



NEA – IFNEC Financing Initiative, January 2021

Cecilia Tam, Team Leader, OECD Environment Directorate



OECD policy and economics expertise
OECD policy communities

STAKEHOLDERS

Institutional investors
Banks and asset managers
Industry sectors
Data and ratings providers
Research institutions
Philanthropies

Advisory Board
Knowledge Partners

Annual Forum
Other Events

- Leverage its **institutional capacity, expertise** on climate, investment, energy, long-term financing and development finance
- **Whole-of-government approach** across various policy communities
- **Convening power** to bring together the Finance, Environment and Energy Ministries as well as Networks of institutional investors

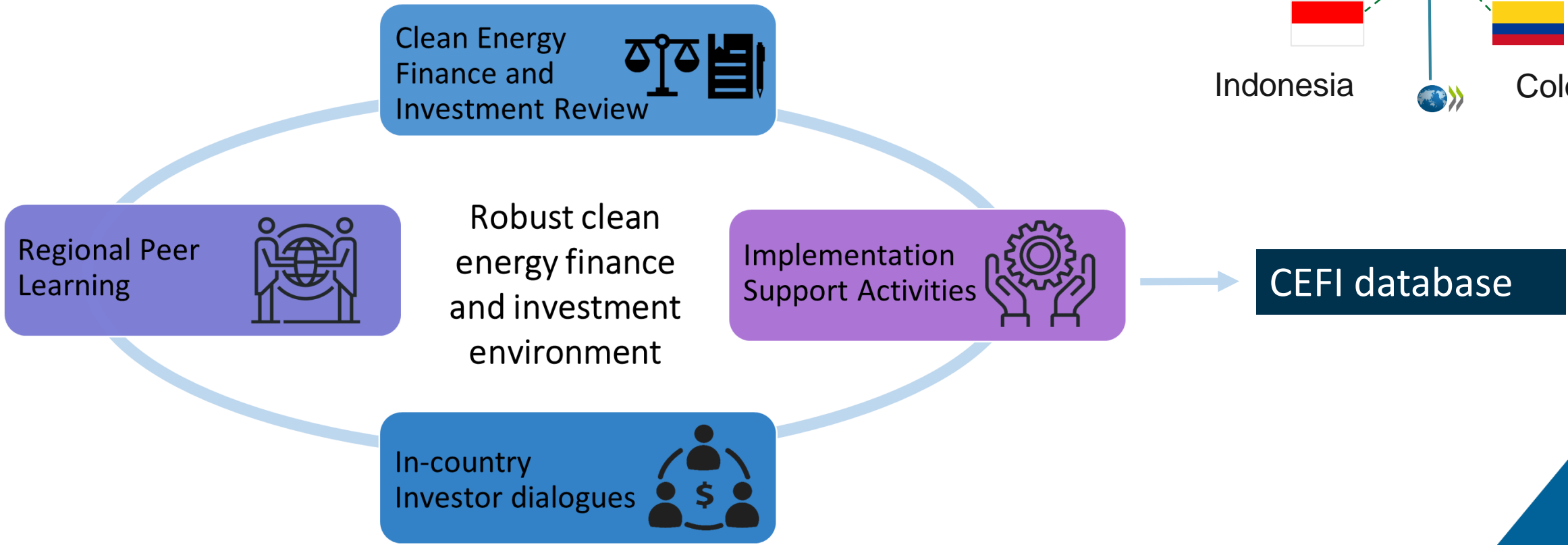


Clean Energy Finance and Investment Mobilisation



Aim: help accelerate clean energy finance and investment by strengthening domestic enabling conditions

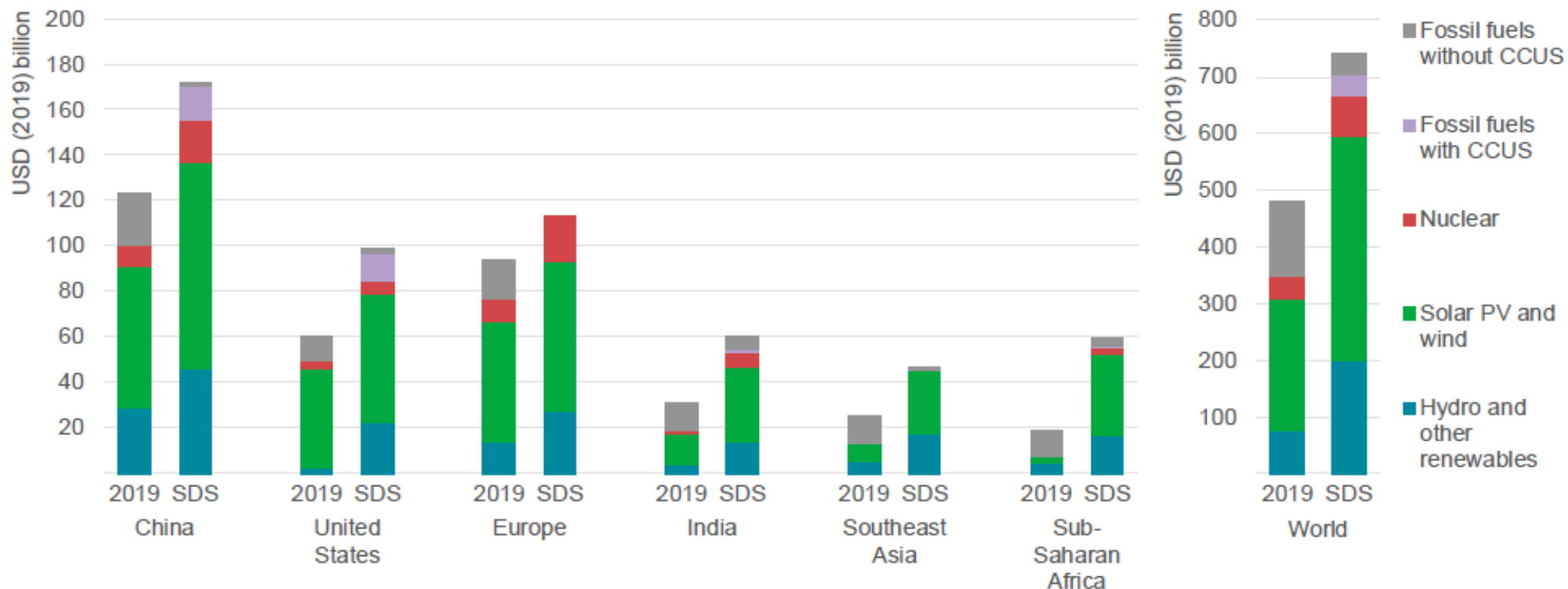
Technology scope: grid-scale renewable generation and energy efficiency in buildings and industry





Rapid scale up and reorientation of investments required to reach decarbonisation goals

Annual power generation investments in 2019 compared to annual investment needs SDS 2025-2030



IEA 2020. All rights reserved.

Note: SDS = annual average investment from 2025-30 in the IEA Sustainable Development Scenario.



Why has financing climate mitigation been so challenging?

- Risk and returns may not be compelling for private investors:
 - Returns: social costs not adequately priced
 - A focus on short-term performance
 - Policy environment and policy credibility
 - New types of investment and risks
 - Technology costs & performance
 - Capacity to evaluate investment opportunities
 - Transaction costs



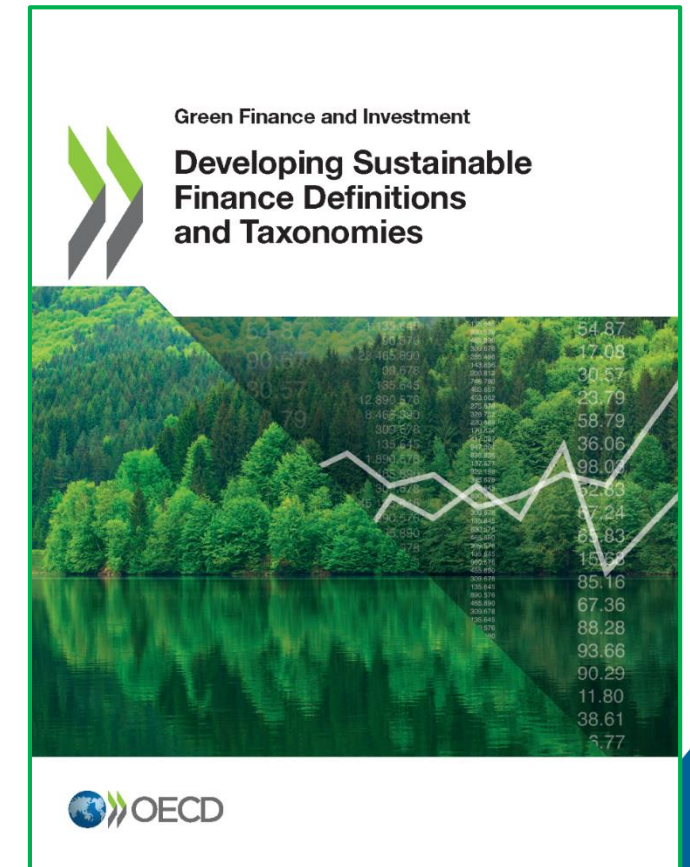
Emphasis on risks and disclosure (Carney, 2015)



Developing Sustainable Finance Definitions and Taxonomies

This report:

- Maps sustainable finance definitions and taxonomies in five jurisdictions:
 - EU, People's Republic of China, Japan, France, the Netherlands
- Identifies policy considerations in terms of good taxonomy design
 - to help policy makers develop and grow sustainable finance markets to achieve environmental and sustainable development goals





Ingredients for attracting finance and investment

- **Credible and predictable** policies
- **Regulatory support** in areas where price signals are not efficient, such as in energy efficiency measures.
- Targeted support for the uptake of **low-carbon technologies and innovation** to transform high-carbon systems
- **Innovation in business models and financing (including Fintech)** could help reduce finance costs and attract new investors
- Improve conditions for “**green finance**” – reduce risks & transaction costs; enhance transparency & disclosure; taxonomies; institutions



THANK YOU

Cecilia Tam, *CEFIM Team Leader*

Cecilia.Tam@oecd.org

Visit our website:

<https://www.oecd.org/environment/cc/cefim/>