High-Level Ministerial Dialogue on Climate Finance – Private Finance

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Your excellencies, ministers, distinguished delegates, ladies and gentlemen,

I am honoured to present brief remarks from the private finance community to this High Level Panel.

I would like to make 3 points in my time available: on progress, practice and the additional action we need to take

Progress

- I would first like to acknowledge the progress we have made in the GCF and the LTF: the private sector has appreciated the spirit of cooperation and dialogue that has guided these processes, and the beginnings of shared understanding on how we can align the USD225trn in global capital markets with low-carbon,resilient development.

Practice

Banks, insurers and institutional investors are also stepping up their action to mainstream climate factors. I would like to highlight two real world examples

- First, institutional investors are increasing their work to integrate climate risk into their portfolio to avoid 'unburnable carbon' and respond to growing water stress.
- Second, insurers recognise that there is a mutually dependent relationship between governments, society and insurance industry, and are working on climate risk identification, prevention, reduction & transfer.
- Third, the issuance of climate-aligned and green bonds has grown 25% in the past year highlighting the growing maturity of key low-carbon sectors, such as sustainable transport, clean energy and energy efficiency. A framework of Green Bond Principles is now under design.

Additional Action

But we need to do more – and looking ahead, I would like to underscore the the four conclusions on private finance included in the Report on the outcomes of the long-term finance dialogues

- First, we need to **shift the risk-reward ratio in core sector policies**, for example, by setting clear carbon budgets, reforming fossil fuel subsidies, pricing carbon, raising energy efficiency standards, rewarding low-carbon energy supply and building resilience into agriculture and urban infrastructure.
- Second, we need to **integrate climate into financial policy frameworks**, making sure that the routine 'rules of the game' for banking (such as Basel 3), insurance and investment are aligned with low-carbon, resilient development
- Third, we need to **continue the positive momentum with the GCF**, ensure its credible capitalisation and deploy a menu of mechanisms that have a transformative impact. These include policy insurance, loan guarantees, credit enhancement and revolving funds.
- And fourth, we need to **build on the growing track record of development banks successfully 'crowding in' private capital –**to ensure that the development potential of green and climate bonds is expanded and access to finance for SMEs and entrepreneurs in developing countries is increased.

In conclusion, the private financial community appreciates the opportunity to contribute to this Dialogue and stands ready to 'play its part' to assist this Process and its Parties to scale up climate finance over the next 2 years and beyond.