

Investing for Climate Resilience: Advancing ICMIF/UNDRR's Prevention Mechanism #3

A collaborative, imaginative approach to funding climate-resilient
community infrastructure

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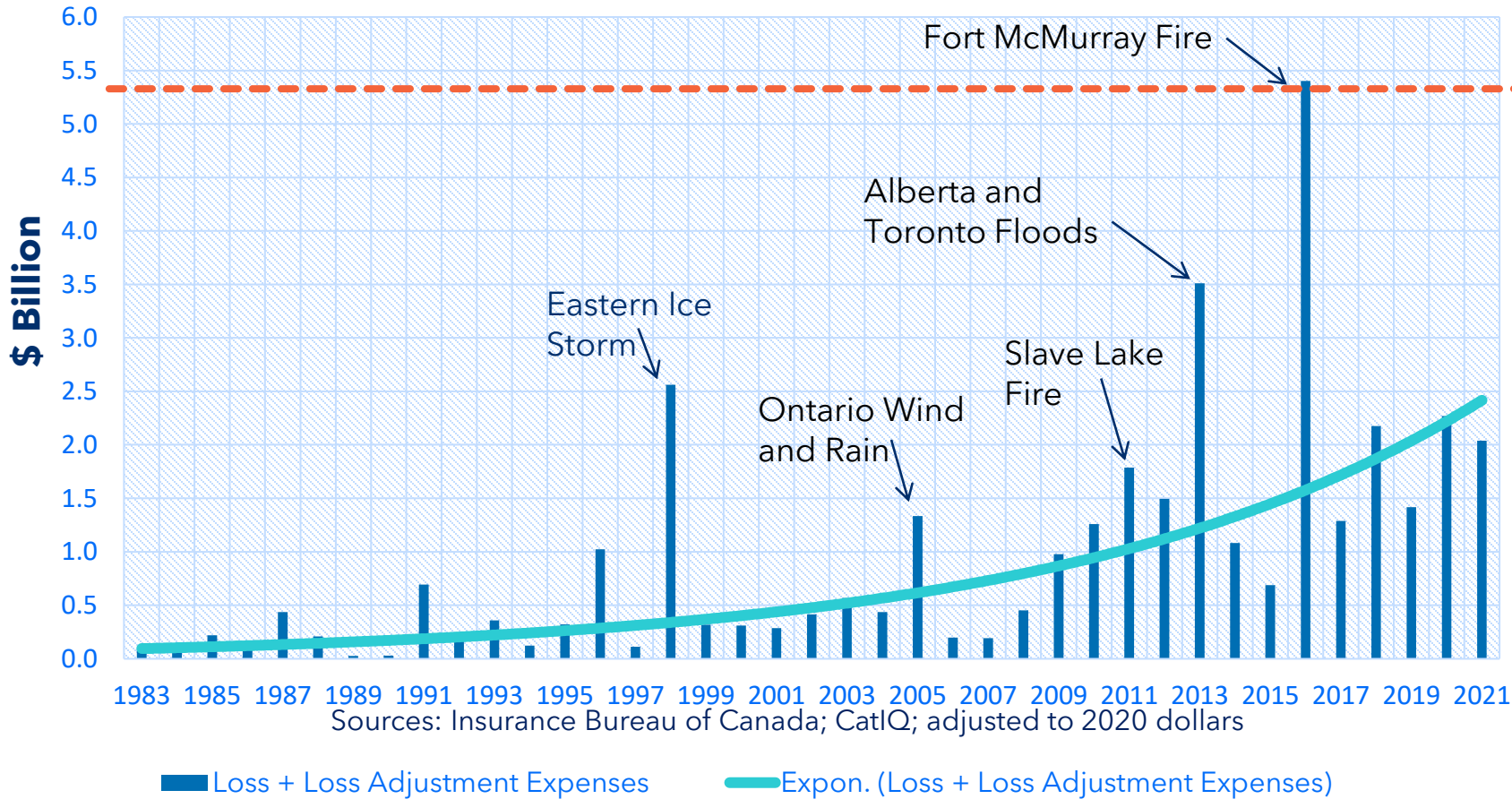


Climate change is the key challenge of our times.



We know economic impacts are on the rise in Canada...

Catastrophic Insured Losses in Canada, 1983-2021



Climate change is predicted to cost

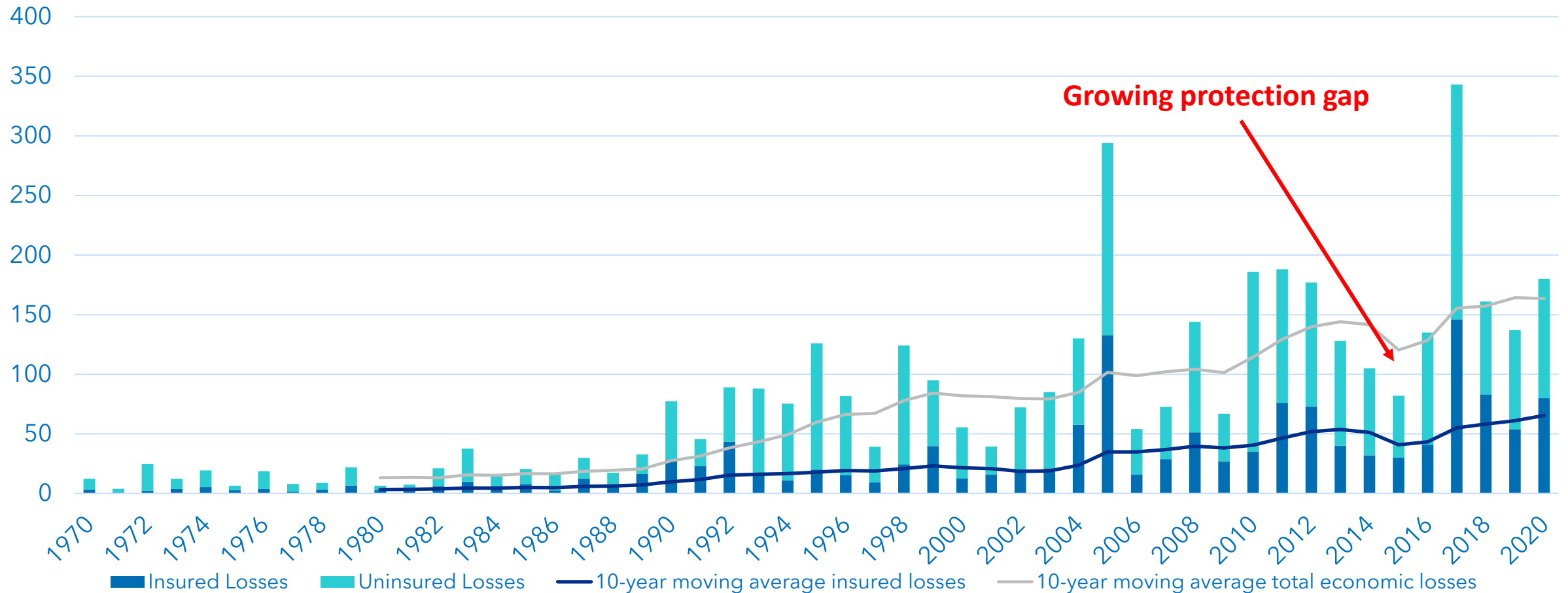
\$5.3 billion CAD per year

and on track to increase.

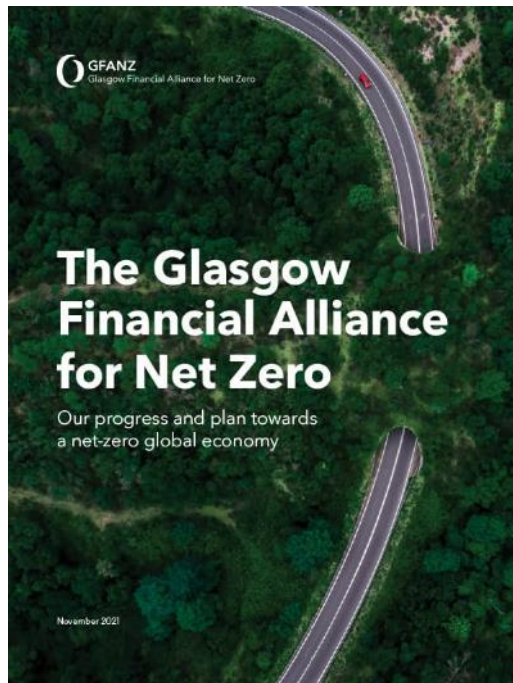
(Cost to governments and homeowners is 3-4x insured losses)

... and Globally

Weather-related Catastrophic Event Losses (Insured & Uninsured)
1970-2020 (USD billion), at 2020 prices



There is no shortage of climate-concerned capital.



450+ FIs

across 45 countries
responsible for assets

**>US \$140
trillion**

Committed to climate
action

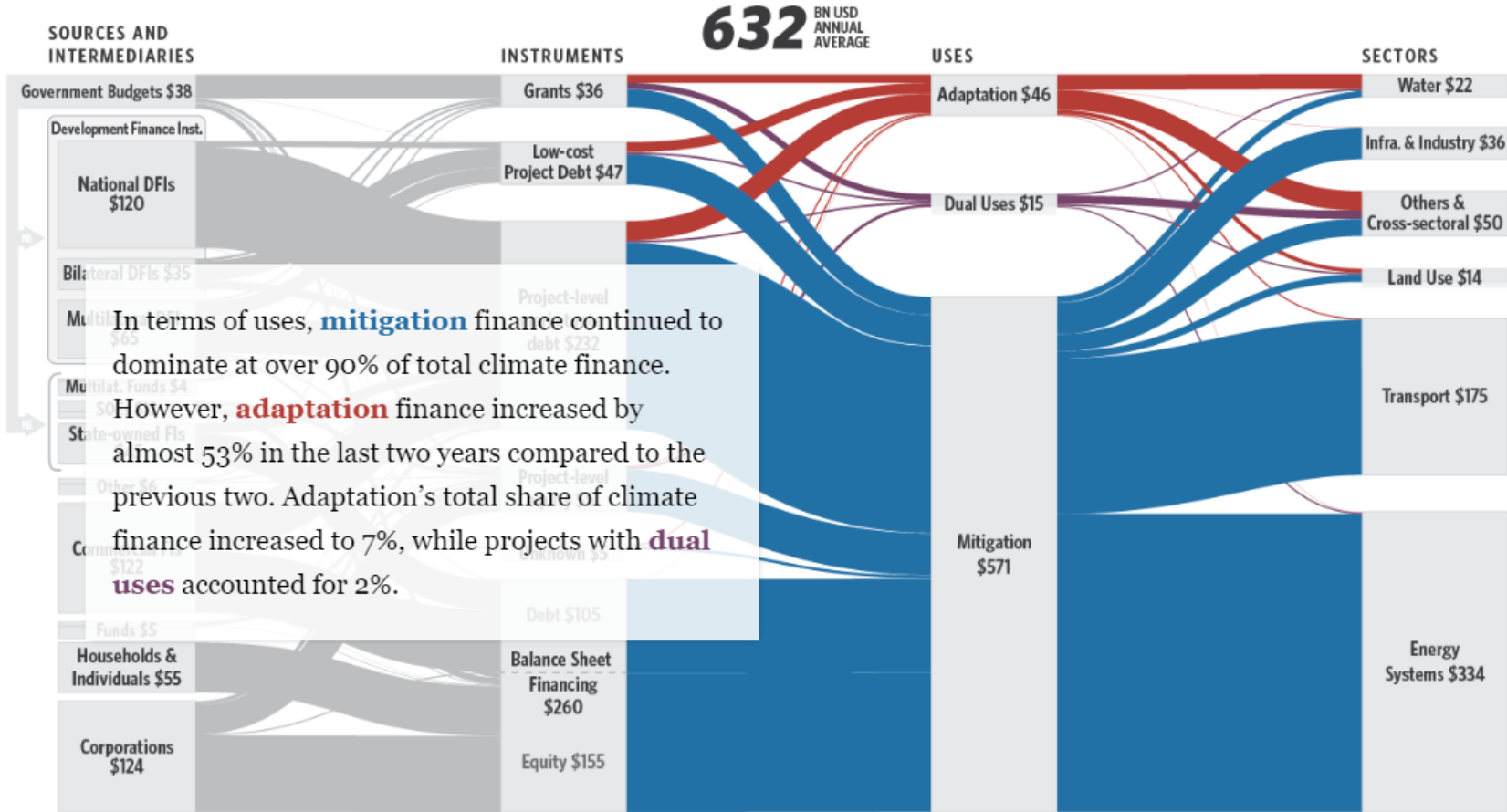
... funding
climate
adaptation
is key to
the climate
transition

Globally, climate adaptation finance is under-allocated

7%
adaptation

90%
mitigation

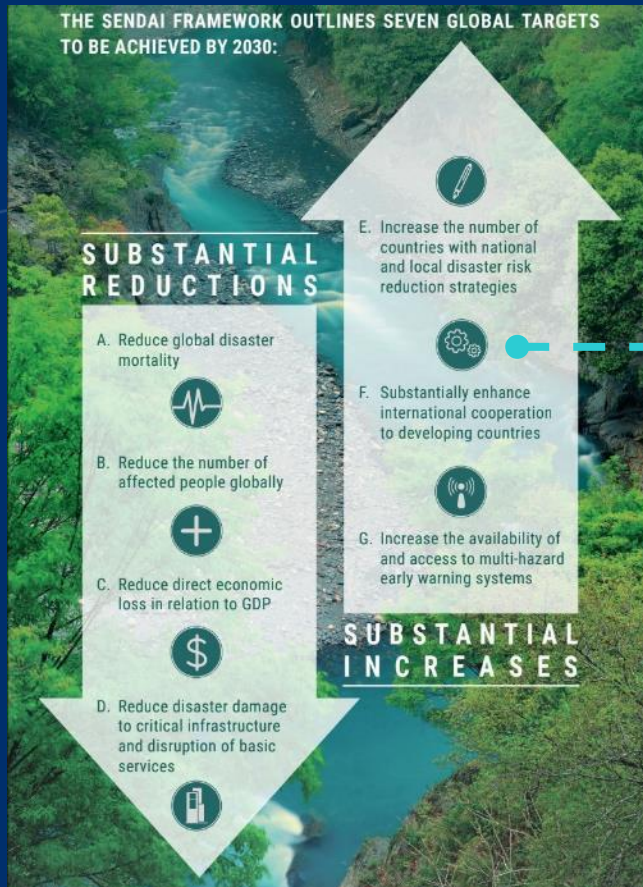
(the balance is both
adaptation & mitigation)



Source: Climate Policy Initiative // Global Landscape of Climate Finance 2021

UN Sendai Framework

Resilience investing complements the **Priorities for Action** outlined by the the UN Sendai Framework



Priority 3: Investing in disaster risk reduction and resilience

“Public and **private** investment in disaster risk prevention and reduction through structural and non-structural measures are essential to enhance the economic, social, health and cultural resilience of persons, communities, countries and their assets, as well as the environment.”

Priority 4: ‘Build Back Better’ in recovery, rehabilitation and reconstruction

“To promote the cooperation of diverse institutions, multiple authorities and related stakeholders at all levels...”

ICMIF-UNDRR 7 mechanisms



Mechanism #3 of the seven mechanisms insurers can use to enhance loss prevention:

3

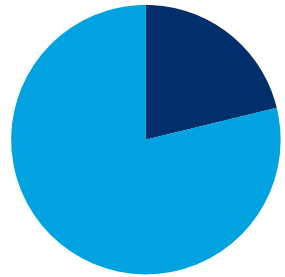
“Ensure investment reduces and prevents risk and builds resilience.”

**We need creative,
whole-of-society
partnerships.**

To “Build Back Better” we need a multi-stakeholder model of co-operation towards a common purpose.

Our mission:
Financial security for
Canadians and Canadian
communities.

Impact investing in 2022



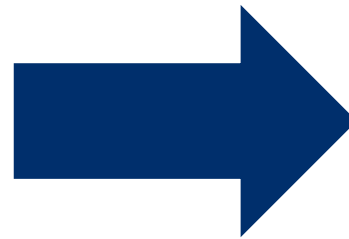
21.2%

of our invested assets were impact investments (end of 2021)

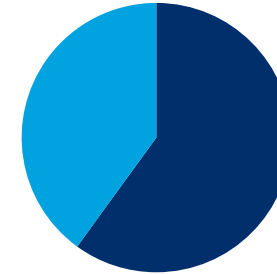


75%

of our impact investments are funding climate solutions



By 2030



60%

of our invested assets will be impact or transition investments



Climate-resilient Infrastructure Investments

will be a component of these investments

A novel approach



Illustrated Cashflow Model

Infrastructure Investor



1 Investor Capital

Municipality



2 Infrastructure investment

River berm & wetland



Co-benefits

3

Enhanced Resilience

5 Interest or performance payments

5

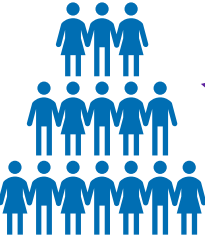
Lower premiums

4

Insurers



Beneficiaries



Examples of Potential Resilient Infrastructure Projects



Project Types

Flood defenses, and storm / wastewater management

Description

Building, refurbishing, enhancing gray infrastructure (e.g., floodwall)—or protecting, restoring and maintaining green infrastructure (e.g., wetland)—that provides protection from flooding; enhancement of storm and wastewater management systems



Wildfire defenses

Establishment and ongoing operation/maintenance of systems that project against wildfire (e.g., WUI buffers)



Severe convective storm hardening

Hardening of infrastructure against severe convective storms (e.g., replacing asphalt roofing)



Extreme heat and drought mitigation

Building, enhancing or maintaining infrastructure that protects people from extreme heat and drought (both directly and indirectly, such as through food production) (e.g., urban forests)



Resilience enhancements for any / all infrastructure

All infrastructure (new and existing), from buildings to seaports to EV charging stations, will require enhancements from the status quo (redesigning, retrofitting and upgrading) to ensure resilience in the face of increasing physical climate risk; such enhancements require incremental capital cost

Example of resilient infrastructure at work - Edmonton's Dry Pond



Don Iveson

Former Edmonton Mayor,
now Co-operators Executive
Advisor for Climate Investment &
Community Resiliency

Imagine our collective impact.

Through ongoing co-operation, and imaginative partnerships between governments, private investors, and risk experts, we can build a more resilient, sustainable future.



Thank you. Merci.

