



AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT HIGHLIGHTS: MONDAY, 6 MARCH 2000

The *Ad Hoc* Open-Ended Intergovernmental Group of Experts on Energy and Sustainable Development, established by the UN General Assembly to prepare for the ninth session of the Commission on Sustainable Development (CSD-9), met at UN Headquarters in New York. The Expert Group considered organizational matters, the Secretary-General's Report, the results of the World Energy Assessment, and held a panel discussion on global energy trends, financing, investments, sustainable energy and sustainable development.

ORGANIZATIONAL MATTERS

CSD Chair Choi Seok-young (Republic of Korea) opened the first meeting of the Expert Group. Delegates elected, by acclamation, Mohammed Reza Salamat (Iran) as Co-Chair of the Expert Group. Following a secret ballot, Irene Freudenschuss Reichl (Austria) was also elected Co-Chair. Marcio Nunes (Brazil) and Jaroslav Maroušek (Czech Republic) were elected as Vice-Chairs. The election of another Vice-Chair was postponed pending nomination from the African Group. On the ballot, NIGERIA, speaking for the G-77/CHINA, said that political issues should not intrude in an expert process. Stressing that nomination of candidates should be settled within regional groups, he said the voting should not set a precedent for future meetings.

Co-Chair Salamat said the work of the Expert Group should be based on constructive dialogue to enhance mutual understanding and concerns on energy within the context of sustainable development. Noting that a number of issues could be addressed by the Expert Group, Co-Chair Freudenschuss Reichl said that by settling a few questions, the Group could make progress and send a strong message to Rio+10 that progress on sustainable development continues to be a real priority and is possible. The Expert Group then adopted the Agenda and Programme of Work (E/CN.17/ESD/2000/1).

PRESENTATION OF REPORTS

JoAnne DiSano, Director of the UN Division for Sustainable Development, introduced the reports of the UN Secretary-General on National Submissions (E/CN.17/ESD/2000/2) and Energy and Sustainable Development: Key Issues (E/CN.17/ESD/2000/3). She outlined the issues covered in the National Submissions Report: access to energy services, renewable sources, efficiency, cleaner fuel technologies, liberalization of the energy sector, finance and investment, economic instruments, and international cooperation. The areas

covered in the Report on Energy and Sustainable Development Issues are: energy access, rural energy, financing the energy sector, energy efficiency, advanced energy technologies, renewable energy, energy and transport, and international cooperation.

Professor Jose Goldemberg, WEA Editorial Board, outlined the elements of the Assessment: why the present energy system is not sustainable; the need for a paradigm shift to sustainability; available solutions; future scenarios; issues and options; and current work. He compared the energy production and consumption profiles of the developed and developing countries, noting that consumption in industrialized countries is 5 tonnes of oil equivalent (TOE) per capita as compared with 0.85 TOE per capita in developing countries. He underlined the importance of: policy making, a framework for the continuation of market reforms, setting accurate price signals, removal of subsidies to fossil fuel energy, removing obstacles to the use of new technologies, and supporting technological leadership and capacity building in developing countries.

ANTIGUA & BARBUDA noted that CO₂ was at the bottom of the list of the Human Disruption Index (HDI), and questioned whether this should result in a change of focus in activities. Goldemberg responded that the index indicates the ratio between anthropogenic over natural emissions, rather than absolute levels. He noted that CO₂ emissions are likely to double in the next 30-40 years. The RUSSIAN FEDERATION questioned the ability of market mechanisms to equitably address the needs of people without access to commercial energy, and highlighted the potential for subsidies. Goldemberg acknowledged the problem of relying solely on markets, and underlined the need for government intervention to ensure the right conditions. Noting the initial value of subsidies, he emphasized that they should not be permanent as they distort markets. BRAZIL requested further elaboration of the investment requirements for the WEA's "ecologically driven scenario." Goldemberg emphasized the importance of locally available resources, the role of private capital, and foreign investor guarantees. He outlined the potential of biomass and liquid petroleum gas for developing countries.

GENERAL STATEMENTS

SAMOA, speaking on behalf of the ALLIANCE OF SMALL ISLAND STATES (AOSIS), underlined the need for international energy cooperation to assist developing countries in providing adequate energy services to all sectors of the population, to facilitate poverty alleviation as well as to develop policies that enhance the economic, social and environmental aspects of energy production and use. The G-77/CHINA stressed the need for a balanced process in which developing country experts participate. He outlined the critical



issues for developing countries including technology transfer, capacity building, access to financial resources, private investment in energy infrastructure and related services, debt overhang, and poverty.

PORTUGAL, on behalf of the EU, stressed the need for strong policy decisions to, *inter alia*, secure access to affordable and appropriate energy services for all, limit greenhouse gas (GHG) emissions, make best use of energy resources, limit waste problems with negative environmental and health impacts, and ensure high energy efficiency and increased use of renewables. The US urged that attention be given to energy efficiency, renewables and the enabling conditions for investment. CANADA supported further study of the linkages between energy access and poverty alleviation, health, education, nutrition and gender. She said governments could encourage the private sector by establishing market conditions that ensure transparency and fairness for all participants, and provide a stable basis to encourage investment. She also noted the safety record of Canada's CANDU nuclear plant.

NEPAL highlighted lack of access to financial resources as a key constraint regarding renewable energy technologies, noting the need for a legal and institutional framework that promotes private participation, foreign direct investment, and access to rural credit. NORWAY noted the role of the Dialogue Process between energy producing and consuming countries and called on CSD-9 to: improve understanding on sustainable energy development; build on the work of the OECD and IEA; and identify appropriate options, focussing on renewable energy sources and energy efficiency policies and technologies. The FAO underlined the vital role of energy in agricultural production and food security. INDONESIA emphasized the role of UN Regional Economic Commissions, appropriate pricing policies, technology transfer, international cooperation, and effective stakeholder involvement. CHINA called on developed countries to provide new and additional resources, including technology transfer with preferential conditions, noting that developed countries had not honored their UNCED commitments.

AUSTRALIA described the essential role of a reliable supply of competitively priced energy. On global development, he said the bulk of finance for energy services would come from private business. The FORMER YUGOSLAV REPUBLIC OF MACEDONIA said the planning of future development in industry and public life was extremely difficult in post-socialist countries. VENEZUELA described the extension of a natural gas programme to private vehicles, the development of an alternative fuel with advantages over coal, and the promulgation of legislation to encourage new national and international private capital in pursuit of greater efficiency. SWITZERLAND supported limiting the priorities to be addressed by the Expert Group.

PANEL DISCUSSION

Mohammed Alipour-Jeddi, OPEC, gave an overview of past performance in the energy sector, the energy outlook to 2020, and outlined possible policy issues. He noted that projections using the OPEC World Energy Model (OWEM) show continued increases in worldwide energy demand with increases across all fuel types. Regarding the Kyoto Protocol, he said that arguments that OPEC can avoid revenue losses by sustaining higher oil prices are not feasible, adding that revenue losses for OPEC countries are likely to be high. He stressed the vulnerability of OPEC countries to the adverse effects of the implementation of GHG mitigation measures.

In her presentation, Kristi Varangu, International Energy Agency, highlighted the link between energy and climate change; outlined potential energy demand levels using a business-as-usual (BAU) scenario; examined alternative demand scenarios in the context of climate change policies; and underlined the impact of energy subsidies. After presenting a BAU scenario, she highlighted the environmental implications, and emphasized the importance of the transport sector. Presenting an alternative "Kyoto case" scenario, she noted the potential benefits associated with energy efficiency, clean coal, and Kyoto Protocol instruments such as the Clean Development Mecha-

nism, joint implementation and emissions trading. She highlighted the potential benefits of removing energy subsidies, noting the findings of a study of eight countries, which suggest that the removal of subsidies would result in a 13% reduction in energy consumption, a 1% increase in GDP and a 16% decrease in CO₂ emissions. Noting that current trends are not heading in the right direction, she underlined the political constraints in introducing effective policies.

Mark Radka, UNEP, outlined the environmental consequences that track energy trends, drawing on UNEP's Global Environment Outlook 2000. He said that an analysis of energy-related environmental trends demonstrated that the continued poverty of the majority of the earth's inhabitants and excessive consumption by the minority are the two major causes of environmental degradation. He also noted a global survey conducted by the International Council of Scientific Unions, which found that poor governance ranked higher than the loss of biodiversity and waste disposal among the major environmental issues identified by leading scientists.

Thomas Johansson, UNDP, emphasized the positive impacts of access to energy on addressing poverty, job creation and health. Noting that current approaches are not effective, he supported the WEA and UNDP analyses on possible energy futures based on increased efficiency, renewable energy and new technologies, and underlined the need for government intervention. He said effective policies for energy efficiency have important national and global benefits, and emphasized the need for capacity building in all countries. He supported the call for a reduction in energy subsidies, and noted the potential for developing countries to "leap frog" the technological mistakes of developed countries.

Alan Miller, Global Environment Facility (GEF) presented an overview of GEF activities related to climate and energy. Recognizing the growing demand for capacity building as an element of GEF financing and the need for a wider range of partners, he said that the GEF was in the process of developing a capacity-building project with UNDP to review climate and biodiversity related needs and was expanding relationships with regional banks. The GEF was also facilitating NGO access to resources through medium size grants.

The ensuing discussion addressed, *inter alia*, the feasibility of removing energy subsidies, how the real measure of per capita income compares with the real cost of energy for developed and developing countries, the consequences of adopting measures to internalize the cost of carbon emissions and reasons for the declining trend in World Bank activities on sustainable energy.

IN THE CORRIDORS

Several observers expressed relief after initial tensions that pervaded the opening session subsided following a positive vote to elect the WEOG-nominated candidate. However, considerable debate continued within the CSD NGO community regarding an article in the NGO journal published Friday, that called on the Austrian candidate to reconsider her candidacy. A number of NGOs objected to the article, which they felt, implicitly associated NGOs with opposition to the candidate. Some NGOs commented that the article might jeopardize opportunities for constructive dialogue with the government representatives.

THINGS TO LOOK FOR TODAY

EXPERT GROUP: The Expert Group will continue discussion on key issues in Conference Room 2 from 10:00 am to 6:00 pm.

WORLD ENERGY ASSESSMENT: There will be a briefing on the World Energy Assessment process at 6:15 pm in Conference Room 2. Professor Jose Goldemberg, Chairman WEA, will lead the discussion, describing opportunities for stakeholder involvement.