

Climate Finance Law: Legal readiness for climate finance

Dr Katrien Steenmans

KING'S
College
LONDON

**13th in Guardian
University Guide 2019**
of 121 UK institutions ranked

**2nd in UK for Teaching
Excellence (TEF)**
Times Higher Education metrics
ranking 2017 - Gold winner

**6th for Student
Experience**
The Times and Sunday Times
Good University Guide 2018

**Queen's Award
for Enterprise**
International Trade 2015



Megan Bowman (King's College London) & Katrien Steenmans (Coventry University)

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A LEGAL ANALYTICAL FRAMEWORK FOR CLIMATE FINANCE

Financial mechanisms

Blended finance	Pricing carbon	Tax credits & incentives	Green bonds	Feed-in tariffs	Remove fossil fuel subsidies
Green investment banks	Carbon & coal taxes	Investment & Production tax credits			
Climate Trust Funds	Emissions trading systems	Tax incentives for green activity			
Guarantees & insurance					
Grants and loans					
CDM and PPPs					

Facilitative modalities

Knowledge sharing and capacity building	Corporate conduct	Prudential regulation & banks	RET/RPS	Measurement & metrics
Centralised information services	General GHG emissions reporting			Tracking finance flows in-country
Matchmaking and training schemes	Climate-related corporate disclosures			Outcomes & impacts of financial mechanisms (eg green bonds)
Idea Labs				

Based on Bowman (2018).

Adopted from:

Bowman & Steenmans (2018).

FINANCIAL MECHANISMS

Blended finance

Green investment
banks

Climate Trust Funds

Guarantees
& insurance

Grants and loans

CDM and PPPs

Pricing carbon

Carbon &
coal taxes

Emissions
trading
systems

Tax credits & incentives

Investment
& Production
tax credits

Tax incentives
for green activity

Green bonds

Feed-in tariffs

Remove fossil fuel subsidies

FACILITATIVE MODALITIES

Knowledge sharing and capacity building

Centralised information
services

Matchmaking and training
schemes

Idea Labs

Corporate conduct

General
GHG emissions
reporting

Climate-related
corporate
disclosures

Prudential regulation & banks

RET/RPS

Measurement & metrics

Tracking finance
flows in-country

Outcomes &
impacts of financial
mechanisms
(eg green bonds)

FIGURE 2 **LEGAL FORMS**

LEGISLATION

Acts by legislative bodies eg the Parliament or congress.



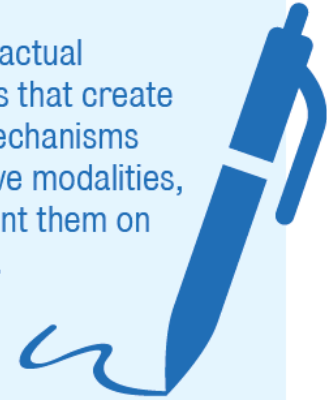
REGULATION

A range of instruments for financial, corporate, environmental, and market regulation that include subordinate regulations, executive orders, directives, and 'soft law' such as Codes, Guidances and Rules.



CONTRACTS

Legal contractual agreements that create financial mechanisms or facilitative modalities, or implement them on the ground.

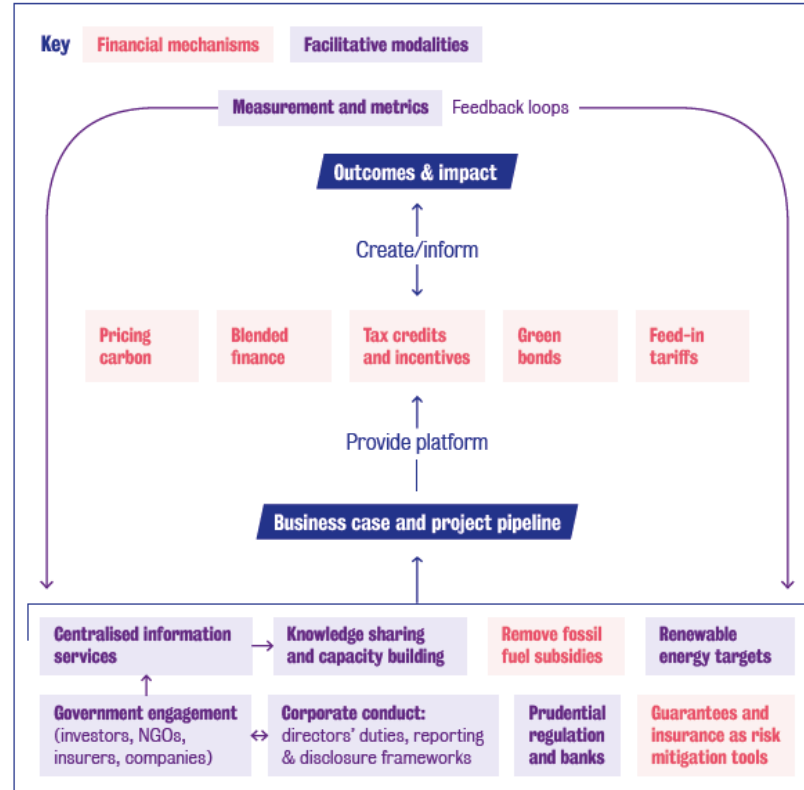


SUPPORTIVE POLICY & STRATEGIC DOCUMENTS

Policies issued by executive bodies that support and prompt Options and Legal Forms, including strategy and action plans.



INTEGRATED REGULATORY APPROACH



*Based on Bowman (2018).
Adopted from: Bowman &
Steenmans (2018).*

BANGLADESH - Off-grid electrification			FINANCIAL MECHANISMS				FACILITATIVE MODALITIES		
	Bespoke fund	Bespoke financial institution	CDM & PPP	Tax exemption & deduction	Feed-in tariffs	Renewable energy subsidies	Matchmaking and training	Corporate reporting & disclosure frameworks	RPS/ RET
Legislation									
Companies Act 1994		✓							
Other regulation									
-									
Policy & strategic documents									
Private Sector Power Generation Policy 1996	✓								
Energy Regulatory Commission Fund 2003	✓								
Guidelines for Remote Area Power Supply Systems 2007				✓		✓			
Renewable Area Policy 2008				✓	(✓)				✓
Other									
IDCOL procedures and processes							✓	✓	
Kyoto Protocol			✓						

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