United Nations Framework Convention on Climate Change - 17th Conference of the Parties (COP 17)

OECD Statement in the High Level Session Plenary

Remarks by Angel Gurría,
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Heads of State and Government, Ministers, Excellencies,

Climate change is not something that we can afford to put on the back burner, even in the context of the serious economic challenges many countries are facing. In fact, one of the enduring lessons from the global economic crisis is that the longer we wait to take decisive action, the larger the cost of finding a solution.

The OECD has just released the Climate Change Chapter of the forthcoming *Environmental Outlook to 2050*. It paints a grim picture of the Earth in 2050 if we do not change our policies and behaviour. Without policy action, our energy mix will not change significantly, with the share of fossil fuel-based energy remaining at 85%. By 2050, the concentration of warming gases in the atmosphere could then reach 685 parts per million (ppm) CO2-equivalents. This is well above the level of 450 ppm CO2-equivalent that is needed to have at least a 50% chance of achieving the 2°C goal.

Our analysis shows that there is still a window of opportunity to steer the world towards a pathway that would limit the rise in global temperatures. If least costly and timely solutions are used, reaching this pathway could slow world GDP average annual growth by just 0.2 percentage points, a cost which pales in comparison to the cost of inaction, which would be much higher.

In fact, inaction puts at risk the natural capital that all economic activities rely on--agriculture, fisheries, tourism, infrastructure services, just to name a few--, and in particular the livelihoods of the world's poor.

The room for macroeconomic policies is largely exhausted. That means countries have to "go structural" to sustain growth. Removing wasteful fossil fuel subsidies and revisiting the tax mix can free up valuable resources and show how fiscal consolidation and climate protection can go hand in hand. For example, new OECD analysis has found that, if Annex I countries used carbon taxes or auctioned tradeable permits to achieve the emissions reductions targets they announced in Cancún, they could raise as much as USD 250 billion a year in extra revenues by 2020.

The OECD has been tracking bilateral donor financing for climate change for more than 10 years, and we have just released the data on aid for adaptation. Known as the “Rio Markers” system, tracking is based on detailed project-level reporting against carefully defined policy markers.

In 2010, preliminary figures show total bilateral aid flows from members of the OECD Development Assistance Committee (DAC) that support climate change objectives reached almost USD 23 billion, representing about 15% of total official development assistance.

One-third of bilateral climate change-related aid in 2010 was for adaptation (USD 9.3 billion) while two-thirds was for mitigation (USD 17.6 billion).

The experience we have gained in tracking this bilateral climate change-related aid will be an important input to the UNFCCC work to measure, report and verify all types of climate financing.

Ladies and Gentlemen, in this moment of crisis, people say charity starts at home. But unless you come from another planet, we have only one home. So we’d better take good care of it.