

**Opening Remarks by Antonio Prado, Deputy Executive Secretary of ECLAC, at the Conference
“Overcoming world poverty and managing climate change” by Lord Nicholas Stern**

Santiago de Chile

October 9th, 2015

ECLAC

Ladies and Gentlemen,

Distinguished guests,

Ambassadors and Members of the diplomatic Corps,

Authorities and representatives from the London School of Economics, to whom I warmly
thanks their partnership in order to make this encounter possible,

Public authorities,

Representatives from the private sector,

LSE’s alumni,

Colleagues from the ECLAC and the UN system,

Dear friends,

It’s an honor and a privilege to hold this encounter on the premises of this Economic
Commission for Latin America and the Caribbean.

This house of the UN in our region regards as a unique opportunity this chance to hear directly
the voice of such a relevant global personality.

Lord Stern has an outstanding career. Among other achievements, he is Chair of both the
Grantham Research Institute on Climate Change and the Environment, and the Economic and

Social Research Council Centre for Climate Change Economics and Policy, at the London School of Economics and Political Science.

Since July 2013, Lord Stern has been President of the British Academy for the Humanities and Social Sciences.

Lord Stern was Second Permanent Secretary at Her Majesty's Treasury between 2003 and 2007.

He also served as Head of the Government Economic Service, Head of the Review of Economics of Climate Change [the results of which were published in 'The Economics of Climate Change: The Stern Review' in October 2006], and director of policy and research for the Commission for Africa set up by the then British Prime Minister, Tony Blair.

His previous posts included Senior Vice-President and Chief Economist at the World Bank, and Chief Economist and Special Counsellor to the President at the European Bank for Reconstruction and Development.

It can be said that The Stern Review Report on the Economics of Climate Change marked a turning point in the discussions about climate change. Until then, the debate was mainly located in the scientific and environmental world. The significance of this report, the most widely known and discussed of its kind, derives both from the findings and the background of the author. For the first time, the costs of climate change were assessed; according to the Review, without action, the overall costs of climate change will be equivalent to losing at least 5% of global gross domestic product (GDP) each year, now and forever. Additionally, the impacts of climate change are not evenly distributed – the poorest countries and people will suffer earliest and the most. From an economic point of view, the review states that climate change is the greatest and widest-ranging market failure ever seen. The key message is that the benefits of strong, early action on climate change largely outweigh the costs. The Review proposes that much less of global GDP per annum is required to be invested to avoid the worst effects of climate change.

The significance of the report also stems from its author. The trajectory of Lord Stern as renowned economist opened the discussions to a new group of actors (the economists) with

more political influence. The report uses the best available economic tools, such as cost-benefit analysis, for addressing an environmental challenge with a high degree of uncertainty and a time frame (a hundred years) little seen in the economic literature. The analysis incorporates elements of equity and intergenerational justice by using a discount rate ethically appropriate close to zero.

Other messages of the report stressed that stabilization of greenhouse gas concentration in the atmosphere is feasible and consistent with continued growth and that the transition to a low-carbon economy will bring challenges for competitiveness but also opportunities for growth. Adaptation policy is crucial for dealing with the unavoidable impacts of climate change, but it has been under-emphasized in many countries.

Following in the steps of the Stern Report, ECLAC has carried out analyses of the economic impacts of climate change at national level in most countries of Latin America and the Caribbean, involving economic, environmental and sectorial authorities. This effort, supported by sound figures, has increased awareness of the magnitude of the challenge and has strengthened the design and implementation of public policies for addressing climate change in countries of the region, most of them highly vulnerable to its impacts.

It is my pleasure to welcome Lord Stern. The floor is yours.