

TOWARDS A BANK GROUP CLIMATE RISK MANAGEMENT STRATEGY:

***Integrating Climate Change Adaptation
into Bank Group Operations
Investment Needs and resource
opportunities for PWS in Africa***

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Outline

- Objective
- Climate and Development
- Challenges
- Opportunities
- Climate Risk Management
- Bank Approach - CRM Strategy
- Implementation
- Way Forward



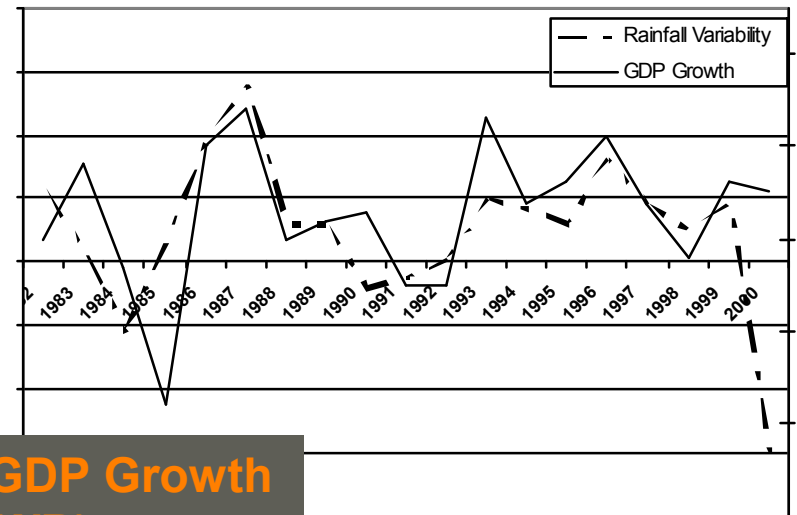
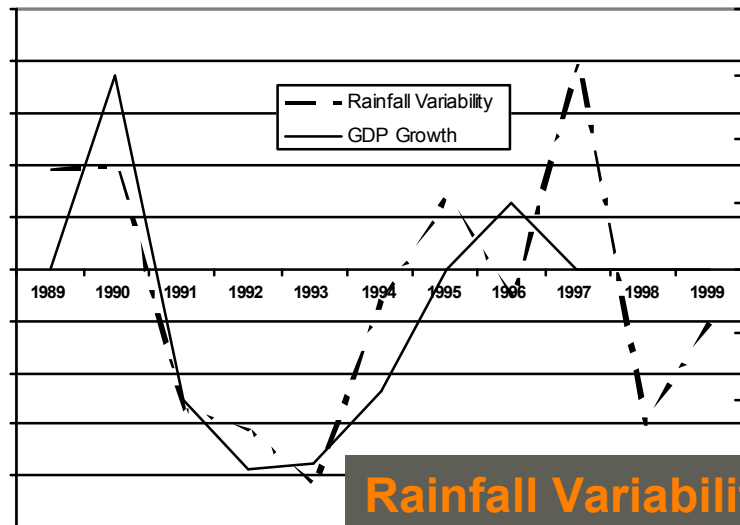
Objective

The objective of developing the CRM Strategy is to guide the Bank's efforts to maximize development outcomes in Africa in the face of a changing climate.

Climate and Development

Direct impacts: sea level rise, climate variability and weather extremes

- Economic performance and dependence on natural resources



**Rainfall Variability and GDP Growth
Tanzania and Ethiopia (WB)**

Climate and Development, Cont.

- Under-performance of investments
- Uncertainty and unpredictability of climate a barrier to investment



Climate and Development, Cont.

- Internal and cross-border migration can create tensions
- Changing climate complicates design of infrastructure and long-term investment planning



Climate Risk Management

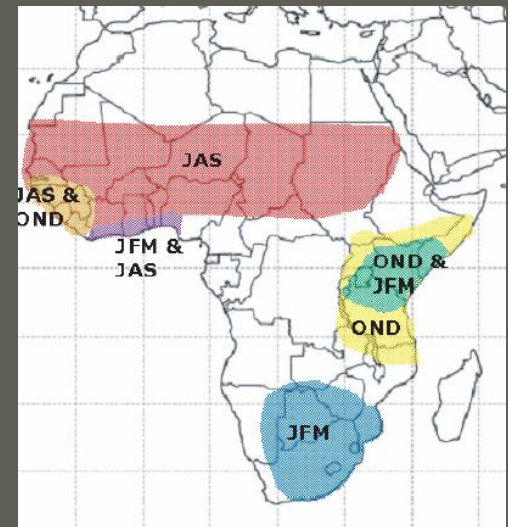
Many of the most effective measures to adapt to future climate change coincide with those that can reduce vulnerability to current climate risks. This principle lies behind *climate risk management*, which integrates management of current climate variability and extremes with adaptation to climate change.

Challenges

- Key economic sectors sensitive
- Marginal temperature and rainfall change = big impact
- Multiple stresses exacerbate vulnerability
- Availability and quality of climate information poor
- Competing priorities
- Funding inadequate
- Infrastructure underdeveloped

Opportunities

- Climate smart development help manage climate variability and extremes.
- Improved technologies and innovative climate science.
- Innovative private sector instruments, management practices and business approaches.



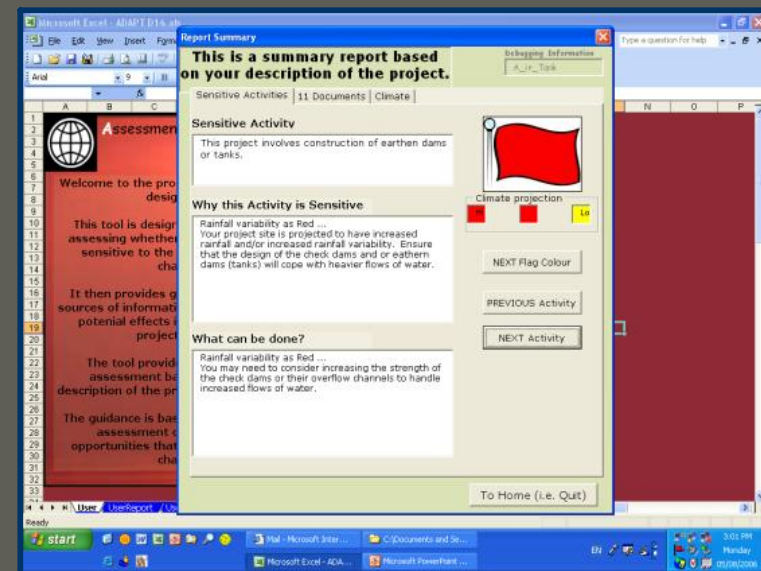
Opportunities

- Global challenge = enhanced partnerships
- Adaptation funding for investments and innovative practices.
- Incorporating climate risk management into projects:
 - re-orientation of project planning and development, and better operation and maintenance,
 - with both immediate and long-term benefits.

Experiences in Climate Risk Management

- Multi-/bi- laterals, UN agencies, development banks, community-based
- Bank: Existing synergies, CARLA/ClimDev
- Climate Risk Screening Tools

Goal: Move from 'stand-alone' towards mainstreaming



CRM Strategy: Guiding Principles

- *Country Ownership and Alignment*
- *Integration of Current and Future Climate Risks*
- *Selectivity and Complementarity*
- *Partnerships*
- *Catalytic Role*

CRM Strategy: The Bank Approach

Two Pillar Approach:

- Climate risk management as part of due diligence in Bank Group projects and country/sector planning
- Support for climate risk management by regional member countries

Pillar #1: Bank Operations

- Climate risks must be systematically analyzed and incorporated into project design and decision-making:
 - the project cycle;
 - Country Strategy Papers and country programming cycles; and
 - sector and other thematic economic studies for climate-sensitive sectors.

Pillar #2: Regional Member Country Support

- Capacity building and awareness raising
- Implement CRM in national planning and sectoral strategies
- Integrating above in regular Bank operations
- Appropriate design, construction standards and enforcement capacities, as well as operation and maintenance; and
- Play a catalytic role in mobilizing resources

Implementation:

Institutional arrangements

- Enhance the Bank's capacity to implement the strategy:
 - expert staff
 - CRM focal point
 - CRM knowledge/information (i.e. economic and sector work/research, tools)

Implementation:

Resource implications

- Resource implications and prioritization
- i.e. piloting, methodology, tools, staff, enhanced business processes and procedures, as well as
- financing challenge

Implementation: *Monitoring and Evaluation*

CRM indicators

- result measurement framework (RMF);
- new benchmark data and indicators, and
- where synergies exist, existing indicators
- using available data sources

Way Forward

- Stakeholder Workshop: *November, 2007*
- Submission of draft Policy to internal Bank review: *February, 2008*
- Draft Policy posted for public consultations & comments: *March, 2008*
- Board Distribution: *April/May, 2008*
- Board Presentation: *May/June, 2008*

Process

- Bank strategy for Climate Change/Adaptation:
 - Background paper
 - Strategy Concept Note
 - Internal Consultation
 - External consultations (today)
 - Full Strategy Development (future)

Thank You

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