

## EDITORIAL

As the cover indicates, this issue of *Moral Cents* is in the main, devoted to articles on climate change, with a focus on its financial aspects. Needless to say, ethical imperatives undergird efforts to mitigate and adapt to climate change.

The [BBC](#), quoting an Australian study, recently reported five tiny Pacific islands, part of the Solomon Archipelago, have disappeared amid rising seas and erosion. The study is the first that scientifically “confirms the numerous anecdotal accounts from across the Pacific of the dramatic impacts of climate change on coastlines and people.” Taro, the capital of Choiseul Province, is set to become the first provincial capital to relocate residents and services. While the inundation does not result from rising sea levels alone, this event is another reason to take climate change mitigation and adaptation efforts seriously.

According to Eva Rachmawati, one of the authors in this issue, climate change is one of the most financially significant environmental issues facing investors today. Institutional investors, consultants, fund managers, financial analysts and companies face different challenges. Each can take specific action, primarily to develop understanding and respective tools regarding the financial implications of climate change. Therefore, understanding how climate change will impact or enhance the value of investments and to what extent, is important. Indeed, the impact of climate change and what to do about it, as well as the case for compensation, is formally on the agenda of the United Nations Framework Convention on Climate Change (UNFCCC, 2014).

John Roome, Senior Director for Climate Change at the World Bank Group writes on the “The Implications of a Changing Climate.” In his article, John gives the example of the Mekong Delta, an intensively cultivated area and one that will face significant challenges from climate change. Rainfall patterns are expected to change, sea levels rise and the region also is expected to face an increasing number of typhoons, amid global forecasts of a rising number of natural disasters.

The region and others like it must take measures to adapt to climate change. To prevent climate change from getting worse, the world must coordinate efforts to transition to a lower carbon economy. John and his team of specialists lead the climate change agenda for the Bank Group and recently attended the COP21 conference in Paris.

COP21 is the name for the Conference of Parties climate talks held in Paris in 2015. The meeting is the latest iteration of climate negotiations and was attended by 195 nations, producing the world's first legally binding climate agreement. Dan Moritz-Rabson gives a brief review of the global agreement that emerged from COP21 describing what needs to be done to combat climate change.

Eva Rachmawati categorizes the efforts to deal with climate change into two types: mitigation and adaptation. In her first article, Eva discusses how the finance sector can contribute to climate change mitigation through ecotourism schemes. Her paper gives a wealth of detail on climate change agreements, past and present and lays out four major mitigation strategies for addressing greenhouse gas emissions from tourism which are: reducing energy use, improving energy efficiency, increasing the use of renewable energy, and sequestering carbon through sinks.

Eva's second article on climate change is on adaptation efforts and titled "Financing Mechanisms for Climate Change Adaptation in Developing Countries: Issues and Possibilities." Climate change risks in developing countries are higher than developed countries. For adaptation, the fundamental ethical issue is one of distributive justice, in regards to the allocation of funding responsibilities from richer countries to poorer countries to support adaptation efforts and fair participation in the distribution of burdens and benefits among different entities.

While not directly associated with climate change the next article has a bearing on our approach and attitude to that global problem. In her article, Carolina Rocha asks "Why Do We Need Morality in Finance if We Have Laws?" The global financial system is so deeply embedded in every economic activity that climate change specialists cannot ignore financial factors. Carolina posits legislation is insufficient to guarantee a sound financial system and that legislation and morality are, after all, a good pairing.

Finally, Sarah Myers writes on “The Ethics of Spending to Increase Standardized Testing Outcomes.” Sarah questions the efficacy and the ethics of spending money to ensure the US keeps up with other countries in test scores. These other countries that score high marks in standardized tests have economic systems markedly different from the US. Money perhaps can be better spent on innovations in education instead.

Dr. Kara Tan Bhala  
May 2016