# The development story of the 21st century, coalitions of ambition, and the special role of China

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12 November, Center for International Knowledge on Development, COP31 Antalya

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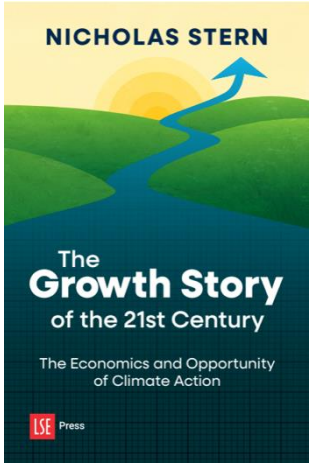
In partnership with

The Coalition of Finance Ministers for Climate Action

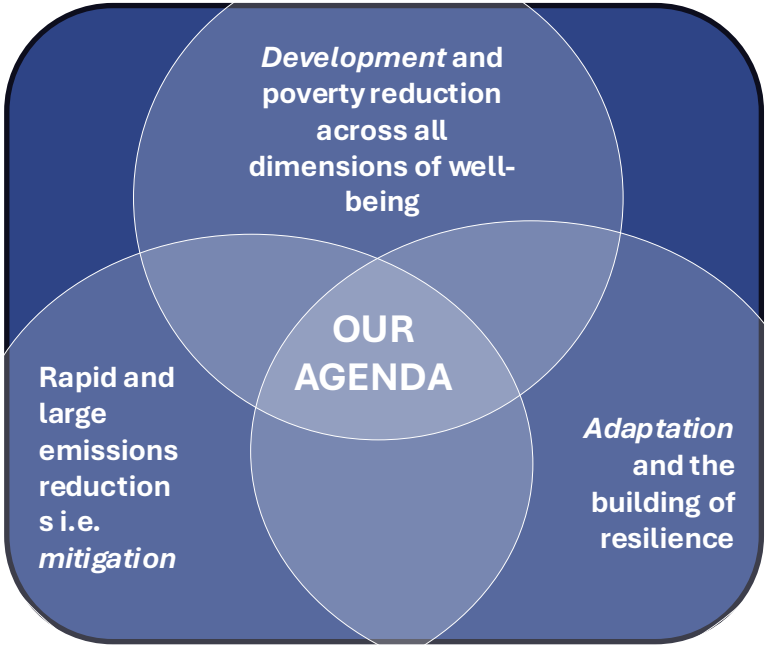
# Growth Story of 21st Century: No "horse-race" between climate action and development

This is not about "balancing" or making development and climate action "consistent".

**On the contrary, climate action drives development.**




**The core of the action agenda is the overarching task of combining all three of the following:**




**Key tasks in achieving the agenda**

- Expanding investment.
- Systemic, structural, and technological change.
- Right kind and sources of finance for investments.
- Manage inevitable dislocations: create a just transition.
- International collaboration around delivery on the Paris Agreement.

**Mitigation, adaptation, and development are interwoven and mutually enforcing. This is a dynamic story about investments, innovations, and structural and systemic change.**

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Adapted from Nicholas Stern (2025) The Growth Story of the 21st Century: The Economics and Opportunity of Climate Action. Published by LSE Press. DOI: https://doi.org/10.31389/lsepress.tgs

# Snapshot: The driving forces of the new growth story

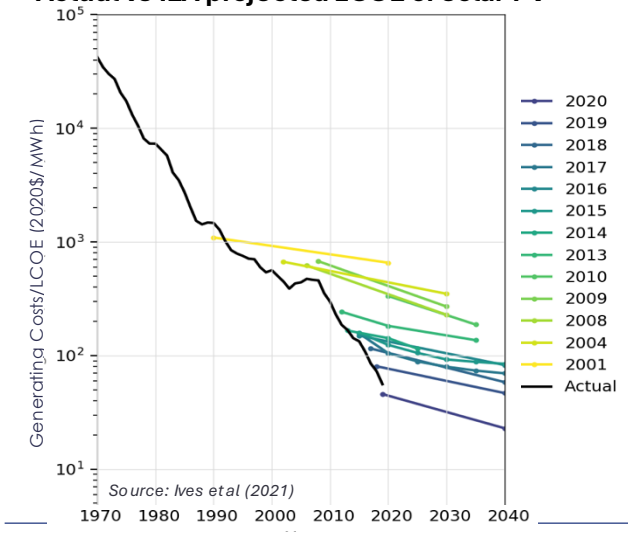
**The pace of technological advancement and cost reduction in key new technologies has been extraordinarily rapid, often far exceeding expectations.**

**Key cost reduction drivers**

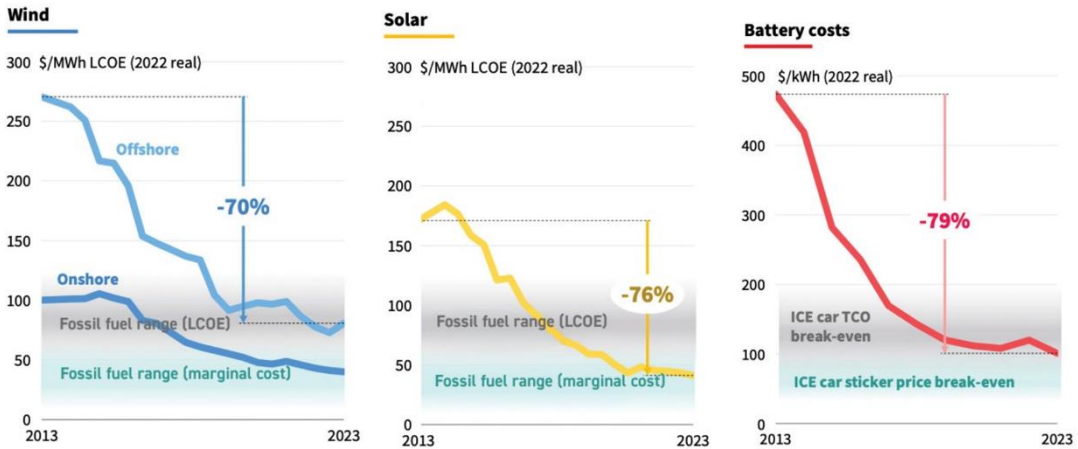
(a) Learning-by-doing (b) Economies of scale (c) R&D and innovation

***All this with, on average, so far modest policy. Can accelerate.***

**Actual vs IEA projected LCOE of solar PV**




**Renewable power technologies: decreases in the levelised cost of electricity**




*Source: Adapted from Bond et al. (2024, p. 8).*

**Globally, solar electricity is now, on average, 40 USD/MWh, and the cheapest form of power in many countries (IRENA, 2025).**

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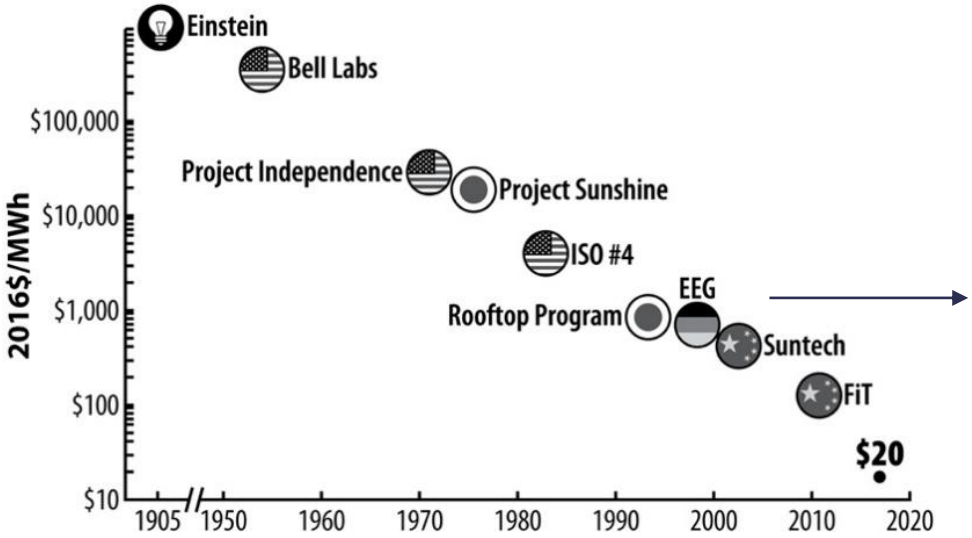


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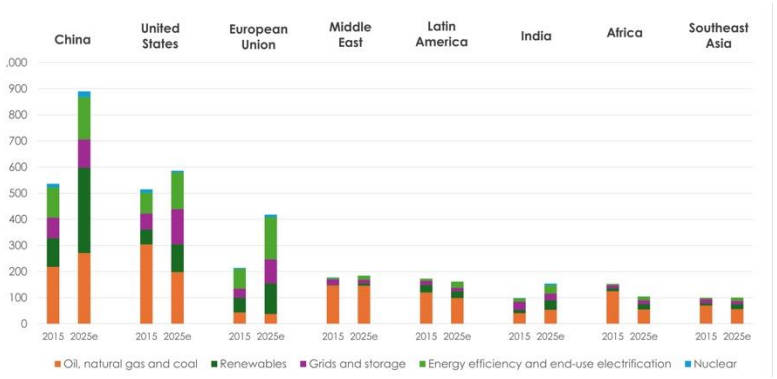
# China has been at the heart of this story – in close partnership and collaboration with others

**Free flow of ideas, people, machines, finance, and products across countries** major role in success of solar photovoltaics (PV).

- Barriers to knowledge flow would have delayed innovation for solar.
- Series of incremental innovations, supported by governments: US; Germany; Japan; Australia; China all played a role.




**Annual energy investment by country and region, 2015 and 2025**




*Data from IEA (2025b)*

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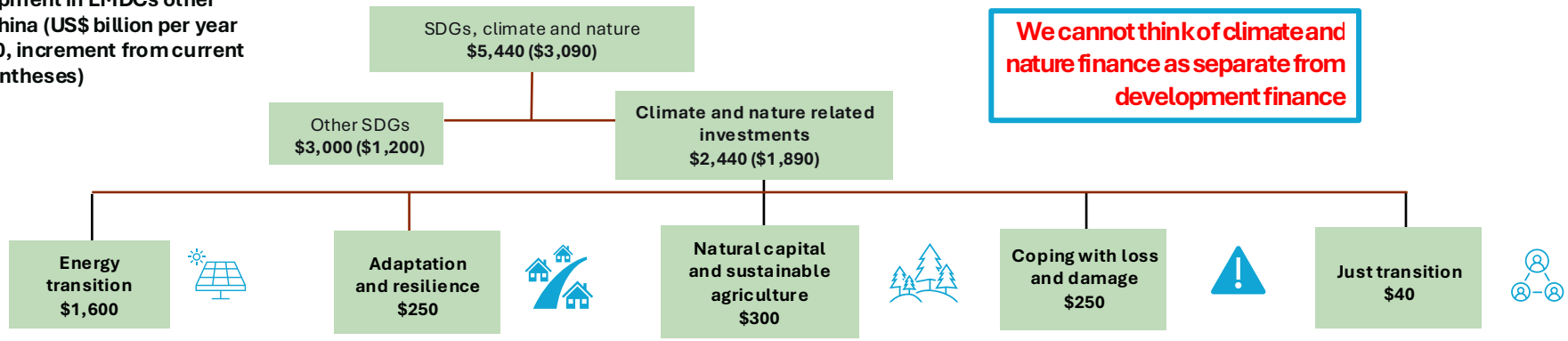
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Source: University of Wisconsin–Madison (2025) *How Government actions have accelerated clean energy innovation: lessons for economic analysis and modeling by Ministries of Finance*, Contribution to 'Compendium of Practice', Coalition of Finance Ministers for Climate Action

# Investment at scale now required in all countries and all sectors

**The question now is how to foster the necessary investment,** particularly in EMDCs, and how to finance the investment across all countries and sectors. Investments are not just about meeting climate targets – they are fundamental to economic growth and progress on the SDGs

**Investment requirements for climate and sustainable development in EMDCs other than China (US$ billion per year by 2030, increment from current in parentheses)**




Source: Bhattacharya et al. (2024)

# To foster the necessary investment will require renewed international collaboration – multi-lateral but also pluri-lateral

## Multi-lateral institutions

Examples




**Bigger, bolder, better**
**(NK Singh, Summers for India G20)**

## Pluri-lateral coalitions of ambition

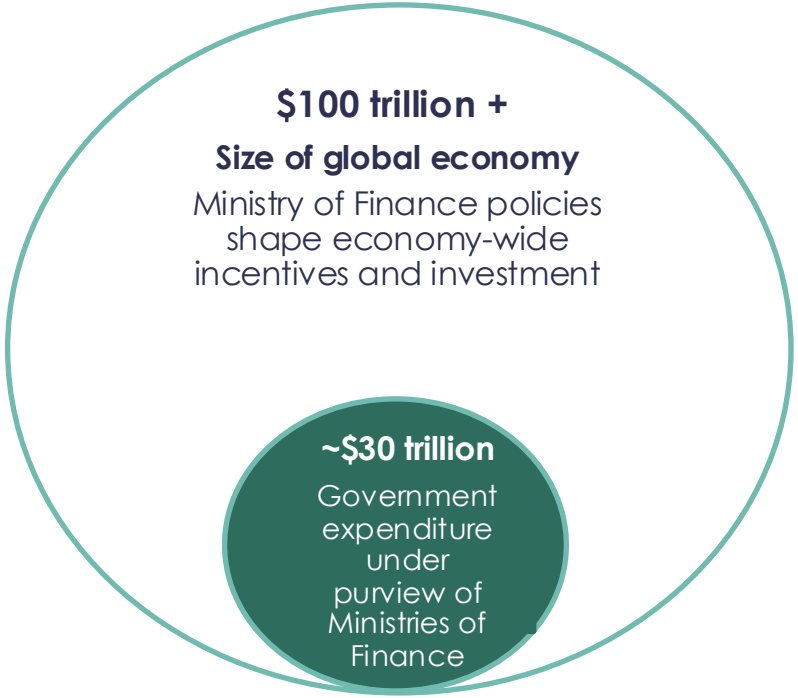
Examples




**Sometimes important to focus on the willing**
**(PM Mark Carney, Davos, 2025)**

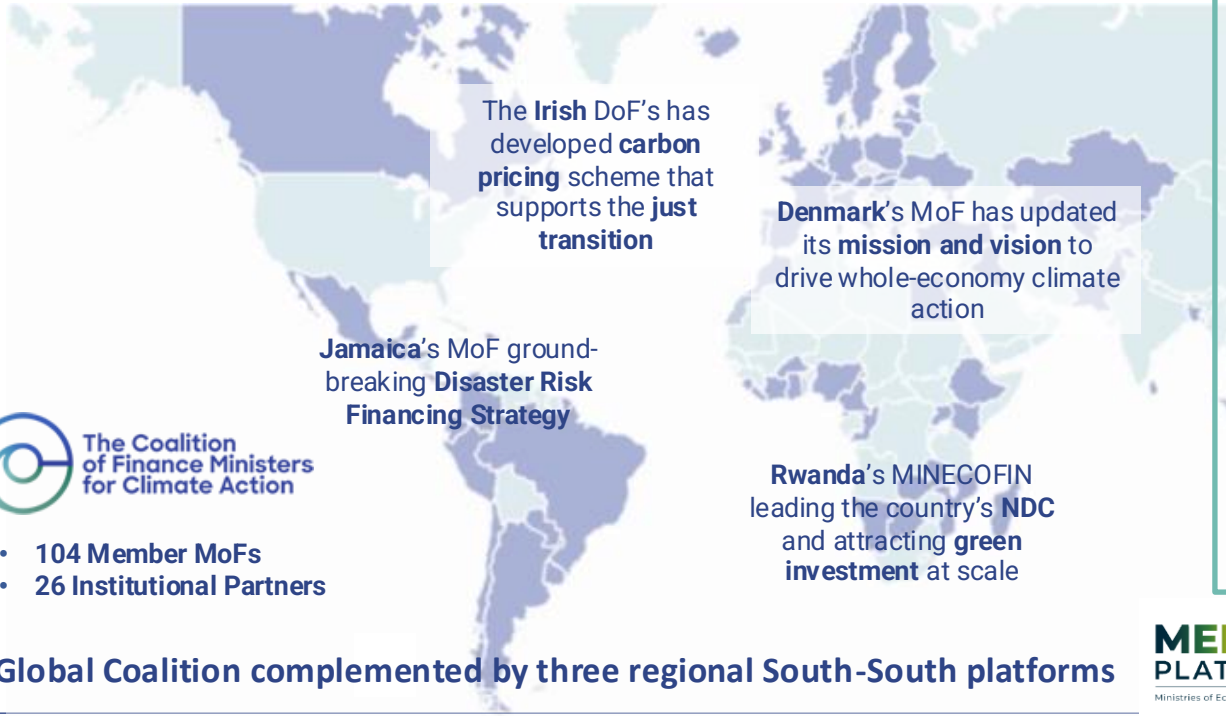
# Snapshot: Ambitious family of Finance Ministries – Coalition of Finance Ministers for Climate Action

The Coalition of Finance Ministers for Climate Action




- **Overview of a country's economy** and role in shaping national visions, strategies and investment plans
- Coordinating **economic, fiscal, and financial policy**, mobilising investment, and managing implementation
- **Overseeing expenditure and revenues** of government departments
- **Regulators** shaping markets for sustainable finance
- **Shareholders** in state-owned enterprises, development banks, sovereign wealth funds

# An opportunity for others to learn from China's Ministry of Finance and a platform for cooperation between countries




The Coalition of Finance Ministers for Climate Action

- **104 Member MoFs**
- **26 Institutional Partners**

## China's Ministry of Finance – A global leader in driving green economic transformation

Growth by developing new green industries – 10% of GDP in 2024 (~$2 trillion) through mix of:

- Targeted subsidy schemes, feed-in-tariffs, and tax policy
- Government-guided investment funds - National Green Development Fund
- Development banks - Three policy banks for patient capital

Source: Larsen (2025): The archetype of a 'big green state'? What China tells us about green macrofinancial regimes, Review of International Political Economy

**Global Coalition complemented by three regional South-South platforms**

MEF Climate Change PLATFORM – Ministries of Economy and Finance

PAFCA – Pan-African Finance Ministers Forum for Climate Action

ADB – Asian Development Bank

Fiscal Resilience Initiative – Stronger Public Finances for a Resilient and Sustainable Asia and Pacific

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## Thankyou

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