



**Implementing Copenhagen: business and regional government
in a new low carbon world
The Climate Group
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**Address by Yvo de Boer, Executive Secretary
United Nations Framework Convention on Climate Change**

Excellencies, ladies and gentlemen

After almost two years of negotiations, the final sprint to Copenhagen has begun. But while the political focus necessarily needs to be on the Copenhagen deliverables, life after Copenhagen will have to focus on taking forward and implementing that which has been agreed.

The question is, what will that entail. A successful outcome at Copenhagen needs to capture a level of ambition that matches the scale of the problem. An ambitious deal is an unequivocal requirement to stop climate change from taking lives and livelihoods and from reversing economic growth due to damages.

This will require an unprecedented level of cooperation, not only between countries, but also between different levels of Governments and the private sector.

Importantly, this will also require a major transition to a low-emissions pathway, especially of the world's energy sector, which is the largest contributor of CO₂ emissions.

The financial and economic crises have had huge negative consequences around the globe. But for the fight against climate change, there is a silver lining. According to latest data released by the International Energy Agency, the economic crisis has created a unique window of opportunity to shift the world energy sector onto a 450 ppm CO₂ equivalent scenario, which offers a 50% chance of keeping the global temperature rise below 2 degrees Celsius. There are two impacts:

1. Many investments in the energy sector have been postponed as a result of the economic crisis. This has also hit investments in renewable energies, but to a larger extent, it has affected investments into unsustainable technologies, which would have locked emission-intensive technologies into energy sectors for the next 20 or 30 years to come. As economic growth picks up again, it is critical to direct new investments into low-emissions infrastructure.
2. And the economic crisis has impacted emission trends to 2020. This year is projected to show a decline in emissions of 3%. As a result, emissions are projected to be 5%

lower in 2020 than estimated one year ago. Consequently, there is an opportunity to be more ambitious in adopting emission reduction targets at relatively low cost.

But the window of opportunity is small and will close rapidly if the right policies, measures and investments are not put in place now.

A major way to seize that opportunity will be an ambitious deal in Copenhagen. Copenhagen needs to create the basis for a legal and policy framework to enable a transition to a global green economy and to adapt to the adverse impacts of climate change.

Copenhagen does not need to come up with all the fine-print of a climate change deal. But it needs to ensure that the heart of an agreed outcome is functional and that implementation can swiftly begin.

To date, the negotiations have made good progress on a number of issues, including adaptation, reducing emissions from deforestation and capacity building. It is important that action on these issues can be rapidly implemented immediately beyond Copenhagen.

While the importance of these issues is beyond dispute, a Copenhagen deal can only lay the foundation for green, climate-resilient growth if the following political essentials are resolved:

1. Ambitious emission reduction targets by individual industrialised countries;
2. Clarity on the scope and scale of nationally appropriate mitigation actions by developing countries;
3. Significantly increased financial and technological support for both mitigation and adaptation actions in developing countries;
4. And an equitable governance structure to manage the support.

These essentials require further work and urgent progress. While most industrialised countries have put numbers on the table, they don't yet match what is required by science. And they are not yet ambitious enough to kick-start a green economic revolution. The level of ambition of industrialised countries basically needs to be increased.

Clarity on nationally appropriate mitigation actions by developing countries is also essential. They need to be enabled with the necessary financial and technological support.

The private sector has regularly called for ambitious emission reduction targets, so that they can make their investments with confidence.

The private sector needs to know and rely on the direction and ultimate goal of national and international climate policies. Ambition will increase the price of carbon and allow for value-added participation in the carbon market. It will also enable value-added investments. The private sector dynamics will flourish if Copenhagen sets ambitious emission reduction targets.

The Clean Development Mechanism under the Kyoto Protocol, which provides a vehicle to finance sustainable development projects, while reducing greenhouse gas emissions in developing countries has set an important precedent. According to a newly released study by the World Bank, the CDM has successfully leveraged millions of dollars of private investments with secure returns. Additionally, more than 1/3 of all CDM projects involve technology transfer accounting for about 60% of annual greenhouse gas emission reductions. Going into the future, it will be important to reform the CDM and look at the potential of new mechanisms to scale up in a major way.

Next to ambitious targets, a Copenhagen deal will not be implementable without a robust financing and support system. Convergence is emerging in the negotiations that such support will need to be generated from a mix of sources, including public and private sources.

It will be near impossible to rise to the challenge without significantly increased private sector involvement. And from what I have heard, the private sector stands ready to act, provided that the clear policy direction is there.

The private sector needs to be fully involved in the implementation of a Copenhagen deal, both in the long-run, as well as in quick-start implementation.

Both will require Governments and business to work in tandem. But this involvement has to be attractive to the private sector.

Next to clarity on the level of ambition, governments need to provide business with frameworks and partnerships, both at different level nationally and at the international. Specifically, this needs to include reducing the risk of initial investments and the establishment of an investor-friendly environment.

Public money can be especially effective if used to cover risks of initial investments. In other words, public money can be used to leverage a much larger amount of private sector money.

While there has been agreement that the Clean Development Mechanism will continue beyond 2012, it is very likely that additional new mechanisms requiring both public and private sector involvement will be created under a Copenhagen deal.

Technology cooperation is another area where the private sector is key. One possibility to be included in the outcome in Copenhagen is the creation of a technology mechanism to boost green growth and climate resilience in developing countries.

Such a mechanism would unleash technology cooperation between the North and the South including in research, development, demonstration, deployment, diffusion and transfer. Another of its aims would be to leverage private sector involvement in its operationalisation.

One possible way under a new technology mechanism could involve supplementing private sector initiatives that involve clean technology, with public funding to install technologies that are even more advanced.

But the real question is, what would the private sector need in concrete terms in order to participate and invest with confidence under such a mechanism? Would it be possible for the private sector to come up with action plans on what their involvement would require? This would provide a concrete indication on how to boost action.

Moving towards the immediate-term, it is clear that developing countries need urgent assistance both in adaptation and mitigation.

Copenhagen has to agree immediate action now and up to 2012. With respect to rapid implementation of those actions, it is clear that quick-start financing, possibly in the order of some 10 billion USD, is needed.

Rapid implementation will require Governments to do the necessary planning to identify both adaptation and mitigation actions in their national development plans. This will create environments that are conducive to private sector investment.

While much work still has to be done in the run-up to Copenhagen as well as to ensure effective implementation, I am convinced of two things: firstly, Copenhagen will deliver, and secondly, it will create new opportunities for the private sector.

But even when opportunity knocks, one still has to move to open the door. To seize the opportunities and to implement the Copenhagen outcome to benefit the climate, Governments and the private sector have to cooperate and achieve a clear understanding on what each needs to do to make it work.

This is an important step in the transition process from an unsustainable global economy to green, low-emissions growth.

Thank you
