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TO THE UN FRAMEWORK CONVENTION ON
CLIMATE CHANGE (COP 3).**

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I. Introduction

1. Mr. Chairman, Honorable Ministers, Distinguished Delegates:
 - I appreciate this opportunity to address such a distinguished audience on this historic occasion.
 - On behalf of Jim Wolfensohn, President of the World Bank, I offer the World Bank Group's appreciation to the Government of Japan for hosting this meeting and to all Delegates for their efforts to address the critical issue that is on our agenda here in Kyoto.
 - Clearly, it is no longer a question of whether the Earth's climate will change. But rather when? Where? By how much? And, most importantly, with what impact?
 - Clearly also, it is time for action.
2. I would like to make three points in my brief remarks today:
 - First, the global environment-including climate change—is a development issue.
 - Second, the World Bank has a program to address these global and climate issues.
 - Third, we can do much more—so we are listening very carefully to the discussions here and we stand ready to act—in partnership with you and others.

II. Environmental Challenges to Sustainable Development

3. Let me begin with why I am here today: in a nutshell, climate change is central to poverty reduction and sustainable development-the World Bank Group's main concern.
 - Continued global warming is in no-one's interest. But there is no question that it will hit developing countries the hardest.
 - Adverse effects on health, food production, and increased stress on water resources will hurt poor people and poor countries the most.
 - For these core development reasons, we believe that stronger, more concerted action on climate change is essential.
4. And the developed countries must take the lead. Why?
 - Developed countries have both greater financial, technical, and institutional capacity to address climate change, and they emit much greater amounts of greenhouse gases into the atmosphere than do developing countries.
 - Developing countries need to address basic development goals, including poverty reduction, which will mean increased production and consumption of energy, albeit in an efficient manner. But-and in accordance with future decisions of this Convention-they must play their part.

III. World Bank Group Role

5. This brings me to my second point: What is the World Bank Group doing to help?
 - The Bank is the world's largest financier of targeted environmental projects. Our active portfolio of 166 projects in 70 countries totals almost \$12 billion dollars. Each year, we commit over \$1 billion for more than 20 environmental projects, and roughly that much again for environment components in other projects.
 - We provide assistance in energy development, transportation, forestry, public health, environmental protection, and natural resource management, and our

policy advice and financial support provide the basis for sound long-term country strategies to deal with climate change.

6. At the global level, we helped to establish the Global Environment Facility on a pilot basis in 1990.
 - Functionally independent of the World Bank, the GEF serves, on an interim basis, as your financial mechanism for addressing climate change issues. (Indeed, I hope that one message emerging from Kyoto will be strong support for the GEF's timely and full replenishment. The Bank is actively working on this with the GEF, and many of you here today.)
 - The Bank has played an active role in co-funding projects with GEF resources. We now have a large and growing portfolio of projects worth \$1.5 billion, aimed at reducing climate change, especially in the areas of new and renewable energy, as well as energy efficiency.

IV. THE WORLD BANK GROUP CAN DO MORE

7. We also believe, Mr. Chairman--and this is my third point--that we in the World Bank Group can do substantially more to help.
 - We have a series of specific initiatives underway, or under consideration, and we look to this meeting, and to you-the Parties-for signals that guide these.
 - We stand ready to assist. How?
8. First, by continuing to encourage developing countries to implement policies and investments that focus on energy efficiency improvements.
 - We believe that an energy-efficient economy must be the cornerstone of any viable climate change program.
 - We are thus preparing an Energy and Environment Strategy that will chart our course on this critical combination of issues over the coming years, taking into account, through environmental impact assessment, and other tools, the important local and global externalities of carbon-based energy use.
9. Second, by implementing a strategic partnership with the GEF and others:
 - To leverage expanded investment in renewable energy;

- To increase the competitiveness of new and renewable non-greenhouse gas emitting technologies.
10. Third, by doing more to make market-based solutions work in favor of climate change.
- We are already managing a pilot program for activities implemented jointly in several countries such as Burkina Faso, India, Mexico, and Poland.
 - And we have undertaken considerable analysis of options that could encourage additional private sector flows to developing countries. These include a Carbon Investment Fund that could help facilitate technological and financial transfers, and a market-transformation initiative for forests and marine resources. A particular feature of the Carbon Investment Fund would be the sharing of benefits between industrialized countries and our clients.
 - We stand ready to put these initiatives into action, if the Parties to the Convention, so wish.
11. Fourth, by working more closely with bilateral donors, UN agencies, other multilateral financial institutions, the private sector, NGOs, and foundations-we can capture synergies that go beyond our individual efforts, and achieve greater collective benefits.

V. CONCLUSION

12. In closing, Mr. Chairman, let me congratulate you and the Parties on the important work accomplished to date, and wish you well for the remainder of the week.
- I share the view of many that the actions and achievements since the Earth Summit in Rio have been far too meager. Certainly, with respect to greenhouse gas emissions, we have fallen far short of the decisive action that was sought five years ago in Rio.
 - Still, I remain hopeful about the outcome here in Kyoto-because I know you all realize, as I do, that the world cannot afford to wait.
 - No less than the future of the planet is at stake, and the quality of life it affords mankind, are at stake.

Thank You.