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# Climate Leadership: Advancing Low-Carbon Resilient Economies

A CONVERSATION WITH  
WORLD BANK GROUP'S RACHEL KYTE,  
VICE PRESIDENT AND SPECIAL ENVOY,  
CLIMATE CHANGE GROUP, AND  
PATRICK VERKOOIJEN,  
SPECIAL ADVISOR FOR CLIMATE CHANGE

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**FLETCHER FORUM:** *How did the idea behind the Leadership Series come about? What is the role of leadership in the climate negotiations?*

**PATRICK VERKOOIJEN:** This is a critical year for advancing progress on the inseparable issues of development, poverty, and climate change. The financing for development meeting in Addis Ababa, the discussion on the Sustainable Development Goals in New York, and the Paris climate talks provide us with a unique opportunity to act. The idea behind the Climate Leadership speaker series was to bring leading practitioners from govern-

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**Rachel Kyte** is the World Bank Group's Vice President and Special Envoy for Climate Change. She oversees work on climate change adaptation, mitigation, climate finance, and disaster risk and resilience across the institutions of the World Bank Group, including IBRD, IDA, IFC and MIGA. Ms. Kyte is Non-Resident Professor of Practice of Sustainable Development at The Fletcher School of Law and Diplomacy, and a Fletcher graduate. **Patrick Verkooijen** is Special Advisor for Climate Change at the World Bank. Prior to his appointment as Special Representative, Verkooijen was Head of Agriculture and Climate Change at the World Bank. He also previously worked as Senior Partnership Specialist at the organization. Dr. Verkooijen serves as Non-Resident Professor of Practice of Sustainable Development Diplomacy at The Fletcher School of Law and Diplomacy.

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ments, NGOs, and the private sector to The Fletcher School to share their views and engage in a dialog on what success should look like on the climate agenda in particular.

Climate negotiators will gather in Paris at the end of the year to finalize an international agreement to reduce greenhouse gas emissions and begin slowing the impacts of climate change. Their success will depend heavily on how leaders start to shape economic policies and catalyze climate finance to respond to the risks of our rapidly warming planet.

The good news is that this leadership is emerging. In April, the 2015 International Monetary Fund (IMF) and World Bank Group spring meetings brought together voices from all areas of the economy—government, business, and civil society – to discuss how to mobilize the trillions of dollars needed globally to address climate change. Across a wide range of meetings on the many aspects of financing the transition to low-carbon, resilient growth, the meetings reflected the growing sense of purpose and urgency to address the magnitude of the challenge before us.

Over the next fifteen years, the global economy will require an estimated USD 89 trillion in infrastructure investments across cities, energy, and land-use systems, and USD 4.1 trillion in incremental investment for the low-carbon transition to keep within the internationally agreed limit of a 2 degree Celsius temperature rise.

In addition, developed countries are working to meet a commitment made in 2010 to mobilize USD 100 billion a year from public and private sources by 2020 for climate mitigation and adaptation in developing countries. Showing the pathways to that USD 100 billion commitment will be

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important for building trust and confidence around the Paris climate negotiations that are expected to produce a new international agreement later this year.

Every country, no matter its stage of development, can strive to effectively manage its economy, and to decarbonize, while also ending poverty and boosting shared prosperity. At a

minimum, this means: strong policy signals that make clear the long term goals; carbon pricing; appropriate energy prices linked to efficiency standards; and the removal of subsidies that are harmful, including those on fossil fuels.

At the World Bank Group, we believe that all countries should commit to put a price on carbon. It's a necessary, if not sufficient, step

in any journey to zero net emissions. Effective prices on carbon can be discovered by taxes, market mechanisms, or regulation. Whichever option a country, region, or city chooses, a carbon price makes the pollution we don't want more expensive, and incentivizes efficiency and clean production.

**FLETCHER FORUM:** *How has the World Bank's stance on climate change evolved over the years?*

**RACHEL KYTE:** The World Bank Group works on climate change because it is a fundamental threat to development in our lifetime. We know that if we don't confront climate change, there will be no hope of ending poverty or boosting shared prosperity. Furthermore, the longer we delay in tackling climate change, the higher the cost will be to do the right thing for our planet and our children.

Our series of "Turn Down the Heat" Reports, and our work on green growth and the links between development and climate, make it clear that the progress of recent decades toward ending poverty is at risk. Last year, these points were emphatically punctuated with the release of the Intergovernmental Panel on Climate Change's Fifth Assessment Report. This unprecedented scientific consensus concludes that, if we are to stabilize warming at 2 degrees Celsius, as .....  
the international community agreed to in 2009, we must achieve zero net emissions of greenhouse gasses before 2100.

For the World Bank Group, getting to net zero emissions before 2100 will require a continuing shift in the direction of our energy portfolio to support energy access for all and increasing investment in renewable energy and energy efficiency. It will also require continued support for clean transportation and building low-

carbon, livable cities, particularly in the fast-growing cities of the developing world, where development today will lock in growth patterns for decades to come. At the Bank Group, we are stepping up our mitigation, adaptation, and disaster risk management work, and will increasingly look at all our business through a climate lens.

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**FLETCHER FORUM:** *Climate change mitigation is still seen by many to be at odds with economic development, particularly in developing countries. Does action on climate change need to come at the expense of economic growth?*

**KYTE:** Action is urgent on climate change, but it need not come at the expense of economic growth. Major structural and technological changes in the global economy are now making it possible to achieve lower-carbon development and better economic growth. Over the last twelve months,

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..... report after report has shown that smart policy choices can deliver economic and climate benefits.

Stepping up drivers of energy efficiency is an obvious win-win that can deliver savings for consumers and along with better air quality and lower emissions. Strengthened performance standards can help achieve efficiency gains in appliances, buildings, transport, and industry.

..... A World Bank Group study in 2014 found that government policies to improve energy efficiency and public transport could increase global economic output by more than USD 1.8 trillion per year, and at the same time save lives, reduce crop losses, and tackle climate change. The “Adding up the Benefits” report shows the potential economic, health, and other gains from scaling up climate-smart policies as well as projects already in place in developing countries like Brazil, India, and Mexico.

**FLETCHER FORUM:** *In our conversation with Paul Polman, he stated that success and failure at the Paris Climate Conference is not based on whether there will be an agreement, but how ambitious the agreement will be. What does success and failure look like, in your eyes, at the Paris Climate Conference?*

**VERKOOIJEN:** To stabilize warming at under 2 degrees Celsius, as the international community agreed in 2009, the world will have to cut greenhouse gas emissions to net zero before 2100. Economic policy will be the key to mobilizing that global response. Unlike treaties of the past, the Paris agreement needs to speak as loudly of economic transformation as it does of carbon emissions targets.

To achieve that, the Paris agreement must include four things:

- Binding language that reinforces our collective ambition and provides a clear pathway to net zero greenhouse gas emissions before the end of the century.
- Individual country contributions with policy packages that comprehensively address how to use all available fiscal and macro-economic policy levers to get prices right, increase efficiency, and incentivize de-carbonization, as well as address resilience.
- A financial package that recognizes that public development funds and climate finance should be used to catalyze innovative financing for adaptation and mitigation.
- Working coalitions of private enterprises, countries, cities and civil society organizations moving forward where their interests are aligned.

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In Paris, the international community will have the opportunity to send a clear signal that we, as a global community, are determined to manage our economies to achieve zero net emissions before the year 2100. Every country finds itself at a different point in the development journey. Therefore, the pace and rhythm of their emissions reductions and investments in adaptation will vary. Nonetheless, we have the opportunity in Paris to make clear our collective ambition. That ambition can be translated into long-term demand for clean growth and an increased commitment to adaptation. The higher the ambition, the greater the demand will be for programs and projects that will transform economies.

Higher ambition will also send a strong message to investors—public and private, domestic and foreign—about the demand for and profitability of long-term investments in clean energy and transport systems, sustainable agriculture and forestry, and new resource efficient products.

**FLETCHER FORUM:** *What's next for the World Bank on climate change and sustainable development?*

**KYTE:** Immediate global action is needed to slow the growth in greenhouse gas emissions this decade and to help countries prepare for a 2°C warmer world. Getting there will require economic transformations and a path to net zero emissions before the end of the century.

The World Bank Group Climate Change Group has four objectives:

- Embed climate risk and opportunity and resilience into country strategies and internal processes.
- Play key roles in the international climate finance architecture to leverage and mobilize finance for low-carbon growth and resilient investments.
- Establish the World Bank Group as a solution provider with the best tools, analytics, and evidence of climate impact on all clients, particularly the most vulnerable.
- Continue to advocate for, drive, and support global action to avoid exceeding a 2°C warmer world and eventually achieve carbon neutrality in the global economy to enable achievement of the World Bank Group's twin goals of ending extreme poverty and increasing shared prosperity.

We need to challenge ourselves so that every regional and country strategy, and every sector strategy, across the organization, is guided by our belief that our clients must succeed at reaching zero net emissions.

In the past year, we've changed the way we conduct our country partnership frameworks and our country diagnostics. These will increasingly place a climate lens on our work in support of our clients, and can be a way to support countries in implementing their defined contributions to climate change.

This will require a continuing shift in direction of our energy portfolio to support energy access for all, increased investment in renewables, and scaled up support for energy efficiency. It will require continued support for clean transport, more livable cities, and the development of the green building market. It means shifting our agricultural portfolio toward climate smart agriculture, ramping up support for globally networked carbon markets, and further financial innovation to crowd in investment for low emissions development. *f*