

The Challenge and the Opportunity of Private Sector Climate Resilience

Cartagena de Indias May 25-27 2016

The Multilateral Investment Fund of the IDB sponsored an international Conference in Cartagena entitled *The Challenge and the Opportunity of Private Sector Climate Resilience*. The central theme of this Conference was that climate resilience represents a major business and investment opportunity in the face of growing climate variability. This was the first such Conference to focus exclusively on the private opportunities associated with climate resilience. The platform for this event is the MIF Proadapt Program, which is co-financed by the Nordic Development Fund. Proadapt funds projects that build climate resilience in anchor firms and smaller companies in the region, fosters related business and investment opportunities and supports knowledge products and new methodologies related to climate resilience.

Over 200 people attended this Conference and over 3000 from 21 countries live-streamed panels. Panelists and audience members included representatives from financial institutions, including banks and insurance companies, large engineering and design firms, private equity and investment firms, architecture firms, commercial real estate, tech startups, climate data and analytics firms, multilateral development banks, aid agencies, consultancies, NGOs, public policy institutes, the medical industry, public entities and other types of organizations.

Over two-and-a-half days, more than 50 speakers and panelists presented and led discussions on topics such as financial innovations and entrepreneurial opportunities related to climate resilience, sustainable and resilient cities, climate smart agriculture, climate and green bonds, the evolving role of insurance in climate resilience, climate and weather data and new analytics for private decision-making, emerging opportunities in medicine related to the need for

climate resilience, development and resilience, infrastructure, resilience and public private partnerships among other areas.

Two weeks before the Cartagena conference began, UNEP issued a report forecasting that the costs of adapting to climate change in developing countries will be higher than previously estimated— \$140 billion to \$300 billion annually by 2030, and as high as \$500 billion annually by 2050. Latin America and the Caribbean's share of this bill will be added to the region's existing infrastructure needs, which a one expert panelist estimated at \$130 billion annually.

At the same time, most countries in Latin America and the Caribbean still face basic development challenges: reducing extreme poverty, improving security and public services, and growing their economies in an inclusive fashion. As multiple panelists noted, the public sectors alone in Latin America and the Caribbean cannot be expected to finance the resilience and adaptation measures needed to protect people and property from the stresses and shocks of climate change.

Many panelists suggested that the lack of a common framing of climate risks in the private sector was a barrier to private involvement in resilience, while other impediments include:

- A lack of consistent standards or metrics to measure resilience in infrastructure.
- Policies and regulatory frameworks that do not require assessment of climate change vulnerabilities and strategies for resilience by private developers.
- Knowledge gaps about the likely risks and impacts of climate change.
- Inadequate access to financing combined with uncertainties about the return on investments in resilience.

Several general areas were identified as opportunities for private sector climate resilience, including risk transfer, public-private partnerships, supply-chain initiatives for agricultural resilience, increased climate change risk disclosure requirements, proactive financing by development banks, climate-smart credit policies and ecosystem based responses to climate risks.

Panelists' presentations can be found on <http://conference.proadapt.org/>

For further reading on private sector climate resilience:

<http://www.economonitor.com/blog/2016/05/the-market-for-climate-resilience-hidden-in-plain-sight/>).