



NO TIME

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Art can connect us with what we know and it can inspire us to act. This issue's cover by young Malaysian artist Nor Tijan Firdaus starkly depicts the consequences of generations of human profligacy—changing climate, biodiversity loss, and environmental degradation. All threaten the health and well-being of the future our children will inherit.

Recent polls show increasing awareness of climate change, especially among young people. A majority of people consider it a global emergency—well above half in middle-income and least developed countries, and nearly three-quarters among people in small island states and high-income countries. The COVID-19 pandemic has heightened concerns: 43 percent are more worried about climate change now.

Yet, as Leonardo da Vinci said, “Knowing is not enough; we must apply. Being willing is not enough; we must do.”

How do we translate concern into action? Breakthroughs in science and technology yielded COVID-19 vaccines in record time, a hopeful model for the innovation and action needed to develop and commercialize low-carbon technologies. Policy responses to the pandemic demonstrate that governments can also take unprecedented action when needed.

It is critical to act with the same determination to address climate change and speedily put in place policies that can make a difference.

First, we need market signals that work for the new climate economy, not against it. Politically challenging as it may be, the world needs to rid itself of all fossil fuel subsidies—equivalent to more than \$5 trillion annually, yet far more costly to our future. Robust carbon pricing will help redirect private investment and innovation to clean technologies and encourage energy efficiency. Without it, we simply

cannot reach the goals of the Paris Agreement. This price signal must get predictably stronger—reaching an average global carbon price of \$75 per ton by 2030, way up from today's \$3 per ton. Major emitters agreeing on an international carbon price floor would be a good start.

Second, we need to scale up green investments. IMF staff research projects that green supply policies could raise global GDP by about 2 percent this decade and create millions of new jobs. On average, about 30 percent of new investment is expected from public sources, making it vital to mobilize private financing for the remainder.

Third, we must work for a “just transition” to a low-carbon economy—within and across countries.

For instance, revenues from carbon pricing can be used for cash transfers, social safety nets, retraining, and so on to compensate workers and businesses in affected high-emission sectors. Approaches like this are increasingly part of carbon pricing reforms, such as in Germany's national emissions trading system and the EU's planned Just Transition Mechanism.

Across countries, it will require financial support and the transfer of green technologies. The world's poorest countries have contributed the least to climate change, but are most vulnerable to its effects and least able to cover the cost of adaptation. With many of the lowest-cost mitigation opportunities in emerging market and developing economies, it is in the global interest that developed economies fulfill their commitment to provide \$100 billion a year in climate finance for the developing world.

We have no time to waste. As we look ahead to COP26, we must be ready to move decisively—together. We know what must be done; now we must do. **FD**

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TO WASTE

