# Toespraak van Koningin Máxima tijdens de internationale klimaatconferentie 'Adaptation Futures 2016' in Rotterdam

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Koningin Máxima is speciale pleitbezorger van de secretaris-generaal van de Verenigde Naties voor inclusieve financiering voor ontwikkeling.

De toespraak is uitgesproken in het Engels.

Good Morning Ladies and Gentlemen,

I am delighted to see you assembled here in Rotterdam. As scholars, policymakers, practitioners, entrepreneurs and representatives of international development organizations, you are really joining forces in moving the climate change adaptation agenda forward.

I was there when the new Sustainable Development Agenda was adopted by 193 member states during the United Nations General Assembly in September. In New York, the international community committed itself to the goal of protecting our planet and combating the impacts of climate change.

Of course, uniting for this issue is urgent. Our planet is changing quickly and the effects of climate change are already being felt. Worldwide, 230 million people are affected by natural disasters caused by climate change. Like farmers in Ethiopia who are being hit by severe droughts and left with absolutely nothing. Residents of the coastal areas of Bangladesh who must cope with frequent floods, threatening their homes and livelihoods. Children in Colombia and Venezuela facing danger because of exposure to infectious diseases, such as zika virus or other mosquito infected diseases.

The effects are felt here and there across regions and landscapes. Post-crisis and fragile states suffer disproportionately as they have the least capacity to cope and adapt. And in stricken areas, it is always the poorest who are hit the hardest.

Access to financial services and financial literacy are increasingly being recognized as an essential part of an adequate response and preparation. Financial inclusion is vital in improving resilience both for individuals, households, communities and businesses, especially smallholder farmers and SMEs, which are the backbone of any given economy. Let me give you an example. People without access to financial services often save by investing in livestock or housing.

But when a flood or drought hits, these savings are wiped out and they become void of all hope for a better future. Financial services would reduce their vulnerability and enhance their ability to really escape poverty.

Saving accounts can help by using funds acquired during better times to cover harder times. Insurance spreads out the risks more evenly and reduces the financial hardships caused by extreme events. It helps to rebuild assets and handle sudden large expenses such as medical bills. Payments and remittance services are actually in charge of moving funds to where they are needed most.

Financial inclusion is particularly important for smallholders. Without access to credit, they could become caught up in activities with declining productivity and income. Often these smallholders need to invest in new machinery, seeds or irrigation to match changing rainfall patterns. But shifting to new activities almost always involves taking other risks. Producing a new crop for example can be a worrisome experience if you cannot afford a year of low yield. And this is where insurance comes in, by helping manage the risks associated with adaptation to new conditions.

The private sector is coming up with innovative tools to support these smallholder farmers. Particularly exciting are weather-based insurance schemes that protect small farming households from weather-related crop loss.

A prominent example is Kenya’s Kilimo Salama (“Safe Farming” in Swahili) micro-insurance program. This program will offer farmers who plant as little as one acre insurance policies to shield them from financial losses when drought or excess rainfall are expected to harm their harvests. When weather stations detect a drought, farmers are given a payment straight to their mobile phones. The results are clear - insured farmers are able to invest 20% more in their farms and earn 16% more income than their uninsured neighbours. This is also a wonderful example of a partnership between a foundation, an insurer, and a telecom operator all going in the same direction. These kinds of partnerships not only yield great results but they should be promoted further.

Not only smallholder farmers, but also SMEs need affordable financial services tailored to their needs. SMEs are the main source of employment in developing economies even in Netherlands. But often they face setbacks due to the effects of climate change.

While most large corporations are able to invest in making their operations more climate-resilient, many SMEs do not enough resources to do so, and remain vulnerable as a result. Often a simple loan or insurance payout could help them to prepare for the effects of climate change or to get back on their feet quickly. But in this prevention is always better than cure. Enabling SMEs to access financial products and instruments will, in essence, increase their resilience.

Globally, today 2 billion adults are financially excluded. 80% of poorest people do not have access to formal financial services that they need.

Fortunately, new approaches are showing huge potential in providing shortcuts to financial access.

The mobile industry holds the key to achieving the goal of financial inclusion for all households and businesses. Digital financial services, largely in the form of mobile money and card-based payments, are ensuring that these services reach out further, faster and cheaper than ever before.

An example is the “Friends” project that was started by the Kerala Government in India as part of the Digital India initiative. This enables citizens to pay their bills, fees and taxes online, without having to queue at several offices anymore.

Another inspiring example is M-KOPA, which brings together digital financial services and clean energy. M-KOPA has connected more than 330,000 homes and small businesses in Kenya, Tanzania and Uganda to solar power. Customers take a loan to buy an off-grid solar panel and pay it off in installments they can really manage. This is where mobile payment service M-PESA comes in, handling the financial transactions which was not possible before. If payments are missed, the devices can be switched off as a reminder. Using solar power instead of kerosene is not only saving the customers money, but also reducing their $CO_2$ footprint.

This is another excellent combination of building resilience and responding to the challenges of climate change!

Ladies and gentlemen, global and national attention to climate objectives is growing and we have seen how adaptation emerged as a centrepiece of the Paris Agreement. I am glad to see the recent commitments made at the Paris Climate Conference last year, including those by banks and institutional investors. Many large banks and companies have pledged to scale up their investments in renewable and clean energy, green bonds, and low-emission transport and agriculture.

However, we do need more private sector commitment. The financial sector will have to play a much more important role in contributing to climate change adaptation. The World Bank estimates that developing countries will need at least 70 billion USD per year until 2050 to meet their current and future climate adaptation needs.

Let us not forget that adaptation to climate change is essential for development.

And development is essential for creating new economic opportunities for families, communities and the private sector itself!

But in order to apply the tools of financial inclusion to climate adaptation we will have to reach across the traditional divides. It will mean smallholder farmers working hand in hand with bankers, suppliers, mobile network operators, civil society and of course governments. The financial sector, be it Fintech, bank, cooperations or any other financial institution, is a vital partner in helping individuals and communities that are vulnerable to the impacts of climate change. So this is my request to all of you and to everyone who is involved in this important issue. Let us break down the barriers for those who remain outside the financial system. Let us give all people the tools they need to overcome hardship and improve their lives. Only when we work together can we ensure that development and equitable growth are sustained, despite the effects of climate change.

I am eager to hear from the panelists as to what they are doing in this respect. I really do hope you include financial inclusion as one of your tools to enhance adaptation and to increasing resilience.