

**Development dimensions of a new global climate change agreement
The Hague, 25 September 2008**

**Address by Yvo de Boer, Executive Secretary
United Nations Framework Convention on Climate Change**

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Ladies and gentlemen,

Thank you for this opportunity to address you on the current state of progress in the negotiations on strengthened international climate change action.

It was Albert Einstein who said: “We can't solve problems by using the same kind of thinking we used when we created them.” Nowhere is this more apparent than in climate change where new ways of thinking are needed on all fronts. This includes the focus of this symposium: the development dimensions of future climate change action.

New thinking in the development dimensions of climate change action become all the more critical when looking at the sector that is responsible for the largest share of CO₂ emissions: the energy sector.

We all know that development is impossible without energy. According to the IEA, global energy demand will grow by 55% by 2030. In the period up to 2030, the energy supply infrastructure world-wide will require a total investment of \$22 trillion, with about half of that in developing countries. If we do not manage to green these investments, to direct them into climate-friendly technologies, emissions will have gone up by 50%, instead of down by 50%.

Climate change action should not jeopardise developing countries' overriding goals of poverty eradication and economic growth. So, it is critical that the negotiating process opens the door for viable, climate-friendly economic growth on a global scale. And given that climate change impacts can hinder and undo development progress, Copenhagen 2009 also needs to deliver on adaptation.

The clock is ticking for the negotiations!

As you know, the Climate Change Conference in Poznan is just around the corner. Poznan is the half-way mark between Bali and Copenhagen. It represents an important moment for stock-taking on the one hand, and on the other, for advancing negotiations under the Bali Road Map and on-going work.

So where are we in the negotiations under the Bali Road Map? During 2008, Parties met at inter-sessional meetings and made progress by gathering ideas and clarifying their positions on many issues. Numerous Parties have brought proposals to the table and on many issues initial exchanges of ideas took place. Proposals included ways to boost adaptation, mitigation and the types of institutions that are needed to ensure progress on mitigation. At the last

inter-sessional meeting, the Accra Climate Change Talks, Parties agreed to compile proposals into a document, which could serve as a first version of a negotiating text at Poznan.

This is encouraging. Yet it is also critical that Parties go into full negotiating mode at and after Poznan. We need to face facts: there is still an enormous amount of work that needs to be covered if Copenhagen 2009 is to be ambitious, as well as cover the political essentials necessary to make it work. Many issues haven't nearly reached the stage at which they could be presented in initial negotiating texts.

And time is starting to run short: if Parties should agree to amend any existing legal texts, e.g. the Kyoto Protocol, these would have to be submitted six months ahead of COP15 - that is, in mid-2009.

At the same time, it is important to be aware of the fact that Copenhagen 2009 need not be a fully elaborated agreed outcome that provides details on all issues. Much of the necessary detail could be negotiated at later sessions, as was the case with the Kyoto Protocol and the Marrakech Accords.

Copenhagen 2009 needs to constitute the essence of a viable economic solution to climate change. It needs to pave the way for transforming the global economy into a low-emissions economy - in other words: it needs to ring in the era of global green economic growth.

Copenhagen 2009 needs to be a strong and ambitious policy framework that sets a clear overall direction for future global climate change action.

To succeed, we need clarity and progress on three key issues during the course of 2009: the legal nature of the agreed outcome in Copenhagen, the legal language and the political essentials that have to be met.

1. So, which parts of the Bali Action Plan need to be translated into a legal agreement of sorts, e.g. a second commitment period under the Kyoto Protocol, a new protocol, or a set of decisions, or all three?
2. What existing legal language can be incorporated into a new agreement? e.g. existing IPCC guidelines or reporting mechanisms;
 - o What existing language needs to be modified? e.g. the rules of the flexible mechanisms;
 - o And which areas are legal barren territory for which new legal language is required? e.g. mechanisms for adaptation;
3. What are the political prerequisites for a strong agreed outcome in Copenhagen?

To my mind, there are three political essentials that need to be clearly determined in the agreed outcome in Copenhagen in order to unlock the process. These are: the nature of the commitments, how financial resources will be mobilised and the institutional framework that will be needed to deliver the financial, technological and capacity building resources for both adaptation and mitigation.

1. The nature of the commitments:

Copenhagen 2009 needs to be clear on the level of ambition of industrialised countries, keeping in mind that industrialised countries need to continue to take the lead in reducing emissions. It is particularly crucial for the US to be fully engaged.

In 2007, Parties to the Kyoto Protocol agreed to work based on a range of emission reduction objectives of Annex I Parties of -25-40 per cent below 1990. This is in line with the most stringent IPCC scenario, and my hope is that this range can be confirmed at Poznan.

Copenhagen 2009 needs to be clear on the nature of mitigation by developing countries. Developing countries have clearly indicated that they are willing to do more, but that they need international support for these extra efforts; international support in terms of additional resources and technological assistance.

And for both developed and developing countries, Copenhagen 2009 needs to be clear on the types of mechanisms and incentives for mitigation.

The nature of the commitments and how to reach them are particularly important political elements for a number of reasons:

- for one, without ambitious targets by all industrialised countries, developing countries will not see why they should advance mitigation;
- and without meaningful engagement of developing countries, not all industrialised countries are willing to show ambition.
- In a nutshell: the more ambitious industrialised country commitments are, the bigger the financial and technological support will be, the more engagement we can expect from developing countries. And the more developing countries engage, the more ambition can be expected from industrialised countries.

It is this “chicken and egg situation” that needs to be unlocked in Copenhagen.

2. Which brings us the next point: How will the financial resources to unlock this situation be mobilised?:

To make real progress, we need to develop a clever financial architecture that will generate significant financial and technological support for both adaptation and mitigation.

And it needs to make developed countries’ commitments and developing countries’ actions run together like well-oiled cogwheels by spurring measurable, reportable and verifiable support for measurable, reportable and verifiable developing country actions.

The current carbon market structures are a promising first step in this direction. The higher the level of ambition of industrialised countries, the higher the level of e.g. technology transfer, or funds generated for adaptation through the Kyoto Protocol’s Clean Development Mechanism.

Valuable as this is, the current carbon market structures are insufficient to meet the challenge. The market is doing what markets do: it is picking the cheapest options and does

not guarantee an equal geographical distribution. There is a need for other ways of mobilizing financial resources.

The question then is: how could a funding mechanism through the carbon market be expanded? And: are there other types of mechanisms that could be established within the Convention to generate solid resources?

Another option would be mechanisms enabled through the rules of the Convention. An interesting example in this respect is the idea of auctioning emission rights to use the money to support adaptation activities in developing countries. Likewise, the EU has proposed auctioning off emissions permits for aviation and using the funds for the same purpose.

There may also be mechanisms outside the Convention, that are nonetheless linked to it.

3. The third political essential, the institutional framework to deliver financial, technological and capacity building support for mitigation and adaptation, is equally important.

What type of institutional framework would be needed to make sure that all the cogwheels turn together and deliver what they need to deliver? Parties are exasperated with the financial architecture. They want to be in control of the financial institution that delivers for mitigation and adaptation.

Copenhagen 2009 will only work if the political essentials are met or enabled by economically viable solutions

It is critical that Copenhagen 2009 matches up to science. However, the focus should not be on overall reductions needed, but rather on ways of unlocking the process. But finding economically viable answers that meet the political essentials will drive the process forward and ultimately raise the level of ambition of what Parties are willing to agree. And it would contribute to making the outcome in Copenhagen ratifiable.

So, at this stage, the primary focus needs to be on what needs to be achieved in Copenhagen on the political level through viable economic answers.

The Climate Change Conference in Poznan will be the first time that Ministers meet after Bali. As such, Poznan is an important opportunity for Ministers to give political guidance to the negotiation process before it moves into its final year.

Specifically, Ministers will be discussing the shared vision for long-term cooperative action. Ministers need not focus on the legal form of this in Poznan. It is however crucial that they focus on what long-term cooperation will look like in political terms. The legal form of this should be determined in 2009.

Furthermore, the political guidance from Ministers needs to aim at unlocking the process. In this context, it will be particularly important for developed country Ministers to show that they continue to be committed to taking the lead in global climate change abatement.

Advancing on some of the concerns that developing countries have, such as the funding mechanisms, will be critical for moving the process forward.

Current indications show that all Parties are committed to a strengthened outcome in Copenhagen that results in real reductions and has generous support mechanisms to make it work.

Getting back to Albert Einstein: This political will needs to generate new ways of thinking to unlock the process and to put in place policies that increase the economic opportunity in climate change action.

This needs to happen so that:

- ambition on all fronts of climate change abatement can be unleashed;
- so that the \$22 trillion investment into the energy supply infrastructure can be greened;
- so that climate change impacts can be kept manageable due to decisive action;
- so that development progress in developing countries can be upheld and increased;
- and so that we can enter the era of green economics.

Thank you

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