

Main Messages:

World Development Report 2010

Poverty reduction and sustainable development remain core global priorities. A quarter of humanity still lives on less than \$1.25 a day. One billion people lack clean drinking water; 1.6 billion, electricity; and 3 billion, adequate sanitation. A quarter of all developing country children are malnourished. Addressing these needs must remain the priorities both of developing countries and of development aid—recognizing that development will get harder, not easier, with climate change.

Yet climate change must urgently be addressed. Climate change threatens all countries, with developing countries the most vulnerable. Estimates are that they would bear some 75 to 80 percent of the costs of damages caused by the changing climate. Even 2°C warming above preindustrial temperatures—the minimum the world is likely to experience—could result in permanent reductions in GDP of 4 to 5 percent for Africa and South Asia. Most developing countries lack sufficient financial and technical capacities to manage increasing climate risk. They also depend more directly on climate-sensitive natural resources for income and well-being. And most are in tropical and subtropical regions already subject to highly variable climate.

Economic growth alone is unlikely to be fast or equitable enough to counter threats from climate change, particularly if it remains carbon intensive and accelerates global warming. So climate policy cannot be framed as a choice between growth and climate change. In fact, climate-smart policies are those that enhance development, reduce vulnerability, and finance the transition to low-carbon growth paths.

A climate-smart world is within our reach if we act now, act together, and act differently than we have in the past:

- **Acting now** is essential, or else options disappear and costs increase as the world commits itself to high-carbon pathways and largely irreversible warming trajectories. Climate change is already compromising efforts to improve standards of living and to achieve the Millennium Development Goals. Staying close to 2°C above preindustrial levels—likely the best that can be done—requires a veritable energy revolution with the immediate deployment of energy efficiency and available low-carbon technologies, accompanied by massive investments in the next generation of technologies without which low-carbon growth cannot be achieved. Immediate actions are also needed to cope with the changing climate and minimize the costs to people, infrastructure and ecosystems today as well as to prepare for the greater changes in store.
- **Acting together** is key to keeping the costs down and effectively tackling both adaptation and mitigation. It has to start with high-income countries taking aggressive action to reduce their own emissions. That would free some “pollution space” for developing countries, but more importantly, it would stimulate innovation and the demand for new technologies so they can be rapidly scaled up. It would also help create a sufficiently large and stable carbon market. Both these effects are critical to enable developing countries to move to a lower carbon trajectory while rapidly gaining access to the energy services needed for development, although they will need to be supplemented with financial support. But acting together is also critical to advance development in a harsher envi-

ronment—increasing climate risks will exceed communities' capacity to adapt. National and international support will be essential to protect the most vulnerable through social assistance programs, to develop international risk-sharing arrangements, and to promote the exchange of knowledge, technology, and information.

- **Acting differently** is required to enable a sustainable future in a changing world. In the next few decades, the world's energy systems must be transformed so that global emissions drop 50 to 80 percent. Infrastructure must be built to withstand new extremes. To feed 3 billion more people without further threatening already stressed ecosystems, agricultural productivity and efficiency of water use must improve. Only long-term, large-scale integrated management and flexible planning can satisfy increased demands on natural resources for food, bioenergy, hydropower, and ecosystem services while conserving biodiversity and maintaining carbon stocks in land and forests. Robust economic and social strategies will be those that take into account increased uncertainty and enhance adaptation to a variety of climate futures—not just “optimally” cope with the climate of the past. Effective policy will entail jointly evaluating development, adaptation, and mitigation actions, all of which draw on the same finite resources (human, financial, and natural).

An equitable and effective global climate deal is needed. Such a deal would recognize the varying needs and constraints of developing countries, assist them with the finance and technology to meet the increased challenges to development, ensure they are not locked into a permanently low share of the global commons, and establish mechanisms that decouple where mitigation happens from who pays for it. Most emissions growth will occur in developing nations, whose current carbon footprint is disproportionately low and whose economies must grow rapidly to reduce poverty. High-income countries must provide financial and technical assistance for both adaptation and low-carbon growth in developing countries. Current financing for adaptation and mitigation is less than 5 percent of what may be needed annually by 2030, but the shortfalls can be met through innovative financing mechanisms.

Success hinges on changing behavior and shifting public opinion. Individuals, as citizens and consumers, will determine the planet's future. Although an increasing number of people know about climate change and believe action is needed, too few make it a priority, and too many fail to act when they have the opportunity. So the greatest challenge lies with changing behaviors and institutions, particularly in high-income countries. Public policy changes—local, regional, national, and international—are necessary to make private and civic action easier and more attractive.