

Mainstreaming Climate Finance: Market-based Solutions to Climate Change

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International consensus, academia, and market indicators point to the long-term inevitable mainstreaming of green finance, and in this case more specifically, climate finance. This assessment is clear in foreshadowing an outcome where the World Gross Product (GWP) is mostly fueled by clean energy. In other words, where economic growth is de-coupled from rising CO₂ and other harmful emissions into the atmosphere. However, there is no clear consensus on time frames for this transition to be completed or any assurances on this matter. At the beginning of last century, John Maynard Keynes warned against business-as-usual, laissez-faire approaches that hinted towards long-term solutions to complex monetary issues. Banking on long-term solutions was a misleading guide to current affairs of the time. Similarly, this century's scientific consensus spearheaded by the International Panel on Climate Change (IPCC) and the United Nations Environment Programme's 'Emissions Gap Report' point to a scenario where it is clear that in the most optimistic international course of action (as described in the Paris Agreement of the UNFCCC), the said transition to a carbon-free economy might come too late. If we consider global temperature increases per year, the measured particles of carbon in our atmosphere, and the consequences to our global society, banking on business-as-usual, long-term solutions might prove catastrophic. It is therefore a useful and an urgent endeavour to highlight the clarity in the assessment of present barriers to climate finance as brought forth by academic and international consensus via UNSDSN, UNEP Inquiry, UNEP FI, and the G20 Green Finance Study Group, including the IMF and the World Bank. The contribution of this paper is to elaborate on the aforementioned barriers in order to propose market-based solutions that can accelerate a transition to a carbon free economy. This paper will specifically look at leveling macro obstacles to the mainstreaming of climate finance globally which include fiscal incentives to fossil fuels, lack of bankable projects and governance for a green economy worldwide.