



## Financing Climate Futures

RETHINKING INFRASTRUCTURE

**“How could the financial system provide the transformational shift required to deliver low-emission, resilient development?”**

### Objective

---

The OECD, UN Environment and World Bank Group have joined forces under a new initiative – **Financing Climate Futures: Rethinking Infrastructure**. The initiative aims to help countries deliver on the objective of making financial flows consistent with a pathway towards low emissions and climate-resilient development.

Governments recognise that infrastructure investment decisions are critical to deliver on climate objectives and sustainable development. However, current infrastructure investment and financial flows are insufficient and remain poorly aligned with climate goals. The initiative will provide guidance for countries to move beyond an incremental approach to financing low-emission, resilient infrastructure systems towards the transformational agenda needed for decisive climate action.

The initiative was launched in April 2018 with the support of the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU) in response to the invitation by the 2017 G20 Hamburg Climate and Energy Action Plan for Growth to “*compile ongoing public and private activities within the G20 for making financial flows consistent with the Paris goals and, building on this, to analyse potential opportunities for strengthening these efforts*”.

### Approach

---

The **Financing Climate Futures** initiative adopts a foresight-based approach to consider the nexus between physical, economic and financial innovations in infrastructure, and the institutional context within which infrastructure procurement and investment decisions are made.

The initiative will help governments address the following inter-related questions:

- How will **innovations in technologies, business models and finance** shape the future of infrastructure and create new opportunities to combat climate change?
- To what extent are existing **policy frameworks, institutions and financial systems fit for purpose** in ensuring that infrastructure investments are consistent with a low-emission, resilient future?
- How could **public and private actors work together to redirect financial flows** at scale into activities compatible with a low-emission, resilient future?
- How can we enhance **international and national co-operation** to shift investment away from carbon-intensive infrastructure at the pace and scale needed?



# Financing Climate Futures

RETHINKING INFRASTRUCTURE

## Deliverables

### 1. Rethinking infrastructure futures for climate

- A **foresight workshop** on “Financing infrastructure for a sustainable future” to develop plausible futures and scenarios for infrastructure consistent with the Paris climate goals (Washington DC, 25-26 April 2018).
- A **scenario paper**, led by UN Environment, focusing on how foresight can inform climate policies, infrastructure investment and financing decisions today, to provide the transformational shifts required for a low-emission, resilient future.

### 2. Aligning financial flows with low-emission, resilient futures

- A **seminar** on “Aligning financial flows with low-emission, resilient infrastructure” for governments, public finance institutions, development finance actors, financial regulators, private sector investors and financiers to discuss key considerations for scaling-up and shifting financial flows for a future compatible with the climate objectives of the Paris Agreement (Article 2.1c) (Paris, 28-29 June 2018).
- A **synthesis report**, led by the OECD, to identify the most important policy reforms needed to address misaligned incentives, capacity gaps and behavioural biases in the investment value chain. It provides a roadmap for governments to move beyond an incremental approach to greening financial flows.

### 3. Identifying game changers for specific actors, sectors and country contexts

- A series of **case studies** testing and tailoring policy recommendations to specific country contexts, actors and technologies.

<b>Financial innovations</b>	Exploring blockchain technologies for financing low-carbon infrastructure Empowering citizens through digital finance
<b>Sectoral innovations</b>	Decarbonising energy-intensive industries: Disruptive technologies and business models
<b>Regional approaches</b>	Achieving clean energy access in the Sahel region Greening the Belt and Road Initiative
<b>Institutional settings</b>	Empowering cities for climate and inclusion goals Mobilising commercial investment through national development banks in emerging economies
<b>Resilience</b>	Ensuring system-level resilience: Lessons learned from the transport sector in Nicaragua Financing resilient transport, energy and water systems in cities

### Launches and milestones

- **Synthesis report:** Launch in September 2018, in the margins of the UN General Assembly, New York
- **Outreach and case study launches:**
  - September: Global Climate Action Summit, San Francisco
  - October: Annual Meetings of the World Bank Group and IMF, Bali
  - November: OECD Green Finance and Investment Forum, Paris
  - December: COP24, Katowice