

GARI Working Group: Climate Risk Screening for Infrastructure & Risk Metrics



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ACCLIMATISE
building climate resilience

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Global Adaptation & Resilience Investment Working Group (GARI)

GARI, the Global Adaptation & Resilience Investment Working Group, focuses on the intersection of investment and adaptation and climate resilience



THE UN SECRETARY-GENERAL'S
CLIMATE RESILIENCE INITIATIVE

- + The Global Adaptation and Resilience Investment Working Group (“GARI”) is a **private sector-led and launched initiative** that was **announced at the Paris COP21** talks in December 2015 in conjunction with the UN Secretary General’s Climate Resilience Initiative ([Link](#))



GARI

- + GARI has brought together **over 200 private and public sector investors, leaders and other stakeholders** to discuss critical issues at the intersection of climate adaptation and resilience and investment with the objective of helping to assess, mobilize and catalyze action and investment in 2016-2017



MARRAKECH
COP22|2016|CMP12
UN CLIMATE CHANGE CONFERENCE

- + At COP22, GARI released ***Bridging the Adaptation Gap*** ([Link](#)), a 2016 GARI discussion paper discussing two key topics (**Approach to Climate Adaptation and Resilience Risk** and **Identification of Investments in Climate Adaptation and Resilience**)

GARI 2016 Findings on Climate Risk Metrics & Investments

GARI 2016 Survey demonstrates importance of **climate risk metrics** and **climate resilient infrastructure** and related companies as opportunities

- **Importance of Metrics.** 78% of GARI Survey respondents ranked analyzing the risk of Physical Effects of Climate Change as “Very Important”
 - **Range of Approaches to Measurement.** At least six different types of approaches to physical climate risk measurement identified
 - **Limitations on Current Approaches.** Data consistency and coverage, scenario planning, implications of analysis, and diversity of use cases and physical risks.
 - **Criteria for Success.** Eight criteria identified for a successful metrics for physical climate risk: Transparency (75% strongly agree) and Practicality (72% strongly agree) highest rated
- **Importance & Immediacy of Investments.** 70% of investor respondents considering investments now, + 23% within 1-3 years.
- **Areas of Greatest Investment Interest:** Infrastructure (61%), Companies that address specific aspects of physical climate risk (60%)

* GARI 2016 online survey compiled 101 responses from 236 solicitations for feedback from GARI participants and interested stakeholders – see [Bridging the Adaptation Gap](#) (GARI, 2016)

GARI 2017 Focus: Investor Guide for Climate Risk

GARI's 2017 focus is on a practical Investor Guide and a discussion paper on Innovation



- At COP23, GARI plans to release and ***Investor Guide to Climate Risk & Resilience***, a 5-10 page introductory guide to physical climate risk for investors
 - Discusses context of physical climate risk issue (TCFD, Art. 173)
 - Explains current approaches to risk analysis
 - Describes practical questions and follow-up
- In conjunction with the GARI Investor Guide, **Acclimatise**, **Four Twenty Seven**, and **Climate Finance Advisors**—all active members of GARI—are developing guidance for banks and fund managers investing in the **infrastructure sector following a format proposed by the TCFD.**



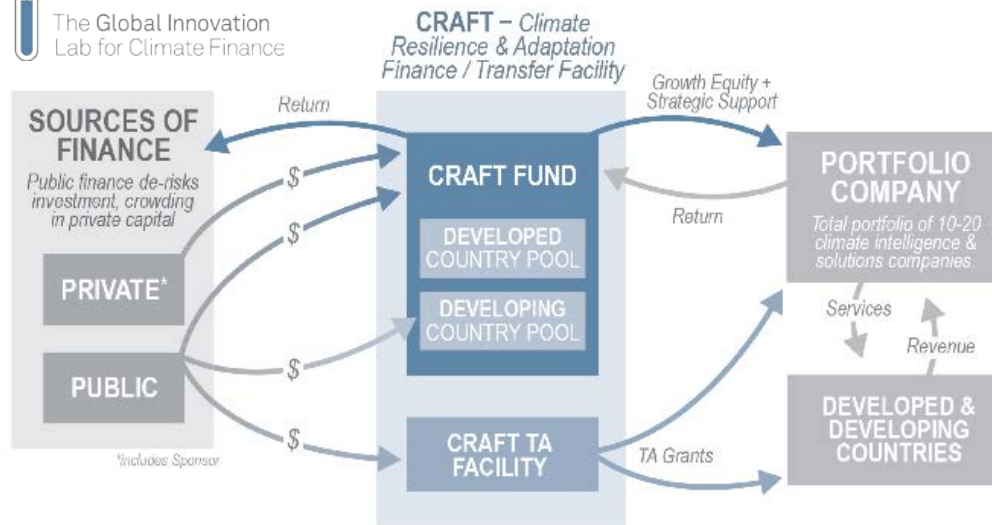
Private sector investors are increasingly—and practically—focused on climate risk screening for infrastructure and other assets

CRAFT concept: First private fund to focus on climate resilience

Climate Resilience & Adaptation Finance & Transfer Facility (CRAFT) is the first dedicated private fund concept to focus on climate resilience and adaptation



+ CRAFT won 2016 [Global Innovation Lab for Climate Finance](#) competition



- **\$500 million blended finance fund** to invest in companies that generate actionable data about and solutions to the impact of climate change
- **\$20 million Project Preparation Technical Assistance Facility**

+ Sponsored by [The Lightsmith Group](#), sustainable private investment platform whose partners have over 25 years of experience (jay.koh@lightsmithgp.com)

Private sector investors are increasingly—and practically—focused on investments in climate resilience and adaptation

Conclusions & Next Steps

Private investors are increasingly and practically focusing on climate risk and climate resilient investments in infrastructure and other assets

- GARI 2016 Discussion Paper & GARI 2016 Survey reveal high priority on climate risk metrics and high interest in investment in climate resilient infrastructure and corporate assets
- Dedicated investment vehicles focused on climate resilience and adaptation like The Lightsmith Group's CRAFT concept are emerging
- Research projects such as EU H2020 EU-MACS are exploring the needs of the financial services sector.
- Greater, practical coordination is needed between public and private sector on climate risk screening and climate resilient investment opportunities

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