Fintech and Local Climate Finance

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How can Fintech support financing for local climate action?

1. What are the fintech technologies in question?
   - Big data
   - Cloud computing
   - AI / Machine learning
   - Remote sensing, satellite imagery, IOTs
   - Distributed Ledger Technologies

2. What are the challenges?
   - Access to green and transition data on small assets at local level
   - Channeling financing in cost effective ways
   - Investor level: comparative view of ESG impacts for allocation

3. Democratization of local climate finance
   - Green digital payments solutions
   - Green digital investment solutions and green crowdfunding solutions
   - Green circular economy models using tokenization of green action, including recycling and zero waste approaches

4. Building local climate investment pipeline
   - Digital data to unlock access to green and transition finance for SMEs and smaller assets
   - Start by digitizing carbon and environment SME data points
   - Aggregate SMEs with similar transition needs for digital SME climate transition bonds
   - Use of proceeds tied to solar installations or electrification of fleets
Green digital payment solutions

Personal choices to reduce your contribution to climate change

- Cumulative population
- Source Infographics: Lund University, Research Gate

Low Impact
- < 0.2 tCO₂e

Moderate Impact
- 0.8 - 0.2 tCO₂e

High Impact
- > 0.8 tCO₂e

Source Infographics: Lund University, Research Gate
Digital crowdfunding for climate financing

**Bangladesh micro savings to infrastructure**

- Infrastructure budget $20 bn today
- Currently funded 2/3 from international aid and borrowing
- International capital is 15-20% more expensive than domestic capital
- There is $20 billion of domestic savings, and rising – only 4% is used for infrastructure investment

Diagram:

- Aggregation of Micro savings at almost ZERO Cost
- Fintech Instruments
- No minimum ticket size
- Mega fund for specific SDG
- Accountability
- Traceability
- Dividends

Ecosystem Outcome:

- Efficiency
- Distribution Effect
- Disintermediation
- Transparency
- Domestic Capital Markets Development

Specific SDGs:
Digital solutions supporting new climate investment pathways

Fractionalized asset ownership rather than through a portfolio product

Aggregation of investable assets

Technology is opening up new investment pathways

Source Infographics: Green Digital Finance Alliance
THANK YOU

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