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CLIMATE ACTION MUST BE PART OF NATIONAL PLANS

The new development paradigm will need to value physical, human and natural capital. **BY VINOD THOMAS**

CLIMATE-RELATED disasters are on an alarming trajectory. Great floods in China, India and Thailand, super storms in the Philippines and the United States, and summer heat waves in the Northern Hemisphere in recent years are manifestations of this trend.

The 2010s may well go down as the decade when the trendline of these events headed aggressively north after a noticeable rise in their intensity and frequency since the 1970s. The underlying link to all this is climate change.

Scientists have been cautious about linking a particular climatic episode to climate change, but they are now beginning to attribute extreme weather in various instances to climate change. For example, scientific evidence points to global warming for making Japan's unusually hot summer this year 1.5 to 1.7 times more likely. A consensus, too, is building that climate change has roots in human actions that not only influence people's exposure and vulnerability to calamities but also the intensity and frequency of the hazards themselves.

This understanding will profoundly affect how countries handle disaster risk reduction, requiring climate mitigation be given far greater prominence. But the implications are much wider. Climate change will alter the very economic models being used to promote strong and sustained economic growth, as countries strive to leave a lighter carbon footprint.

To do this, policymakers will need good data and forecasting techniques to plan for lower-carbon growth. Right now, however, few of the forecasts being made by government and private think tanks for global and country-level growth take into account the impacts of climate

change that are already evident, or the massive investment and resources that will need to be mobilised for climate action. Such forecasting is needed for a truer picture of short and long-term growth prospects. And it is certainly missing from the current estimates for global growth of around 3.0-3.5 per cent in 2017, and 5.5-6 per cent for Asia and the Pacific.

Climate change will threaten the economic performance of countries just as surely as the 2008-2009 global financial crisis did. Floods and storms in recent years inflicted sizable economic losses in Australia, China, Indonesia, South Korea, Thailand and Vietnam. After the financial crisis, governments and multilateral insti-

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tutions intensified their efforts to anticipate future crises, carrying out stress tests of the vulnerability and resilience of their banking systems, as the Bank of England did in 2016. In the same way, we now need stress tests of how well countries can withstand the impact of rising natural disasters.

The Sustainable Development Goals and the Paris agreement on climate change showcase the importance of a less environmentally destructive pattern of growth and climate action. For that we need to value all three forms of capital – physical, human and natural. Government spending and private investment have

long been skewed towards the first two forms of capital, with natural resource management getting short shrift in development programmes.

Yet, a country's natural capital – its stock of natural assets – is essential for the pace and quality of growth. Estimates of growth rates that take into account the destruction of natural capital are far lower than those that do not. With the rising climate threat, sustainable land use and agricultural practices, and forest and coastal management, need far greater emphasis, for instance, in South-east Asia.

Valuing natural capital also means that countries must commit to phasing out the use of fossil fuels that present the greatest danger to our environment. International agreements to transition to lower-carbon economies and to mitigate climate change are putting the world on the right course, but unilateral country actions are also essential. Global actions will not suffice for the highest-risk countries, many of which are located in Asia and the Pacific region.

A country's own actions have a great rationale, especially when local gains are clear. When it comes to pollution control, there is an overlap between the global and local good. Reducing black carbon emissions that blight so many cities such as Beijing and New Delhi is a case in point.

India and Indonesia recently slashed fossil-fuel subsidies, a politically courageous move that requires confronting opposition from powerful interest groups. Reducing these subsidies, amounting to some US\$500 billion, needs to become widespread. Investments in solar photovoltaics in China and Japan, and in on-shore wind across Europe are pointing the way for increased use of renewable energy.

The five cities most vulnerable to natural hazards are all in Asia: Bangkok,

Dhaka, Jakarta, Manila and Yangon. All of them are overcrowded and in geographically fragile settings. Asia's growth has been characterised by increasing urbanisation, making it imperative that climate-friendly urban management becomes a strategic thrust in growth plans. And because the poor are hit harder by the effects of climate change than the rest of the population, building resilient communities will be an essential element of poverty reduction strategies.

The overriding message is that the mindset that natural disasters are one-off occurrences rather than a systemic problem must change. Disaster risk management needs to be understood as an investment, going beyond relief and reconstruction to a dual approach of prevention and recovery. Japan invests some 5 per cent of its national budget in disaster risk reduction, and this has been shown to reduce human and economic losses when disasters strike.

High returns on preventive efforts are also evident even where the total spending is not as high as in Japan. In the Philippines, the effects of flooding in Manila after heavy monsoon rains in August 2012 contrasted strongly with the devastation caused by Tropical Storm Ketsana in 2009, after the authorities instituted preemptive evacuations and better early warning systems.

The new development paradigm, if it is to deliver sustained growth and prosperity, needs to value natural capital, recognise the human hand in climate change, and take preventive action against climate-related calamities.

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