



**UNFCCC Regional Collaboration Centres**  
Promoting Action Against Climate Change

# Can the crowd help finance the transition to a low-GHG climate resilient economy?

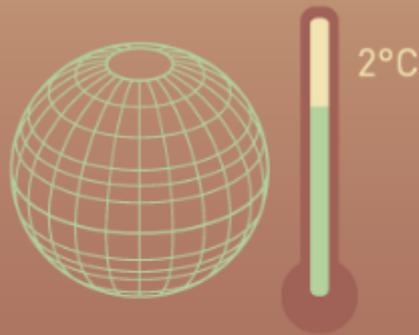
*“Green finance (for climate & the SDGs) offers enormous untapped investment opportunities. All financial actors have to work together to create mechanisms for making these investments possible. With focus, resolve and ambition, we can lower the global thermostat and raise the level of economic opportunity for all.”*

- Ban Ki-moon, UN Secretary-General (2007-2016)

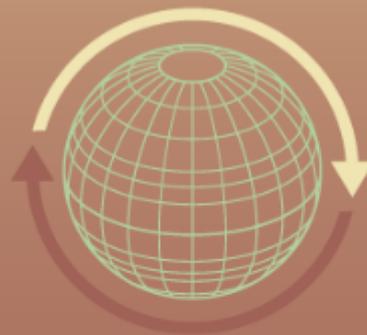


Dr. Grant A. Kirkman  
Sustainable Development Mechanisms





Prevent global average temperature from reaching 2°C above pre-industrial levels



Prioritize adaptation and resilience to climate change



Finance reduction in greenhouse gas emissions and climate-resilient development

At Paris in December 2015, governments agreed that in strengthening the response to climate change, all financial flows – public and private – must be consistent with the twin goals of keeping global average temperature increase well below 2 °C above pre-industrial levels and making sure that people everywhere are protected from the negative impacts of climate change

**As of July 2017, 153 out of 197 countries ratified the Paris Agreement**



International

**2030 Agenda/SDGs:** provides the roadmap for generating ‘shared value’ – shifting capital away from ‘business as usual’ towards increased prosperity and social inclusion and environmental regeneration. The agenda was agreed upon by 193 countries, setting out 17 goals or SDGs, of which 11 have climate related targets

Multinational

**Addis Ababa Action Agenda:** establishes a strong foundation to support the implementation of the 2030 Agenda providing a new global framework for financing SD by aligning all financing flows and policies with economic, social and environmental priorities

Subnational

**G20 Green Finance Study Group:** launched under China’s Presidency to “identify institutional and market barriers to green finance, and based on country experiences, develop options on how to enhance the ability of the financial system to mobilize private capital for green investment.”

**Task Force on Climate-related Financial Disclosures:** a Financial Stability Board established industry-led task force to develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders, and insurance underwriters in understanding material risks



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Despite choices on climate security capital allocated today determines future economy. Public finance is a strategic enabler and catalyst, but ultimately economies run on and are shaped by private finance from individuals and institutions

**The investment needs for transitioning to low-carbon, resilient economies are such that public finance alone will never be enough**

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**Mainstreaming climate considerations into existing investment practices and institutions can address the current climate finance gap**

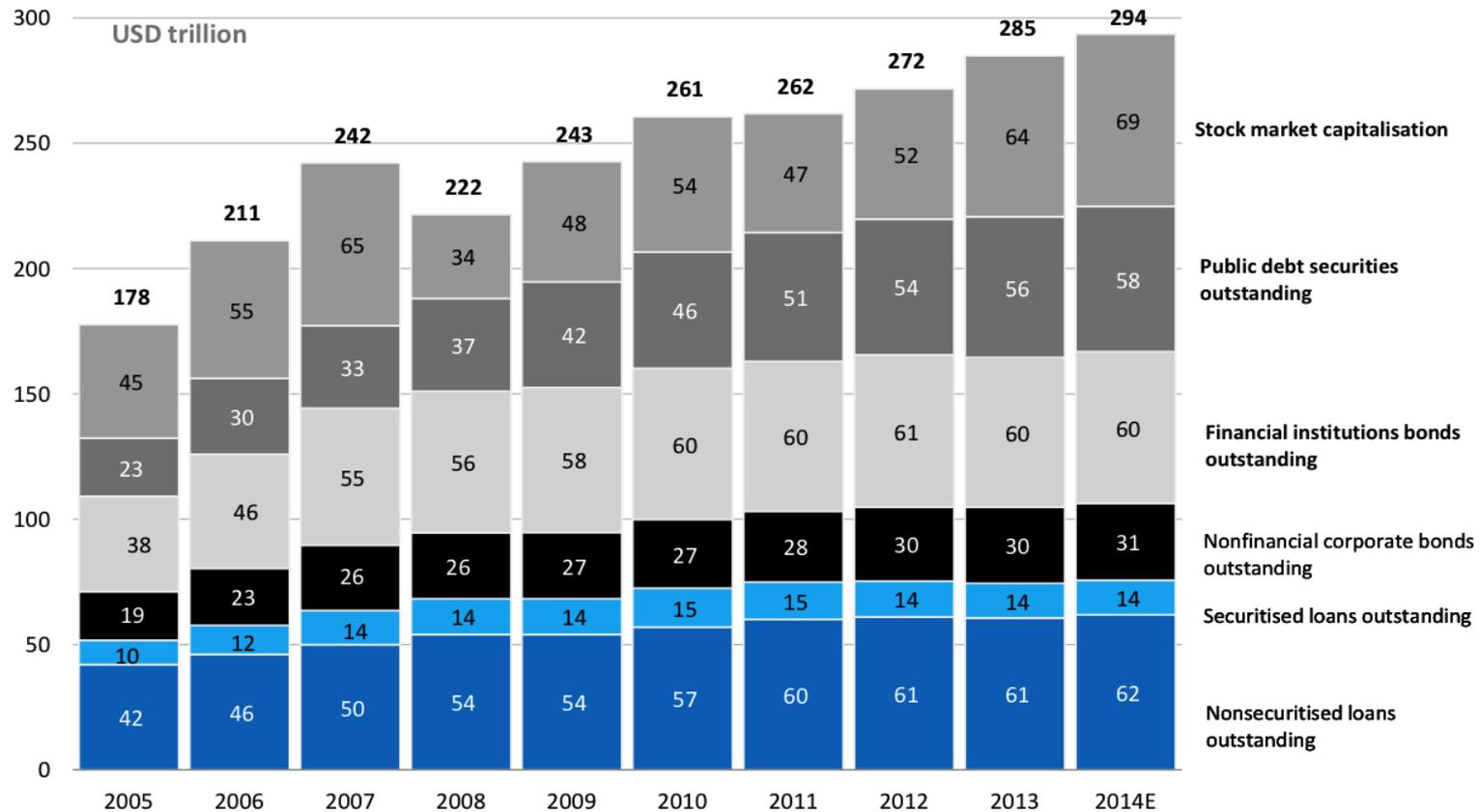
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**With the right investment products and a pipeline of bankable projects, investors are ready to act on climate**



# The value of everything!

Figure 1: Stock of Global Financial Assets

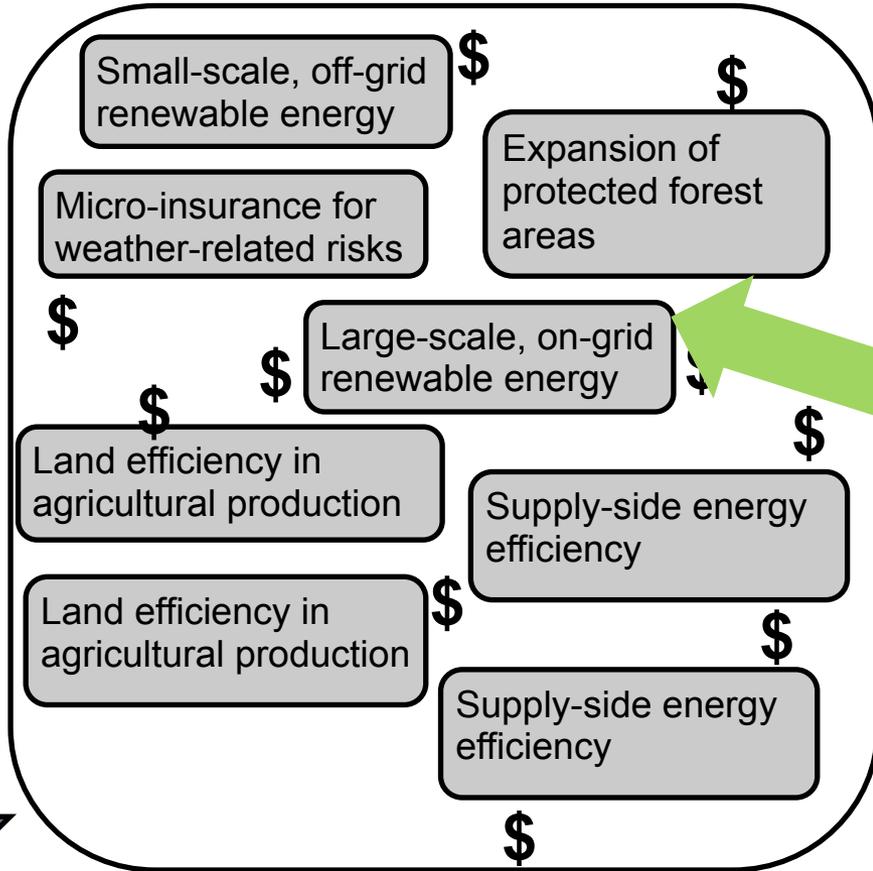


Source: McKinsey Global Institute, Haver, BIS, Deutsche Bank estimates

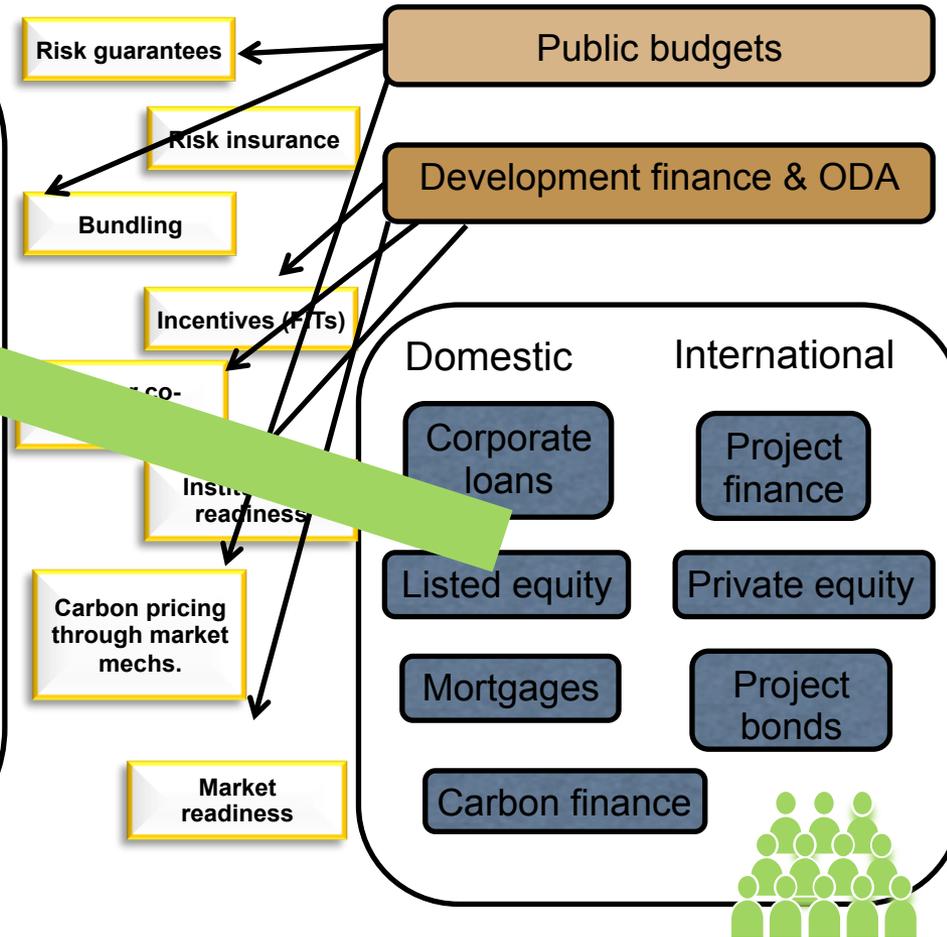


# Connecting the dots!

## NDC or < 2 degC pathway country X



## Financial sources



**Policy commitment:** Industrialised countries have committed to mobilise an annual US\$100bn in financial flows by 2020 for developing countries; by 2014 US\$58bn was already flowing

**Private sector commitment:** Since 2016 institutional investors (> US\$20 trillion AUM) have recognized climate risks and opportunities and are committing to climate action

**Financial innovation:** Markets are innovating – building on the leadership of development finance institutions, the total value of long term finance (green bonds) by mid 2017 stands at US\$221bn; having grown exponentially since 2013

**Financial regulation:** Financial authorities are responding to climate risks and opportunities, highlighted by the work of the Financial Stability Board, central banks, securities and insurance regulators.



**More investment:** re-allocate the world's capital flows towards low-carbon and resilient investments – requiring additional upfront capital or risk sharing, to deliver financial returns and resource savings

**More inclusion:** to ensure that flows reach the countries and communities with greatest needs in terms of both sustainable growth and reducing vulnerability, to double flows to developing countries by 2020

**More integration:** to make the long-term consequences of climate change and wider sustainability factors a routine part of financial decision-making and accountability in terms of both opportunity and risk, to avoid financial system instability

**More project pipeline:** to enable more green deal flow, particularly in emerging and economies and frontier markets, for private finance to flow and domestic markets to grow

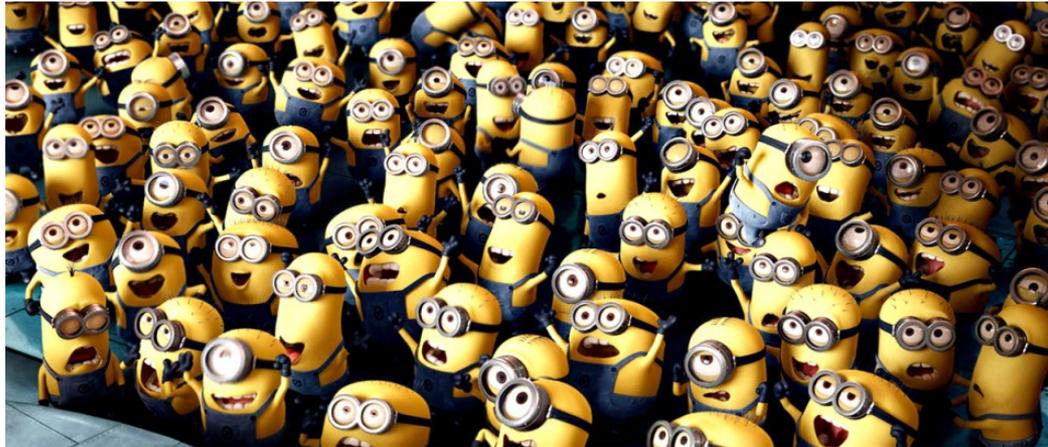
**More transparency:** on the impacts of finance on the ground, simplicity and harmony in the norms and standards used for green financial instruments, to ensure robust (positive and additional) contributions to the long term goal

**More policies & plans:** with long term green investment signals tailored to national needs, priorities and capacities, that attract diverse capital sources and greater private sector risk

**More innovation:** to connect climate opportunities with the financial system's endless capacity for innovation and speed of action.

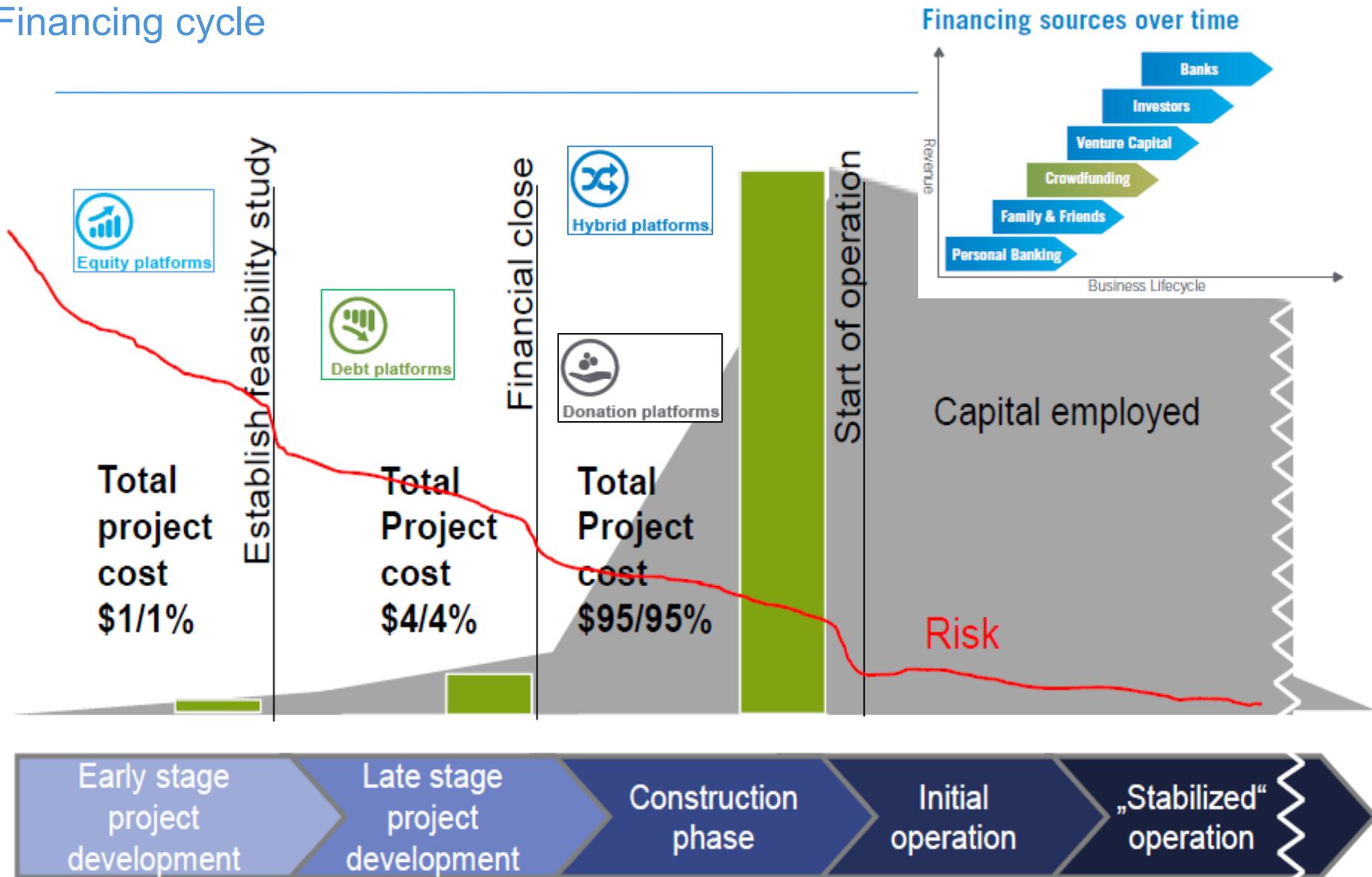


# Can the crowd help?



**Citizen Action:** People as savers, consumers and citizens need to be incentivised to contribute to the low-carbon transition, linking individual investment choices to the global problem of climate change

# Financing cycle



Source: UNEP, Aequero



# What can be done to help?



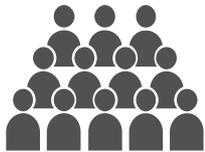
## Enabling environment

- Standardized contracts
- Incentives for crowding
- Secure payments syst.
- Withholding tax arrange.



## Pipeline

- Bankable projects
- Other sources of finance
- Use of CDM and others



## Transparency

- Verified mitigation
- Additional impact
- Count towards SDGs
- International recognition



## Innovation

- Diaspora products
- Bitcoin payments
- Investor base expand



## Credit enhancement

- Loan portfolio guarantees
- FX hedges & forwards
- Risk-free off-takers



# CDM projects already crowd invested

**Climate-friendly Landfill Gas Project in Columbia**  
funded in 18 hours and 1 minute

**8% Return on investment**

**146,214 t CO2 saved**

**3 year term**

**100% more efficient**

**110,300 € invested**

**110,300€ from 195 investors**

Funding Threshold: 72,210€

**Jetzt kostenlos registrieren**

*erfolgreich*

The remaining capital required to restart operations of landfill gas projects was raised in just 18 hours

These investments come with a guaranteed positive climate impact and are govt. Sustainable Dev. priority approved



## Regional representation globally

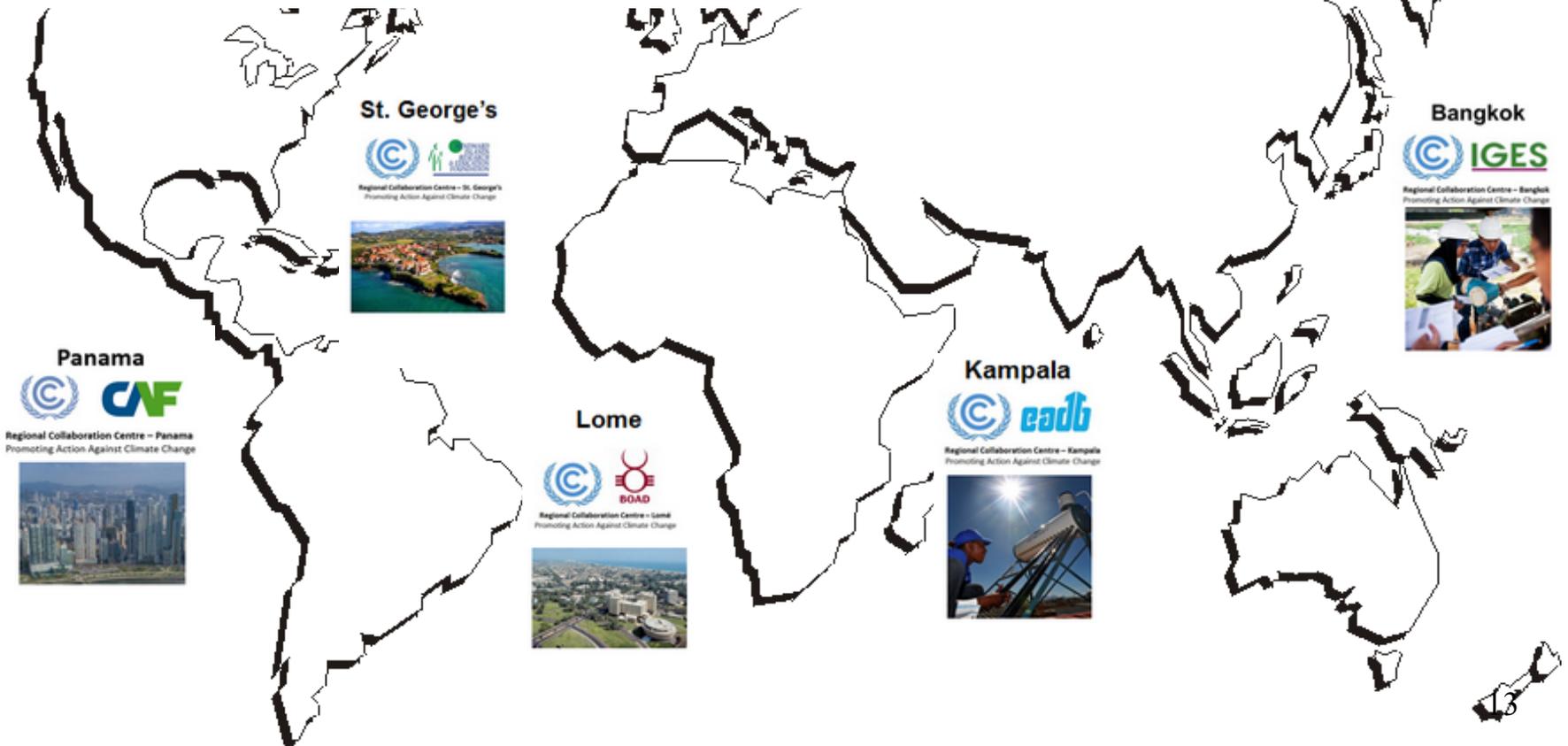
Banque Ouest Africaine de Développement (BOAD)

Corporacion Andina de Fomento (CAF)

East African Development Bank (EADB)

Institute for Global Environmental Strategies (IGES)

Windward Islands Research & Education Foundation (WINDREF)





Thank you



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