Four key policy approaches for a low-carbon transition

1. Put a price on carbon emissions
2. Reform fossil fuel subsidies
3. Boost green infrastructure investment
4. Better align policies to overcome regulatory and market rigidities
1. Carbon Pricing: Existing, emerging and potential ETS's

Status of implementation:
- Implemented (i.e., force with established rules)
- Implementation scheduled (mandate agreed, draft laws communicated, rules in preparation)
- Under consideration* (government gives public signal towards the development of an ETS)
- Other

Offsetting:
- National
- International or regional
- Domestic offsets

Listing:
- Listed
- Planned


Implicit carbon pricing
Revenues from environmentally-related taxes, as % of GDP (2011)

*2010 figures; ** 2009 figure
Source: OECD-EEA Database of Environmental Policy Instruments [www.oecd.org/env/policies/database]
2. Fossil Fuel Subsidy Reform Needed: Support to fossil fuels in OECD countries

USD 55-90 billion/year

By type of fuel

USD billion (current)

Note: Based on arithmetic sum of the individual support measures identified for all 34 OECD member countries. It includes the value of tax relief measured under each jurisdiction’s benchmark treatment. The estimates do not account for interactions that may occur if multiple measures were considered simultaneously.


Petroleum, 71% (2011)
Coal, 12% (2011)
Natural gas, 18% (2011)

By measure

USD billion (current)

Consumer support, 80% (2011)
Producer support, 16% (2011)
General services support


1. Strategic goal setting and policy alignment
2. Enabling policies and incentives for LCR investment
3. Financial policies and instruments
4. Harness resources and build capacity for an LCR economy
5. Promote green business and consumer behaviour

Source: Corfee-Morlot et al., 2012.
Landscape of investment financing sources for clean energy in the average OECD country 2004-2014 (illustrative example, varies by country). In non-OECD the public sector typically accounts for 2/3 and private sector 1/3.


$83 trillion in assets under management by institutional investors in the OECD (2012)

Note: Book reserves not included. Pension and insurance companies' assets include assets invested in mutual funds, which may be also counted in investment funds.

(1) Public Pension Reserve Funds (PPRFs) e.g. Government Pension Fund – Norway or United States' Social Security Trust Fund.

(2) Other forms of institutional savings include foundations and endowment funds, non-pension fund money managed by banks, private investment partnerships and other forms of institutional investors.

(3) Source: OECD Large Pension Fund Survey (2013)


1% of pension fund assets invested directly in infrastructure
An even smaller portion invested directly in green infrastructure
4. Better Policy Alignment needed: Are governments sending the right signals?


Thank you very much!

www.oecd.org/env/cc