

FINANCIAL IMPLICATIONS OF TACKLING CLIMATE CHANGE FOR INNOVATION AND GOOD GOVERNANCE

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Abstract

In the fight against climate change, the focus is often put on energy sources and how they are used, although the fight to achieve climate neutrality must be fought on several fronts, given the complexity of the challenge. Thus, according to the literature, innovation, green technologies, sustainable financing and, by extension, the adoption by individuals of more sustainable lifestyles play an important role. Based on this premise, our study aims to highlight the influence of two important variables, namely innovation (using R&D expenditure as a proxy) and governance, on a sample of the 20 most innovative countries over the period 2010-2023, using the OLS model.

The empirical results underline the need for public authorities to step up their efforts by developing and implementing more ambitious public policies. These should include additional measures to stimulate technological innovation, financial support for green projects and raising public awareness. At the same time, international collaboration and research investments need to be expanded to accelerate the transition to climate neutrality.

Keywords

green innovations, good governance, environmental quality, carbon-reduction, and environmental policies.

JEL Classification

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