Linking Domestic and International Frameworks

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**Sources**
- **Budget**
  - General tax base including carbon taxes and financial transaction taxes
  - Revenues from international transport mechanisms, fossil fuel subsidy reductions, emissions trading schemes, etc.

**Private Capital**
- Commercial & personal

**Savings**
- Pension payments
- Insurance policies
- Deposits

**Stocks & Shares**

**Actors**
- **State Actors**
  - Executive & legislature
- **National Public Institutions**
  - Including export credit agencies, bilateral development assistance, NDFs

**Multilateral Development Finance Institutions**

**Institutional Investors**

**Private Investors:**
- Commercial (corporate/project developers & commercial banks)
- Personal (households & philanthropy)

**Instruments**
- **Grants**
  - Contributions to climate funds
  - Technical assistance & capacity building
  - Debt swaps
- **Debt**
  - Concessional loans
  - Loans
  - Green bonds
- **Risk Mitigation Coverage**
  - Guarantees
  - Insurance
  - Export credits
- **Equity**
  - Contributions to sovereign wealth funds
  - Equity investments

**Carbon Offsets**
Climate finance has a domestic preference

Of total climate finance flowing in 2013:

$331n

74% is spent domestically...

...only 26% flows between countries
Destinations of climate finance

(*) due to data constraints we were not able to allocate 2% of the investment.
Tracking Domestic Climate Finance
State budget disbursed at least USD 951 million in 2011.

Domestic resources contributed the majority of public climate finance flows.
International public finance can support domestic efforts to unlock new climate finance.
Public and Private Finance in Sarulla GPP

PRIVATE FINANCE

- Commercial Banks
- Sponsors
- Equity

~ USD 350 m

USD 1,070 m

USD 328 m

USD 742 m

SARULLA PROJECT

PUBLIC FINANCE

- Japan Bank for International Cooperation (JBIC)
- Asian Development Bank (ADB)
- Concessional Loan
- Clean Technology Fund (CTF)
- Canadian Climate Fund (CCF)

Concessional Loan

USD 100 m

POLICY

- Government of Indonesia

CLIMATE POLICY INITIATIVE
Promoting Climate-Resilient Agriculture
The PPCR and IFC experience in Nepal

- A value chain finance approach to channel international climate finance with the aim of involving domestic private actors in the financing and implementation of adaptation efforts.
Key findings

Lessons for policymakers to scale up

• Smart domestic policies and tailored financial instruments will **mainstream** international and domestic public climate finance and
  – **leverage private investment**
  – **climate proof** development gains

• International public finance should support and enable domestic action

• Domestic systems to **track climate investments comprehensively** will empower policy makers and ensure lessons are learned
...helping nations spend their money wisely

http://www.climatefinancelandscape.org/