

Think 20 Summit

Climate Policy and Finance – Remarks

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May 2017, Berlin, Germany

My esteemed Climate Policy and Finance co-chair Ottmar Edenhofer has stated the urgency of ensuring that climate action serve society and help build trust and confidence in our local conditions so that we can continue international collaboration as Dennis Snower said last night.

Our policy brief calls for:

1. Phasing out fossil fuel subsidies and putting a price on carbon to harness the transformative power of the market and stimulate low carbon investment including the essential role of Multilateral Development Banks
2. Strengthening and reorientation of investment strategies to exploit the significant opportunities of low-carbon, climate-resilient infrastructure
3. Transforming finance to enable and drive change

I will speak about transforming finance and of the proposals made in the Climate Policy & Finance Taskforce's Green Finance and Innovative Small and Medium-sized Enterprise policy briefs.

These proposals have as their goal to accelerate the alignment of capital markets & financial systems, innovative solutions and resilient sources of employment in emerging firms with climate action and economic growth for the good of society.

We recommend:

1. Standardization of green finance norms and practices including Green Bonds – the green bond principles of the Global Capital Markets association are an example.
2. Harmonization of climate-related financial risk disclosure standards across the public & private sectors, and globally. Particularly, we call for the strengthening of support for the recommendations of the Taskforce on Climate-Related Financial Risk Disclosure. And particularly – attention to what is material risk that should be subject to continuous disclosure.
3. The development of mandates to establish equity and debt markets for sustainable infrastructure.
4. And we recommend fit for purpose credit instruments to ensure green technology and resilient emerging firms can grow to create confident local identities and deploy locally relevant and innovative solutions to climate change.

We propose doing this via a shared platform that would first focus on implementing the findings of the Taskforce on Climate-Related Financial Risk Disclosure.

In time, this global governance for this platform would be assured by the members of the Financial Stability Board, that is to say:

- Finance Departments
- Financial Market Regulators
- Central Banks

This platform could in time also serve as a monitoring system for the implementation of progress on green and sustainable finance.

The local governance for the platform could be assured through active engagement of stakeholders by the finance minister and the finance deputy.

Local stakeholder engagement could be structured in National and Regional Expert Groups and would include:

- Civil society – Youth, ENGOs, community groups, indigenous peoples
- Private and public sector experts in the physical risks including Property and Casualty insurers
- Fiduciaries such as pension funds and life insurers who must understand the transition and liability risks of climate change if they are to serve their fiduciary duties to those they insure and those for whom they provide pensions
- SMEs who have innovative solutions to climate change and SMEs who are at risk of the physical consequences of climate change (these firms that are at the origin of the Schumpeterian chain provide 60 percent of employment and 50 percent of GDP in high income countries and 50 percent of employment and 40 percent of GDP in low income countries)

We believe that these proposed policies and this platform offer a comprehensive approach to climate policy, sustainable infrastructure and finance that connects society with the challenge we face.

As I close, I would like to acknowledge the human spirit that stands behind these very human ideas. On behalf of my co-chairs Amar and Ottmar, and our Secretariat coordinator Brigitte Knopf, I would like to thank the 84 scholars from 42 Think Tanks, 7 universities and 4 ENGOs who brought their deep expertise and their good will to build trust and engagement around these recommendations in our Climate Policy and Finance Taskforce.

I would be remiss if I did not also thank our colleagues in the B20, led by Mr. Bock, and C20 who made it possible to sign a joint communiqué on energy, climate change and sustainable infrastructure.

www.t20germany.org/climate-policy-and-finance

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