

OECD Work on Green Finance and Investment

OECD Environment Directorate

About the OECD

The Organisation for Economic Co-operation and Development (OECD) is an international organisation that works to shape policies that foster prosperity, equality, opportunity and well-being for all, drawing on 60 years of experience and insights to better prepare the world of tomorrow.

Together with governments, policy makers and citizens, the OECD works on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges. With a systematic reach across almost all branches of government, the OECD provides a unique forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting.



Mission of the Green Finance and Investment Team

Addressing climate change, as well as biodiversity and other environmental goals, will require an unprecedented acceleration of investment and financing towards climate-friendly, nature-positive and sustainable pathways, and a shift away from harmful activities. Trillions of dollars are needed to help companies realign their business models. Transformational change, rather than incremental action, is needed to redirect finance and investment towards environmental goals. Aligning finance flows with climate, biodiversity and other environmental objectives requires public and private stakeholders to pay more attention to the real-economic environmental impact of finance, to avoid the risk of greenwashing and mobilise investment at greater scale and faster pace.

OECD work on green finance and investment complements and links to OECD work on climate action and on biodiversity. The former focuses on the environmental, economic, financial and social dimensions that are critical to the creation of low-emissions, climate-resilient development pathways. The latter focuses on the economic aspects, including on the effective and efficient design and implementation of policy instruments to promote biodiversity conservation and sustainable use.

The OECD Green Finance and Investment (GFI) team within the OECD Environment Directorate helps to catalyse and support the transition to a net-zero and an environmentally sustainable economy by providing analysis and facilitating exchanges between key actors on effective and transformative policies, institutions and instruments for green finance and investment. The GFI team's work prioritises transformative action to support investment mobilisation and the alignment of finance with environmental goals. The OECD's convening power, including through the Centre on Green Finance and Investment, and its ability to promote the adoption of best practices by governments amplifies the impact of the team's research, analysis and guidance.

Recent analytical work and publications

The OECD Green Finance and Investment team develops analytical work for policy makers and regulators to make informed decisions on key issues. This includes transition finance for corporates, sustainable finance taxonomies, green infrastructure investment, climate-related due diligence for investors, green financial products and institutions, and financing for biodiversity, among others. The team also engages with a variety of international and regional fora and platforms driving the green and sustainable finance agenda more broadly. For example, the GFI team is an observer to the European Union's International Platform on Sustainable Finance (IPSF) and the Network for Greening the Financial System (NGFS). The GFI team provides technical support to the Coalition of Finance Ministers for Climate Action and the G20 Sustainable Finance Working Group (SFWG). The GFI team is also a knowledge partner of the Taskforce on Nature-related Financial Disclosures (TNFD).

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Green and sustainable finance taxonomies and transition finance

The urgency of climate and environmental action and the need for clarity on the environmental sustainability of investments and economic activities are driving momentum behind sustainable and green finance definitions, taxonomies and financial instruments. Alongside the upscaling of zero and near-zero carbon emitting activities, increasing attention is now also being paid to the role of finance in helping high-emitting activities to progressively decarbonise. The team's work on these topics include:

- Transition Finance: Investigating the State of Play (2021).
- Developing Sustainable Finance Definitions and Taxonomies (2020).

Current green infrastructure investment by pension funds and insurance companies amounts to

USD 450 billion

This represents only 4.1% of the investable assets under management under current regulatory limits

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Mobilising institutional investors for green infrastructure

In this « decade of delivery », achieving our collective environmental goals, combating climate change, and building sustainable and resilient economic systems will require accelerating private investment in low-emission and climate-resilient infrastructure, especially from institutional investors. The yawning global infrastructure investment gap makes clear the need to mobilise private capital at scale. The team's work on these topics include:

- De-risking Institutional Investment in Green Infrastructure – 2021 Progress Update (2021).
- Green Infrastructure in the Decade for Delivery - Assessing Institutional Investment (2020).
- Progress Update on Approaches to Mobilising Institutional Investment for Sustainable Infrastructure (2018).
- Integrating Climate Change-related Factors in Institutional Investment (2018).
- Mobilising Bond Markets for a Low-Carbon Transition (2017).
- Green Investment Banks - Scaling up Private Investment in Low-carbon, Climate-resilient Infrastructure (2016).
- Mapping Channels to Mobilise Institutional Investment in Sustainable Energy (2015).





3

Strengthening domestic enabling policies for green infrastructure

Improving domestic enabling conditions and developing bankable project pipelines are key to attract finance and investment for green infrastructure. The team's work in this area includes:

- Developing Robust Project Pipelines for Low-Carbon Infrastructure (2018).
- Power Struggle: Decarbonising the Electricity Sector (2018).
- State-Owned Enterprises and the Low-Carbon Transition (2018).
- The Empirics of Enabling Investment and Innovation in Renewable Energy (2017).
- OECD Clean Energy Investment Policy Review of Jordan (2016).
- Policy Guidance for Investment in Clean Energy Infrastructure (2015).
- Overcoming Barriers to International Investment in Clean Energy (2015).

Forthcoming publications

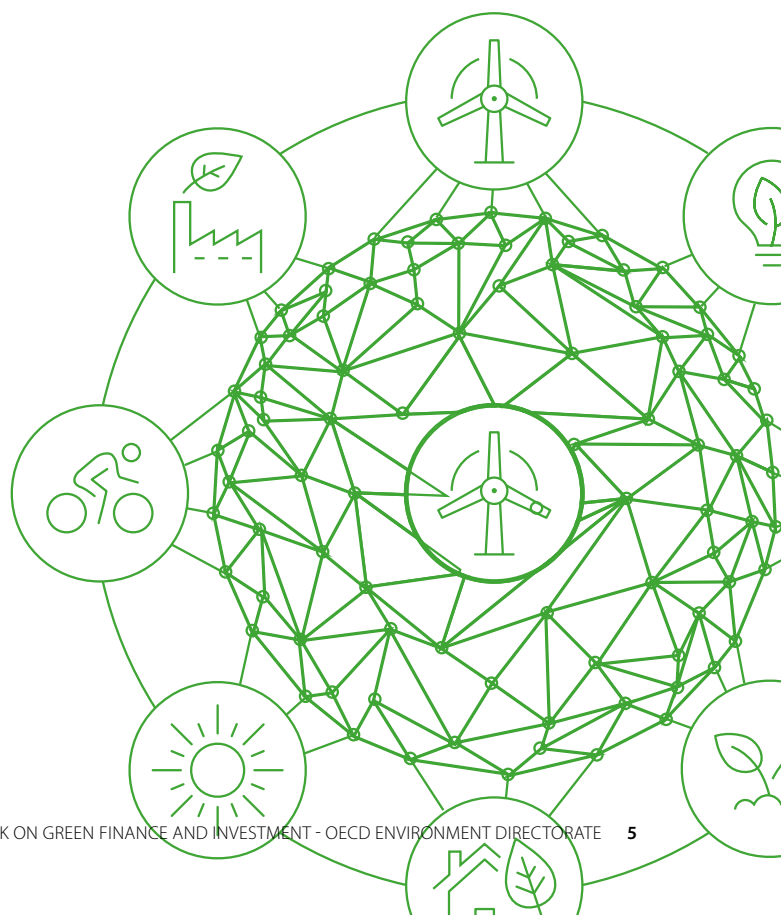
- OECD Guidance on Transition Finance: Ensuring credibility of corporate transition plans.
- Managing Climate Risks and Impacts through Due Diligence for Responsible Business Conduct - A Tool for Institutional Investors.
- Empowering Women Through Green Policies and Finance.
- Developing a Supervisory Framework for Financial Risks Stemming from Biodiversity-related Losses.

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Biodiversity

Biodiversity underpins all economic activities and human well-being, providing critical life-supporting ecosystem services. Yet humanity is destroying natural capital at an unprecedented rate, posing significant risks to the economy, the financial sector and well-being of current and future generations. Working jointly with the OECD biodiversity team, the team provides analysis to support governments in mobilising and aligning finance and investment with biodiversity objectives, including:

- Biodiversity, Natural Capital and the Economy: A Policy Guide for Finance, Economic and Environment Ministers (Input to the UK G7 Presidency, 2021).
- Biodiversity: Finance and the Economic and Business Case for Action (Input to the French G7 Presidency, 2019).



The Centre on Green Finance and Investment

The OECD launched the [Centre on Green Finance and Investment](#) (CGFI) in 2016. The Centre helps catalyse and support the transition to a green, low-emissions and climate-resilient economy through the development of effective policies, institutions and instruments for green finance and investment. The OECD Centre on Green Finance and Investment leverages the OECD's systematic reach across relevant branches of governments and provides a global platform for engagement, to advance the green finance and investment agenda globally.

Conferences and events

The Green Finance and Investment team organises a wide range of conferences, workshops and seminars every year, providing a platform for inclusive dialogue and exchange among policy makers, investors, corporates, researchers, academia and civil society representatives.

The **OECD Forum on Green Finance and Investment** is the annual flagship event of the Centre. The Forum gathers senior policy makers and key private and public actors from around the world for action-oriented discussions on a variety of sustainable finance and investment topics. The Green Finance and Investment team organises the annual Forum, bringing together relevant OECD themes and work on green and sustainable finance, in co-ordination with the Directorate for Financial and Enterprise Affairs.

The 9th edition of the OECD Forum on Green Finance and Investment will take place virtually on 5-7 October 2022

and will focus on the theme “Moving from commitments to actions in the decade for delivery: towards impactful green and sustainable finance”.

More information on past and upcoming events is available at www.oecd.org/cgfi/resources/events.

Past events

- Annual Forum on Green Finance and Investment (2021, 2020, 2019, older).
- OECD Roundtable on High-Level Principles for Transition Finance (2021).
- Series of workshops on Climate Science, Policy, Regulation and Practice, with support from ADEME, the French Agency for Ecological Transition, and Finance for Tomorrow (2020).
- High-Level Breakfast on Institutional Investors and the Low-carbon Transition (2018).



Recent momentum on increased climate ambition is encouraging. The challenge now is how to turn commitments into outcomes. Moving to a **net zero** and resilient future requires alignment of all forms of finance and investment with the objectives of the Paris Agreement and with environmental and sustainability goals.

Highlights from the 2021 OECD Forum on Green Finance and Investment



Mathias Cormann
Secretary-General, OECD



Tomoko Amaya
Vice Minister for International
Affairs, Japan



Daniele Franco
Minister of Economy and
Finance, Italy



Paul Bodnar
Global Head, Sustainable
Investing, BlackRock



Laurence Tubiana
Chief Executive Officer,
European Climate Foundation



John Kerry
United States Special
Presidential Envoy for Climate



Partha Dasgupta
Professor Emeritus of Economics,
University of Cambridge



Masyita Crystallin
Special Advisor, Minister of
Finance, Indonesia



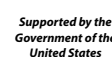
Catherine Howarth
Chief Executive, ShareAction

The 8th OECD Forum on Green Finance and Investment (11–14 October 2021) focused on the theme “Green finance in the decade for delivery: Driving environmental impact”, responding to the urgent need to ensure that sustainable investments deliver the impact and progress required to achieve global environmental and development objectives.

The Forum convened 17 sessions and welcomed 92 high-level speakers and over 1000 participants from more than 120 countries.

- Watch the replays of the Forum sessions on the [event site](#).
- Check out the [Forum Summary](#).

2021 Forum Sponsors:



Opportunities for collaboration and sponsorships

The OECD Green Finance and Investment team offers a rich variety of opportunities for collaboration.

Research collaborations and partnerships

The team welcomes opportunities to collaborate on research pieces on topics related to sustainable, green and transition finance, as well as biodiversity financing. Research collaborations give researchers and practitioners the opportunity to present relevant research to OECD experts and potentially feed their findings into OECD analysis and policy advice. Research partners could co-develop and conduct robust and policy-relevant research pieces jointly with OECD, including for instance co-publishing articles, working papers and reports.

Engagement in workshops and events

The team regularly engages with key stakeholders across governments, the financial and corporate sectors, international organisations, academia and civil society and welcomes opportunities to co-organise workshops and events on a wide range of topics related to green finance and investment.

Sponsorships

Sponsors can include national governments, cities and regions, private industry, philanthropies, funds, foundations, development banks and other organisations seeking to support the scale-up of private finance for the low-carbon transition and other environmental objectives, and to promoting effective global dialogue and solutions for the low-carbon transition and sustainable development.

Meet the GFI Team



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