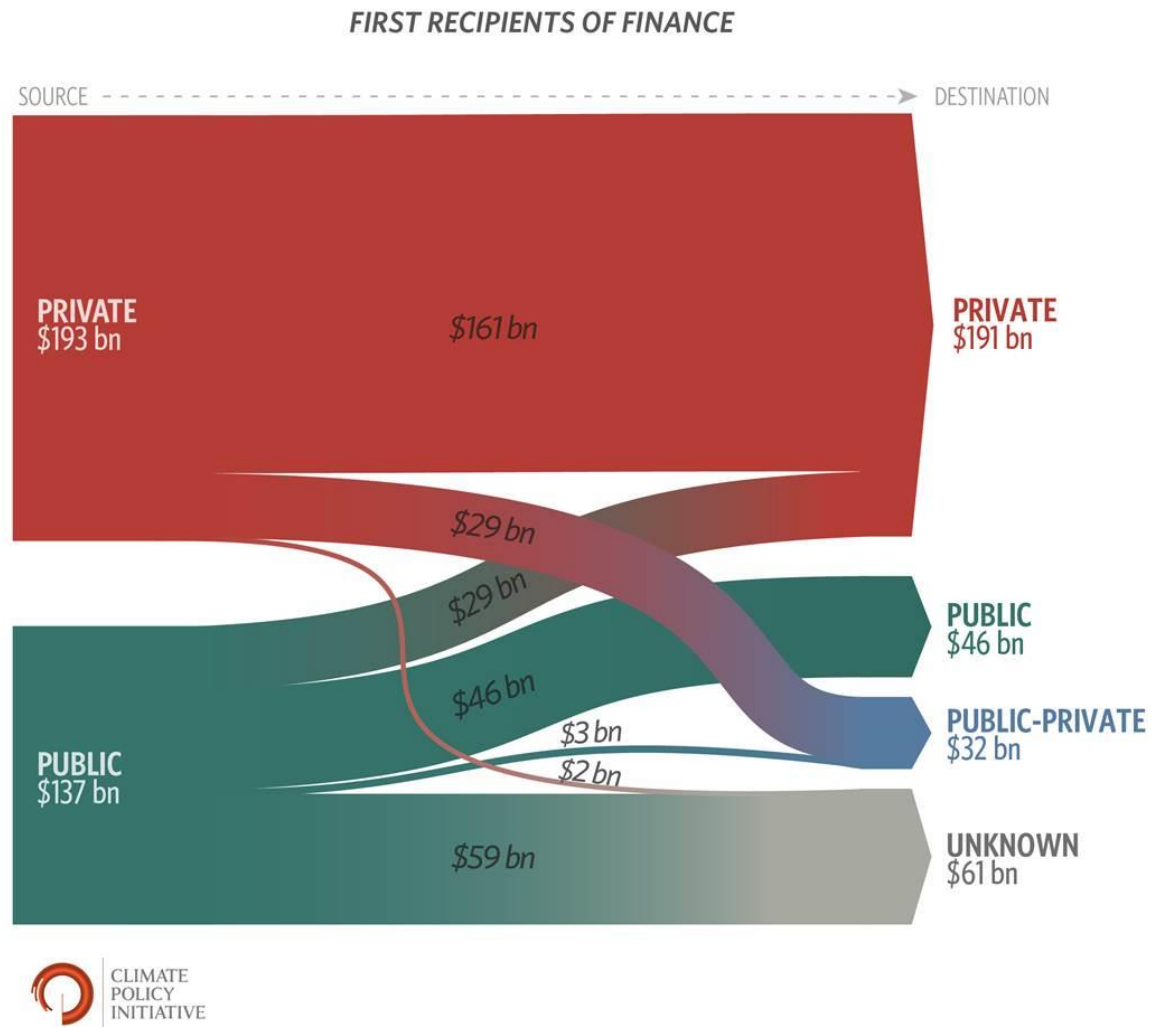
- Introduction: what is climate finance
- Current climate finance flows (Japan's role)
- Post Paris messages
- Transformational climate finance
- Role of the Green Climate Fund
- Japan and coal finance
- Conclusion

CLIMATE FINANCE FLOWS



Quality of measurement and reporting:

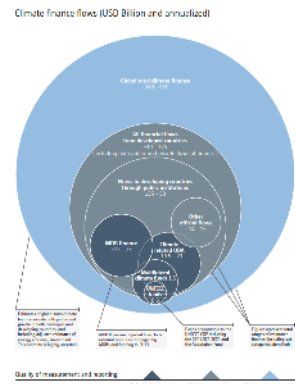
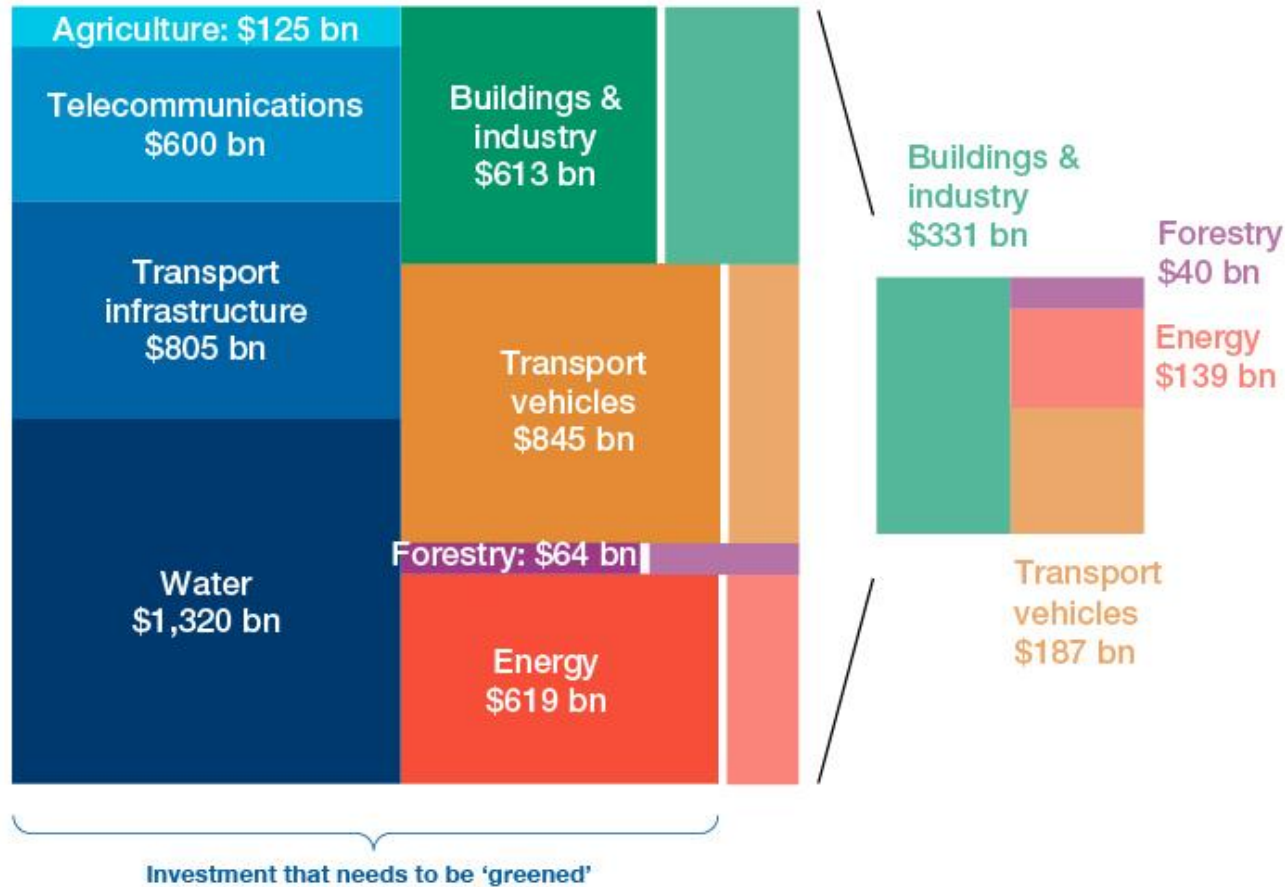
FLOWS OF CLIMATE FINANCE



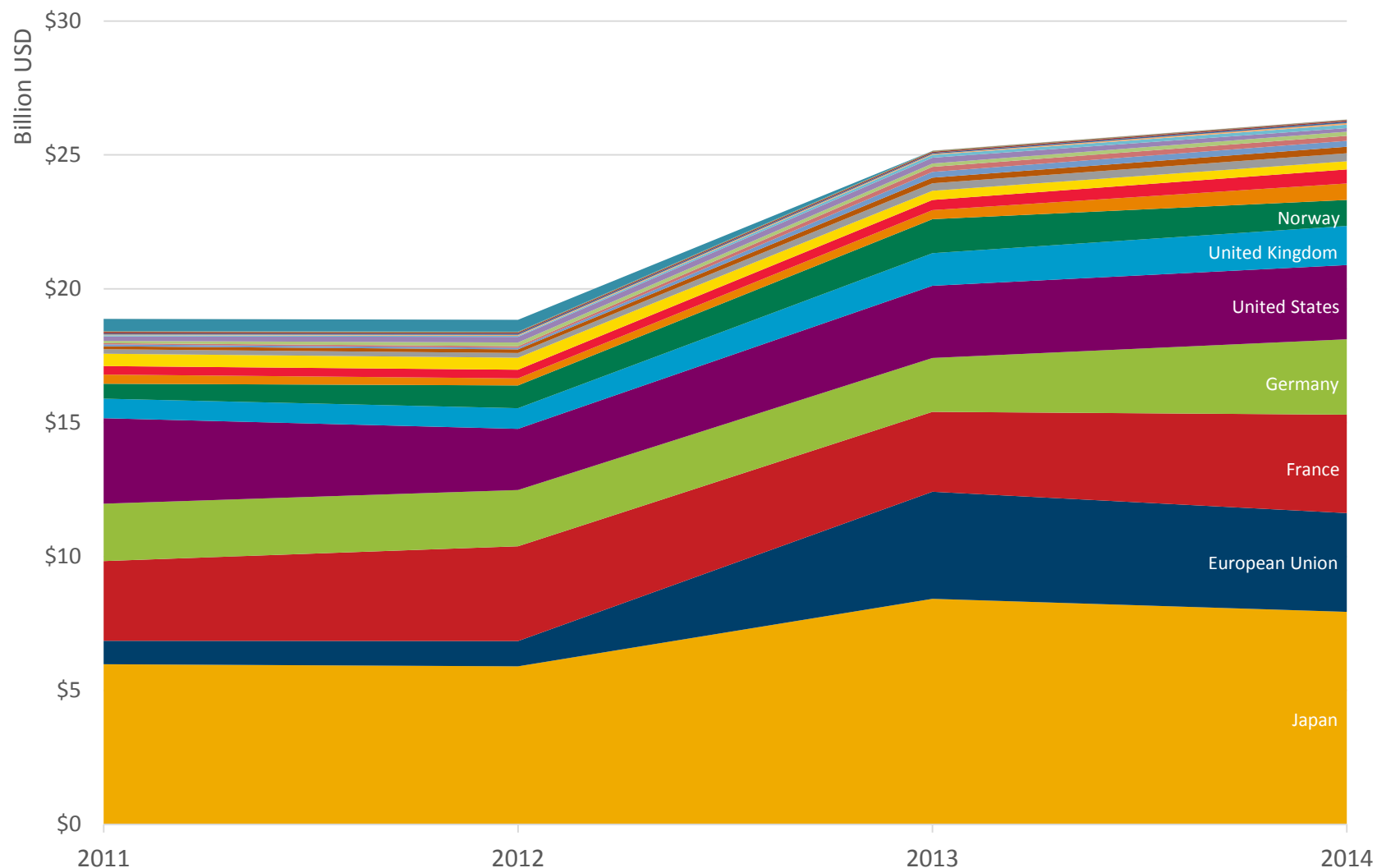
...COMPARED TO INVESTMENT NEEDS

**Total investment requirements :
\$5.0 trillion / year**

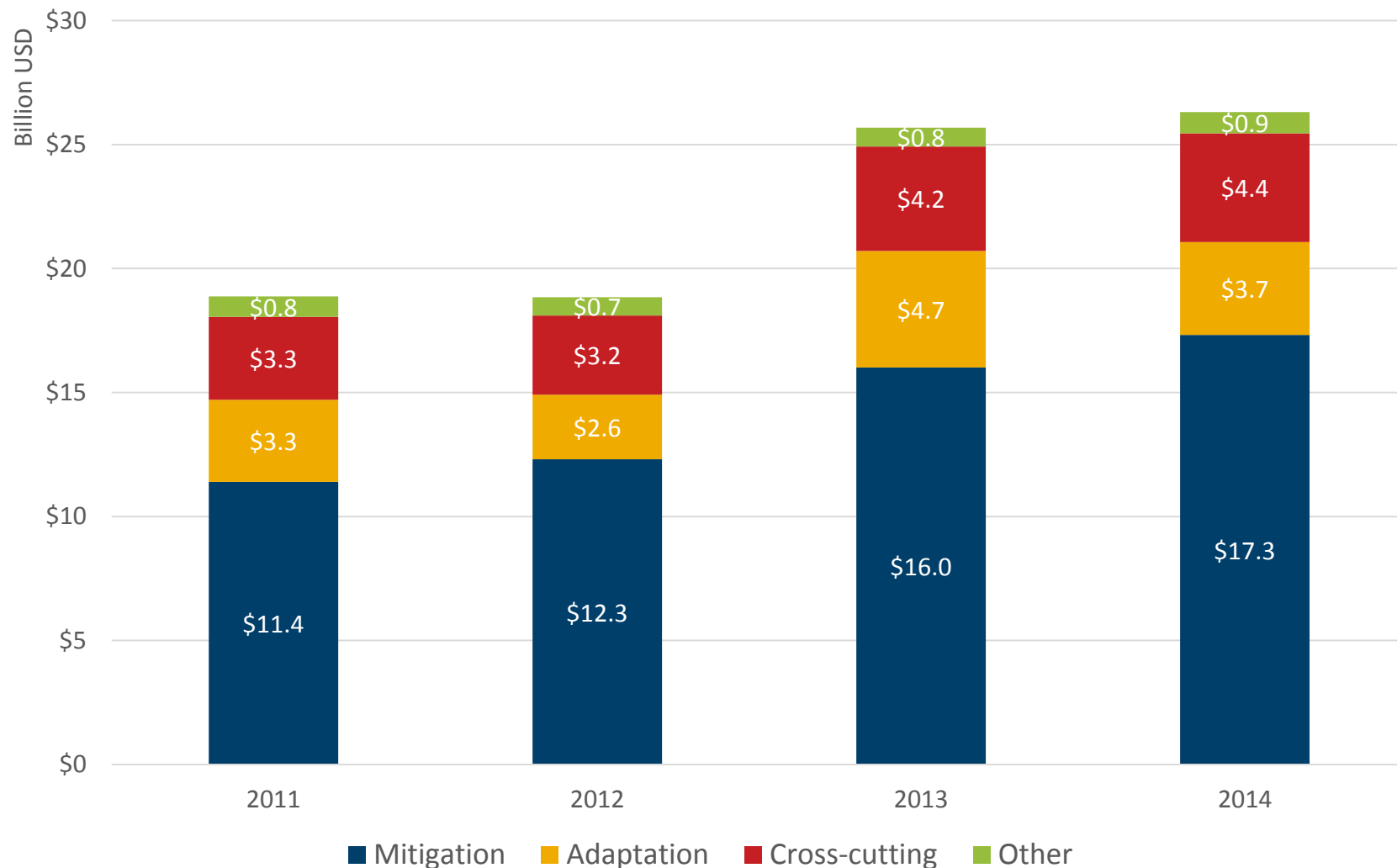
Additional investment requirements in a green growth scenario: \$0.7 trillion / year



REPORTED CLIMATE FINANCE BY ANNEX II CONTRIBUTOR, 2011-2014



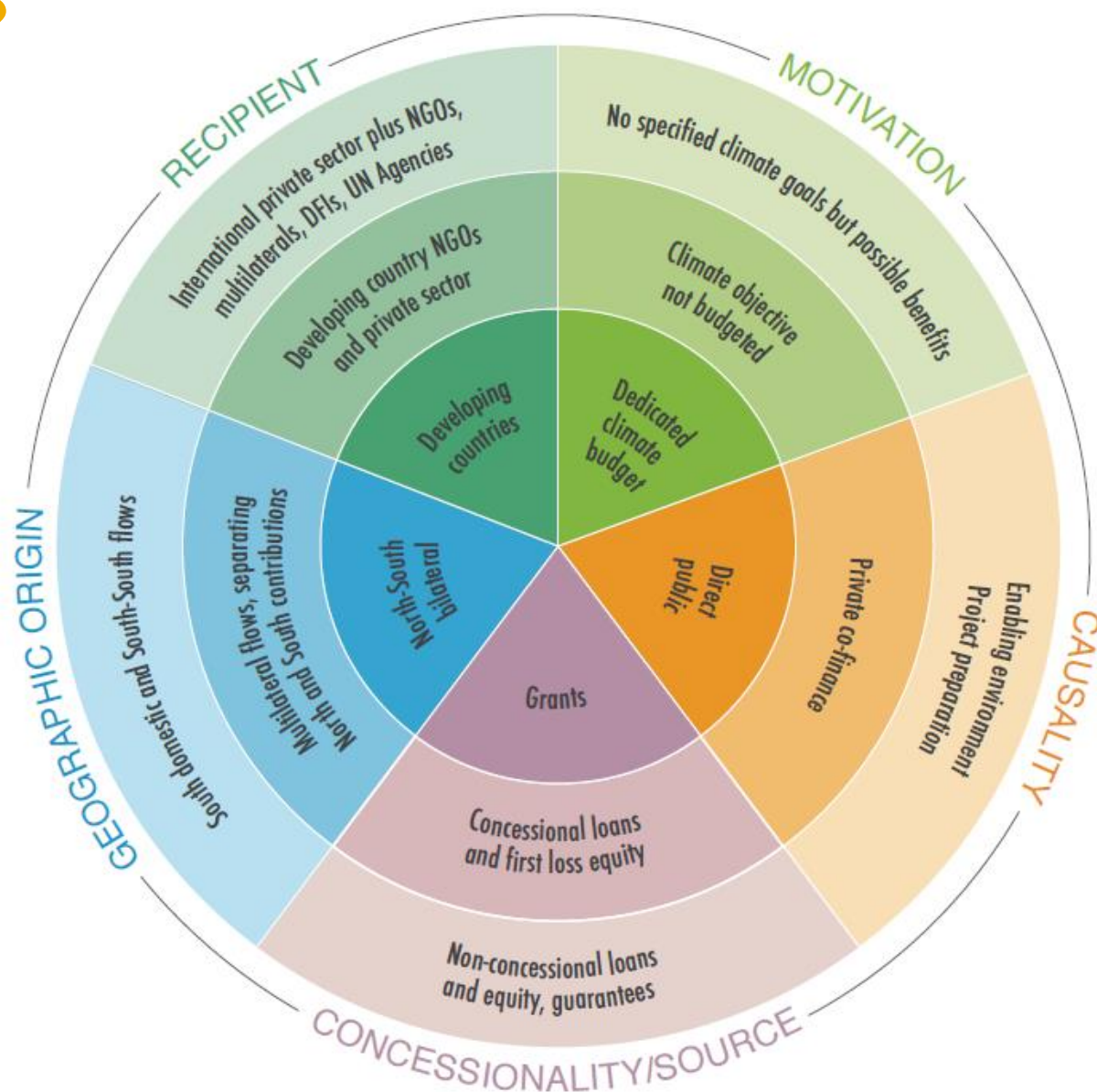
THEMATIC BREAKDOWN OF REPORTED CLIMATE FINANCE BY ANNEX II CONTRIBUTORS



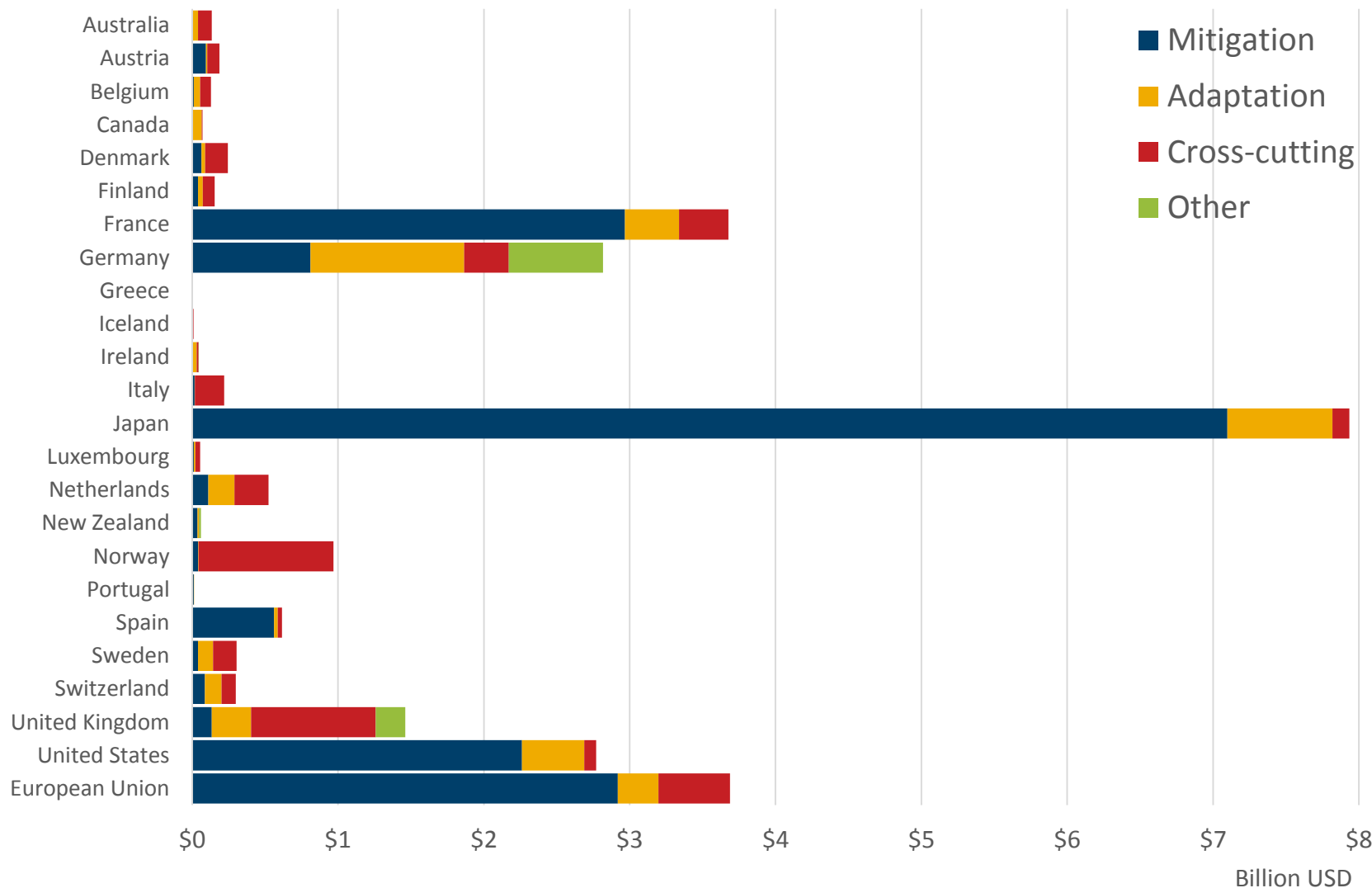
WHAT COUNTS?

Additionality definitions	
Option 1	Funding above the 0.7 per cent ODA target
Option 2	Increase in current levels of climate finance (reference year: 2009)
Option 3	Funding additional to the level of ODA spending in nominal terms
Option 4	Increase in climate finance from new sources

Adapted from Knoke and Duwe (2012)

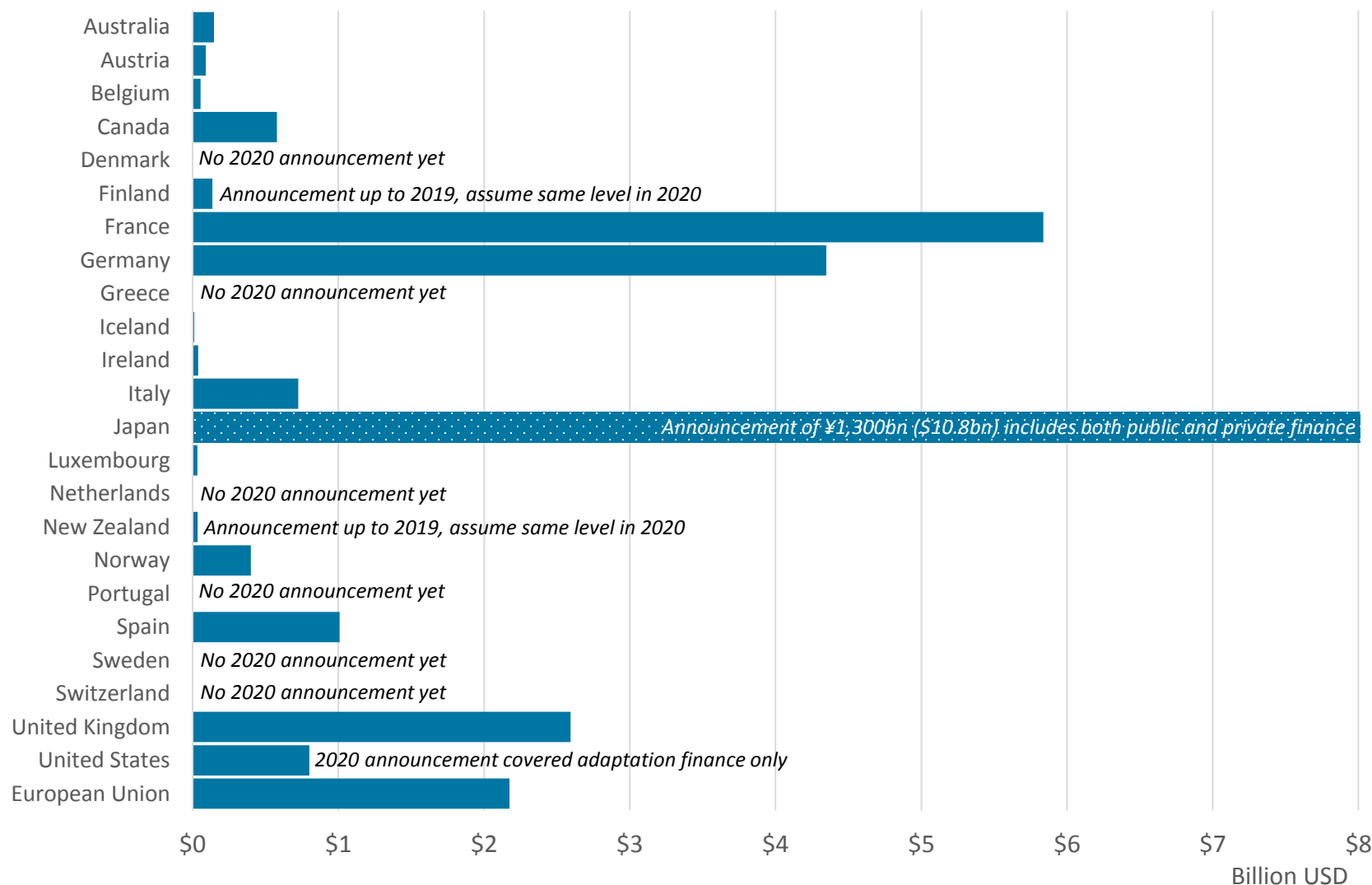


REPORTED CLIMATE FINANCE BY ANNEX II CONTRIBUTOR AND THEME, 2014



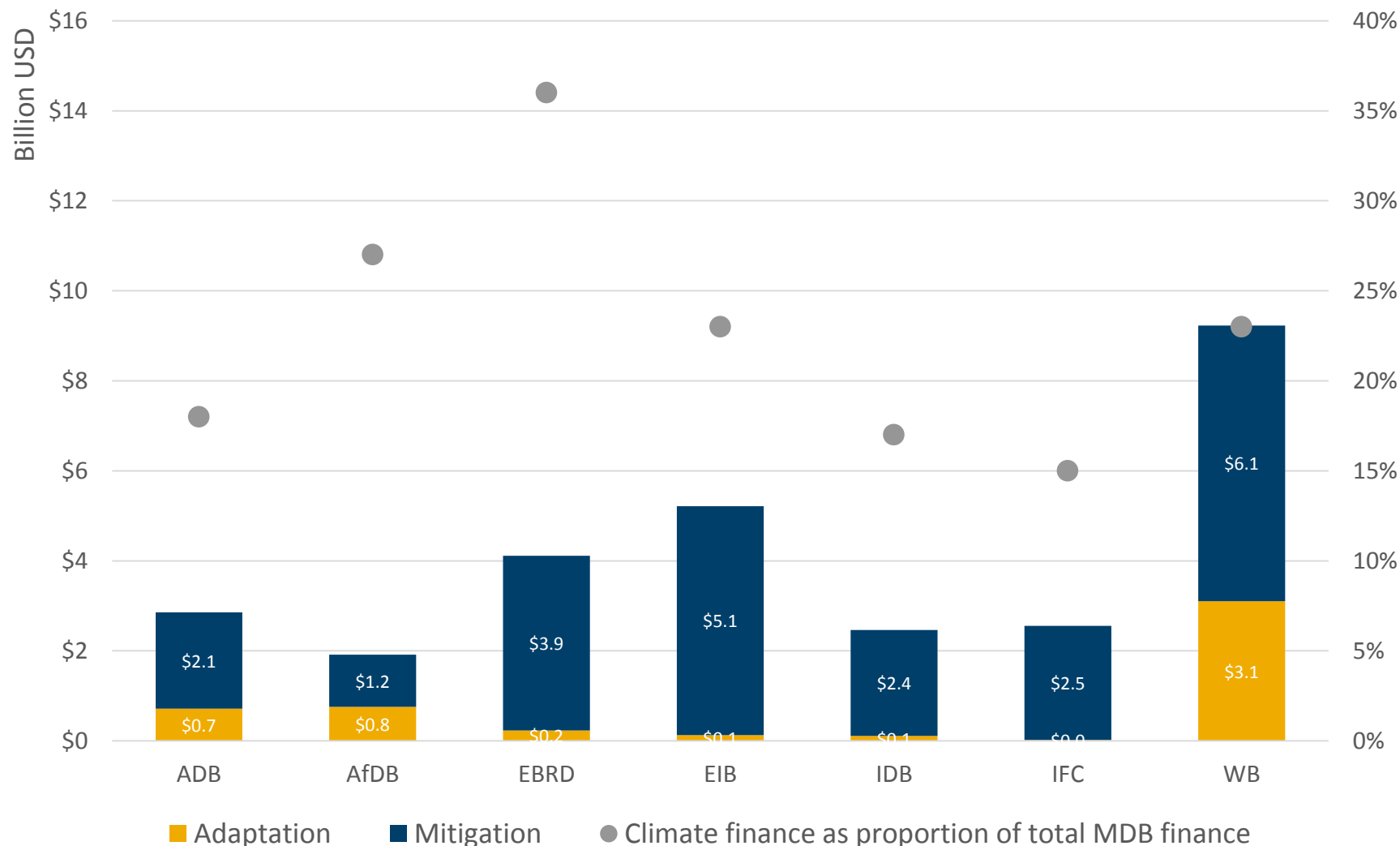
Source: Contributor self-reported data from UNFCCC (2016) Submitted Biennial Reports
http://unfccc.int/national_reports/biennial_reports_and_iar/submitted_biennial_reports/items/7550.php

ANNEX II CONTRIBUTORS 2020 ANNOUNCED CLIMATE FINANCE



Source: Calculated based on UNFCCC (2015) List of Recent Climate Funding Announcements. <http://newsroom.unfccc.int/financial-flows/list-of-recent-climate-funding-announcements/>

MDB REPORTED CLIMATE FINANCE, 2014

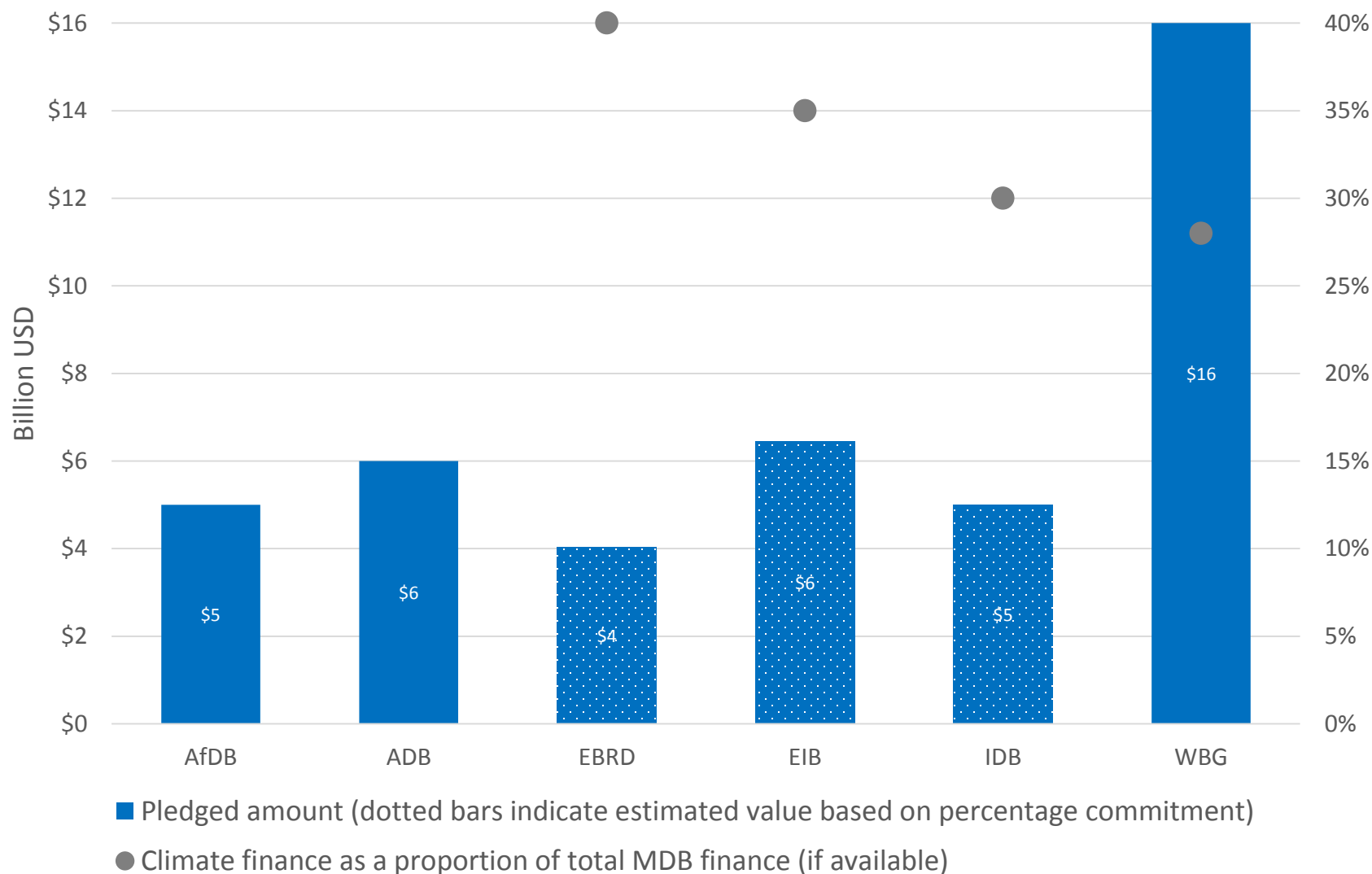


NB: Not adjusted for developed country attributed share

World Bank (2015) 2014 joint report on Multilateral Development Banks' climate finance.

<http://documents.worldbank.org/curated/en/2015/06/24641149/2014-joint-report-multilateral-development-banks-climate-finance>

MDB 2020 ANNOUNCED CLIMATE FINANCE



NB: Not adjusted for developed country attributed share

FUTURE TRENDS

COP 21 decision 1/CP.21:

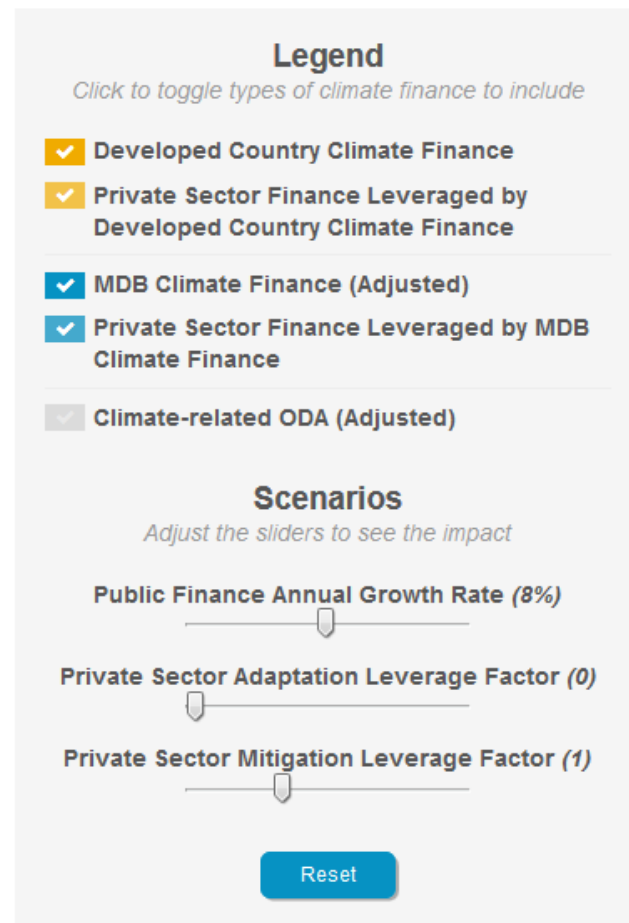
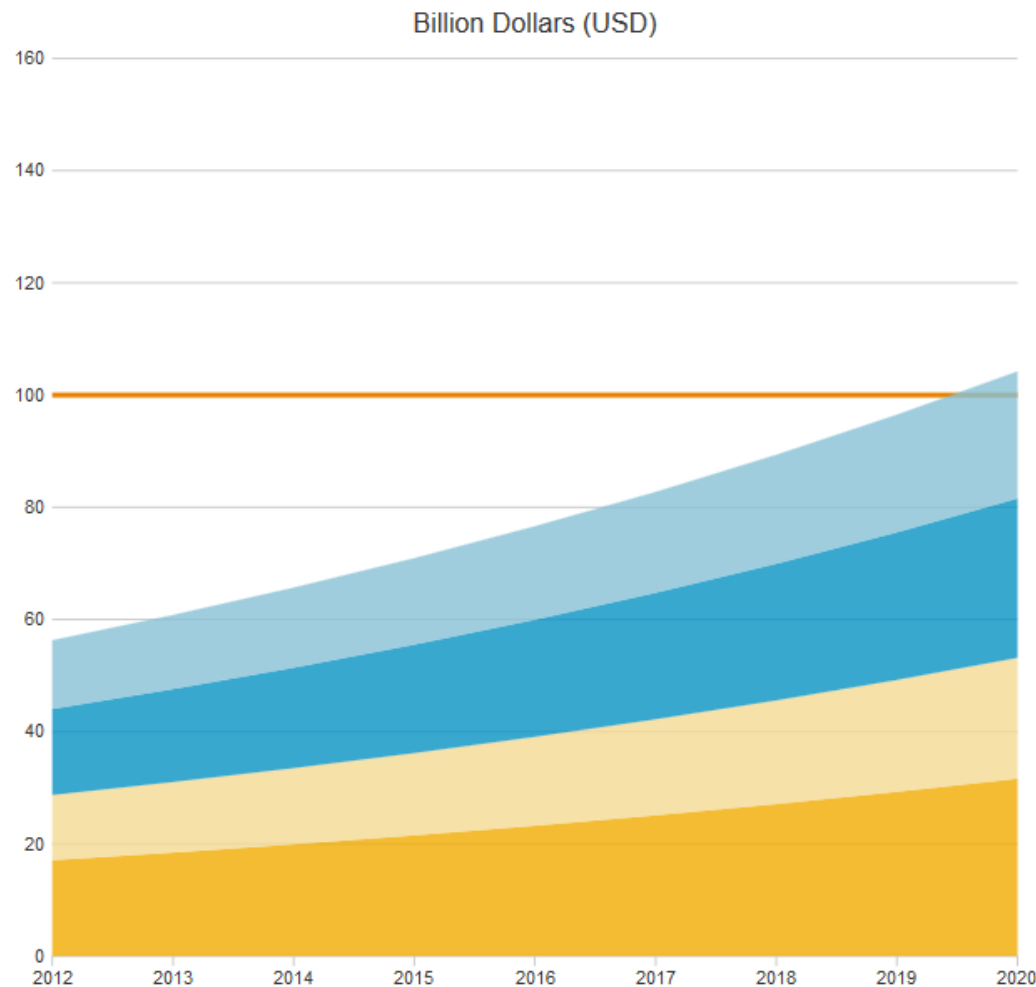
- Developed countries strongly urged to “scale up their level of financial support, with a concrete road map” to achieve \$100bn goal;
- “Significantly increasing adaptation finance from current levels”;
- Developed countries “intend to continue their existing collective mobilization goal through 2025”;
- Prior to 2025, “the meeting of the Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion”.

Paris Agreement, Article 9.4:

“The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation.”

(Emphases added)

POTENTIAL PATHWAYS TO \$100 BILLION



<http://www.wri.org/blog/2015/10/insider-getting-100-billion-climate-finance-how-close-are-we>

WRI (2015) INSIDER: Getting to \$100 Billion in Climate Finance: How Close Are We?

<http://www.wri.org/publication/getting-100-billion-climate-finance-scenarios-and-projections-2020>



*Empowered lives.
Resilient nations*

THE COUNTRIES HARDEST HIT BY
CLIMATE CHANGE ARE OFTEN POOR.



MANY WORLD LEADERS AGREE RICHER COUNTRIES SHOULD HELP PAY THE COSTS.

The nations that contribute the least to climate
change often stand to lose the most.

US PRESIDENT BARACK OBAMA
September 23, 2014



It is completely unrealistic to expect developing
countries to forgo the high carbon route to growth
that so many Western countries enjoyed, unless we
support them to achieve green growth.

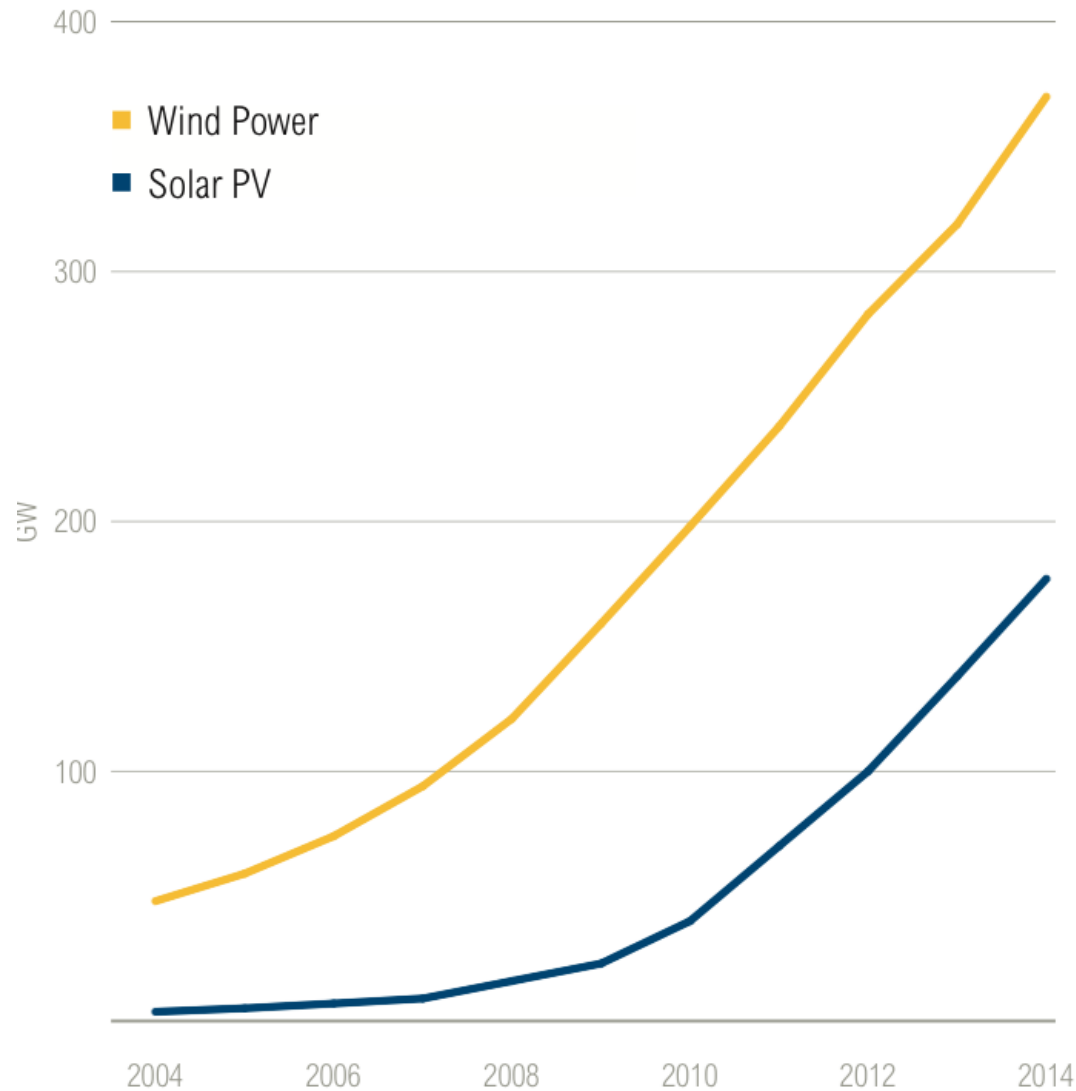


UK PRIME MINISTER DAVID CAMERON
September 23, 2014

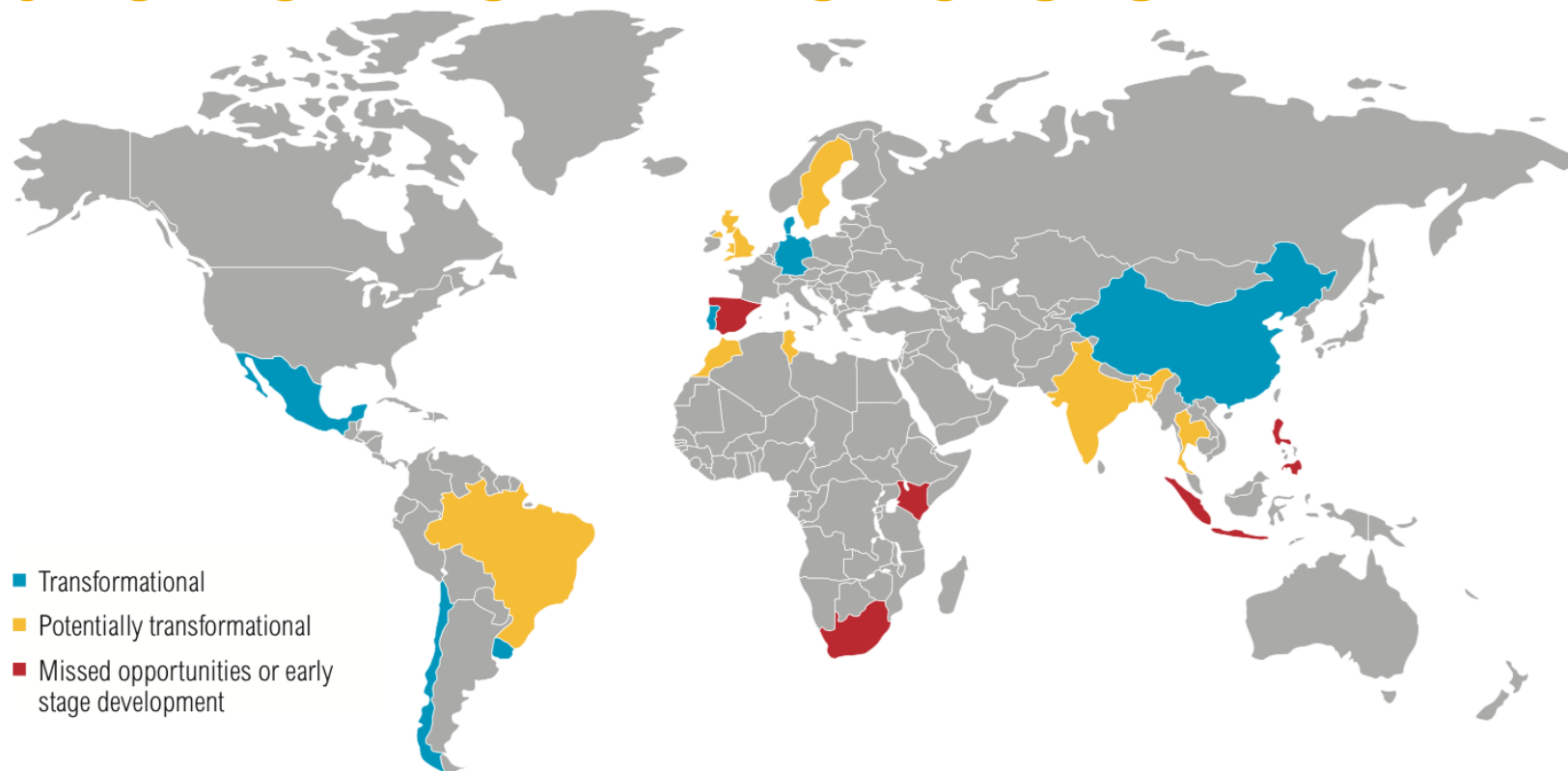
— THAT'S THE IDEA BEHIND THE —
GREEN CLIMATE FUND

GCF Readiness Programme

SIGNS OF A GLOBAL TRANSFORMATION?



20 LOW-CARBON ENERGY CASES REVIEWED



- Transformational
- Potentially transformational
- Missed opportunities or early stage development

TRANSFORMATIONAL	POTENTIALLY TRANSFORMATIONAL	MISSSED OPPORTUNITIES OR EARLY STAGE DEVELOPMENT
Chile – renewable energy China – renewable energy Denmark – wind Germany – renewable energy Mexico – wind Portugal – renewable energy Uruguay – wind	Bangladesh – solar household systems Brazil – renewable energy India – energy efficiency Morocco – concentrated solar power Sweden – wind Thailand – energy efficiency Tunisia – solar water heaters UK – offshore wind	Indonesia – geothermal Kenya – geothermal Philippines – renewable energy South Africa – renewable energy Spain – solar

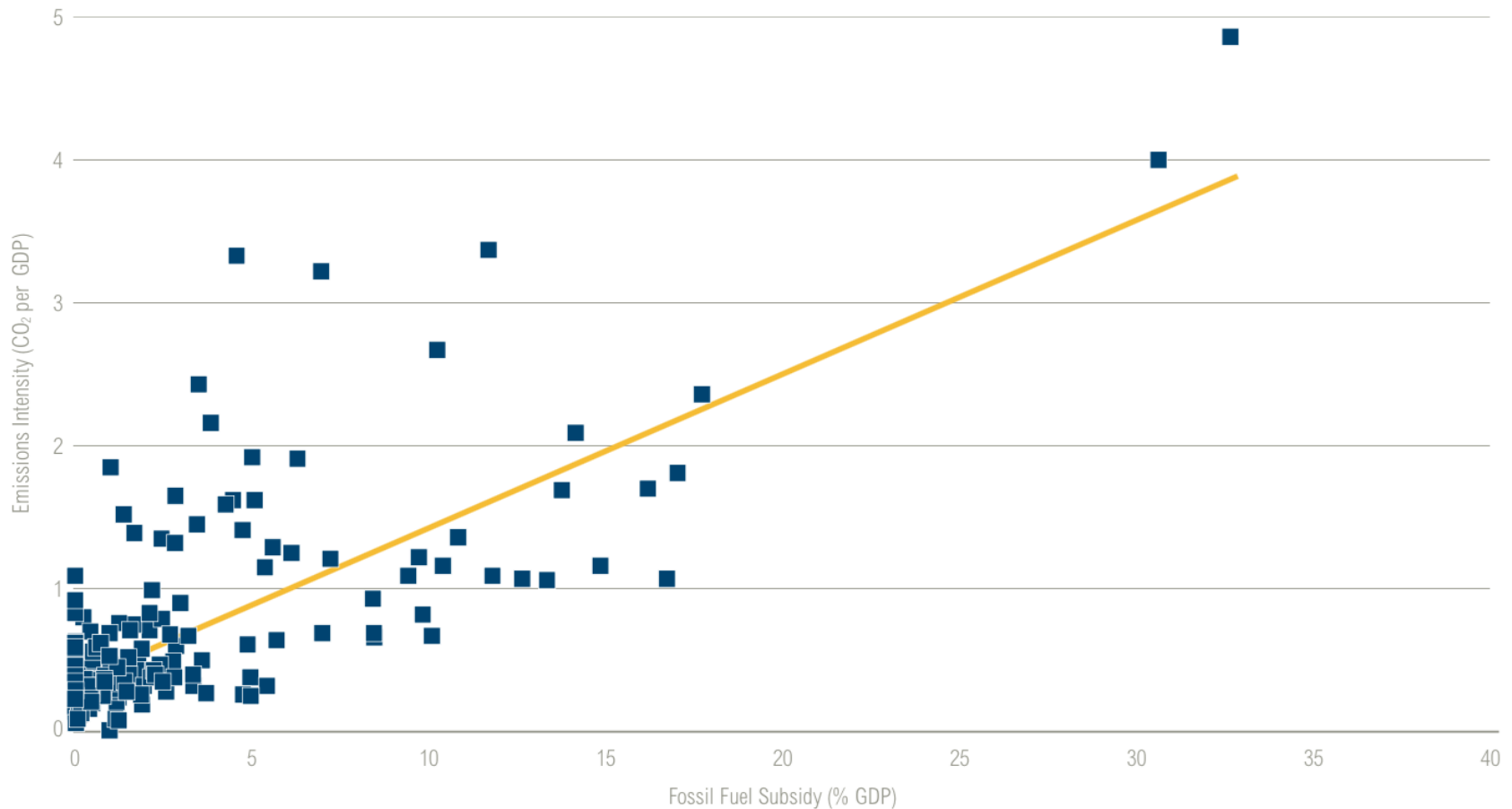
Source: Westphal and Thwaites (2016) “Transformational Climate Finance: An Exploration of Low- Carbon Energy.” Washington, DC: World Resources Institute. Available online at <http://www.wri.org/publication/transformational-climate-finance>.

KEY FACTORS FOR TRANSFORMATIONAL CHANGE IN LOW-CARBON ENERGY

TRANSFORMATIVE CATEGORY	COUNTRY	NATIONAL OWNERSHIP	STAKEHOLDER ENGAGEMENT AND PARTICIPATION	A STABLE ENABLING ENVIRONMENT	FINANCIAL INCENTIVES ALIGNED TO ADDRESS MARKET DISTORTIONS	STRATEGIC USE OF RESOURCES TO MOBILIZE PRIVATE INVESTMENT	TECHNOLOGY AND INNOVATION INVESTMENTS	INNOVATIVE FINANCIAL INSTRUMENTS AND ARRANGEMENTS	CONTINUOUS LEARNING AND IMPROVEMENT
TRANSFORMATIONAL	Uruguay	▲	▲	▲	▲	▲	■	■	▲
	Denmark	▲	▲	▲	▲	▲	▲	▲	▲
	Portugal	▲	▲	▲	▲	▲	▲	■	▲
POTENTIALLY TRANSFORMATIONAL	Bangladesh	▲	▲	▲	▲	●	●	▲	▲
	Thailand	▲	■	▲	▲	▲	●	▲	▲
	Tunisia	▲	■	▲	●	▲	■	▲	■
MISSED OPPORTUNITIES OR EARLY STAGE DEVELOPMENT	South Africa	●	●	●	●	●	■	■	▲
	Spain	▲	●	●	●	■	●	■	■
	Indonesia	●	■	●	●	●	■	■	▲

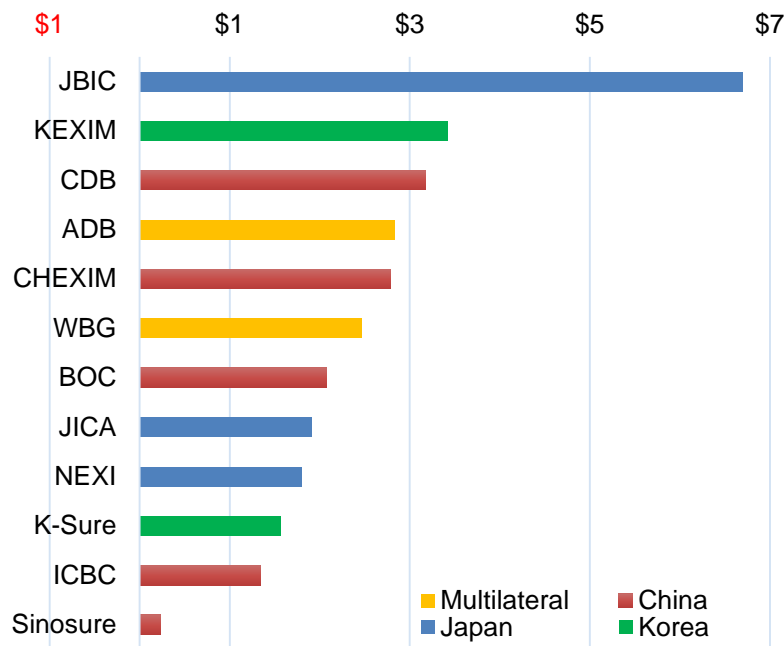
Source: Westphal and Thwaites (2016) "Transformational Climate Finance: An Exploration of Low- Carbon Energy." Washington, DC: World Resources Institute. Available online at <http://www.wri.org/publication/transformational-climate-finance>.

THE RELATIONSHIP BETWEEN FOSSIL-FUEL SUBSIDIES AND EMISSIONS INTENSITY IN 178 COUNTRIES



Notes: Authors' statistical regression. The post-tax fossil-fuel subsidy data are for 2011,, the emissions intensity data are for 2010. Sources: IMF (2013) "Energy Subsidy Reform: Lessons and Implications." and World Bank (2014) "World Bank Open Data."

TOP FUNDERS OF ASIA PUBLIC COAL FINANCE 2007-2014 (BILLION USD)

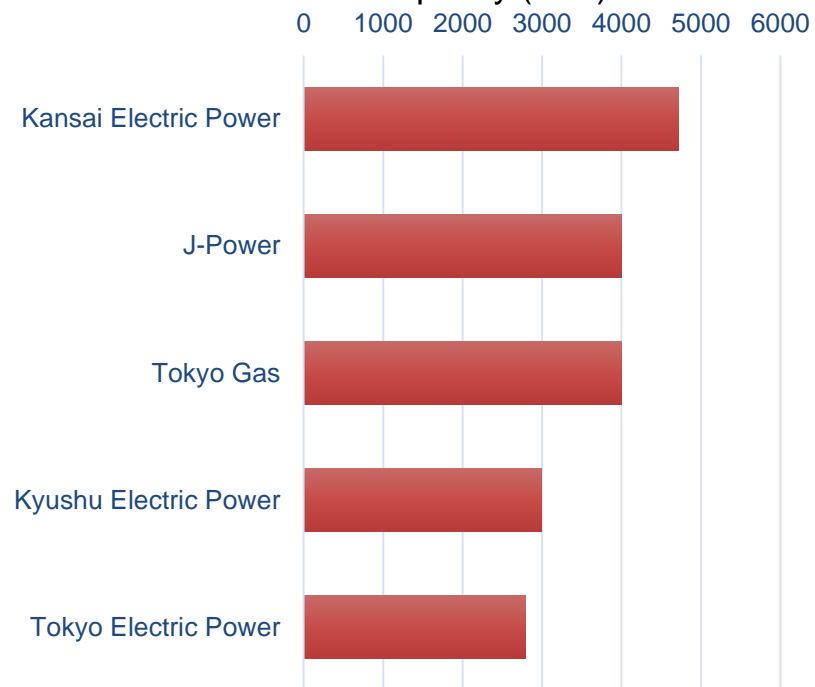


- China, Japan and Korea are top funding countries in Asia;
- Most funders from these three countries are national development banks, export-import agencies, or state-owned commercial banks;
- World Bank Group and Asian Development Bank are the two main multilateral funders for Asia coal financing.

Source: Natural Resources Defense Council, Oil Change International, World Wide Fund for Nature, 2015

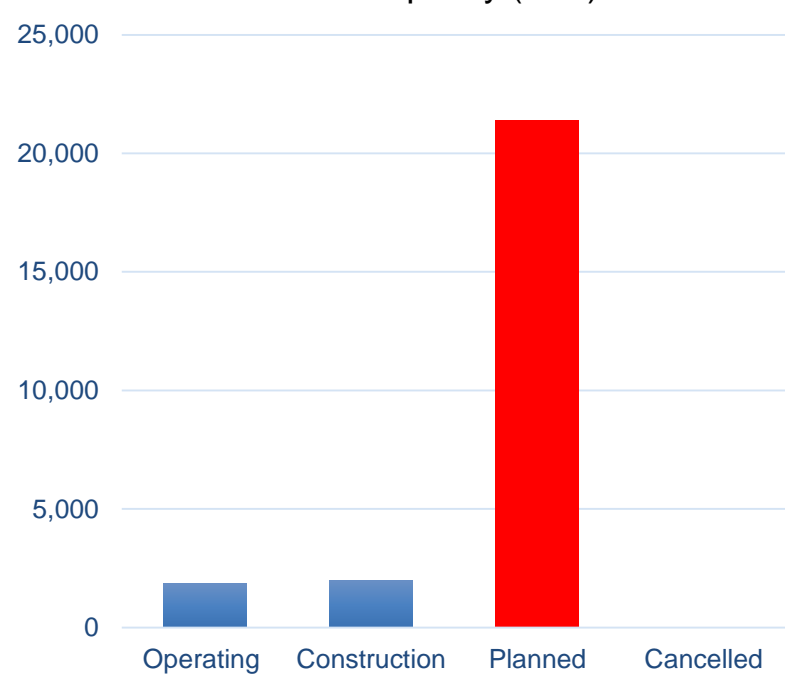
JAPAN

Top Developers
Installed Capacity (MW)



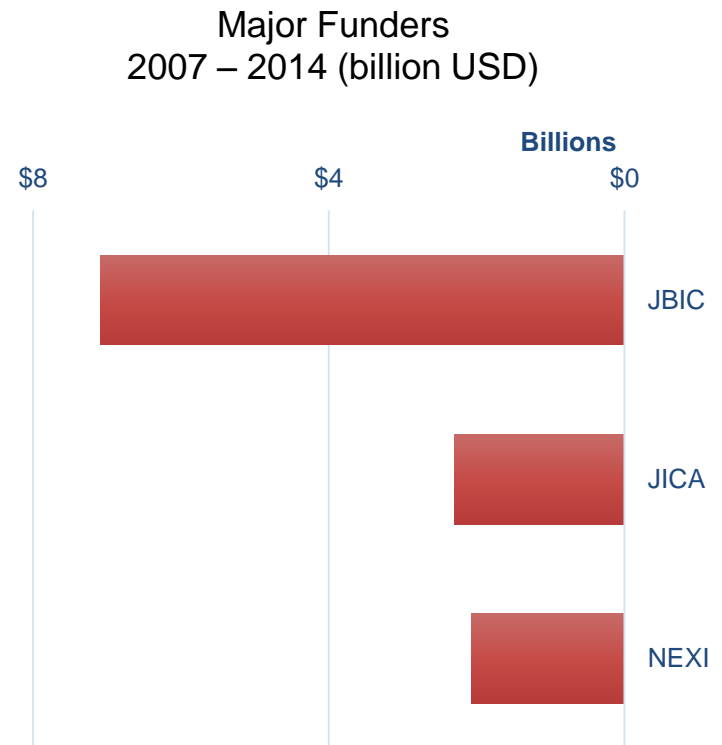
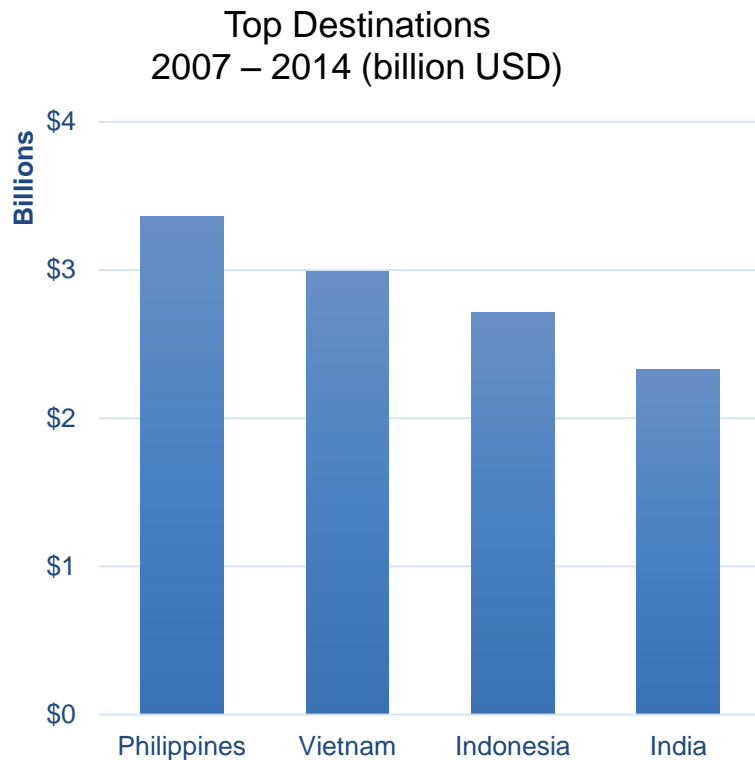
Source: Coalswarm, Global Coal Plant Tracker, 2015

Coal Plants Status
Installed Capacity (MW)



Source: Coalswarm, Global Coal Plant Tracker, 2015

JAPAN – OVERSEAS COAL FINANCE



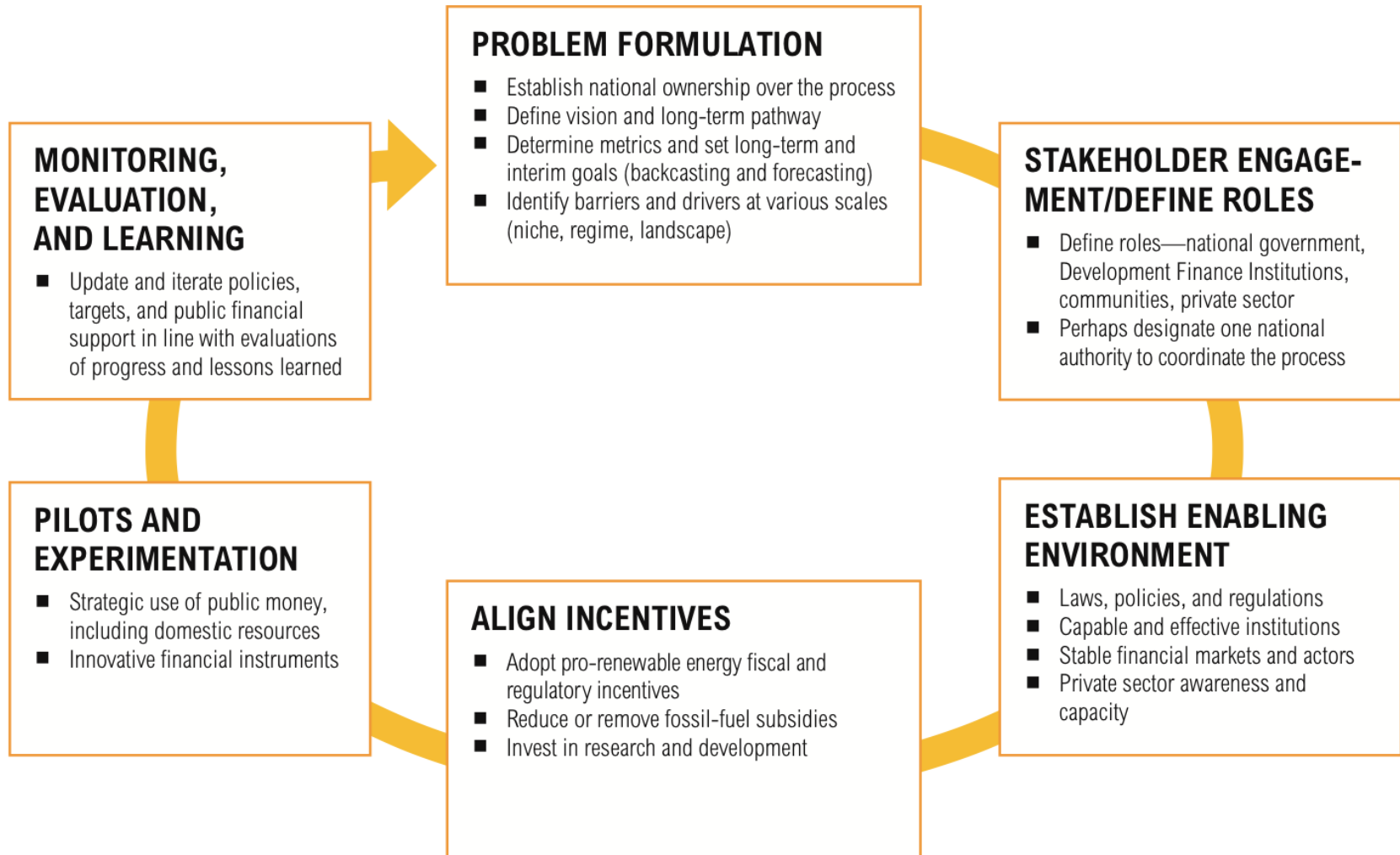
Source: Natural Resources Defense Council, Oil Change International, World Wide Fund for Nature, 2016

HOW DO WE ENABLE THE SHIFT TO TRANSFORMATIONAL CLIMATE FINANCE?

PUBLIC TOOLS TO ATTRACT PRIVATE SECTOR INVESTMENT



PLANNING FRAMEWORK FOR TRANSFORMATIONAL CLIMATE FINANCE FOR RECIPIENT COUNTRIES



THANK YOU!

aballesteros@wri.org