Cathay FHC Makes Historic Debut as Host in COP28's Blue Zone

Asian Financial Giant Leads Discussions on Accelerating Climate Financing and Clean Energy Transition

Cathay Financial Holdings, the inaugural global strategic partner of the World Climate Foundation, made its debut as the host for a side event at COP28. Pictured are Cathay FHC President Lee Chang-Ken (second from the left) and Chief Investment Officer Sophia Cheng.

DUBAI, UAE, December 6, 2023 /EINPresswire.com/ -- Cathay Financial Holdings (Cathay FHC), the inaugural global partner of the World Climate Foundation (WCF) in 2023, made history as the host in COP28's Blue Zone. The discussions, led by this leading Asian financial institution, focused on expediting climate financing and transitioning to clean energy. During the meeting, Cathay FHC and WCF affirmed each other, signing a global strategic partnership for the next three years, continuing to jointly promote impactful cross-disciplinary collaborations.

President Lee Chang-Ken emphasized Asia's fastest economic growth and the swiftest rise in global carbon emissions, recognizing its high vulnerability to climate change. Cathay FHC committed to linking funds, establishing collaborative financial models, and identifying effective solutions.

Sophia Cheng, Cathay FHC's Chief Investment Officer, highlighted three major challenges in Asia related to climate financing and energy transition: job losses, uneven fund distribution, and developing country debt. Multilevel actions are crucial, as efforts across government departments, public-private partnerships, and industry collaboration aim to establish a resilient development framework for Asia's low-carbon future.

Climate financing is important for accelerating the low-carbon transition, but its current development is considered slow. Financial institutions need to re-examine their role and determine how to use their influence to hasten the transformation. The effectiveness of past innovative models, such as blended finance, in inspiring confidence among financial institutions to expedite climate financing development is a crucial question.

To address these concerns, Cathay FHC invited key participants, including Anjali Viswamohanan, Director of the Asia Investor Group on Climate Change (AIGCC), Tomoaki Fujii, Co-Chief Investment Officer of Nissay Asset Management Corporation in Japan, Manfred Shepherds, CEO of the Netherlands-based ILX Fund, and Franziska Zimmermann, Director/Sustainability and Climate Change Strategy, Temasek.

Lee highlighted that Asia accounts for approximately 44% of global carbon emissions, making it the region with the fastest economic growth and the most rapid increase in carbon emissions worldwide. Cathay FHC has long been committed to climate issues, formulating climate strategies and goals, positioning itself as an enabler in the value chain. In addition to undertaking Taiwan's first solar financing and offshore wind power financing, the company has pledged to achieve zero carbon emissions from financial assets by 2050. In 2022, Cathay Financial Holdings became the sixth financial institution in Asia to pass the Science-Based Targets (SBT) validation and the first RE100 financial industry member in Taiwan. Cathay will continue to utilize funds and financial services to support the development of low-carbon industries, with advocacy and collaboration being integral strategies in Cathay's commitment to climate action.

Lee emphasized that in the three years of partnership between Cathay FHC and WCF, they have consistently advanced climate action by working together collaboratively. Lee also expressed gratitude to WCF founder/CEO Jens Nielsen for his efforts in facilitating collaboration with stakeholders, collectively making meaningful contributions to global sustainability.

Cheng and the session participants discussed three major challenges that Asia will face in responding to climate change: difficulties in retiring coal-fired power plants, uneven distribution of funds, and issues related to the debt of developing countries. The growth rate of climate finance is slow, and the main focus of COP28 is on how to expedite the mobilization of funds to support green transition projects in emerging markets.

Fujii observes that numerous recently established coal-fired power plants are situated in Asia, and early retirement may result in investment losses and job losses. Making this decision poses a significant political challenge, necessitating a just transition to safeguard against undue adverse effects on workers and communities.

Shepherds is also concerned regarding the unequal allocation of climate funds, as a significant portion is directed toward renewable energy and low-carbon transportation. Related climate mitigation and adaptation funds currently rely heavily on the public sector. Cheng believes that this could also be an opportunity for Asia, as there are already many successful cases of blended financing that can be referenced, contributing to a balanced transition in Asia towards both low-carbon and just development.

Concerning how to assist emerging markets in successfully securing climate finance support, Cheng recommends that financial institutions depart from conventional investment and financing practices. Instead, they should actively explore potential investment opportunities and strengthen credit by collaborating with development banks and public sector funds in the initial phases. In addition to providing funds, they should also actively participate in managing and planning the capital for the investment targets, ultimately broadening the pool of worthwhile investment opportunities. Facilitating the matchmaking of investment targets with fund providers that align with their risk attributes is crucial to avoid futile efforts. Cheng believes that supporting the demand side in improving project maturity, coupled with the public sector actively attracting private sector funds to enhance fund utilization efficiency, will significantly increase the likelihood of success.

Participating experts in the discussion also presented real-world examples of mobilizing funds from both the public and private sectors in Europe, providing valuable perspectives on significant challenges and opportunities. Zimmermann shared experiences from an investment institution in supporting low-carbon funds and climate technology investments. She also elaborated on efforts to promote cooperation between public and private sector funds and startups. Fujii shared proactive initiatives in negotiating investments for high-carbon emission targets.

In conclusion, Cheng stressed that tackling climate challenges requires collaboration among governments, financial institutions, industries, and society. Incentives are crucial to attract solutions, fostering a robust carbon market and ensuring sustainable low-carbon development.

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