

Environment and adaptation

Book Launch: OECD Work on Meeting the Climate Challenge

OECD Environmental Outlook to 2030, Rob Visser and Jan Corfee-Morlot

Economic Aspects of Adaptation to Climate Change, Shardul Agrawala

Two new books on the environment and climate change from OECD

OECD Environmental Outlook to 2030

The background to the research was introduced by Ross Visser. He underlined that the *OECD Environmental Outlook to 2030* not only raises the issues linked to the consequences and costs of the climate change from 2030. The Outlook originally provides guideline solutions tailored to decision makers.

The key areas for urgent action are: climate change, biodiversity, water scarcity and health issues. The consensus is that all of these factors will dramatically worsen over the next three decades unless drastic steps are carried out, requiring worldwide co-operation. Although these measures are likely to be costly, they are outweighed by the costs of inaction. In an attempt to curb long term greenhouse gas emissions, Jan Corfee-Morlot advocates for strong OECD co-operation with major emerging markets around the world. Indeed, efforts by the OECD alone will be insufficient.

The most cost efficient way of reaching the 450ppm target (measure of GreenHouseGas concentration in the atmosphere) is to tax emissions on a increasing scale, starting at USD 2 per tonne of CO2 equivalent today with a target of USD 150 in 2050. In addition, the Outlook offers projected emissions under various scenarios. With broad participation in mitigation efforts, the cost of global action will be unevenly distributed across regions unless a mechanism for **burden-sharing** is found. In order to satisfy the ambitious targets set in the Outcome, every available technology would be required, including biofuels, nuclear, etc. Despite being highly ambitious, the 450ppm case can be funded on the back of strong GDP growth projections for the next 40 years. According to projections, the cost of the project will represent 0.5% of GDP growth in 2030.

Economic Aspects of Adaptation to Climate Change

Shardul Agrawala points out that the field of adaptation is relatively young, having started only 7 years ago. The limited number of studies and assessments related to this topic gives this first booklength assessment of adaptation all the more importance and positions the OECD in a pioneering position for future progress.

Shardal Agrawala points out the challenges in estimating costs and benefits in sectoral coverage of adaptation costs. For example, in water resources, adaptation costs will be incurred chiefly by investment in storage and treatment.

In estimating the costs of Global Adaptation, the following parameters are used:

- Percentage of assets/investments exposed to climate change risk
- Percentage of incremental cost of “climate-proofing” such investments

The current level of knowledge on these parameters is very limited. As a result, obtaining reliable cost estimates is extremely challenging. Mr Agrawala underlines the key roles played by both public and private actors. Their contribution can be optimised by encouraging Private Public Partnerships (PPPs) and implementing carefully chosen incentives.

Questions from the floor challenged the panel on two occasions.

Were the consequences on employment of such environmental policies considered in the Outcome?

Rob Visser and Jan Corfee-Morlot acknowledged that such impacts had been studied in the past but the effects were out of the scope of the current survey.

A Belgian participant raised the question of how to evaluate non monetary factors (i.e. those not directly linked to GDP growth). He used the example of the “refugee effect”.

Shardal Agrawala acknowledged the importance of such factors but went on to underline that the current studies were only focusing on pure monetary variables and that research into the other factors would be pursued in the future.

A member of the Ethiopian Permanent Delegation of UNESCO suggested using local research institutions such as universities and colleges in future studies. Shardal Agrawala confirmed that this trend was already in place and local African teams had been used in evaluating adaptation costs.

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