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AQ FEATURE

The Rising Global Thermostat: What business can do to lower the temperature

BY **Ban Ki-moon**

What business can (and should) do to lower the temperature.

The private sector has long been a key partner for the United Nations on advancing sustainable development initiatives throughout the world. Today, climate change presents one of the most urgent global challenges to sustainable development, and it will demand the support and engagement of the private sector to confront it effectively. Investing in green energy is not only the right thing to do morally, but also, for companies who take it up, benefits the bottom line.

The immediate danger of global warming is apparent in economies large and small, and the private sector can play a role in both. Hurricane Sandy demonstrated the far reach of climate change and highlighted our vulnerability to it. In parts of the world where energy is abundant, like New York, we take it for granted—until we lose it.

Businesses can begin to re-shape attitudes toward energy use. They should lead by example, investing in energy-saving practices and encouraging a greater awareness of the urgency of clean, efficient energy use and making cities like New York models for the rest of the world.

In the developing world, standards of living are improving and populations are growing, further taxing our energy grids. By 2030, the world's population will have risen to more than 8 billion and we will need at least 50 percent more food, 45 percent more energy and 30 percent more water than we currently have available.

However, as standards of living improve and the population expands, opportunities for the private sector to ensure that progress does not come at the expense of sustainability will also expand. The dramatic growth of renewable energy markets over the past decade has brought technology improvements and cost reductions that mean projects can generate attractive returns. Around the globe, nearly one in five people still lack access to electricity. More than twice that number—2.8 billion, or 40 percent of the world's population—rely on wood, charcoal, animal and crop waste, or other solid fuels for cooking and heating. As these segments of the population advance, it is critical that they be equipped with green technology and efficient energy-use practices. Developing countries have now overtaken developed economies as investors in utility-scale projects, including wind, small hydro, biomass, and geothermal, but they cannot do it alone.

That is why it is especially important that businesses continue to explore opportunities that will allow them to align business needs with creating a sustainable future for all. Clean energy is central to reducing poverty, increasing opportunity and averting the risks of climate change. We have to reduce greenhouse gas emissions and rely increasingly on using energy cleanly and efficiently, focusing, in particular, on cleaner, low-carbon solutions.

Many businesses have already taken important steps to that end. Investors are opening new markets, facilitating new business models and supporting entrepreneurs in the developing world, where demand for sustainable energy is greatest. According to the UN Environment Programme, the cost of funding the transformation to a global green economy ranges between $700 billion and $1.8 trillion a year.

Private investment is essential to help meet these costs and to spur new ideas to foster climate resilience and low-emissions strategies in the developing world. Clean energy investment has quadrupled over the past decade, and last year saw a dramatic shift in the balance of that investment. Business should invest in high-impact opportunities that will unlock clean energy investments, close the viability gap between green and fossil–fuel based projects, and lower the risk of investments in renewable energy.

In the coming months, I will work to build upon these achievements by engaging institutional and private equity investors, finance institutions and development banks to secure new commitments. But while private-sector involvement will be critical, we cannot mobilize private resources without smart public policy and financing to unlock more private investment.

For that reason, in 2011, I began the Sustainable Energy for All initiative—an example of the kinds of public-private partnerships that will be essential to securing the investments we will need to build sustainable energy programs.

Sustainable Energy for All sets three objectives to be achieved by 2030: provide access to modern sources of energy for all people; double the rate of energy efficiency; and double the share of renewable energy globally. These ambitious but achievable goals will open a new world for billions of people and lead to massive new investment opportunities.

Working together, we can light rural clinics, empower local businesses and invigorate economies. Other sectors, such as water, agriculture and transportation, will also require more significant green investment to keep pace with rising temperatures, population and opportunities.

However, even with ambitious efforts like these, several factors hold us back from achieving the large-scale energy transformation necessary to stabilize the climate. Globally, clean energy investment is insufficient to prevent the worst impacts of climate change. Proven innovations and solutions—from energy efficiency to emissions reductions—lack adequate incentives at the same time that fossil fuels still enjoy generous subsidies.

In an effort to overcome these obstacles, next year I will convene a meeting of world leaders in New York to accelerate political momentum toward a universal, legally binding global climate agreement by 2015. A new treaty must engage all nations equitably and be capable of limiting global temperature rise to no more than 2 degrees Celsius above pre-industrial levels. The event will also bring public and private partners together to advance options for new climate finance investments.

Governments have agreed to the objective of mobilizing $100 billion dollars a year by 2020 from public and private sources to finance adaptation and mitigation in the developing world.

Encouraging, promising trends have emerged, but they are just the beginning. The longer we delay, the greater the costs—to communities, to businesses, to economies, and to the planet.

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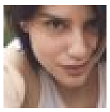

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