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Welcome

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The Caribbean Regional Workshop for Enhancing
Knowledge on the Adaptation Fund Project
Development Process and Project Cycle

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Good morning and welcome to this Regional Workshop on Enhancing Knowledge on the Adaptation Fund (AF) Project Development Process and Project Cycle.

It gives me great pleasure to welcome you all to the Caribbean Development Bank Headquarters for this joint CDB and AF workshop. It is the first engagement we are having with the AF since the Bank's accreditation in 2016. I therefore thank the AF Secretariat and CDB staff for their hard work in making this training a reality.

Building Resilience

This workshop is being held at a time when the Caribbean has been beaten and battered by climate change. The Region, ranked the second highest in terms of climate change vulnerability and has seen two category 5 hurricanes within two weeks of occurrence, which is unprecedented in our modern times.

The losses and damage caused by these catastrophic weather events are now being costed but we expect that the final price tag could be in the billions of dollars. This is just part of the impact, as we still have not accounted for the physical and mental anguish which the affected people will have to carry for a long time.

Unfortunately, with increasing air and sea temperatures, the 2017 hurricane season could be a recurring pattern. According to the ICPP Fifth Assessment Report 2016, it is predicted that the Caribbean region can see temperature increases of 1.0 to 4.0°C. This could result in wetter conditions in the northern Caribbean with higher than normal rainfall and drier conditions in the southern area with increased droughts. I can say that these are no longer predictions, they are now our reality.

How then should we respond to this growing threat posed by Climate Change? How are we to protect the Caribbean region and its people from the onslaught of super storms and adverse weather events made worst by unchecked human actions?

My response is that we need to boost our resilience through adapting to climate change and building stronger partnerships with the international community of which the AF forms a part.

We recognise that the cost of adaptation will not be cheap. A recent UNEP 2016 Adaptation Finance Gap Report estimates the price of adaptation for developing countries to be between USD140 billion and USD300 billion by 2030 and between USD280 billion and USD500 billion by 2050.

While the UNEP Report does not provide a cost for our Region, the expectations are that the required financing for building resilience will be substantial. For example, the combined adaptation cost for three of our Borrowing Member Countries (BMCs) – Suriname, Antigua and Barbuda, and Guyana, contained in their NDCs, is estimated to be around USD2.6 billion. As other countries put a cost to their own NDCs, we can expect this figure to increase significantly.

This workshop is timely as it seeks to enhance our knowledge and understanding of the AF and what is required to quickly access the resources available for adaptation to climate change. Time is of the essence!

What Actions Have CDB Taken

For CDB, building the resilience of its BMCs to climate change remains a key priority. This is reinforced by the Bank's Strategic Plan (2015-2019), which incorporates promoting Environmental Sustainability, including climate resilience and disaster risk management, as a corporate priority, and the Climate Resilience Strategy (2012 – 2017) that provides a framework for integrating resilience into its core business, helping its constituents to better adapt to climate change.

Since the Climate Resilience Strategy was approved, 58% of projects financed have included climate change adaptation and/or mitigation elements in the climate sensitive sectors of water, education, physical infrastructure (sea defences, drainage and roads) and agriculture.

Using the Joint Multilateral Development Bank (MDB) Methodology, climate financing represented 13% of total CDB project financing in 2015. In 2016 CDB approved USD50 million for projects with explicit climate resilience and sustainable energy actions; while in 2017 so far, USD10 mn has been provided in technical assistance to support climate resilience initiatives at the national levels and build technical capacities.

Under an African Caribbean Pacific–European Union–CDB Natural Disaster Risk Management in CARIFORUM Countries Project (€12.2 million), the Bank is developing tools to strengthen resilience in the road transport and water sectors, enhance national risk profiles, promote community disaster risk reduction, and support regional institutions responsible for disaster risk management.

Also, the Bank has forged a key partnership with the European Investment Bank (EIB), which has provided funding of USD110 million to support investment projects in the Caribbean under CDB's climate action policy. This builds on the USD65 million Climate Action Line of Credit (CALC) signed between EIB and CDB in 2011, and which supports nine projects in seven countries across the Caribbean.

With support from technical assistance provided by the European Investment Bank (EIB) and the United Kingdom Department for International Development (DFID), an internal integrated climate risk framework was operationalised that included: (i) initial screening of projects through application of a high-level Screening Tool; (ii) climate vulnerability assessment of those projects at greatest risk; and (iii) a climate change results framework with SMART indicators.

Currently, all the Bank's investment projects are being screened and categorised for potential impacts, to ensure that identified environmental and social risks are effectively managed. Climate risk assessments and the use of related screening tools are now mandatory in the preparation of country strategy papers (CSP) for each BMC.

Just recently, the Bank, through the Caribbean Community Climate Change Centre (CCCCC), provided grant support for a consultancy to prepare a project proposal on "*Building Climate Resilience in the Agriculture Sector in Saint Lucia*". It is intended that this proposal will be submitted to the AF for funding.

CDB has also examined its existing project portfolio to determine the extent of existing climate risks and has undertaken a review of its BMC NDCs. It is now in the process of updating its Climate Resilience Strategy to define the scope of activities and direction for a new strategy for the period 2018–2025. This new strategy will support the climate resilience programmes of the Bank's BMCs to meet their climate action commitments.

The Bank is therefore delivering on its mandate, especially in relation to climate change, and will continue to be a catalyst for available concessionary resources to be able to do more.

How can the Adaptation Fund Help

The Region has no time to waste, the threats from climate change are at our door and we have to respond. With governments having limited fiscal space, it means a greater reliance on entities such as the AF acting as a gateway to much-needed grant financing. As the regional accredited entity not only to the AF but also

the GCF, the Bank will continue to assist its BMCs to access grants and concessionary financing, to make climate resilient investments and strengthen their technical capacity.

However, the challenge that many countries face is the considerable effort taken to prepare full project proposals. As such, we want the AF to help us build the upstream capacity to get good projects out the door.

Currently, the AF provides small project formulation grants to accredited national implementing entities (NIEs) to the Fund, to build capacity in project preparation and design. However, we recognise that most of our BMCs may be at a disadvantage since only three NIEs exist; these are in Jamaica, Antigua and Barbuda, and Belize.

Knowing the importance of capacity building, we would ask the AF to consider allowing regional accredited entities to also access such funds and help support those countries that don't have NIEs.

Conclusion

Ladies and gentlemen:

The Bank has made a strong commitment to tackling climate change within its BMCs and we will continue to work with partners like the AF to get this done. Workshops such as this one helps to build capacity and prepare our countries to access the resources needed to develop the projects aimed at building resilience to climate change. As one of the most disaster-prone regions in the world we have an urgency, it cannot be business as usual. The recent catastrophic weather events have demonstrated this.

As the great civil rights leader Martin Luther King Jr. said, and I quote: *“We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there is such a thing as being too late. This is no time for apathy and complacency. This is a time for vigorous and positive action”*.

Let us remember those words and be inspired to continue taking action to address climate change, when we return to our individual countries.

In closing, let me once again thank you for the opportunity to share my thoughts with you, and I look forward to receiving the results of your deliberations.