



## DELTA IN TIMES OF CLIMATE CHANGE II

### INTERNATIONAL CONFERENCE

OPPORTUNITIES FOR PEOPLE, SCIENCE, CITIES AND BUSINESS  
ROTTERDAM THE NETHERLANDS, 24–26 SEPTEMBER 2014

## Plenary session “Adapting now: Necessity as the Mother of Investment”

The plenary session on the second day of the Deltas in Times of Climate Change II conference was focussed on the economic and business side of adaptation—seeing necessity as the mother of investment, to adapt a phrase.

### Rising to the Challenge

Proceedings kicked off with two plenary speeches. Adaptation, necessity, and investment were right up there as themes in both talks: Stéphane Hallegatte of The World Bank spoke passionately and compellingly about the effects of climate change on the poor, and the urgent need to invest now in robust solutions for a shared future, while ARCADIS Europe CEO Stefan Ritter spoke about how this need to adapt has already created specific opportunities that are making great sense as investments.

### **Stéphane Hallegatte, The World Bank: “It is the poor, not the rich, who are the most heavily impacted by climate change.”**

“There are not many conferences like this, where policymakers and scientists come together to talk about, and work together on adaptation”, says Stéphane Hallegatte, Senior Economist in the Climate Change Group at the World Bank. “This interdisciplinary cooperation is exactly what we need in order to start taking steps towards adaptation.”

For Hallegatte, the question is not what needs to be done, but how we’re going to do it. “After a flood, there is generally a study that results in recommendations about what needs to be done. And the conclusions are always similar: better drainage, better use of land, better water storage. So we know what needs to be done. The question is: How do we make that happen, not after one or another flood, but as a general matter, and on a large scale, so that we can prevent, or forestall the effects of floods and other disasters in the future. And this is what making adaptation happen is all about.”

Hallegatte then turns to the financial costs of disasters. “The losses are often measured in millions or billions of dollars, and those numbers are important. But what we sometimes overlook is the differential effects that the same disaster can have on the rich and the poor. For instance, if a poor family in the developing world loses “only” USD 200 as a result of a flood that could in fact mean a year’s income or the family’s life savings wiped out in one fell swoop.”

“So that’s the numbers. But it gets worse, because the poor are also more likely to be exposed to floods, storms, and other disasters related to climate change. Now, if we look only at the numbers, then it looks as though the poor are bearing a small proportion of the costs. But if we look at the actual human impacts, then it’s clear: It is the poor, not the rich, who are the most heavily impacted by climate change. The poor are really taking it on the chin—and this can, and has to change. Developing countries have a lot of opportunities to adapt in a robust way from the start, so they can be prepared for the changes that lie ahead.”

“It’s important to get this right, and to target our investments accordingly. In developing countries, adaptation is not about making adjustments to what is there, but about building something new from scratch that is robust to start with. It is not only about preventing the effects of future disasters, but also, and crucially, about improving the here and now for people.





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And for that, we need strong, effective leaders, people who are prepared to make the tough choices and who can lead by example, inspiring others in the process.”

Stéphane also threw down a challenge to those gathered. He contended that, in order to make adaptation work in practice, we need an entirely new narrative—a new way of conceiving of adaptation: “Policymakers need another story than, ‘We need to prevent a disaster!’ The real story of adaptation is that it leads to improvements. We have to help people recognise the benefits.”

#### **Stephan Ritter, CEO ARCADIS Europe: “When you are investing in material infrastructure, a wait-and-see approach just won’t cut it.”**

Hallegatte’s remarks were echoed by Stephan Ritter, CEO of ARCADIS Europe, who also talked up the benefits of adaptation, as well as the opportunities it creates—climate-proofing deltas being just one example. Ritter sees this as not just a necessity but as an opportunity for investors. “Investing in adaptation is about creating a future-proof investment environment. We have to do more than design for, and make decisions about today’s situation. We must think long-term, and decide on long-term investments, taking uncertainties about climate change into account. When you’re investing in material infrastructure, a wait-and-see approach just won’t cut it. Adaptation also means you have to be flexible enough to adapt to the unexpected.”

But how to get investors interested? Point to the growing number of cases where investments have paid off, says Ritter. “Take the Rotterdam Dry-Dock Company in the old harbour area of the city, where the neighbourhood is being revitalised with innovative, flood-proof houses. Or Copenhagen, which has successfully rebranded itself as a green city by doing a lot of climate-proofing with more water storage, more trees, and more parks. And let’s not forget Hamburg, which is creating an attractive, high-profile area, HafenCity. The initiative has already brought in EUR 2 billion just from the sale of parcels of land. Spotting and taking advantage of watershed moments, such as developments on the scale of HafenCity, can make things happen that you were perhaps not expecting. And think about it: if you can get big institutional investors in on the ground floor, then you can be more ambitious and increase your revenue streams accordingly. And that’s our job: to talk up these kinds of revenue opportunities, to convince investors and the financial sector generally, to invest in, and plan for resilience. And we’ve found that, once the value and the benefits become clear to them, they are more than willing to step up to the plate. In my view, involving the investment community in these ways will lead to much bigger and bolder steps and further opportunities to reap significant benefits.”

#### **Climate Adaptation Business Challenge**

After these speeches Rens de Jong of BNR Radio presented the winners of the Climate Adaptation Business Challenge. The challenge aims to stimulate business opportunities in climate adaptation. Seven finalists were selected out of competing ideas from 28 countries. Priska Prasetya and Jelmer van Veen of the Dutch start-up AQGRI+ were named the first price winners for their cutting-edge project idea, which is all about getting value from treated wastewater for agricultural use, such as on coffee plantations in Vietnam. The prize of 25.000 euro’s enables them go to Vietnam to continue building relationships with partners and potential customers, and pursue their five-year business plan, which calls for the creation of up to 20 AQGRI+ stations across the country.

