

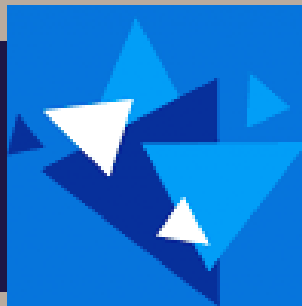
PERSPECTIVAS

COMUNICAÇÃO & RELAÇÕES INSTITUCIONAIS

3rd EDITION

JUNE/2021

SPECIAL:



INNOVATE4 CLIMATE

PERSPECTIVAS TAKES PART IN INTERNATIONAL CONFERENCE ABOUT CLIMATE ACTION AND FUNDING

Perspectivas has taken part in the three days of Innovate4Climate (I4C), annual global conference organized by the World Bank Group. The event gathers representatives from governments, companies, the finance sector and civil society to discuss climate funding and action, partnerships and solutions against climate change.

From May 25h to 27th, the 5th edition of the Conference happened virtually, hosted by the World Bank and the governments of Spain and Germany.

In total, over 8.000 people from 183 different countries have participated in the event, with over 340 speakers from governments, companies, finance sector and civil society.

I4C: A GLOBAL FORUM FOR SHARING HIGH-QUALITY TECHNICAL KNOWLEDGE ON THE TOPICS OF FINANCE, INVESTMENT, MARKETS, AND CLIMATE POLICY.

A WORLD BANK INITIATIVE



The World Bank plays an important role in supporting member-countries in their fight against climate change, including via funding projects of adaptation and mitigation, especially in the developing countries.

The Bank understands that climate action is essential for the sustainable development and eradication of poverty, two of the main objectives pursued by the institution. For that end, among other initiatives, the World Bank organizes annually the I4C as a hub for sharing solutions, technical know-how and model practices in climate funding and action towards a net-zero world. The World Bank:

- Estimates that every dollar invested in climate change resilient infrastructure generates another 4 dollars in benefits
- Calculates that, currently, 64 countries and jurisdictions have carbon pricing initiatives either implemented or under way of implementation

In this edition of the Newsletter, we have collected some of the highlights from the workshops, seminars and plenary sessions of the event.

PRESIDENT OF THE WORLD BANK AND CEO OF BLACKROCK OPEN UP FIRST DAY OF THE CONFERENCE WITH A DISCUSSION ABOUT CLIMATE ACTION

The Plenary Session “Putting Climate Action at the Heart of a Sustainable Recovery” opened the first day of the event. David Malpass, President of the World Bank, and Larry Fink, CEO of BlackRock - largest investment fund in the world - engaged in a discussion about climate action.

Both speakers highlighted the growing global concern about climate risk. They agreed that the COVID-19 outbreak has accelerated tendencies that already existed and highlighted the importance of investing in innovation and new technologies that generate solutions for reducing greenhouse gas emissions. They also spoke of the importance of joining efforts from both the private and the public sectors in the transition to a carbon neutral economy.

“THERE IS MORE CAPITAL THAT'S WILLING TO PUT MONEY TO WORK IN RENEWABLES AND DECARBONIZATION THAN THERE ARE AVAILABLE PROJECTS.”
- LARRY FINK



“OVER THE NEXT FIVE YEARS, [THE WORLD BANK'S] PLAN CALLS FOR MAJOR NEW INCREASES [IN FINANCING FOR DEVELOPING COUNTRIES] IN WAYS THAT HAVE AS MUCH RESULT AS POSSIBLE IN TERMS OF REDUCING GHG EMISSIONS AND ADAPTING TO CLIMATE.”
- DAVID MALPASS



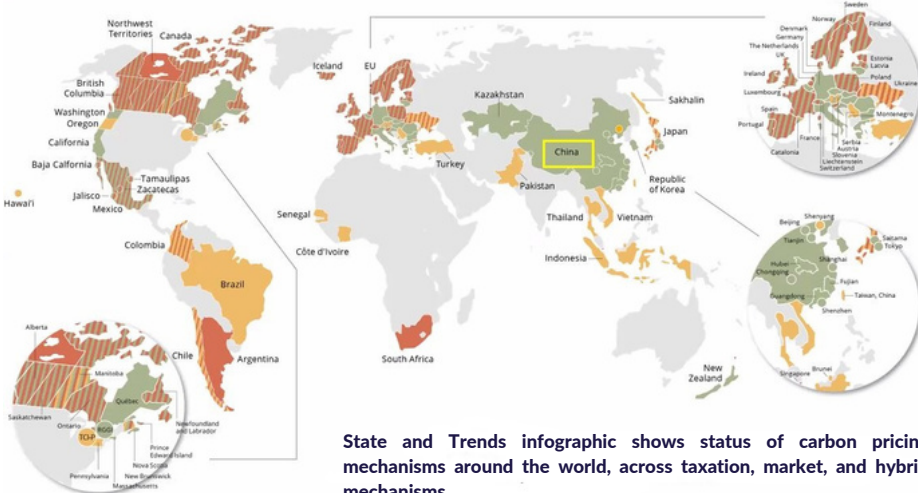
Larry Fink, the CEO of BlackRock - fund responsible for managing over US\$ 8.67 trillion in assets - spoke about capital availability in the world for long-term projects in decarbonization and renewables, paradoxically met with the lack of projects suitable for those investments. In parallel, Fink argued that concern about climate change grows in the financial sector, stating that “climate risk is investment risk”.

The President of the World Bank, David Malpass, mentioned record levels of financing in the past two years from the World Bank directed to climate adaptation and mitigation of greenhouse gas emissions, especially in the developing countries. David announced plans to increase the World Bank's participation in structuring instruments for emissions reduction and to design development strategies connected to the climate targets set by the countries in the Paris Agreement.

CARBON PRICING MECHANISMS IN THE WORLD - 2021 REPORT

Marissa Santikarn, World Bank's expert in climate change, presented the current status and trends of carbon pricing mechanisms in the world during the workshop “State and Trends of Carbon Pricing 2021”.

According to the report, there are currently 64 carbon pricing mechanisms either implemented or under way of implementation in the world. In 2020, there was a 10% increase in concession and regulation of independent carbon pricing projects and mechanisms. The overall number of independent credit mechanisms has increased by 30%. Overmore, the search for national instruments of price setting, albeit small, has potential to grow as new instruments are implemented.



State and Trends infographic shows status of carbon pricing mechanisms around the world, across taxation, market, and hybrid mechanisms

The report also shows that 97 different countries, responsible for 58% of global emissions in total, mention carbon pricing mechanisms in their Nationally Determined Contributions (NDCs). Furthermore, nearly half of the 500 largest companies in the world either apply or have announced the intention to implement an internal carbon pricing mechanism over the next two years.

Check out the report [here](#).

WHAT DO BUYERS EXPECT FROM VOLUNTARY CARBON MARKETS?



During the Workshop "Avoiding a mismatch between demand and supply: What do buyers really expect from the voluntary carbon market?", the speakers highlighted the increasing number of corporations that are committing to climate goals, thus causing a growth in demand for voluntary carbon markets.

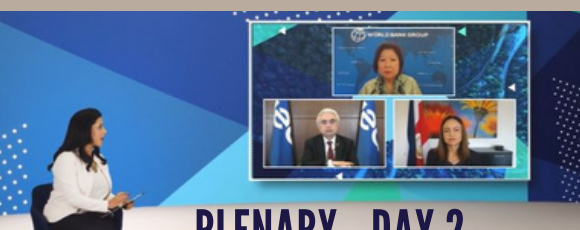
In order for these markets to work, some requirements were listed: the need for new approaches that go beyond carbon neutrality, the importance of avoiding credits' double-counting, good credibility and clarity about the positive impact of the projects that the companies are investing in.

PARIS AGREEMENT: WHAT IS MISSING FOR THE REGULATION OF A GLOBAL CARBON MARKET?



The senior lawyer of the United Nations Framework Convention for Climate Change (UNFCCC), Amy Steen, brought relevant information regarding the regulation of a global carbon market during the "Update on Article 6 Negotiations" workshop. According to Steen, the negotiations towards Article 6 of the Paris Agreement, expected to occur during COP26, will define what this regulation will be. Nevertheless, global climate action is no longer waiting for Article 6, and many different voluntary activities - including initiatives for trading carbon credits - are underway between companies and organizations.

According to the vice president for global climate at the Environmental Defense Fund (EDF), Kelley Kizzier, international cooperation on the carbon market could double ambition towards climate action. Therefore, such cooperation is an essential part to ensure the goals for carbon neutrality. In this sense, Article 6 will ensure credibility for these initiatives. Norway's Minister of Climate and Environment, Peer Stiansen, points out that businesses will be crucial in setting higher targets.



PLENARY - DAY 2

The Plenary "The Transition to Zero - How Can We Harness the Power of Carbon Pricing" resulted from a partnership between the organizers and the Carbon Pricing Leadership Coalition (CPLC). CPLC presented the Task Force on Net-Zero Goals and Carbon Pricing and its initial report on the topic. The Task Force aims to bring understanding for achieving carbon neutrality to governments, national and subnational institutions, the private and financial sectors, and civil society, as well as to advocate for carbon pricing mechanisms towards this end.

"CARBON PRICING IS EFFECTIVE, COMPETITIVE AND GOOD FOR SOCIETY"
- FEIKE SIJBESMA, CEO OF ROYAL DSM

The speakers advocated for carbon pricing mechanisms being implemented amidst a set of regulatory, financial and tax policies and strong governance, in order to create a policy package that will effectively promote carbon neutrality.

Check out the report [here](#).

CARBON PRICING: FROM PREPARATION TO IMPLEMENTATION

The Workshop "Pricing Carbon: From readiness to implementation" discussed the Partnership for Market Implementation (PMI), phase scheduled to take place after the Partnership for Market Readiness (PMR). Both are World Bank's programs created to provide support to countries for the creation and implementation of carbon pricing policies.

In 2020, Brazil finished the last phase of the PMR program. The resulting report recommended the implementation of a cap and trade carbon market, where each industry would have a fixed amount of GHG emission "allowances" and, once this ceiling is exceeded, the same companies would have to acquire credits to offset the surplus. Currently, the country is preparing for the next phase of the PMI, which seeks to effectively implement the pricing mechanism recommended in the previous phase.



WHAT IS THE CPLC AND HOW DOES IT ACT FOR CARBON NEUTRALITY IN THE WORLD?

The Carbon Pricing Leadership Coalition is an initiative of the World Bank Group that catalyzes action for the implementation of carbon pricing mechanisms around the world. The CPLC brings together leaders from government, private sector, civil society and academia, who act in this forum voluntarily to support carbon pricing, share experiences and drive its implementation globally.

At the Carbon Pricing Leadership Coalition's General Assembly, which took place at the World Bank headquarters in 2019, Perspectivas' founding partner, Marina Mattar, was elected to join the CPLC steering committee. Marina is the only member from Brazil currently in the group.

Learn more at:
<https://www.carbonpricingleadership.org/who-we-are>



CLOSURE

The final I4C Plenary focused on the role of the private and financial sectors in driving change.

The executive secretary of the UNFCCC, Patricia Espinosa, defended increasing ambition for the countries' NDCs. Espinosa points out that the world expects a movement of US\$100 billion from developed to developing countries per year towards the Paris Agreement's goals and highlights the role of PMI (Partnership for Market Implementation) in advancing the implementation of carbon pricing instruments.

At the closing ceremony, the World Bank's vice president for sustainable development, Juergen Voegelé, pointed out the participation of organizations of different types in the dialogues raised by I4C, including governments, banks, companies, and NGOs. According to Voegelé, during the discussions, it was possible to observe the growth and importance of new technologies to address climate challenges, therefore making clear how climate change and economic development are connected.

The next Innovate4Climate is expected to take place next year (2022) in Barcelona.

"PERSPECTIVAS" ABOUT THE EVENT



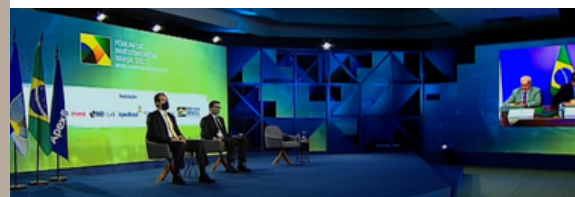
"Innovate4Climate reinforces the growing global consensus around the need for businesses, governments, the financial sector and civil society to adapt to the reality of carbon neutrality and climate action.

Moreover, the opportunities put in place for those who adapt to this new reality and take the lead of the transition have been reinforced in terms of competitiveness and financing, image building, and awareness of their social and environmental responsibility.

Emissions offsetting, energy transition, climate action, among other topics related to the ESG principles, are some of the trends that have come to stay. In this context, Brazil has all the conditions to take advantage of the opportunities presented during the conference as a global leader in Sustainability."

Marina Mattar, founding partner and CEO of Perspectivas and member of the Steering Committee of the World Bank's Carbon Pricing Leadership Coalition

SUSTAINABILITY IS ONE OF THE MAIN TOPICS OF THE BRAZIL 2021 INVESTMENT FORUM



The sustainability agenda was highlighted throughout both days of the Brazil 2021 Investment Forum. Organized by Apex-Brasil between May 31st and June 1st, the President of the Republic - Jair Bolsonaro -, several ministers of government, CEOs of companies and the president of the Central Bank spoke during the high-level Forum.

The Minister of Mines and Energy, Bento Albuquerque, discussed the importance of renewable energies, emphasizing the national biofuel policies, such as Renovabio, which has become an international reference. The Minister of Infrastructure, Tarcísio Gomes de Freitas, recognized the need to bring sustainability into project planning, since financial flows are increasingly taking environmental standards into account. The Minister and Chief of Staff of the Presidency, Luiz Eduardo Ramos, highlighted the agendas of decarbonization of the economy, fighting deforestation and Research & Development in bioeconomy as fundamental elements for bringing investments into the country.

ABOUT PERSPECTIVAS

Perspectivas is a Communication & Institutional Relations consultancy specialized in advocacy strategy and image building based on the pillars of dialogue, ethics, and transparency, with a strong focus on ESG (Environment, Social & Governance) principles, especially in the Low Carbon Economy.

Access the previous edition of our newsletter in Portuguese and English, at www.perspectivasbr.com/newsletter

Contact: perspectivas@perspectivasbr.com