Remarks by World Bank Group President David Malpass at the Venice Climate Conference

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Our collective responses to poverty, inequality and climate change are defining choices of our age. We must tackle them together to make progress on our mission of reducing poverty and boosting shared prosperity.

The COVID-19 pandemic and economic losses have been devastating. We're providing maximum support to developing economies to respond to the crisis. And we're also working to help them recover in ways that will be sustainable, greener and more prosperous. We've been able to provide a record $157 billion in financing in 15 months.

Much of the hard work ahead will have to be done at the country level. At the World Bank Group, we are making the GRID approach – Green, Resilient, and Inclusive Development – operational through multidisciplinary expertise, financing and support for implementation, while doing everything that we can so people in poorer countries can benefit from good development and climate outcomes.

In 2020, the Bank Group provided more climate finance than ever. We accounted for over half of multilateral climate finance to developing countries—and over two-thirds of adaptation finance. In 2021, we're delivering even more. Our Climate Change Action Plan for 2021–2025 dedicates an average of 35 percent of Bank Group financing over the next five years to climate action—with at least half of Bank financing supporting adaptation and resilience efforts. We are aligning Bank Group financing with the Paris Agreement goals.

The crux of our second Climate Change Action Plan is to help developing countries integrate climate considerations into their development strategies; and to deploy climate finance in ways that achieve the most results in terms of mitigation and adaptation. We will help client countries in their efforts to develop and implement their Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs). We're enhancing core analytical products such as the recently launched Country Climate and Development Reports (CCDRs) and a facility on climate-informed Public Expenditure Reviews.

We need diagnostics, and a data-driven approach to help prioritize action. One key metric is the extent an intervention bends the trajectory of global greenhouse gas emissions. In this regard, we know we need to drive transformation in several key systems: energy, agriculture, food/water and land, transport, and manufacturing. Together, these systems generate over 90 percent of global greenhouse gas emissions and also face significant adaptation challenges. They are major contributors to economic growth and development, so there has to be an integration of climate and development goals and policies. Our Action Plan describes areas and techniques where we think countries and private sector clients can achieve impact, and recognizes that the costs to manage these transitions will often be large compared to available resources.

Our newly launched CCDRs will be an important tool to help us prioritize and sequence climate action in our client countries. They will investigate how climate change impacts a country's development path, and they will identify mitigation, adaptation and resilience-building to improve development outcomes. Over the next year, we plan to complete up to 25 CCDRs, focusing for this first round on developing countries with particularly large carbon emissions and/or great climate vulnerabilities.

The world's poorest countries – our IDA borrowers – account for less than one-tenth of global greenhouse gas emissions. But they are the most vulnerable to the impacts of climate change: droughts, flooding, and coastal erosion. The majority of IDA countries' emissions – about 40 percent of them – come from the agriculture sector: a sector that's not only the largest contributor to these countries' GDP, but one that underpins the livelihood of the poorest people: 80 percent of the world's poor reside in rural areas and rely on agriculture for their livelihood. At the same time, these countries have the lowest energy access levels and a weak manufacturing base.

We need to consider climate interventions for countries at different stages in their development. Some of the highest emitters need to achieve a just transition from coal and find ways to reduce emissions from heavy industry through new technologies such as carbon capture and storage. And for the poorest countries, as we continue to support sectors critical for their economic growth, we need to identify ways to help their growth and environmental practices become sustainable. An example is a $420 million climate-smart agriculture project we financed in Maharashtra, India, which supported 310,000 farmers in adopting climate-smart agricultural practices. The project is expected to reduce climate-related crop failures and eventually benefit 7 million people in a region prone to severe drought.

As we scale up our financing and sharpen our focus on impact, we need equitable and practical ways to balance growth and climate imperatives. This is why in our Action Plan, and as part of our commitment to align our financing flows with the goals of the Paris Agreement, we're increasing our support for countries to develop meaningful and impactful NDCs and LTSs that take into account their development needs. To date, we've already supported over 50 countries on their NDCs: from Mongolia to Mozambique, and from Congo to Chile. And we're allocating more resources for this in the coming years. In this context, I welcome the MDB LTS Initiative, which will improve coordination among the MDBs and countries on the development of LTSs.

We also need a parallel effort to protect our natural capital and biodiversity, so that solutions work for people and the planet. Nature offers some of the best solutions to the climate crisis:

- Mangrove forests, for example, help sequester carbon and avoid over $80 billion a year in losses from coastal flooding while protecting millions of people. In India, we have supported efforts to replant thousands of hectares of mangroves, directly benefiting millions of people.

- As climate change and desertification threaten livelihoods across the Sahel, the World Bank plans to invest over $5 billion over the next five years to help restore degraded landscapes and improve agricultural productivity in 11 countries on an expanse stretching from Senegal to Djibouti.

As a global community, we need to be willing to address some of the most challenging climate problems:

- For example: 250+ GW of coal-fired plants could come online in the near to medium term, mostly in Asia. Halting these, and decommissioning existing polluting coal-fired plants, will be expensive. Who will bear the cost and any losses?

- Almost 50 percent of global CO2 equivalent emissions come from the combined energy and heavy industry sectors in China, the U.S. and India. How will transformations be incentivized and funded?

- If public companies decide to divest fossil fuel assets, will the assets simply move to new ownership? And if fossil fuel emitters are shuttered, how can we ensure that the raw material is not simply exported and emitted elsewhere?

- As the world works to develop low-carbon energy sources that are reliable, easily stored and deployed commercially and at scale, how do we support the poorest countries in achieving their energy access goals and SDG-7?

- How can we mobilize and incentivize the private sector to engage in providing global public goods, for example, forgoing coal; or adaptation, whose costs are incurred upfront but whose benefits accrue over time?

As I discussed in detail on Friday, a key problem and challenge is how to change incentives in taxes and subsidies. Carbon taxes and reduced subsidies have emerged as the most impactful explicit carbon pricing instrument, but this will require political will and consensus.

Both the private and public sectors have important roles to play in providing answers. We need to tackle the low-hanging fruit – such as investing in climate-smart agriculture and livestock, better regulation for high emitting second-hand vehicles, fleet management, investing in energy efficiency, among others; and supporting the enabling environment for bold ideas.

Technological improvements, including energy efficiency, battery storage, hydrogen, nuclear developments, carbon storage and decarbonization techniques will be important determinants for low-carbon transitions around the world.

IFC and MIGA are mobilizing private sector financing and helping companies lower their emissions. A recent example is IFC's financing of one of the largest gas flaring reduction projects in the world in Iraq, where we mobilized eight international banks to finance the world's first green loan dedicated to gas flaring reduction. In this context, I also welcome the proposed Country Climate Private Sector Mobilization Initiative, that can leverage country platforms to improve coordination between the private sector, public sector and development partners on climate action.

In sum, I am very pleased to be here today to affirm our strong commitment to work with all stakeholders – public and private – to advance the integration of climate and development.