

<b>Title</b>	<i>Economic Sector Resilience: Inclusive Economic Development through Resilience: Opportunities for Doing More and Doing Differently</i>
<b>Date and Time</b>	29.10.2020, 14:00 (GMT +7); 16:00 (GMT +9)
<b>Lead organiser</b>	Asian Development Bank

### Event Summary

On October 29, 2020, over 160 participants from Asia-Pacific and beyond attended the third session of 7<sup>th</sup> APAN virtual dialogue series, focusing on economic sector resilience. The webinar was chaired by **Carlos Dominguez**, Honourable Secretary of Department of Finance, the Philippines; a keynote speech by **Yasuyuki Sawada**, Chief Economist, Asian Development Bank (ADB); a scene-setting presentation by **Arghya Sinha Roy**, Senior Climate Change Adaptation Specialist, ADB; and a panel with experts from Government of Maldives, Government of Japan, International Fund for Agriculture and Development (IFAD), International Institute for Environment and Development (IIED), and the Resilient Cities Network. The webinar was moderated by **Preeti Bhandari**, Director, Climate Change and Disaster Risk Management Division, ADB. The webinar discussed the the opportunities that investments in climate resilience provide to advance inclusive economic development, including in the post-COVID world; and identified the ways of harnessing such opportunities through improved knowledge, partnerships and investments.

### Welcoming remarks

**Mr. Carlos Dominguez**, Honourable Secretary of Department of Finance, the Philippines, opened the webinar with welcome remarks that highlighted the importance of building resilience of the economic sectors, in the context of climate change and the current pandemic, as demonstrated by the Philippines. The Honourable Secretary highlighted the suite of interventions undertaken by the Philippines to strengthen resilience, including undertaking catastrophic risk modelling to identify and assess risk, development of national disaster risk reduction and management plan, dedicated institutions focusing on building resilience, measures to strengthen food security, and adoption of national disaster risk financing and insurance strategy and instruments to improve financial preparedness to deal with disasters. These measures have collectively helped the country to also face the current pandemic. The Honourable Secretary highlighted that the current pandemic has provided an opportunity to rethink economic development in the face of growing uncertainties, including uncertainties from climate risk, and to scale up investments in climate actions.

## Keynote

In his keynote speech, Prof. **Yasuyuki Sawada**, Chief Economist, ADB highlighted the following:

**Increasing climate risk is slowing hard earned development gains.** Climate change and disaster risk is one of the greatest development challenges faced by countries in Asia and Pacific region. Estimates shows that the total cost of climate change could be as high as 12.7% of annual GDP equivalent by 2100 for the Pacific Region, up to 11% for Southeast Asia Region, and 8.8% for South Asia Region. The current pandemic has further exposed the underlying drivers of vulnerabilities including poverty, limited coverage of social safety net programs, weak health systems, social exclusion and structural gender inequality, among others. These drivers also contribute to increasing climate risk. The overlap of the pandemic with extreme weather events, such as the Tropical Cyclone Harold that hit countries in the South Pacific Islands and Cyclone Amphan that devastated parts of India and Bangladesh, has heightened the awareness of multiple shocks that can be devastating for economies. With sharp increase in climate risk, it can be expected that the future will see more of such shocks converging.

**Actions in climate resilience provide opportunity for advancing inclusive economic development.** It can realize triple dividends by avoiding losses; stimulating economic activities; and generates social and environmental co-benefits. It benefits the economy by increasing the resilience of the capital stock, keeping public debt dynamics manageable, and maintaining adequate fiscal space to cope with extreme weather events and other disasters. Moreover, recent estimates by the Global Commission on Adaptation show that investing \$1.8 trillion globally in five climate adaptation areas—early warning systems; resilient infrastructure; dryland agriculture crop production; protecting mangroves; and resilient water resources management—from 2020 to 2030 could generate \$7.1 trillion in total new benefits.

**Harnessing the opportunities from climate resilience will requires moving away from business-as-usual.** It requires recognizing climate risk as a starting point for formulating policies and plans in support of inclusive economic development; addressing risk and exploring opportunities at a systems level; ensuring climate risk considerations are adequately reflected in all factors for economic development, including macroeconomic stability, natural capital, infrastructure and human capital; and strengthening financial preparedness to deal with disasters.

## Panel discussion

The webinar panel started with scene-setting presentation by **Arghya Sinha Roy** from ADB, which highlighted the opportunities that actions in resilience in four key areas can provide for advancing sustainable economic development in a positive COVID-19 world. First, integrating climate resilience in planning and fiscal policy, which will allow countries to identify, prioritize and implement climate adaptation strategies, including public investments in resilient infrastructure and livelihoods; adopt regulations that steer public and private development in a resilient direction; increase in fees and taxes on use of natural resources that will be affected by changes in climate variables; and in formulating incentives to encourage households and the private sector to invest in resilience. Second, the need for adopting a resilient system approach in economic sectors, such as agriculture, tourism, fisheries, small and medium enterprises, and in technical and vocational education and training for new skills needed. Third, the importance for resilience infrastructure systems to deliver economic

services, especially in the context of critical infrastructure, such as ports, airports, highways, which play a critical role in supply chain. Fourth, the importance of improving financial systems to deliver resilient investments, and innovative financial products and instruments, including disaster risk financing and insurance solutions to improve financial preparedness to extreme weather events. The presented ended with a polling exercise in which the participants identified the need to scale up resilience actions in economic sectors, especially in agriculture, small and medium enterprises, industry, tourism and fisheries; and the importance of adopting approaches that promotes long-term thinking, systems approach, participatory approaches, localization and prudent fiscal management.

Ms. **Mariyam Anaa Hassan**, Assistant Director, Climate Change Department, Government of Maldives, highlighted the high environmental and economic vulnerability of the Maldives due to the impact of climate change. The Government of Maldives recognizes the importance of strengthening climate resilience of key economic sectors, namely tourism and fisheries and have adopted a suite of measures in such directions. The speaker described some of these measures, including the recently approved national climate and natural hazard risk atlas; initiatives such as the Maldives biosphere reserves that protects biodiversity losses while promoting sustainable livelihoods; climate proofing of tourism infrastructure; community-based adaptation projects in tourism sector to address the common vulnerabilities of tourism operators and tourism communities; and innovative financial instruments such as Maldives green tax and green fund to allocate finances for environmental protection and climate change. The speaker highlighted that while these initiatives demonstrate the first step taken by the Government of Maldives to strengthen resilience, further technical and financial support is needed from development in scaling up such efforts.

Mr. **Kazuaki Takahashi**, Director, Climate Change Adaptation Office, Global Environment Bureau, Ministry of Environment, Government of Japan, shared examples of three key initiatives being promoted by Japan, especially in the context of green and resilient COVID-19 recovery. First, the regional/local circular and ecological sphere, a solution that aims to promote multiple actions, including climate mitigation, adaptation, and disaster risk reduction, for promoting resilient and sustainable development. Second, the need for three transitions – decarbonization, circular economy and decentralized society in a post COVID-19 world. Third, the Asia-Pacific Adaptation Information Platform, which is designed to provide a “one-stop shop” for the latest scientific climate risk information and other tools and data to support adaptation planning.

Ms. **Kisa Mfalila**, Lead Environment and Climate Specialist – Asia and the Pacific Region, International Fund for Agriculture and Development (IFAD), described the three key building blocks for strengthening resilience of rural small-holder farmers at a systems level. First, financial services targeted at farmers, which is demonstrated by IFADs in its flagship fund for Adaptation for Smallholder Agriculture Programme and the recently established Rural Poor Stimulus Facility in response to the current pandemic. The Facility has a focus on providing farmers with access to inputs for crops and fisheries, access to market, access to liquidity, and promotion of digital services. Second, the innovative role that digital technology can play to strengthen climate resilience of the agriculture system. Third, the importance of fostering partnerships between different stakeholders, especially given the fragmented nature of the agriculture sector. These concepts were described through examples from Bangladesh, Cambodia and Sri Lanka.

Mr. **Amit Prothi**, Regional Director, Resilient Cities Network, highlighted the importance of focusing on cities for building resilience, especially due to the high concentration of population and assets and the opportunities for innovative solutions due to the expected future investments in urban areas. First, the speaker, highlighted

the importance of understanding of risk at a systems level and communicating risk at all levels, which has been a focus of the Global Cities Resilience Network and to help its network members, such as members in the Houston, Danang and Wellington, identify innovative solutions for addressing the risk. Second, the importance of resilience solutions that provide multiple benefits, as demonstrated in examples from Singapore, Rotterdam and Quito, which is needed to demonstrate the importance of investments in resilience. Lastly, the speaker emphasized the importance of peer-to-peer learning for cities to learn and to share experiences with each other.

Ms. **Clare Shakya**, Director, Climate Change, International Institute for Environment and Development (IIED), emphasized the importance of transforming the financial architecture in countries in order to step up adaptation. Such transformation will require moving away from business as usual, including moving beyond project financing, introducing long-term flexible financing that are responsive to local priorities, strengthening of local institutions in order to provide effective delivery mechanism for climate finance to reach the most vulnerable population, enable learning, and strengthening end-to-end transparency. Such directions are being promoted by the locally-led adaptation action track of the Global Commission on Adaptation. The speaker also highlighted the need for raising financing, especially in the context of raising debt. She introduced the novel idea of large-scale climate and nature debt swap, designed as budget support to support countries to deal with the triple crisis of poverty, climate, and COVID-19.

### Q&A Session

Following the panel discussion, Ms. **Preety Bhandari**, Director, Climate Change and Disaster Risk Management, ADB, moderated the Q&A session which included a question on examples of policies that can expedite climate resilience while ensuring economic growth. The response highlighted the need to look not at individual policies but a set of policies which factors longer-time thinking and promotes solutions and incentivizes actors to take collective actions. The session ended with two poll questions to understand the type of institutions and discussions that should be included in the upcoming 7<sup>th</sup> APAN Forum. The polls highlighted the importance of engaging government, civil society organizations and the private sector in the 7<sup>th</sup> APAN forum and including topics related to sustainable financing, fiscal policy, agriculture and fisheries, digital technology, technical and vocational education and training, and urban agriculture for strengthening economic sector resilience.

### Videos and other resources

The recording of the webinar can be accessed through [this link on the APAN website](#).

All the questions asked during the webinar have been posted on the [APAN Slack channel](#) where the discussion continues.