

# The UN Foundation and the Climate Change Challenge

Duncan Marsh, UN Foundation

UNECE Special Session on Kyoto Protocol,  
Energy Efficiency and Climate Change

Geneva, June 29, 2005

# Confluence

- Attention to Climate Change...
  - ... and to linkages with Energy Security
  - *Uncertainty*: even with the confluence of rising oil prices and greater business interest in climate change, real solutions to the climate challenge are still dependent on government intervention
  
- Attention to Global Poverty
  - Combination of MDGs; G-8; natural disasters; trade conflicts; concerns over instability
  - *Uncertainty*: More aid may flow, but *how* will it flow? And how will rising energy prices affect developing countries?

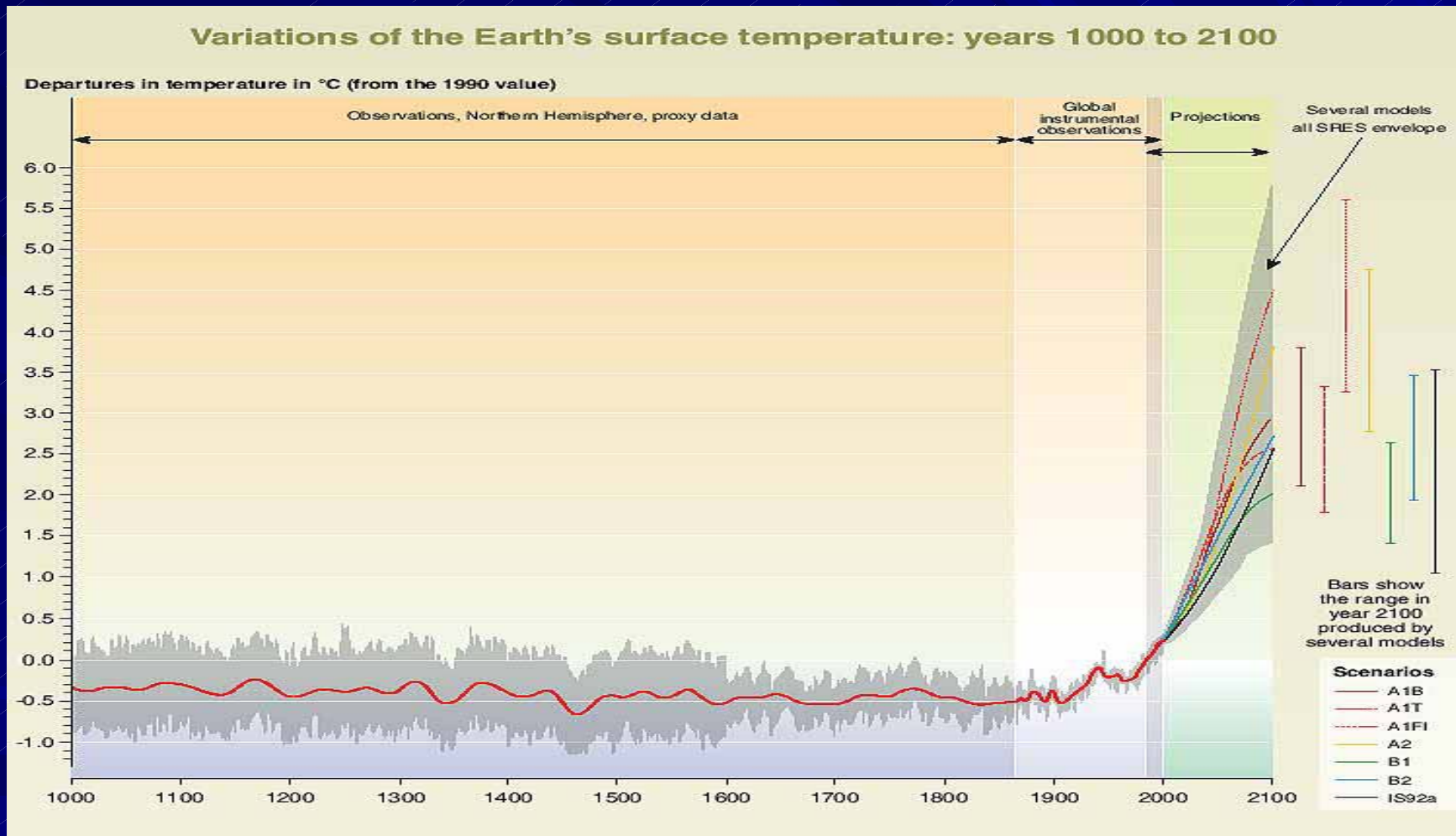
# The UN Foundation's Mission

- Promote a more peaceful, prosperous, and just world through support of the United Nations (UN)
  - UNF is a public charitable foundation established by businessman and philanthropist Ted Turner (original intent was to repay the US debt to the United Nations)
- Working with UN to promote innovative public-private partnerships to address critical international challenges and further the Millenium Development Goals
- Global portfolio: over 335 projects in 122 countries valued at \$645 million covering four priority areas:
  - Children's Health (48%)
  - Women and Population (19%)
  - Environment (22%)
  - Peace, Security and Human Rights (7%)

# UNF's Climate and Energy Program

- Twin goals: to move the world to:
  - 1) mitigate global climate change; and
  - 2) improve energy access for the world's poor
- Support sustainable energy development in developing countries through grant-making (~45 projects worldwide)
- Promote innovative market-oriented strategies that enable the private sector to invest in renewable energy and energy efficiency projects
- Build partnerships between the UN and its agencies, non-governmental organizations (NGOs), and the private sector
- Strategic opportunities to mobilize policies and finance

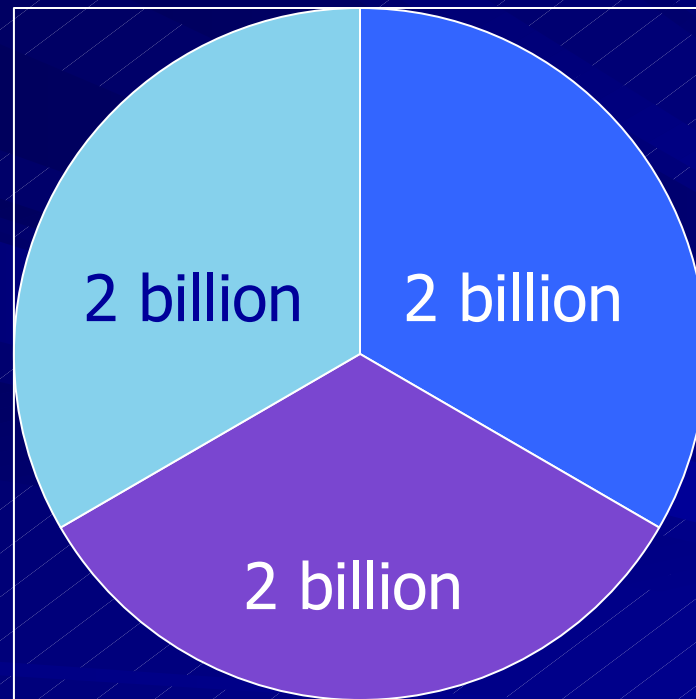
# Rising Temperatures



# GHG Concentration Trends

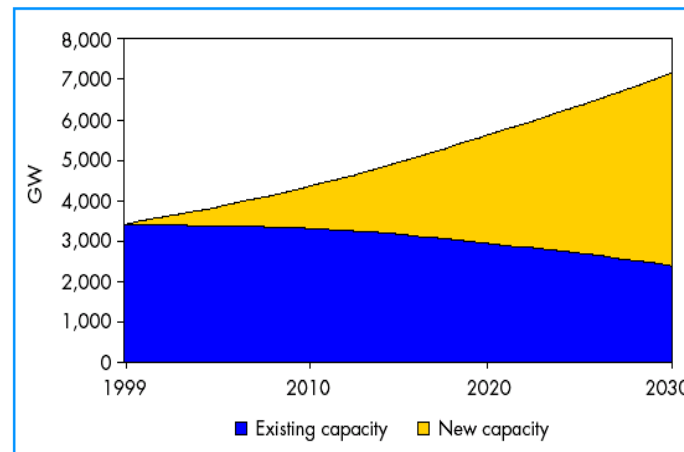
- For over 400,000 years, CO<sub>2</sub> concentrations below 300 parts per million (ppm)
- At beginning of industrial revolution (~1850): <280 ppm
- Today: 378 ppm
- Current trajectory: ~900 ppm (*higher than in the last 50 million years*)
- → A grand experiment with the earth's "envelope" that creates conditions for life.

# Access to Modern Energy



# The Opportunity Is Now

## World Installed Electricity Generation Capacity



**By 2030, almost 2/3 of installed capacity will have been built after 2000.**

# UNF Climate/Energy Program Activities

- Energy Efficiency
- Policy Initiatives (International & U.S.)
  - includes capacity building for CDM
- Rural Renewable Energy Access
- Financing Mechanisms (energy investment funds, SEFI)
- Investors and Climate Risk

# UNF Energy Efficiency Programs

- Support for EE21
  - Major investor in 1<sup>st</sup> stage
  - 2<sup>nd</sup> stage: Evolution to investment fund to leverage private investment; partnership with UNECE, FFEM, GEF
- Standards & Labeling for efficient appliances
  - CLASP program - active in China, India, Mexico, Ghana, Poland
- Energy-Efficient Industrial Motor Systems (China)
- Solar Water Heaters in China

# Promoting Effective Action on Energy Policy and Climate Change

- Support for UN Initiatives:
  - World Energy Assessment / WSSD
  - Millenium Ecosystem Assessment
- Investors and Climate Risk
- Energy Future Coalition (EFC)
  - targets primarily U.S. energy policy reforms
- International Climate Change Task Force
  - Provided input to UK government for G-8 process, as well as broader strategic views

# A Changing Investment Climate

- Businesses positioning for change
- Climate Risk and Investors

# Businesses positioning for change

- Compliance with Kyoto, EU's ETS, etc., may be influencing behavior, attitudes
- Insurance industry interest
- In the U.S., voluntary movement is building, and recognition that carbon constraints are "a matter of time":
  - GE's EcoMagination announcement
    - GE op-ed in FT yesterday
  - Duke Energy's call for a carbon tax
  - Cinergy, AEP reports on risk implications of climate policy scenarios
- Utilities, industry want policy certainty to make investment decisions

# Climate Risks to Investors

- Investors beginning to demand that companies disclose and account for climate risk
- *Climate Risk* = both direct physical risks of climate change and *regulatory* risks
- 2<sup>nd</sup> Institutional Investor Summit on Climate Risk – May 10, 2005
  - Convened by institutional investors (pension funds) in US & Europe, UNEP, UNF and Ceres
- 24 large pension funds announced 10-Point Action Plan:
  - Commit \$1 billion to clean energy investment
  - Require their investment managers to describe their strategies and resources for assessing climate risk
  - Will assess Top 100 companies for climate risk disclosure performance
- Similar movement growing in Europe

# Energy Future Coalition

- Bipartisan, high-level coalition of industry, labor, environmentalists, national security leaders
- Formed after 9/11 around 3 major challenges: energy security, climate change, energy poverty
- Six working groups:
  - Transportation (biofuels; efficient vehicles)
  - “Smart” Electricity Grid
  - End-use efficiency
  - Cleaner coal
  - International

# U.S. Policy Context

- Change is in the air...
  - Climate change receiving far greater attention than ever before
    - eg, U.S. Senate deliberations on energy bill
    - U.S. states' actions
    - Business actions and public pronouncements
- ... but expectations for multilateral cooperation must be realistic

# U.S. Senate resolution:

- “Sense of the Senate” resolution:

- Voted 53-44, that: “Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that—

- (1) will not significantly harm the United States economy; and
- (2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.”

- Bipartisan support

“Tradable allowances for greenhouse gases may one day become the world’s biggest commodities market.”

– *Newsweek*, 8/27/01

# Thank you

Duncan Marsh

[dmarsh@unfoundation.org](mailto:dmarsh@unfoundation.org)

(202) 887-9040

[www.unfoundation.org](http://www.unfoundation.org)

[www.energyfuturecoalition.org](http://www.energyfuturecoalition.org)

Supplemental Slides

Supplemental Slides

# Policy Pathways to a Cleaner Future

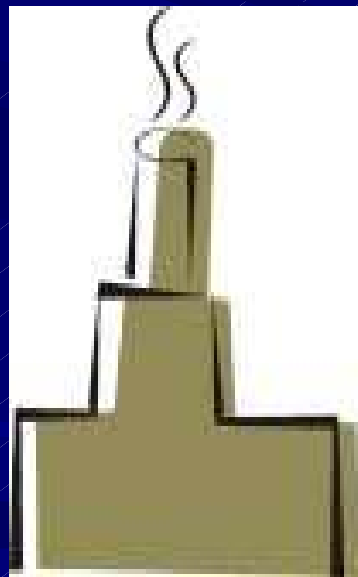
- International Policy Frameworks:
  - Climate Policy: UNFCCC / Kyoto Protocol
  - Complementary Levers to Reduce GHG Emissions:
    - Energy Policy
    - Urban Planning & Transportation
    - Increasing Financial Flows to Cleaner Technologies Deployment
- U.S. International Climate/Energy Policy
  - U.S. needs to develop national action; then, with US commitment to multilateral efforts
  - Foster linkages among US, other emissions trading systems
  - Need *near-term deployment*, not just long-term R&D
- Other actors/levers: Investors and financiers

# Emissions Trading 101

Policy Goal: 2000 Ton Reduction

CO<sub>2</sub>E Reductions Cost \$2/ton  
Extra 1000 tons = \$2,000

CO<sub>2</sub>E Reductions Cost \$6/ton  
1<sup>st</sup> 1000 tons = \$6000



Company 1 - Seller

SELL



BUY

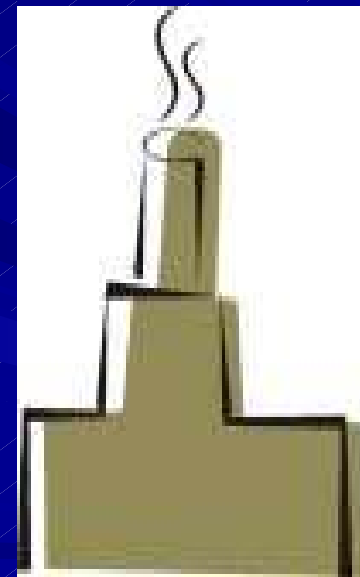


1000 tons CO<sub>2</sub>E at \$4/ton  
= \$4000

\$2000 Profit

\$2000 Savings

**100% Compliance**



Company 2 - Buyer