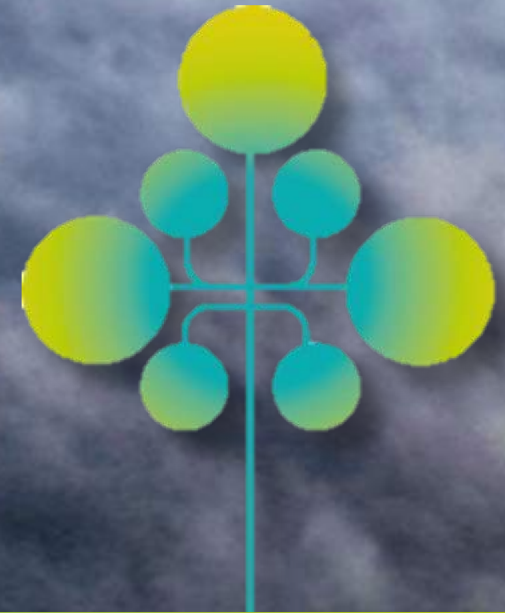


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RETHINKING INFRASTRUCTURE

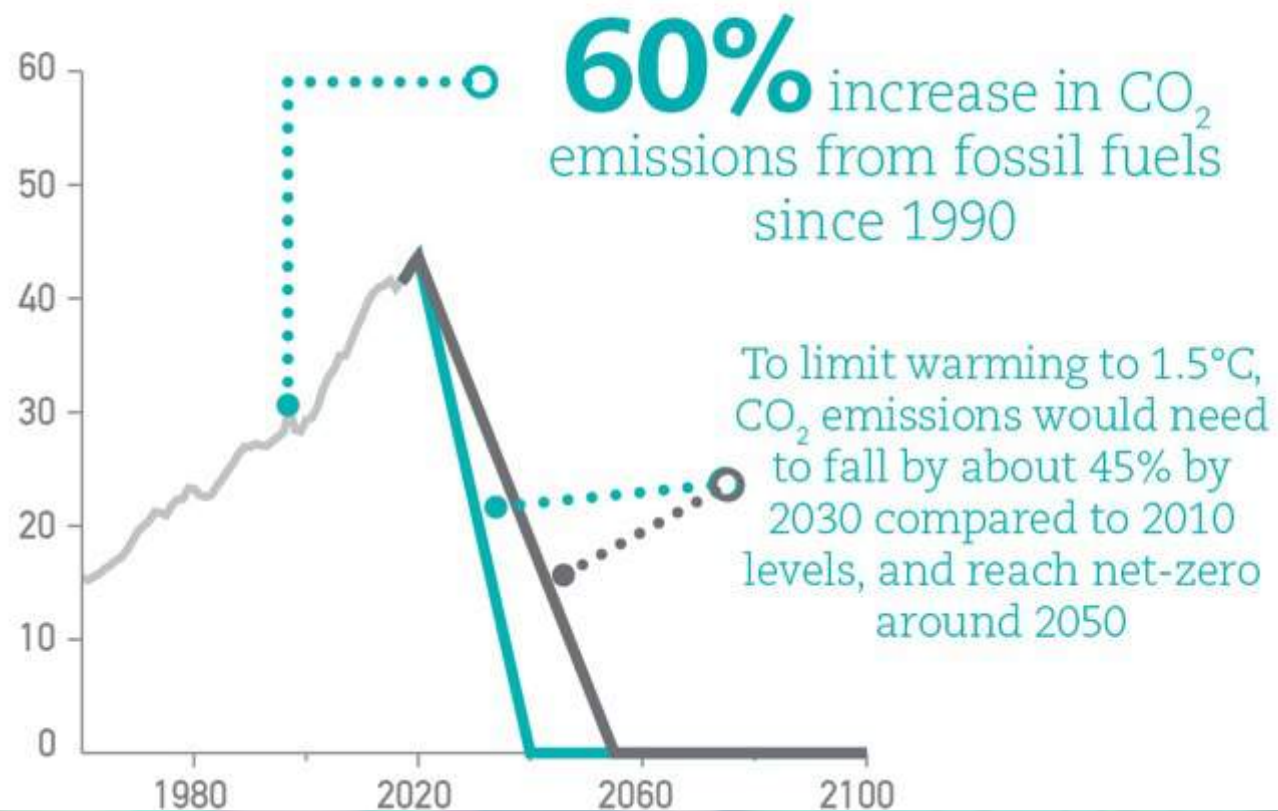
Virginie Marchal, Senior Programme Manager
OECD Environment Directorate



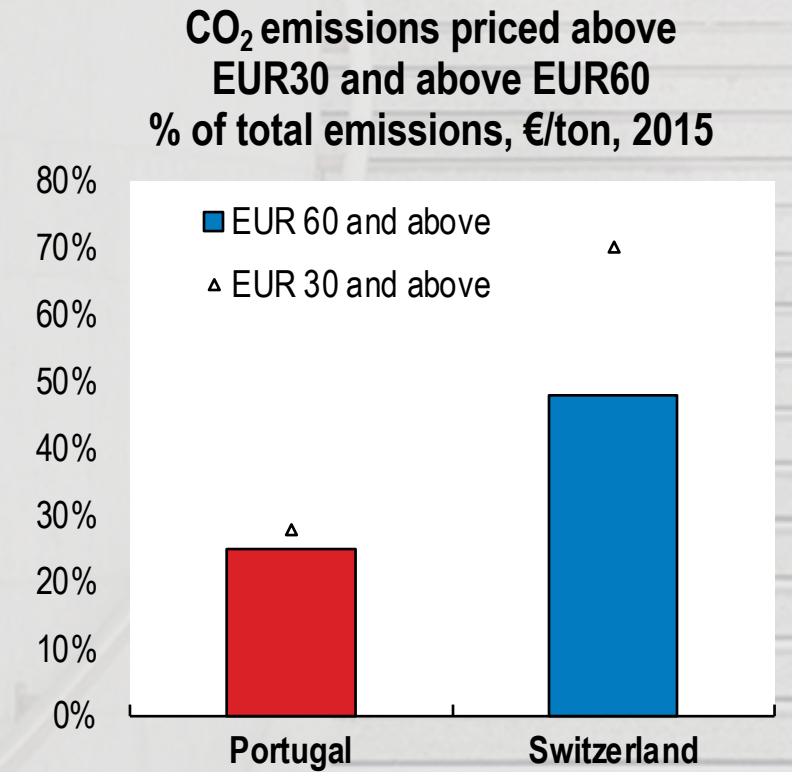
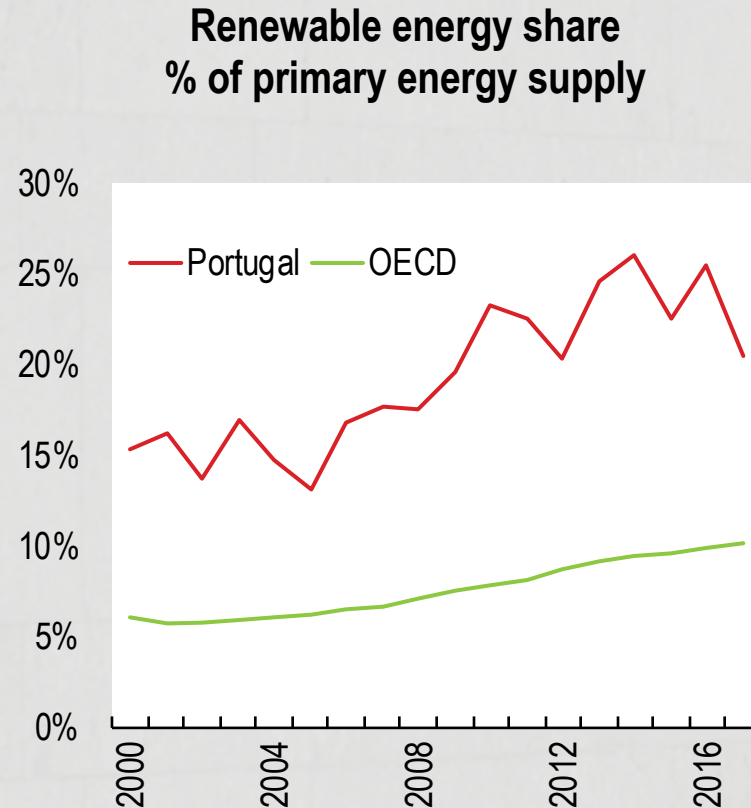
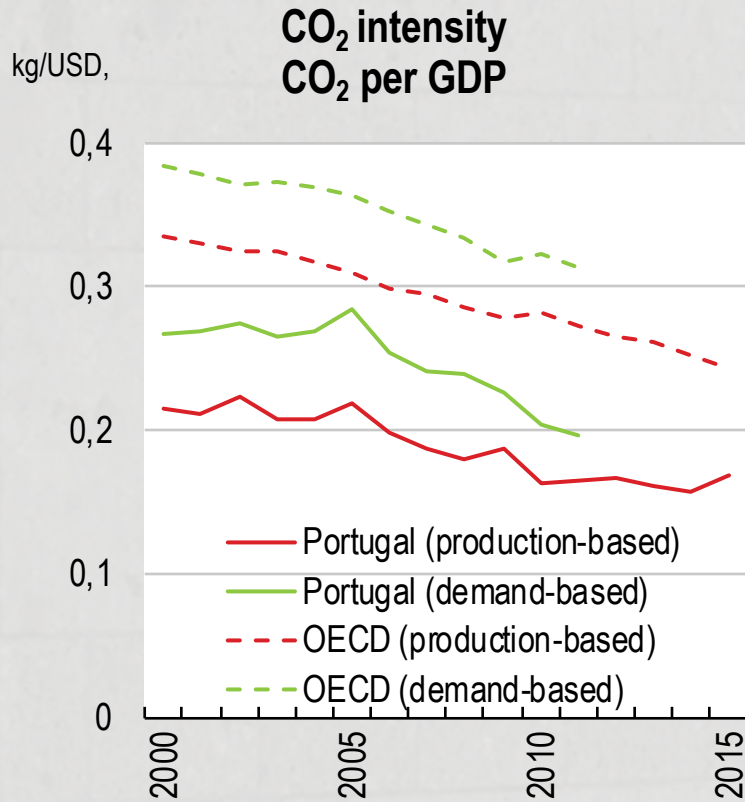
We have just over a decade to drastically reduce emissions

STYLISED NET GLOBAL CO₂ EMISSION PATHWAYS

Billion tonnes CO₂ per year (GtCO₂/yr)



How is Portugal doing?



Source: OECD (2018), Green Growth Indicators (database).



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An agenda for transformation

How to **move beyond an incremental approach** to financing low-emission, resilient infrastructure systems **towards the transformational agenda?**

Are our institutional systems, policy settings and processes fit for the future?



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The world's energy, transport, buildings and water systems emit **more than 60%** of today's greenhouse gas emissions



6.9T

USD/year

is needed to support climate and development objectives over the next 15 years

GDP

+Δ 4.7%

by 2050

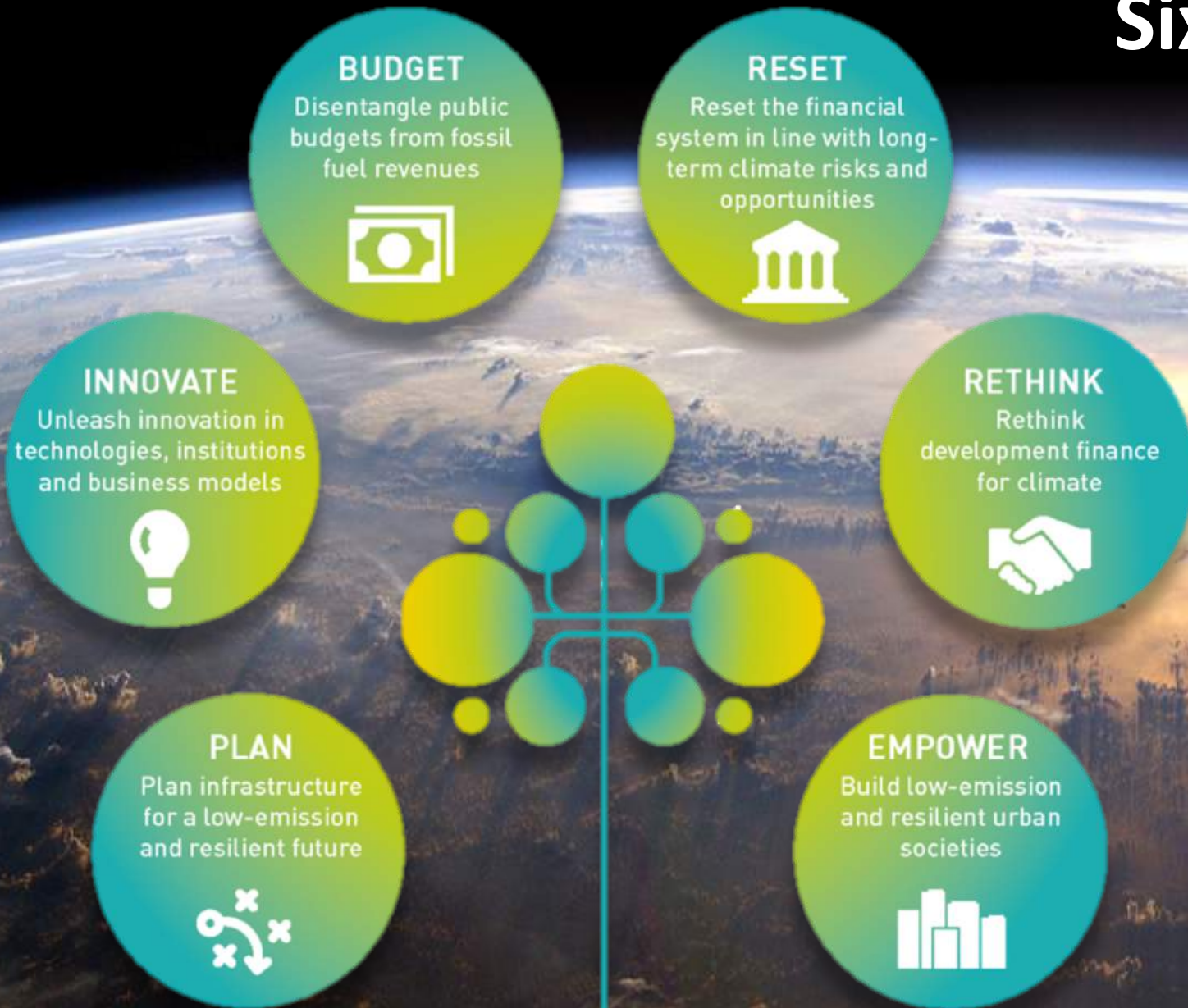


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PHOTO: BBC News, Lohit river bridge in India

Six transformative areas

*to align financial flows with low-emission,
resilient infrastructure*



Why is it transformative?

- Avoid emissions lock-in and implant resilience
- Prevent stranded assets

PLAN

Plan infrastructure
for a low-emission
and resilient future



Priority action areas

- Develop long-term low-emission strategies, through cross-ministry collaboration and stakeholder consultation with development at its core
- Develop pipelines of infrastructure projects compatible with climate goals
- Mainstream climate-resilience considerations across planning practices
- Prepare for different 'futures' through specialised foresight personnel or units within ministries



Why is it transformative?

- Budgetary practices influence public and private investment behaviour
- Current dependence of many governments on fossil fuel revenues puts long-term fiscal sustainability at risk

BUDGET

Disentangle public budgets from fossil fuel revenues



Priority action areas

- Diversify government revenue streams
- Align fiscal incentives with climate objectives

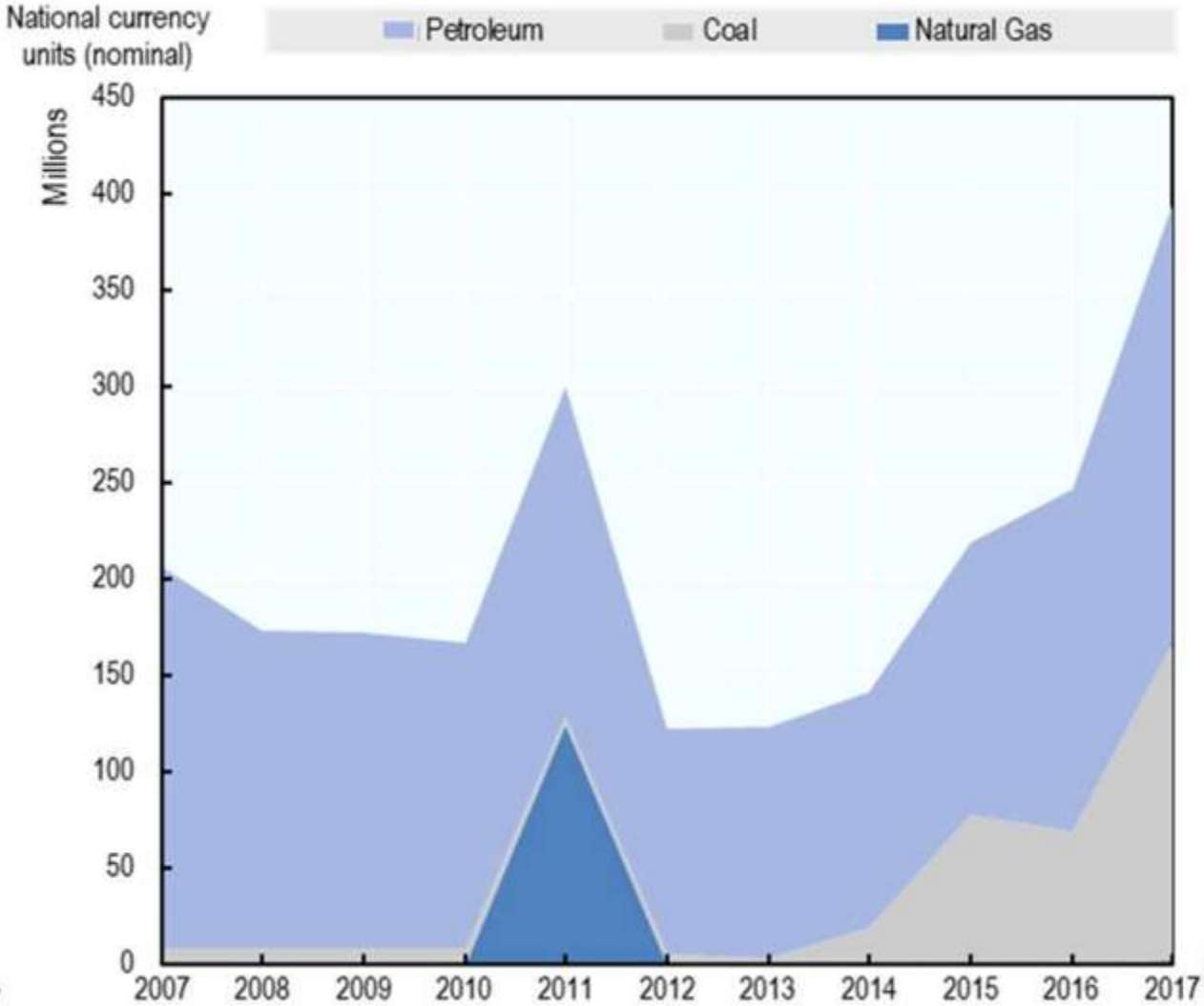


BUDGET
Disentangle public budgets from fossil fuel revenues



Action area:
Align fiscal policies with climate objectives

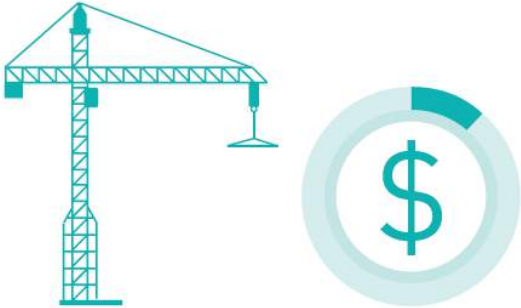
Total support for fossil fuels in Portugal by fuel type



Source: *OECD 2019 Inventory of Support Measures for Fossil Fuels*



Align incentives and mandates of all public institutions with climate objectives



PUBLIC PURCHASE OF
GOODS AND SERVICES

12% of GDP

is spent on average by governments of OECD countries on the public purchase of goods and services



SOVEREIGN WEALTH FUNDS

Projected to reach over
\$15tn by 2020



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BUDGET
Disentangle public budgets from fossil fuel revenues



Action Area: Anticipate and address the consequences of the low-emission transition

DIRECT CARBON-PRICING REVENUES

raised by governments

\$22bn
in 2016

\$33bn
in 2017

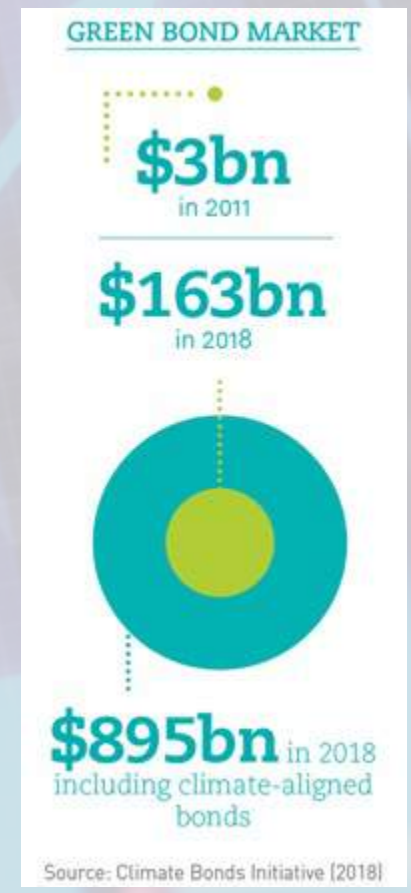
Part of those revenues could be used to facilitate a just and inclusive transition



RESET
 Reset the financial system in line with long-term climate risks and opportunities



There is increasing momentum for change in the financial system, with a growing number of initiatives that harness the financial system to drive the low-emission transition



ENSURING THAT THE FINANCIAL SYSTEM IS ALIGNED WITH CLIMATE OBJECTIVES REQUIRES GOVERNMENTS, FINANCIERS AND FINANCIAL REGULATORS TO ACT ON DIFFERENT LEVELS

Development of standards and policy frameworks

that promote low-emission, resilient financial products



and the emergence of new market platforms



with continual monitoring to measure impact on climate goals

Promoting transparency in the financial system

through disclosing:

risks and opportunities



financial flows



and developing climate scenario analysis



Clarifying legal frameworks and mandates

on investor obligations and responsibilities

and interpreting climate considerations





Thank you

To learn more:

<http://oe.cd/climate-futures>