

Low Carbon Development in Asia-Pacific: Role of the Private Sector

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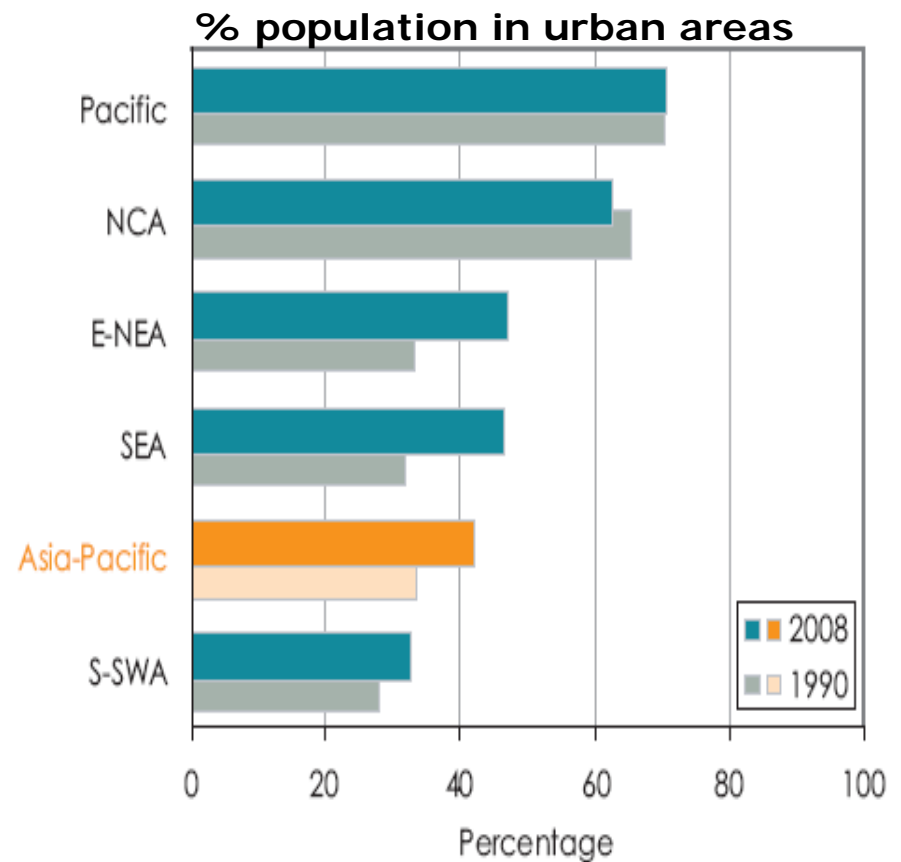
OECD/ESCAP Regional Conference on Corporate Responsibility

“ Why Responsible Business Conduct Matters”

2-3 November 2009, Bangkok, Thailand

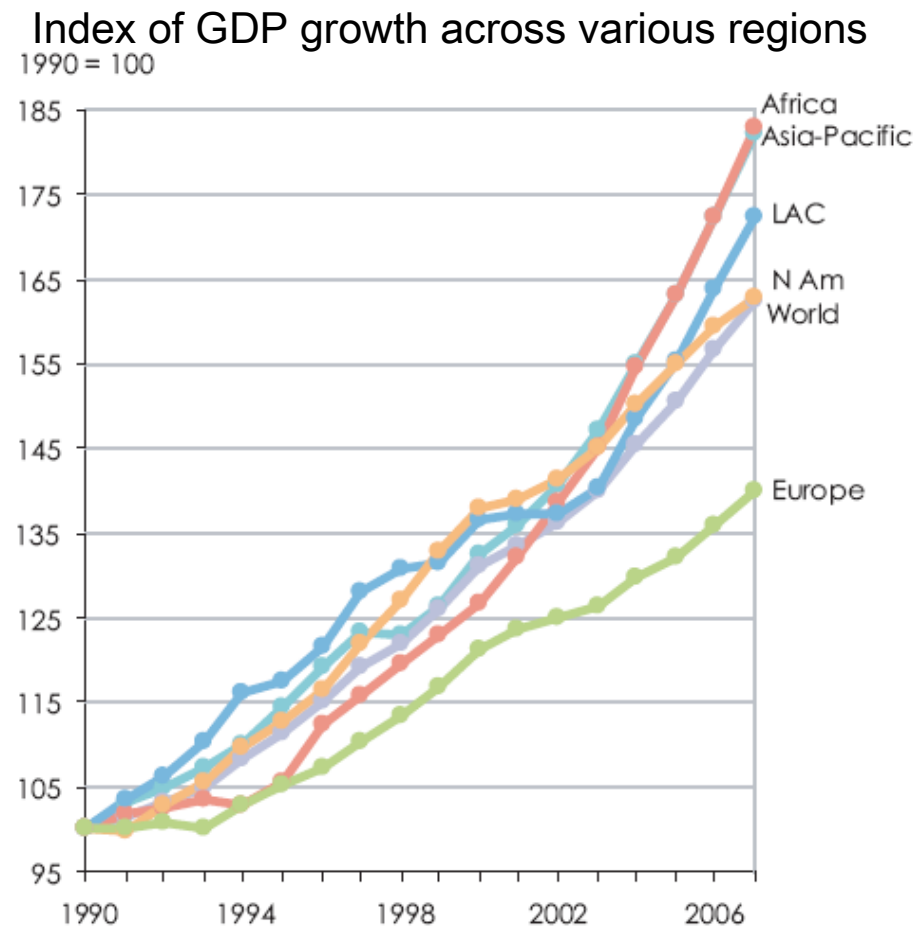
Overview of the Asia-Pacific Region

- The most populous region of the world
 - 61% of total world population
- Demographically diverse
- Second highest rate of urbanization



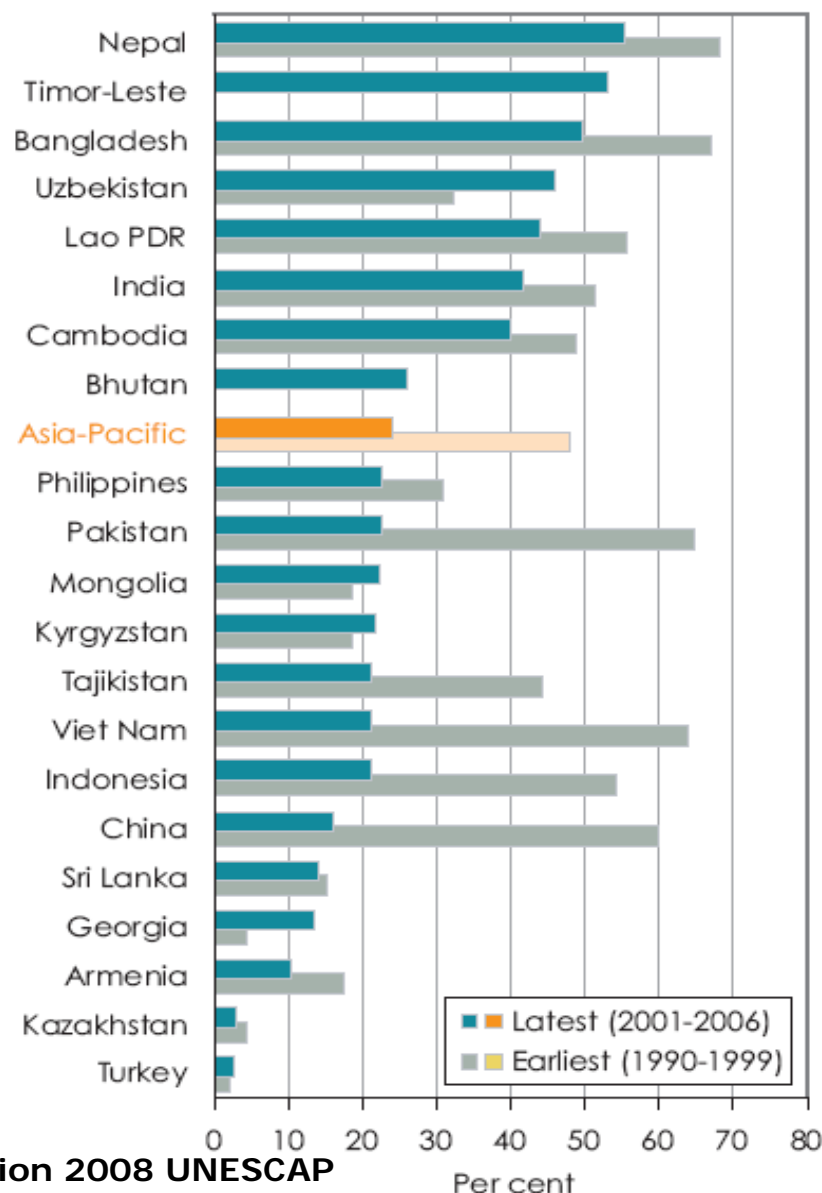
The Fastest Economic Growth Region

- Region contributed 27.6% of the global output
- Variation in growth rate across countries within a region
- China contributes 20% of the region's GDP and India 8.9 %
- Share of agriculture in GDP steadily declining, being replaced by industry



Critical Challenges- Poverty Levels Population below USD 1.25/day

- Substantial improvement in the poverty levels over the years
- However, still a large number of population below poverty line
- Most populous countries still have high levels of poverty



Critical Challenges - Energy & Environment Nexus

- **Conventional environmental / health effects from energy production / transport /use
= Air, water and soil pollution and waste problems**
- **Increasing concerns over environmental sustainability, particularly climate change**
 - **GHG emission**
 - **Impacts (environment, health, resources, economy, social, security, etc.)**

A Paradigm Shift Needed

Environmental Sustainability

- **Most experts agree on the need for stabilization of CO₂ concentration at 450 ppm and 500-550 ppm at the highest (CO₂ was 382 ppm in 2007)**

Economic Security

- **Region is heavily dependent on fossil fuels**
- **Vulnerability for uncertainty in supply / price**

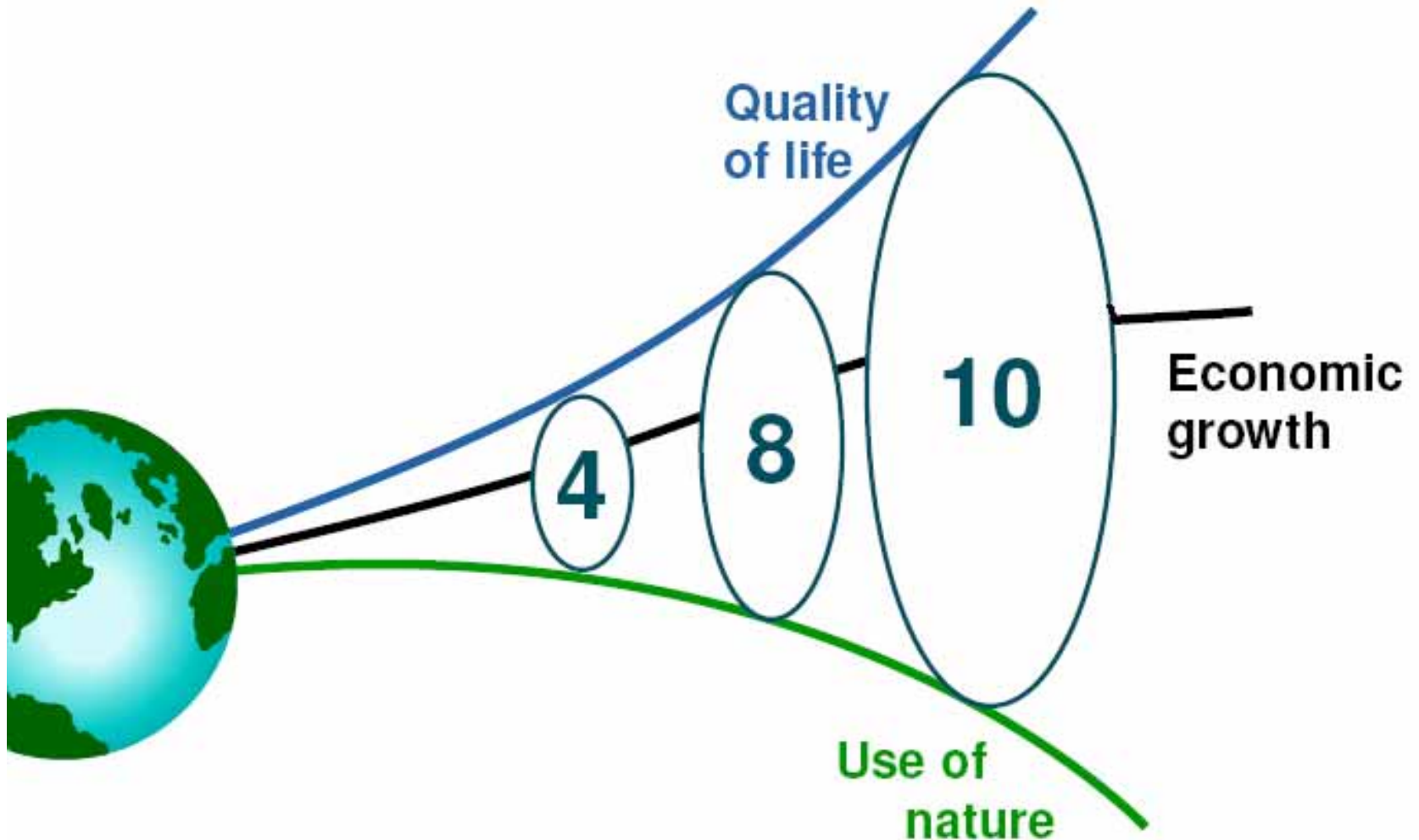
Opportunity

- **Meeting basic demands with minimal environmental externality / economic risks (eco-efficiency)/decoupling**
- **Emerging trend towards knowledge and service-based economies**

Green Growth/LCDP

- Intersectoral restructuring can address economic opportunities
- Gains in efficiency and better fit with arising economic opportunities –green and low carbon growth
- Co-benefits and ancillary benefits with domestic air quality and increased (dynamic) competitiveness
- Making the most of the Asia-Pacific transition to services and their attached low carbon components
- Increase climate resilience and enhance adaptation
- Another way of addressing long term sustainable development

Decoupling Economic Growth & Natural Resource



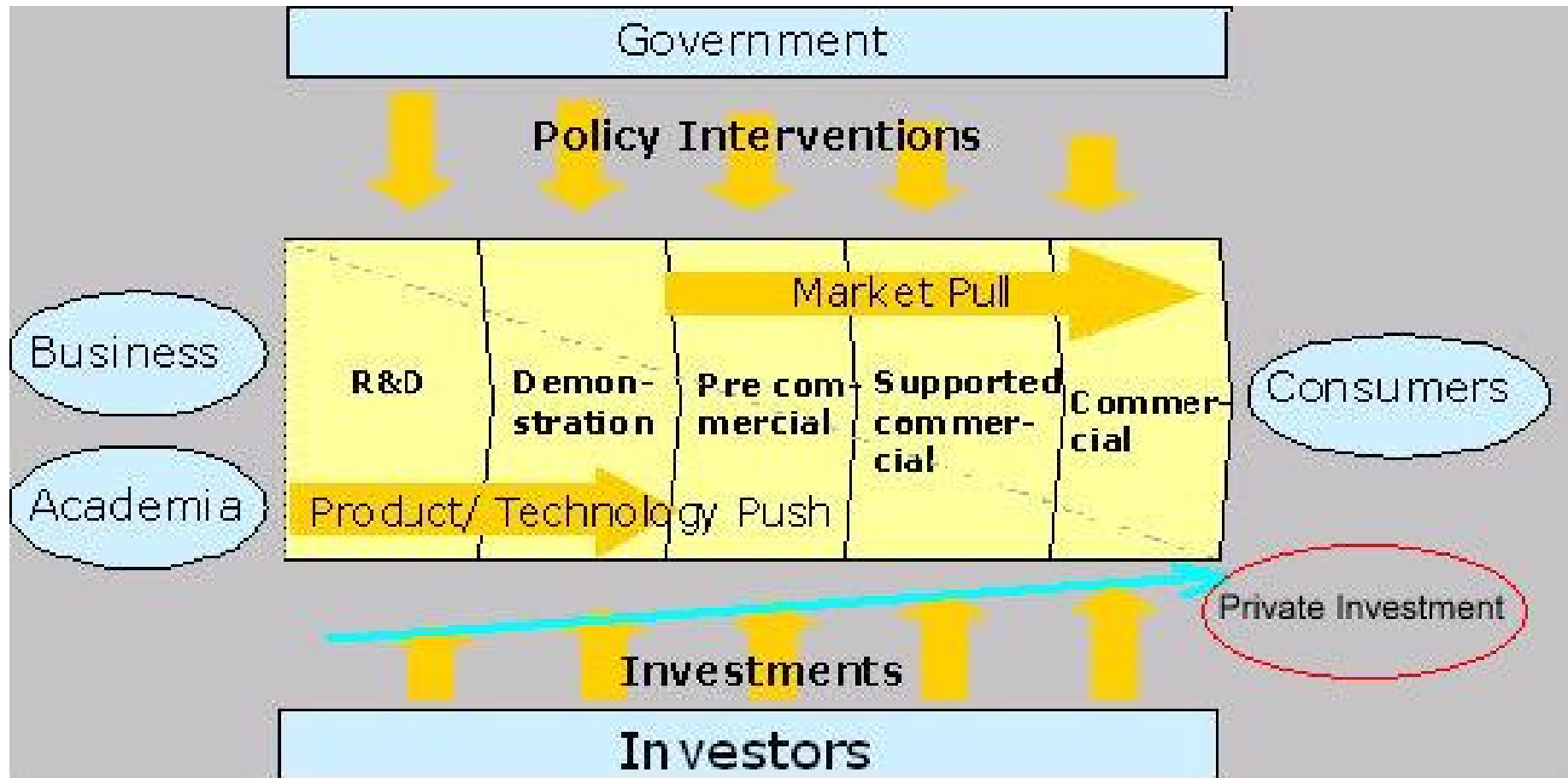
Barriers

- Barriers are principally related to
 - governmental interventions
 - private sector capacity, and
 - financial support systems
- Specifically:
 - Absence of policy incentives
 - Limited access to low carbon technologies
 - Shortage of ready availability of finance
 - Lack of implementation capacity for policymakers

How private sector can play a key role?

- **Public Public-private partnerships (PPPs) for affordable and competitive climate actions through:**
 - Maximizing the use of market market-based mechanisms (e.g. carbon markets)
 - Catalyzing private capital
 - Mobilizing concessional resources
 - Enhancing technology development, deployment and transfer
 - Opportunity for the future
 - *Key technologies: energy efficiency, renewables, CCS, smart grid etc.*
- **Public support: to achieve public policy goals and help overcome market failures**
- **private sector has to take up the challenge, secure in the knowledge that they will have public support when the risks are too high**

Process of innovation and technology development



The economic crisis & LCDP

Lessons

- The longer risks are ignored the bigger the consequences. The costs of delay on climate change are much worse and far harder to reverse
- Action on economic crisis must not sow the seeds of next bubble

Opportunities

- a driver of long-term sustainable economic growth
- The \$2 trillion global fiscal stimulus for 2009/10, if implemented quickly with a long-term vision and green focus, offers the chance to invest in energy efficiency, new technologies and low-carbon growth (resources cheaper in slow down)

Stimulus packages & LCDP



Challenge:
investment in
renewable
declines 23% in
late 2007 to late
2008

Opportunities:
green energy is
a key
component in
stimulus plans

US \$150 bn for 10 years and
double RE in 3 years

Japan \$12.2 bn for 5 years

German Euro 80 bn for 2
years

Republic of Korea \$40 bn
for Green New Deal for 10
years – could generate 1
mn job

China \$ 140 out of \$ 600
bn for green investment,
adding to its \$ 17 bn RE
which already employs
more than 1 mn people

Key Messages

- AP is facing critical challenges towards LCDP
- Private sector has an important role to turn the challenges into business opportunities (technology innovation/investment/social responsibility)
- scaled-up public financing will be invested in such a way that it leverages and mobilizes much larger amounts of private financing and investments in clean energy and development

Thank you