



**Climate Finance Day
Paris, 22 May 2015**

**Address by
Christiana Figueres, Executive Secretary
United Nations Framework Convention on Climate Change**

Ladies and gentlemen,

Finance Minister Sapin, thank you very much for the inspiring call to action, which I must say perhaps underplayed the amazing announcement that all institutional investors in France will disclose their carbon footprint. This is a game changer. The more every country decides to do this, the sooner we will be where we need to be. So thank you very much for that leadership.

My friends this is a very exciting day. Over lunch with President Hollande yesterday we heard a summary of the day, and I have to say there will be many, many announcements you will be delighted with.

But let me step back and give you the context of what we are doing here because sometimes we get so caught up in the weeds – so focused on the daily tasks – that we lose the big picture sense of this amazing transformation we are all working towards.

What we are all doing here together is building a new home. The home in which we live has proven to be unsafe and unreliable. We are building a new home for the 9 billion people we expect on the planet. This home is built of four pillars.

The first pillar is policy. You must excuse me that I put policy first, but that is my job. Climate change policy has been discussed for many years, more than 20, and climate policy has been discussed very specifically in the last five years.

Governments have come together to increasingly give clarity both to the global international policy that will come at COP 21, where we will have an agreement here in Paris. At the same time, governments have begun to put in place national policies that are consistent

with the long-term goal and with the long-term aspiration of keeping temperature rise under 2 degrees Celsius.

These national policies have been evident over quite a few years with the growing number of regulations and legislation in countries that we see today, already around 800 across the world. More recently, we see the Intended Nationally Determined Contributions and carbon management plans that countries are already or will be soon submitting as an important part of the policy pillar for the new home we are building.

The second pillar is technology. Solar technology is increasingly racing to the top in dropping costs, increasing efficiency and proliferating deployment. Wind is very much the same. And now we see very important announcements of storage capacities that show the technology to make the transition possible is moving forward.

The third pillar is business commitments. The last two days have been an extraordinary witness of increasing – exponentially increasing – commitments by business to undertake internal transformation. Not just on operational issues, but beyond that into true strategy, corporate strategy to align with science based targets. This has been an amazing two days that truly went beyond my expectations.

The fourth pillar you represent today, finance. I will talk a bit more substantially about finance in a couple of minutes.

But first, I want you to picture these four pillars, which have over the past few years been growing almost independently of each other. What is absolutely essential is to understand now we have a firm basis of these four pillars.

The quantum leap and true transformations that we are already witnessing are going to come from the inter-linking and intertwining of these four pillars because they will work with each other very smoothly. Indeed we already see that they are beginning to work well together to get us over the hump and into a completely new low-carbon economic system.

I witnessed just over five years ago what we call climate finance just concentrating on individual little projects – a wind farm here, a solar array there, energy efficiency over there, some land management over there – little, individualized projects but nothing really transformational for national or global economies.

That began to move when the Multilateral Development Banks convened under leadership from the World Bank to form a powerful alliance working in a coordinated fashion to align lending policy towards the same transformational goal.

Then we saw private capital begin to move in the same direction. But where we begin to get to a turning point is where regulators and systemically important investors truly beginning to take this on board. That is really the turning point.

Minister Sapin has already mentioned the first sign of this transformation. Something must be afoot when the G20 asked the Financial Stability Board to look into climate risk. That is a clear signal that we have actually reached the level – reached the scale of importance in the financial system – this issue deserves.

My friends, we need, after all these processes, a new standard for a sound financial system. That is our ultimate goal from a financial point of view.

Now of course there are many pieces that need to be put into the puzzle. We have never done this before, so we are all inventing as we go. In Spanish we have a wonderful saying, “*Se hace camino al andar*” or “You create the path as you walk.” This is exactly what we are doing with respect to our response to climate change in relation to the four pillars.

It is a daunting task, it is a complex task; but you can also see it as a very simple task. It is a task that has two steps.

First, identify and quantify the risk. And second, put in place the instruments to manage the risk, and to manage the risk in a timely fashion.

Frankly it does us no good to begin to manage the risk after it is too late. We have to be able to manage risk such that we can accomplish this transition in thoughtful, orderly, planned way.

Nobody will benefit from abrupt transitions or abrupt changes. We all benefit from orderly, thoughtful pathways that get us to new standards for the financial system. Ultimately, the goal is to clean and green the financial system of the world.

We are still trying to understand and quantify the risk, but we know for sure that the highest risk is not doing anything. That we can all agree to.

I am grateful to Swiss Re who very recently stated that a world that stays under 2 degrees is insurable, beyond that, “we just don’t know.”

Thank you.
