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“Challenging Development: Will Climate Change hold back Poverty Reduction?”

I’d like to thank John (Battle, Chair of APGOOD) for that introduction. Both Simon (Maxwell, Director of the Overseas Development Institute) and John have established formidable reputations for thought leadership in the areas of tackling poverty and climate change, and it is an honour to share the platform with them today.

I want to expand the parameters of discussion today – I intend not only to ask the question posed to me: ‘will climate change hold back poverty reduction’?; but also whether it could indeed provide the opportunity to deliver for the world’s poorest.

For policy-makers, academics, the business community, politicians, and activists I would argue have the opportunity to not only mitigate the risks of climate change, but in doing so, build a global low-carbon economy that can deliver benefits for all the citizens of the world.

Today I will outline what I see as:
the risks and opportunities of this crucial year in the run up to Copenhagen;
the interconnections between climate change and development that I’ve sensed over recent months and years;
the global partnership that I believe is required to ensure a positive outcome to that critical meeting at Copenhagen; and
my view on what a good Climate Change deal would look like.

2009: a crucial year
Taking each then, in turn, there is no doubt that this year will be fundamental in determining the shape, scale and ambition of the world’s response to climate change.

The meeting in Poznan last month marked a transition from some have called ‘year of analysis’ to what we all hope will be a ‘year of negotiations’. All parties agreed to accelerate the pace of negotiations in order to reach a climate deal. We must now ensure that we deliver on that statement of intent, for there is no more time to lose.

Climate discussions this year will take place against the background of continued global economic downturn. Some will argue that the world can no longer afford to drive forward the crucial measures needed to combat dangerous climate change.

The financial crisis has shown us how quickly risk can spread. Climate change represents global systemic risk on a quite unprecedented scale.

The Stern report, commissioned by our own government, has already shown that the costs of tackling climate change will be only a fraction of the costs of ‘business as usual’. Indeed, as last week’s report from the Roundtable on Climate Change and Poverty in the UK shows, tackling climate change in fact offers an opportunity to both boost the UK economy and provide new jobs in sectors such as home insulation and energy efficiency.

Similar opportunities exist right around the world. Globally, the United Nations Environment Programme estimates that investment in zero-greenhouse energy will reach $1.9 trillion by 2020. India is now home to the world’s fifth largest wind turbine manufacturer, and China invested over $12 billion in renewables during 2007. Other emerging economies could do much the same, and green growth could provide a better future for those ‘bottom billion’ who have so often in the past been left behind.
But if we are to get a global climate deal to not only minimise risk, but maximise those opportunities, each of the 321 days remaining to Copenhagen will be crucial. Tomorrow is certainly no exception.

The inauguration of President-Elect Obama – historic, easily in its own terms – will also be an important milestone on the road to a global climate change deal. He has already made clear his commitment to US engagement, and his ambition for a low-carbon recovery. I’m sure all of us in this room, along with many others around the world will be listening intently to his inaugural address tomorrow afternoon.

**Climate and Development – inextricably linked**

Some of those listeners, to quote Barack Obama’s own election-night speech from Chicago, will be “huddled around radios in the forgotten corners of the world”. These are the people most threatened by the impact of climate change.

According to one estimate, the livelihoods of one-third of the world’s population could be affected by water scarcity by 2025. By the end of the century, half the world’s population could face severe food shortages due to rising temperatures.

But for many people in developing countries, the changing climate is not some future threat, but already a contemporary, lived reality.

The United Nations estimates that nine out of every ten disasters is now climate related. Recorded disasters have doubled in number from 200 a year to more than 400 over the past two decades.

And as International Development Secretary I have met people who have shown me in the clearest personal terms, the connection between poverty and climate change.
In Bangladesh I met children who were both victims and survivors of cyclone Sidr. In Kenya, I visited a camp of 350 families forced from their home by flash floods. And in Ethiopia I met women who had been forced by drought to walk further each day to collect water, until they were walking 5 hours simply to drink from a watering hole shared by people and animals alike.

While we can’t ascribe individual events to climate change, and we can’t be certain of the impact that climate change will have in the future, we do know that it will hit poor people hardest. Indeed, that climate change could potentially reverse the progress we have made in the last decade towards meeting the Millennium Development Goals.

A poor climate deal – which emphasised short term cost saving and narrow self interest – would condemn a generation of people to poverty. Impacts from droughts, floods and disease would increase.

But a good deal – that recognises our shared interest, the scale of the challenge, and the value of the world’s natural resources – could provide a path out of poverty for people in developing countries.

For if climate change threatens development, it is also true that development – a new kind of low carbon development – is the only credible response to climate change. This means supporting developing countries in their efforts to exploit the opportunities, while minimising the risks, from the transition to a global low carbon economy.

That is why the DFID is putting climate change at the centre of our work.

**DFID: Responding to the climate challenge**

When I became International Development Secretary, I made tackling climate change one of my four top strategic priorities for the Department.
Since then, DFID has established a new central climate department and we have significantly expanded our climate capacity in country offices. The Department now plays a central role in the UK government’s international climate change efforts, working closely with our colleagues in the new Department of Energy and Climate Change.

The UK has increased our support for low carbon technology, forestry and climate resilience through the £800m UK contribution to the Climate Investment Funds.

And DFID is providing targeted support in the most climate-vulnerable countries.

In Zambia, we are helping people on the Zambezi flood plain to protect their crops against the damage caused by flooding.

In Lesotho, where a severe drought two years ago left a quarter of the population in need of food aid, we are helping people to establish small, ‘keyhole gardens’, so they are themselves less vulnerable to failed harvests.

In Bangladesh we are helping the most vulnerable to raise their homes on plinths – to protect what little they have from being washed away with the rains each year. We are helping farmers whose fields are now flooded by sea water to use new, sea-tolerant varieties of rice. And we are providing communities with rain-water harvesters so the heavy rains of the monsoon period can be stored and put to good use.

We have made climate change a key focus for our engagement with the international institutions – particularly the UN, World Bank and regional development banks, whose clean energy investment frameworks and climate funds could generate around $200 billion by the end of 2010 for climate related investments.
My Department has committed £100 million to climate change research over the next five years – making us one of the leading funders of such work anywhere in the world. And this research is already having an impact. To give just one example: in semi-arid central Tanzania, DFID funded climate adaptation research is helping smallholder farmers to re-discover of old crop varieties and introduce new crops that are more durable. Learning from this work will be shared throughout our network across Africa.

Last year, I announced that DFID will establish a new Climate Change Centre to research the social and economic impact of climate change for the most vulnerable developing countries. That new centre – to be launched later this year – will also provide information on climate science and adaptation techniques.

This is the kind of practical help – delivered bilaterally and through our multilateral partners – that can save lives and safeguard livelihoods. But in order to achieve a global climate deal that delivers for the poorest, we will need a genuinely global partnership this year to press for such an outcome.

**A Global Partnership for a Climate Deal**

We will need to hear and listen to the voices of progressive Parliamentarians, civil society organisations, think tanks and the international development community – to make the case for such a fair and effective global climate deal.

We also need to hear the voice of the world’s poorest. That is why my department is supporting developing countries to develop their positions and make their case in international negotiations. The UK and Bangladesh held a joint conference in September to make the case to the world. And we hope to see Least Developed Countries and Small Islands States make their case increasingly loudly and clearly over the coming critical months.
We will be most effective if we are pushing in the same direction. We need a clear shared vision on what would make a climate deal pro-development.

**Five development tests for a climate deal**

Last year I suggested five development tests for any post-Kyoto climate framework. Let me expand a little on those with our latest thinking and also pose some questions that may be of some relevance to this speaker series.

To take each of the tests in turn.

First, any deal must include a long term goal with credible interim targets. This sets the ambition for all climate policy. It provides clarity on the degree of action required and on the scale of impacts we are prepared to accept.

Our first priority must be to agree a global limit for greenhouse gases in the atmosphere that will allow us to contain temperatures to within two degrees centigrade above pre-industrial levels. Anything less rigorous would pose very serious risks for the most vulnerable states. To achieve this, global emissions need to peak by 2020 and be reduced emissions by at least 50% by 2050, compared to 1990 levels.

Second, and with a goal established, we will need to allocate the task of meeting it in a way that is fair and equitable.

Developed countries must take the greatest responsibility for cutting emissions, because we hold the greatest responsibility for the climate change that is already occurring – and we have the greatest capacity to act. By adopting an 80 per cent reduction target for 2050, the UK Government has shown leadership by example. But that example now needs to be followed.

But developing countries, and particularly the largest emerging economies, will need to join that transition too. Developing countries could generate as much as 80 per cent of growth in world energy demand between now and
2020. We cannot simply say to the quarter of the world’s population without electricity – ‘I’m sorry, we got there first’.

In order to reach that stage, we need to reorder the global economy towards low-carbon development. Crucial to achieving this will be what I would argue should be the third test of any climate deal – a reformed carbon market that has a greater impact in reducing global emissions, and increases the flow of finance to the least developed countries.

We will need to go beyond the Clean Development Mechanism to reduce emissions on the scale needed, and to create more inclusive markets. Africa, for all of its natural resources, accounts for only 2% of projects in the clean development mechanism. Crucial to correcting this will be expanding to new sectors – such as forests – for deforestation today accounts for almost a fifth of all global emissions.

We need to change the incentives around forests so that they are worth more alive than they are dead. In advance of forestry’s inclusion in the carbon market, public finance is needed to protect these precious global assets. That is why, at Poznan, the United Kingdom announced a £100m boost towards efforts to protect the forests - which both safeguard life on our planet and provide a livelihood for millions of the world’s poorest people.

I would suggest that the fourth test for a deal should be its ability to support the development and diffusion of low carbon technologies to further enable developing countries to benefit from ‘green collar’ jobs and low-carbon growth into the future. We must help developing countries to increase their capacity to innovate as well as encourage greater collaboration between technology firms and research institutions in developed and developing countries.

DFID is providing immediate funding to help deploy low carbon technologies through our £800m contribution to the Climate Investment Funds. This
investment will help to provide real-life examples of what low carbon development looks like on the ground.

Finally, we must ensure that any climate change deal includes **support for developing countries to build their resilience to adapt** to climate change.

Underpinning this – and indeed all of the five tests that I’ve outlined - is the important issue of finance. Developed countries agreed in Bali to provide ‘new, predictable and additional resources’ to help developing countries to tackle climate change. The world must now deliver on that pledge.

**Concluding remarks**

By this time next year, the world could look very different. I have taken the last fifteen or twenty minutes or so to suggest what I believe is the imperative for action, and the benchmarks against which any climate change deal should be measured.

But as I suggested at the start of my speech – this will be the year of negotiations. There is much yet to be decided, and many difficult questions remain to be resolved.

So I welcome the contribution that this series of ODI and APGOOD meetings will make to the debate on climate change and international development. From the challenge of brokering a global deal to financing climate change, to dealing with the likely impacts of water scarcity, migration and humanitarian emergencies – there are many interesting meetings lined up for the weeks ahead.

I look forward sincerely to hearing the outcomes of those deliberations. For there is no doubt that the context for tackling poverty is changing rapidly – not simply in relation to climate change, but also in response to the economic downturn, tackling conflict and reforming international institutions.
To respond to these challenges, and ensure that development thinking keeps pace with these turbulent times, I will be hosting an international conference in March bringing together leading academics, politicians, business people and activists from right around the world.

I can also announce today that the Government will, later this year, produce a new White Paper on international development that outlines our response to the global challenge of securing that common future.

The new White Paper will set out the role of the United Kingdom's international development policy in an increasingly interconnected world, where our economic security, food security, national security and yes climate security is shared with countries in both the global North and global South.

So I look forward to hearing your thoughts and questions today. I look forward to working with many of you in meeting this challenge of tackling climate change and delivering a low carbon economy that meets the needs of the poorest people.

Today is indeed a timely start to that effort. Thank you.