

Why startup innovation is the answer to tackling the climate crisis and attracting investment in green tech

With COP29 now behind us, there's still much to reflect on. Once again, western leaders leave with ambitious emissions targets that historically they have consistently fallen short of, while those in the global south are disappointed with the lack of financial commitment.

Temps de lecture : minute

17 December 2024

So why do we keep failing to find a solution to climate change with this annual meeting of global leaders?

It's because we are looking in the wrong places.

The answer to overcoming barriers and reaching climate change goals may not lie in policy changes or political promises, but rather in the transformative power of innovation. In the UK alone, 72% of green businesses - across sectors like green transport, agritech, green energy and circular economy - are either in the seed or venture stage, demonstrating the huge entrepreneurial response to the climate emergency.

So what needs to be tackled post COP? One key takeaway was the new commitment of \$300B in annual support to help the global south transition to clean energy and strengthen resilience to extreme weather. However, this figure falls short of the \$1 trillion initially proposed,

highlighting a gap between ambition and execution which will be exacerbated by economic pressures and the return of world leaders like Trump who deny climate change.

To stay on track in limiting global temperatures rising 1.5 degrees, and reducing emissions by 60% by 2035 in comparison to 2019 levels, we need to focus our attention on climate innovations.

The potential for start up and scale up innovation to develop solutions to climate change is huge. The green tech industry alone is estimated to generate an economic opportunity worth \$10.3T. It's not just about unlocking economic growth, these innovators are game-changers that could fundamentally change the way we work and live to drive sustainable growth. To realise this potential, we need to ensure climate solution providers have the right ecosystems in place to support their growth and scale their impact to deliver meaningful, wide-reaching change.

"Net zero is an opportunity for growth"

These were the words spoken by UK Prime Minister, Keir Starmer, at the beginning of the conference who argued that net zero is an opportunity for growth and not economic suicide.

This rings true with the green tech industry projected to be worth \$10.3T, yet investment in this sector dropped by 40% last year as a result of geopolitical tension and economic uncertainty. High upfront costs and long ROI timelines characteristic of green businesses create barriers for investors, and can be off-putting for those seeking quicker returns.

To unlock the economic potential of green businesses, funding systems need to be evolved to reduce risk and boost confidence, but financial support networks also need to be established and bolstered to help get

businesses off the ground.

At Sister, we're building an ecosystem for innovative early-stage science and tech businesses, including climate solution providers, by offering no- and low-cost workspaces for startups and spinouts looking to commercialise their innovations and accelerate their business growth.. We are also proud to partner with organisations like *Sustainable Ventures*, Europe's largest climate tech hub, who provide sustainable startups with expert guidance, funding and resources. Innovation hubs that support green businesses in their early stages are crucial for directing investing to the sector so they can realise their potential.



Read also

Europe's largest climate tech hub, a profile of Sustainable Ventures

Building the infrastructure for the green transition

This year's conference set a climate funding goal of raising \$300M to support developing countries facing the impacts of climate change. Despite this being the highest financial commitment in COP history, it's a fraction of the investment needed to meet global climate goals. McKinsey estimates that achieving net-zero by 2050 requires over \$9.2T a year in investment.

Given these constraints, governments and corporations need to be more strategic in how they deploy investment to ensure they have the infrastructure in place to make the green transition. This means prioritising investments into local innovations that have great potential and address specific regional climate-related challenges, like extreme weather on transport, agriculture and energy sectors.

Global innovation hubs play a key role here in scaling grassroots innovations. Districts, like Sister in Manchester, are well connected to world-class universities and ecosystems that innovators can tap into to develop and scale their ideas into solutions that work within different contexts. As global demand grows for these solutions, businesses will turn to these ecosystems for the facilities, financial aid and mentorship needed to expand their impact.

Supporting innovation that's making a difference

COP29 has been marked by some stark contradictions. First, it came hot off the heels of a new US president who denies climate change, and the hosts of this year's event weren't shy in their plans to expand gas production by over a third over the next decade. This raises concerns

about whether our leaders are prioritising climate solutions as we enter the most critical decade in the planet's history.

It's within this context that we need to refocus global conversations on the innovators and businesses of all sizes that are driving real progress. We just need to look at unicorns such as Octopus Energy, to understand the impact green businesses have. Since launching little less than a decade ago, the provider now powers 6.8 million homes with 100% green electricity. It's not just energy alternatives - can you imagine the impact of scaling startups with solutions to our biggest challenges like waste management, plastic pollution, and deforestation?

To restore investor confidence and accelerate climate tech's potential, we must emphasise the long-term opportunities green businesses present, not just in a commercial sense but for their impact too.

Innovating for the future

Reflecting on COP29, the path forward to climate action remains fraught with challenges and contradictions. The urgency of the climate crisis is clear, yet global leaders are doubling down on fossil fuels and are turning attention away from much needed global cooperation. We know the fantastic potential of green businesses in addressing specific climate-related challenges head on, yet investor confidence is declining because funding models aren't properly designed to support them in an (ironically) sustainable way.

In order to meet global sustainability goals and avoid global catastrophe, we need to re-focus attention on innovators with scalable solutions that can deliver real, meaningful impact whilst unlocking economic opportunities. This all starts with spotlighting our entrepreneurs — our spinouts, startups, and scale ups - whilst bolstering the ecosystems they rely on to get their feet off the ground.

Bradley Topps is Project Director at Sister.



MADDYNEWS UK

The newsletter you need for all the latest from the startup ecosystem

[SIGN UP](#)

Article by Bradley Topps