

**Draft Keynote address by**

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**Theme: From Adaptation to Resilience: The Need for Transformational Change**

***Introduction:***

Distinguished guests, ladies and gentlemen,

It is an honor and pleasure to welcome you at last to the Second Asia-Pacific Climate Change Adaptation Forum in Bangkok. The circumstances that prevented us from meeting here last October – catastrophic flooding in Bangkok and surrounding regions – serve to remind us that climate change is not hypothetical, and the resulting impacts are all too real and tangible.

More frequent and severe natural disasters are among the many impacts that we anticipate from a changing climate, and they will complicate the challenge of achieving sustainable, inclusive development of Asia and the Pacific. A single, severe disaster event such as the Bangkok flooding can – and did - reduce national economic growth by several percentage points, with the impacts lingering for years. As the region's economies become increasingly linked through commercial supply chains and remittance flows, the impacts of such disasters are no longer confined to their place of occurrence, but have wider regional repercussions. And, scarce financial resources spent on post-disaster relief and reconstruction must be diverted from development budgets, thereby compromising development outcomes.

***Uncertainty, Adaptation and Resilience:***

Promoting regional development through the financing of public infrastructure is very much at the heart of what the multilateral development banks - including the Asian Development Bank – were created to accomplish. Consistent with this mission, we recognize that we have a special responsibility to protect the development investments of our member countries from a wide range of risks, including the destructive impacts of climate change.

Indeed, it now appears increasingly irresponsible to make long-term investment decisions while ignoring the risks associated with climate change, but our task is greatly complicated by the

limits of our current understanding. There is real - and significant - uncertainty around many of the likely impacts of climate change, and in particular, the timing of these impacts. Yet, postponing critical decisions because of uncertainty is not an option - inaction today will only increase the magnitude of the challenge we will have to contend with in the decades to come.

We must therefore improve our ability to make sound investment decisions under fundamental uncertainty regarding future climate, even as we work to fill critical knowledge gaps. We must employ adaptive approaches in the design and management of infrastructure. We must shift our thinking from a focus on optimization to an emphasis on minimizing the likelihood of unacceptable outcomes. And, we must identify and utilize “no-regret” interventions wherever feasible. In short, we must manage uncertain risks by minimizing the consequences of being wrong.

We can also manage climate risks by shifting our focus from *adaptation* to *resilience*. Adaptation – as a calibrated response to anticipated changes – will certainly be required, but it is in the final analysis only a means to attain a more resilient society, with sustainable development and eradication of poverty as the final objectives.

I want to speak about resilience, and how we move Asian societies in the direction of greater resilience in the face of risks posed by climate change. We need to improve our understanding of resilience so that resources can be better targeted within comprehensive, transformational strategies. Finally, I feel that the level of financial resources dedicated to adaptation has to date been woefully inadequate, and that adaptation must command a level of resources that more accurately reflects the risks we face.

### ***The Social Dimensions of Resilience and Critical Knowledge Gaps***

My first point concerns the social dimensions of climate change. In seeking to *create* resilient societies, we need also to improve our knowledge of the factors that *define* resilient societies. This will help us design more effective programs and make better use of scarce adaptation resources.

We know that many of the factors associated with development – including improved health, education and expanded economic opportunity – contribute to resilience. We also know that unsustainable use of natural resources, high exposure to natural hazards, and poverty work against resilience.

But there is still much to learn about how to target resources to improve resilience with maximum impact. For example, risks faced by communities in fragile mountain ecosystems differ greatly from those in deltas and coastal areas; low-lying small islands; or arid regions. And not all factors are environmental – the effectiveness of institutions, equity in access to resources, livelihood strategies, and gender all influence resilience in complex ways, working against “one-size-fits-all” policies.

In seeking to improve our understanding of societal resilience, ADB has conducted two important studies. The first looks at the impact of environmental events on migration. This is indeed a topic relevant to the venue for this meeting, given the substantial displacement of people in last year's catastrophic flooding. Yet rain and rising waters do not necessarily mean that people will be permanently uprooted. Further, a number of policy initiatives and investments can help to strengthen the capacity of communities to respond to climate change, and to make migration more of a choice than a forced reaction to deteriorating environmental conditions. Migration should be viewed as one component of a broader adaptation strategy, and a tool with which to strengthen the resilience of those who remain in communities threatened by environmental challenges (e.g., through remittances, and the strengthening of commercial linkages with less threatened areas). ADB will release a report tomorrow elaborating on options available to governments in responding to climate-induced migration.

The second study looks into the health impacts of climate change in Asia and the Pacific. It emphasizes the need for a prevention-based approach and explicit accounting of health benefits in adaptation planning. It explores methods of addressing these impacts in the design of investment projects in sectors including agriculture, water, sanitation, and disaster risk reduction.

### ***From Adaptation to Transformational Change***

My second point is that building resilience requires an integrated, transformational approach. This understanding is reflected in the design of the Pilot Program for Climate Resilience (PPCR). These are country-led programs supported by the Climate Investment Funds through the Asian Development Bank, the World Bank, and other partners.

By taking a programmatic approach that integrates climate resilience into core national development planning, the PPCR seeks to catalyze transformational change. All PPCR capacity development, policy reform, and investment programs are consistent with poverty reduction and sustainable development goals. Civil society and vulnerable communities themselves are partners in designing and implementing adaptation responses.

Within Asia and the Pacific, Strategic Programs for Climate Resilience have been approved for Bangladesh, Cambodia, Nepal, Tajikistan, and Samoa. Programs are also being designed for vulnerable Pacific Island States including Papua New Guinea and Tonga. Collectively, these programs will mobilize over \$400 million in CIF finance, and will leverage an additional \$800 million in development investments from ADB, the World Bank and other partners.

The knowledge and experience gained through these pilot “laboratories” will be critical inputs for the design of ongoing and future resilience-building programs, and will support developing nations in their efforts to formulate and implement their National Adaptation Plans.

### ***Re-thinking Adaptation Finance***

My third point is that the adaptation financial architecture must be designed to support this transformational approach, and not simply cover the demonstrated, additional costs of climate proofing infrastructure and related investments.

Recent estimates indicate that roughly \$40 billion will likely be required *annually* to neutralize the impacts of climate change on the Region’s investments through 2050, of which less than 10% has been available to date. Add to this the likelihood that climate change will increase the frequency and intensity of climate-related disasters such as floods, droughts and tropical storms - to which Asia and the Pacific are already exceptionally vulnerable - which will result in escalating costs of both disaster risk management and post-disaster relief and reconstruction.

ADB’s experience to date suggests that the additional costs to manage climate-related risks to infrastructure range from around 5% to 15% of baseline investment costs; and in fact exceeded 20% on several recent road transport projects. Apply these numbers to ADB’s current investment pipeline of around \$48 billion dollars and we see that billions would be required to “climate proof” ADB’s programmed investments alone.

Although developed countries have agreed to mobilize up to \$100 billion a year by 2020 for mitigation and adaptation, this impressive figure will likely be insufficient to match the region’s needs if we want to go beyond adaptation toward increased resilience. And, as emphasized at Cancun and Durban, adaptation finance must not only be adequate, but predictable and sustainable as well.

It is imperative that adaptation finances are used strategically. The most beneficial uses must be identified, and a framework of governance established that responds to the needs of the most

vulnerable, who must be given a strong voice in defining their own needs and priorities. Such a framework must be country-led and country-owned; inclusive, transparent and accountable.

The Green Climate Fund promises to be truly responsive to the needs of those most deserving of support for critical adaptation tasks and resilience building. To make this happen, we must ensure that we get the money and the governance right. We must also ensure that the recipient countries possess the required capacity to manage, allocate, spend and monitor these resources. And we must ensure that the full scope of activities that build the resilience of the vulnerable will be eligible for grant finance through the Fund.

### ***Concluding Remarks***

In closing, let me state that the magnitude and the uncertainty of the adaptation challenges make two things clear. First, there will be a continued role for targeted, incremental adaptation or “climate proofing” activities. And second, our efforts must be focused more broadly on building the resilience of societies in Asia the Pacific islands, which will require nothing less than transformational change.

Resilient development is the desired outcome of the adaptation process. In building the resilience of Asian and Pacific societies, we seek to ensure that development objectives can be achieved over a range of potential climatic and socio-economic conditions. For ADB, adaptation is central to our mandate of eliminating poverty in Asia and the Pacific. And, we seek to do so in ways that transform those who might otherwise be victims of circumstances beyond their control into agents of change, capable of defining and pursuing their own chosen pathways to more secure and rewarding lives and livelihoods.

As we approach Rio+ 20, the challenges remain immense and much that was agreed twenty years ago still needs to be pursued further. By working together, we can build on comparative strengths, reduce shared vulnerabilities, and realize a vision of sustainable development for our children in the years ahead.

To this end, I would like to encourage and challenge each of you to share your knowledge, experience, and vision fully at this gathering. Through our efforts, the Asia Pacific Climate Change Adaptation Forum 2012 will further contribute to achieving our shared goal of a resilient Asia and the Pacific.