

## **“Confronting Challenges and Seizing Opportunities: Making the Global Environment Better for All”**

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**The Sixth Assembly of the Global Environment Facility (GEF)**

**June 27-28, 2018, Da Nang, Vietnam**

### **1. Opening Remarks -The Scale of the Challenge**

- Excellencies, thank you for inviting me here to speak to you today. I want to congratulate and thank the Government of the Socialist Republic of Vietnam for hosting this important gathering. I want to congratulate Naoko Ishii, all her team, and all the countries and partners working with the GEF on the exciting replenishment that has been agreed this past April.
- The new replenishment is a singular testament to the excellent work you are doing, the real impact it has had to date and to Naoko’s sterling leadership. It is also, however, because there is increasingly no doubt about the scale of the environmental challenge ahead.
- I have been asked to speak on the challenges we are facing today, specifically on the global climate challenge, but also recognizing the environmental burdens we are placing on land, water and oceans. And the reality is that we are still far from implementing the solutions to address these challenges at the speed and scale needed.

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- Today, I will focus on two elements: climate change and land use. In addition to highlighting the challenges, I want to draw your attention to the immense and exciting opportunities that already exist to tackling these two challenges, not only for people and the planet, but also in terms of economic opportunities.
- As a former Finance Minister myself, I know that it can be especially critical that the opportunities have an economic dimension to attract support: can they bolster growth and GDP? Can they help us avoid costly investments in inefficient infrastructure? Can they deliver good jobs, and generate revenue?
- And the good news is that the answer to these questions can be “yes” for a number of the environmental challenges we face. And I would like to share with you how.

## **2. Understanding the costs of inaction and the opportunities of a decisive shift:**

- First, there is a growing awareness of the economic and financial risks if we do not tackle these systemic environmental challenges.
- The number one risk we face according to business leaders and others in 2018 is extreme weather events, made worse by climate change ([WEF Global Risk Report 2018](#)). Of the top 8 risks in terms of potential impact and likelihood, 6 are environment-related, including extreme weather events, water crises, biodiversity loss and ecosystem collapse, natural disasters, and failure of climate-change mitigation and adaptation.

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- As Christine Lagarde, the head of the IMF, recently said, climate change is increasingly as “macro-critical” issue for the economy.
- The costs of natural disasters around the world in 2017 – particularly the human toll but also the economic price - reminds us that we have no time to lose if we are to keep global warming to the Paris Agreement's threshold of well below 2°C.
- Over 1,200 people lost their lives to floods last summer in India, Bangladesh and Nepal and over 20 million were affected by the devastation including 6.8 million children ([Save the Children](#)).
- Extreme weather in the US – fires, hurricanes, and other disasters – led to a record year of losses amounting to about \$306 billion in 2017, over \$90bn more than the previous record set in 2005 ([US NOAA](#)).
- In Mauritania and Malawi, unprecedented erratic rainfall coupled with high temperatures in 2017 meant that farmers lost their crops, crippling households whose livelihoods depend on agriculture and requiring them to liquidate savings and durable assets simply to purchase enough food to eat. The effects of a poor season are multiple: not only increased food insecurity at the household level, increased political fragility driven by shifting human behaviors, but also significant public health implications (consumption tends to be much lower in the aftermath of poor harvests). ([ARC](#))
- And wider environmental degradation is increasingly taking a toll on human health and the environment. An estimated 4.2 million deaths were attributable to outdoor air pollution in 2016. ([Global Burden of Disease](#)).

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- Despite rising awareness of the economic cost of inaction, and some promising signs of progress, we are still not taking action with the urgency and at the scale needed. Later this year, a new report by the Intergovernmental Panel on Climate Change (IPCC) will likely show just how inadequate our current climate pathway is in terms of limiting global average temperature rise to well below 2C, and approaching 1.5C, the goal of the Paris Agreement.
- And the challenge is likely to get even greater going forward.
- On the development front, over the next 30 years, we will need to feed 10 billion people, provide clean and ample energy access to all, and provide services to 2.5 billion new urban dwellers.
- And for all, we must provide better and more equitable economic growth.

### **3. *An increased focus on food and land use systems***

- I want to focus on food and land use systems. Why? They get very little attention (and even less finance), but are at the heart of the solution: they have the potential to deliver 37% of the greenhouse gas emissions reductions needed by 2030. So it is very welcome to see the significant investments the GEF will make in food and land use systems.
- Today's food and land use systems are not fit for purpose.
- They are inefficient and inequitable; the cause of massive forest, biodiversity, and ecosystem loss; and are failing to attract sufficient investment or innovation ([TFA](#)).

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- Persistent inefficiencies and inequalities in these systems mean that 815 million people go hungry ([WFP](#)), and that a third of all the food that is produced is lost or wasted somewhere along the food chain ([Champions 12.3](#)).
- And yet, the “economic size of the prize” of getting these systems right is even more apparent. For example, analysis through the New Climate Economy project and the work of partners suggests that:

Over one-quarter of the world's agricultural lands are classified as severely degraded: so they are not as productive as they could be, and are contributing to a wide range of environmental problems. Restoring 350 million hectares of the world's degraded land by 2030 could cost between US\$23-67 billion, but deliver US\$170 billion/year in economic benefits ([NCE](#)).

- If just 12% of the world's degraded lands were restored to production, we could feed another 200 million people; and farmer incomes would be increased by US\$40 billion a year ([NCE 2014](#)).
- Halting deforestation could potentially boost the global economy by at least US\$40-80 billion per year according to some estimates ([TEEB](#)).
- While opportunities to reduce food waste in the ‘pre-consumer’ value chain could be worth US\$155 billion a year by 2030, and those for reducing consumer food waste could be worth a further US\$175 billion ([BSDC](#)).
- The transformation of today's food and land use systems can be economically attractive. We have much of the capital, technology and knowledge needed to overcome these interlinked challenges in a way that will deliver value to people, countries and companies.

## 4. Momentum is building around the opportunities

- In the past few years, we have achieved unprecedented cooperation in terms of setting an agenda to respond to the climate, development, and financing challenges. And each day we are seeing more exciting examples of momentum and leadership from countries, states, cities, businesses, investors and across sectors.
- At the same time, technological and other innovations have opened up further opportunities. Technology now offers us the possibility to monitor supply chains for deforestation-free commodities: increasingly sophisticated satellite imagery and data collection techniques are making it possible to map individual suppliers, while blockchain technology could potentially offer ways to securely and efficiently track transactions along the supply chain and help eliminate waste.
- Sustainable infrastructure – including green or natural infrastructure -- is at the heart of the opportunity, as well as a challenge itself. We expect to make investments totaling around US\$90 trillion in infrastructure over the next 15 years, and we have a choice now about whether these deliver sustainable infrastructure or not. The challenge is how we can shift existing finance flows in the right direction, and scale them up.
- The good news is it will not cost more to make this infrastructure sustainable – and if we build it right, we will have cities where we can move, breathe and be

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productive; forests and land use patterns that are sustainable and able to feed us all; and clean energy systems that reach the 1.1 billion people who do without today.

- The global South will account for roughly two-thirds of global infrastructure investment. This offers a great opportunity for developing countries to demonstrate leadership and “leapfrog” the inefficient, sprawling and polluting systems of the past.
- But the challenge is urgent. The investment choices we make even over the next 2-3 years will start to lock in for decades either a climate-smart, inclusive growth pathway, or a high-carbon, inefficient and unsustainable pathway.

## 5. So what needs to be done now?

- Let me give a few examples of priority solutions linked to the land use area: Government policy makers and people across industries and sectors need to join forces to raise ambition and shape sustainable food and land use systems.
- A range of actions are needed, including: policy and subsidy reform to create incentives for better practices and remove distorting subsidies (eg for excessive use of water or chemical inputs; or for deforestation); innovative investment structures to encourage private sector capital into sustainable food and land use projects; increased business R&D investment in products and processes to improve production and consumption practices; and social movements to shift people’s diets and waste habits.

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- It is critical that policies are aligned across different Ministries and levels of government. A promising example is in India, where the central government provides fiscal incentives for state-level governments to maintain standing forests. This ‘forest cover’ measure was set out to direct an estimated US\$ 6.9-12 billion per year of additional tax revenue to states from 2015-2020, based on their forest cover in 2013. By 2016, seven major Indian states had reformed regulations to support the policy and boost forest protection.
- Land tenure reform and development need to accelerate to ensure sustainable land management and rural development. For example, a 2017 WRI report on the economic benefits and costs of recognizing indigenous peoples’ ownership of land or land titling in three Amazon basin countries found that average annual deforestation rates inside tenured indigenous forests were 2-3 times lower than outside them in Brazil, Bolivia and Colombia, with net economic returns.
- The GEF has taken very welcome steps to better engage indigenous people in its projects over the years, addressing the peoples’ rights to their lands and resources, and recognizing the importance of their traditional knowledge and innovations.
- Transformative agricultural strategies are also needed to adapt to climate change to protect livelihoods, safety and food security as climate impacts intensify.
- About 39–59% of Ethiopia’s current coffee growing area, for example, could experience climatic changes, rendering it unsuitable for producing this crop, in the absence of significant interventions. Conversely, relocation of coffee areas, in combination with forest conservation or re-establishment, could see a potential

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400% increase in suitable coffee farming area. This would benefit the livelihoods of 15 million farmers in Ethiopia (16% of the population) ([Nature 2017](#)).

## 6. Concluding remarks on the GEF

- It is very encouraging to see how the GEF-7 ‘Food Systems, Land and Restoration’ (FOLUR) Impact Program aims to unlock economic and social development opportunities by transforming national food and land use systems.
- The GEF is a unique partnership that is well poised to help us navigate the complex environmental challenges ahead. I am excited that you won the replenishment battle, and we stand ready to support you through the work of the Global Commission on Economy and Climate and our flagship project on the New Climate Economy.
- All over the world, countries, cities, businesses and investors are alive to the reality that we don’t just need growth, we need sustainable development and the GEF with its partnerships is poised to help the world deliver on this.
- Let me conclude with these words of Hồ Chí Minh “Remember, the storm is a good opportunity for the pine and the cypress to show their strength and their stability.” The challenges we face now with the environment, with climate change and with food and land use systems present good opportunities for us to make our economies and our world work for people, all people. Let us seize these opportunities.
- *Thank you*