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Public financing not enough to bankroll climate challenges, says IETA report

Warsaw, Poland (PANA) - As nations grapple with how to mobilise sufficient financing for the climate challenges, the International Emissions Trading Association (IETA) has said public financing alone is not enough.

IETA said in a report released Tuesday by IETA, on the sidelines of the UN Climate Conference meeting in Warsaw, Poland, that there must be solutions that attract private sector financing in order to face the challenges.

The 2013 report on Greenhouse Gas Market, which features articles from experts at Shell, the World Bank, the U.S State Department, the European Commission and others, demonstrates the myriad of activities that governments and companies are undertaking to reduce emissions, with market approaches overwhelmingly the tool of choice.

IETA President and Chief Executive Officer Dirk Forrister, who addressed journalists Tuesday, ahead of the release of the report, emphasised the need for the Green Climate Fund (GCF) to engage the private sector to reach the US\$100 billion goal by 2020.

PANA reports that the goal of the Fund is to channel US\$100 billion per annum of climate finance into developing countries by 2020.

It is foreseen that the Fund will “promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change”, and will direct its resources particularly towards those countries most vulnerable to climate change.

But Forrister said climate goals require financing to become a reality and that market mechanisms have shown the power of carbon finance to make progress possible towards reducing emissions.

He disclosed that in 2013, the business community began a concerted effort to engage in the development of the GCF.

“The fund is taking shape in fits and starts, trying its best to avoid the pitfalls of paralysis that so often plague climate negotiations,” Forrister said in the report, which also notes that GCF remains a promising mechanism for getting funding flowing to developing countries.

The report said the need is great for the private sector finance, noting that the private sector is creative and that its involvement in planning activities and initiatives in this area has much to recommend it.

It proposes that governments and institutions create an extensive and careful dialogue with the private sector in order to create necessary conditions to induce private financing.

The report surveys the landscape of greenhouse gas market development – from its scientific drivers through its growth prospects and operational challenges. It also investigates how linkages between markets could emerge to deliver more robust benefits.

The reports warns it is evident that continued emissions of greenhouse gases will cause further warming and changes in all components of the climate system, adding that limiting climate change will require substantial and sustained reductions of greenhouse gas emissions.

Meanwhile, Forrister has called on governments to make progress on a framework to link together existing and emerging carbon pricing mechanisms.

“Linking systems is the fastest way to a deal in 2015 – and to stimulating clean energy investment at the scale needed to hold the average global temperature increase to 2 degrees,” Forrister said in a statement issued ahead of UN Climate Change Conference which began Monday in the Polish capital, Warsaw.

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