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MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : **Kordjé BEDOUMRA**
Secretary General

SUBJECT : **BANK GROUP CLIMATE RISK MANAGEMENT AND ADAPTATION STRATEGY**

APPROACH PAPER *

Please find attached hereto the above-mentioned document.

Attach.

Cc: The President

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AFRICAN DEVELOPMENT BANK GROUP



BANK GROUP CLIMATE RISK MANAGEMENT AND ADAPTATION STRATEGY – APPROACH PAPER

Integrating Climate Change Adaptation
Into Bank Group operations

25 March 2008

**COUNTRY & REGIONAL PROGRAMS & STRATEGY VICE-PRESIDENCY
SECTORS OPERATIONS VICE-PRESIDENCY
INFRASTRUCTURE, PRIVATE SECTOR & REGIONAL INTEGRATION VICE-PRESIDENCY
CHIEF ECONOMIST OFFICE**

TABLE OF CONTENTS

I.	INTRODUCTION	3
II.	KEY CLIMATE CHANGE CHALLENGES AND OPPORTUNITIES IN AFRICA	4
III.	EXPERIENCE IN CLIMATE RISK MANAGEMENT AND ADAPTATION	6
IV.	THE STRATEGY: OVERALL APPROACH, GUIDING PRINCIPLES, AREAS OF FOCUS AND BUSINESS PROCESSES.....	8
V.	IMPLEMENTATION FRAMEWORK.....	11
VI.	NEXT STEPS AND ISSUES FOR BOARD CONSIDERATION.....	14
VII.	ANNEXES	
	ANNEX 1.....	i
	ANNEX 2.....	v
	ANNEX 3.....	vi
	ANNEX 4.....	vii
	ANNEX 5.....	viii

ACRONYMS

ADAPT	ASSESSMENT AND DESIGN FOR ADAPTATION TO CLIMATE CHANGE : A PROTOTYPE TOOL
AU	AFRICAN UNION
AUC	AFRICAN UNION COMMISSION
CARLA	CLIMATE ADAPTATION FOR RURAL LIVELIHOOD AND AGRICULTURAL
CCAA	CLIMATE CHANGE ADAPTATION IN AFRICA: RESEARCH AND CAPACITY DEVELOPMENT PROGRAM
CECAFA	CLEAN ENERGY AND CLIMATE ADAPTATION FACILITY FOR AFRICA
CEIF	CLEAN ENERGY INVESTMENT FRAMEWORK
CIDA	CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
CLIMAP	CLIMATE ADAPTATION IN THE PACIFIC
CriSTAL	COMMUNITY-BASED RISK SCREENING TOOL-ADAPTATION & LIVELIHOOD
CRMA	CLIMATE RISK MANAGEMENT AND ADAPTATION
CSPs	COUNTRIES STRATEGY PAPERS
DFID	DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
DGIS	DUTCH DEVELOPMENT AGENCY
ECA	ECONOMIC COMMISSION FOR AFRICA
ESAP	ENVIRONMENTAL AND SOCIAL ASSESSMENT PROCEDURES
ESIA	ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT
ESW	ECONOMIC AND SECTOR WORK
FAO	FOOD AND AGRICULTURE ORGANISATION
GCOS	GLOBAL CLIMATE OBSERVING SYSTEM
GDP	GROSS DOMESTIC PRODUCT
GEF	GLOBAL ENVIRONMENT FACILITY
IDRC	INTERNATIONAL DEVELOPMENT RESEARCH CENTER
IESIAG	INTEGRATED ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT GUIDELINES
IPCC	INTERGOVERNMENT PANEL ON CLIMATE CHANGE
LDCF	LEAST DEVELOPPED COUNTRIES FUND
MDGs	MILLENIUM DEVELOPMENT GOALS
NEPAD	NEW PARTNERSHIP FOR AFRIC'S DEVELOPMENT
NGO	NON-GOVERNMENTAL ORGANISATION
OECD	ORGANISATION FOR ECONOMIC CO-OPERATIONAND DEVELOPMENT
ORCHID	OPPORTUNITIES AND RISKS FROM CLIMATE CHANGE AND DISASTERS
REC	REGIONAL ECONOMIC COMMUNITIES
RMCs	REGIONAL MEMBER COUNTRIS
RMF	RESULT MEASUREMENT FRAMEWORK
SESA	STRATEGIC ENVIRONMENTAL AND SOCIAL ASSESSMENT
UKCIP	UNITED KINGDOM CLIMATE IMPACTS PROGRAMME
UNDP	UNITED NATION DEVELOPMENT PROGRAM
UNECA	UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA
UNEP	UNITED NATION ENVIRONMENT PROGRAM
UNFCCC	UNITED NATION FRAMEWORK CONVENTION ON CLIMATE CHANGE
UNISDR	UNITED NATIONS INTERNATIONAL STRATEGY FOR DISASTER REDUCTION
US-AID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
WFP	WORLD FOOD PROGRAM
WHO	WORLD HEALTH ORGANISATION
WMO	WORLD METEOROLOGICAL ORGANIZATION

BANK GROUP CLIMATE RISK MANAGEMENT AND ADAPTATION STRATEGY - Approach Paper

This approach paper seeks the Board of Directors guidance in elaborating a strategy aimed at integrating climate risk management and adaptation (CRMA) in Bank's operations. The goal of the Strategy is to safeguard and enhance the effectiveness of Bank investments in a changing climate, and to improve its support to its Regional Member Countries (RMCs) in the area of CRMA. The document briefly reviews the main implications of increasing climate risks for development in Africa and for Bank operations, summarizes initial experience in CRMA, identifies key elements of the proposed CRMA Strategy, and elaborates the time-frame for the preparation and approval of the Strategy by the Board.

I. INTRODUCTION

1.1 Background and rationale

1.1.1 Climate change is already occurring, and future changes are inevitable. These changes could result in economic losses of the order of 5-20% of global GDP¹. Already in the coming few decades, 1-2% of GDP in Africa is at stake, with some sectors much more exposed than others. For instance, some African countries face reductions in yields from rain-fed agriculture by up to 50% by 2020 (IPCC 2007). Indeed, Africa is especially vulnerable, as evidenced by the impacts of current climate variability and weather extremes such as floods, droughts, and storms, which severely affect economic performance, food security, livelihoods of the poor², and key assets including natural resources as well as transport infrastructure (roads, bridges, airports, ports), energy infrastructure (including hydropower and thermal plants and transmission and distribution systems), water and sanitation systems, and coastal defenses. With many African regions already characterized by high climate variability, climate change in conjunction with local environmental degradation, and multiple economic and demographic pressures, further threatens to exacerbate conditions of vulnerability for Africa's population.

1.1.2 While *mitigation* of greenhouse gas emissions is crucial to limit long-term climate change; in the short to medium term, *adaptation* to climate change is the only option to manage the impacts of climate change and maximize development outcomes. In Africa, adaptation to climate change is a development priority, hence, the focus of this Strategy. While there are some interlinkages in terms of global climate change policies, for purposes of support to RMCs and Bank Group operations, adaptation and mitigation generally require different instruments and approaches. The CRMA strategy will thus focus on climate adaptation, not on greenhouse gas mitigation, which is discussed in a parallel Bank document dealing with sustainable energy development and climate change: the Clean Energy Investment Framework (CEIF).

1.1.3 Regional Member Countries (RMCs) will need to adapt to ensure they can meet their development objectives. A substantial share of the Bank's own investments is also at risk of

¹ Stern Review on the Economic of Climate Change, November 2006

² The high dependency of livelihoods and economic activities on natural resources makes development in Africa particularly vulnerable to climatic fluctuations. Agriculture in Africa currently contributes about 30% to the GDP and employs approximately 70-80% of its people. However, many agricultural activities take place under marginal conditions and are highly dependent on un-reliable rainfall.

direct impacts and underperformance³. As one of the biggest financiers of public investment in Africa, the Bank has a financial interest and responsibility to assist RMCs and ensure the effectiveness of its development assistance.

1.1.4 The most effective strategy to address climate change is to integrate management of current climate variability and extremes with adaptation to climate change: a climate risk management and adaptation (CRMA) approach⁴. Such an integrated strategy provides immediate benefits given the increasingly significant impacts of current climate variability and extremes on economic development in Africa. As a cross-cutting issue, CRMA requires a comprehensive approach, combining due diligence in regular Bank operations (at project, country and sector level) with targeted assistance to RMCs. The new CRMA Strategy will guide the Bank's efforts in these two areas.

1.2 Presentation of the paper

1.2.1 This approach paper is presented in seven sections including this introduction (section I), and covering: (II) Key Climate Change Challenges and Opportunities in Africa; (III) Experience in CRMA; (IV) The Strategy: Overall Approach, Guiding Principles, Areas of Focus and Business Processes; (V) The Implementation Framework; (VI) Next Steps and Issues for Board Consideration; and (VII) Annexes

II. KEY CLIMATE CHANGE CHALLENGES AND OPPORTUNITIES IN AFRICA

2.1 Challenges

2.1.1 The key climate change challenges facing Africa include the following:

- ***Expected large adverse economic development impacts from climate variability and change*** due to a number of underlying factors that determine Africa's high vulnerability, including (i) many areas and activities close to the margin of tolerance for climate variability and change⁵; (ii) wide-spread poverty and high shares of economic activity in climate-sensitive sectors such as rain-fed agriculture and fisheries; and (iii) generally weak capacity to adapt.
- ***Climate change will also significantly affect the overall potential for sustainable development in Africa*** in the form of increasing risks for peace, security and stability and worsening prospects for achieving the Millennium Development Goals (MDGs). Key impacts will range from reduced energy access, to lower agricultural production levels leading to worsening food security and growing malnutrition, from spreading

³ OECD and World Bank estimates based on global samples suggest that of the order of 40% of the portfolio may be at substantial risk. This includes direct physical risk as well as the risk that project benefits do not materialize as expected (underperformance). An additional risk is that a project may result in rising vulnerability (maladaptation), for instance by establishing new infrastructure that fosters population growth in highly vulnerable areas.

⁴ Adaptation to climate change has to be understood as a continuous risk management effort within the development context. It begins with addressing existing vulnerabilities to current climate variability and extremes, but also recognizes that the dynamics introduced by global climate change may further demand the integration of a forward looking risk management perspective, depending on the time-horizon of the development activity under consideration.

⁵ For instance, many areas are already water-stressed. Small changes in temperature or rainfall immediately affect agricultural productivity, food security and water supply.

diseases and other health hazards, to more natural disasters and humanitarian emergencies, growing migratory pressures and increased risk of conflict over scarce land and water resources. In addition, women will be increasingly vulnerable to many of these impacts with significant risks of reducing gender equality outcomes of current and future development efforts.

- *A significant share of development assistance to Africa is each year being diverted to ex-post interventions such as disaster relief, emergency assistance, reconstruction and rehabilitation, while a consensus is emerging that much more needs to be done ex-ante i.e. on the preventive side.* To maximize development impacts the most promising approach and a logical first step is to link disaster risk reduction and CRMA by addressing both current climate variability and extremes and future climate risks.
- *Additional financing is needed for CRM and climate adaptation in Africa.* While Africa is most vulnerable to climate risks, it has low capacities and insufficient resources to adapt and current funding available for adaptation is not even close to the scale of the resources needed. There is a need to address this gap by providing additional financing assistance with a clear role for developed countries in its provision.
- *The greatest challenge, however, cuts across all development efforts: RMCs urgently need to start mainstreaming effectively climate adaptation in development planning and decision making.* Generally, there is a lack of specific attention to CRMA in economic decision making and development planning. To this end, in addition to the need to increase external assistance from the international community, it is crucial to develop broader and stronger country ownership as well as deeper engagement of key regional institutions such as the African Union, UNECA, regional economic communities (RECs) and other key players.

2.2 Opportunities

2.2.1 Opportunities offered by a systematic Bank approach to CRM and climate adaptation include the following:

- **Enhancing economic growth, improving prospects for achieving the MDGs and reducing overall human suffering** by increasing RMCs' capacity to cope with climate variability and change, and by ensuring that RMCs including their communities and private sector players make full use of the new opportunities that climate change may offer in some sectors and areas;
- **Maximizing the effectiveness and results orientation** of regular Bank operations by preventing and reducing adverse climate change and variability impacts;
- **Promoting and implementing new programs/projects for CRM** and adaptation while leveraging additional grant resources for African countries to reduce vulnerability to climate change, and thus also generating immediate benefits in terms of enhanced resilience in the face of current variability and extremes;
- **Supporting appropriate natural resources management strategies**, including reforestation/afforestation (which serve both adaptation and mitigation of climate change); and

- **Fostering innovative private sector instruments**, particularly for risk pooling and risk transfer (such as weather insurance schemes to reduce farmers' vulnerabilities to climate shocks) and promoting public-private partnerships in addressing climate change risks.

2.3.1 The strategy document will provide an analysis of the above challenges and opportunities. This will be the basis upon which the key strategic thrusts of the Bank CRMA response will be elaborated.

III. EXPERIENCE IN CLIMATE RISK MANAGEMENT AND ADAPTATION

3.1 Climate Risk Management and Adaptation (CRMA): An emerging body of knowledge

3.1.1 There is plenty of "implicit experience" on CRMA, in fields like disaster risk management, social development, natural resources management, etc. However, the explicit consideration of climate risks - and planning for an uncertain future that will be different from the past - is relatively new even though there is an emerging body of knowledge and experience, among sister MDBs and other development partner agencies, and also from initial ADB experiences, particularly in Malawi. Eventually, a large share of the ADB's operations will need to include systematic climate risk management, as part of due diligence in country programming and project preparation. In the short term, the Bank is building its capacity in a few selected cases, developing cross-cutting capacity support mechanisms, as well as preparing systematic institutional and policy responses.

3.2 Initial Experience in other Development Agencies

3.2.1 The systematic integration of climate risk management in development operations is receiving increasing attention in various development agencies and development banks. Annex 1 provides an overview of some of the methods and tools that are being developed for this purpose. Examples include the World Bank's Climate Risk Screening Tool; methods from the Asian Development Bank's Climate Adaptation in the Pacific (CLIMAP) program, which have been used to assess adaptation needs in several Pacific Island Countries; and risk screening tools developed by the UK's Department for International Development (DFID) and currently applied in Bangladesh.

3.2.2 Besides the development of these tools, there is also a growing body of projects implemented by development banks that explicitly include climate risk management. The World Bank is leading these efforts, with a number of innovative projects in various regions. There have been several climate risk management programmes in Latin America and the Caribbean, most recently also including innovative financial instruments for risk transfer (including risk pooling between different countries). In the Asia/Pacific Region, the World Bank supports a programme to integrate climate change into national economic planning in the Pacific island nation of Kiribati, working directly with the Ministry of Finance and Economic Planning. In the same region, a project in the Philippines aims to integrate climate risk management into a set of World Bank lending operations in agriculture, irrigation and natural resources management. In the Africa Region, the World Bank has initiated an add-on adaptation project to the Kenya Arid Lands Project, integrating long-term climate risk management into the existing project. To draw initial lessons and provide inputs into the Bank CRMA approach and rationale the strategy document will briefly review this emerging international experience in CRMA.

3.2.3 Further to the above described CRMA-specific activities, there are plenty of lessons and experiences deriving from decades of development efforts in natural resources management and which are relevant to CRMA. These have included programs aiming at sustainable management of water, land, and forestry resources as well as biodiversity conservation and sound management of coastal, marine and fisheries resources among others. In addition there are decades of experience in disaster risks reduction programs. As CRMA is intrinsically interlinked to the sustainable management of natural resources⁶ and disaster risk management a good number of lessons and experiences relating to the latter two development fields can be translated into relevant knowledge for strengthening CRMA approaches and improving practices towards sustainable development.

3.3 Early Experience at the African Development Bank

3.3.1 The Bank itself has some experience, although fairly limited, in designing specific climate risk management and adaptation interventions. In Malawi, the Bank is directly supporting adaptation activities using climate adaptation funds managed by the Global Environment Facility (GEF). The Malawi Climate Adaptation for Rural Livelihoods and Agriculture (CARLA) program aims to ‘climate-proof’ a pre-existing smallholders’ crop production and marketing project approved by the Bank in 2006 (see Annex 2)⁷. The CARLA add-on program will be financed by the GEF least developed countries fund (LDCF) for adaptation. Furthermore, the Bank has a small number of other adaptation projects under preparation and has also started a number of awareness raising and in-house training activities. In addition, the Bank is working with the African Union Commission (AUC), the Economic Commission for Africa (ECA) and the Global Climate Observing System (GCOS) in a joint secretariat to oversee the implementation of the Action Plan for Africa on Climate Information for Development Needs *ClimDevAfrica Program*(see annex 3)⁴

3.3.2 The Strategy will review initial Bank experience and operational trends in CRMA by highlighting the following aspects: (i) the extent to which Bank Group’s operations are affected by climate risks; this will include the initial results of a portfolio analysis and evaluation of Bank projects (in order to verify OECD and World Bank estimates based on global samples suggesting that of the order of 40% of the project portfolio might be at substantial risk from climate change); (ii) current initial Bank assistance to RMCs for CRMA based on a rapid evaluation of a representative sample of projects, CSPs and other selected Bank operations including Bank economic and sector work (ESW); and (iii) special climate change initiatives and CRMA programs and projects carried out by the Bank (such as the GEF funded project Malawi CARLA, the ClimDev program, and other Bank projects, etc).

3.3.3 In this context the strategy will also assess potential synergies with relevant Bank policies and procedures (such as the Bank emergency assistance, the Bank environment and gender policies, Bank assistance to fragile states, etc) and their possible role in supporting and facilitating implementation of the CRMA Strategy. Key synergies will also be identified both at the general strategy level and operationally with the Bank’s Clean Energy Investment

⁶ In the absence of adequate approaches in line with environmental sustainability principles, short term responses to climate extremes often lead to the depletion of the natural resource base. The degradation of the natural resource base in turn increases local vulnerabilities to adverse climate variability and climate change related events.

⁷ The Malawi Climate Adaptation for Rural Livelihoods and Agriculture project (CARLA) was approved for GEF pipeline entry (PIF) in May 2007 and project preparation grant financing (PPG) in August 2007. The main (full size) CARLA project is currently under preparation.

Framework (CEIF)⁸, as well as new policies and strategies under preparation such as the urban development strategy, the natural resources management strategy, the energy strategy and any other Bank's strategy/policy that relates to climate change issues and/or related operational programs. The Strategy will also review and elaborate on the adequacy of existing financing and non-financing instruments (see annex 4), including existing Bank trust funds and financing facilities; assess Bank capacity to access external finance such as UNFCCC/GEF financing and explore opportunities to establish or access new internal/external financing mechanisms.

3.4 *Elements for success*

3.4.1 Most of the above activities aim to mainstream climate risk management into regular sector operations. It is clear that specific attention is to be paid to the integration of climate risk management into regular planning, programming, country strategy and project preparation and implementation. Another element for success is that the primary in-country stakeholders should not be the environment ministries or meteorological offices, but the sectoral decision-makers in the line agencies, such as water, agriculture and energy departments, as well as the central planning agencies and finance ministry officials. Individuals, private sector and NGO organizations working in the sector should also be at the centre. The Bank has a key comparative advantage here: through its sector/project operations and its policy dialogue at the country strategic and programming level it has access to the right stakeholders who need to integrate climate risk management into their own investment plans, programmes and projects.

3.4.2 It will also be essential that the Bank establishes effective knowledge management mechanisms for lessons learning and sharing experience on CRMA that is relevant to African stakeholders. CRMA awareness and capacities are limited in Africa and lessons and experiences have yet to be widely shared. It will be important to draw lessons from projects on the ground, featuring CRMA tools, methods and practical guidance to meet priority needs towards replication and up-scaling of effective CRMA mainstreaming in development decisions and processes. The Bank will link up with and build on the wide range of existing adaptation knowledge networks and initiatives already underway (set up by various multilateral and bilateral organizations) and will provide stakeholders with an appropriate platform to capture, process and disseminate relevant lessons and experience.

IV. THE STRATEGY: OVERALL APPROACH, GUIDING PRINCIPLES, AREAS OF FOCUS AND BUSINESS PROCESSES

4.1 *Overall approach*

4.1.1 It is crucial to stress the importance of integrating CRMA in Bank Group's development assistance for achieving sustained growth and poverty reduction. Emphasis is to be placed on the Bank's role in CRMA within its mandate in the African context and associated consistency with the Bank's global strategic orientations. The Bank's engagement in CRMA will be gradually intensified, as its internal capacity in the area is strengthened, including availability of methods and tools, economic analysis, and best practice examples. The Bank will benefit from the growing CRMA experience at the country level and from work of other development partners. As a result strategic partnerships and joint activities will be a major avenue for effective Strategy implementation.

4.2 *Guiding principles*

⁸ Including its proposed Clean Energy and Climate Adaptation Facility for Africa (CECAFA)

4.2.1 In order to be successful, the CRMA Strategy, which cuts across a wide range of Bank activities, will include a clear and focused roadmap matching human and financial resources (including within the Bank's mainstream sector departments and investment activities) with achievable outcomes. This will be a key cross-cutting concern during the Strategy preparation process.

4.2.2 The key principles that will guide the Bank Group's CRMA Strategy are proposed as follows:

- *Country Ownership and Alignment:* the Bank's approach will be underpinned by country ownership and differentiated in relation to different countries' vulnerabilities and capacities; Bank's interventions will be aligned with countries' priorities, national development agendas and poverty reduction strategies. The strategy will also articulate incentive mechanisms to build country ownership and strengthen participation;
- *Integration of Current and Future Climate Risks:* the Bank will adopt an integrated approach where adaptation to climate change is best addressed through a process which deals with both current climate variability (including weather extremes) and future climate risks;
- *Selectivity and Complementarity:* the Bank's support to RMCs for CRMA will be highly focused and selective taking into account complementarities with other development partners;
- *Catalytic Role:* The Bank will play a catalytic and convening role to leverage new and additional financing for CRMA in Africa.
- *Partnerships:* to maximize results, better generate and capture relevant knowledge and leverage additional resources, the Bank will develop strong partnerships with key development players, at international, country and local level including other MDBs, UN agencies, private sector, local communities, non-government and civil society organizations and use these partnerships as a platform for entry, as appropriate;

4.3 *Pillars and areas of focus*

4.3.1 In order to ensure effectiveness of its support to climate adaptation, the Bank Group will need to be highly selective and sharply focused. Its efforts will therefore be centered on the two following pillars: (i) supporting CRMA in Bank operations and (ii) support CRMA efforts by RMCs.

Pillar 1: Climate risk management as due diligence in Bank Group operations

4.3.2 As a matter of due diligence, the Strategy will stress the need to ensure that Bank Group operations, starting with those ones that are most climate sensitive, have sufficient resilience to projected climate change and make effective use of opportunities, by integrating appropriate climate risk analysis in (i) the project cycle through for example CRMA mainstreaming into environmental, social and gender equality assessments; (ii) CSPs/country programming cycle; and (iii) sectoral plans and other economic and sector work (ESW) for climate-sensitive sectors. At project and sector level, the analysis will start by rapid screenings to identify high-risk cases that will be the initial focus of further in-depth risk analysis efforts. That analysis may result in design changes, and/or additional investments, particularly in high-risk cases. The initial focus on high-risk cases will not only provide the best allocation of

resources for CRMA, but also allows the Bank and RMCs to experiment with methods and tools for climate risk reduction, demonstrate tangible results, and gradually build capacity for expansion of CRMA efforts to all climate-sensitive Bank operations. Application of CRMA due diligence will also be essential to assess and mitigate any potential adverse social, gender equality and environmental effect associated with increasing climate risks.

Pillar 2: Supporting climate risk management by RMCs

4.3.3 This pillar will include: (i) Supporting RMCs in capacity building and awareness raising of country-specific vulnerabilities, climate risks, threats and opportunities (specifically including the private sector and community/civil society); (ii) Supporting RMCs to implement effective CRMA in national planning and sectoral strategies for climate sensitive sectors such as agriculture, natural resources management (including reforestation/afforestation), health and human settlements, education, water resources, urban and other key infrastructure and disaster risk reduction; (iii) Integrating the above support activities, to the extent possible, in regular Bank operations. In particular, due diligence analyses under Pillar 1 may trigger add-on operations to regular investments in high-risk sectors and areas. Such add-on operations are an excellent vehicle for broader Strategy and institutional enhancements in CRMA in RMCs (particularly in the sector of the original investment project); (iv) Going beyond policies and plans, and paying special attention to appropriate design, construction standards and enforcement capacities, as well as operation and maintenance; and (v) Playing a catalytic role in mobilizing resources for climate-proofing RMC investments.

4.4 *Cross-cutting Issues*

4.4.1 The strategy will highlight the importance of mainstreaming cross-cutting dimensions in CRMA operations. The CRMA approach will be required to meet socio-environmental sustainability criteria and build on gender equality efforts including the protection and empowerment of women, other vulnerable groups and building on their own capacities and local knowledge. The development and implementation of the Strategy will follow a highly participatory approach that will include, as required, strengthening of local communities, women groups and organizations, and non-government and civil society organizations. Opportunities will be pursued for climate adaptation interventions that are closely linked to natural disaster management and early warning initiatives and to natural resource management programs – with a specific focus on women’s roles in these programs - and generate social benefits including gender equality and women empowerment outcomes.

4.5 *Instruments and business processes*

4.5.1 The strategy will propose options towards improvements in business processes to make CRMA part of due diligence at the project and country strategy/programming level (Pillar 1). The goal is to achieve CRMA outcomes by refining existing policies, processes and procedures - including environmental and social safeguards - rather than adding a new layer of policy and procedural requirements. This would include required adjustments and incremental revisions of Bank Group policies, strategies, sector policies, procedures and guidelines including the revised Operations Manual. In particular, the Strategy will explore possible revisions to the Bank environmental and social policies/procedures through the revision of

ESAP, ESIA, IESIAG, SESA, etc.⁹ and other environmental / social assessment guidelines and procedures. In this context the strategy will also review the need for piloting, methodology innovation, development of screening tools, checklists and other analytical instruments to effectively carry out CRMA measures in Bank operations.

4.5.2 In addition, key modalities and instruments for supporting RMCs on CRMA (Pillar 2) will also be proposed. This will include: advocacy to donor governments, civil society and private sector; advisory services; knowledge management (generation and dissemination of knowledge, including distillation and sharing of Bank experiences and good practices¹⁰); advisory technical assistance (e.g. institutional support grants); and (stand-alone) program/project financing – preferably on grant terms (for implementation of specific responses) and including project preparation funding to apply CRMA principles to project/program design. The strategy will also explore the potential for the use – in selected cases- of multinational operations, policy based financing (e.g. sector adjustments and institutional reforms) and line of credit operations to move forward the CRMA agenda at the regional, country and sector level. It is proposed that a 2x2 matrix -showing activities per pillar and under lending /non lending modalities/instruments - be added to the strategy to summarize the proposed approach. A draft matrix is attached, only for illustrative purposes, in annex 4.

4.5.3 The document will also discuss how the CRMA Strategy will complement existing Bank policies and strategies, including: poverty reduction; good governance; infrastructure; integrated water resources management; agriculture and rural development; health; private sector development; population; etc. It will also emphasize that in the short term, CRMA should be driven by opportunities (in terms of rapidly showing tangible results of additional efforts and newly set conducive institutional conditions). As capacity grows and best practices set institutional standards, CRMA procedures may evolve into Strategy and procedural requirements, for instance as a component of the ESAP/ESIA/IESIAG/SESA, etc.¹¹ processes and procedures.

V. IMPLEMENTATION FRAMEWORK

5.1 *Institutional arrangements*

5.1.1 The strategy document will propose institutional and staffing needs to enhance the Bank's internal capacity to implement the Strategy, including a review of the needs for additional expert staff at headquarters and in field offices, and establishing a CRMA focal point within the new structure of the Bank. Suggestions will also be provided on how to improve Bank's activities on knowledge/information on CRMA, including through economic and sector work/research. This should specifically include methods and tools for due diligence on climate risk in projects and plans, and economic and financial analysis on CRMA. Finally, a number of proposed approaches will be presented on how to draw in expertise and experience through formal partnerships and networks.

⁹ ESAP= Bank Environmental and Social Assessment Procedures; ESIA= Environmental and Social Impact Assessment, IESIAG= Integrated Environmental and Social Impact Assessment Guidelines, SESA= Strategic Environmental and Social Assessment procedures.

¹⁰ Also through activities carried out by the Bank Chief Economist complex.

¹¹ Ibidem

5.2 *Resource implications*

5.2.1 The strategy document will outline the financial implications of implementing the Strategy, including additional staff and appropriate skills mix (including the use of external expertise/consultants/secondments), enhanced business processes and procedures, as well as the need for a higher overall level of financing to achieve the desired development outcomes (in the face of rising climate risks). Resources requirements will be estimated with an indication of financing both from Bank resources (ADF-concessional and ADB non-concessional), and from the various Bank trust funds (both existing trust funds and new ones such as the proposed Clean Energy and Climate Adaptation Facility for Africa (CECAFA) proposed under the Bank Clean Energy Investment Framework). Additional resources from other multi-bilateral donors and through targeted partnerships will also be identified and as a result a strategic framework will be presented for assisting RMCs to tap into new financing opportunities for CRMA, including inter alia the recently proposed Climate Investment Facility, the ClimDev program, the various UNFCCC/GEF funds and any new financial mechanism generated under the post-Kyoto climate regime. Financial instruments will also be identified to support economic and sector work and project preparatory work related to CRMA.

5.3 *Partnerships*

5.3.1 The Strategy will review the involvement of other development actors and existing partnerships in supporting CRMA, keeping in mind that the the Bank's comparative advantages in such partnership arrangements will be generally in the area of sectoral interventions and mainstreaming CRMA into development and investment planning and decision making, building on its regional base and presence. First of all, it is key to generate ownership of the CRMA agenda among RMC governments, both individually and collectively, but also engage the private sector, civil society, and research institutions. To some extent, this can be fostered by partnering especially with Africa-based organizations such as the AU, NEPAD, UNECA as well as international agencies with strong presence in Africa, including various UN agencies including UNEP, UNDP, UNISDR, WMO, FAO, WHO and WFP, and others such as the International Federation of Red Cross and Red Crescent Societies. In some cases, existing partnerships, such as the AU/UNECA/ADB partnership on Climate for Development (ClimDev) already provides such linkages, and the ADB can also tap into frameworks such as the DFID/IDRC Climate Change Adaptation in Africa (CCAA) program.

5.3.2 In other areas, partnerships will need to be developed on a regional, national and/or sectoral basis, often building on existing relationships on issues not specifically related to climate risk management and adaptation. At the regional level, these include existing partnerships such as the Senegal River Development Organization, the Nile Basin Initiative, and the Niger Basin Development Authority. At the national and sectoral level, the ADB will build on existing relationships for its ongoing investment support to RMC development. In addition, many bilateral donors can play a supporting or even lead role in fostering partnerships and integration in particular countries and sectors – donor coordination meetings can serve as an important venue for exploring such joint efforts. The Strategy will indicate how the Bank should strengthen and build such collaborations. Strategically and methodologically, the Bank intends to work closely with the World Bank, especially in terms of methods and tools for CRMA, including monitoring and evaluations, and in engaging key sectoral stakeholders. To this end, the preparation of this Strategy is in many respects aligned with the World Bank's climate change strategy for Africa, and both institutions are planning to undertake joint consultations. Finally, the ADB will strengthen and build partnerships with the UNFCCC/GEF,

including the new Adaptation Fund board, in order to ensure these financial instruments best serve RMC interests on CRMA.

5.4 *Public Consultations, Communications and Knowledge Management*

5.4.1 As part of the strategy preparation –including the preparation of this approach paper and its antecedent version, the concept note - the Bank has already been using a public consultation approach to gain wide participation from a diverse group of stakeholders to ensure that they have the opportunity to comment, provide suggestions, and enrich the proposed strategy. This approach ensures that the conceptual framework of the strategy is thoroughly reviewed and that a mutual understanding has been developed during the consultation process of the developmental and climate specific challenges underpinning the strategy. The consultation process is also needed to identify ways by which the above-mentioned partnerships with various stakeholders can be strengthened. While a consultative workshop on the strategy concept note was already held on 20 November 2007 (see annex 5 for a summary of the discussions) several more workshops in different parts of Africa are planned to be undertaken jointly with the World Bank during April-May 2008.¹²

5.4.2 The strategy will also develop a communications and knowledge management program (see paragraph 3.4.2 above) to promote CRMA in Bank operations, including by communicating with potential clients; mainstreaming CRMA aspects in CSPs, ESW and sector plans; providing technical expertise to beneficiaries along with financing; and sharing early experience on Bank's CRMA products, methods and tools. To this end the communications program will be coupled with a knowledge management program that will be established to provide a common platform to draw important lessons from Bank related activities and projects on the ground and capture, add value and disseminate relevant lessons and experience on CRMA. For this purpose a dedicated page on climate change activities is being added to the Bank website with a strong focus on communications and knowledge management.

5.5 *Results-based Monitoring and Evaluation*

5.5.1 The document will underscore the necessity for the Bank to monitor the impact of its CRMA efforts on countries' developmental progress as well as on its financing business. Based on the key action results expected in 3-5 years and 10 years periods, the strategy will elaborate the arrangements for monitoring its implementation, recognizing that CRMA indicators and benchmarks for specific projects/countries/sectors (to be developed in collaboration with RMCs and other stakeholders) will become part of the regular mechanisms in use by the Bank Group, and also become part of a specific result measurement framework (RMF) for this strategy.

5.5.2 Three key principles will underlie the approach on M&E. First of all, a *harmonized approach*, with M&E that is locally relevant but also sufficiently standardized (especially in terms of indicators and use of existing data sources) across various development actors as to not confuse or overburden client countries. To this end, the Bank will work closely with the World Bank, relevant UN agencies and regional partners, and also seek synergies with the OECD DAC work on adaptation to climate change. Second, an approach that emphasizes the establishment of *economic evidence* on the cost effectiveness of CRMA, possibly by comparing actual returns on investment to those under an imaginary scenario without CRMA. Third, an emphasis on

¹² Planning is well advanced for joint AfDB -World Bank consultation workshops on both institutions climate change strategies under preparation.

continuous evaluation and documentation of lessons learned, sharpening the Bank's (and RMCs') approaches on CRMA as the efforts are scaled up. This will particularly include attention for local-level evaluations including participatory M&E and partnerships with civil society .

5.6 Action Plan for Implementation

5.6.1 As seen above the implementation of the CRMA strategy will call for significant mobilization of Bank resources, adoption of new organizational arrangements -especially in terms of coordination among the various Bank complexes- and adjustments in relevant business processes. The strategy will include an action plan outlining the detailed resource implications, key actions across Bank complexes, and a detailed timeframe for its effective implementation. This action plan will be subsequently integrated into the Action Plan on Clean Energy and Climate Change, the action plan of the Clean Energy Investment Framework (CEIF), to holistically address issues relating to energy access, climate change mitigation and climate adaptation.

5.6.2 The action plan will also include the key elements of a Strategic Results Framework based on the relationships between challenges/opportunities, main strategy objectives, outputs and pillars / areas of focus. The strategic results framework will present impacts, outcomes, and outputs expected from the implementation of this Strategy within a short (3-5 years) to the medium term (10 years) time framework.

VI. NEXT STEPS AND ISSUES FOR BOARD CONSIDERATION

6.1 *Next Steps*

6.1.1 This paper has outlined the approach Management proposes to take in developing a Bank Strategy on Climate Risk Management and Adaptation to guide Bank's efforts in maximizing development outcomes in Africa in the face of a changing climate.

Management proposes the following time frame:

Informal Board Discussion on Approach Paper	11 April 08
Discussion Draft Strategy completed	30 April 08
Informal Board meeting on Draft Strategy	27 May 08
Board Consideration and Approval	25 June 08

6.2 *Issues for Board consideration*

6.2. 1 The major issues for the Board consideration and dialogue are as follows.

- Is the overall approach to the issue and the proposed strategy within the Boards expectations?
- Are the guiding principles, possible intervention instruments and modalities acceptable to the Board?
-

- Are the proposed intervention pillars and areas of focus in line with the expectations of the Board and within the Bank's medium term outlook?
- What should be the balance between project and program financing and advisory technical assistance?
- Is the time-frame for Board presentation appropriate?

OVERVIEW OF CLIMATE RISK SCREENING TOOLS

Better addressing the climate-related risks that we face today goes along with managing the risks in a future climate. In that sense, a lot of methods and tools from ‘regular’ disaster risk reduction can be applied to help reduce vulnerability to climate change. An excellent overview of such tools is provided at the website of the ProVention Consortium (www.proventionconsortium.org).

The methods and tools discussed in this annex focus primarily on finding out how a changing climate affects a particular activity, plan or policy. We review those potentially most useful to the ADB for (a) screening projects and (b) analysing country and sector portfolios. In addition, we provide a few key methodologies and approaches that may be relevant to ADB climate risk management efforts. For a more comprehensive overview of methods and tools, see the UNFCCC Compendium on methods and tools to evaluate impacts of, and vulnerability and adaptation to, climate change.

Project screening

This section discusses some of the emerging tools that help screen development projects for climate-related risks, and may guide the user how to address them. ADAPT is a tool for large investment projects, typically of the scale of ADB investments. CRiSTAL, on the other hand, is more suited to local/community-based projects.

ADAPT is being developed by the World Bank. It provides a simple and quick screening that tells a project developer whether it should worry about the changing climate, classified according to the five flags:

- Red flag – adaptation issues are important and further follow up is strongly recommended
- Yellow flag – some concerns, which should be checked
- Orange flag – Not enough known to assess
- Green flag – No adaptation issues foreseen
- Blue flag – Positive action for adaptation.

The tool also provides initial guidance on next steps, including pointers to appropriate literature and project examples. It is easy to use (it is Excel-based), asking the project developer iterative questions to identify key activities that might be sensitive to climate variability and change.

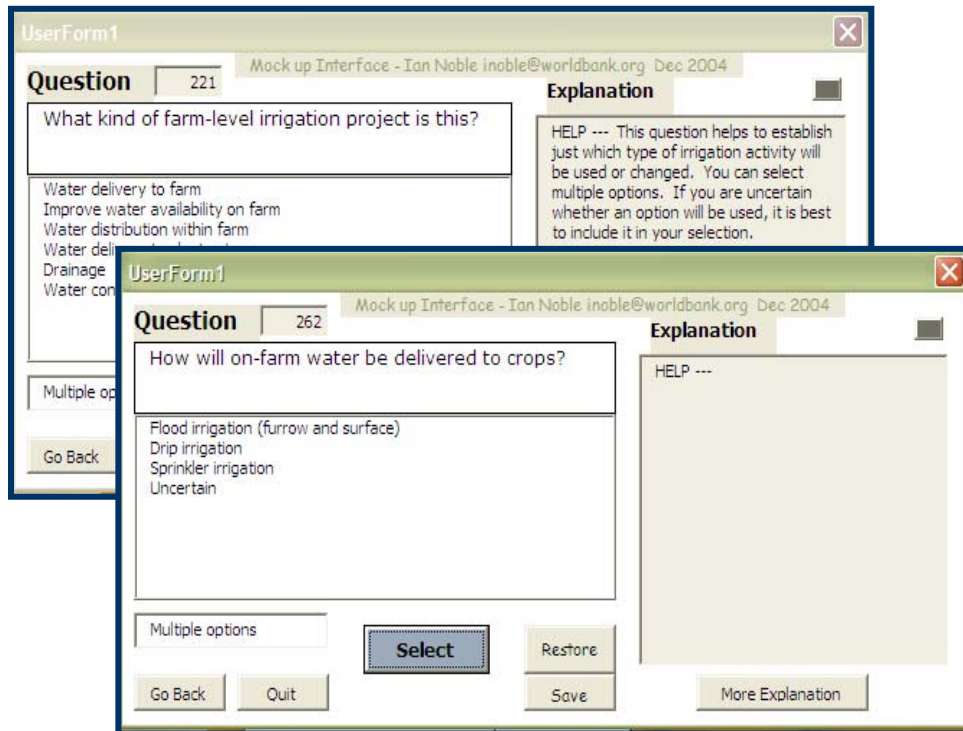


Figure A6.1. An example of the screens midway in ADAPT screening, in this case for an irrigation project in India.

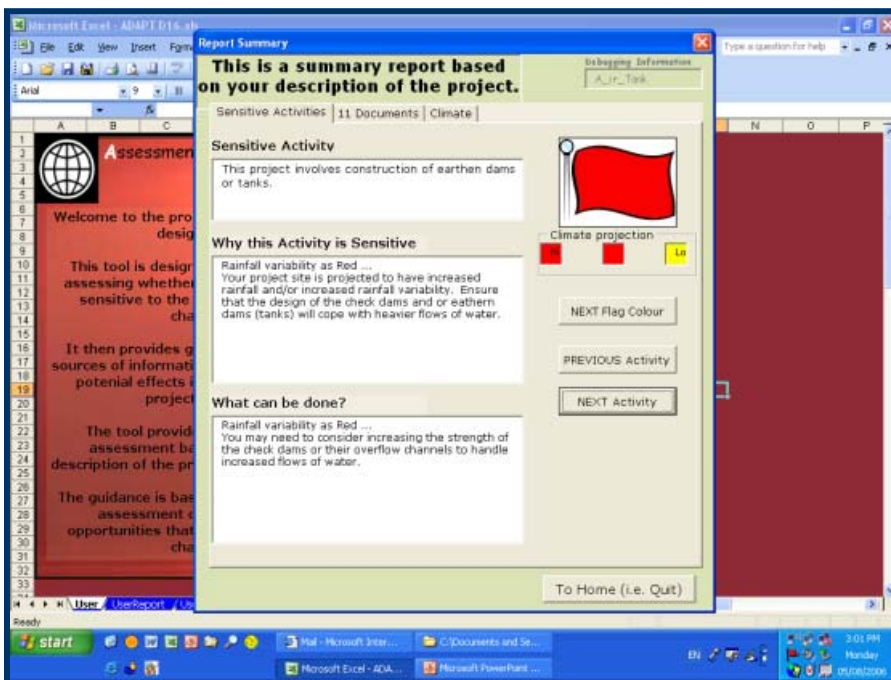


Figure A6.2. ADAPT's final summary report, in this case indicating that the irrigation project should consider the risk of increasing intensity in rainfall, and may need to adopt more robust infrastructure designs.

CriSTAL¹³ (Community-based Risk Screening Tool - Adaptation & Livelihoods) aims to assist local communities, project planners and project managers to assess climate risk management for planned or ongoing development projects. The tool guides users through a set of questions to systematically understand the links between livelihoods and climate, to assess a project's impact on community-level adaptive capacity, and to assist users in making project adjustments to improve the project's effectiveness.

Portfolio screening

Another set of methods has been developed by donor agencies to get a quick sense of exposure across their portfolios. An example is the OECD Climate Change and Development Project (Van Aalst, Agrawala and Moehner, 2005). This screening looked at the sectoral classification of development projects to get a general impression of how vulnerable the overall portfolio might be.

The Dutch development agency DGIS has taken an expert-judgement approach. A consultant with good knowledge of development planning and of climate risk management in a particular country makes a quick assessment of projects in that country, and then carries out a more in-depth analysis of a few cases at relatively high risk.

Other development agencies have taken a more in-depth approach. For instance, DFID's ORCHID process, currently applied in Bangladesh, has straightforward portfolio screening as an initial step, but then continues to assess changing risks and adaptation options through a systematic process, including economic analysis.

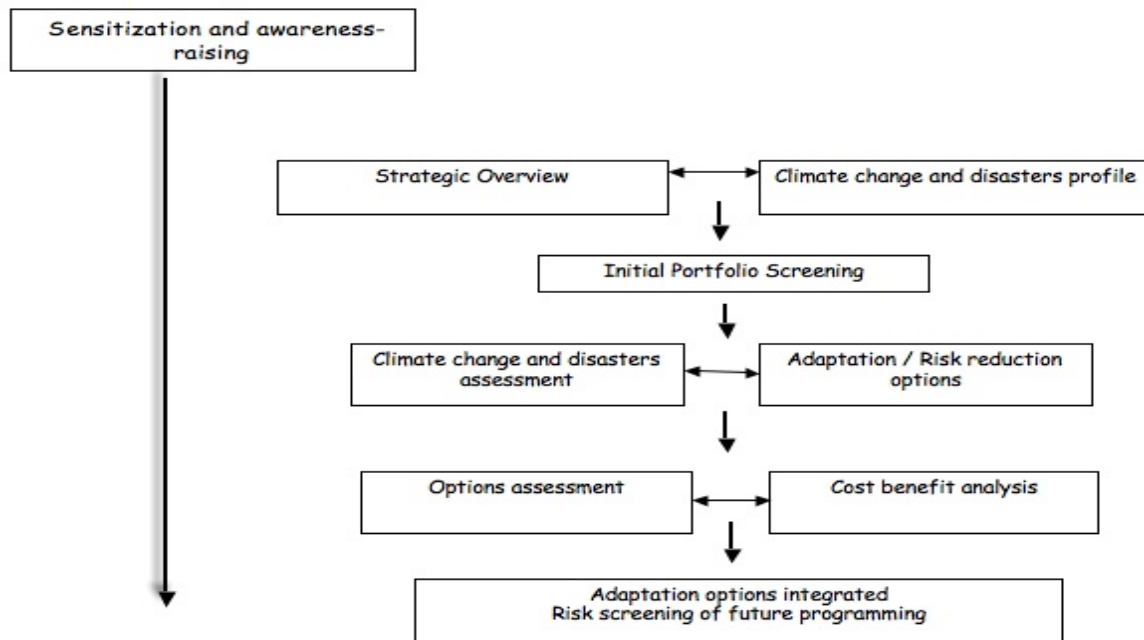


Figure A6.3 DFID's ORCHID screening process.

Process guidance and guidelines

¹³ Developed by the International Institute for Sustainable Development (IISD), Stockholm Environment Institute (SEI), the World Conservation Union (IUCN) and Intercooperation.

There are also sets of standardized guidance and approaches for climate risk reduction. Some are generic; others are tailored to particular sectors or organizations. They include guidance on (a) concepts and frameworks for assessing risk; (b) ways to identify all the appropriate policy and project entry points; and (c) approaches to engage the right stakeholders.

An example of general guidelines is the UNDP/GEF Adaptation Policy Framework (http://www.undp.org/gef/adaptation/climate_change/APF.htm) This is intended for planning and policy making. It systematically describes a number of elements needed to design and implement appropriate adaptation responses.

For its CLIMAP program, the Asian Development Bank also developed step-by-step mainstreaming guidance, including guidelines for integrating climate risk management into development planning by Pacific Island countries. Similar guidance would apply to ADB regional member countries.

Another general guidance tool, which also includes specific tools, is the United Kingdom Climate Impacts Programme (UKCIP) Adaptation Wizard. The wizard, and particularly the information in the tools supporting it, is targeted at the United Kingdom, but it provides interesting and more widely applicable process guidance.

ADAPTATION MAINSTREAMING AT THE PROJECT LEVEL ¹⁴

This annex describes an ADB example of project-level climate risk management: the Climate Adaptation for Rural Livelihoods and Agriculture (CARLA) project in Malawi.

Malawi faces significant challenges in terms of food security and poverty reduction. Recurrent floods and droughts are affecting key development investments intended to address these challenges. They are affecting the effectiveness of projects, and also adding to the costs of achieving the government's poverty reduction targets. CARLA takes a key investment project in relation to food security and agriculture development as its starting point – the ADB project 'Smallholder crop production and marketing'. This project has two main components: (i) irrigation development; and (ii) farmer support. CARLA will strengthen the climate resilience of these investments and their outcomes, while at the same time enhancing broader climate risk management in relation to agriculture and food security in Malawi, including its integration in strategic and operational planning in the agriculture sector.

The project's objective is to "improve resilience to current climate variability and future climate change by developing and implementing cost-effective adaptation strategies, policies and measures that will improve agricultural production and rural livelihoods".

The CARLA add-on component, financed by the GEF LDCF grant, will support:

- Investments aimed at improving agriculture, land management and natural systems as well as rural livelihoods through targeted on-the-ground adaptation interventions, fostering adaptation of individuals, communities and the private sector
- Enhanced climate risk management planning and coordination, including plans, policies, legislation and regulations, and resource allocation; institutional coordination; the generation and tailoring of knowledge on climate risk management for specific user groups, particularly in the context of the investment component; and awareness-raising.

¹⁴ Source: GEF CARLA Project Identification Form (PIF) as approved by GEF CEO in May 2007

CLIMATE INFORMATION FOR DEVELOPMENT NEEDS (CLIMDEV)¹⁵

The 2005 Gleneagles Plan of Action recognized the need for improved climate observation in Africa in order to help Africa better understand, prepare for and adapt to climate change. The UK Department for International Development (DFID) together with the UN Economic Commission for Africa (UNECA) and the Global Climate Observing System (GCOS) organized a meeting in Addis Ababa, Ethiopia in April 2006 to bring together providers and users of climate information to discuss needs and a strategy for the way forward. The stakeholders at the meeting agreed that there was an urgent need in Africa for an integrated programme encompassing the need to improve climate observations and services in support of achievement of the MDGs. The outcome of the meeting gave birth to a new programme, 'Climate Information for Development Needs—Africa' (ClimDev), where the objective is to promote climate risk management in climate-sensitive sectors such as agriculture, health, water resources planning and disaster risk reduction. The African Union Heads of State Summit held in Addis Ababa in January 2007 committed the member states to address key issues related to Climate Change. An Action Plan was endorsed requesting the implementation of ClimDev, through a Joint Secretariat comprising the AU, the Bank and UNECA. The Joint Secretariat is the governing structure of ClimDev, responsible for preparation, implementation and general oversight of the program and is currently working towards the implementation of the programme.

The goal of ClimDev is to improve the availability and use of climate information and services in support of sustainable development and achievement of the MDGs. ClimDev should result in better food security, better protection from malaria and other climate-sensitive diseases, improved management of water resources, better disaster risk management, more judicious use of energy resources and improved environmental sustainability.

The ClimDev programme has the following four components, to be implemented within 10 years: (i) Policy: improved political engagement of all African countries in climate risk management to assist delivery of the MDGs and adaptation to climate change; (ii) Practice: improved management of resources in all African countries through better climate risk management practices; (iii) Services: adequate climate information services for the full range of climate risk practices and (iv) Data: strengthened climate observation networks and improved data management for monitoring climate variability, detecting climate change and use in sectoral climate risk management.

Initial funding for ClimDev Africa, whose total budget is estimated at US\$250 million, has been pledged by DFID (US\$10 million), the Government of Ireland (US\$100,000) and the Netherlands (US\$1 million). Further sources of funding are needed – potential investors are G8 countries other than the UK, the European Commission, the World Bank and the Group on Earth Observations (GEO).¹⁶

¹⁵ Information herein comes largely from the meeting report of the Third Meeting of the GCOS Cooperation Board, held in Geneva, Switzerland, 27 April 2007:

DRAFT MATRIX ON BANK GROUP OPERATIONAL PRIORITIES AND MODALITIES IN SUPPORT OF ADAPTATION TO CLIMATE CHANGE.

2x2 Matrix by strategic pillar and by lending / non-lending activities (for illustrative purposes only)

Pillar	Lending	Non-Lending
1. Climate risk management as due diligence in Bank Group-projects and country/sector or planning	<p>Integrated into lending operations in sensitive sectors</p> <p>Grant-based add-on projects to ADB/ADF operations that are at particular risk (leveraging global funds for adaptation).</p> <p>(e.g CARLA project)</p>	<ul style="list-style-type: none"> ▪ Incremental Revisions of Bank Group Operations and Sector Policies and Guidelines (as relevant) ▪ Revision of Bank Group environmental and social assessment procedures and guidelines (ESAP and ESIA) to integrate climate risk management principles and procedures into project processing ▪ Revision of Project Identification, Preparation and Supervision procedures (as relevant to include climate risk management requirements)
2. Supporting Climate Risk Management by RMCs	<p>Mostly stand alone projects but in some cases also projects/programs associated to regular Bank operations:</p> <p>Project/Program Financing – preferably on grant terms (for sets of implementation of specific responses, such as the ones listed below):</p> <ul style="list-style-type: none"> ▪ <i>Managing increasing climate variability and extreme weather events: (i) Early-Warning Systems (ii) Protective infrastructure and (iii) Improved shelters and human settlements</i> ▪ <i>Mitigating rising stress on water resources, especially on transboundary water basins</i> ▪ <i>Sustaining agriculture and food security in drier, more uncertain climates: Appropriate agricultural futures markets, weather index-based crop insurance, etc</i> ▪ <i>Mitigating the increasing threat of vector and water-borne diseases engendered by rising surface temperatures</i> ▪ <i>Facing up to the threat of flooding of coastlands and small islands from sea-level rising, with accompanying loss of infrastructure</i> ▪ <i>Countering rising stress on ecosystems and natural resources including biodiversity – and their effective utilisation to increase resilience to climate change.</i> <p>Policy Based Financing -Development Budget Support, Sector Budget Support, SWAP operations- and Lines of Credit (for specific programs of sector adjustments and institutional reforms or operations through financial intermediaries- potential to be explored)</p> <ul style="list-style-type: none"> ▪ <i>Such as potentially the inclusion of CRM measures in the conditions/actions package in a development budget support operation.</i> 	<ul style="list-style-type: none"> ▪ Advocacy (for Africa: to donor governments, external civil society and private sector) ▪ Advisory Services (on sustainable development) ▪ Knowledge Generation and Dissemination: Financing for Research (on <u>detailed impacts and appropriate responses to climate change in Africa</u>) such as R&D on more resilient crop and animal strains and adaptation of agricultural practices ▪ ESW on innovative financial instruments for risk transfer (index-based insurance, catastrophe risk pooling, etc.) ▪ Technical Assistance: Financing for detailed studies and incorporation of climate risk management into project feasibility studies (on technical preparation of specific responses)

**TOWARD A BANK STRATEGY ON CLIMATE RISK MANAGEMENT AND ADAPTATION:
A CONSULTATIVE WORKSHOP ON THE IMPLICATIONS OF CLIMATE RISK FOR
AFRICAN DEVELOPMENT BANK OPERATIONS, TUNIS, 20 NOVEMBER 2007**

As part of the consultation process for the development of the Bank Group's Climate Risk Management Strategy, the Bank held a Workshop on November 20th, 2007, which brought together a wide-range of experts with a stake in climate and development issues in the region, including international organizations, national governments, civil society, regional representatives, non-governmental organizations, private sector, centres of excellence, and development partners. The Workshop was organized as a side event to the International Solidarity Conference on Climate Change Strategies for the African and Mediterranean Regions. Most of the stakeholders of that conference could be seen as stakeholders for AfDB's Climate Strategy. Of those, approximately 80 persons attended the workshop. The purpose of the workshop was to strengthen the Bank Strategy as a result of the consultation of these stakeholders.

The concept note of the Strategy and brochure based on that note were offered to all participants of the conference and to all attending the Workshop. The background paper was not a basis for discussion but was distributed together with all the presentations on a CD ROM. The AfDB was represented by the Director of the Department of Agriculture and Agroindustry, the Manager of the Sustainable Development division and the Manager of the Sector Policies Division.

The workshop began with an introduction to the ADBs response to climate change, followed by a presentation of the proposed Bank's Strategy on Climate Risk Management and Adaptation. The work of the AfDB in the field of adaptation was demonstrated by two projects: CARLA and ClimDev. In a second section of the workshop, the experiences and perspectives of the civil and NGO stakeholders were presented in three contributions. First, the NGO perspective on managing climate risks in Africa was provided by Dr. Payet, who demanded radical turn around from business as usual, and demanded that the dire perspectives must be made more widely known. Second, the results presented by the Red Cross/Red Crescent showed a marked increase of hydro-meteorological disasters in parallel with global warming, with severe consequences for food production and subsequently for disaster relief and migration over taxing the relief organizations. Third, the Egyptian NGO RAED presented itself as a facilitator and organizer of environmental projects in the Arab and Nile Basin countries. They are planning to promote adaptation projects and have started to prepare them. They are particularly focused on bringing the voice of civil society into the fore.

The initiative by AfDB to develop a Climate Risk Management Strategy was generally welcomed, especially since the premise that climate change is hitting Africa hard and is inevitable were generally accepted. Participants flagged the following key issues during the 60 minutes long intervention session:

1. The Bank and NGO/civil society interaction needs to be enhanced in order to meet the very real challenges being faced at the community level. There should be a 'space' at the Bank with this specific mandate. Participants were pleased to hear that the sustainable development division is the Bank focal point for NGO/civil society and that further interaction between the Bank and NGO/civil society was already planned during the rest of the strategy preparation process.

2. There was concern that the strategy might become too focused on managing current climate risks, at the expense of looking at future climate change risks, as posed by climate change. Bank staff responded that the strategy approach advocated addressing long term climate change by first addressing current climate risks. However, this approach would not exclude measures addressing longer term climate change risks especially in those cases when the level of uncertainty relating to long terms climate forecasting scenarios were deemed acceptable.
3. Several stakeholders pointed to other big institutions following the same goal with similar means. They asked ADB to form partnerships and to avoid duplication of efforts. There was a general sense that much can be learned from looking closely at ongoing initiatives and experiences, as well as, existing methodologies and tools, from a wide range of stakeholders. The implication was that the Bank should use and modify existing tools as much as is feasible to avoid duplication of efforts. Bank staff welcomed these remarks and recalled the guiding principles of the strategy concept note where these aspects are very much at the centre of the strategy itself.
4. There was a general feeling that much wider consultation should be undertaken in the development of the Strategy. All stakeholders at that Workshop were interested in continuing the dialogue and were satisfied to see that ADB had planned further steps. Some recommended doing consultations as side events to climate meetings, such as the Bali conference in December 2007, since this facilitated attendance. Banks staff took note of this request and confirmed next consultation rounds and other planned events in the way forward discussions.
5. It was also suggested that the Bank should take a strong leadership role both regionally and internationally as leading advocate for African needs, going beyond the current Strategy formulation. Others said that the Bank should stick to its core business.
6. Several stakeholders asked for more elaboration of the question of financing, pointing out that present sources were inadequate and not tailored to meet current and future adaptation requirements.
7. Some stakeholders were weary of the big wave of adaptation action, pointing out that poverty and not climate change was the major problem in developing Africa, urging the Bank to take this into account in the Strategy. The Bank reassured participants that the strategy is very much aligned to the principles of poverty reduction and by and large driven by the sustainable development agenda.
8. Some stakeholders called for more Government (local and central) engagement in CRM while others held that the ADB should engage more the NGOs. Some participants stressed the need for Regional strategies /activities and for more participation by the private sector.
9. Finally, a number of participants stressed the need for capacity building and training, requesting the AfDB to be more pro-active in this area. Bank staff again reassured stakeholders on this point by clarifying some of the activities envisaged under pillar 2 : support to regional member countries where capacity building is given a major role.