**The World Bank**

*Check against delivery*

# Adapting to climate variability and change in developing countries

Statement delivered by

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Mr. Chairman, distinguished delegates, representatives of major groups, ladies and gentlemen,

Recently, the governors of the World Bank endorsed a paper on "Clean Energy and Development", considered a first step towards a long-term investment framework intended to boost investments so that developing countries can meet energy demands for growth and poverty reduction in an environmentally and socially sustainable way. The paper was prepared in consultation with other international financial institutions, regional development banks, the private sector, experts, and civil society.

The document, which is available on the Bank's website, takes a global perspective rather than an institutional one, focusing on the need for, and investment requirements of, meeting modern energy needs in an environmentally sound way; the additional steps needed in key sectors to move towards a low carbon economy, and the need for developing countries to adapt to the impacts of climate variability and change.

I would like to focus on why the question of adapting to climate change and variability is no longer a question for the future, but an imperative to avoid new economic and human disasters which we know will disproportionately affect developing countries and vulnerable populations in these nations.

During the 1990s, an average of 200 million people per year from developing countries were affected by climate related disasters, eroding the capacities of whole communities to improve their livelihoods, and set back the fight against poverty. Models of agricultural production suggest serious losses by mid-century with huge differential effects between rich and developing countries. Developing countries often have economies that are heavily dependent on agriculture, forestry, and natural ecosystems where the impacts of climate variability and change are likely to be the greatest.

These countries are faced with **three main constraints** in dealing with the urgent task of climate-proofing development strategies:

(i) Increased exposure to climate impacts compared to most developed countries;
(ii) Restricted human capital and technological capacities; and
(iii) Limited access to credit and insurance markets, and to international markets in general.

The combination of these factors makes the challenge of adapting to climate change considerably more difficult, but the time to move ahead swiftly is now if we don't want to loose the development gains achieved during the last two decades.

In Africa, the situation is critical. 40 percent of the population of West Africa lives in coastal cities, and a continuous urban megalopolis with more than 50 million people is expected to develop along the 500 km of low-lying coast between Accra (Ghana) and the Niger delta.

In addition, one-third of the people living in this region live in drought prone areas. At the opposite end of the spectrum, floods are continually recurrent in some countries in this region, and even countries located in dry areas are not flood-safe.

A single El Nino event can lead to a reduction in GDP of several percentage points. In both Ethiopia and Ecuador, an additional 10 percent of the population is in poverty as a result of the impact of El Nino events.

Mr. Chairman,

We commend the efforts done by the UNFCCC and the emphasis given to adaptation in its future work.

Much of adaptation is about rethinking how we do things. What should be the standards for new construction? Can we identify and modify existing infrastructure most at risk? How can the allocation of water resources be better achieved to meet ever-increasing demands from human, industrial, irrigation, energy, and natural uses?

Let me now move to some areas of focus:

*First, global adaptation strategies need to initially focus on hotspots.*

The vast majority of people affected by climate-related disasters live in China and India, but hundreds of millions of people in smaller countries are affected by catastrophic events each decade, and even more are threatened by poverty traps arising from vulnerability to climate extremes. The countries where the highest percentage of their population is affected by climate-related disasters include Zimbabwe, Malawi, Samoa, China, Cambodia, and Swaziland. Low-lying Small Island States are particularly vulnerable, as are nations in the path of major wind storms. In Africa, droughts and floods affect the largest numbers of people and lead to chronic impoverishment where current climate variability is extreme.

*Second, global knowledge and research needs to support local action.*

While adaptation activities are, to a large degree, site-specific and depend upon each country's circumstances, actions can be better informed by global knowledge and research. Adaptation actions must also be integrated into national and/or regional development plans.

*Third, adaptation will require a mix of transfer of existing technology, new technologies, and the revision of planning standards and systems.*

Many of the technologies to cope with the climates of the future already exist. More drought-resistant crops are probably grown in nearby drier areas; flood control technology can be imported from regions already coping with flooding; and innovative construction

techniques for wind resistant and cool housing are being used. However, these technologies must still be transferred, and people accustomed to their use. A new generation of standards and approaches in irrigation, hydropower, land zoning, flood mapping, road construction, coastal infrastructure, etc, will be needed to reflect the emerging conditions of climate uncertainty.

*Fourth, South-South technology transfer can play a major role in adaptation.*

Many of the immediate gains will be made by refining and transferring existing knowledge. The example of the CGIAR in developing drought-resistant crop varieties is encouraging. The CGIAR should now be requested to prepare a major climate change adaptation program for all key cropping and livestock systems, and should set a medium-term target and budget to deliver a new generation of seeds and breeds and knowledge within the next ten to fifteen years.

*Fifth, integrating adaptation institutionally.*

It is generally accepted that adaptation needs to be integrated into national planning and finance agendas. If climate variability, current and future, is factored into decision-making, not only can vulnerabilities be reduced, but the costs of actions can also be reduced. This can only be achieved if adaptation is on the agendas of multiple ministries. The day adaptation is no longer considered solely an "environmental issue", but a financial, economic, social, and a resource management one, we would be crossing a bridge that would enable the global community to climate-proof development efforts.

In the short-term, Mr.Chairman, there is an urgent need to:

a) Develop information and tools to reduce the uncertainties associated with evaluating the impacts of climate change;

b) Assist in planning, and explore risk insurance and disaster relief instruments to reduce the financial costs to developing countries of climate related events. New insurance instruments such as the Global Index Insurance facility (GIIF) may play a significant role by creating assured sources of funds for recovery and rebuilding along with incentives to reduce vulnerabilities. The World Bank will continue its collaboration with UN agencies and other IFIs, in the context of the International Strategy for Disaster Reduction (ISDR) System, to develop knowledge, institutional capacity, and instruments to facilitate better preparedness for an increase in extreme weather events.

c) Provide capacity-building to assist countries to assess vulnerabilities to current climates, and to seek to understand the causes of those vulnerabilities.

d) Address technologies that have not been adopted because of barriers or lack of finance, such as changing agricultural systems to be more resilient to weather shock, and building multipurpose water storage systems.

Mr.Chairman,

The overall annual costs to adapt to projected climate change, i.e., climate-proofing development, are likely to lie in the $10 billion to $40 billion per year range, of which about a third is associated with public finance.

The business community should be an active participant in this process. In fact, private sector investments are threatened by climate change impacts, and adaptive actions are often cost effective even from a bottom line perspective.

Early movers in adaptation could gain access to grants and concessional finance, and new insurance instruments focused on projected climates could be established on the private and commercial insurance portfolio.

In addition, resources from the Global Environment Facility (GEF) should be devoted to this purpose. The new adaptation funds will increase resources, but they will also need to be used to maximize their catalytic value through critical knowledge development, sharing, and piloting.

Mr. Chairman,

Urgent action is needed to climate-proof development because, as with energy investments, decisions taken today about infrastructure, production systems, and institutions determine the vulnerability of those systems for many decades to come. The time to act – to 'make a difference' – is now.

Thank you.