



Question: how can the bilateral and multilateral development finance agencies contribute to addressing issues of loss and damage?

International Conference on Adaptation and Loss and Damage Associated with Climate Change in the Asia-Pacific: Integrating Scientific Aspects

Bangkok, Thailand 30-31 August 2013

Session VIII – Way Forward

Charles Rodgers (crodders@adb.org)

Regional and Sustainable Development Department

Asian Development Bank, Manila Philippines (www.adb.org)



Mitigation, Adaptation and Suffering

“The fact is, that facing the climate change adaptation challenge ... we only have three options.

- One is mitigation, the steps we take to reduce the pace and magnitude of the changes in climate that our activities cause.**
- The second is adaptation, the measures we take to reduce the harm that results from climate change that we do not avoid,**
- and the third option is suffering.**

It’s really that simple: mitigation, adaptation, and suffering. We’re already doing some of each. We’re already mitigating, we’re already adapting, and ... we’re already suffering. The question – the issue that’s up for grabs – is what the mix going forward is going to be... If our aim is to minimize suffering, as it should be, as it must be, we’re going to have to maximize both mitigation and adaptation.”

Remarks by Dr. John Holdren, Senior Presidential Advisor on Science and Technology, at National Climate Adaptation Summit May 27, 2010



Role of the Development Finance Institutions

- **We are already committed to significant climate change, and some level of adaptation and suffering is pre-ordained, although the relative shares are not**
- **Mitigation is our primary lever to influence L&D associated with slow onset impacts**
- **Adaptation is our primary lever to influence L&D associated with increased variability and disasters**
- **The development finance community can intervene most effectively through its support for adaptation, resilience building and disaster risk reduction**
- **The objective should be to keep L&D within tolerable limits in order to keep development on track**

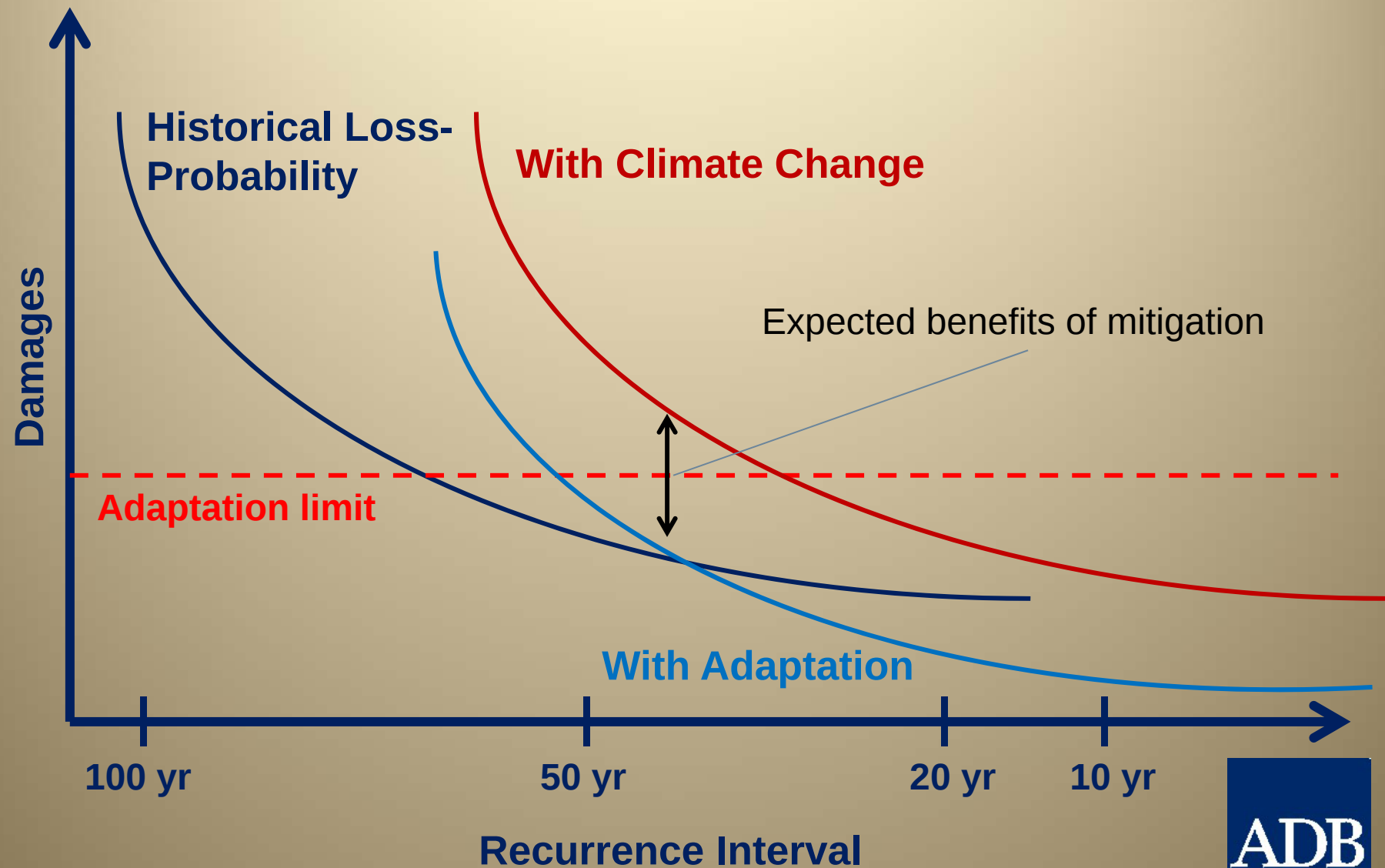


Sources of Mitigation, Adaptation Finance

Climate Policy Initiative, Landscape of Climate Finance 2012

Sources & Intermediaries	Mitigation USD (Bn)	%	Adaptation USD Bn	%
Project Developers	115.0	34.8%	-	-
Private Actors	69.3	21.0%	-	-
Households	32.3	9.8%	-	-
Institutional Investors	0.6	0.2%	-	-
Commercial Financial Institutes	32.7	9.3%	-	-
Venture Capital, Private Equity	2.4	0.7%	-	-
Government Budgets	14.9	4.5%	1.0	8.2%
National Financial Institutions	37.5	11.3%	5.2	42.6%
Multilateral Financial Institutions	18.3	5.5%	2.9	23.8%
Bilateral Financial Institutions	8.6	2.6%	2.7	22.1%
Climate Funds	1.1	0.3%	0.4	3.3%
Total	330.7	100%	12.2	100

Expected Benefits of Adaptation

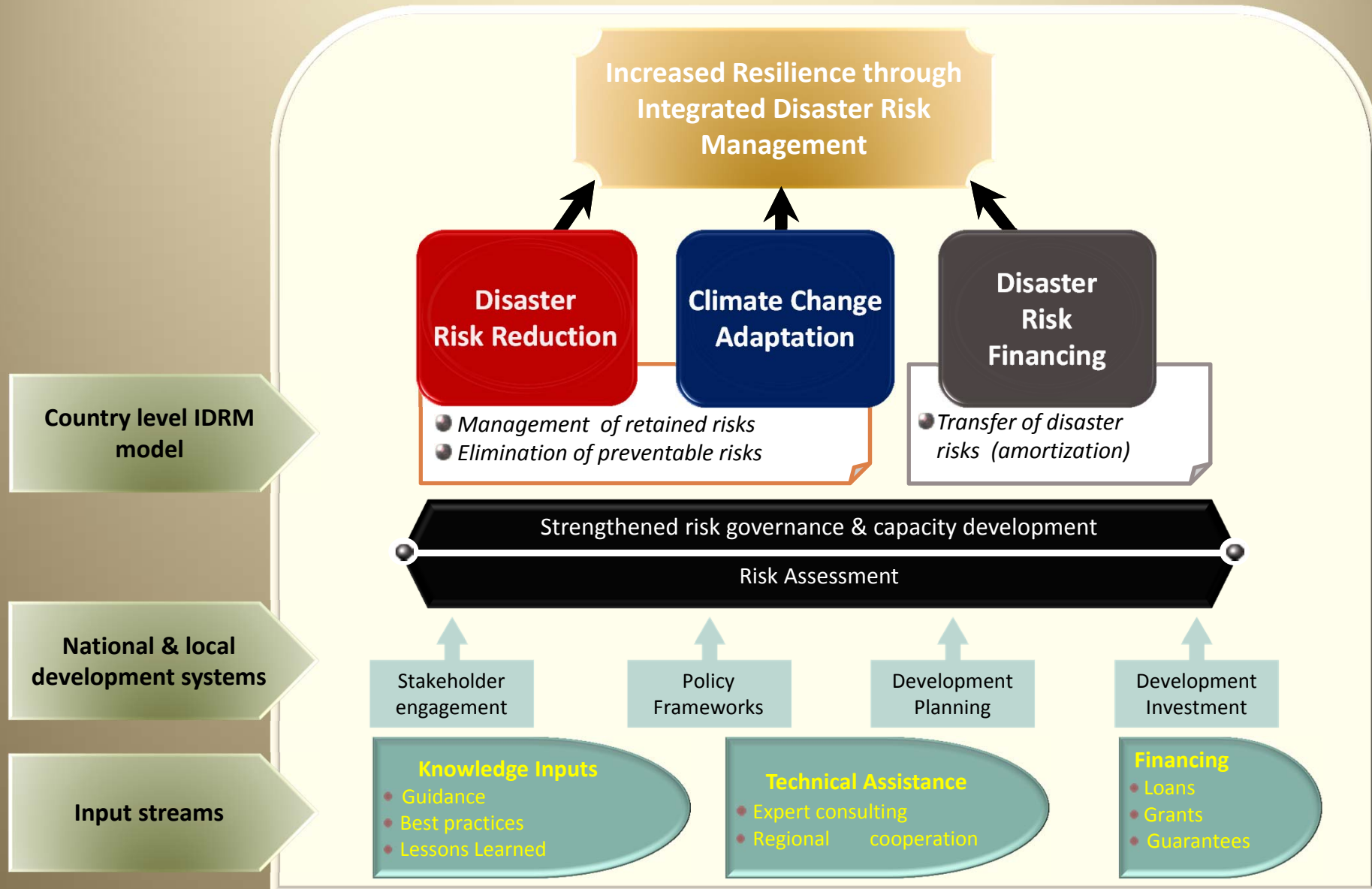


B/C Analysis, Investments in Resilience

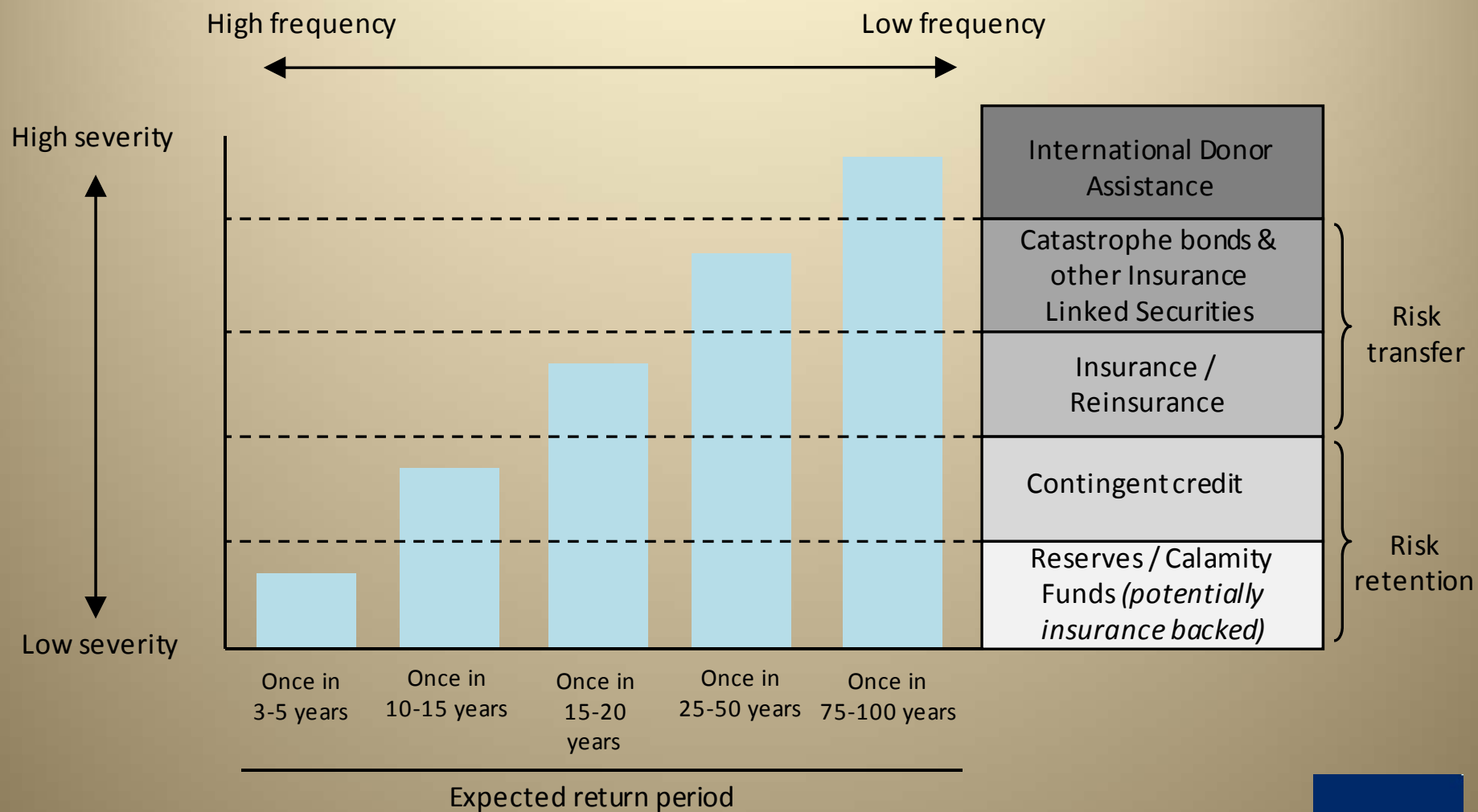
(from ADB (2013) *Investing in Resilience*, Table 4)

Country	Hazard	Intervention	B/C Ratio
Fiji	Flood	Warning system (Navua)	3.7 – 7.3
Indonesia	Flood	Strengthened resilience of houses	2.7 – 6.7
Indonesia	Flood	Integrated water management and flood protection system (Semarang)	2.5
Nepal	Flood	Range of community-based interventions	3.5
Philippines	Flood	Hanging footbridge over river connecting two communities (access to health, schools)	24
Samoa	Flood	Improved flood forecasting for catchment	1.7 – 1.9
Samoa	Flood	Strengthened resilience of houses	2 - 44
Thailand	Typhoon/Flood	5- to 7-day Typhoon forecasts facilitating early harvest of crops	1.8
Viet Nam	Typhoon	Mangrove planting program (8 provinces)	55
Multi-Country	Multi-Hazard	Annual SADC expenditures on DRR	4 – 7

Integrated Disaster Risk Management



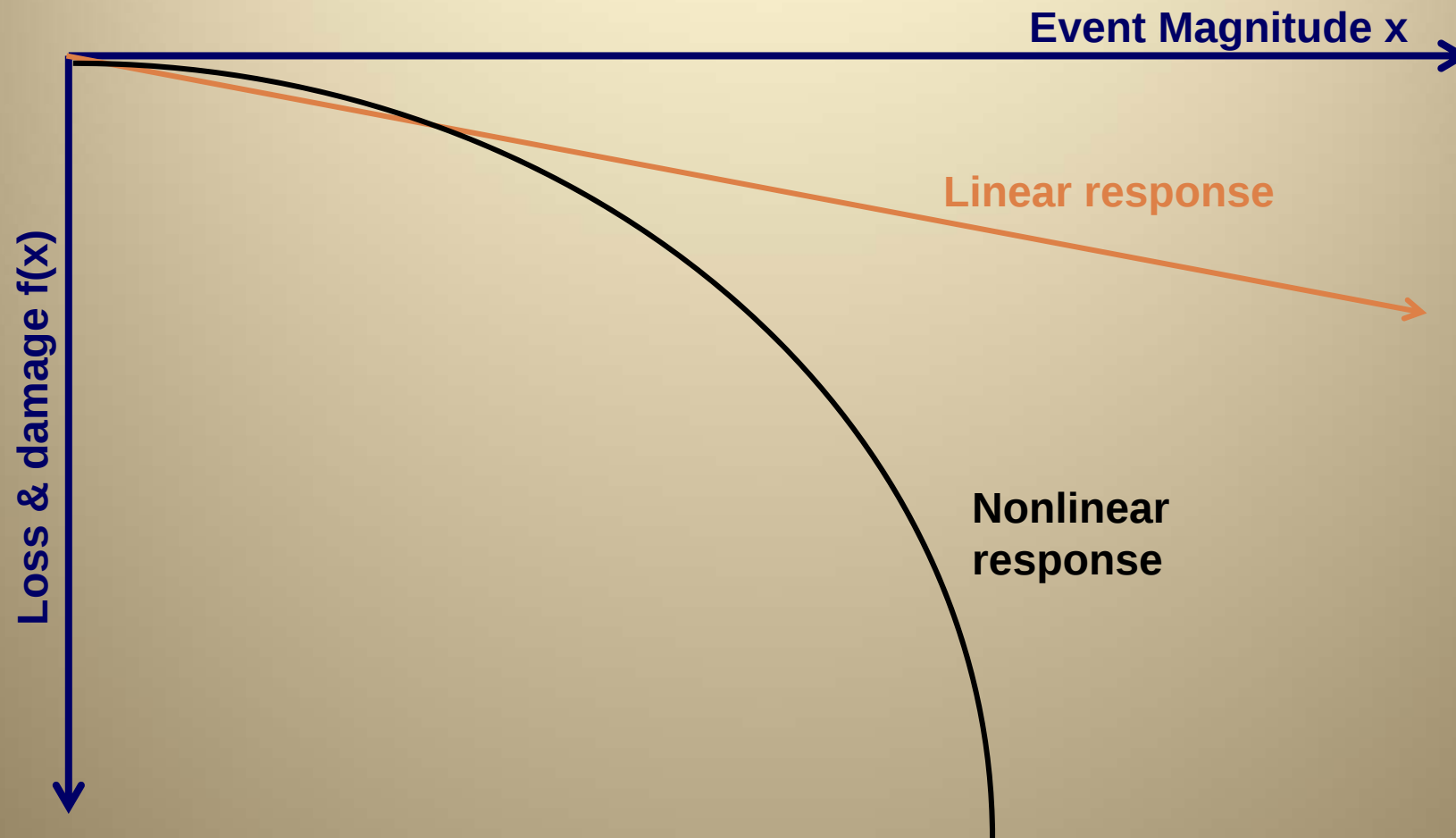
Disaster Risk Financing



Summary Observations and Way Forward

- It will (probably) be a long time before issues of attribution, liability and compensation are resolved
- The primary role of the development finance institutions must be to support adaptation and resilience building in order to minimize L&D and keep it in tolerable bounds
- We have a range of tools to accomplish this, including climate proofing of infrastructure, building resilience through social determinants, disaster risk reduction, and disaster risk finance
- However, we do not yet know what the most cost-effective allocation of resources across the adaptation/disaster risk management spectrum is, and this is our primary challenge going forward

Linear and Non-Linear Responses to Hazards



Source: N. Taleb (2013) Principle of Fragility as a Nonlinear Response