The Market for Climate Resilience: Notes on Business, Investment, and Finance

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\$12 million program co-financed by The Nordic Development Fund to:

 promote private climate resilience in micro to medium sized firms and supply chains in Latin America and the Caribbean

•foster business opportunities related to the demand for products and services that reduce the climate vulnerability of buyers

•generate market knowledge on private sector climate resilience

•support the creation and/or dissemination of practical business and investment models, tools, and analytics for various sectors, including the finance, agriculture, transportation, housing and the built environment among others.



PROADAPT Program

- is based on several working hypotheses:

•climate resilient solutions (e.g. products and services) are bought and sold in markets across the globe – these are not accounted for using climate jargon

•the hidden nature of private climate solutions impedes effective policymaking and perpetuates the myth that the private sector is has done little on resilience/adaptation

•private sector is a fount of innovation in the area of climate resilience, selling solutions that protect assets from climate risks

•climate resilience market identifies firms that offer innovative resilience solutions and that are candidates for investments, leverage, partnership or public-private partnerships

working hypotheses (cont.):

 highlighting private climate resilience solutions will help private actors to better understand that climate variability is the "new normal" -- weather or natural disaster models may not be sufficient for framing the demand for resilience solutions

•For most companies action on climate change is embedded in some version of a "sustainability" or "green business" program typically focused on mitigation rather than on building climate resilience

•The drive for sustainability will continue to generate opportunities in renewable energy, energy-efficient technologies, and other products - but the market potential in climate resilience may be larger.





Climate Change

A Quantifiable Financial Risk?Or a Major Uncertainty?

A Shift in Thinking

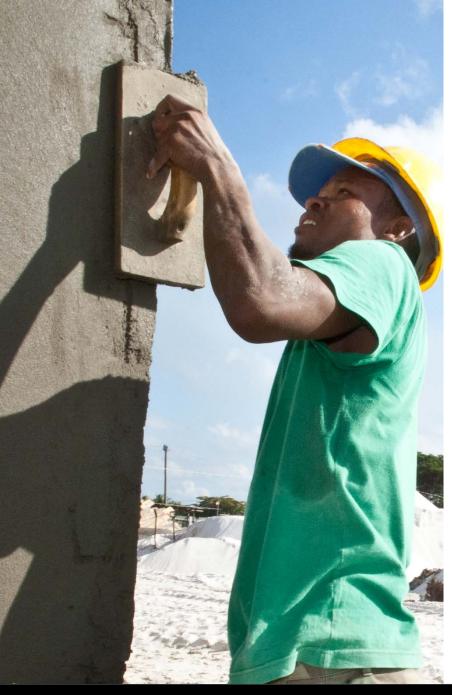
on Physical Climate Risk*:

•From carbon-intensity to considerations of future physical impacts

•French Energy Transition Law

•Task Force on Climate-Related Disclosure (TCFD)

^T See November 2016. Global Adaptation and Resilience Working Group. *Bridging the Adaptation Gap: Approaches to the Measurement of Physical Climate Risk and Examples of Investment in Climate Adaptation and Resilience*



•At least six categories for measuring physical climate change risk exist:

- government indices/rankings,
- insurance risk ratings,
- corporate use data,
- project/portfolio risk screening tools,
- project scorecards and
- engineering due diligence and design analysis

Lack of Connection of Financial, Regulatory, Disclosure or other Systems:

•Lack of resiliency metrics that relate to financial performance or cost, revenues,

•Lack of resiliency metrics that are related to regulatory, reporting or disclosure requirements





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