



**16th Annual Chatham House Conference on Climate Change
Climate Change: Security, Resilience and Diplomacy
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**Statement by
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Ladies and gentlemen,

I hate to start on a sobering note, but there is no hiding the fact that we are facing increasingly compounded global challenges:

- population growth
- water and food crises
- resource scarcity
- energy insecurity
- environmental depredation
- debt and jobs crises

... and as if those were not enough, we know that climate change can become an amplifier and multiplier of those challenges. Unchecked, not only will climate change wipe out all development progress that has been achieved over the past 25 years in particular in developing countries, but it could also catapult us over an environmental tipping point beyond which our computers cannot even model...

The developmental irony of this is the fact that the only way to regain energy security, stabilize water and food availability, and avoid the environmental tipping point toward the worst is to accelerate the economic tipping point toward the best, toward the point beyond which low carbon living is the norm not the novelty, the point beyond which we have created and cemented a new economic and social paradigm that will support our growing population without depleting our planet.

We are not there yet, but I suggest to you that the climate change process is creating that paradigm and that we are on our way...

Climate process- where are we?

The pains and sorrows of Copenhagen are well known, but what is less known is that the climate process has made more progress in the past two years than over the past ten.

It has:

- constructed a response that aspires to address the full gamut, from emission cuts to adaptation;
- constructed a new global infrastructure to achieve that; and
- added climate change to the very short list of human issues for which a truly universal response can and will be made.

You asked me to address three basic questions:

- What progress has there been on key points after Durban and what are the key outcomes of the ADP?
- What are the proposed approaches for enhancing mitigation ambition?
- What new alignments have emerged from the international climate talks?

Let's look at each in turn.

Progress in the Process – for the policy junkies

After Durban, governments came into 2012 with specific objectives under three negotiating tracks:

- Kyoto Protocol
- Long-term Cooperative Action under the Convention (LCA)
- New Durban Platform

Distilled, these objectives are:

- usher in the Second Commitment Period of the Kyoto Protocol on 1 January 2013;
- finalize the negotiation stage of the LCA and push the global infrastructure being constructed under the LCA into implementation stage; and
- adopt a new, universally-inclusive and legally-based agreement by 2015 to start from 2020, and raise ambition to reduce emissions and support developing countries without delay

These objectives are aimed at closing the three key gaps in the international response:

- KP – close the regulatory gap between the first and second commitment periods of the Protocol;
- LCA – close the gap in financial support to the developing world between 2012, which constitutes the end of fast-start finance, and ramp up of long-term support of \$100 billion per annum by 2020; and
- ADP – close the ambition gap before and after 2020.

Since I went to school in this marvellous city, I cannot resist the temptation of falling into an academically-inspired grading exercise. Frankly, governments have a B for good effort, but not yet an A for achievement.

Hopefully, because they strive for an A, during this year they have been making progress to set a firm base for decisions in Doha. Let me summarize this year's progress:

Progress under KP

In order to usher in the second commitment period, we now have:

- elements of a final decision as they might appear under the Doha Amendment, including legal options;
- a better understanding of what to do to resolve differences over the second commitment period length; and
- a forthcoming negotiating text in good time before Doha.

Progress under LCA

We now have:

- progress to clarify different views on long-term finance;
- better traction in the work to launch the Green Climate Fund;
- progress on a new market-based, and other possible mechanism; and
- the shape of the scientific Review from 2013 – the reality check.

Progress under ADP

Under this very incipient negotiation track we have preliminary ideas on:

- broad contours and architectural features of the new agreement; and
- first thoughts on how to deal with differing national circumstances in shaping an effective, fair, ambitious agreement.

We have also received many proposals from governments, IGOs, NGOs and business groups on how mitigation ambition could be enhanced without delay. The proposals reflect three general approaches which are not mutually exclusive:

- increasing the ambition of existing mitigation pledges;
- increasing the number of countries making pledges; and
- recognizing additional supplementary actions and initiatives taken at subnational, national and international levels.

The first two increase the breadth and depth of pledges, including general agreement that:

- developed countries should move to the top of their pledge ranges. (current gap is about 6 to 11 Gt CO₂e; would help to narrow current gap by 2–3 gigatonnes CO₂e); and
- developing countries need adequate support to move ahead.

The third involves national, regional and multilateral initiatives that complement the formal UNFCCC process, including:

- strengthening cooperation on enhancing renewable energy and energy efficiency;
- transport emissions under ICAO and IMO;
- phasing out inefficient fossil fuel subsidies (G20); and
- cooperation on addressing short-lived climate pollutants and HFCs

The use of markets to help all stakeholders by reducing the costs of mitigation is also highlighted in the proposals.

All of this is encouraging, but going forward we need more concrete results – especially on mobilizing the private sector.

Private sector

So let me also address the alignment of the private sector.

Good policy is emerging at both international and international levels, but the signal is not yet strong enough to accelerate the clean energy revolution to the pace and scale that is needed for the tipping point.

The private sector is getting aligned, showing that revolution has started:

- renewable energy contributes more now to energy consumption growth than oil, in large part due to the dramatic reductions in clean energy costs;
- investment per annum in clean energy may soon surpass that in traditional fuels – in 2011 it had hit a total of one trillion dollars and rising;
- Bloomberg recently pointed out that there is a clear trend for major industries to take the lead in clean energy markets, putting the full weight of their advanced capabilities in quality assurance, cost engineering and investment planning; and
- more and more major companies around the world are recognising climate change as the biggest medium- to long-term risk and opportunity, disclosing and reducing their own carbon emissions, and designing mitigation and adaptation strategies because they benefit the bottom line.

So the momentum for change is growing, but what is still missing to get us to the low carbon tipping point?

- fiscal, regulatory and monetary policy coordination that sets climate risk firmly in the context of national economic and security planning;
- clear policy frameworks in which business can and must act – you can't encourage high-carbon business with one hand and low-carbon business with the other;
- new thinking on climate-related, long-term debt financing that attracts more large institutional investors;

- using public funds to de-risk and leverage private funds into developing world projects at a very large scale; and
- finally – and perhaps most importantly – a much clearer carbon price signal. The good news is from 2013, pricing schemes are expected in 33 countries, and 18 subnational jurisdictions, covering 20% of emissions.

Development lens

None of this erases the differences among countries. In fact, creating the new low carbon paradigm is perceived through different lenses depending on the current level of development.

- industrialized countries have to dramatically reduce their emissions while adjusting to their debt and their stressed demographics;
- emerging powers need room to grow out of poverty in a balanced way, to ensure future security of energy and resources without conflict; and
- the poorest and most vulnerable countries need the support to leverage technologies that already exist to leapfrog into sustainable economies without the environmental and budgetary burdens of the old growth model.

The only way for all to achieve their goals is to use the evidence we already have of climate change, not to fall into the despair of doom and gloom, but rather to accelerate the energy revolution, to produce cleaner and more efficiently, to consume more consciously.

Ladies and gentlemen, the evidence of climate change is the alarm bell of an impending disaster, but the solutions to climate change are conform with the path toward future stability and healthy growth.

Let me conclude by debunking two myths:

- Myth 1: The path forward is either a top-down (intergovernmental regulation) or a bottom-up exercise (domestic policies, business action, public engagement). The fallacy is as simplistic as asserting that a large ship needs either a captain on the bridge, or powerful motors in the engine room. To my friends in the policy world, I say: the path forward is the result of concurrent, mutually reinforcing efforts that help us to spiral up toward the tipping point of transformation.
- Myth 2: The impetus for movement comes from the desire to “save the planet”. Much as my soul sings to the tune of Michael Jackson’s “Heal the World,” to my friends in the environmental advocacy world, I say: the impetus for the transformation comes from the growing realization of each country that it is in its own self-interest to use its own local clean energy sources, to eliminate wasteful use of energy in all its forms, to provide access to clean energy to those who do not have it. The impetus comes as soon as we change our engagement from a “you first” attitude to “first mover” ingenuity, as soon as we understand that far from being a burden, solving climate change is actually a compelling opportunity.

And to all of you, I ask: what are you doing to accelerate the tipping point? Because you see, no matter what your day or night job is, each of us carries the responsibility for determining the future. So what are you doing to determine that future?

Thank you.
