

CLIMATE CHANGE IS A DEVELOPMENT ISSUE

TOWARD CLIMATE-RESILIENT DEVELOPMENT

DIRECTOR'S OVERVIEW

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Climate change is a development, economic, and investment challenge. It offers an opportunity for economic and social transformation that can lead to an inclusive and sustainable globalization. That is why addressing climate change is a critical pillar of the development agenda.

— Robert Zoellick
World Bank Group President,
at the United Nations Climate
Change Conference in Bali, Indonesia
December 2007

When Robert Zoellick in Bali described climate change as “a critical pillar of the development agenda,” he was setting the vision for our emerging strategy on climate change. Even though we have been active in this area for some time now, there will be a significant step-up in our work on climate change in the months and years ahead, given its crucial importance to the poorest people in the world’s poorest countries.

Sustainable Development Vice President Kathy Sierra, in her message in *Environment Matters*, noted that it is the poor who will suffer the earliest and the most from climate change. As the world’s premier development organization, we

owe it to those in developing countries to take actions that will do two things as soon and as effectively as possible: mitigate the increase in greenhouse gas emissions and help developing countries adapt to the already inevitable effects of climate change.

Stepping Up Action for Lasting Change

Realizing the urgency of both addressing climate change while assuring increased energy access to poor countries, the Bank Group formulated the Clean Energy Investment Framework and Action Plan in 2006/2007. This Framework focuses on three areas of our work:

1. Energy for growth, with a particular emphasis on access to energy in Sub-Saharan Africa;
2. The transition to a low-carbon development trajectory; and
3. Adaptation to the effects of climate change.

We realize that scaling up our actions in these areas will require significant additional financial resources and that these resources must not compete with

achieving the Millennium Development Goals. On the other hand, if climate risk is not fully integrated into core development strategies and investment design, poverty reduction goals will be jeopardized. The recent replenishment of IDA15 was increased by 42 percent to \$14 billion per year. This was partly in response to the Bank’s submission that climate change will increase the resources needed to maintain levels of benefits from IDA by \$0.6 billion to \$1.9 billion per year. Comprehensive climate risk management in IDA projects will likely be the largest source of funding for adaptation in least developed countries in the immediate future.

We still have a lot to learn about fully integrating adaptation into national development planning. We need to accelerate our collaborative efforts with other multilateral development banks, GEF, and other development partners to assist immediately vulnerable countries in putting this challenge into practice.

During the financial year ending in July 2007, the World Bank made real progress in mainstreaming climate vulnerability and risk management into country dialogue and into work-



ing with client countries. We did this through a range of instruments that:

- Deepened analytical work. Much better understanding of country-specific adaptation challenges, supported by strong analytical work has contributed to up-streaming vulnerability to climate change in country and sector development plans. GEF and donor support has been effectively leveraged to scale up this analytical work.
- Achieved greater inclusion of adaptation in Country Assistance Strategies (CASs). In FY07, 32 percent of CASs acknowledged concerns about climate impacts on water resources, agriculture, land, disasters, the spread of vector-borne diseases, and infrastructure sustainability.
- Launched a “Screening Tool” to help identify climate risks. This is being expanded into a comprehensive climate data portal to facilitate access to core climate information.
- Applied innovative climate risk insurance pilots on a project level.
- Worked with the Global Facility for Disaster Risk Reduction and Recovery to integrate climate change.

The World Bank has started to gain important experience in climate risk assessment, forecasting and communi-

cation, and on-the-ground adaptation activities. In the Indian State of Andhra Pradesh, for example, a promising pilot project aims to promote comprehensive drought resilience through innovative techniques and management approaches in agriculture, natural resource management, and the strengthening of institutions. In Malawi, mainstreaming disaster and climate risk management into country planning processes, strengthening meteorological services, and piloting index insurance schemes help to achieve greater disaster preparedness and, therefore, decrease vulnerability.

Many countries are already facing decreases in available surface water. In Morocco, the Bank is working with farmers and the government to design ways to make irrigation more efficient and reliable while taking account of water’s limited availability. Overall, creating greater water security is an important focus of the Bank’s support to client countries.

Impacts of climate change on biodiversity and ecosystem services (terrestrial and marine) is a major concern. Amazon dieback, losses of forests from land conversion, coral bleaching, the decline and shift of fish stocks, and the increased invasion of non-native species are of concern in many areas, especially in fragile tropical and subtropical ecosystems. There are activities in the Caribbean, the Andes region, and Mexico to protect and sustainably manage ecosystems in the face of climate change.

Climate change also has a real impact on health, social development, and poverty reduction outcomes—including an increased risk of conflicts and migration through pressure on land and water resources. A collaborative effort by environment, social, and poverty specialists in the Bank is under way to identify options to minimize these impacts.

Challenges Ahead

While this issue of *Environment Matters* places its emphasis on adaptation to climate change, adaptation and mitigation are integrally linked. Future adaptation costs will dramatically increase if effective mitigation measures are not taken on a global scale.

Opportunities arise from mitigation–adaptation synergies. In Bali, for example, the World Bank, with strong support from donor countries and The Nature Conservancy, was proud to launch the new Forest Carbon Partnership Facility. We were also pleased to receive assistance from the UN Permanent Forum on Indigenous People in designing a carbon fund that will pilot reduced emissions from deforestation and forest degradation, while at the same time improving (a) the livelihoods of forest communities, (b) forest ecosystem services, and (c) forest biodiversity.

Furthermore, climate change will provide opportunities to revisit current practices. With the provision of additional resources, climate change, as discussed throughout this publication, can be a stimulus to assist the transition to improved practices in land management, energy production, coastal protection, and so on, especially in the poorest countries.

The Bank Group is currently developing a Strategic Framework for Climate Change, to be presented to the Development Committee at the Annual Meetings in October 2008. The Bank is also committed to reducing the carbon footprint of its own operations through the use of energy efficiency measures, renewable energy, and carbon offsets. Working with its partners, clients, and all sectors of society to turn the challenge of climate change into an opportunity for development leading to an inclusive and sustainable globalization is the exciting and challenging task ahead.