

# *Low Carbon Development and Market Value of Climate Change*

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*Türkiye Sınai Kalkınma Bankası*

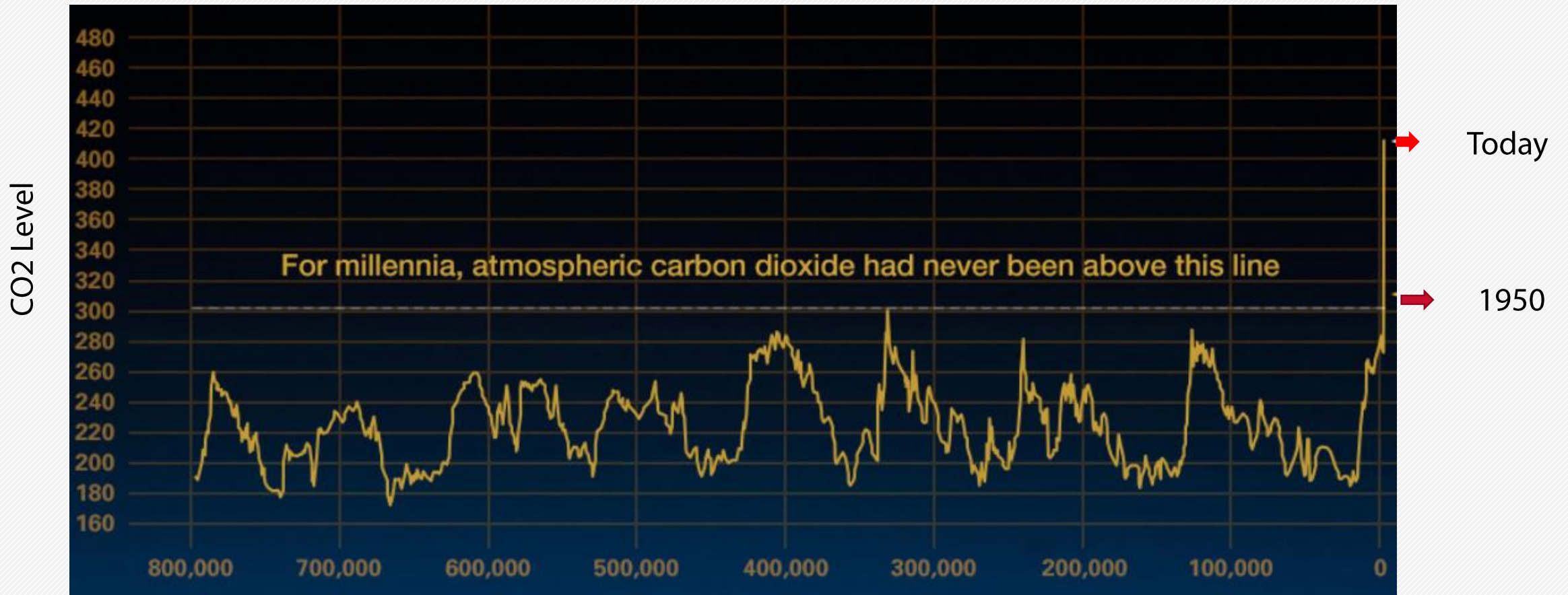
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***A 'Main Stream'  
Introduction to Climate  
Change  
and...***

***... Why Economists /  
Bankers Are Involved To  
This Debate***

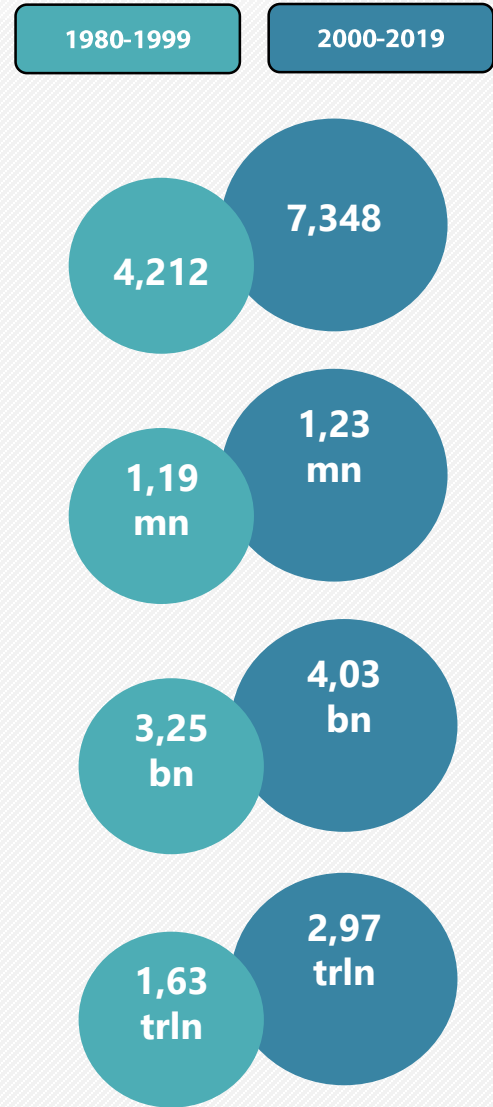
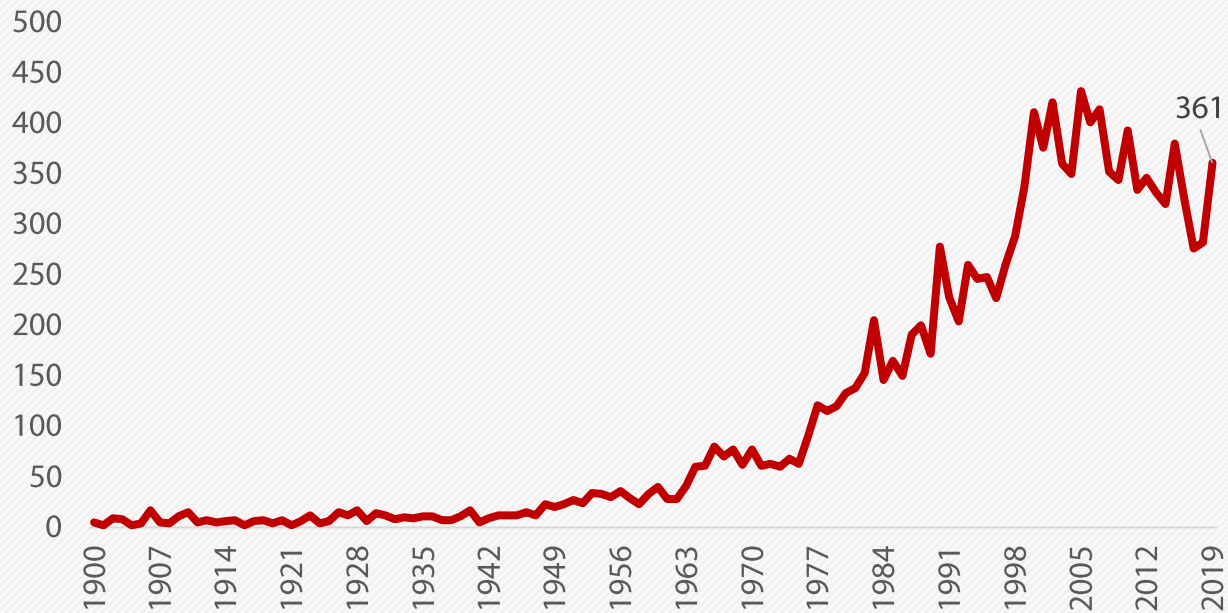
## ➤ A Hand-Made Crisis



Source: NASA

# Here is the Bill...and Counting...

Number of Disasters Reported, 1900-2019



Source: EMBAT (2020): OFDA/CRD International Database, UNDRR, TSKB Economic Research



## What Risks Are We Talking About?

### **FISCAL**

- \*Investment need
- \*Health related spending
- \*Private sector capital spending

### **MONETARY**

- \*Risks to price stability
- \*Volatile capital flows
- \*Risks to growth

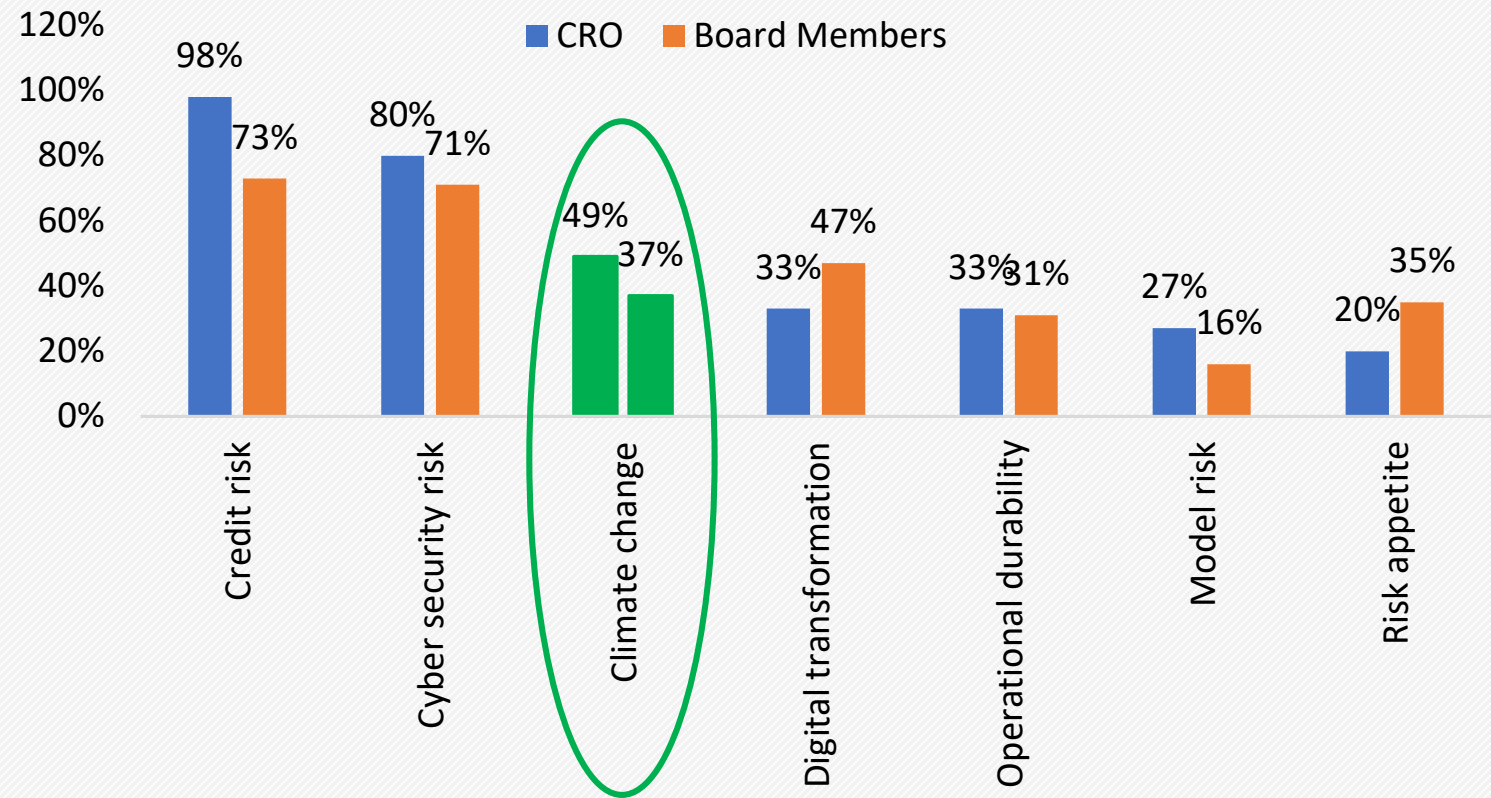
\*Credit Ratings

\*NPLs

## Who Loves Green Swans!



### Main Risks for the Coming 12 Months

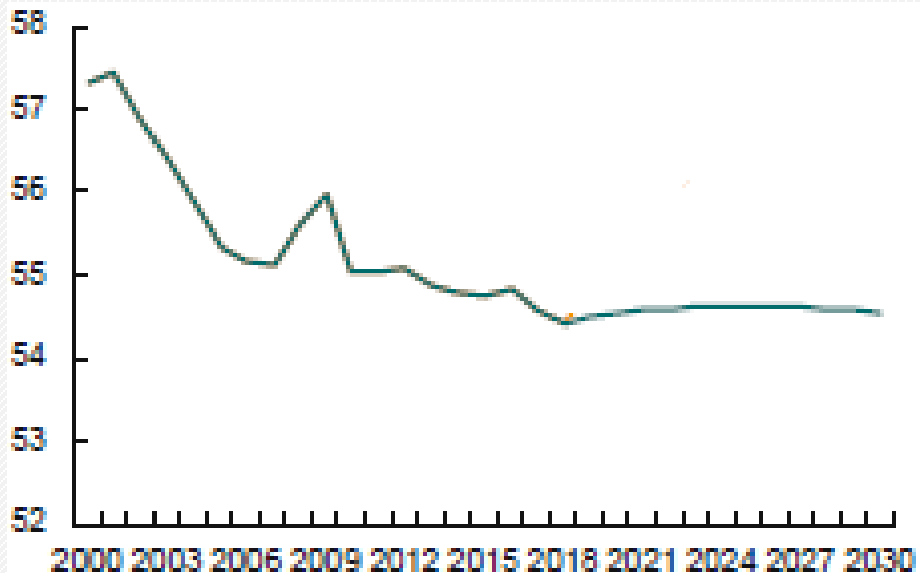


Source: IIF, EY, TSKB Economic Research

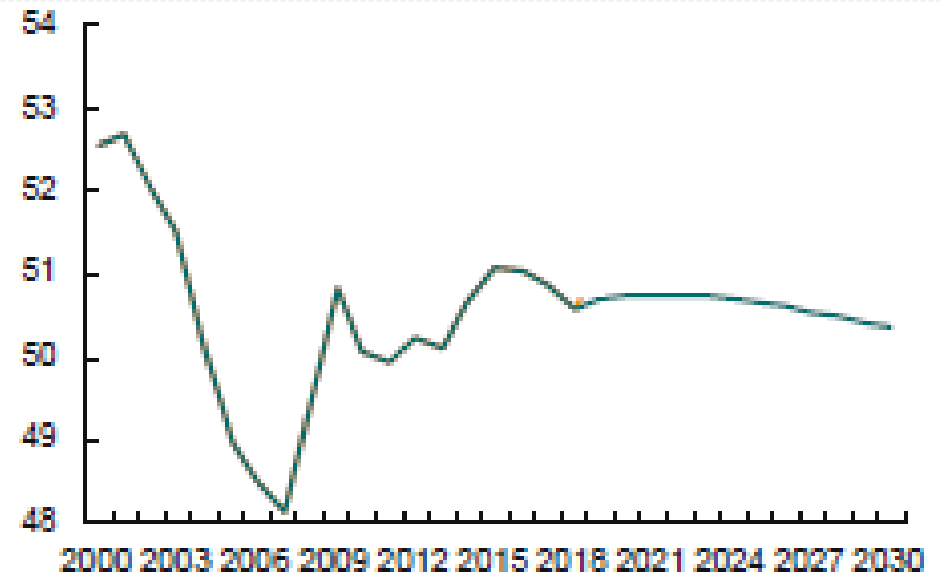
# Low Carbon Development

# ➤ Markets Won't Save Us

Wage / GDP, Developed Countries, %



Wage / GDP, Developing Countries, %

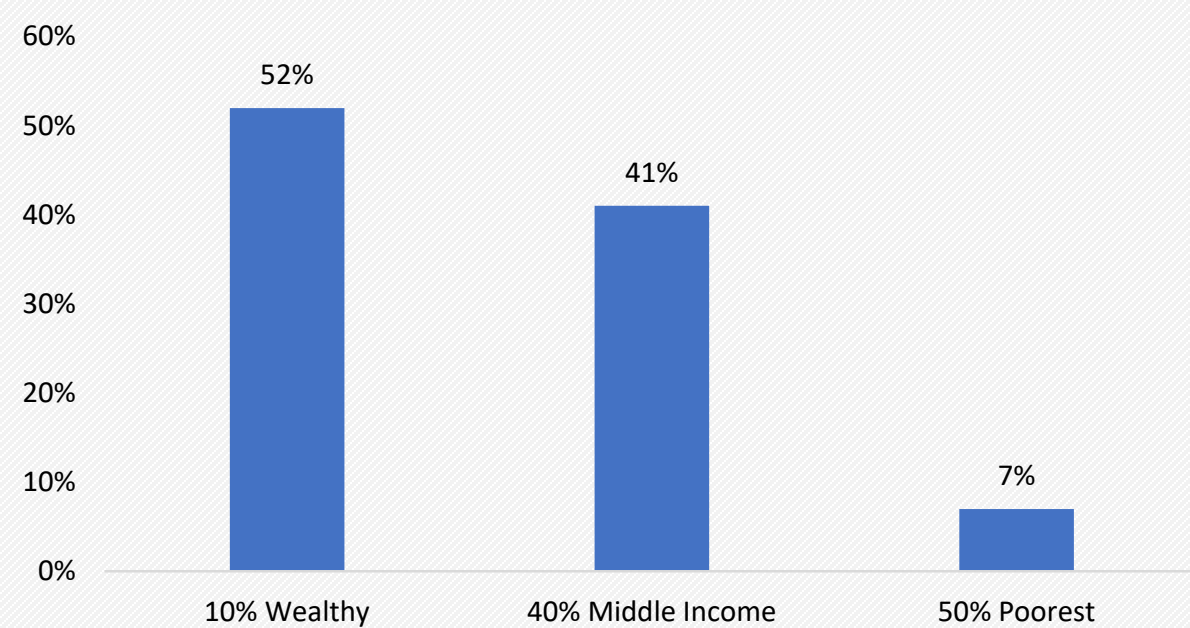


Source: UNCTAD

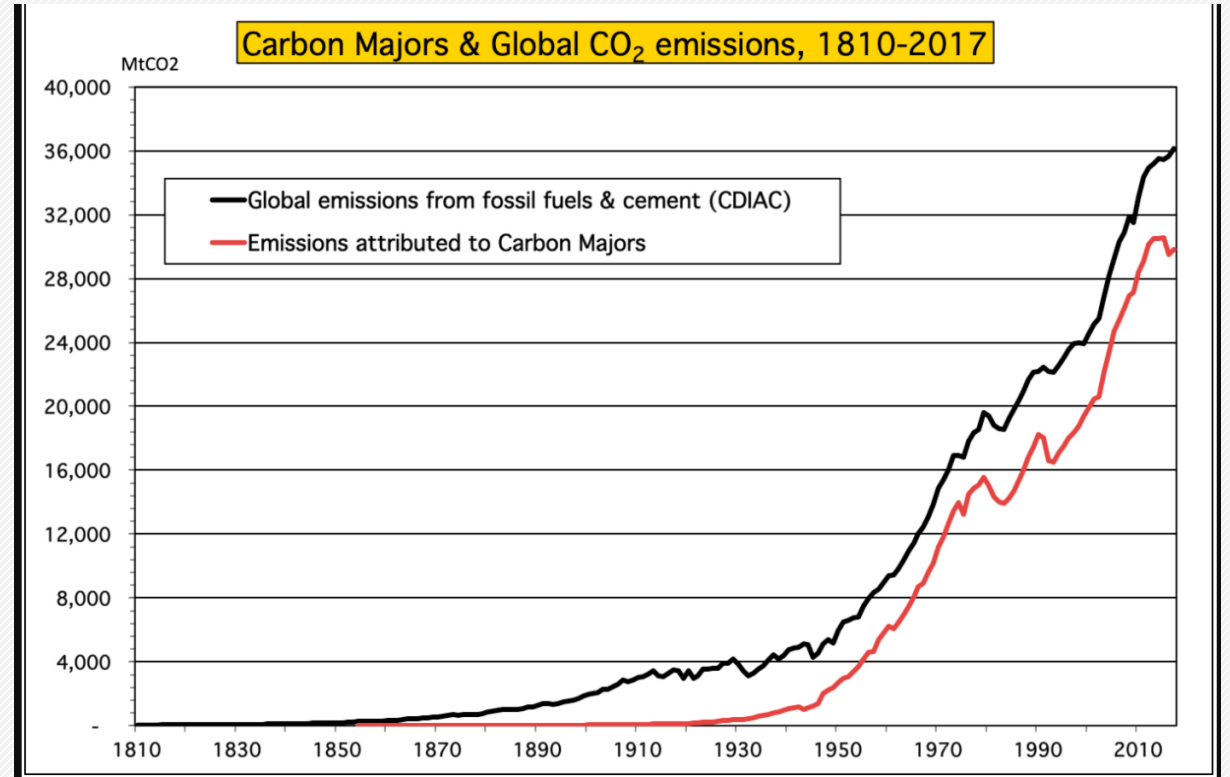


# Climate Justice???

### Share in the Carbon Emissions



Source: Oxfam, TSKB Economic Research



Source: climateaccountability.org

## ➤ Green Economy – Mark the ‘Social Equity’

- **Green Economy– 1989**

- An economy that results in *improved human well-being and social equity*, while significantly reducing environmental risks and ecological scarcities (UN Environment)

- **Green System**

- Green markets
- Green institutes
- Green regulations
- Green monitoring

## ➤ Green Economy – Mark the ‘Social Equity’

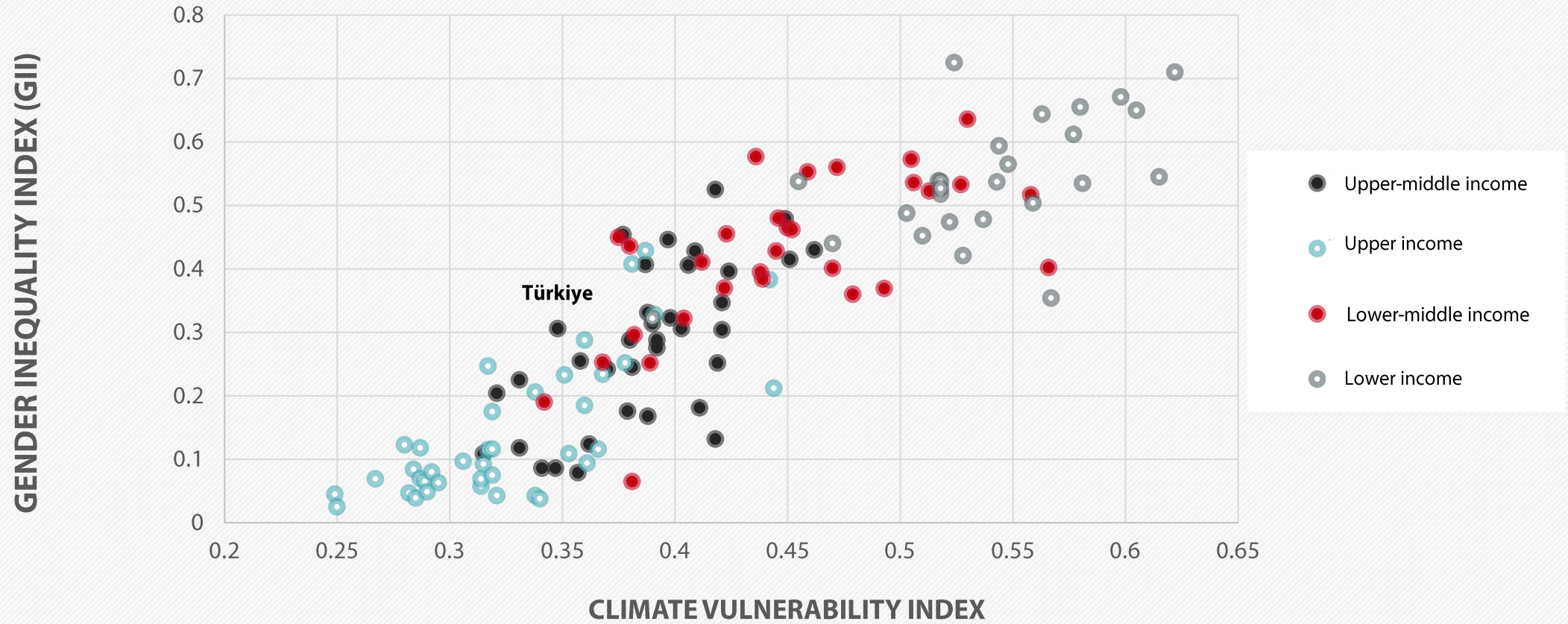




# Gender Equality – Gender Equity



## I Want It All, I Want It Now

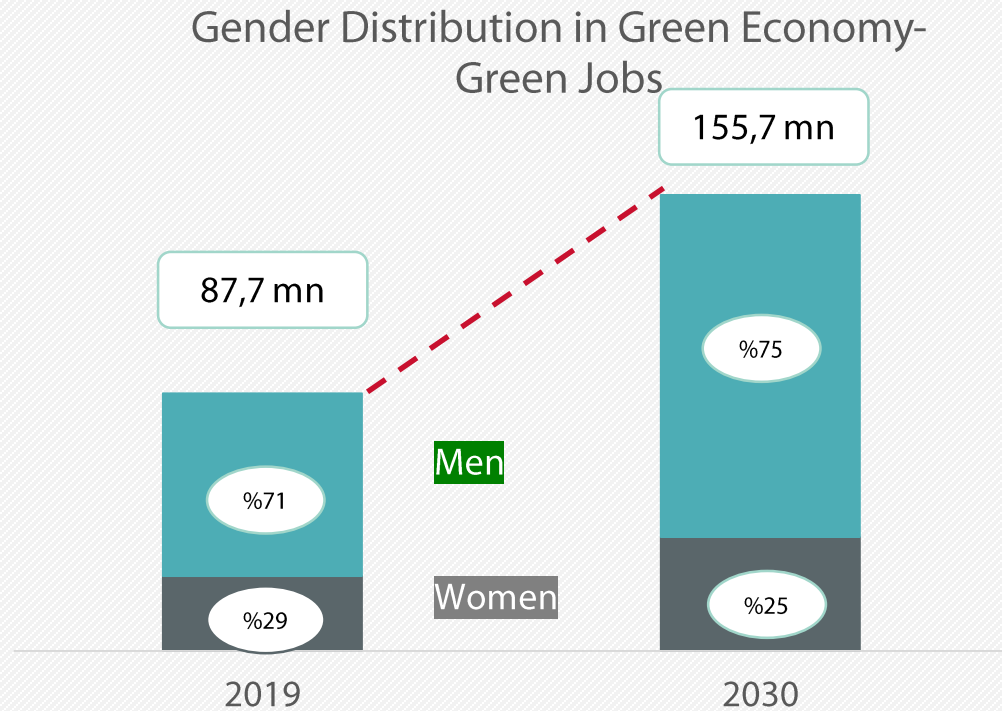


Source: UN, ND-Gain Index, TSKB Economic Research



# Green Jobs?

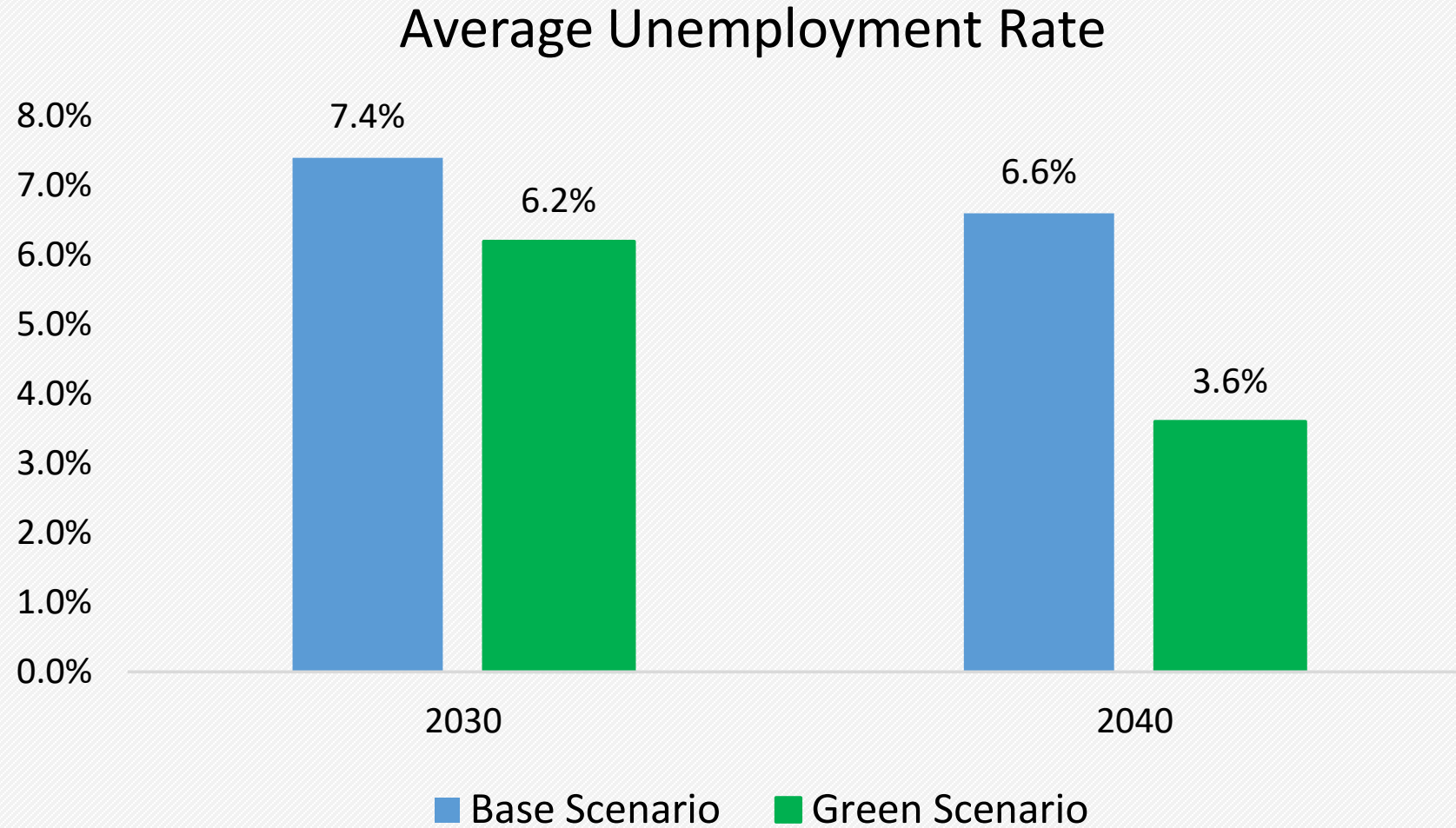
## ➤ Fate Favours the Prepared Ones



- ✘ Green economy is expected to create 68 new jobs until 2030
- ✘ 20 mn of these new jobs will require new skills
- ✘ If skill sets of women are not supported accordingly, female LFPR might drop by 3 % point



## Green Transition 'Can Be' Employment Friendly – Case of Turkey

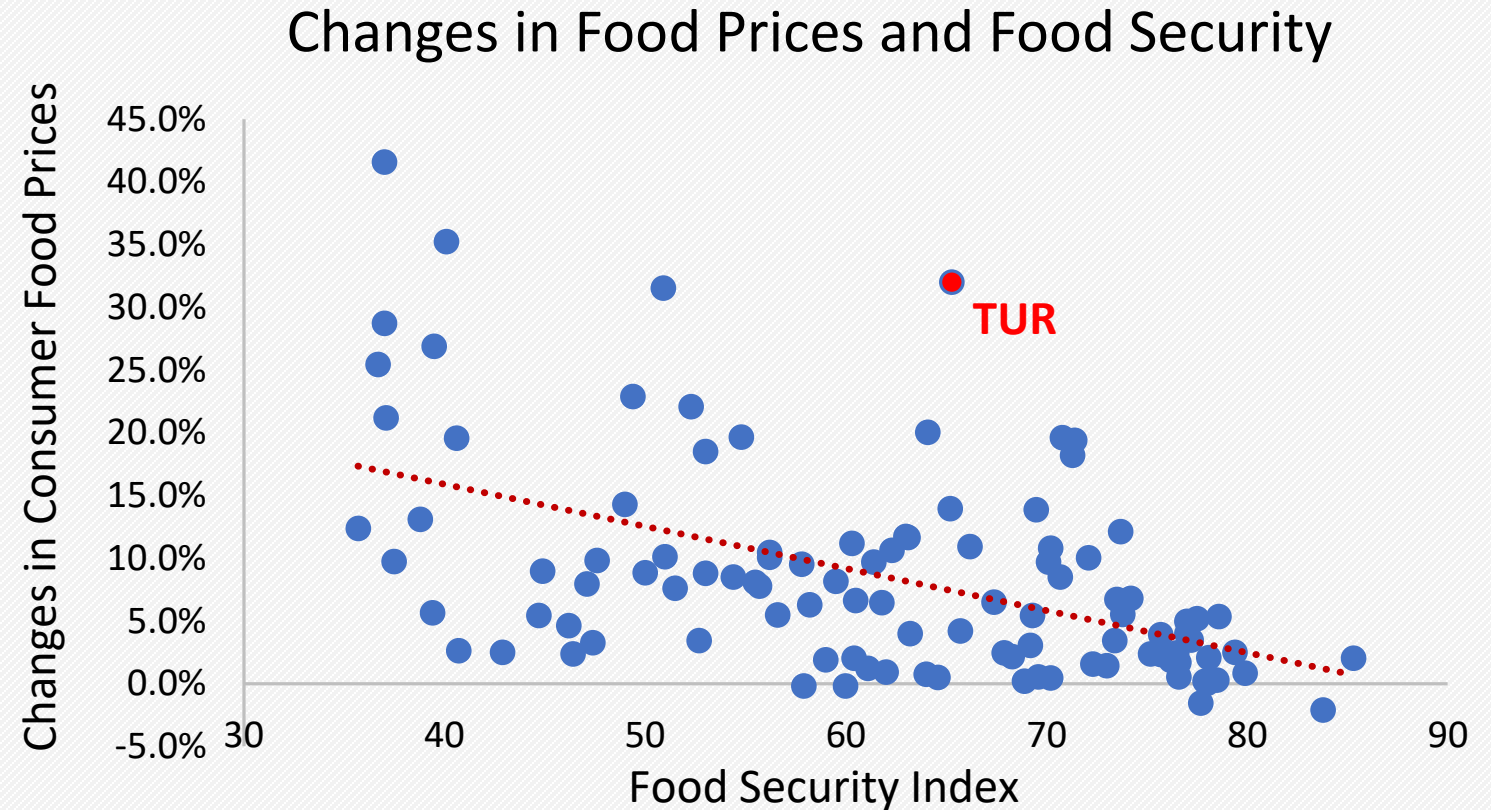






# Inflation

## ➤ Food Security Does Matter



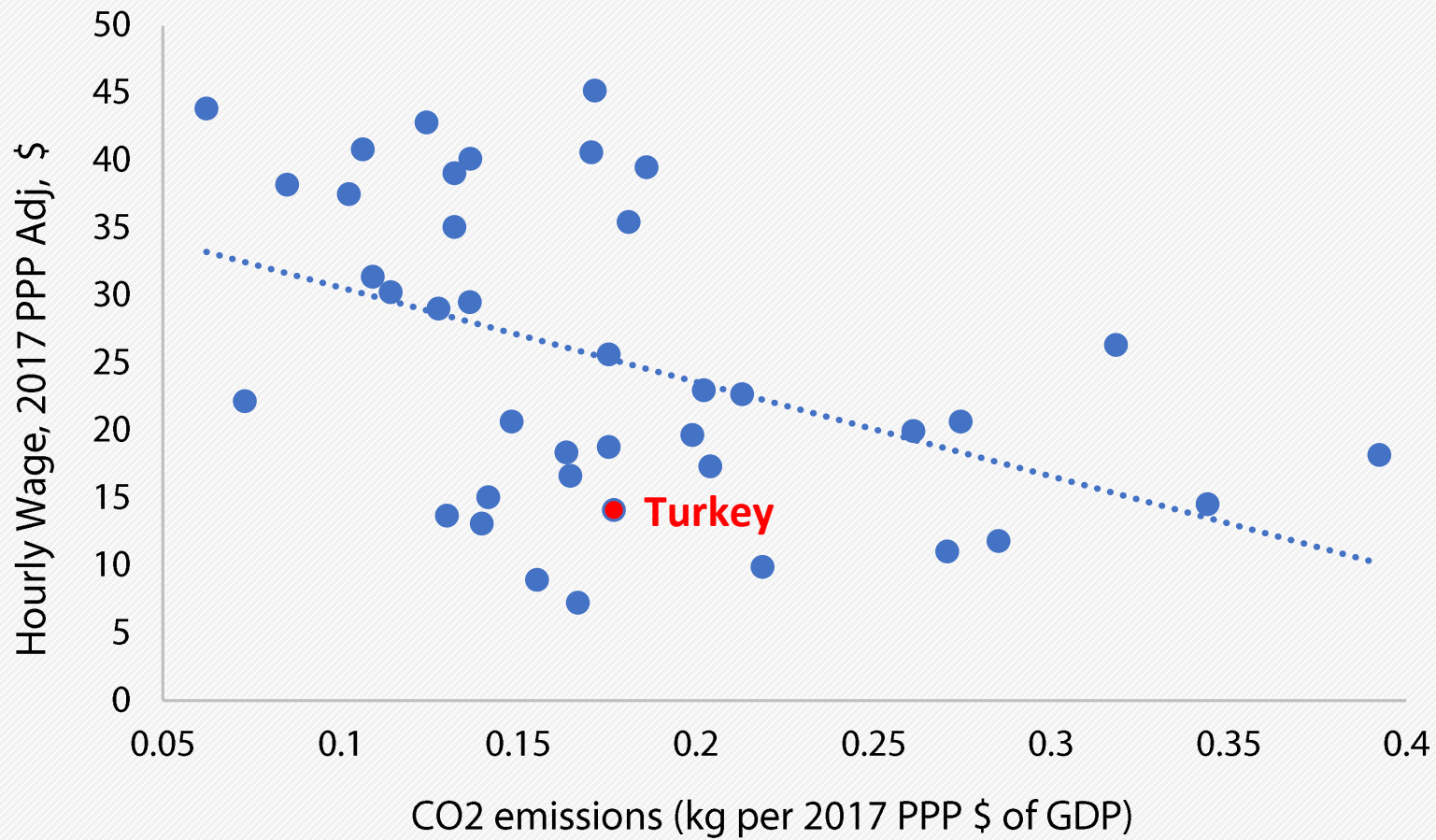
Source: Economist Intelligence Unit, FAOstat



# Growth and Foreign Trade



## Green Attraction or Green Wall

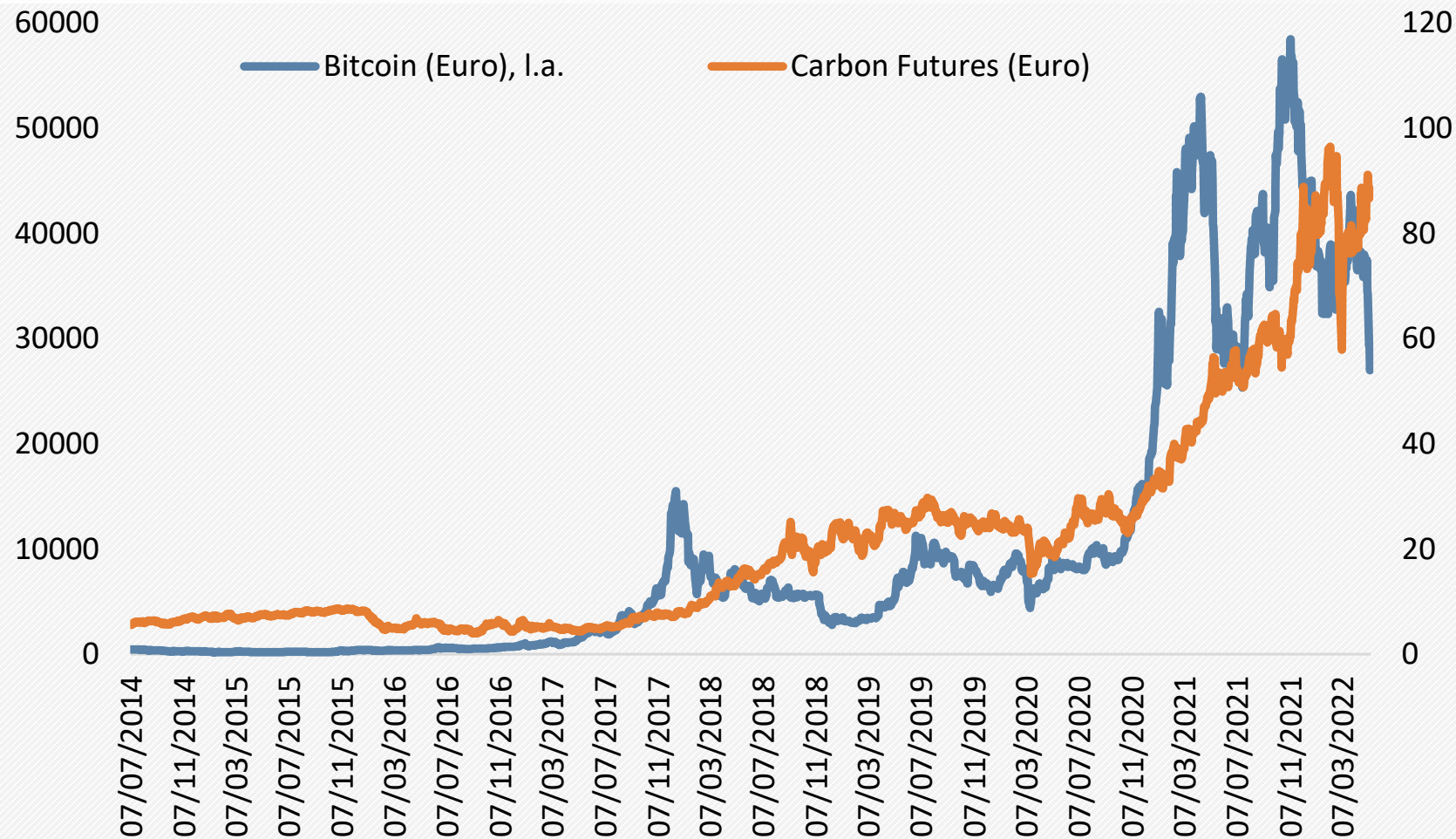


+ Friendshoring???

Source: ILO, IMF, TSKB Economic Research



## Climate Fight – Stay on Target



Source: Bloomberg, TSKB Economic Research

# Market Value of Climate Change

# Climate Has a Market Value



cop26



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Clothing

Stickers

Masks

Phone Cases

Wall Art

Home & Living

Kids & Babies

Accessories

Stationery & Office

Gifts

Explore designs

## Filters

Advocacy

Blah Blah Blah

Greta

Climate Action

Cop 26

Co2

2030



## Category



### All Categories

Clothing

Kids & Babies

Phone Cases

Stickers

Wall Art

Home & Living

Stationery & Office

Cop 26 457 Results

Most Relevant



COP26 The Climate Has No B...  
By tshirtdesignhub

From \$2.59



The Global Goals for Sustaina...  
By tshirtdesignhub

From \$2.59



COP26 UN Climate Change C...  
By tshirtdesignhub

\$22.27



COP26 Hope is a renewable r...  
By tshirtdesignhub

\$5.58

## ➤ Correlation AND Causality

- Green Finance
  - Financing of the investments that provide environmental benefits in the broader context of sustainable development. (G20, 2016)
- Lindenberg (2014)
  1. Financing of public and private green investments in the following areas:
    - a. Environmental goods and services
    - b. Prevention, minimization and compensation of damages to the climate
  2. Mitigation or adaptation projects and initiatives
  3. Components of financial system that deal specifically with green investments

Green  
Loans

Green  
Bonds

Green  
Sukuk

Disaster  
Bonds

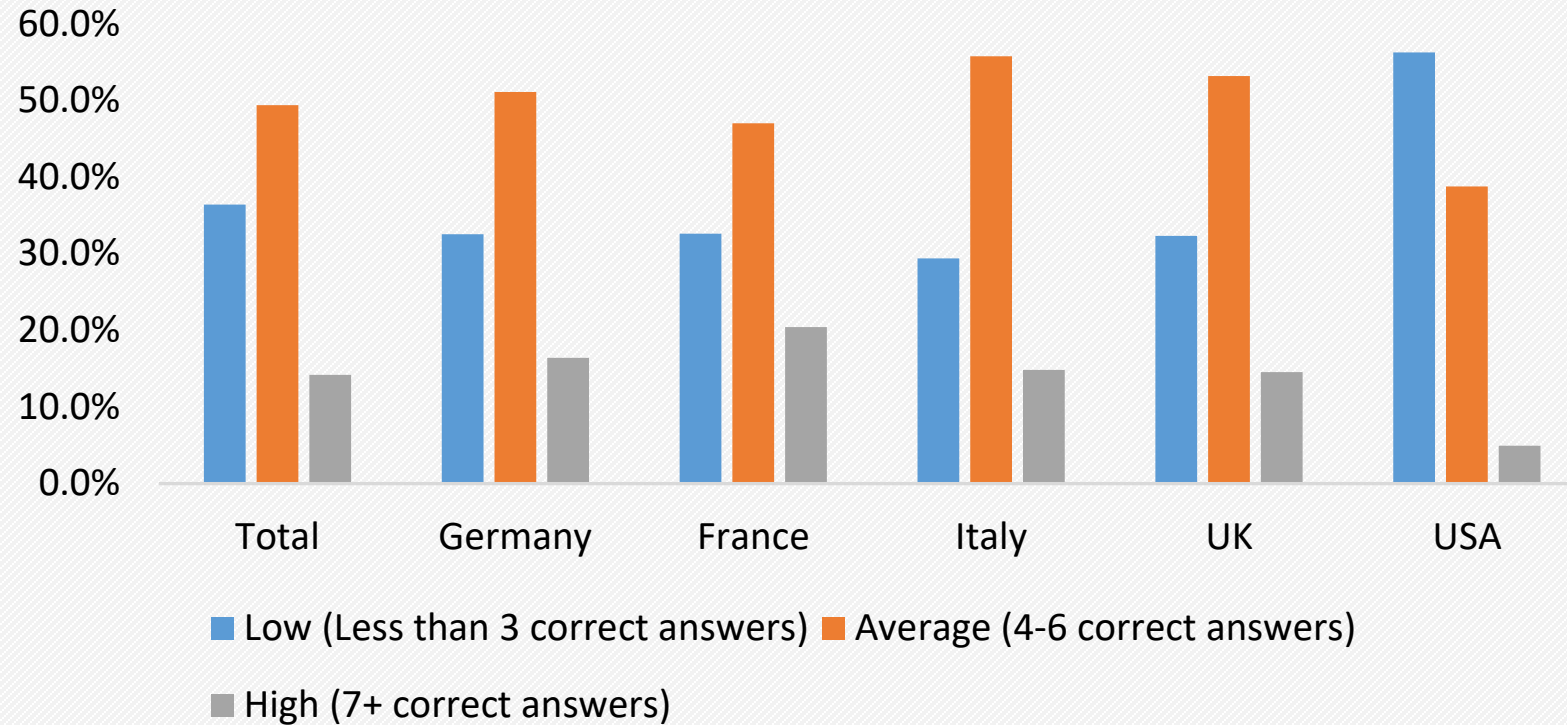
Climate  
Bonds

Green  
Indices

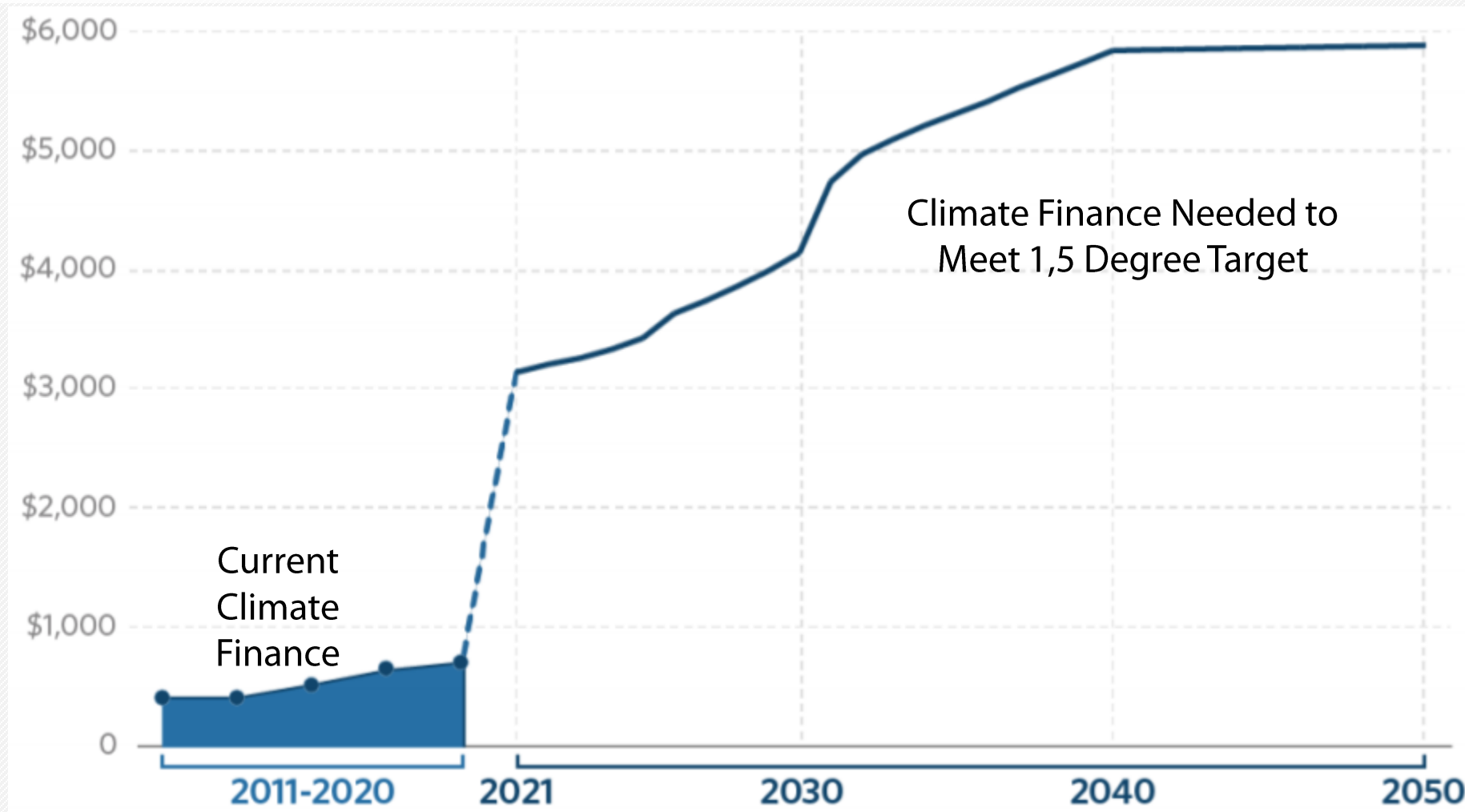


## Popularity Does Not Necessarily Mean Literacy

Climate Literacy (% of Those with Correct Answers to...)



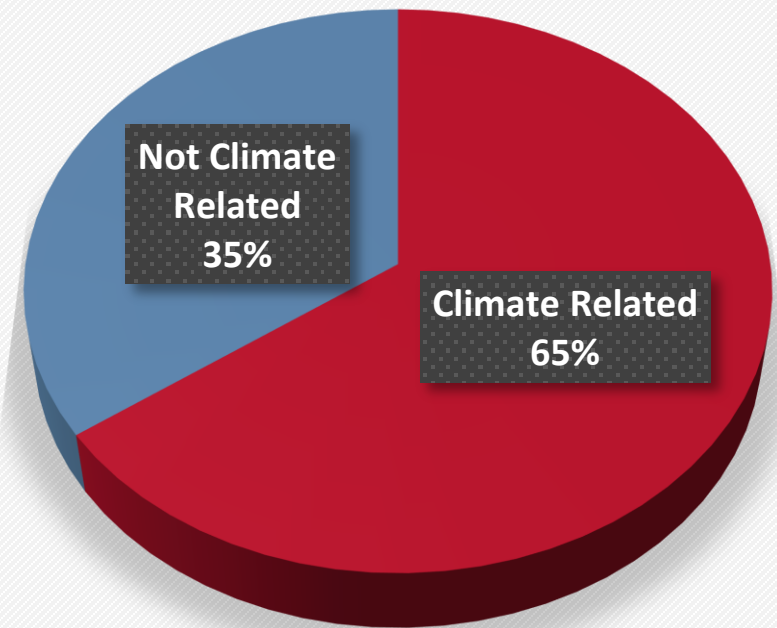
## Way to Go, More to Do



Source: CBI, TSKB Economic Research

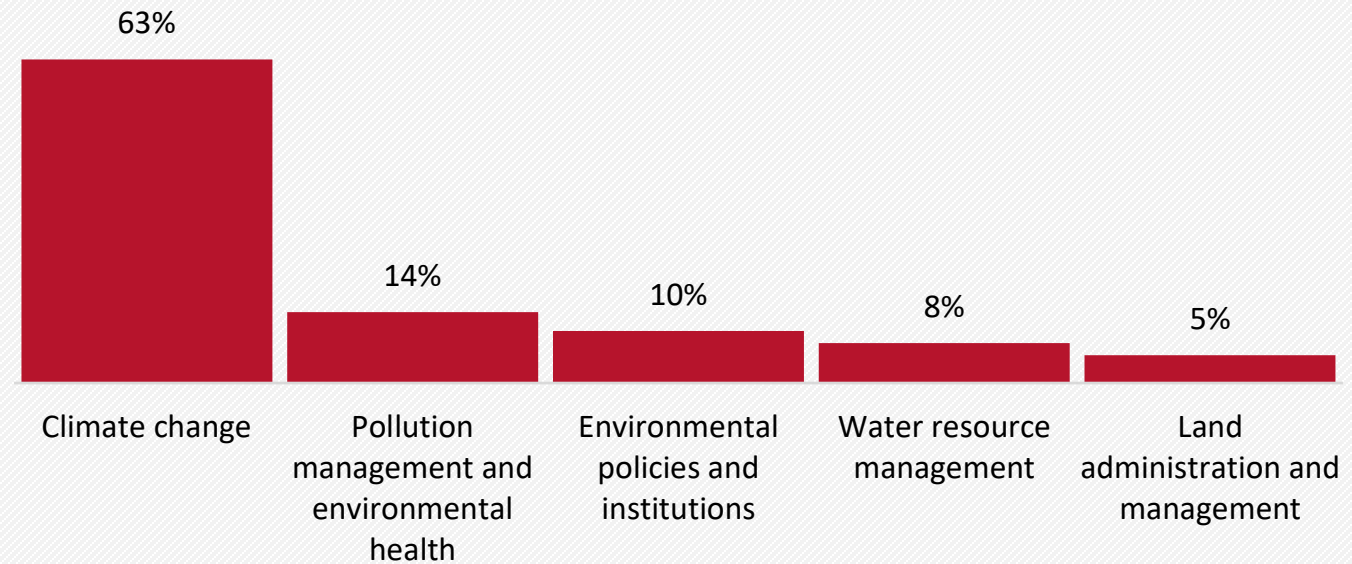
## Way to Go, More to Do

### Thematic Financing by the World Bank



Source: World Bank, TSKB Economic Research

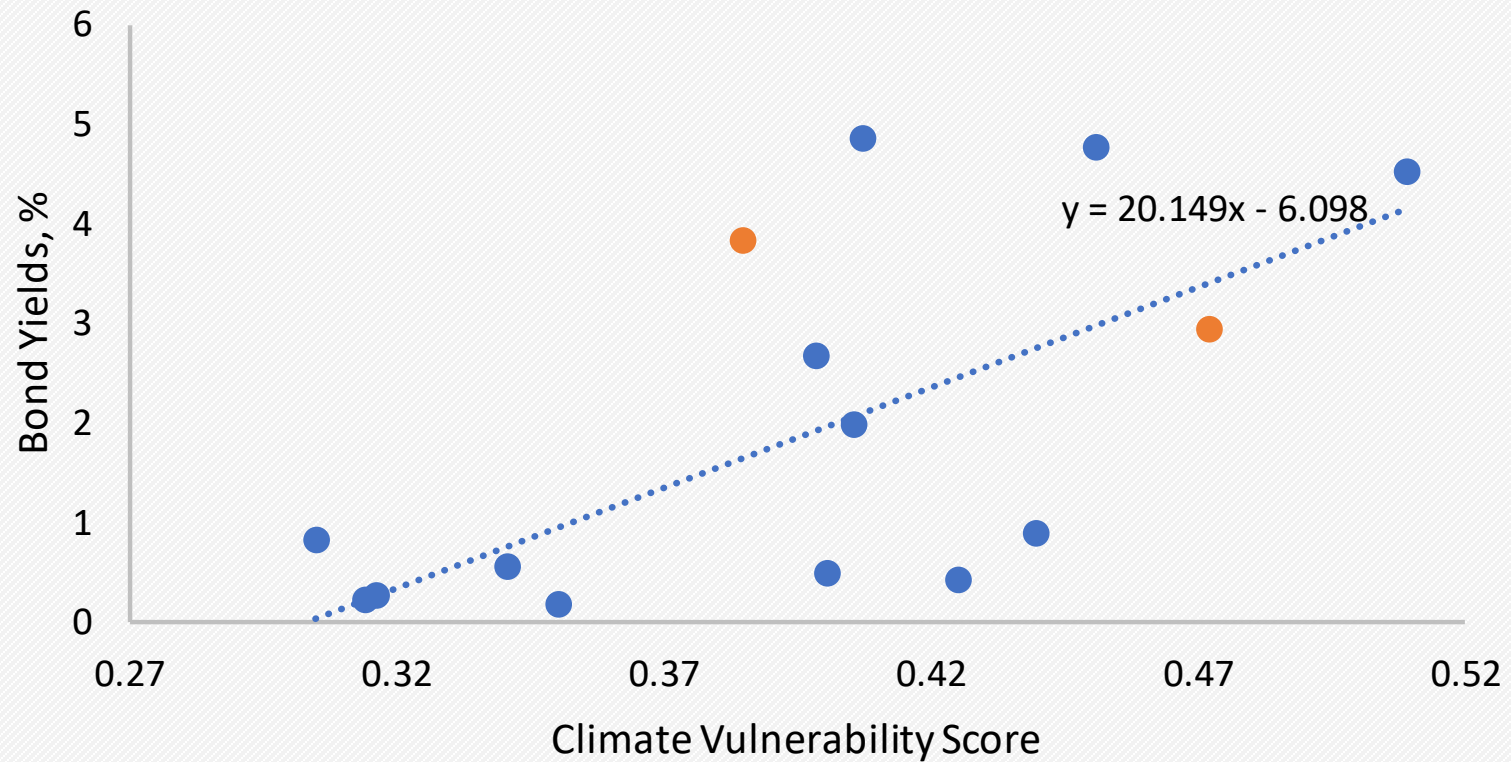
### Breakdown of Climate Related Financing



Source: World Bank, TSKB Economic Research

## Meet 'Climate Premium'

### Climate Vulnerability vs Bond Yields

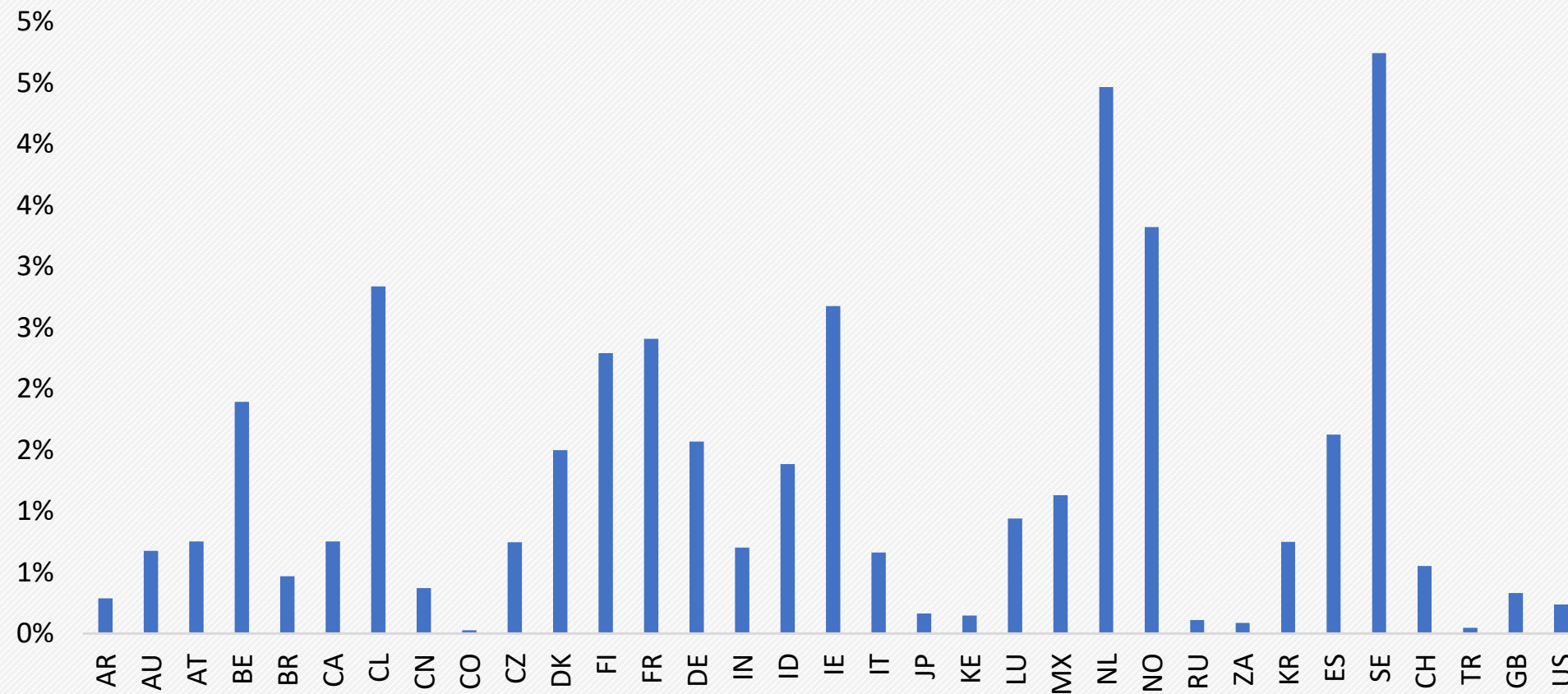


Source: Bloomberg, ND-Gain, TSKB Economic Research



## Way to Go, More to Do

Green Bonds / Total Bonds (Active + Matured), %, 2008-2020



Source: Bloomberg, TSKB Economic Research



# Climate Has a Market Value



## ➤ Concluding Remarks

- Low carbon development is the challenge of the century, so is its financing
- There is a good chunk of green capital available in the world...
- ... yet it is difficult to match the capital pool with projects 'with green purpose'
- Green financing goes beyond simple fund flows and relatively more popular green bonds
- Popularity of the subject led to a development of different 'green looking markets' in which revenues are not directed to a green purpose. Mind the risk!



*Thank You*

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