

Climate Summit Scales Up Adaptation and Resilience Support for Most Vulnerable Countries

Public Sector, Business and Science Aim to Develop Climate Stress Tests for Financial World

New York, 23 September — The Climate Summit gave a boost today to adaptation and resilience support for the world's most vulnerable countries, with pledges and initiatives announced by governments, companies, investors, cities and public-private coalitions. Governments and private sector actors rallied to support Small Island Developing States (SIDS), Least Developed Countries (LDCs) and countries in Africa with adaptation assistance and innovative financial tools that will strengthen and supplement efforts already underway by countries most at risk from devastating climate impacts.

While no country is immune from the impacts of climate change, the Summit focused special attention on the resilience-building needs of those countries at greatest risk from rising sea levels, precipitation, droughts and extreme weather events that can destroy decades of development gains overnight.

A variety of innovative resilience initiatives were announced at the Summit, including many that will strengthen resilience in countries and communities on the climate front lines. These include: user-friendly "news you can use" climate information for countries around the world; newly enhanced climate risk funds for Africa and the Caribbean that also serve as models for other regions; a commitment by 200 cities and local governments to make their cities resilient; and innovative new tools developed by a global coalition of finance specialists and regulators, policymakers and scientists to integrate and mainstream climate risk into economic decision-making.

"Strengthening resilience to the changing climate is essential," said UN Secretary-General Ban Ki-moon. "These initiatives address the adaptation needs of some of the most vulnerable countries."

Public and private sectors actors alike stressed that countless lives and livelihoods can be saved, as well as avoiding billions of dollars in potential losses from extreme events, by strengthening adaptation, resilience and disaster risk reduction measures.

"While climate change affects us all, it is the most vulnerable countries, and the most vulnerable within these countries, who suffer the most. We must prioritize building their resilience before it is too late," said Elhadj As Sy, the Secretary General of The International Federation of Red Cross and Red Crescent Societies (IFRC).

With the global thermostat continuing to rise, Summit participants affirmed there can no longer be a fire wall between climate risks and financial risks. After three consecutive years of annual economic losses that have exceeded \$100 billion due to extreme weather events, climate resilience and financial resilience were presented by many as two sides of the same coin, with efforts to strengthen the former improving the balance sheets of the latter.

Adaptation and climate resilience support by and for Least Developed Countries and Small Island Developing States (SIDS)

Pledges made at the Summit include:

- A group of developed countries announced a commitment of US \$18 billion to be channeled to the developing countries during 2014-2020 for mitigation and adaptation.
- European Union's Development Commissioner, Andris Piebalgs, announced increased support to African, Caribbean and Pacific countries of 180 million euros. They also increased funding for the Global Climate Change Alliance from 300 to 370 million euro and committed to make 20 per cent of external spending "climate relevant".
- The United States announced a new set of tools to help vulnerable populations around the worldwide strengthen their climate resilience via extreme weather risk analyses to help prevent loss of life and property.
- Japan, co-chair of the Resilience Action Session at the Summit and future host of the Third World Conference on Disaster Risk Reduction in March 2015, reaffirmed its commitment to support adaptation efforts for developing countries, including policy planning, capacity building and adaptation training for 5,000 people over the next three years.
- The International Federation of Red Cross and Red Crescent Societies (IFRC) announced a partnership with the Secretariat for the Pacific Regional Environment Program (SREP) in 10 countries. This partnership will enable national Red Cross Societies to work with meteorological services and local communities to develop early warning systems and improved climate information for farmers, fisherman and others who depend on the natural environment for their livelihoods. The IFRC is committed to using its 17 million volunteers in 189 countries to communicate the role and impact of climate change in major weather-related disasters.

Locally led adaptation solutions

- The African Risk Capacity (ARC), an innovative financial tool for mitigating risks from extreme weather events, announced an expansion of its services and coverage, including the introduction of Catastrophe Bonds. The ARC is transferring the burden of climate risk away from governments – and the farmers and pastoralists whom they protect – to the ARC, an African-owned, African Union-led financial entity that can better handle these risks.
- The Caribbean Catastrophe Risk Insurance Facility (CCRIF), the first multi-country risk pool in the world, announced the expansion of its products to include an Excess Rainfall (XSR). The development of XSR is in direct response to interest expressed by many CCRIF participating countries and stakeholders in making available catastrophe flood coverage.
- Several Small Island Developing States noted that the Pacific Island Countries and territories have recently developed a "Strategy for Disaster and Climate Resilient Development in the Pacific (SRDP)," designed to strengthen risk management, promote resilient development and improve disaster preparedness, response and recovery.

Integrating Climate Risk into the Financial System

In response to the expanding number of extreme weather events, investors, credit ratings agencies, insurers and financial regulators unveiled an initiative to develop climate risk stress testing for banking and securities regulation, as well as public and private sector accounting practices.

Launched at today's Climate Summit, the initiative is being facilitated by the United Nations Office for Disaster Risk Reduction (UNISDR) and the World Economic Forum with several partners, including Willis Group Holdings, PwC, The International Council for Science, associations of insurers and senior financial regulators.

At the initiative's core is the one-in-100 year stress test based on those used for two decades by the global insurance industry across public, private and mutual sectors to evaluate the maximum probable annual financial loss that a company, city, region -- or even an individual farm or property -- could expect once in a hundred years.

A better understanding of climate risk and economic losses from disasters can become a normal feature of investment analysis and financial planning. "The aim is to help regulators, companies, and INVESTORS to evaluate systematically the risk of storms, droughts, floods and other extreme weather events to the financial well-being of public and private sector organizations.," said Mike Wilkins, Managing Director, Standard & Poor's Ratings Services.

"This is a giant step for sustainable development. In the long-term, many lives can be saved and billions of dollars in potential losses from extreme events can be avoided in the future if we succeed in integrating climate and disaster risk into the very heart of our economic decision making," said Margareta Wahlström, the head of UN International Strategy for Disaster Reduction (ISDR). "We can avoid investment decisions which create new risks and encourage ones which reduce existing risks. The result will be more resilient economies and safer communities."

Dominic Casserley, CEO, Willis Group Holdings who outlined the initiative to world leaders at the UN Climate Summit, said: "A remarkable and growing spectrum of organizations have come together with a clearly focused and practical goal which will devote the coming year to establish how the lessons and tools from insurance regulation, accounting and disaster risk management can be shared and applied for the benefit of all. It offers the key to building resilient cities and managing climate risk openly, clearly, rationally and sensibly. Our goal with the support of the UN Secretary-General's Office is to work with the regulatory authorities to apply these proven approaches within the wider financial system by 2020."

Commenting at a special Summit session, Malcolm Preston, Global Leader for Sustainability and PwC said: "It is remarkable how quickly and cohesively this is coming together, key professions have now converged and the UN Climate Summit has provided the vehicle. We are simply applying the key principles of accounting to climate-related challenges; material financial risk should be evaluated and communicated to stakeholders."

The global insurance industry and the International Council for Science announced the formation of the Resilience Modelling and Mapping Forum which would enable the tools and techniques of insurance

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risk modelling to be shared with the wider scientific and user communities to provide access to better risk awareness.

“With the help of the global insurance sector and wider corporate partners our objective is to coordinate at least \$100 million of annual private sector funding into public science and open risk modelling facilities by 2016. As insurers it is our role and duty to lead in this area and the Climate Summit coupled with the 2015 Agenda has enabled us to come together and act decisively” said Mike Morrissey, CEO International Insurance Society, New York.

These adaptation and resilience announcements form part of United Nations Secretary-General Ban Ki-moon’s call to keep global temperature increase to less than two degrees Celsius by reducing emissions, moving money, pricing pollution, strengthening resilience and mobilizing new coalitions. Adaptation and resilience are one of eight areas identified as critical and further developed during the Abu Dhabi Ascent, a two-day meeting held in the United Arab Emirates in May 2014

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