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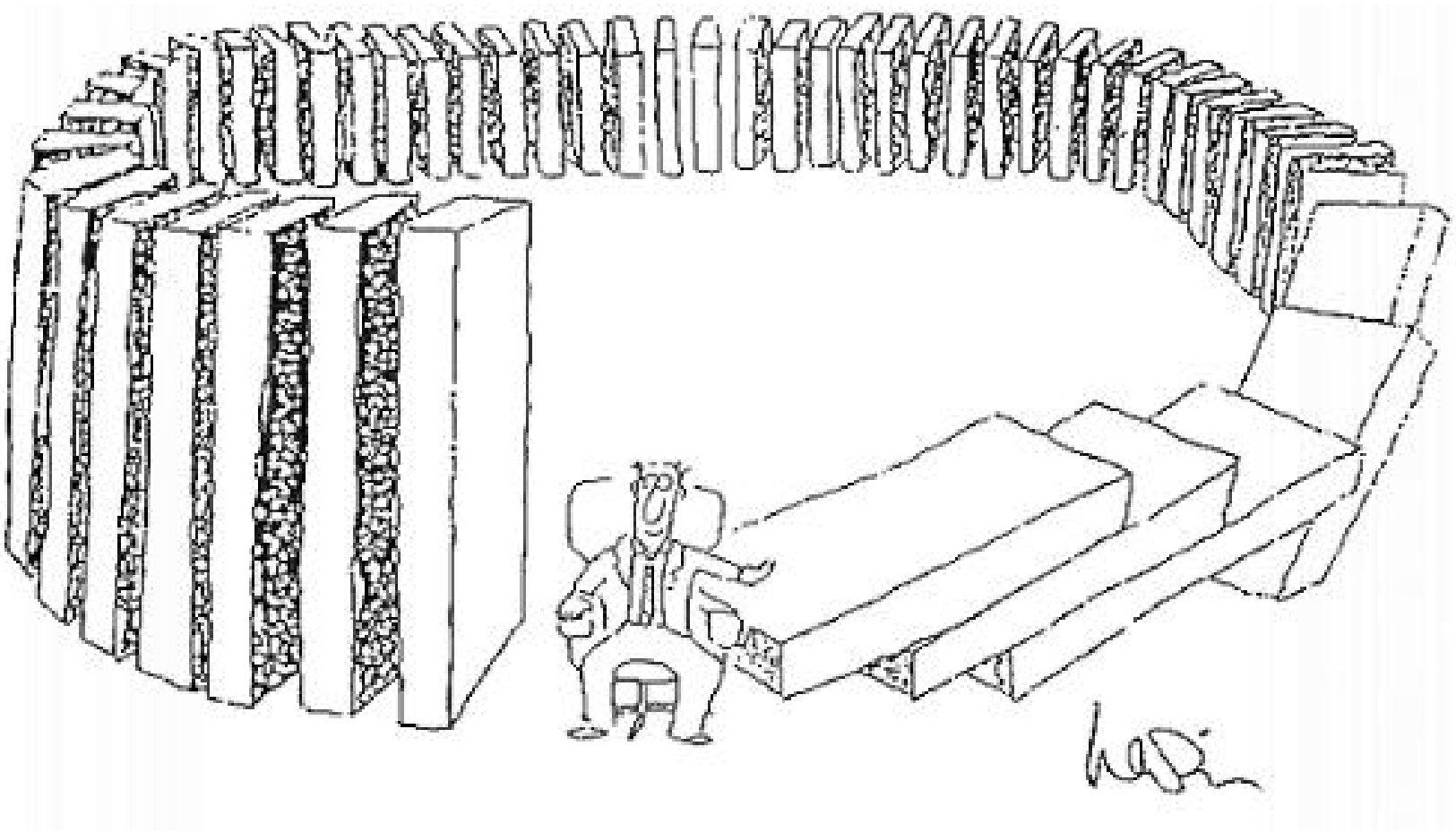
PJ/ECSO - Environment, Climate and Social Office

Climate Change Impact, Mitigation and Adaptation in ACP

Brussels 15 March 2015

Climate change is happening and humans caused it!



Climate Change - A Wicked Problem!

Why is global climate governance so difficult? Unlike any other public policy problem, even environmental, climate change has four unique features in that it is:

- i) truly global,
- ii) long-term,
- iii) irreversible and
- iv) uncertain – the latter not only of climate scenarios, but of impacts.

Last time the globe experienced 400ppm CO^2

We currently have CO^2 concentration 400ppm, and 3 million years ago when it was also 400ppm the sea level was 20m higher and there were camels in what is now Canada.

Climate Action - Mitigation & Adaptation

"We have to mitigate to avoid the unmanageable. And we have to adapt to the unavoidable"

(*Prof. Schellnhuber, Potsdam Institute*)

Climate Action – mitigation and adaptation

- **Mitigation – addressing a global problem**
  - Renewable Energy, Energy Efficiency, Biological sequestration e.g. forestry
- **Adaptation – addressing a local problem**

"*Adjustments in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderate harm or exploit beneficial opportunities*"

  - Changes/modification to projects/systems that permit them to work as intended i.e. climate resilient projects – this will eventually be all projects in the bank, the "**NEW NORMAL**" Changes/modification to projects/systems help us all cope with the climate changes – this is a *climate action* project.

Development and Adaptation – why we adapt!

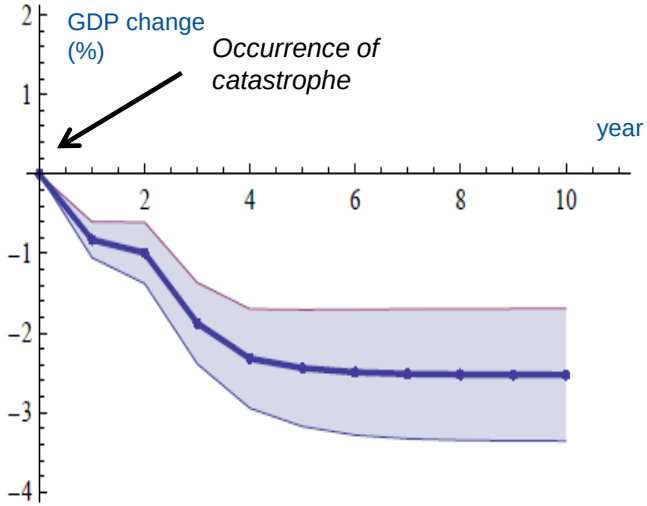
- Climate change will have serious impacts on livelihoods all over the world, so we need to adapt projects/systems
  - Additional flood and storm protection (dykes, flood barriers etc.)
  - Bigger reservoirs and water preservations (dams, recharging aquafers, recycling water).
  - Greening cities and developing drought resilient crops.
- Climate Resilient projects:
  - All projects need to be resilient. If power plants fail, bridges collapse, hospitals become inaccessible – then livelihoods also suffer.
  - Businesses need to be resilient: Buildings collapse, business supply and delivery lines interrupted, workers unable to works due to heat/cold, efficiency falls.
  - Food security and resilient land use.

Cost are incremental and often small - so no excuse!

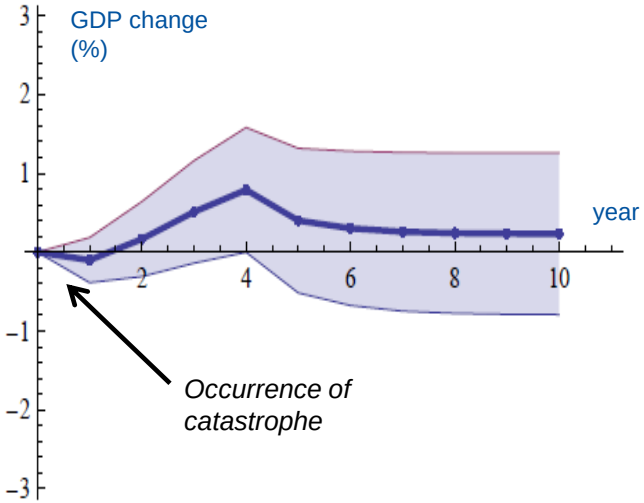
Adaptation challenges

→ Focus on resilience building and sustainable economic growth
→ Key sectors: agriculture, infrastructure

Cumulative effect on GDP in the case of a completely uninsured catastrophe event



Cumulative effect on GDP in the case of a fully insured catastrophe event



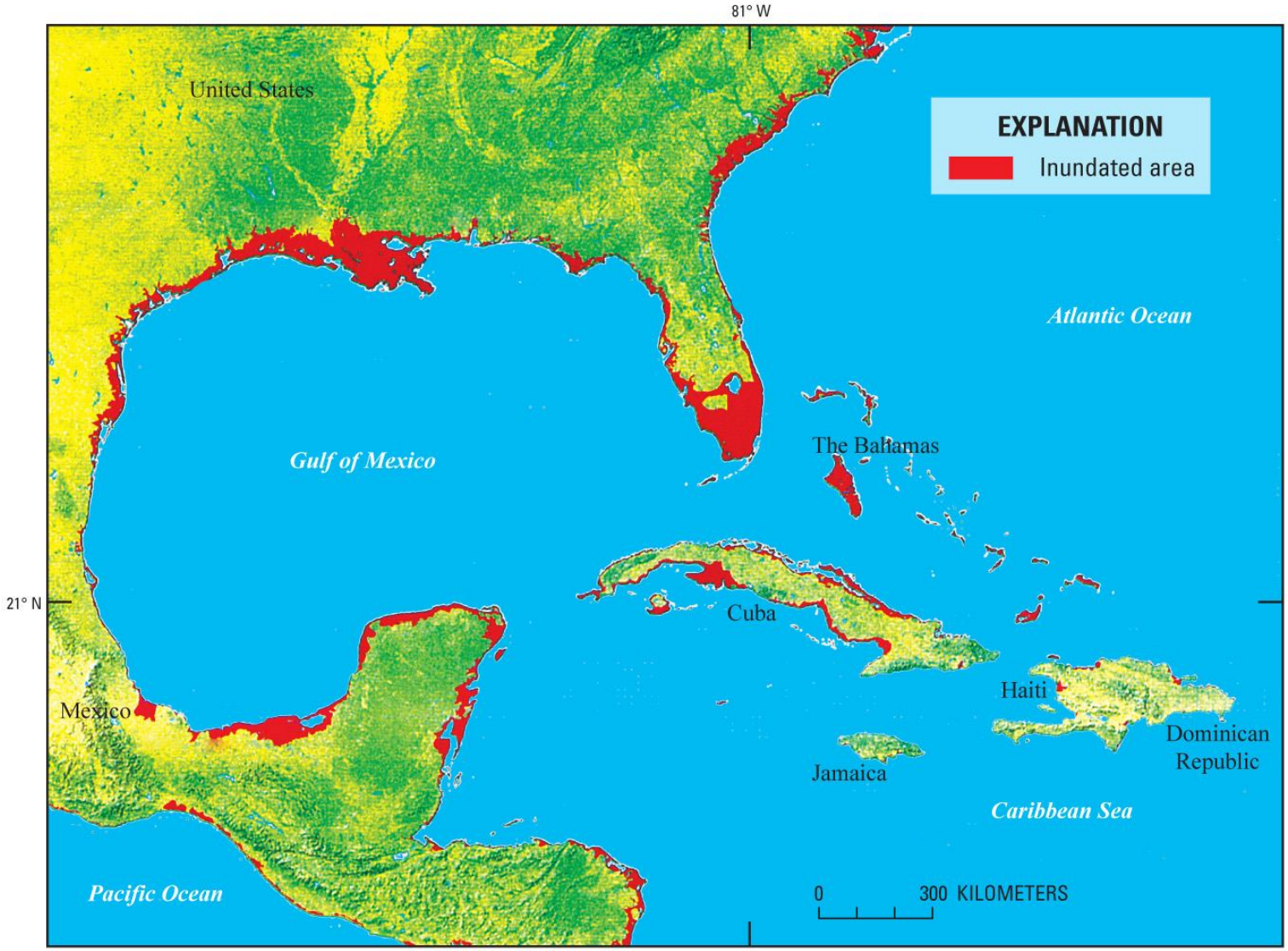
Ex-ante: vulnerability and risk information; loss-prevention measures

Ex-post: recovery financing and resilience-building support

Expected Climate Changes in ACP

- The **Caribbean** islands will experience more extremes and more often – Disaster Risk Management, and Sea Level rise
- **Pacific** will also experience more extremes, but sea level rise is an even bigger problem than in the Caribbean as many islands are very low.
- **Sub Saharan Africa** will get dryer, in particular southern Africa, also negatively affecting food security but will experience more extreme rain i.e. floods.

Climate change and sea level rise in the Caribbean



Recent cyclone Pam in Vanuatu - BBB

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Drought in Africa

Power to Africa and the NDCs

- Africa is growing quickly both in population and economically – so there will be a massive need for more power.
- Under **Kyoto** there was a clear distinction between Annex 1 and not Annex 1 – rich countries to finance, poor countries received funds and no obligation to mitigate.
- Under **Paris Agreement** nearly all countries have submitted **National Determined contributions (NDC)** so everyone has an obligations to mitigate.
- How to help Africa towards and affordable **green power transition** – the role of EU and the MDBs.

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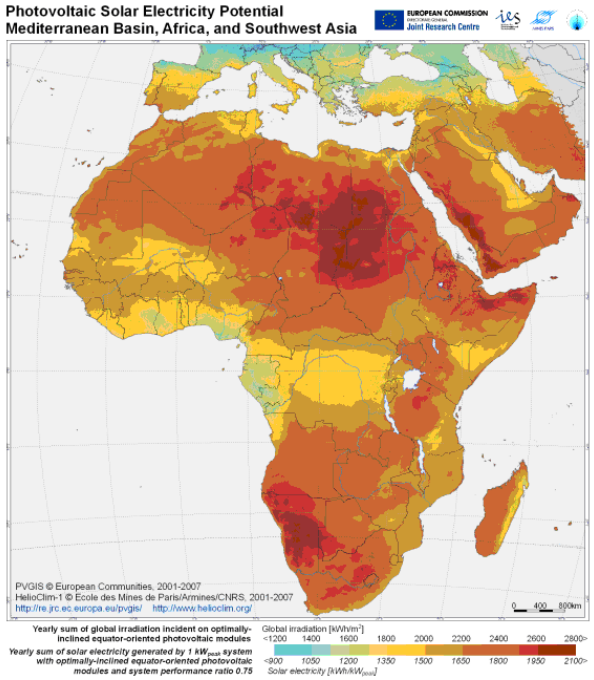


Caribbean Development Bank (CDB)

Background

- EUR 50m Climate Action Line of Credit for climate action in infrastructure in Caribbean countries (initial focus 100% adaptation)
- EUR 4m Technical Assistance package:
  - 1.5m Technical Assistance capacity building within CDB to integrate adaptation processes and build pipeline
  - 1m grant facility for specific climate action project preparation by clients
  - 1.5m grant facility for capacity in BMCs for upstream sector adaptation studies to systematically build climate resilience into sector planning

- **Opportunities:** Institutional adaptation, pipeline development, knowledge sharing, replication effect

EIB Climate Strategy

Reinforce the impact of climate financing

- Define high impact and increase pipeline of high impact eligible projects – climate action indicator
- Financial innovation
- Supporting green bond market

Build resilience to climate change

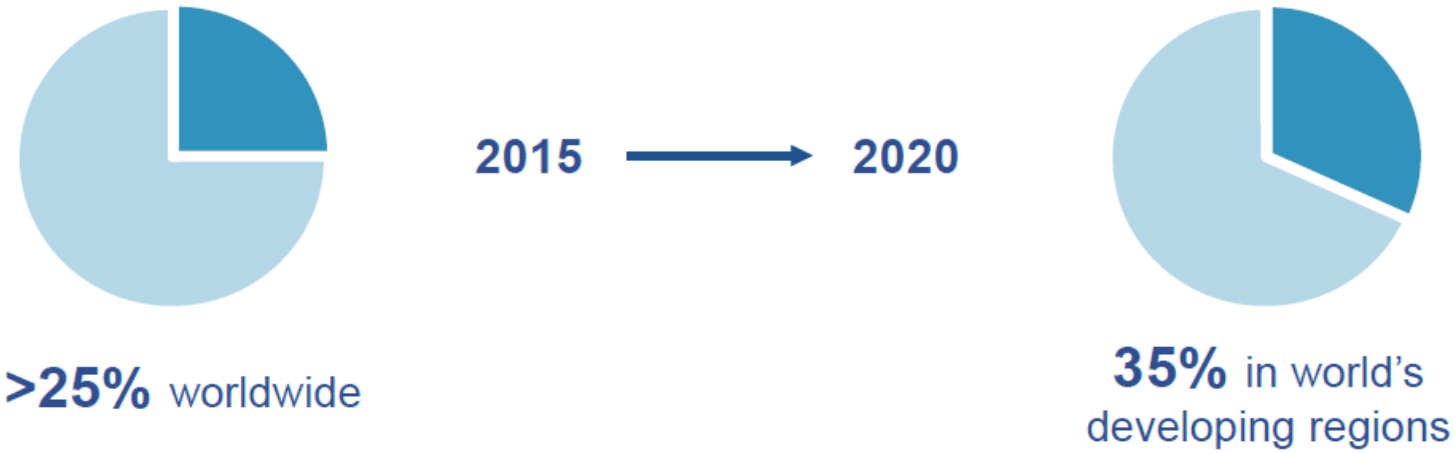
- Making operations more resilient to climate change
- Increasing the portfolio of adaptation projects
- Developing the use of climate risks and vulnerability assessment tools

Further integrating climate change considerations across EIB standards, methods and processes

- Improving mainstreaming tools
- Extending coverage of sector policies
- Managing portfolio climate risks

EIB Response: Increased focus outside EU

In the lead up to COP-21, the EIB committed to increase its climate finance for **developing countries** to 35% by 2020.



EIB's 2015 Climate Strategy
We are increasing our climate commitment:
USD 100bn over next 5 years

Overview of products presented

EIB Products	GEEREF	REPP	REPIN	Layered funds
1. Investment opportunity	Equity	Senior & junior debt	Senior debt (notes)	Equity and/or senior debt (notes)
2. Asset type	New assets	New assets	Existing assets	New assets
3. Asset stage	Primarily greenfield, some mature	Only greenfield	Mature	Primarily greenfield, some mature
4. Sector focus	RE & EE	RE & EE	RE	RE & EE
5. Geography	World-wide	Africa	World-wide	EU & Southeast Europe
6. EIB role	Manager	Sponsor / investor	Sponsor / investor?	Sponsor / investor
7. Risk mitigation	Yes	Yes	Potentially	Yes
8. Return profile	Market return (with priority for investors)	Low (developmental focus)	Market rates	Market return (with risk mitigation)

Thank you!

For more information:

- Contact PJ/ECSO Adaptation Team and the PJ Adaptation Task Force Adaptation Team - Nancy Saich and Rasmus Lauridsen

- Look at the new Adaptation page on Intranet:

http://projects/horizontal-issues/climate/mainstreaming-adaptation/

- European Climate Adaptation Platform

http://climate-adapt.eea.europa.eu/

For country information see World Bank Climate Change Knowledge Portal 2.0

http://sdwebx.worldbank.org/climateportal/

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