

OECD Observer Roundtable: Making our climate objectives work

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The annual Forum of the OECD Centre on Green Finance and Investment brings together leading actors in the green finance and investment community. This includes institutional investors, asset managers, ministries of finance and central banks, financial regulators, commercial and investment banks, international climate funds, multilateral development banks, green investment banks, corporations, civil society, philanthropic sectors and more.

Solving climate problems is about innovation

Carl Pope, Senior Adviser to UN Envoy for Cities and Climate, Michael Bloomberg, and former Executive Director, Sierra Club



How optimistic are you that we will reach our climate objectives?

Mike Bloomberg and I are very optimistic about our ability to solve the climate challenges we face. We think the solutions to the climate problems we face not only help us in the long term, they also make us richer, healthier, and safer in the

short term. When the solutions to a problem are good news in the short term and good news in the long term, it's much easier to get it done.

What concrete steps can we take to achieve our climate objectives?

We need to replace dirty and expensive fossil fuels with cleaner and, now, cheaper renewable power. Wind and solar generate free electricity. Electric cars are a lot more fun to drive and they make our cities quieter and cleaner in addition to reducing our dependence on often imported, expensive and unreliable oil. Some of our climate solutions may not be so obvious. If we reconstructed agriculture so that in addition to producing fruits and vegetables and meat our farmers were also taking carbon out of the atmosphere and putting it back into the soils, increasing fertility and storing more water, we would be much better off, farmers would have a much easier job, and we would begin to see carbon dioxide concentration in the atmosphere actually come down.

Why focus on the role of cities in the global fight against climate change?

Cities generate 70% of the world's climate emissions and they drive 70% of the world's economy. By the middle of the century when we complete the low-carbon transition, cities will account for 90% of the world's climate emissions and 90% of the world's GDP. Cities are where the action is because they are where the economy is. Solving climate problems is about innovation, it's about replacing fossil fuels with renewable power, it's about developing electrified transportation in place of combustion engines, it's about learning to refrigerate our homes in efficient ways with safe chemicals instead of inefficiently with toxic ones. And cities are the hub of innovation. When people move to a city, they move to change so when somebody gets to a city, they're much more flexible and willing to look at new ways of doing things than they were back in the village. So, we see the great wave of people moving from villages to cities as a tidal wave of innovation waiting to happen.

OECD helps to leverage the concept of the green investment pipeline

Marcelo Allain, Director, BR Infra Group



How can green transportation projects like subways and railways attract private investment?

In Brazil we have a lot of need for improving our transportation system. The best way to do this is to use new green models. We have to work on the risk matrix on those projects so that the economic and financial model can attract the interest of private investors, and not only depend on public money to finance them.

What is the current state of play of the green bond market in Brazil?

We are working to develop the green bond market in Brazil. Brazil is among the ten largest green bond issuers right now and in September 2017, issued US\$3.7 billion in green bonds; unfortunately most of those issuers are not in the infrastructure sector. I believe that many multilateral organisations can help in this journey to improve the climate conditions in infrastructure. The OECD has done a huge amount of work on trying to get leverage on the concept of the green investment pipeline, on standardising the processes, and trying to raise the importance of this issue.

Finding real world financial solutions to our biggest problems

Hugh Wheelan, Co-founder and Managing Editor, Responsible-Investor.com



What are the key issues for people following responsible investment issues?

What they're really interested in is how policymakers are coming together with investors to put together the actual framework for product development, for policy, for addressing the real issues that investors have about putting money on the table to meet the challenges the world has in financing the green transition. That's the kind of detail you can get when you bring in people from a global audience to talk about what the work that's being done is, and how it can then be taken forward.

Private-public partnerships need to change their policy environment

Naoko Ishii, Chairperson and Chief Executive Officer, Global Environment Facility



Public institutions have already started to mobilise private sector investment by taking other risks, or sharing the risk of private sector investments through capacity building or paying aggregation costs. However, I have started to doubt that the compilation of nice private-public partnerships is really achieving scale. That is the question we need to ask. Private-public partnerships need to change their policy environment and incentivise the private sector to move from unsustainable dirty business practices to more sustainable green practices. That's something we need to do, and institutions like the OECD are very useful in creating that kind of multi-stakeholder platform.

We try to make investors see an opportunity in the green finance area

Sir Roger Gifford, Chairman, Green Finance Initiative, City of London Corporation



All corporates are considering what they should be doing about the risk that climate can bring to their own balance sheets. This is something that's not been in much of the financial analysis in the past. They're internalising what we say and bringing into their corporate thinking how they should be looking at their business in 5, 10 and 15 years.

At the same time, big institutional investors are under pressure to look at what they're doing in the environmental, social and governance spaces. The Green Finance Initiative was set up two years ago and it's very much a joint venture between the Treasury and other governmental offices with other players like The Bank of England and the London Stock Exchange and major investing institutions. I think the excitement is if we can find a number of policy recommendations which we can suggest to the government that will then give impetus to industry and institutional investors in the green finance area. We're talking about

incentives which may be around regulation or the way that markets work as much as they are about financial inducements.

South Africa's Energy Mix

Penny Herbst, Non-Executive Director, Africa GreenCo.

Penny Herbst



What is South Africa doing to take advantage of its vast renewable energy potential?

Energy planning is the way forward with regard to new and renewable sources. For South Africa it all came together around 1998 when there was a shortage of power in the country and a new direction had to be taken. There were things like determining what kind of energy mix there was going to be, when those were going to be procured and, very importantly, a clear procurement process. I think that really helped develop the market and give a clear new direction in terms of energy mix.