



ADAPTATION  
& RESILIENCE

# ACTION PLAN



WORLD BANK GROUP

KEY MESSAGES

## WHAT

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The World Bank Group (WBG) is making adaptation and resilience a key priority through its new Action Plan that will elevate it to an equal footing with climate mitigation actions. The Action Plan has three core objectives.

- 1 Boost adaptation financing**

The WBG will ramp up its direct adaptation climate finance to reach \$50 billion over fiscal year (FY) 21–25. This financing level—an average of \$10 billion a year—is more than double what was achieved during FY15-18. The WBG will also pilot new approaches to scale up private finance for adaptation and resilience.
- 2 Drive a mainstreamed, whole-of-government programmatic approach**

The WBG intends to help countries shift from treating adaptation as an incremental cost and isolated investment to systematically managing and incorporating climate risks and opportunities at every phase of policy planning, investment design, and implementation.
- 3 Develop a new rating system to better incentivize and improve the tracking of global progress on adaptation and resilience**

This new rating system will be piloted over FY19–20, with an anticipated roll-out to projects in relevant sectors by FY21.

## WHY

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**As the risks of climate change mount, the cost—on economies, development prospects, and lives—is also set to rise.**

- » The consequences of a 2°C warmer world will be far greater than that of a 1.5°C warmer world (IPCC 2018)—and the world is on not track to meet either target.
- » As many as 4 billion people already live in regions that experience severe water stress for at least part of the year (Mekonnen and Hoekstra 2016).
- » The economic costs of climate impacts are mounting. Disasters triggered by weather- and climate-related hazards cost the global economy \$320 billion in losses in 2017 alone (Low 2018). Repeated disasters slow down the development of infrastructure systems, reduce the productivity of local economies, and push people into poverty.
- » By 2030, more than 100 million people will be pushed into poverty by climate change impacts, primarily in Sub-Saharan Africa and South Asia (Hallegatte and others 2017).
- » By 2050 as many as 143 million people could become climate migrants in just three regions (Sub-Saharan Africa, South Asia and Latin America), with individuals, families and even whole communities forced to seek more viable and less vulnerable places to live (Rigaud and others 2018).

**Adaptation and development are inextricably linked and reciprocal: good adaptation can deliver good development outcomes, and securing good development requires effective adaptation action.**

- » Well-designed economic development can support climate change adaptation, enabling countries to diversify and become less reliant on sectors that are more vulnerable to climate change effects, and increase capacity for people to withstand shock. It also makes more resources available to countries, communities and people to minimize risk (World Bank 2010).
- » At the same time, early adaptation actions could promote development by reducing risks and costs associated with asset losses from natural disasters or reducing infrastructure repair costs, and by creating new opportunities. For example, investing in mangrove replanting may protect a local community against sea level rise and storm surges, while also creating new opportunities for eco-tourism and fisheries. Early and proactive resilience-building actions are cost-effective, as opposed to waiting for worse impacts to arrive.

## HOW

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For each of the three objectives, barriers to scaling up adaptation and resilience actions have been identified along with strategies to address these.

### 1 Boosting direct finance for adaptation and expanding access to and effectiveness of this additional finance.

#### BARRIERS

- » In 2016, only 5 percent of total climate finance went to adaptation (Buchner and others 2017). Overall, only a small part of public finance systematically builds adaptation and resilience into development actions.

#### WBG ACTIONS:

The WBG is committed to boosting overall finance for adaptation through its own lending, by crowding-in private sector finance, and by facilitating, where feasible, access to and effective use of additional concessional finance.

- » The WBG will ramp up its direct adaptation climate finance to reach US\$ 50 billion over FY21-25. This is more than double the FY15-18 level.
- » The WB will put adaptation and resilience on an equal footing with mitigation.
- » The WBG will increase help countries to access a wider, more diverse set of financing instruments to reduce their exposure to climate risks, and improve the effectiveness of adaptation and resilience finance. It will guide countries toward the most appropriate sources and uses of concessional support and help them in navigating the requirements of different sources, while working with partners to encourage a global increase and simplification of access to concessional finance to support transformative adaptation and resilience
- » The WBG will introduce and test mechanisms to increase mobilization of private finance to facilitate flows that supplement public investments in resilience.

Together, these additional resources on adaptation will be used to increase the range and impact of adaptation and resilience actions in key areas. Indicative targets by FY25 include:

- » Incorporating **Adaptive Social Protection** that proactively respond to climate risks into the national social protection systems of 40 countries.
- » Supporting higher-quality meteorological and hydrological data and forecasts, early warning systems, and user-tailored climate information services to better prepare 250 million people in 30 developing countries for **climate risks**.
- » Helping clients to adopt measures to increase the resilience to climate-related shocks and stressors in **coastal areas** in at least 20 countries;
- » Supporting at least 20 “hot-spot” countries with **human development** engagements (education; health, nutrition and population; social protection and jobs) to effectively implement climate resilient strategies;
- » Supporting at least 20 countries to respond early to and recover faster from climate and disaster shocks through additional **financial protection** instruments (including insurance) and to reduce climate-related risks through financial sector regulatory reforms; and
- » Financing **climate smart agriculture investments** in at least 20 countries. This important area for large-scale resilience-building also has important climate mitigation benefits.

### 2 Mainstreaming systematic climate risk management at the country and sector level with a commitment to support those populations that are most vulnerable to climate change.

#### BARRIERS

- » Poor people are disproportionately affected by climate change for a range of reasons: often they tend to live in the riskiest areas and in fragile dwellings, depend on income sources that are often vulnerable to climate shocks, and lack the savings and access to borrowing that can help richer people cope with shocks and invest in adaptation solutions.

- » Adaptation at scale is often hampered by the absence of well-targeted national adaptation plans, difficult cross-ministerial coordination, inadequate climate information to guide adaptation planning, poor behavioral incentives or lack of local capacity.

### WBG ACTIONS:

**The WBG will support countries to introduce and scale up systematic climate risk management that integrates climate risks and opportunities into policy making, planning, investment design, implementation and evaluation. This will include:**

- » Scaling up upstream support to Ministries of Finance and Planning to better analyze and manage climate risks and opportunities, and their growth, poverty and fiscal implications.
- » Increasing support to sectoral line-ministries with tools and analytics including improved screening tools and sector guidance notes to systematically identify key climate risks and integrate resilience measures into sectoral investment planning, design and implementation.
- » Scaling up support for the poorest people who are most vulnerable to climate change by focusing on interventions that target the poorer segments of populations, such as social protection or slum upgrading, and ensuring that the interests of poor people are taken into account in decision-making processes and methodology.
- » Driving greater cross-cutting “nexus” solutions that catalyze adaptation and resilience impacts at scale, including more applied cross-sectoral research, economic analysis, capacity-building. For instance, we will apply a landscape approach that combine environmental, agricultural, water management, disaster risk reduction and other considerations into integrated interventions.

3

**Developing a new resilience rating system for development and infrastructure projects, to improve monitoring of progress of the adaptation and resilience agenda on the ground and create incentives for governments, project developers, and investors to select higher-resilience options.**

### BARRIERS

- » Private investors are showing an increasing interest in measuring climate resilience. However, investments are impaired by the lack of a uniform guidance and industry-accepted standard on what constitutes a climate-resilient investment.
- » For public and private sectors alike, decision-makers often lack complete information on climate risk for investments, including uncertainties related to exact timing, magnitude and frequency of negative impacts avoided. Tools and platforms to estimate this risk or better capture the systemic benefits of action are not readily available.

### WBG ACTIONS:

**To support clients scaling up climate adaptation actions, the WBG will develop, test, and introduce a new resilience rating system. It will:**

- » Create incentives to go beyond single climate-smart projects and increase support for projects that build wider systemic resilience.
- » More effectively report on what the WBG and clients are doing to build the resilience of populations and economies.
- » Capture and encourage best practices and facilitate learning on what works and can be generalized.
- » Aim to establish a global standard for financial markets that can be used to incentivize investments in resilience-building projects.

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