

US\$ 36 Billion Annual Public Funding Can Meet Climate Challenge, Says New Report

21 January 2013

Desiree Mohindra, Communications Department: Tel.: +41 (0)79 429 5249, e-mail:
desiree.mohindra@weforum.org

[Français](#)

- Report released today in Davos shows that greening the economy is the only way to sustain a global population of 9 billion expected by 2050
- Increasing public sector investment by US\$ 36 billion annually can spur up to US\$ 570 billion in private capital needed to avoid devastating climate impacts on economy
- Price tag of weather-related disasters in the US was over US\$ 110 billion in 2012
- Read the [interactive report](#), [executive summary](#); download the [full report](#)

Davos-Klosters, Switzerland, 21 January 2013 – Scaling up public sector funding by as little as US\$ 36 billion in annual spending could unlock the private capital needed to close the green investment gap worldwide, leading to sustainable economic growth that attains global climate change goals. At a time when extreme weather events are increasingly frequent – and costly – cash-strapped governments are seeking new solutions to address climate change. This investment could help stabilize global temperatures and would cost less than the US\$ 50 billion recently approved by the United States Congress for rebuilding after Hurricane Sandy.

According to a new report launched today in Davos – [The Green Investment Report: The Ways and Means to Unlock Private Finance for Green Growth](#) – if the public sector increased its annual investment in addressing climate change by only \$36 billion, up from a current spending level of US\$ 96 billion, it could mobilize up to US\$ 570 billion in private capital. This would address the US\$ 700 billion in investment that the report estimates is needed to tackle what is arguably the most pressing threat to the global economy.

“ Greening the economy is the only way to accommodate 9 billion people by 2050, ” said Thomas Kerr, Director of Climate Change Initiatives at the World Economic Forum. “ There are many successful cases where governments have strategically targeted their public funds to mobilize significant sums of private investment for green infrastructure. It ’ s now time to scale up these proven solutions. ”

Climate change is already causing 5 million deaths a year and is costing the global economy more than US\$ 1.2 trillion (or 1.6% in annual global GDP), according to the Climate Vulnerable Forum. The price tag in the United States alone in 2012 for weather-related disasters was over US\$ 110 billion. By 2030, the cost of climate change and air pollution combined is estimated to rise to 3.2% of global GDP, with the world ’ s least-developed countries expected to bear the brunt, suffering losses of up to 11% of their GDP, the [report](#) notes.

The [report](#) highlights the example of the World Bank ’ s US\$ 6 billion in climate technology funds, which for every public dollar invested have attracted US\$ 8 in co-financing. Increased investments in green energy and infrastructure can drive sustainable development, reduce greenhouse gas emissions and lead to global economic growth. Governments need to target public finance to attract private capital to green investment through measures such as guarantees, insurance products and incentives, combined with the right policy support.

Such investments are urgently needed to avoid the potentially devastating impacts of climate change and extreme weather events as witnessed in many parts of the world in 2012. Scientists agree that extreme weather has become the “ new norm ” and comes at a huge, and rising, cost to the global economic system. Without further

action, the world could see a rise in average global temperatures by 4°C by the end of the century. According to scientists, this could lead to further devastating impacts, including extreme heat waves, more intense tropical storms, declining global food stocks and a sea-level rise affecting hundreds of millions of people.

The climate crisis is an investment opportunity that can provide much needed employment and community benefits, says the [report](#). The past two decades have seen considerable progress in creating profitable markets for green technologies, with global investment in renewable energy in 2011 up 17% on 2010 to US\$ 257 billion. The report also finds that developing countries are playing a much larger role in powering the transition, providing evidence that countries do not need to give up their growth aspirations to advance strong domestic markets in climate-friendly technologies.

“ It is clear that we are facing a climate crisis with potentially devastating impacts on the global economy. By unlocking private investment in water, agriculture and clean energy, we can together make the global economy and the environment more resilient, ” said Felipe Calderón, former President of Mexico and Chair of the Green Growth Action Alliance, a coalition of leading companies, banks and public finance agencies created at the G20 meeting in Mexico in 2012.

The report includes four recommendations to unlock private finance to meet the climate challenge:

1. G20 leaders should renew their commitment that green growth is the only route to sustained growth and development, and report on progress in leveraging private investment.
2. Governments must accelerate efforts to phase out fossil-fuel subsidies, enact long-term carbon price signals, enable greater free trade in green technologies, and expand investment in climate adaptation.
3. Public finance agencies must redouble efforts to mobilize private capital for green infrastructure, using proven tools and practices.
4. Private investors can benefit from green investment but need to take a more proactive approach, using investor forums and expanded partnerships with public agencies to advance new financing solutions.

About the Green Investment Report and the Green Growth Action Alliance

[The Green Investment Report](#) is the result of collaboration between companies, public finance agencies and green investment analysts, and is the first output of the Green Growth Action Alliance, a public-private group that was launched at the 2012 Mexican G20 to drive greater investment in green growth. The Green Investment Report is one of many ways in which the Alliance is advancing green growth. Its members are collaborating on initiatives that aim to prove the efficacy of financing green growth, from energy efficiency to renewable energy and climate-smart agriculture. The [Alliance](#) invites G20 governments, public finance institutions, investors and policy-makers to read this report and join in leading the way to making a difference. A full list of contributors to the report can be found [here](#).

Notes to Editors

[Download](#) [the report](#)

[Read](#) [the executive summary](#)

See [the contributors](#) to the report

[Learn](#) [more about the Green Growth Action Alliance](#)

More information about the Annual Meeting 2013 is available at <http://wef.ch/davos2013>

View the best photographs from the Annual Meeting on Flickr at <http://wef.ch/davos13pic>

Free media access to the Forum press photo archive Swiss-Image at <http://wef.ch/pics>

Watch live webcasts of sessions at <http://wef.ch/live>

and on demand at <http://wef.ch/davos13video>

Watch opinions and analysis of key sessions at <http://wef.ch/AM13insights>

Watch the sessions on demand on YouTube at <http://wef.ch/youtube> Or <http://wef.ch/youku>

Become a fan of the Forum on Facebook at <http://wef.ch/facebook>

Read the summaries of sessions at <http://wef.ch/davos13sessions>

Follow the Forum on Twitter at <http://wef.ch/twitter> and <http://wef.ch/livetweet> (hashtag #WEF)

Read the Forum:Blog at <http://wef.ch/blog>

Follow the Forum on Google+ at <http://wef.ch/gplus>

The Forum Media App is available here <http://wef.ch/publicapps>

The World Economic Forum is an international institution committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is independent, impartial and not tied to any interests. It cooperates closely with all leading international organizations (www.weforum.org).



World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, <http://www.weforum.org>