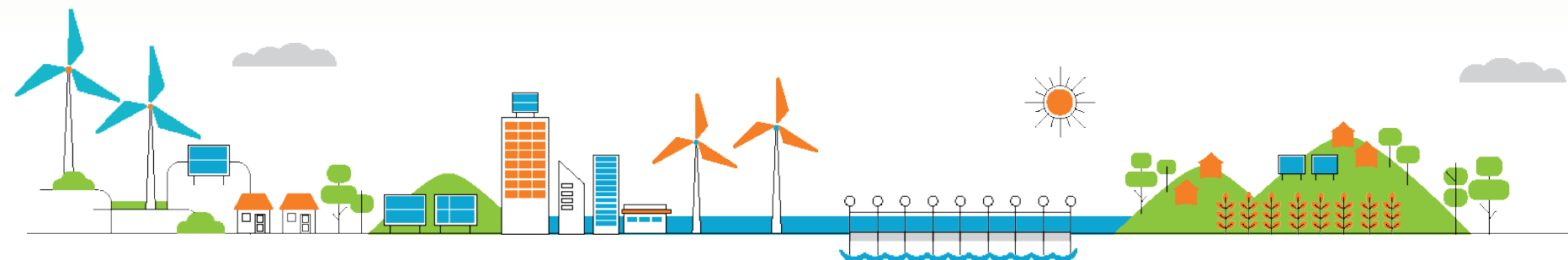# Promoting Climate and Disaster Resilience and Low Carbon Development in the COVID-19 Recovery

Kate Hughes
Senior Climate Change Specialist

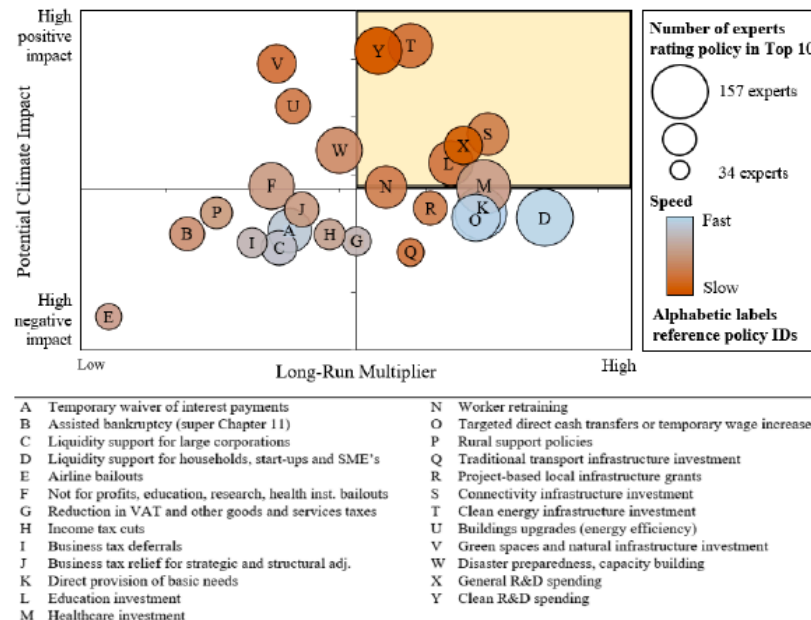# The Context

- Limiting the global temperature increase to 1.5°C and achieving deep decarbonization will be depend on how countries pursue their recovery.

- Exposed vulnerabilities have highlighted the need for investing in explicit resilience building measures.

- Increased perception of risk, including low probability high impact events, making a strong case for adopting risk-informed decision making.

- Decisions made now will create systems, institutions, and assets, and define development directions, that last well into the future.

- **Opportunity to use the COVID-19 recovery to re-orient the economy towards a more strategic low-carbon trajectory while simultaneously addressing underlying vulnerabilities and improving the climate and disaster resilience of communities and sectors.**

- Long list of possible recovery interventions that support low carbon development and build climate and disaster resilience.

Key Aspects to Consider

- Recovery measures need to drive **investments** and **behavioral** changes.

- Policy, capacity building, financing – to manage the structural changes required for transitioning towards low carbon economies, including distributional impacts and supporting a Just Transition.

- Take account of the early lessons from COVID-19; consequences of a lack of preparedness, exposed vulnerabilities, and the value of building resilience.

- How does COVID-19 impact on the possible solution?

- Huge benefits to be gained from decarbonization and from investing in resilience.

- Recovery interventions that aim to improve climate and disaster resilience and/or drive low carbon development are also **highly desirable when assessed against characteristics of a 'good' recovery.**

Climate and Resilience in Recovery
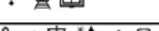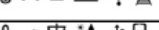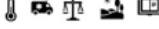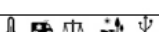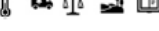
- Survey of 231 central bank officials, finance ministry officials, and other economic experts (May 2019) recommends five key intervention areas for recovery:
  - Clean physical infrastructure investment;
  - Building efficiency spending for renovations and retrofits;
  - Investment in education and training;
  - Natural capital investment for ecosystem resilience and regeneration; and
  - Clean R&D spending/rural support scheme spending for low and middle-income.

A Temporary waiver of interest payments	N Worker retraining
B Assisted bankruptcy (super Chapter 11)	O Targeted direct cash transfers or temporary wage increases
C Liquidity support for large corporations	P Rural support policies
D Liquidity support for households, start-ups and SME's	Q Traditional transport infrastructure investment
E Airline bailouts	R Project-based local infrastructure grants
F Not for profits, education, research, health inst. bailouts	S Connectivity infrastructure investment
G Reduction in VAT and other goods and services taxes	T Clean energy infrastructure investment
H Income tax cuts	U Buildings upgrades (energy efficiency)
I Business tax deferrals	V Green spaces and natural infrastructure investment
J Business tax relief for strategic and structural adj.	W Disaster preparedness, capacity building
K Direct provision of basic needs	X General R&D spending
L Education investment	Y Clean R&D spending
M Healthcare investment	

Source: Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. 2020, Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change? Smith School Working Paper 20-02

ADB's Role

- Continue projects and programs, maintain climate targets and show strong leadership

  - In the period Jan – May 2020, ADB approved over **$850m** climate finance comprising both mitigation and adaptation

- Support DMCs to identify a **package** of measures that that collectively provide the required stimulus, and address underlying barriers to ensure changes are sustained.

  - identify and prioritize climate and disaster resilience and low carbon development in recovery packages;

  - re-assess existing pipelines to help align stimulus packages with NDCs, NAPs (and other relevant plans);

  - access opportunities for blended finance;

  - undertake policy and regulatory reform such as introduction of carbon pricing, other environmental taxes, and removal of fossil fuel subsidies;

  - review budgetary priorities; and

  - support climate and disaster risk mainstreaming into national development planning and budgeting.

Recovery Measures	Climate and Resilience Results and Benefits	Type of Measure	Requirements of Covid-19 Recovery Measures							
			Short implementation timeline	High employment intensity	Skills development	Strong Supply Chain	High Economic mutliplier	Contribute to the productive asset base	Supports Long Term Transformation	Positive Environmental /Social Outcomes
Low Carbon Development										
Investment in low carbon (renewable) energy production and energy storage infrastructure		DI	Medium	High	High	Medium	High	High	High	High
Extension and modernization of the grid to support higher renewable penetration		DI	Medium	High	High	Medium	High	High	High	High
Public procurement program for purchase and install of energy efficient appliances, lighting and digital devices for public buildings		DI	High	High	High	High	Medium	High	High	High
Incentives for home renovations and retrofits, including low- and zero-energy measures, in affected regions		P&R	High	High	High	Medium	Medium	Medium	High	High
Introduction green tax regimes, e.g. carbon taxes, carbon price floor (for industry)		P&R	Low	Low	High	Medium	High	Medium	High	High
Planning urban green redevelopment/regeneration and sustainable spaces (smart cities)		T	Low	Low	High	Medium	High	High	High	High
Development and scaling up of radical transport (universal and comprehensive public transport/car free)		T	Low	Low	High	Medium	High	High	High	High
Climate and Disaster Resilience										
Re-orientation of labour market programs to support resilience building measures (e.g., water resources conservation, reforestation).		DI	High	High	Medium	Low	Medium	Medium	High	High
Climate resilient agricultural value chain		DI	Medium	High	High	High	High	High	High	High
Investment in protective infrastructure to strengthen resilience (eg. coastal protection, flood defense)		DI	Medium	Medium	Medium	Medium	Medium	Medium	High	High
Active labor market policies and economic stimulus that favors job creation in resilience sectors		P&R	Medium	High	High	Medium	High	Medium	High	High
Introduction of policy reform to enhance resilience (e.g. payment for ecosystem service schemes)		P&R	Medium	Medium	Low	Medium	Medium	High	High	High
Transformation of rural food and land use-systems, including to shift to sustainable and resilient production		T	Low	Medium	High	High	High	High	High	High
Risk-sensitive land use management		T	High	Low	High	Medium	Medium	Medium	High	High

* Note assessment will vary by country, or even region. Assessment is for illustrative purposes.

Climate and Resilience Results and Benefits

Addresses vulnerabilities

Targets Covid19 impacted sectors/populations

Targets disadvantged groups (eg regional, women)

Builds long term resilience

Supports development of high level technology (eg low carbon)

Supports long term decarbonization

Consistent with national policies and plans (NDCs/NAPs)

Source: ADB. Technical Note "Promoting Climate and Disaster Resilience and Low Carbon Development in the COVID-19 Recovery" being developed