

CLIMATE AND DISASTER THREATS

It's time to double down on resilient infrastructure

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for World Bank Blogs

FROM tsunamis in Asia and earthquakes in Latin America, to hurricanes in the Caribbean and cyclones in Africa, disasters caused by natural hazards claimed some 1.3 million lives between 1998 and 2017, and wreaked untold havoc on livelihoods and infrastructure worldwide.

We see no sign of the risk posed by natural hazards decreasing, particularly having witnessed the devastating impact of Cyclone Idai on families and communities in Africa earlier this year. What's worse, climate change is making storms, floods, droughts, and heatwaves even more frequent, damaging, and deadly.

Disasters can erase decades of hard-won development gains in a matter of seconds, with a painful and costly impact that can last for years, and even generations to come. Today, around 90 percent of urban expansion in developing countries takes place near hazard-prone areas. Without urgent action, climate change and disasters may cost cities worldwide \$314 billion each year and push up to 77 million urban residents into poverty.

When disaster strikes, we are all at risk, but it is usually the poor that get hit the hardest. Research shows that the impacts of disasters and climate change are more than twice as significant for poor households, because they tend to live in the most vulnerable areas, often with weak housing standards. Over the next 15 years, and in the absence of adequate investment in housing and slum upgrading, we can expect to see the number of people living in substandard housing more than double.

In an era of worsening climate and disaster risks, countries and cities have no choice but to plan better and invest more in resilient infrastructure -- homes, schools, and roads -- to meet urbanisation challenges and sustain economic growth.

In fact, it pays to make our homes safer and our schools more resilient. Recent research suggests that investing in resilient infrastructure can provide a net benefit of \$4.2 trillion in low and middle-income countries, with \$4 in benefit for each \$1 invested. Such investments can then improve essential services -- such as transport, or water and electricity supply -- and contribute to more resilient and prosperous societies.

Resilient infrastructure saves lives. In October 2019, the World Bank's Global Programme for Safer Schools launched its Global Library of School Infrastructure and the updated Roadmap for Safer and Resilient Schools with the support of the Global Facility for Disaster Risk Reduction. These tools will help policymakers and school communities better understand and prepare for the natural hazards that put them at risk.

Just like families living in unsafe homes, children and youth studying in poor quality school buildings are also vulnerable to climate and disaster impact. Disasters damage or destroy school infrastructure, harming or even killing students, teachers, and other members of the school community. In Ecuador, for example, the 2016 earthquake damaged almost 1,000 schools and left more than 120,000 children temporarily without education. In Mozambique, 4,000 classrooms were destroyed by cyclones this past year. These disasters also



A woman carries pitchers next to uprooted trees and a fallen signboard following Cycle Fani in Odisha, India on May 3. Climate change is making storms, floods, droughts and heatwaves even more frequent, damaging and deadly.

have a devastating effect on children's education and learning environments.

That's why the World Bank and the United Nations Office for Disaster Risk Reduction (UNDRR) are both committed to helping cities and communities mobilise global resources and take local actions to build climate-smart, disaster-resilient infrastructure.

Cities can only be as resilient as their infrastructure, which is why UNDRR, together with the

government of India co-developed the Coalition for Disaster Resilient Infrastructure (CDRI). Launched by Indian Prime Minister Narendra Modi at the UN Climate Action Summit in September, CDRI will support countries to risk-proof investment plans by providing technical input, exchanging best practice, and capacity building.

UNDRR is also committed to leading action in this area through the Making Cities Resilient Campaign, which more than

4,200 cities have joined over the past 10 years. In consultation with partners, and in response to a clear request from the cities with which the campaign has worked, a new campaign will launch in 2020, supporting cities to reduce disaster and climate risk through improved technical support and enhanced capacity for raising finances to implement change.

Similarly, as the World Bank continues to build back better to reduce annual disaster-related losses,

its Global Programme for Resilient Housing is stepping up efforts to help countries, cities, and communities build better before the next disaster by making homes safer and more resilient to natural hazards. For example:

In Guatemala, a rapid, low-cost, and AI-enabled assessment approach -- combining drones and camera imagery -- helped identify and map a significant share of the buildings at risk of collapse in an earthquake. In Saint Lucia, the same approach was used to assess rooftop damage risks from a Category-5 hurricane.

In Indonesia, the government is making resilience a central part of their home improvement subsidy programme, one of the largest in the world.

In Mexico, the authorities are upgrading their housing programmes to make them more inclusive and resilient.

In Peru, automated property valuations and vulnerability assessments have been conducted to support municipalities.

Investing in safe and resilient infrastructure -- including homes and schools -- saves lives, protects livelihoods, and safeguards development. As we just marked International Day for Disaster Risk Reduction and World Cities Day last month, let's double down on our resolve and scale up our action to make the future of our cities and communities more inclusive, safe, resilient, and sustainable for all.

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No agreement on China tariff rollback: Trump



US President Donald Trump speaks to the press before departing the White House in Washington on November 8.

AFP, Washington

PRESIDENT Donald Trump said Friday he has not agreed to roll back tariffs on Chinese imports, dampening recent optimism for a major de-escalation in the US-China trade war.

Amid a steady stream of conflicting reports, Trump's remarks appeared to push back against Beijing's claims that the two sides had agreed to remove tariffs in stages as part of a partial deal announced last month.

Hopes for progress in defusing trade tensions have driven global stocks higher this month, since an agreement would remove a major source of uncertainty in the world economy that is undercutting growth.

But Trump again portrayed the dispute as a boon for the United States despite the tariffs paid by American companies and consumers.

"They would like to have a rollback. I haven't agreed to anything," Trump told reporters at the White House.

"China would like to get somewhat of a rollback, not a complete rollback, because they know I won't do it," Beijing, however, said this week the two sides had already agreed to mutual tariff reductions.

Commerce Ministry spokesman Gao Feng announced Thursday that negotiators "agreed to roll back the additional tariffs in stages, as progress is made towards a (final) agreement." The United States and China have imposed steep tariffs on hundreds of billions of dollars in two-way trade, and another round of US duties are set to hit on December 15 on \$160 billion in Chinese goods.

Trump again said Beijing is eager for a deal because their economy is hurting, although observers say China has more leverage as the US president prepares to compete for reelection.

Economic data show the conflict has hit US businesses and the uncertainty created by the dispute between the economic powers is undermining global growth.

"Frankly, they want to make a deal a lot more than I do," Trump said, adding that the initial agreement will be signed "in our country," possibly in Iowa.

Investors worldwide have been cheered in recent days by reports quoting sources in Washington and Beijing saying duties already imposed could be removed in a proportional way.

REUTERS, Mumbai

INDIAN banks wrote off more than \$30 billion worth of bad debt in the year to June 30, helping to lower stressed loans on their books by 8.5 percent, according to central bank data reviewed by Reuters.

The write-offs illustrate the urgent problem of bad loans as borrowers struggle to service, let alone pay-off, their debt in a stuttering economy.

As of June 30, total stressed assets on the books of Indian banks were at 9768.47 billion rupees (\$137.50 billion), down from 10,672.29 billion rupees (\$150.22 billion) a year ago, according to central bank data reviewed by Reuters.

A large part of this reduction reflected the write-off by banks of loans worth 2165.08 billion rupees (\$30.64 billion) in the last financial year, the data obtained by Reuters via a right to information filing showed.

And in the period ending June 30 - the first quarter of the current financial year - write-offs amounted to 445.77 billion rupees (\$6.31 billion), the data showed.

Without the write-offs and with

the incremental bad debt the pile may have ballooned to nearly \$175 billion by the end of June. Moreover, analysts warn the shaky shadow banking industry could worsen an already harsh climate for lenders.

Soaring bad debt levels, especially on the books of state-run lenders, have choked the Indian banking system and crippled its ability to generate fresh lending and revive economic growth that has slumped to a six-year low. The frail growth has put the brakes on sectors like autos and real estate, causing fresh heartburn for banks.

Although the Indian government and central bank has said the worst of India's bad loans crisis may be over, many analysts and market insiders remain skeptical given fresh cracks in the large shadow banking industry following the collapse of infrastructure lending behemoth, IL&FS late last year.

"Because of the new stress that building up in real-estate, autos, non-banking financial companies, and other sectors we expect that the worst is not over and there may be an increase in the stressed assets pile," said Karthik Srinivasan, head of financial sector ratings at rating agency

ICRA, the Indian unit of Moody's. "The slower than expected resolution process also means that there is unlikely to be any reduction in the numbers," he said.

A Credit Suisse report from earlier this year also warned that while banks NPAs had declined from 11.7 percent in March 2018 to 9.6 percent in the first quarter of this financial year, the stressed loans are expected to top 12

percent in the coming quarters.

As of June 30, total outstanding dues on accounts where sums to banks have remained unpaid for between 60-90 days stood at 732.2 billion rupees (\$10.4 billion), while overdues ranging between 30-60 days were at 618.79 billion rupees (\$8.8 billion). These accounts will only be classified as non-performing assets after the 90-day period.



A man counts Indian rupee banknotes after withdrawing them from State Bank of India ATM in Kolkata.

REUTERS/FILE

StanChart bows to investor ire by cutting pension of CEO Winters

REUTERS, London

STANDARD Chartered joined some of its British rivals in cutting its chief executive's pension allowance on Friday after protests from shareholders, putting pressure on other banks such as Lloyds to follow suit.

British banks have faced mounting criticism from investors for awarding their top executives more favourable pension arrangements than the rest of their employees.

Standard Chartered said its CEO Bill Winters and Chief Financial Officer Andy Halford had agreed to have their pension allowances cut to 10 percent from 20 percent of their salary from January, putting them in line with the rest of its workforce in Britain.

The bank's definition of 'total salary' includes both base salary and a fixed pay allowance paid in shares. Therefore as a proportion of his base salary alone, the pension allowance Standard Chartered awards Winters will fall from 40 percent to 20 percent.

Winters had previously defended his pension arrangements, saying in an interview with the Financial Times that investors that voted against his allowance "immature and unhelpful".

But Standard Chartered said in a statement on Friday that taking investors' views into consideration, its remuneration committee had concluded it should make the changes to avoid "distraction" from delivering the bank's business

strategy.

Britain's biggest mortgage lender Lloyds has also attracted heavy criticism, with its CEO Antonio Horta-Osorio accused this year of "boundless greed" by MPs for not giving up his pension allowance, which is equivalent to 33 percent of his salary.

Horta-Osorio, who received a 6.3 million pound pay package in 2018 and accepted a cut to his pension contribution from 46 percent in February, defended his salary and pension during a grilling in Parliament, saying they were in line with the market rate.

Lloyds has previously said executive pay levels would be reviewed ahead of the bank's annual meeting next year.

The UK division of Spanish bank

Santander and Barclays also pay their CEOs pension contributions above 10 percent, with Santander's Nathan Bostock getting 35 percent and Barclays' Jes Staley receiving 17 percent, or 34 percent of base salary if a fixed share award is excluded from the calculation.

However, HSBC's Noel Quinn and RBS's Alison Rose both get a 10 percent pension contribution, after the lenders cut their CEO pension levels this year.

In May 36 percent of votes cast at Standard Chartered's annual shareholder meeting were against its remuneration report, which had recommended that Winters receive a pension allowance in 2019 of 474,000 pounds on top of his fixed salary in cash and shares of 2.4 million pounds.