

Overview of global green stimulus spending

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Nick Robins*
Analyst, HSBC Bank Plc
+44 20 7991 6778
Nick.robins@hsbc.com

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A Global Green New Deal

- Unlike previous downturns, the credit crunch has galvanised an estimated USD513bn of global green stimulus
- Aligned with new strategic thinking on green growth, especially in East Asia
- With real impacts on actual investment, investor confidence and lessons on how to leverage private capital
- The international dimension remains a missing link
- Looking ahead, a crucial issue is avoiding the risk of moving from green stimulus to green austerity

Linking economic recovery and climate change

Timely, targeted, temporary...and transformative?

- Managing systemic risk
- Reinforcing energy security
- Boosting green collar jobs
- Driving the next phase of productivity
- Kick-starting the transition to a low carbon economy

No substitute for long-term climate & clean energy strategy

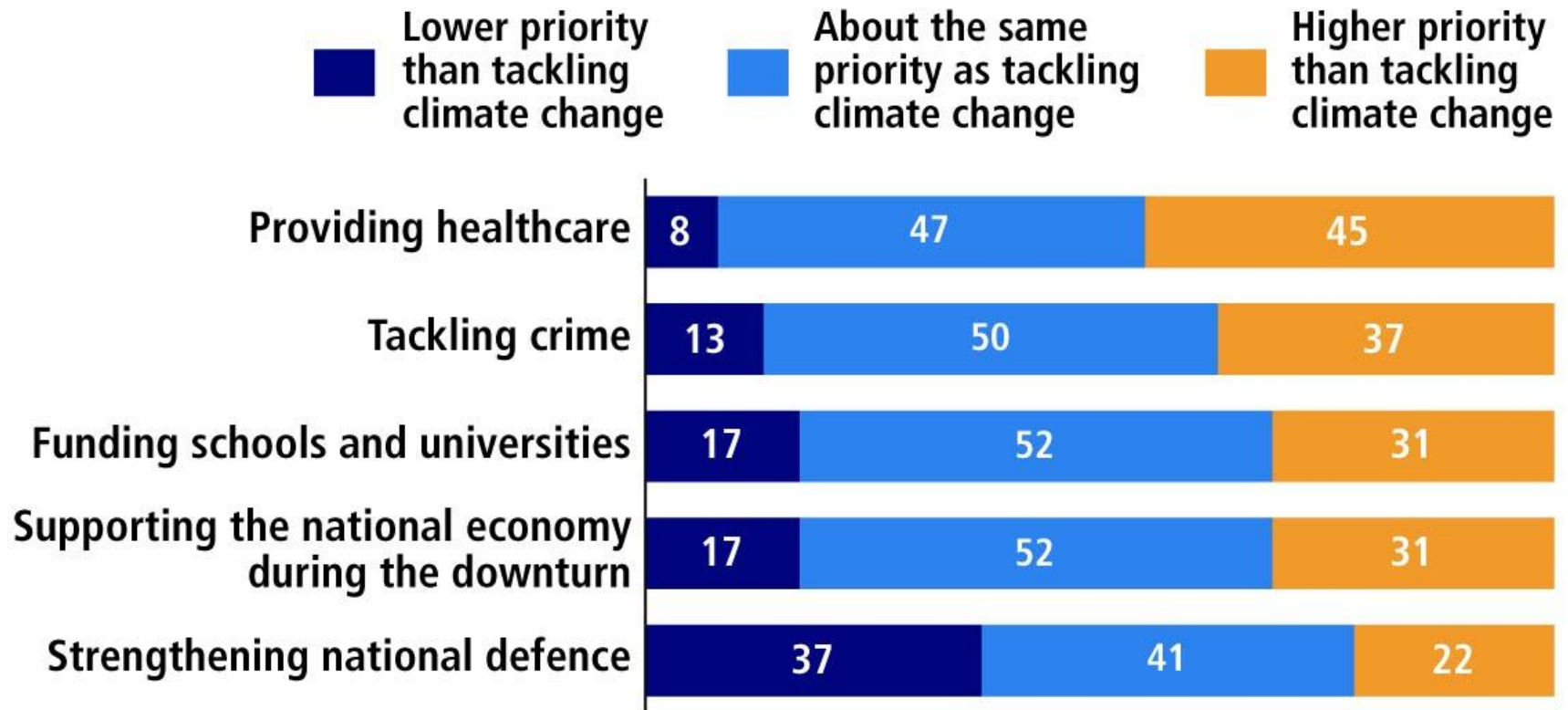


Assessing the economic recovery plans

- Used the investment themes designed by the HSBC Climate Change Index
 - Low carbon energy production
 - Energy efficiency and energy management
 - Water, waste and pollution control
 - Carbon finance
- Results are best estimates: full transparency is not yet available for many plans

Popular with the Public?

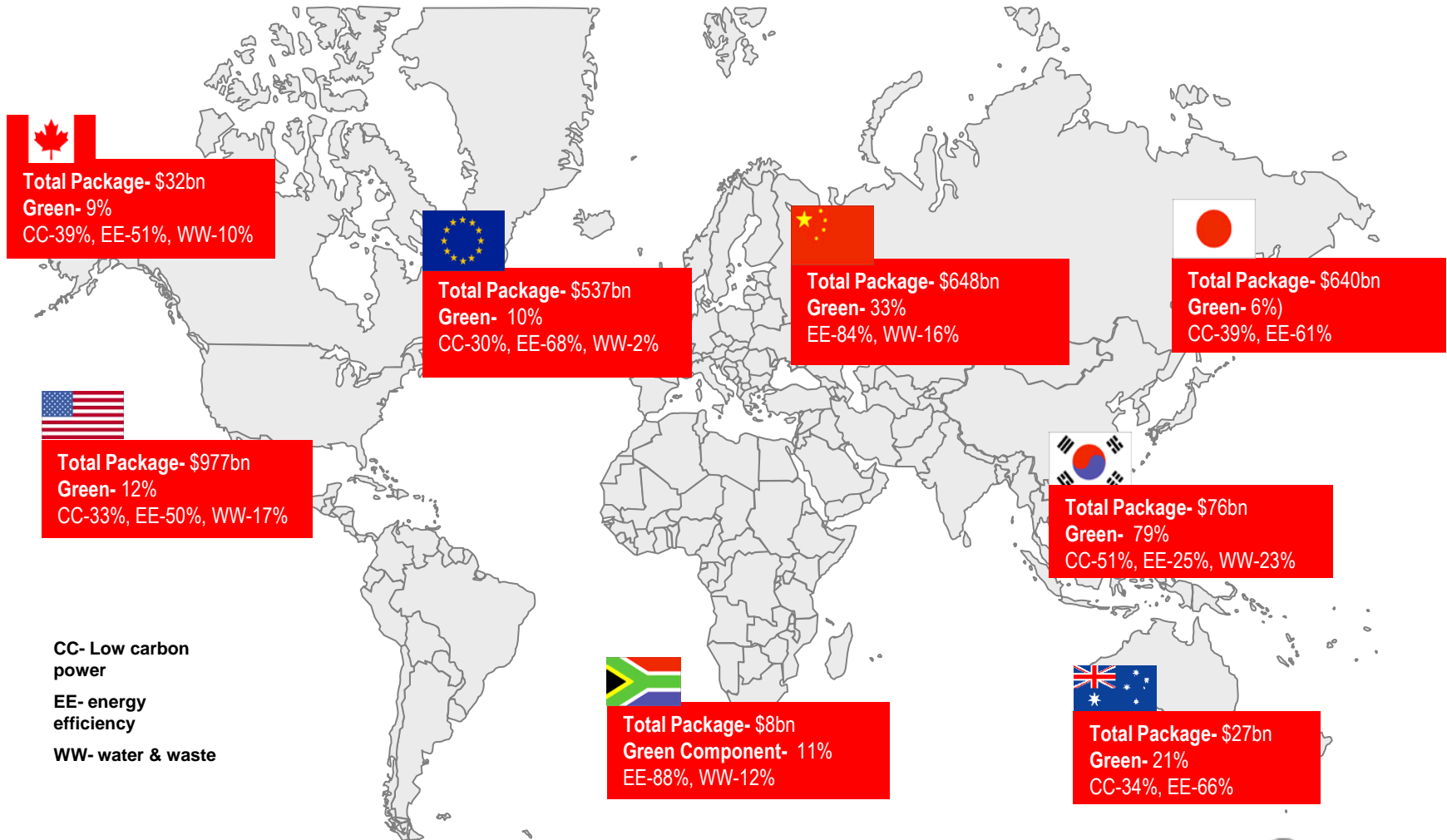
Priorities for Spending Public Money, Ratings across 12 Markets, 2009



Source: HSBC, Climate Change Monitor, 2009

Building a green recovery - USD513bn allocated

Asia leads the way with almost 2/3rd of green stimulus

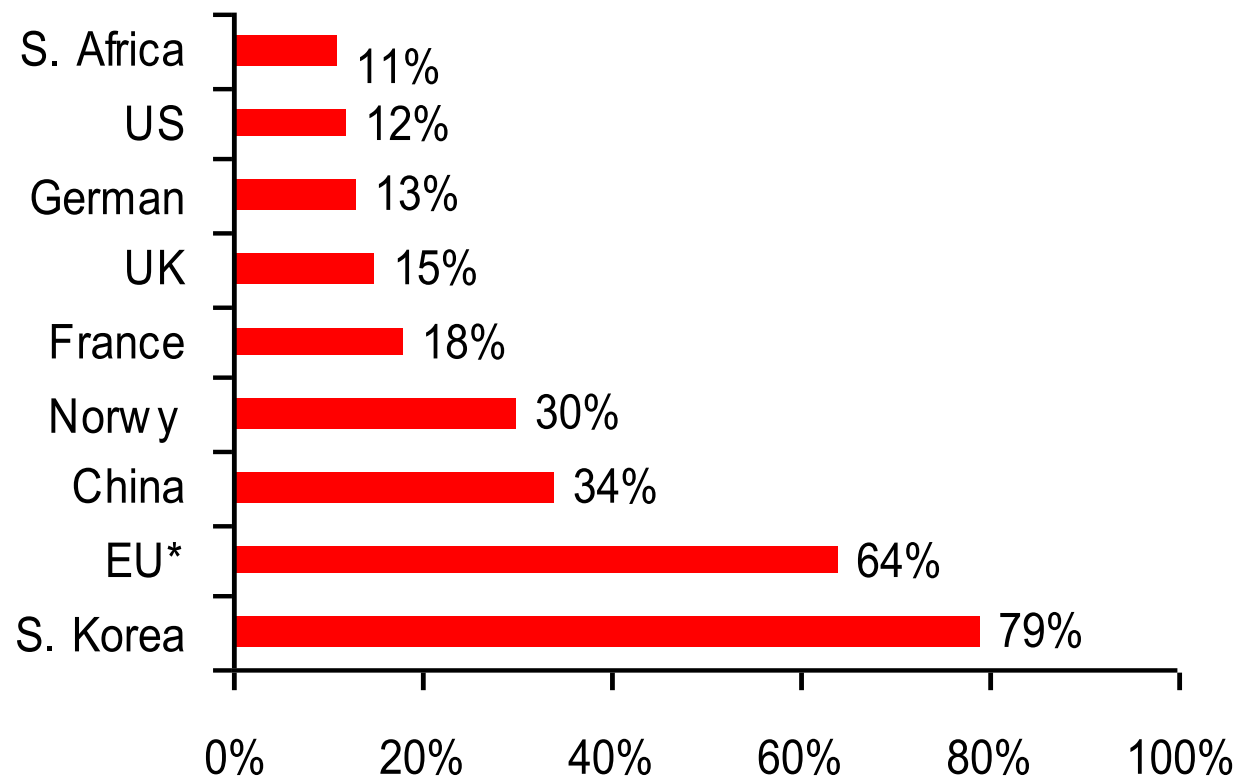


CC- Low carbon power
EE- energy efficiency
WW- water & waste

Source: HSBC estimates, government websites, others

A wide spectrum of commitment

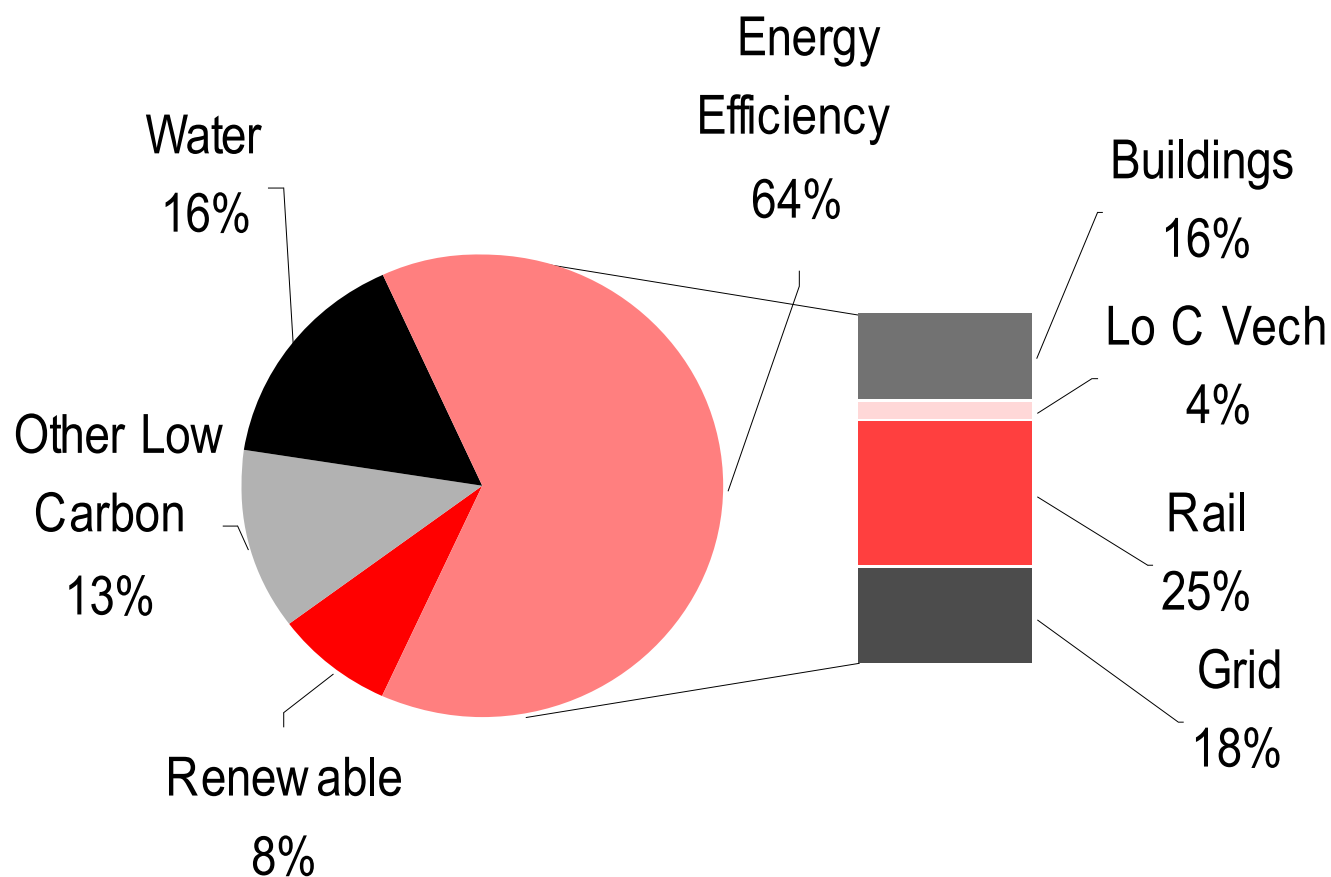
Green stimulus as % of total fiscal plans



Source: HSBC estimates, * Includes only EU's central recovery plan, member states listed separately

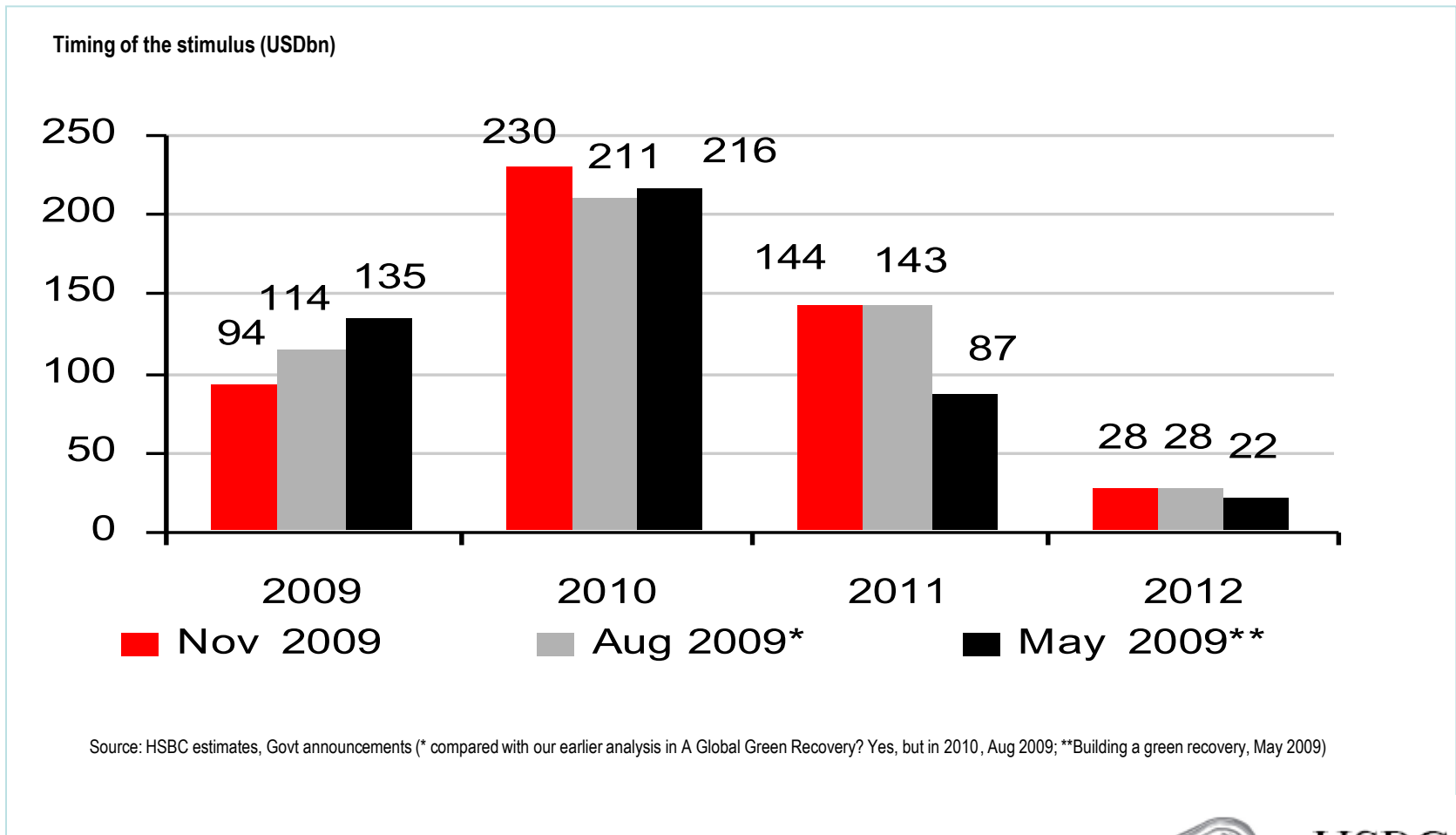
Investing in environmental infrastructure

Theme allocation of global green stimulus



Stimulus Delayed is Stimulus Denied?

Implementation delays have pushed spending back



Lessons so far

- Public finance can 'crowd in' private capital
 - Underpinning clean energy investment in 2009
- The green stimulus has been a national phenomenon
 - Copenhagen Accord: USD30bn in 'fast start' funding
- Beyond commitments, transparency on delivery is vital
 - Regular reporting of disbursements builds confidence
- Operational efficiency is crucial
 - Fears of delay have been realised risking retrenchment
- Designing a smooth transition from stimulus to recovery
 - How can the needed x3-x6 increase in public RD&D, for example, be delivered in a time of austerity?

Disclosure appendix

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