

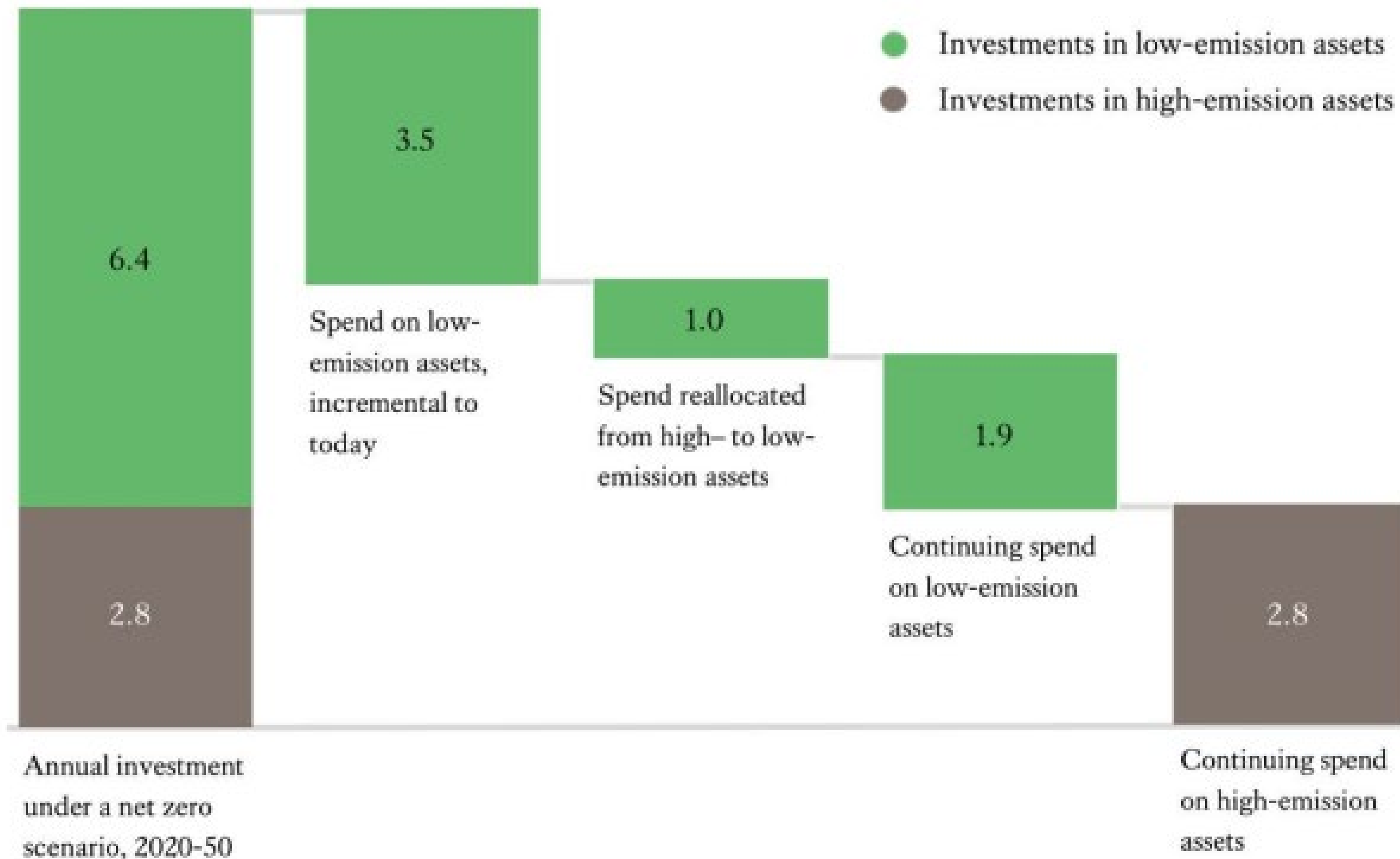


# Mobilising finance for net zero energy systems: Key issues, barriers, and policy priorities

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Singapore 5<sup>th</sup> November 2024

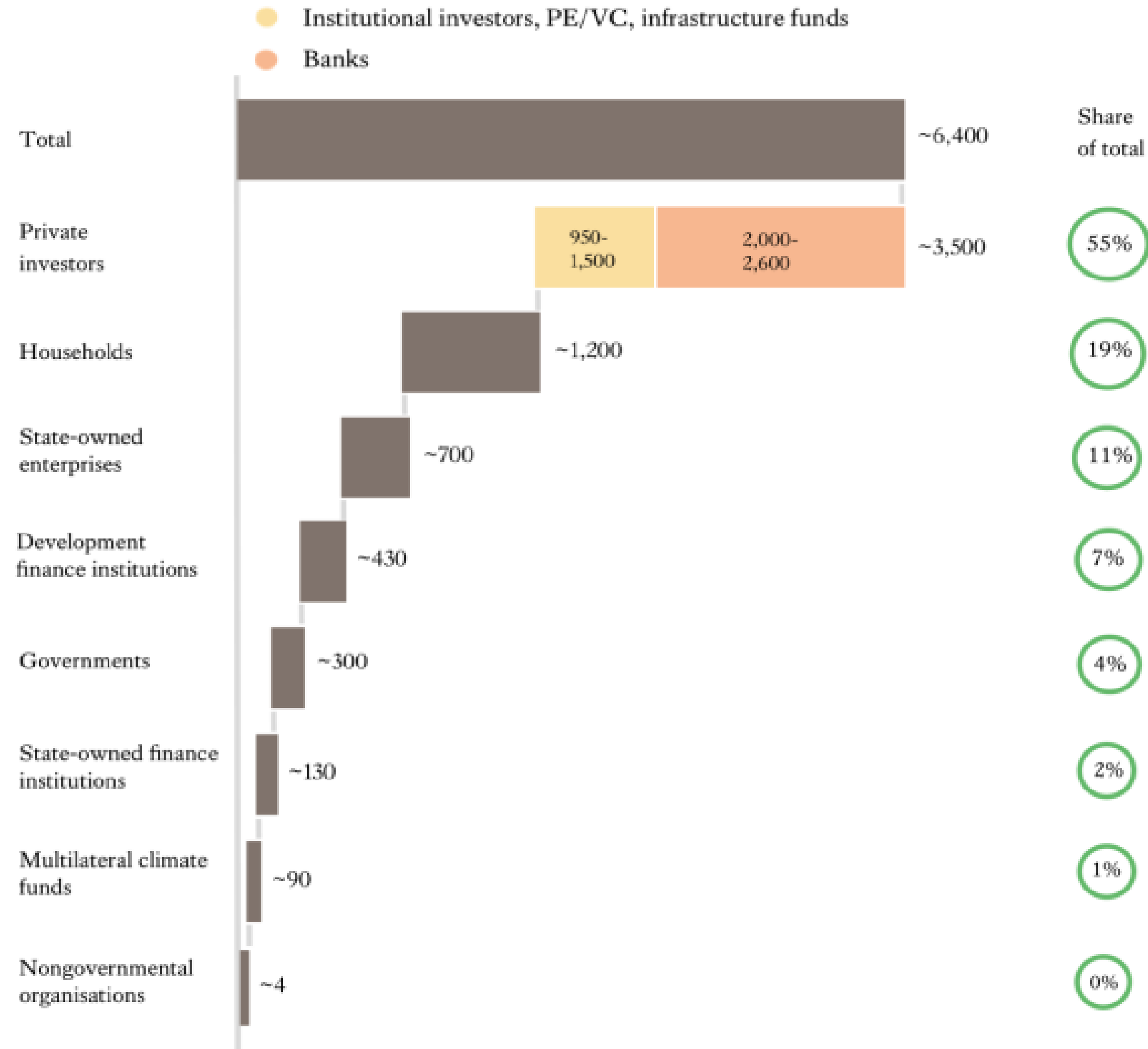


Figure 1: Average annual investments under the NGFS' Net Zero 2050 Scenario, 2020-50, \$ trillions.



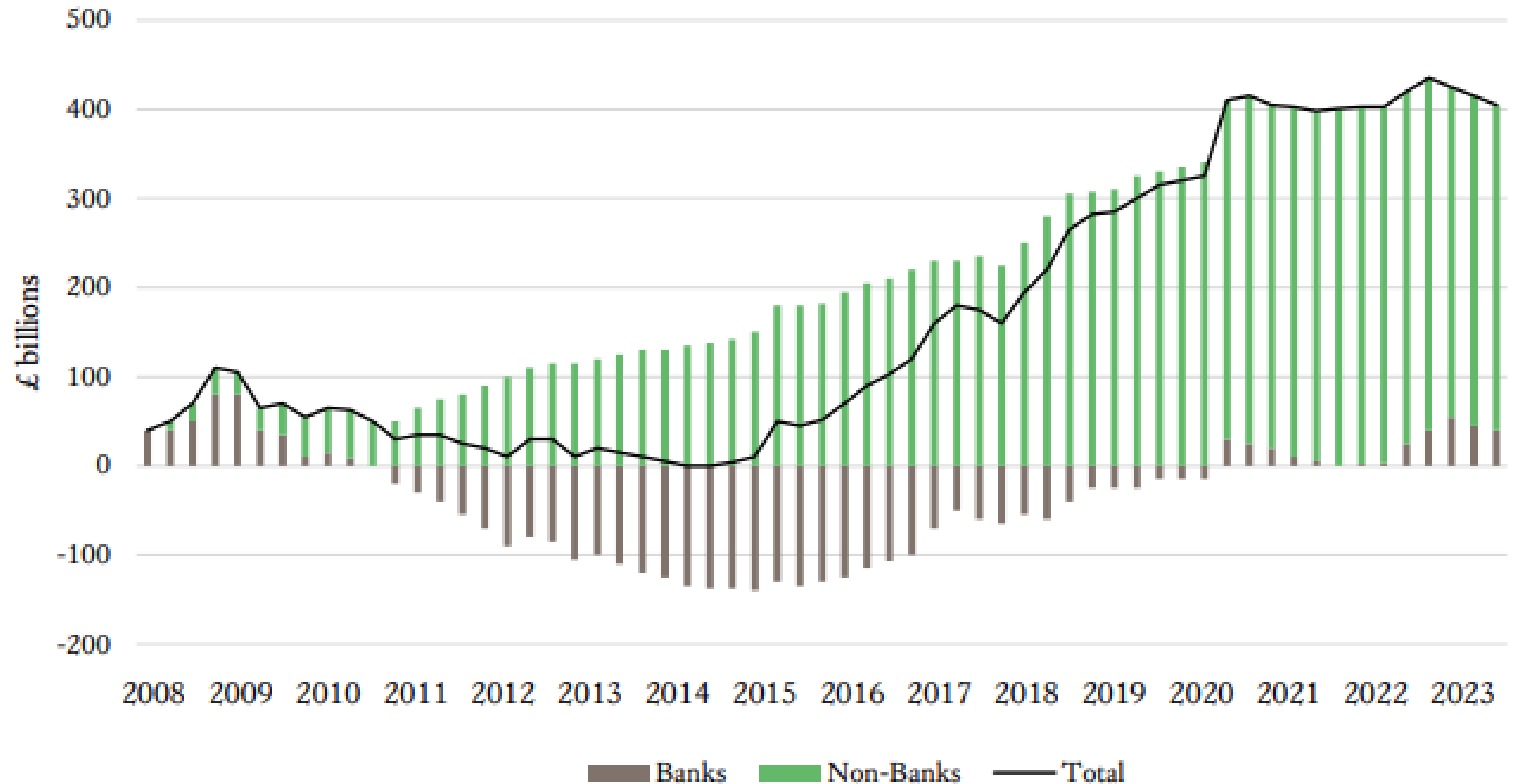
Source: Financing the net-zero transition: From planning to practice. McKinsey & Company, IIF Institute of International Finance. January 2023. Visit the [McKinsey & Company website](#) to view the report.

**Figure 2: Average annual investment needs for low-emission assets, 2022-50, \$ billions**



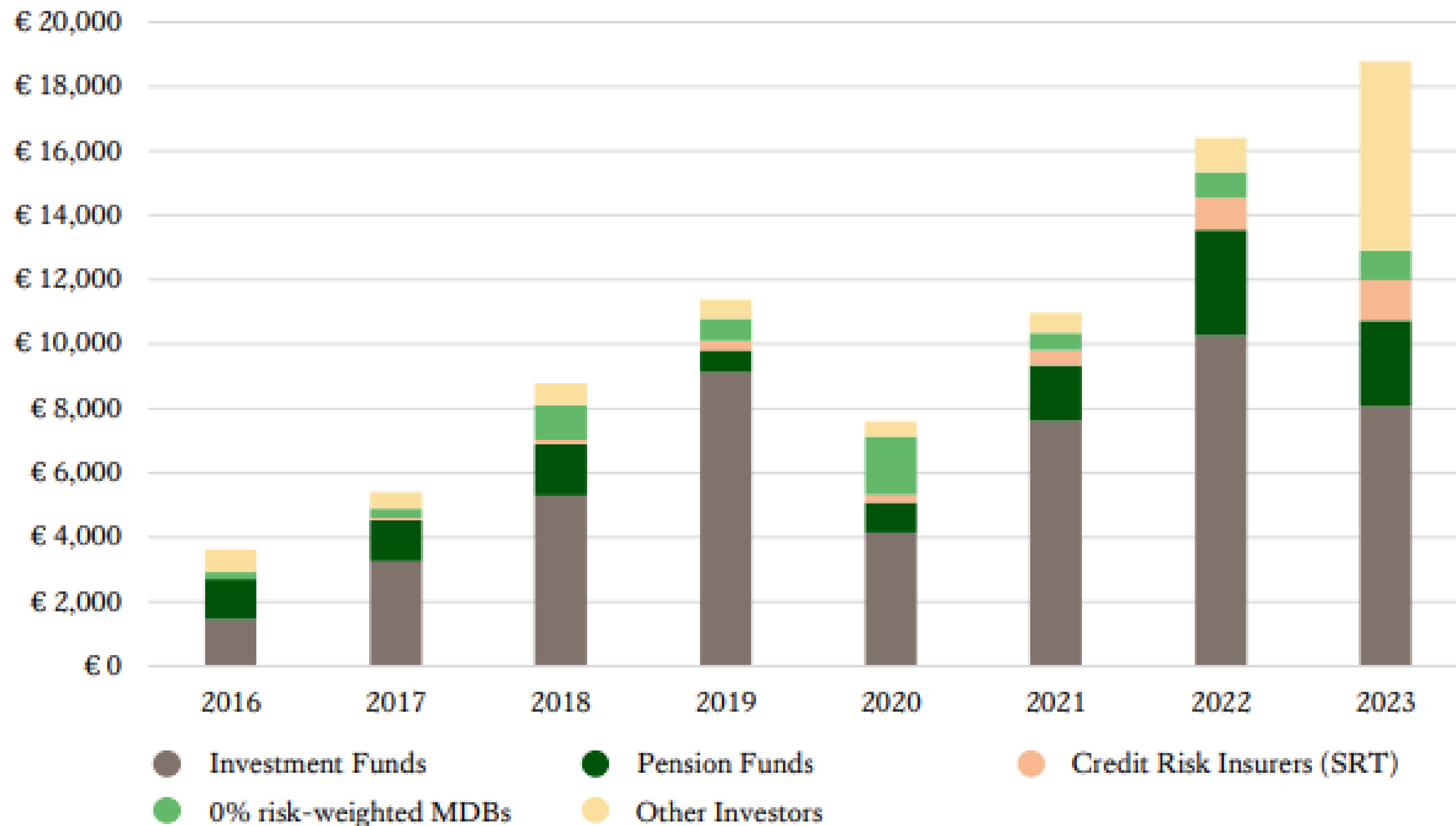
Source: Financing the net-zero transition: From planning to practice. McKinsey & Company, IIF Institute of International Finance. January 2023. Visit the [McKinsey & Company website](#) to view the report.

Figure 3: Cumulative change in UK companies' net borrowing



Source: Bank of England.

**Figure 4: Synthetic securitisation trade flow: protected tranche volume at inception, by investor type**

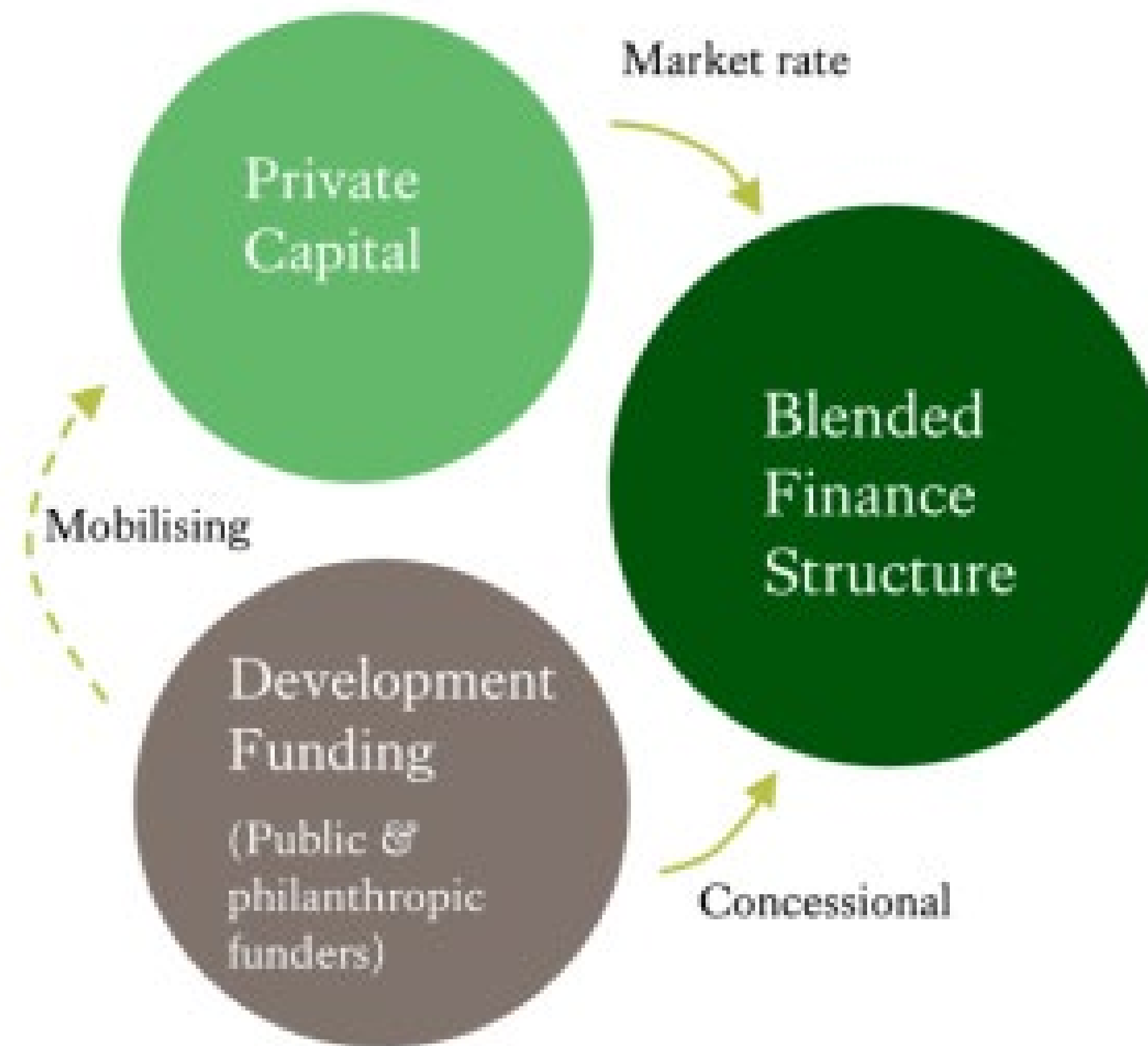


Note: the “Other Investors” category includes 0% risk-weighted international organisations, funded insurance companies, and central governments and central banks.

Source: IACPM Synthetic Securitization Global Bank Data Report 2016 - 2023.

Visit the [International Association of Credit Portfolio Managers \(IACPM\) website](https://www.iacpm.com/) for more information.

Figure 5: Typical blended finance mechanics and structures



Source: Converge State of Blended Finance 2024.

## Conclusions and Policy Recommendations

**1. De-risking bank's credit risk exposure – the opportunity for governments.** To scale commercial bank lending for decarbonisation and adaptation projects.

“Unfunded loan guarantees for eligible projects”

**2. Blended finance - Multilateral Development Banks (MDBs).** To allow MDBs to play a larger role in providing catalytic or concessional finance.

**3. Carbon Markets.** Linking emissions trading systems across jurisdictions to enhance price discovery, liquidity, and reduce decarbonisation costs.

“Policymakers need to develop a roadmap for integrating voluntary carbon markets with established emissions trading systems”





Thank you!