Climate Finance and Jobs – Emerging Perspectives

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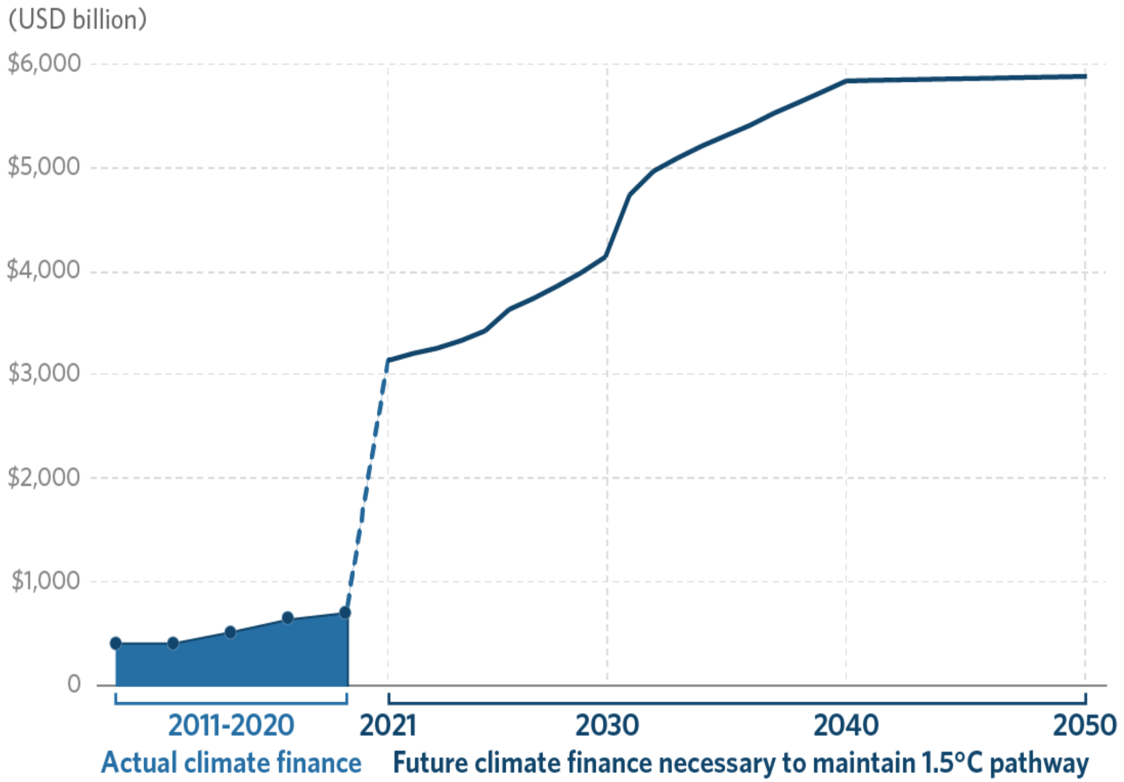
Global Climate Finance Gap

US$ 2.9 trillion of funding is needed every year till 2030 to limit global warming to 1.5°C

- Current flows are highly inadequate. Of the limited amounts, AFRICA receives only 5% and MENAAP only 3%.

- IPCC estimates the need for x4 to x7 of current financing is needed

Finance for Climate Action Must Rise



Source: Climate Policy Initiative

Climate Finance Ecosystem

Complex climate finance infrastructure, with multiple actors and players and multiple sources of finance

Activity-based finance

International Public Climate Finance

Deployed through international system: multilateral, bilateral and MDBs

A. Dedicated Climate Finance

- UNFCCC Financial Mechanisms
- Other dedicated CF funds

B. Development Finance

- Financing from MDBs
- Bilateral Development Finance

Public & Private Sector Climate Finance

Deployed directly by private and public sector entities

C. Private Finance

Investments in climate projects seeking commercial returns

- Financial Markets (Capital Markets, Commercial Financial Institutions)
- Asset managers and asset owners
- Corporations

D. Public Finance

Domestic government spending on climate-related activities

- Public budgeting
- State-owned enterprises
- State-owned Financial Institutions
- National DFIs

Outcome-based finance

E. Results-based climate finance

F. Voluntary Carbon Markets

G. Compliance Carbon Markets

Financing to Support the Transitions

- Meaningful climate action will require trillions of dollars in the coming decade. Countries must take leadership to boost public resources, mobilize and catalyze private capital, and raise and deploy concessional climate finance in more transformative and catalytic ways.

Domestic Resources

The WBG works with clients to increase public finance and domestic resources for climate action.

The WBG helps client countries to assess and reform fiscal policies, including fossil fuel subsidies and carbon taxes, prepare for and implement carbon pricing, and build and participate in carbon markets.

Private Capital

The WBG works to catalyze and mobilize private investment by:

- supporting upstream efforts to create new, sustainable, and green markets;
- expanding access to private capital and green finance;
- building climate capital markets;
- supporting finance for adaptation and resilience and biodiversity; and
- enabling the catalyzation of domestic private capital for climate investment.

Concessional Finance

The World Bank useIDA19 and IDA20 funds to support countries with concessional climate finance.

Additional concessional finance will be raised through WBG umbrella trust funds and financial intermediary funds and through global efforts such as the Climate Investment Funds and Green Climate Fund.

IFC and MIGA will use concessional finance where the private sector faces higher risks or uncertainties associated with new, unproven technologies or in first-of-their kind projects.

Sources and instruments of Climate Finance

Climate finance sources & instruments

Private

Domestic

Sources	Instruments
Commercial banks	Green loans
Islamic banks	Green Equity
Insurance companies	Green sukuks
Credit guarantees companies	Insurance
Individual households	Guaratees
NGOs	Tontines*
Foundations	

International

Sources	Instruments
Institutional investors	Market-rate loans
Debt markets	Green bonds
Commercial Banks	Carbon tax and credits
Impact investors	Carbon offsets
NGOs	Blended finance (PPPs)
Foundations	Debt-for-Climate Swaps
Private investors	Project-level equity, quasi-equity

Public

Domestic

Sources	Instruments
Government	Carbon tax
Development banks	National budget
Municipalities	Land value capture
	City taxes
	Fees

International

Sources	Instruments
European Union	
Green climate funds	Grants
Global Environment Facility	Guarantees
Adaptation Fund	Equity
Climate Investment Funds	Concessional loans
Loss and Damage Fund	Blended finance (PPPs)
Bilateral sources (KfW, AFD, USAID)	
The Least Developed Countries Fund	
The Special Climate Change Fund	
International Climate Initiative (IKI)	
MDBs (World bank Group, AfDB, EIB, IsDB)	
UN specialized agencies (UNDP, UNEP, IFAD, FAO)	

- Source: Staff's construction

Leveraging Capital

- The broader financial sector plays a key role in mobilizing capital for green and low-carbon investments and managing climate risks. The WBG supports greening the financial sector through its work with central banks, national development banks, and private sector financial institutions.

Supporting Financial Sector Reforms and Standards

Developing Green Bond and Loan Markets

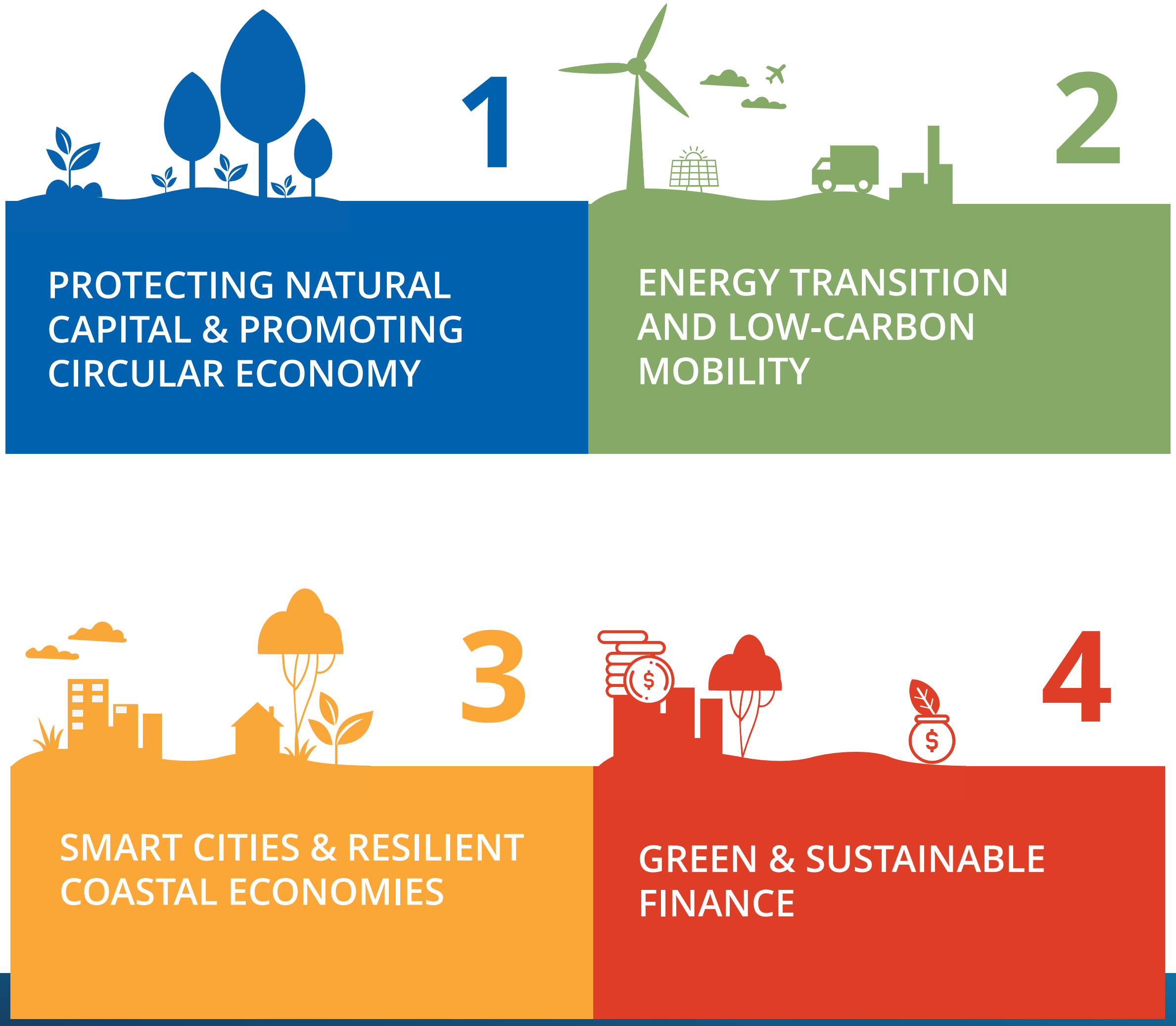
Greening Investments in Financial Institutions

Preparing for Financial Risks

Rank	Fund / Program	Country	Type	Assets (Latest Estimate)
1	U.S. Social Security Trust Funds	United States	Public social security trust fund	US $2.5+ trillion
2	Government Pension Fund Global (GPFG)	Norway	Sovereign wealth / public pension	US $1.7–2.0 trillion
3	Government Pension Investment Fund (GPIF)	Japan	Public pension investment fund	US $1.7–1.8 trillion (¥258 trillion)
4	National Pension Service (NPS)	South Korea	Public pension fund	US $900+ billion (₩1,227 trillion)

Various studies have been conducted prioritizing climate related investments and presenting opportunities of a green transition

The Country Climate Diagnostic Reports identify areas of challenges and opportunities



The Green Reboot For Emerging Markets Report, estimates that

$200bn of investment potential in seven sectors creating

4.2m jobs and reducing more than

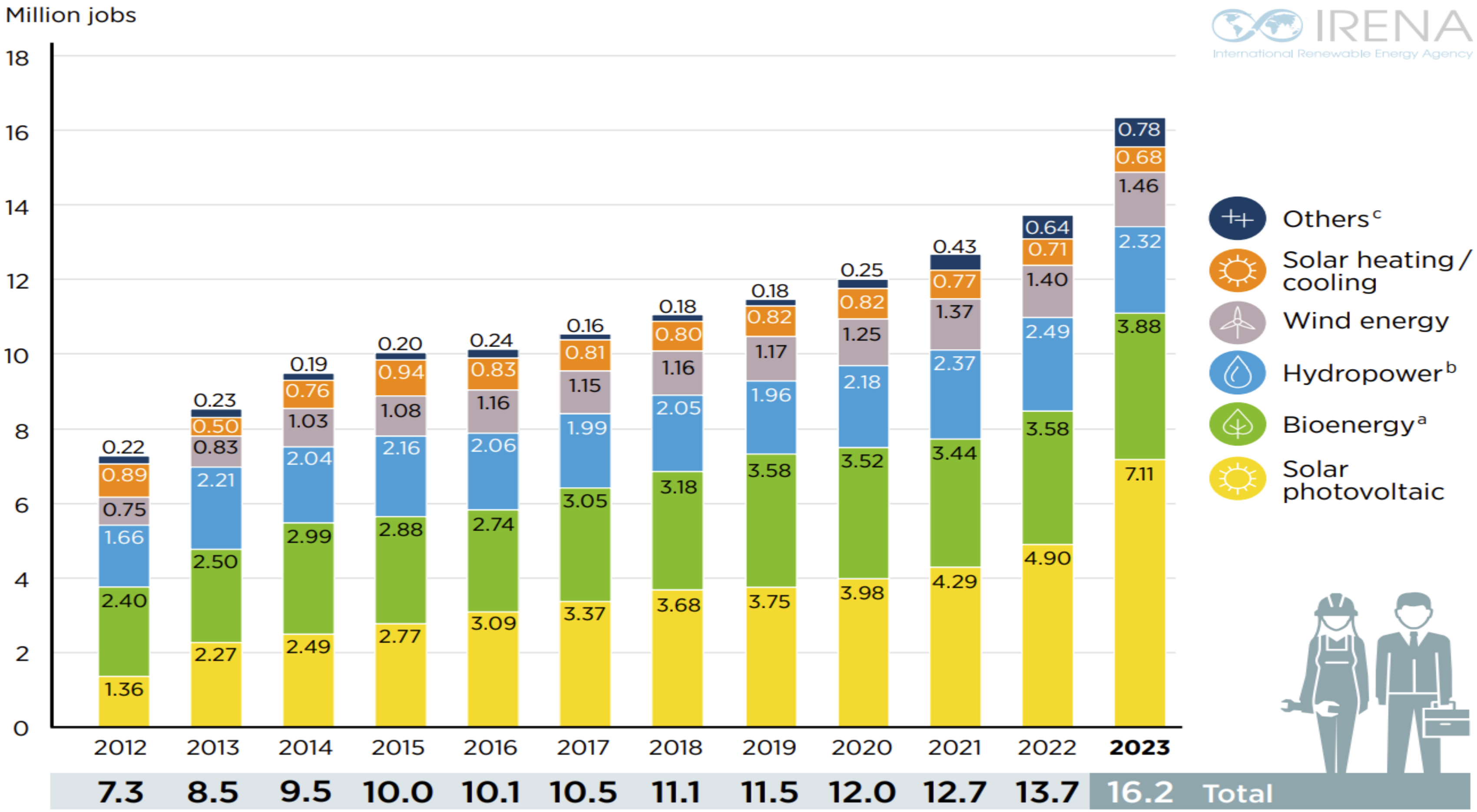
111m tons of CO_2 Emissions by 2030 and

10 m green jobs by 2050

through decarbonization and clean industries.

Renewable Energy Employment trends..

Figure 3 Evolution of global renewable energy employment by technology, 2012-2023



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JOBS

The Green Transition, including decarbonizationd of industries, presents a significant job potential creation opportunity for MENA

Energy

3x more job creation potential for clean technologies than when relying on fossil fuels (~75 direct and indirect jobs created compared to 27 jobs per $10 million in spending).

Tunisia

~ 70,000 jobs/year jobs (direct, indirect, and induced) until realization of Tunisia's energy strategy (2035).

Morocco

> 25,000 jobs/year additional until realization of targets (2030) based on Morocco's renewables and energy efficiency targets

Egypt

>67,000 jobs/year additional until realization of Egypt's renewable energy targets (2030)

Yemen

~ 6,200 direct + 4,700 indirect, + 11,000 induced jobs to be created in Yemen from solar PV industry only by 2030 with a potential of 10,000 additional productive use jobs

Urban, Resilience and Land

URL programs create jobs by transforming how cities plan, govern, and enable private sector growth—offering a scalable model for future engagements

Egypt

Enabling environments for job creation

> 71,000 jobs in the Qena and Sohag governorates through local development initiatives in Upper Egypt by strategically investing in infrastructure, industrial areas, and local economic clusters that support regional businesses.

Yemen

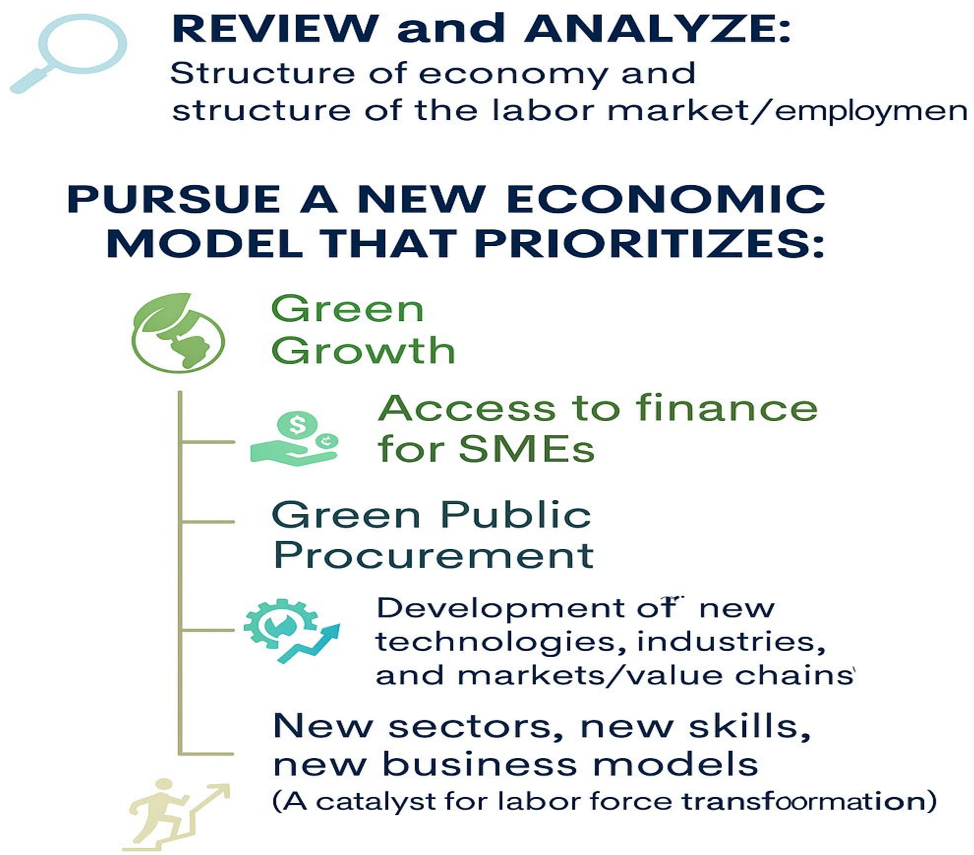
Driving recovery through local employment

1.3 million days of temporary jobs created by the Integrated Urban Services Emergency Project II.

Additional support for future employment through capacity building for women-owned Businesses, including US$2M in tenders focused on sectors like solid waste and solar energy.

WE NEED DIFFERENT FRAMEWORK TO ECONOMIC DEVELOPMENT

Policy Makers must prioritize -
A FRAMEWORK that prioritizes
GREEN ECONOMIC GROWTH



Thank you!