



**Climate Conference “Technologies & Targets on the Road to Mexico”
Bonn, 2 June 2010**

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

Ladies and gentlemen,

We are half-way down the road to Cancún. This session will be a first step towards completing work from Copenhagen.

At Copenhagen, the mandate of the negotiating group on long-term cooperation was extended for one year, in view of concluding at Cancún.

Parties are currently considering ways to arrive at a negotiating text which would capture progress made over the past two years and at Copenhagen.

Copenhagen significantly advanced the negotiations on the infrastructure needed for well-functioning, global climate change cooperation, including improvements to the Kyoto Protocol’s Clean Development Mechanism.

Negotiations almost reached agreement on a package on adaptation, a new technology mechanism, a capacity-building framework, action on deforestation and a governance structure for finance. This is currently being taken forward in the negotiations.

Of course, Copenhagen was also an important event because it raised climate change policy to where it belongs: the highest political level. More than 120 Heads of State or Governments met in Copenhagen to take climate policy forward.

Lastly, the conference produced the Copenhagen Accord, which is a clear letter of political intent to constrain carbon and respond to climate change, both in the short- and in the long-term. The Accord includes a 2 degrees Celsius temperature limit and a provision to review this by 2015.

It also includes short-term finance of USD 30 billion, with a balanced allocation between adaptation and mitigation planning for developing countries up to 2012. In terms of long-term finance, industrialized countries pledged to mobilize USD 100 billion per year by 2020. Current development assistance is insufficient.

All developed countries have submitted their 2020 targets with various base years.

38 developing countries have communicated information on their mitigation plans, either in economy-wide terms or in specific actions.

127 Countries have associated with the Accord.

Although targets and actions set out so far are insufficient, they nonetheless represent a clear indication that the world increasingly wants to move towards more sustainable, low-emissions economic growth.

This is particularly important for the energy sector, which is the largest contributor to global CO₂ emissions by far. Living up to the political intention captured in the Copenhagen Accord will necessitate embarking on decisive steps to transition the world's energy infrastructure onto a low-emissions pathway. And the ground is fertile for this.

According to the International Energy Agency (IEA), the economic crisis has created a unique window of opportunity to shift the world's energy sector onto a 450 ppm CO₂ equivalent scenario, which offers a 50 percent chance of keeping the global temperature rise below 2 degrees Celsius.

The IEA has also found that the economic crisis has impacted emission trends to 2020. 2009 is projected to show an overall decline in emissions of 3 percent. As a result, emissions are projected to be 5 percent lower in 2020 than estimated one year ago.

The European Union estimates that its emissions are 11.6 percent lower in 2009 compared to 2008 due to the recession.

The recession can contribute to driving structural change.
Why is that?

Many investments in the energy sector have been postponed as a result of the economic crisis.

In 2008 and 2009, this also hit investments in renewable energies. But to a much 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.

As economic growth picks up again, it is critical to direct new investments into low-emissions infrastructure.

Encouragingly, investments into renewables have picked up significantly since 2009. This is part of a growing movement towards what the financial sector has identified as a mega trend: private investments into sustainable development.

For example:

- Investments into renewable energies have soared in all regions since the second half of 2009;
- In Asia-Pacific, renewable energy investments increased by 172 percent;
- Whereas in Europe and the US, investments increased by 63 percent and 19 percent respectively.

My hope is that this trend will continue and will increase. Yet notwithstanding the importance of this trend, more than a mega trend is needed to achieve a 450 ppm scenario. Ultimately, policies, including climate policies, are needed to strengthen the transition to low emissions and to help the world fully embrace sustainable development.

Admittedly, the Copenhagen outcome did not provide the policy clarity that the business sector was hoping for. But it provides enough reason to continue the global sustainability trend and to move climate change action forward. And it provides enough progress, which can be taken forward to complete negotiations in Cancún at the end of this year.

Cancún can put in place a fully operational implementation architecture that makes it possible for all countries to engage in climate change action on all major issues: adaptation, mitigation, technology cooperation, reducing emissions from deforestation and forest degradation, and capacity-building.

To ensure that the implementation architecture delivers the rapid and wide-ranging results that it needs to deliver, the private sector needs to play a key role within it. This will necessitate unprecedented cooperation between the private sector and governments at all levels towards a common goal.

The Clean Development Mechanism under the Kyoto Protocol (CDM), which provides a vehicle to finance sustainable development projects while reducing greenhouse gas emissions in developing countries, visualizes the importance of private sector involvement in climate change action.

Since its prompt start, the CDM has successfully leveraged millions of dollars of private investments with secure returns.

If all CDM projects, including those in the pipeline, are realized, investments of up to USD 150 billion of essentially private funds will have been leveraged.

Additionally, more than a third of all CDM projects involve technology transfer, accounting for about 60 percent of annual greenhouse gas emission reductions.

Given that market mechanisms like the CDM contribute to greening investments and transferring technology, new ideas on market mechanisms are coming forward in the negotiating process. This includes ideas for complementing the CDM, possibly with mechanisms that are larger in scale. This year will be important for further developing these ideas and it would be valuable to get the private sector's views on this.

Additionally, Copenhagen made real progress on the establishment of a technology mechanism as part of the implementation architecture.

While negotiations on the mechanism have not been completed, there is emerging consensus that a technology mechanism will include a Climate Technology Centre supported by a number of regional units.

The functions of such a centre would include:

- Developing tools and policies for country-driven planning in support of the dissemination of environmentally sound technologies;
- The facilitation of public-private partnerships to accelerate the innovation and diffusion of environmentally sound technologies;
- Encouraging cooperative research between the North and the South.

The establishment of a Climate Technology Centre gives governments a clear opportunity to provide the private sector with specific partnership possibilities at the regional, national and international level.

This would create useful opportunities to drive action in a number of areas, including:

- Providing advice for establishing investor-friendly environments through policies or legal frameworks;
- Identifying ways and means to use public money to reduce the risk of initial investments;
- Identifying ways to use public money to leverage a much larger amount of private investments. This could entail supplementing private sector initiatives that involve clean technology with public funding to install technologies that are even more advanced.

Yet climate action, including action on technology, will not be implementable without a robust financing and support system. The Copenhagen Accord includes a pledge to mobilize USD 100 billion per year by 2020 to be mobilized from a variety of sources.

Mobilizing these funds will be impossible without private sector involvement. This is especially important given that private sector investments constitute 86 percent of investment and financial flows needed for an effective response to climate change.

The question that needs to be addressed urgently is: how can private sector and public sector funds play together most effectively?

Moving forward will necessitate that business too is clear about the shape and extent of their involvement in new mechanisms such as the technology mechanism.

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.

Overall, an operational implementation architecture is likely to create additional new opportunities.

As a result, it is important to get full clarity on the nature and scope of private sector and regional government involvement early on.

This means that governments at the national level need to provide clarity on what types of partnerships they see as necessary to achieve real action on climate change.

This session will hopefully see progress towards an implementation architecture. The aim needs to be to arrive at a practical and workable outcome at Cancún that boosts real action towards a safer, low-emissions future.

Thank you
