



25 years of the Climate Convention and Rio 92 Summit (And the new ways to decarbonize the economy)

1. Introduction

The **Climate Convention** was the starting point for collective international action on climate change. It was the first time that humanity made such a commitment resulting in the creation of the UNFCCC and the annual holding of the Conferences of the Parties (COP).

Rio 92 was the scene-setter for other important international agreements such as the Agenda 21 and the Convention on Desertification. It contributed decisively towards the signing of the Biodiversity Convention. Since the Rio 92 Summit, both the media and the business sector no longer saw environmental protection as a hurdle to development. The concept of "sustainable development" was constituted. Rio 92 was a historic moment not only for Rio de Janeiro, but also for Brazil and the international community. It deserves being remembered and celebrated and should lead to a moment of reflection on the enormous challenge facing humanity: the transition towards a low carbon economy.

The Rio Climate Challenge/Rio Clima 2017 seminar, dedicated to **New ways to decarbonize the economy**, to be held in Rio de Janeiro on 13th and 14th June is part of this celebration of the 25 years of the Rio 92 Summit and the Climate Convention.

The Rio Climate Challenge 2017 program

12th of June, Brasilia

Afternoon

14 PM – Celebration at the Senate Plenary of the 25th Anniversary by the Joint Commission on Climate Change and the Commission of Foreign Affairs. They are in charge of this program.

13th of June, Rio de Janeiro

Firjan Convention Center

Morning: Celebration of the 25 years of the Convention on Climate and Rio 92 Summit

Sessions open to guests and previously registered public

8:30am - Accreditation

9:00am - Solemn act of celebration of the Climate Convention

Video messages from the former US Vice President **Al Gore** and former UNFCCC Executive Secretary **Christiana Figueres**

Eduardo Eugênio Gouveia Vieira (Firjan)

Alfredo Sirkis (Ex. Sec. FBMC)

Laurent Bili (Ambassador of France)

André Correa (Secretary of Environment – RJ)

Mayor Marcelo Crivella (Mayor of Rio de Janeiro)

Acting Minister José Antonio Marcondes (Ministry of Foreign Affairs)

Minister José Sarney Filho (Ministry of the Environment)

Erik Solheim (UNEP)

9:50am - Remembering the Rio 92 Summit

Video “25 years of the Climate Convention in the Rio 92 Summit” (5min)

10:00am - *Keynote Speaker Celso Lafer*: “Before and after Rio 92”

10:30am - Panel 1: **Marcilio Marques Moreira, Roberto Smeraldi, Luiz Gylvan Meira Filho, Tony Gross and Israel Klabin** (FBDS)

11:30am - Coffee break

11:40am - Panel 2: **Climate governance in Brazil. What changes with the Paris Agreement?**

What kind of climate governance is needed for Brazil to fulfil its Nationally Determined Commitment (NDC)? How will we promote a better integration of government bodies among themselves and with society?

Natalie Unterstell (FBMC), **Rachel Biderman** (WRI), **André Andrade** (Casa Civil), **Eduardo Viola** (UNB), **Dep. Carlos Minc**.

12:45pm - Questions and interventions from the public

1:00pm - Lunch

Afternoon: Seminar **Rio Climate 2017: New ways to decarbonize the economy**

Firjan Convention Center

2:00pm - Panel 3: **Economic mechanisms for the decarbonizing process**

Real pricing and carbon taxation, a global and national balance: what are governments and companies already doing in Brazil and internationally. The studies and proposals that are already being discussed in Brazil. The role of government and business. Green bonds, regional markets, a Guarantor Fund, RED + and offsets, needs and prospects for short-term financing for forests, low carbon agriculture and clean energy.

The positive pricing of mitigation actions: the implementation of Article II (c) of the Paris Agreement and of the Paragraph 108 of the Paris Decision. Its relevance in the transition towards low-carbon economies and the establishment of the necessary flow of trillions. Economic, political and cultural paths and obstacles.

Aloísio Melo (Ministry of Finance), **Marina Grossi** (CEBDS) and **Rogério Studart** (Bookings Inst.), **Vincent Assilloux** (France Strategie), **Emilio La Rovere** (COPPE), **Everton Lucero** (MMA), **Vikram Widge** (IFC).

3:30pm - *Keynote Speaker* - **Dipak Dasgupta** (TERI) **“The ways for massive carbon finance”**

3:50pm - Coffee break

4:00pm - Panel 4: **Technological innovation for decarbonization - global and specific challenges**

What are the most promising paths and bottlenecks in terms of innovation across sectors? What are the obstacles in Brazil to innovation and how to overcome them?

Roberto Schaeffer (COPPE), **Suzana Khan** (PBMC), **Sergio Leitão** (Instituto Escolhas); **Sergio Xavier** (Sec. Environment- PE)

5:30pm - **Closing table**

Final considerations and recommendations for forests and agriculture, energy, mobility, industries and cities.

Carlos Ritll (Climate Observatory); **Ana Toni** (ICS); **Aspasia Camargo**, **Luis Pinguelli Rosa**.

14th of June, Rio de Janeiro

Firjan Convention Centre from 9:30am until 5pm

New instruments to decarbonize the economy. Closed sessions with the aim to discuss new economic mechanisms to finance decarbonization, their experiences and their possible combinations.

- Real pricing and carbon taxation, global balance sheet and national outlook.
- Positive pricing, ways to implement paragraph 108 of the Paris Decision. Next steps?
- Guarantor funds to finance decarbonization and emission reduction certificates. Future climate currency?
- Green bonds and carbon markets in a global, national and subnational perspective.
- Innovation and dissemination in technologies for decarbonization. What are the obstacles and how can we overcome them?
- Financing and innovation in adaptation.

Preliminary guests:

Everton Lucero (MMA), **Carlos Nobre** (IMPE), **Dipak Dasgupta** (FVC), **Vincent Ausilloux** (France Strategie) **Gustavo Pinheiro** (ICS), **Alfredo Sirkis** (CBC), **Aloísio Melo** (Ministério da Fazenda), **André Andrade** (Casa Civil); **Jean Charles Hourcade** (CIRED), **Rogério Studart** (Bookings Inst.), **Vikram Widge** (IFC), **Linda Murasawa** (Santander), **Branca Americano** (BR-ICS), **Eduardo Viola** (UNB), **Roberto Kishiname**, (ICs); **Roberto Vamos** (CBC), **Ricardo Gorini**(EPE), **Sérgio Xavier** (Secretaria de Meio Ambiente de Pernambuco), **Raphael Stein** (BNDES); **Camila Grakow** (Tyndal Center), **Juliano Assunção**(PUC), **Gustavo Pinheiro** (ICs), **José Antonio Marcondes** (MRE).

The context of discussion:

The transition to a global low-carbon economy requires an annual investments of approximately \$ 3 billion. Governments, most of which find themselves in a continuous situation of deficits and strong debts, are not able to finance this transition through traditional public investment/financing routes. They can however contribute to considerably increase their mobilization through guarantor funds that facilitate contribution and give credibility to emission reduction certificates.

The financial system (pension funds, investment banks, etc.) has considerable resources that are currently targeted little to this type of investment or even the productive sector in general. The perception prevails that carbon reduction/removal actions such as clean energy, reforestation, low-carbon agriculture require upfront investments, have a longer maturation period and have several uncertainties that require guarantees.

Particularly in Brazil, there is great difficulty to obtain the financing of big investments (estimated at R\$ 950 billion) required to reach our Nationally Determined Commitment (NDC). Our interest rates are prohibitive. No end of the recession that is strongly affects us is in sight. Public investments are extremely limited by budget cuts. Brazilian states are almost in collapse. In this situation it is crucial to attract external funding. There is considerable availability at low rates, but robust guarantees are needed. How do we offer them?

The transition to a low-carbon economy also depends on a tax reform that is coherent and serves to incorporate negative externalities into our prices. How do we promote this reform, without increasing the overall taxes? How do we rate the carbon intensity in products, services and inputs? How do we proportionately reduce taxation on investment

and labor?

Regarding the rewarding of mitigation actions, how do we translate governments' recognition of "the social, economic and environmental value of voluntary mitigation actions ..." (Paragraph 108 of the Paris Decision) and the statement to make "finance flows consistent with a pathway towards low greenhouse gas emissions (...) development" (Article II (c) of the Paris Agreement) into operational mechanisms? How can governments, development banks, and multilateral companies contribute to provide a fraction of this huge, globally available liquidity and direction a productive transition and a low-carbon economy?

Is it possible to create a new international financial order, a low-carbon Bretton Woods? Is a "climate coin" based on greenhouse gas reduction/removal certificates feasible? What role will "green bonds" play? How would they interact with positive pricing and current international, national and subnational "carbon markets"? Can there also be national and subnational positive pricing mechanisms?

While of absolute necessity, financing available is not enough by itself to promote a transition, if neither good projects are available on large scale nor low carbon technology innovations are disseminated. How do we establish these flows? What are the obstacles to be overcome in the field of innovation? What are bureaucratic barriers to creativity and streamlining of patents?

These are some of the trillion-worthy questions. Rio Clima 2017 will gather people involved in public policies, private initiatives and academia that have been reflecting and working on this topics for discussions in a two-day event, with restricted sessions and panels open to the public.

The objective of the discussion and the production of short-term drugs on:

- 1 - National and international guarantor fund for international financing of decarbonization;
- 2 - First steps for Regional Carbon Markets
- 3 - First steps for tax reform with carbon taxation replacing other taxes substitution
- 4 - First steps for positive carbon pricing and payment for ecosystem services in the national and subnational fields.

Production:

