

## A Development Co-operation Perspective on Mainstreaming Climate Change

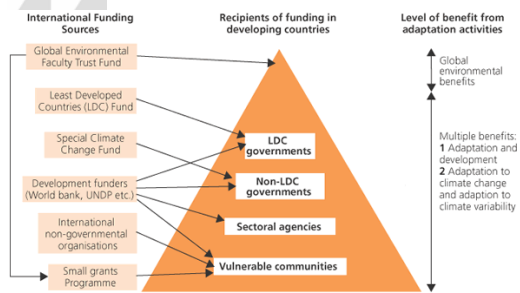
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## OUTLINE

- Two Views on Financing Climate Change
- Why Development Co-operation matters for climate change
- Why Climate change matters for Development co-operation
- Do development activities pay attention to climate risks ?
- Barriers to mainstreaming climate change
- Some opportunities for the road ahead

## Financing (Adaptation): A View from the Climate Regime

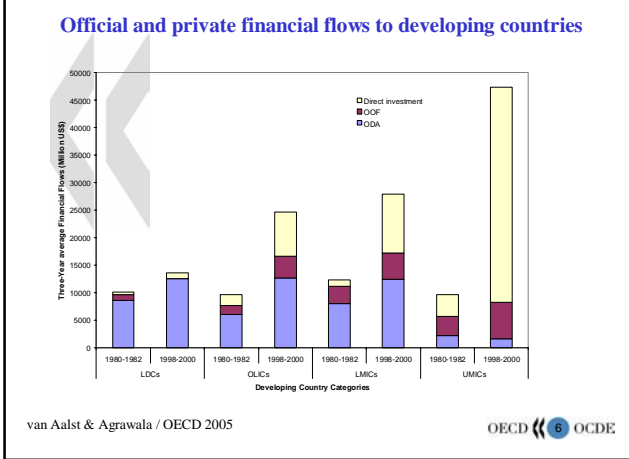
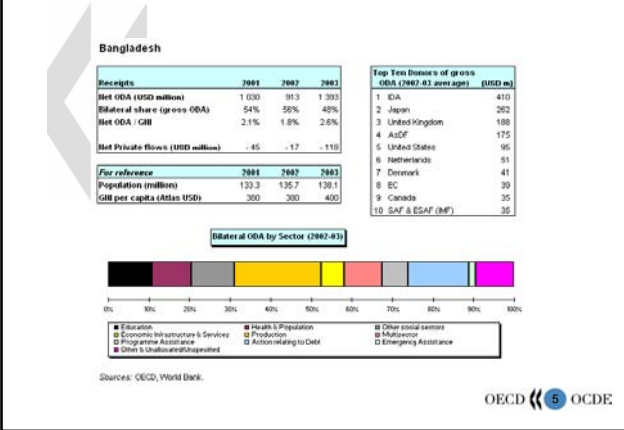


Huq 2004

## Financing (Adaptation): A View from the Climate Regime

- Complex architecture and high transaction costs
- Available resources rather limited relative to the global scale
- More emphasis on assessments and planning, much less (yet) on the ground actions
- Slow march towards disbursement of funding [determined by the pace of multilateral negotiations]

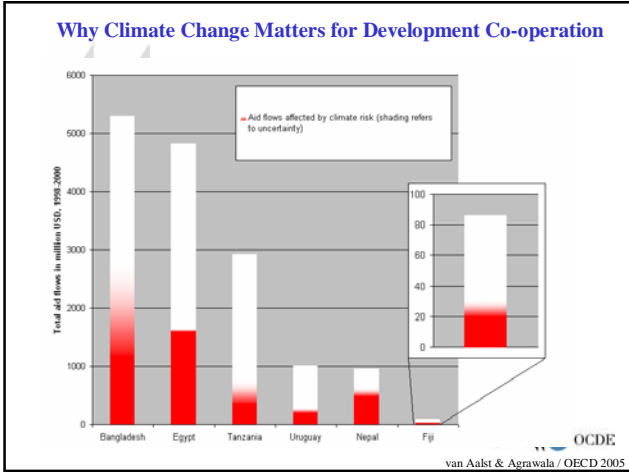
Meanwhile ... significant aid flows take place under routine development co-operation



### Why Development Co-operation Matters for Climate Change

- Official aid flows are orders of magnitude higher than any financing under the climate regime
- Such flows are often directed at many activities and projects which have implications for ghg emissions and/or vulnerability to climate impacts
- “Tweaking” of such investments to take climate change into account is likely to have a significantly greater impact than climate-centric funding
- Donors have more leverage in lower income developing countries. Private flows (FDI) much more critical for middle income developing countries [but that’s another talk..]

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### A Concrete Example from Nepal

Source: DHM, Nepal

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### Expansion of Glacial Lakes

Source: DHM Nepal

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### Do Development Activities Pay Attention to Climate Risks/Climate Change ?

- > National Development plans, Poverty Reduction Strategy Papers, Donor Country Assistance Strategies, and project documents generally do not pay attention to climate change, or often not even to current climate risks.
- > Both national governments and donors are however engaged in a number of climate change specific activities (assessments, action plans etc.) but such initiatives have generally not made the cross-over to “line Ministries” or national budgetary processes.
- > There are however a small number of examples of cross-over engagement, e.g. World Bank Kiribati consultations which involve key government Ministries such as Finance.
- > In general however policy coherence remains a major concern between climate change and development priorities

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### Policy Coherence Between Climate and Development: Mangrove Valuation in Fiji

- > Climate change high policy concern, particularly sea level rise
- > Coastal mangroves are a good “no regrets” adaptation to sea-level rise.
- > Yet, mangroves are significantly undervalued (at \$2500/ha lump sum) in decisions regarding their conversion for development purposes.

Source	Economic value of goods and services	USD/ha/year
Lal (1990)	<b>Total economic value</b>	<b>2 706</b>
World Bank (2000b)	Subsistence fisheries	240-360
	Commercial fisheries	90-140
	Habitat functions	160
	Coastal protection	1 480
	Medicinal plants	230-330
	Raw materials	180
	<b>Total economic value</b>	<b>2 380-2 630</b>
Fiji Biodiversity Strategy Action Plan	Food, nutrient and habitat services	1 200
	Disturbance regulation (coastal protection)	1 250
	<b>Total economic value</b>	<b>2 450</b>

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### Barriers to Mainstreaming Climate Change

- Climate change is viewed primarily as a multilateral negotiations (and not a domestic policy issue) and is “ghettoised” within Environment ministries or one or two climate specialists within donor agencies

Location of UNFCCC National Focal Points (as of 2005)

- Environment	72%
- Foreign Affairs	14%
- Meteorology	8%
- Other/unknown	6%

### Barriers to Mainstreaming Climate Change

- Sectoral planners/development agencies already face a “mainstreaming overload” from agendas ranging from gender to sustainable development competing for inclusion.
- Many development projects are funded for 3-5 year time horizons and may not be the best vehicle for long-term climate risk reduction
- Adaptation might also be less attractive than more visible investments such as disaster recovery and where funding modalities are better established.

### Barriers to Mainstreaming Climate Change

- *Diversity of donor criteria and expectations*

Nepal Example again on glacial lake risk reduction .....

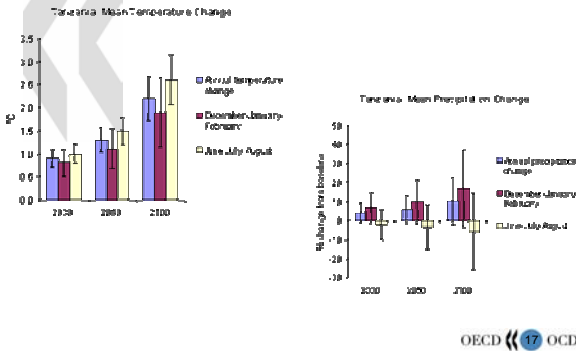
- Donor 1: “can you quantify the costs and benefits of anticipatory risk reduction?”
- Donor 2: “how does the project relate to our country’s foreign policy objectives for Nepal?”
- Donor 3: “how does it relate to our core goal of poverty alleviation?”
- Donor 4: “our proposal guidelines have changed 6 months ago”

### Barriers to Mainstreaming Climate Change

- *There might be genuine trade-offs between Climate and Development*

- Diversion of scarce resources from more pressing priorities
- Climate considerations might at times require *not* developing critical resources which might be seen as hampering development
- Inclusion of climate considerations in projects might be viewed as one more “checkbox”, complicating operating procedures and raising costs
- There may also be downside risks associated with making decisions based on uncertain climate projections

**Uncertainty: An Example from Recent OECD Work**  
(comparing spread of projections from 17 climate models)



**Some Priorities for the Way Forward**

➤ *Get mitigation and adaptation on the agenda for Poverty Reduction Strategy Papers and other development strategies*

- Donor funding is shifting from project based diverse initiatives to more coordinated budgetary support of nationally owned poverty reduction and development strategies. Funding will be channelled to the priorities identified in such documents.

**Some Priorities for the Way Forward**

➤ *Making climate information more relevant and usable*

- Multi-model projections, clear articulation of uncertainties
- Emphasis on implications at the scale at which development decisions are made
- Need national / regional priority rankings [instead of catalogues] for key climate change impacts based on urgency, certainty, timing, and the significance of the resource affected

**Some Priorities for the Way Forward**

➤ *Developing and applying climate risk screening tools*

- Two tiered screening: broad overview followed by more sophisticated screening for projects/activities where climate change might particularly need to be taken into account

➤ *Identifying and using appropriate Entry Points for factoring in climate considerations in development activities [budgetary processes, EIAs, PRSPs, etc.]*

Some Priorities for the Way Forward

- Better information on costs, costs, COSTS
- Greater emphasis on implementation, as opposed to the formulation of new plans



Coverage of OECD Work

The long-range forecast

The Himalayas, roof of the world, are springing a leak. As the climate warms up, melting glaciers are threatening the livelihoods of millions. David Cyranoski reports.

It might be a little early to start worrying about the world's water supply. But some scientists think that's not far off. As the climate warms up, melting glaciers are threatening the livelihoods of millions. David Cyranoski reports.

In Nepal, rising temperatures are melting glaciers. In the Himalayas, the roof of the world, are springing a leak. As the climate warms up, melting glaciers are threatening the livelihoods of millions. David Cyranoski reports.

Both deep mountain glaciers in Nepal and smaller glaciers in the Himalayas are melting. In the Himalayas, the roof of the world, are springing a leak. As the climate warms up, melting glaciers are threatening the livelihoods of millions. David Cyranoski reports.

Nature, Nov. 17 2005

