

# Addressing Climate-related Loss and Damage

Further insights on  
World Bank Engagement

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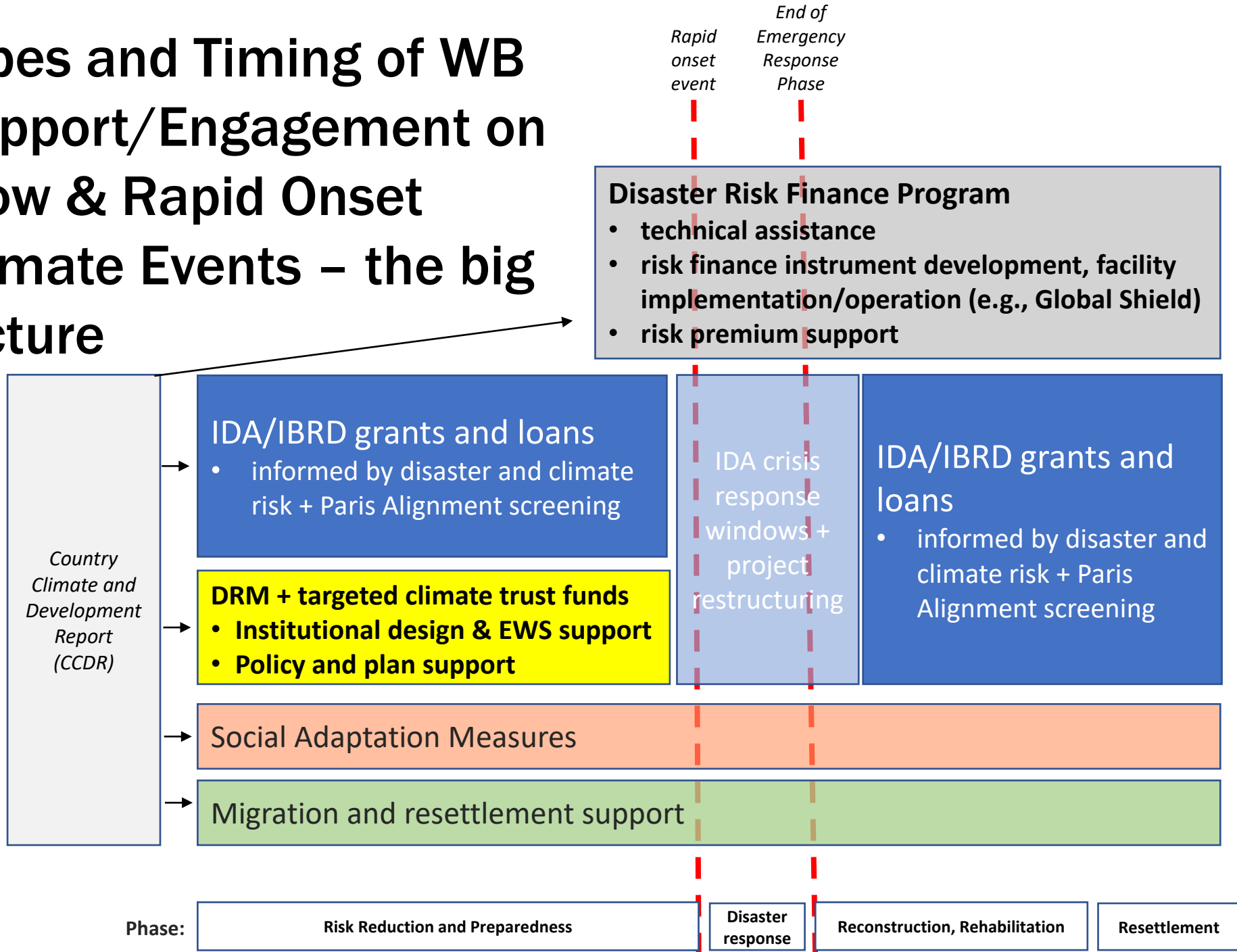


Photo Credit: The World Bank

# Overview of Presentation

1. Comprehensive nature of the WB's DRM & climate engagement
2. Eligibility for concessional resources -- Small Island Economies exemption
3. Addressing slow onset risks/impacts
4. Locally-led engagement on financing needs
5. Migration and resettlement engagement
6. Adaptive social protection strategies
7. Disaster risk financing and insurance program

# 1. Types and Timing of WB Support/Engagement on Slow & Rapid Onset Climate Events – the big picture



*Note: box sizes are not reflective of scale of \$ resources*

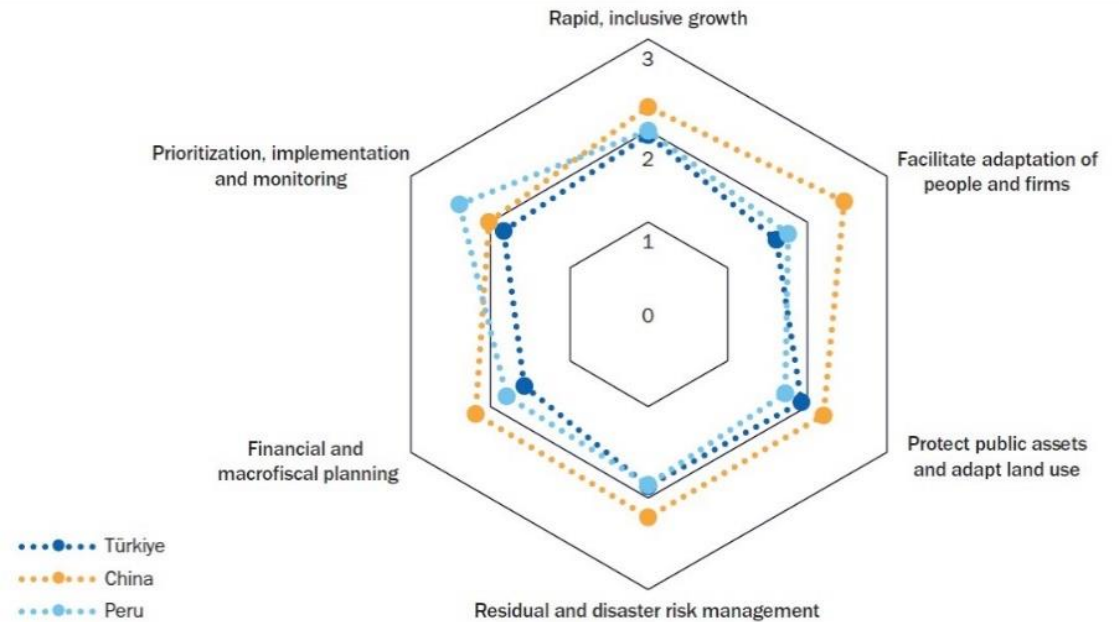
## 2. Small Island Economies Exemption

- In 1985 the WB's Board created the Small Island Economies Exception in recognition of small islands' special characteristics (size, remoteness, etc)
- Country eligibility has shifted over time, based on board decisions.
  - 24 IDA-eligible Small States Forum members currently eligible
  - 21 receive either Grants or the most concessional IDA lending terms (zero-interest, 40-year amortization, 10-year grace period)
  - As of IDA18 Small Economy Terms (originally only for Small Island Economies) were extended to four IDA-eligible small states that are not islands (Bhutan, Djibouti, Guyana, Timor-Leste)

# 3. Addressing Slow Onset Climate Impacts

- Screening informs project design of all WB lending projects:
  - **Climate and disaster risk screening**
  - **“Paris Alignment” assessment** requires projects to show all material climate risks have been assessed and reduced to an acceptable level.
- **Country Climate and Development Reports (CCDRs)** utilize IPCC AR6 data to identify how climate affects a country’s development trajectory
- **Adaptation and Resilience Readiness Scoring System** uses quantitative and qualitative indicators to assess achievement, progress and gaps in a country’s approach to managing rapid/slow onset climate impacts.
- **Other analytic work** assesses slow onset vulnerability at household/firm/sector/country levels to inform client on how enhance resilience

## Adaptation and Resilience Readiness Scoring System



Note: For each pillar, a set of indicators is assessed with a score between 1 to 3 (1=nascent, 2=emerging, and 3=established) for each indicator. Aggregating the scores (with equal weight) gives the score for each pillar

# Tools to Facilitate WB Task Team Focus on both Rapid and Slow Onset Events

Climate Change Knowledge Portal  
For Development Practitioners and Policy Makers

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CLIMATE RISK COUNTRY PROFILE  
VANUATU

South Sudan

<https://climateknowledgeportal.worldbank.org/>

THE WORLD BANK  
IBRD - IDA

WHO WE ARE | WHAT WE DO | WHERE WE WORK | UNDERSTANDING POVERTY | WORK WITH US

## Climate and Disaster Risk Screening Tools

ABOUT SCREENING | START SCREENING | SCREENING RESOURCES | LOGIN/REGISTER

WELCOME TO THE WORLD BANK  
CLIMATE AND DISASTER RISK SCREENING TOOLS

<https://climatescreeningtools.worldbank.org/atescreeningtools.worldbank.org/>

## The World Bank Group and Paris Alignment

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Overview

Instrument Methods

World Bank Group Sector Notes

Joint MDB Paris Alignment Approach

**RELATED**

World Bank Group Climate Change Action Plan 2021-2025

Paris Alignment at IFC

### The World Bank Group's Approach to Paris Alignment

The World Bank Group made a commitment to align all its financing operations with the goals of the Paris Agreement in its Climate Change Action Plan 2021-2025. The Paris Alignment of the Bank Group's new financing flows is the most comprehensive institutional undertaking ever done by the Bank Group to reconcile development and climate. The World Bank is on track to align 100% percent of new operations, starting from July 1, 2023. For IFC and MIGA, 85% of new operations will be aligned starting July 1, 2023, and 100% from July 1, 2025. This is part of a broader multilateral development bank (MDB) vision to align financing flows with the objectives of the Paris Agreement.

Overview | Instrument Methods | World Bank Group Sector Notes | Joint MDB Paris Alignment Approach

<https://www.worldbank.org/en/publication/paris-alignment>

## Project Screening:

- Agriculture In-Depth Screening Assessment ⓘ
- Energy In-Depth Screening Assessment ⓘ
- Health In-Depth Screening Assessment ⓘ
- Transportation In-Depth Screening Assessment ⓘ
- Water In-Depth Screening Assessment ⓘ

## 4. Engaging Communities to Identify Climate Finance priorities

The WB is currently working to increase local engagement to help drive decisions on how to best channel climate finance.

### What's needed

- Government **policies promoting devolved/decentralized financing** to connect national decision-making with local action
- Solid **understanding of climate risks** to inform local and national decision-making
- Processes of financing, designing and delivering programs that are **transparent and accountable**, including at local level

# Financing Locally-Led Climate Action (FLLoCA) program – Kenya

- First national scale program of devolved climate finance that incentivizes local climate action through performance-based grants
- Uses national systems to transfer funds to the local level
- Financing = USD295 million:
  - US\$150 million IDA Credit
  - \$31.4 million in grant co-financing (Denmark, Sweden, Netherlands)
  - \$33.5 million from KfW (parallel but aligned funding)
  - \$80 million Govt of Kenya resources

<u>Challenges</u>	<u>FLLoCA strategy</u>
Less than 10% of climate finance is prioritized for local level	<b>Channels climate finance through existing fiscal transfer mechanisms to local governments and communities</b>
Social inequality and poverty drive vulnerability to climate change	Targets most vulnerable areas and the most vulnerable within those areas
Local experience and traditional knowledge are often invisible and undermined by outside actors	<b>Strengthens local government capacity to collaborate in joint decisionmaking with their citizens</b> and build on their capacities while informing decisions with latest climate science
<b>National policies and climate commitments not informed by realities on the ground, small scale efforts challenged to scale up</b>	National scale program that builds the vertical linkages between local govts and national entities for improved MRV on climate investments
International climate finance fragmented and difficult to access – particularly for subnational entities	<b>National system serves as platform to crowd in other sources of climate finance</b> , and approach for local entities to access GCF, etc.



# Other WB Engagement on Locally-Led Climate Action

## **Madagascar: Building decentralization systems for climate action**

Madagascar: Support for Resilient Livelihoods in Southern Madagascar Project (\$200m, IDA grant)

- Supports the roll out of decentralization and strengthening capacity of local governments
- Improves community participation in their development planning and in access to structures for resilience, such as access to information, early warning systems
- Focuses on multi-sectoral adaptation and resilience to future shocks



## **Solomon Islands: strengthening sub-national institutions for investments in climate change adaptation, and mainstreaming climate and disaster resilient measures**

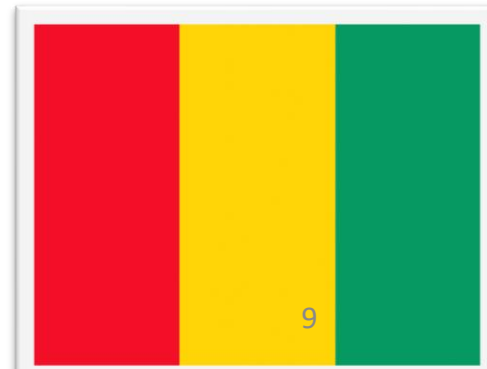
Integrated Economic Development and Community Resilience Project (\$19m, IDA 0% interest loan and GEF grant)

- Integrates disaster preparedness and response planning into local planning and aligning with national budget cycle
- Strengthens the engagement between local governments and communities to support the provision of climate resilient infrastructure and services.
- Improves communities' adaptive capacity to climate change and disaster risks, reducing their overall exposure and vulnerability.

## **Guinea: using existing national systems for local climate action and building social cohesion and trust in institutions**

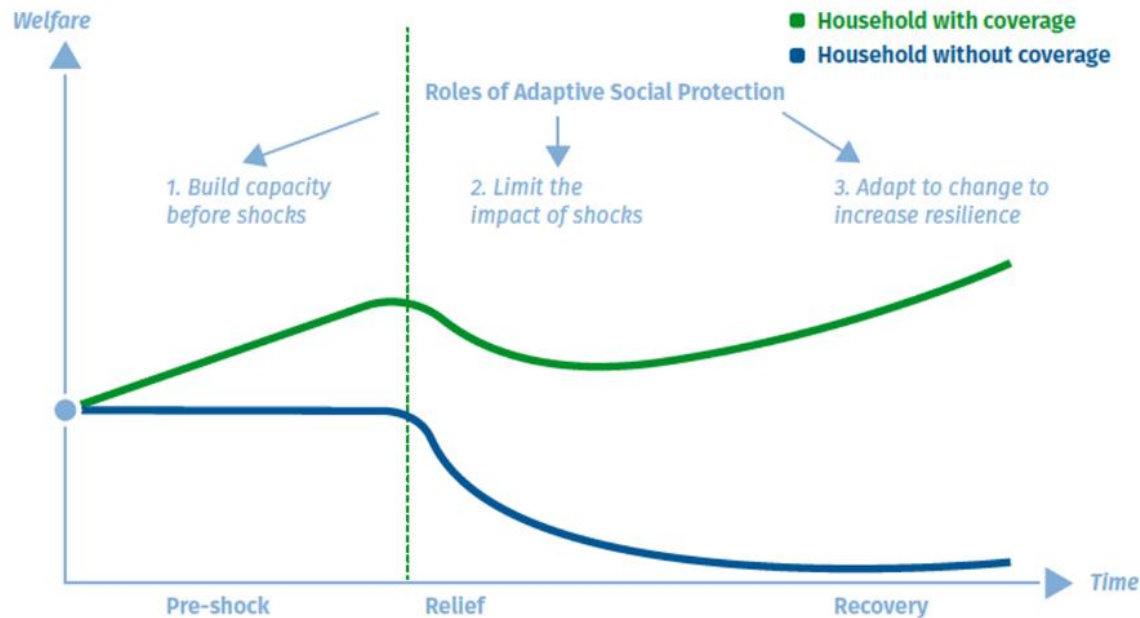
Support to Local Governance Project (\$81m, IDA 0% interest loan)

- Capacity building for national institutions and local governments to integrate climate mitigation and adaptation measures in local development investments
- Uses government systems to transfer funds from national to local level for prioritized investments for climate action
- Improves social cohesion and trust in institutions by strengthening citizen engagement in local governance and increasing participation of women, youth, and vulnerable groups in local development decisions



# 5. Adaptive Social Protection Programs

- *Helps build the resilience of poor and vulnerable households by investing in their capacities and livelihoods leading to better preparedness, supports coping with and adapting to shocks, ensuring that they do not fall (deeper) into poverty.*
- **Seeks to avoid damaging coping measures** with long-term consequences (e.g., cut-backs on consumption, taking children out of school, selling assets).



## Four building blocks

- Integrated and layered Programs
  - Regular and shock-responsive cash transfers
  - Livelihood training (to build long term resilience)
- Data and information
  - Identification of climate hot-spots
  - Registries of vulnerable households and asset data
  - Identification of triggers (e.g., imagery of vegetation/drought/flooding)
  - Post disaster needs assessments
- Pre-positioned risk finance
- Institutional arrangements (cross-government coordination) and partnerships (humanitarian agencies, local groups)

# Case study: Sahel Adaptive Social Protection Program (SASPP) (Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal)

## Program Focus

- Cash transfer programs that expand in times of shock and programs that help build households' resilience to climate change.
- Works to improve understanding of climate-induced shocks and household coping mechanisms, and to design systems that are inclusive and promote women's empowerment.

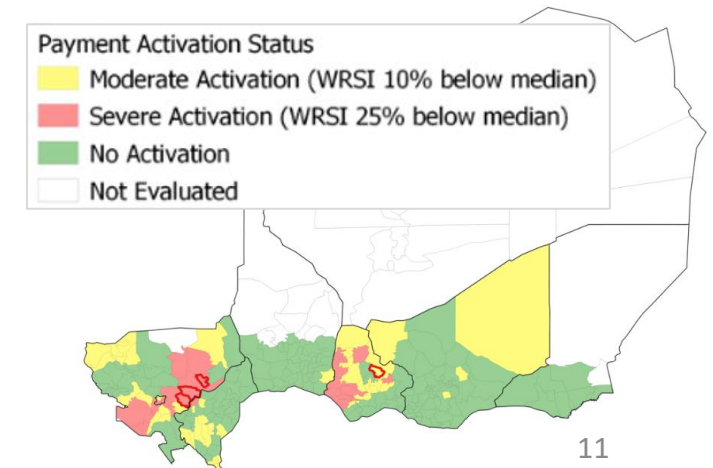
## Results



**Senegal:** In 2020 there were severe floods in both urban and rural areas. Within a few days, social workers had assessed damages, surveyed households, crosschecking lists of beneficiaries with the registry containing information about the poorest and most vulnerable households. **Less than 2 weeks after the floods, over 10,000 recipients – mostly women – received \$300 into their mobile money account to help them rebuild or provide for basic needs.**



**Niger:** The Niger Adaptive Safety Net Project 2 supported expansion of the existing Unified Social Registry; digitalization of the payment system; improved data collection; and establishment of a disaster risk financing mechanism. **In November 2021, the Government of Niger used satellite early warning data to identify drought-affected areas and trigger early support to 15,400 drought-affected households using monthly cash transfers (see results of WRSI trigger, end October 2021).**

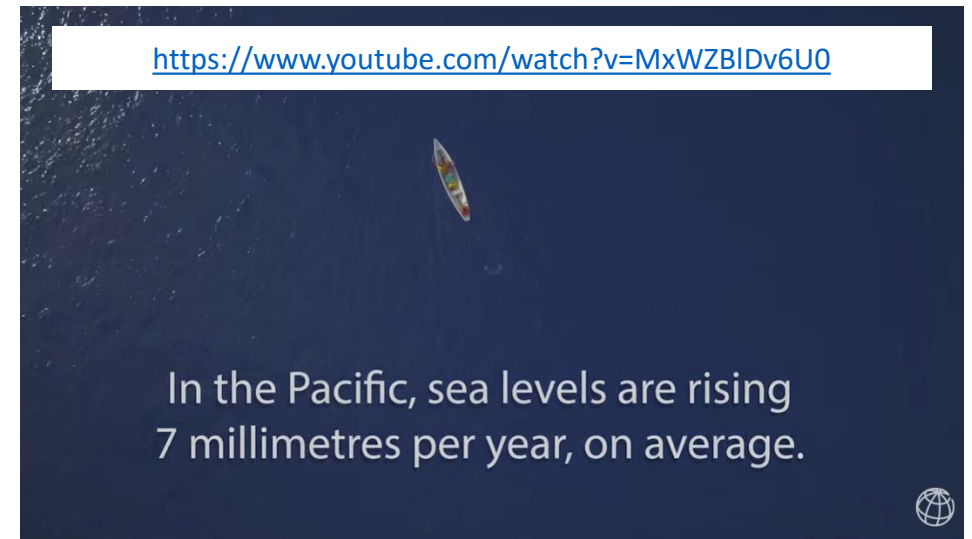


## 6. WB Engagement on Migration and Resettlement

- 165 WB projects between 2006-2019 focused on support to receiving communities/countries or focused on actions (e.g., climate adaptation, safety nets) aimed at reducing the probability of migration
- Several recent CCDRs include focus on migration/resettlement linkages:
  - **Cameroon:** droughts and intense flooding in the Far North contribute to food insecurity, loss of livelihoods. **CCDR points to need to enhance climate resilience through a territorial approach aligning sectoral strategies, policies and investments** for structural transformation
  - **G-5 Sahel countries:** repeated droughts are driving rural migration, but cities can offer only limited economic opportunities to rural migrants. Climate change will cause further involuntary migration from rural to urban areas. **Potential solutions include migration as an adaptation measure but will require efforts promoting the inclusion of new migrants in cities.**
  - **Vietnam:** several models show that climate change could increase internal migration in the country (especially from Mekong and Red River Deltas). **Focus needed on investments in social services and infrastructure to accommodate population movement.**

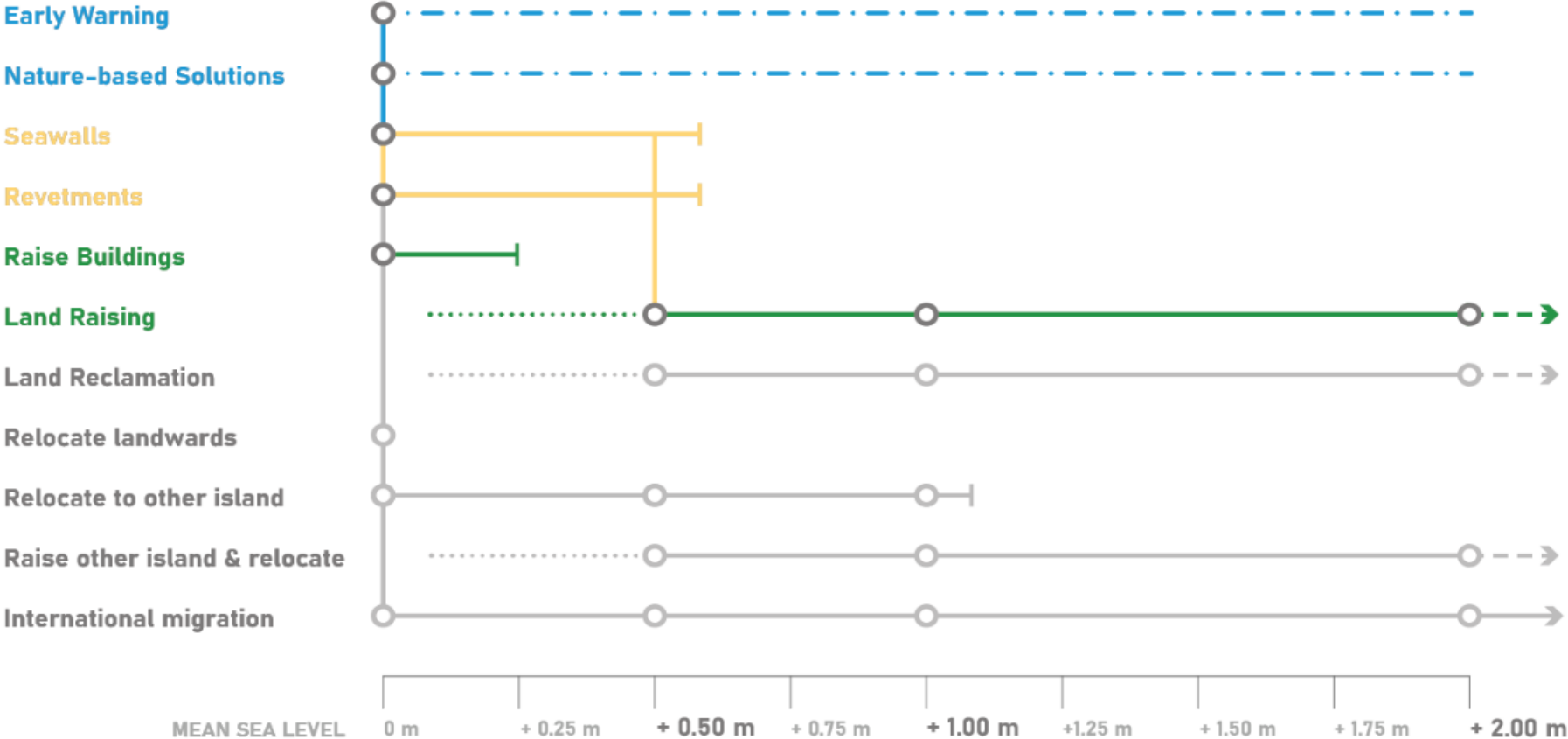
# Marshall Islands case study

- [Adapting to Rising Sea Levels in Marshall Islands](#) provides visual projections and adaptation options to assist the RMI government in tackling rising sea levels and inundation over the next 100 years. Work feeds into the RMI **National Adaptation Planning Process** currently underway.
- **Dynamic Adaptive Policy Pathways** approach helps account for deep uncertainties



The RMI study helps visualize multiple pathways enabling Marshallese to continue living on their land under various sea level rise intervals.

### PROTECT & RAISE



# 7. Disaster Risk Financing and Insurance (DRFI) Program

## World Bank - Growing support on DRF

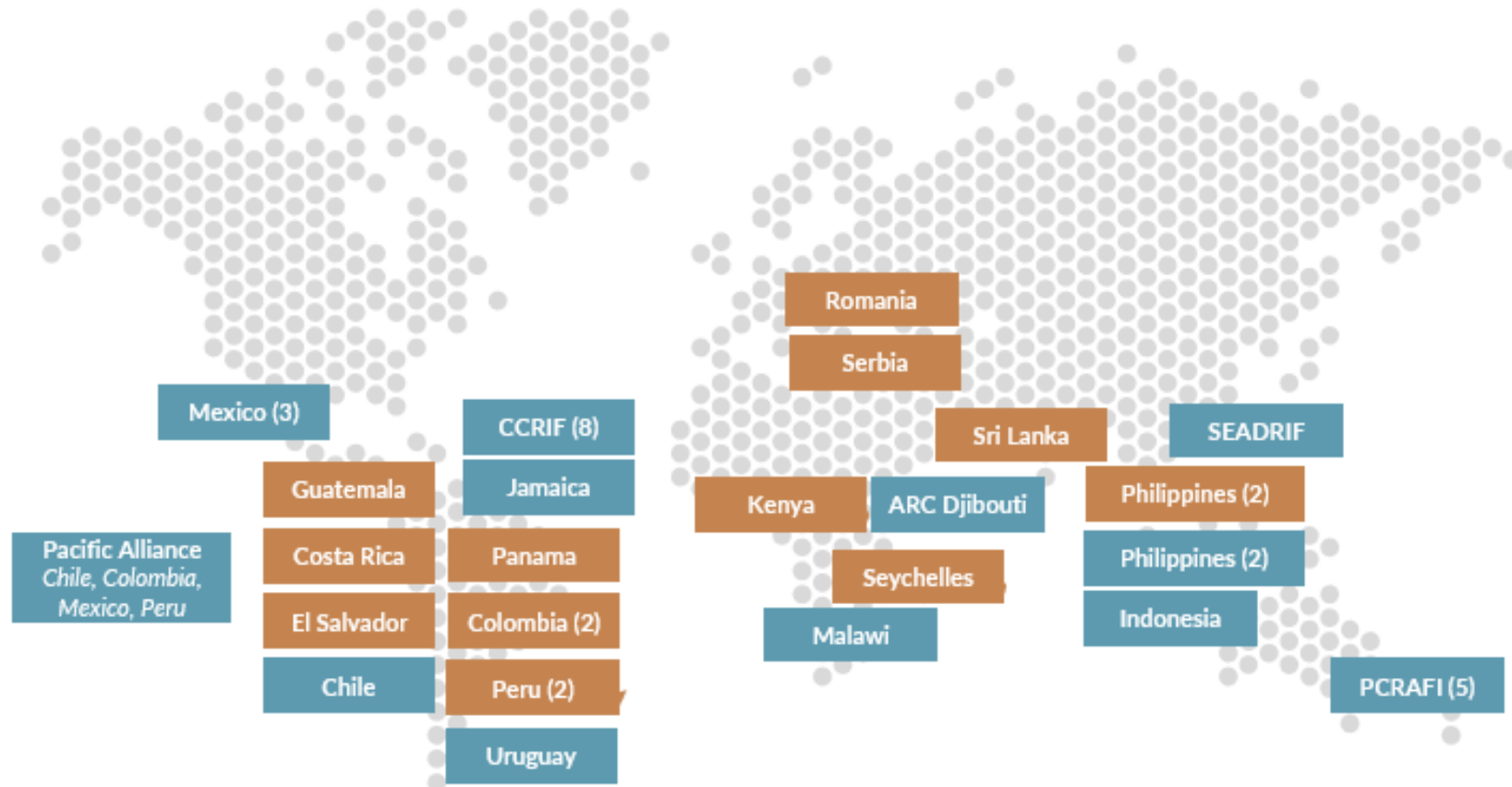
Combining concessional lending and private capital



Over 70 countries supported

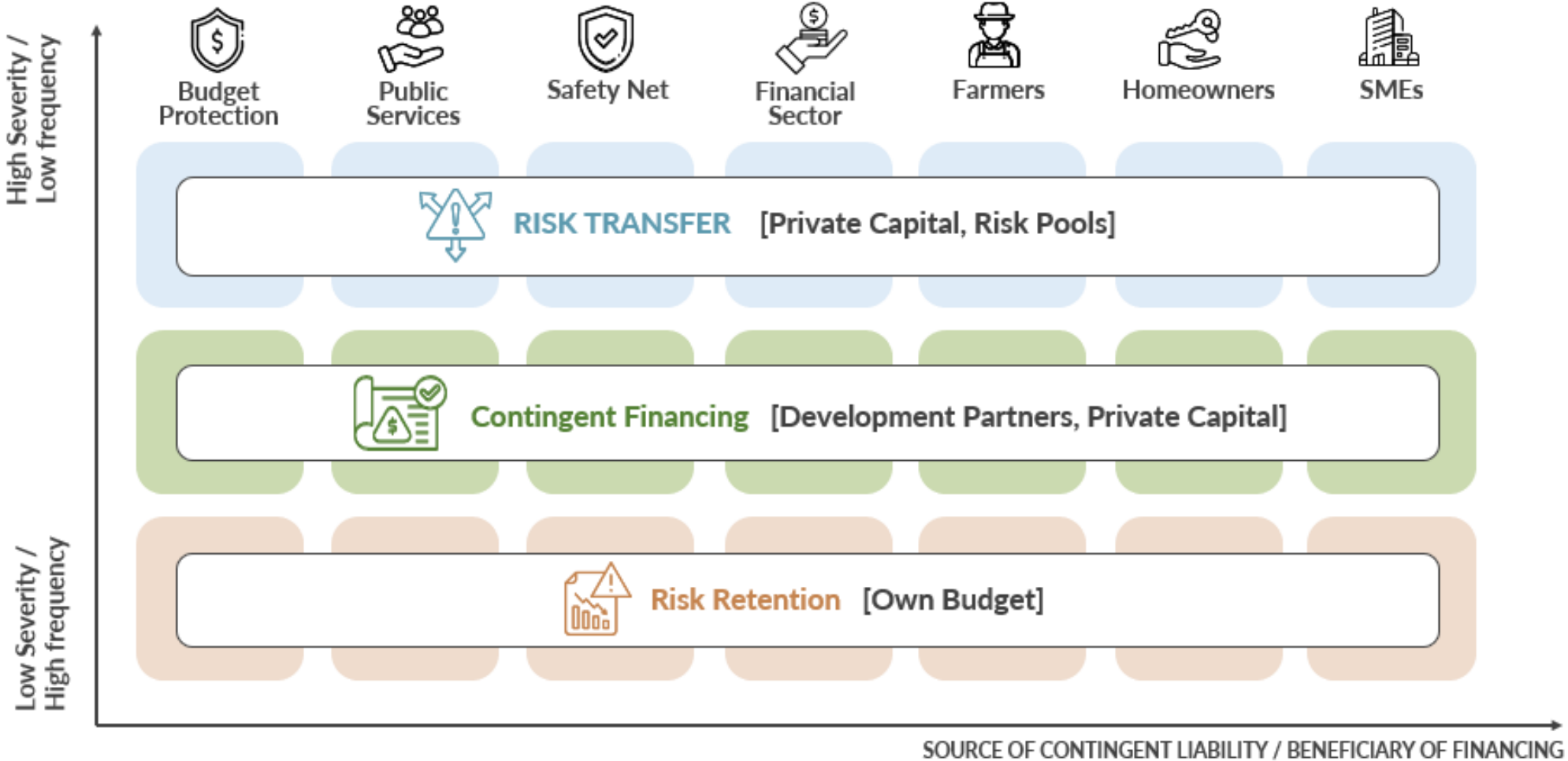
31 CAT DDOs worth over \$4.3 billion in contingent lines of credit for disaster response and recovery

Over \$8.5 billion transferred to financial (reinsurance and cat bonds) markets



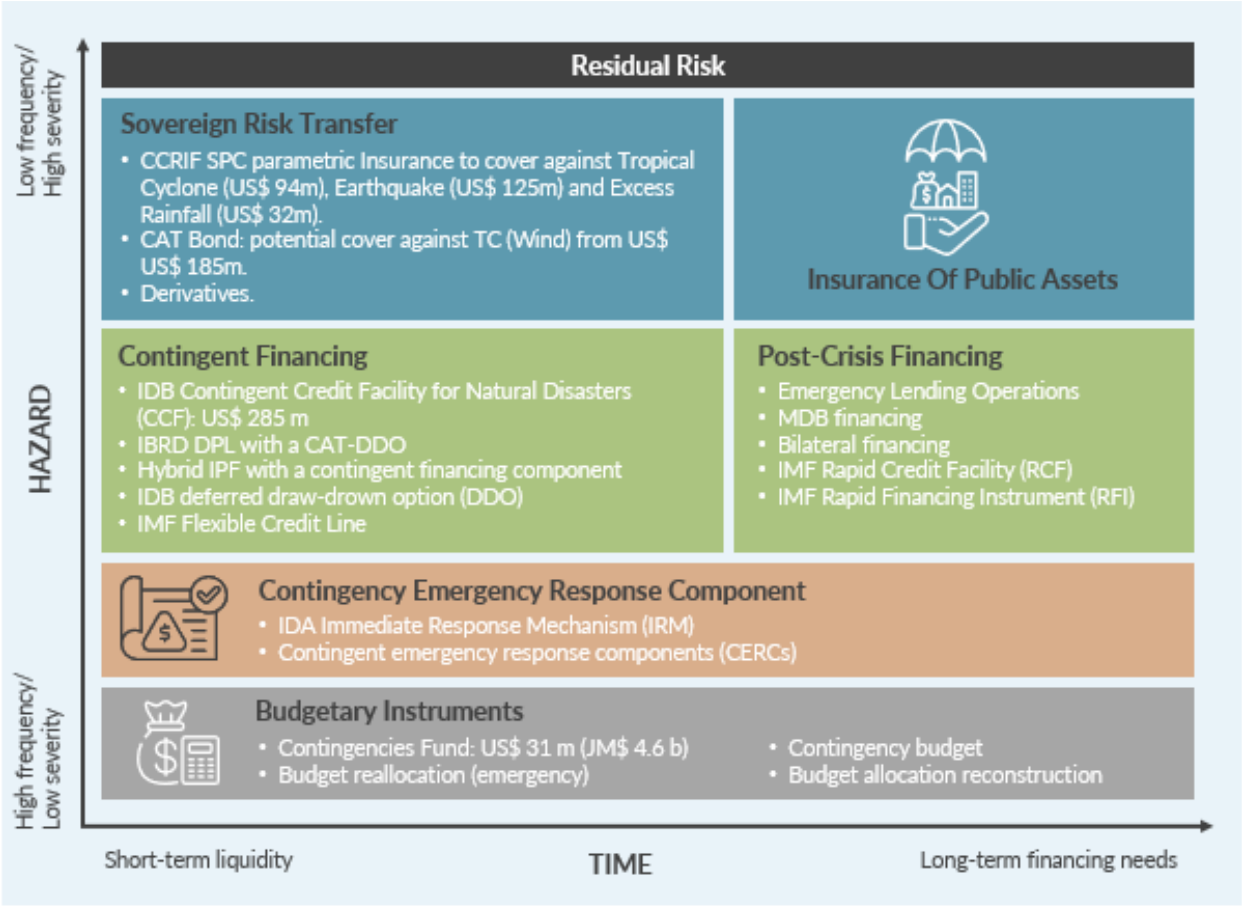
■ WB CAT DDO  
■ Market Transaction  
 (#) – Number operations / transactions

# General Approach – thinking strategies, not instruments





# Example: Jamaica's Integrated Approach to Financial Resilience Building



**SPOTLIGHT**

- Jamaica's First Catastrophe Bond Placed in July 2021
- IBRD Catastrophe Bond for Jamaica Hurricane Risk. The maximum payout is US\$185 million.
- The catastrophe bond compliments Jamaica's existing pre-arranged financing instruments

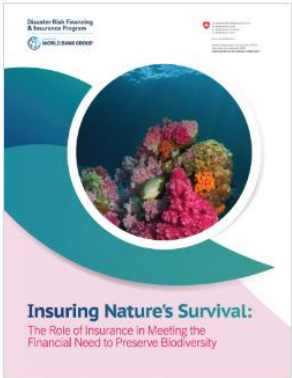
# Recent Disaster Risk Finance studies

## Macro-level

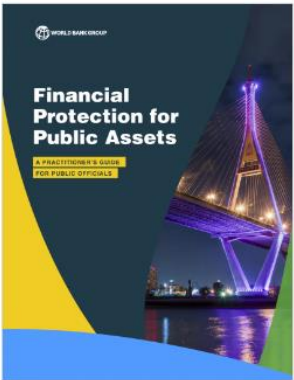
## Country-level



Sovereign Disaster Risk Finance and Insurance in Middle-Income Countries Program Review (2017-2022)



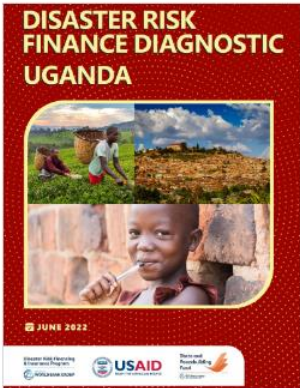
Insuring Nature's Survival: The Role of Insurance in Meeting the Financial Need to Preserve Biodiversity



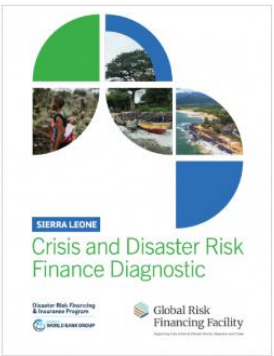
Financial Protection of Public Assets - A Practitioner's Guide for Public Officials



Assessing Financial Risks from Physical Climate Shocks: A Framework for Scenario Generation



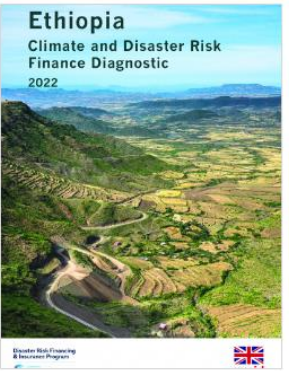
Disaster Risk Finance Diagnostic - Uganda



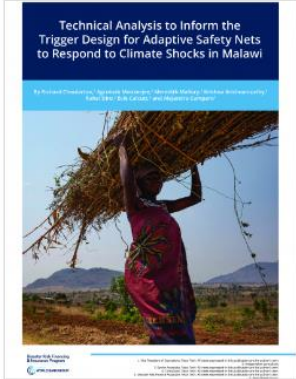
Sierra Leone Crisis and Disaster Risk Finance Diagnostic



Disaster Risk Finance Diagnostic - South Africa



Climate and Disaster Risk Finance Diagnostic 2022 - Ethiopia



Technical Analysis to Inform the Trigger Design for Adaptive Safety Nets in Malawi 2023



Using Disaster Risk Financing to Build Adaptive Social Protection for Climate Shocks in Malawi