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**Economic and Social Council
2008 High-level Segment**

***High-level Policy Dialogue with the international financial
and trade institutions on current developments in the world economy***

**Statement by
Mr. Achim Steiner
UNEP Executive Director**

**Monday, 30 June 2008
United Nations Headquarters**

Thank you very much Chair, President, ladies and gentlemen,

I believe that here at ECOSOC is perhaps one of the places in our international system where we can make the connection between some of the issues that you have alluded to this morning in terms of financial crises, food crises, energy crises, oil price crises.

These are a series of phenomena essentially summarized under the context of vulnerability, less predictability and also disruption in the international economy.

On behalf of UNEP I would like to emphasize that much of the work that we do today in the environment programme of the United Nations is an integral part of trying to address the sustainable development agenda and by extension also the world economic outlook.

Many of the issues we have touched upon this morning touch upon essential elements of environmental change, natural resource use, and the way markets are trying to rationalize what are trends and predictions about the future state of the global economy related to access to resources.

Many of you have alluded this morning to fundamental transformations occurring at national, but also at international level in economic terms.

UNEP would like to align itself very much with this discussion because we believe that many of these phenomena point to long-term development trends that are indeed inextricably linked to the way that our economies today are either investing, or not investing, in certain pathways.

It is also my hope that in ECOSOC we can perhaps begin to reconnect some of the strands of the debate about sustainable development that are increasingly suffering from perhaps an unintended consequence—one that has perhaps arisen as a result of the terms social, economic and environment that do not necessarily always come together when we talk about sustainable development.

I would like to do this by one example which has featured very prominently this morning and this is the economy in terms of energy.

UNEP will tomorrow publish the Sustainable Energy Finance Initiative Investment Outlook 2008. It is an annual product in which UNEP, together with the financial industry and the energy industry, captures the total level of investment in renewable energies worldwide.

The report will indicate yet another record breaking year in 2007, with over 60% growth rates.

The total investment in renewable energies worldwide last year was \$150 billion, not million but billion dollars and this has increased by \$33 billion just in 2005.

It's a trend that took a slight knock in the first quarter of this year because clearly the turmoil in financial markets is not helping. But already indications are that in the second quarter of 2008, the upward trend in this sector is holding.

It may come as a surprise to some because very often renewable energy has been seen as marginal and perhaps a step too far for some market commentators.

But last year over one fifth of total new power generation in the global electricity system was in fact an investment in the renewable energy sector, a total of 31 gigawatts of installed capacity.

And this is not a trend that is only relevant to developed economies, it is in fact a trend that is accelerating even faster in developing economies.

China, India and Brazil's share of investment increased from 12 percent in that total in 2004, to 22 percent in 2007. That means over one fifth of total world investment to the tune of over \$150 billion last year was in three developing economies alone.

Why do I mention this? This morning our first panel addressed the issue of how we link the response to climate change and sustainable development and indeed the broader development agenda.

I would like to emphasize that in looking forward in addressing some of the transformations -- and in responding to some of these crises, vulnerabilities and risks -- we need to look at the opportunities of transformation through the lens of sustainability.

In essence that means nothing less or nothing more than more efficient, more effective, more intelligent use of the available resource base.

Many of you have alluded to it this morning yet it strikes me that all too often in the discussions surrounding individual sectors--be it agriculture, energy or water supply -- we rarely look in terms of these investment logics and how they should influence public policy making.

This 'missing link' is as relevant to the Doha trade round talks as they are in the Monterrey discussions or indeed the UN Framework Convention on Climate Change negotiations that are currently underway.

In responding to some of these transformative challenges, we also need to understand that they are not only risks, but recognize that risks also provide opportunities.

The response to climate change can no longer be reduced to those who can afford to respond to it and those who cannot, at least not in the mitigation sector.

I certainly would agree that in the adaptation sector, we are all lost for credible answers at this point.

But in the mitigation field, if we look at some of the statistics I presented to you just now, we can see that the transformation in the energy mix and in the energy investment patterns of the next decades can fundamentally address climate change but also the Millennium Development Goals and the development agenda in the traditional sense.

Dr. Pachauri, the Chair of the Intergovernmental Panel on Climate Change established by UNEP and the World Meteorological Organisation, provided the example this morning the simple but transformative example of solar power in villages.

It is quite clear that even with enormous infrastructure investments over the next two decades we will not reach the vast majority of those who are unconnected to electricity grids today.

If you truly want to achieve a change in access to energy and electricity in particular, looking at the renewable energy sector is not a luxury, it is in fact a pre-condition.

We will also diversify the energy mix and therefore address the overdependence of countries on one or two particular sources of energy.

We will achieve a reduction in carbon footprint, we will give impulses to innovation and to job creation, we will reduce the balance of payments pressure on economies in terms of the oil price and we will also reduce the pressure on future markets for hydrocarbons and thus hopefully have an impact on the price.

My simple point in using the energy example is that as we look at the future economic outlook for the world economy, we have a unique opportunity in the next two years to look at the energy economy, the response to climate change, and indeed the development agenda as an integral package.

So I appeal to national governments but also the international financing institutions to take a more proactive approach -- one that rapidly evolves coherent policy frameworks and incentives that in turn support the lead being taken by investors and financiers in terms of renewable energy markets.

We have the opportunity, during this moment of a potential economic downturn or even recession to look at economic stimulus packages in a new way—a way that looks at the energy sector from a different and more sustainable perspective than we have done over the last 30 to 50 years.

This is where the work of the United Nations Environment Programme, together with others such as UNIDO, UNDP, other parts of the UN system, the World Bank and the regional development banks have a critical role to play in enabling more intelligent and far-sighted investment packages.

Indeed scaling-up and mobilizing such investments could be one of the critical connections that would allow the crucial UN climate convention meeting in Copenhagen in 2009 to not only deliver a credible and supportive package from a developing country perspective but also a credible contribution to achieving the Millennium Development Goals.

That, Excellencies is a small but perhaps relevant contribution as we look towards how world economic outlooks; major economic transformations and the agendas of the day can perhaps be turned from hand-ringing into real and meaningful opportunities for doing business differently and making the 21st century, the sustainable century.

Thank you.

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