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*“Leveling the Global Playing Field for Sustainable Development*

*In Brazil and Other Emerging Economies”*

Distinguished Chairmen Senator Renato Casagrande and the Honorable Barry Gardiner, legislators from the G-8 and emerging economies, Brazilian members of Congress hosting this conference, business leaders, civil society representatives, and other distinguished guests. I am honored to speak with you today at this GLOBE forum.

Let me also welcome the presence of authorities and legislators from forest rich nations, including Africa and Asia, who have been participating in a dialogue facilitated by GLOBE together with private operators aimed at curbing illegal logging and establishing socially and environmentally sound standards in a critical sector of the economy.

I commend GLOBE, the Com Plus Alliance, and the leadership of this multi-party group of Brazilian legislators for selecting Brazil as the first emerging economy to host this legislator-led multi-stakeholder dialogue that started in London three years ago, and then moved to Europe and the United States last year.

As Mr. Zoellick emphasized in his message, there will be no global solution to the climate change challenge if the point of view, as well as the concerns of developing countries -- especially key economies such as Brazil -- are not taken into account. The foundation for developing country engagement must be based on an understanding that **improved**

**environmental management must necessarily go hand-in-hand with economic development.**

We often hear of the debate between growth and environment. But, from our point of view, **emerging and developing economies cannot afford not to take environment on board as a development priority.**

**We also need to level the playing field** in the international climate change debate to ensure that there is **synergy -- not antagonism** -- between the twin goals of economic growth and environmental responsibility in emerging economies. It is our experience that, when presented in this context, countries such as China, India, South Africa, Mexico and Brazil are keen to do their part by engaging and leading. However, **no global solution will be in sight if it means that developing countries have to halt their development efforts.**

As Vice President for the Latin America and Caribbean Region of the World Bank, let me give you some **examples of how countries in the region are tackling these issues.**

**First, Brazil.** Our host has made progress in addressing its own development issues and is becoming a global development leader in a number of environmental areas. **Most importantly, there is a new generation of political leaders – at the national and state levels, in the executive and the legislature – who are deeply committed to simultaneously addressing the development needs of their people and providing environmental stewardship.**

In seeking a larger platform to expand these advances to other developing countries, Brazil is a key player in the international trade, environment and climate change agendas. It is also a solution provider.

**Let me illustrate how....**

- **In the area of conservation**, Brazil to date has already set aside as protected areas **25% of its territory (over 2 million km<sup>2</sup>)**, through the creation of roughly 100 million ha of federal, state, and municipal protected areas, and the **demarcation of an equivalent area as indigenous lands**.

**Progress in the area of sustainable forestry management** has also been significant. Today, 15% of the wood extracted in Brazil is through sustainable forest management techniques, while fifteen years this share was virtually zero. The activities carried out in this area will raise the share of sustainable supply to about half of the current demand for timber from the region. These efforts **provide both income and jobs for forest people while reducing environmental impact**.

The World Bank supports Brazil efforts in these areas through a broad package of financial and non financial services, including state level **investment projects –such as the one I visited last November in the state of Acre-** which will contribute to economic growth while strengthening best practices for sustainable use of natural resources.

**Clean Energy is also a hallmark of the Brazilian economy.** Since hydroelectricity usually accounts for over 80% of the power generation and ethanol from sugar cane accounts for over 30% of fuel for automobiles, the carbon intensity of the Brazilian energy sector is **half the global average and less than 20% of the OECD country average.**

Just in the hydroelectric sector alone, Brazil mitigates over 140 million tons of carbon annually. The production of **bio-fuels** uses only 4 million hectares of land - about 5% of Brazil's cropland. This is a low cost contribution to the mitigation of climate change, and a Brazilian technology that has a large role to play worldwide.

Another example of a key economy in the region committed to fight climate change is **MEXICO**. Aware of the level of the greenhouse gases it produces, Mexico announced last year a **national strategy to address climate change**. This strategy proposes to decouple economic growth and greenhouse gases emissions. It presents concrete actions to mitigate the effects of climate change and to reduce the country's vulnerability to natural disasters related to climate change. In this strategy, **Mexico voluntarily commits to reduce its level of emissions of greenhouse gases.**

With more than 200 million dollars in loans and grants, the **World Bank is supporting Mexico's efforts** to reduce those emissions, mitigate the impact of climate change, and manage jungles and forests in a sustainable manner. These include the **Mexico city metrobus** (reducing greenhouse gases produced by public transportation), **rural electrification through renewable energy** (solar), **generation of renewable energy**

**through wind and solar sources, and conservation and sustainable management of jungles and forests.**

Countries in the region have also pulled resources together to **adapt** to climate change. **Caribbean states** are highly vulnerable to natural disasters and have limited financial options to respond. On average, a major hurricane affects a country in the region every 2 years.

To address these recurrent phenomena, the World Bank supported the **Caribbean Catastrophe Risk Insurance Facility**. This mechanism is the first regional disaster insurance facility in the world. It provides 16 participating governments from the Caribbean region with immediate liquidity in the aftermath of a natural disaster. By pooling their risks together, participant countries save approximately 40 percent over individual premiums.

Before closing, let me underscore that **the World Bank is pursuing a vigorous partnership with Brazil, Mexico and the other members of the Plus Five group to contribute to leveling the playing field.** This takes the form of:

- ongoing low carbon development studies in the five countries,
- concessional lending in the energy and agricultural sectors,
- knowledge transfer, and
- expanded support in mitigating and adapting to climate change.

One role the World Bank can play is to **help ensure that the voices of developed and developing countries**, such as the ones represented here, **are heard equally in the international debate.**

A fair global system should make lower carbon-intense emissions possible by leveling the playing field between developing and developed countries. Rich countries are aware that exerting leadership in providing support to developing countries will result in the global benefit of greener and more sustainable growth in those countries. It is possible to **advance**

**to a global solution that recognizes that the sustainable use of natural assets is key to development, and that developing countries should not be penalized in their efforts toward growth and poverty reduction.**

The World Bank, as a global cooperative of developed and developing countries, is contributing to this objective. Among other things, with the support of the UK, the US, and Japan, we are devising innovative and concessional financing mechanisms for **clean energy and adaptation to climate change**. On renewable energy, the World Bank's portfolio has been growing substantially during the last 5 years (1, 43 billion dollars in 2007), an increase of more than 60% compared with 2006, while the carbon finance facilities have reached 2 billion dollars.

A **Carbon Partnership Facility** will move carbon finance from retail to wholesale – allowing purchase of emission reductions from entire sectors rather than project-by-project.

**Forests play a critical role in addressing climate change**, with 20% of total global carbon emissions and 37% of carbon emissions in developing countries resulting from deforestation and forest degradation. While sustainable forest management is one important way of addressing climate change mitigation, forests themselves suffer significantly from climate change, which makes them an important focus for developing and implementing adaptation measures.

In Bali, Indonesia, we also launched the **Forest Carbon Partnership Facility (FCPF)**, a groundbreaking financing mechanism to combat tropical deforestation and climate change.

During these two days we have addressed core issues of the post-Bali agenda. Now, **it is critical that legislators from high energy consuming economies get together to build mutual confidence on what a post-2012 agreement on climate change would look like.**

As lawmakers, you can influence the negotiations and create a positive atmosphere at the

global level and in your respective countries. Together with the private sector, you are uniquely placed to know what solutions are both practical and politically viable.

We have supported the GLOBE initiative since it started in 2005, and we feel confident that this conference will represent a milestone in generating a critical mass of support for measures that will bring us closer to a fair post-2012 climate change framework.

Thank you.