

**Speech to the Second Conference of Parties  
United Nations Framework Convention on Climate Change**

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Mr. President, Mr. Executive Secretary, Honorable Delegates, and Ladies and Gentlemen. It gives me great pleasure to address you today on behalf of UNDP and our Administrator, Mr. J. Gustave Speth.

**I. Introduction**

For UNDP, climate change represents a serious threat to the continued habitation of the earth. Your concerted work here is essential if humanity is going to be successful in averting the scenario of accelerated global warming.

**II. The Year Since CoP I**

According to the IPCC report, the most promising approaches to mitigating climate change lie in increasing both energy efficiency and the use of renewable energy. Recent developments have brought large and small-scale options in wind energy, modernized biomass, and solar electricity to a state where they are either economically competitive already, or are expected to become so within the near term. Energy efficiency is already the cheapest electricity supply source throughout the world. Renewable energy technologies would be even more competitive today if the social costs of production and consumption were included in the prices of conventional energy resources.

The IPCC report presents several low CO<sub>2</sub> emitting energy supply systems that could reduce 1990 carbon emissions by 2/3 at the end of the next century.

**III. Renewed Commitments and Revised Priorities**

IPCC's Second Assessment Report is extremely useful in demonstrating a way forward-- global warming has solutions. Governments can begin to take actions-- both individually and collectively-- that are required to bring about an

environmentally friendly global energy system. And yet, when we look at the actions being taken around the world, we find that they fall short of achieving the necessary preconditions for a sustainable future. What appears to be lacking is political will, financial resources, and the necessary capacity.

As a first step, governments need to create a level playing field between all energy supplies and between supply and demand. And yet, we find that renewable energy supplies are largely unsubsidized while conventional resources receive subsidies totaling more than US\$100 billion per year.

A second condition for a sustainable energy future is to begin enforcing the "polluter pays" principle. The environmental externalities associated with the continued use of fossil fuels are most often not accounted for in their price, again leading to an effective subsidy.

If the market economy is going to become an instrument for sustainability, one absolute pre-condition is that prices reflect the true costs of energy production and consumption.

A third condition for a sustainable energy future is for R&D in the energy field to focus on new approaches to energy efficiency and the accelerated development of renewable energy supplies. Less than ten percent of all R&D in the energy sector from around the world is now in support of energy efficiency and renewables, an appallingly low figure.

Under the Convention, the onus to take action lies particularly with the OECD countries. It is they who have used up the assimilative capacity of the planet for greenhouse gases. The OECD countries have both the financial and technological resources to respond to this awesome challenge. And yet, their leadership to date has been found wanting.

I would urge all nations of the world to recommit themselves to the objectives of this Convention. For the countries in Annex I, the responsibility is clear. The burden of leadership is yours. Well we might ask, "If the OECD countries do so little, why should the rest of the world bother doing anything at all?":

#### **IV. UNDP's Commitments**

All Parties to the Convention are obliged to cooperate toward achieving the goal of GHG stabilization. UNDP's mission is to work with the countries not listed in Annex I in conforming to the requirements of the FCCC and in pursuing their own national development priorities. UNDP believes that its role is to help countries formulate sustainable energy policies, to build capacity, to help countries identify "win-win" projects for funding, and to work closely with

countries to meet their communications obligations under the FCCC. We plan to expand our programmes related to climate change.

UNDP has a long history of supporting countries' national development plans. From 1990 to 1994, UNDP supported more than 260 energy sector projects valued at over US\$250 million. Over the past year, UNDP has announced its Sustainable Energy Initiative which focuses on helping countries to increase the efficiency of energy production and use and to expand the use of renewable sources of energy. At present, UNDP is working with its more than 130 programme countries to try to incorporate these principles into the Sixth Programming Cycle.

In view of next year's follow-up conference to Rio—and being aware of the serious threats to the atmosphere as well as the environment because of conventional energy policies—it is our aim to promote partnership with multilateral as well as bilateral agencies—and indeed with governments, the scientific community and private sector—to advance efforts aiming at efficiency and renewable energy strategies. In our opinion, there is an urgent need for a Global Energy Partnership, focusing on efficiency and renewables. We will do what we can to promote such a concept in the coming months.

As an Implementing Agency of the GEF, UNDP is working closely with the interim financial mechanism to provide technical assistance and capacity building. In general, we are proud of our involvement and achievements so far within GEF. However, just as the UN system is being criticized for cumbersome procedures, we believe improvements in the way GEF functions could be made. All of us actively involved in the GEF—the Council, the Secretariat, UNDP, UNEP, and the World Bank—have to continue to do what we can to strengthen GEF and support it to become a more flexible, responsive and catalytic effort. At UNDP, we are currently attempting to simplify our own project approval process. We believe the same would be possible within GEF. This being said, considerable progress has been made. During the past year, GEF has defined its initial Operational Strategy to include two programmes which focus on removing barriers to “win-win” projects in energy efficiency and renewable energy. Our portfolio under the GEF is growing in these areas, and we stand firmly committed to the principle that all projects must be truly “country-driven”.

UNDP has become the primary provider of enabling activity support to non-Annex I Parties under the UN-FCCC. In this role, we have hosted two of the first three meetings of the CC:FORUM. We hope that during the course of this meeting, the guidelines for communications from non-Annex I countries can be finalized so that those Parties with early deadlines can begin to work in earnest to meet them.

At present, UNDP has a portfolio of enabling activities which covers over 50 countries and accounts for nearly US\$40 million of GEF resources. In examining these activities over the past several months, we have become concerned with both the timeliness and the effectiveness of these activities. We have taken steps to accelerate the approval process for climate change enabling activities within both the UNDP and the GEF project cycles.

With respect to the effectiveness of UNDP's enabling activities, I am pleased to announce the development of a new programme to ensure timely and effective technical assistance and training for all non-Annex I countries preparing their first communications with the CoP. This Climate Change Support Programme has been designed in close collaboration with the Climate Change Secretariat to ensure that all countries receive enabling activity support in a timely and effective manner. This support must take into account country-specific needs and still avail itself of regional cooperation and shared approaches. We welcome the opportunity to discuss our proposed support programme with you over the coming weeks.

As an agency committed to improving the lot of the poor in developing countries, climate change presents us with important challenges and requires a significant commitment of our time and resources. UNDP has taken stock of its role and is increasing its commitment and activities in the climate change arena.

## **V. Need for Momentum**

On behalf of the United Nations Development Programme (UNDP) and its 138 country offices around the world, I would like to wish you well in the challenging task which faces you the secretariat as well as all delegates over the coming days.