RESILIENCE HUB

CLIMATE WEEK NYC

CLIMATE GROUP

GLOBAL RESILIENCE PARTNERSHIP

RESILIENCE DAY AT CLIMATE WEEK NYC

INNOVATING AND INVESTING FOR PEOPLE AND PLANET

Atlantic Council

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RACE TO RESILIENCE

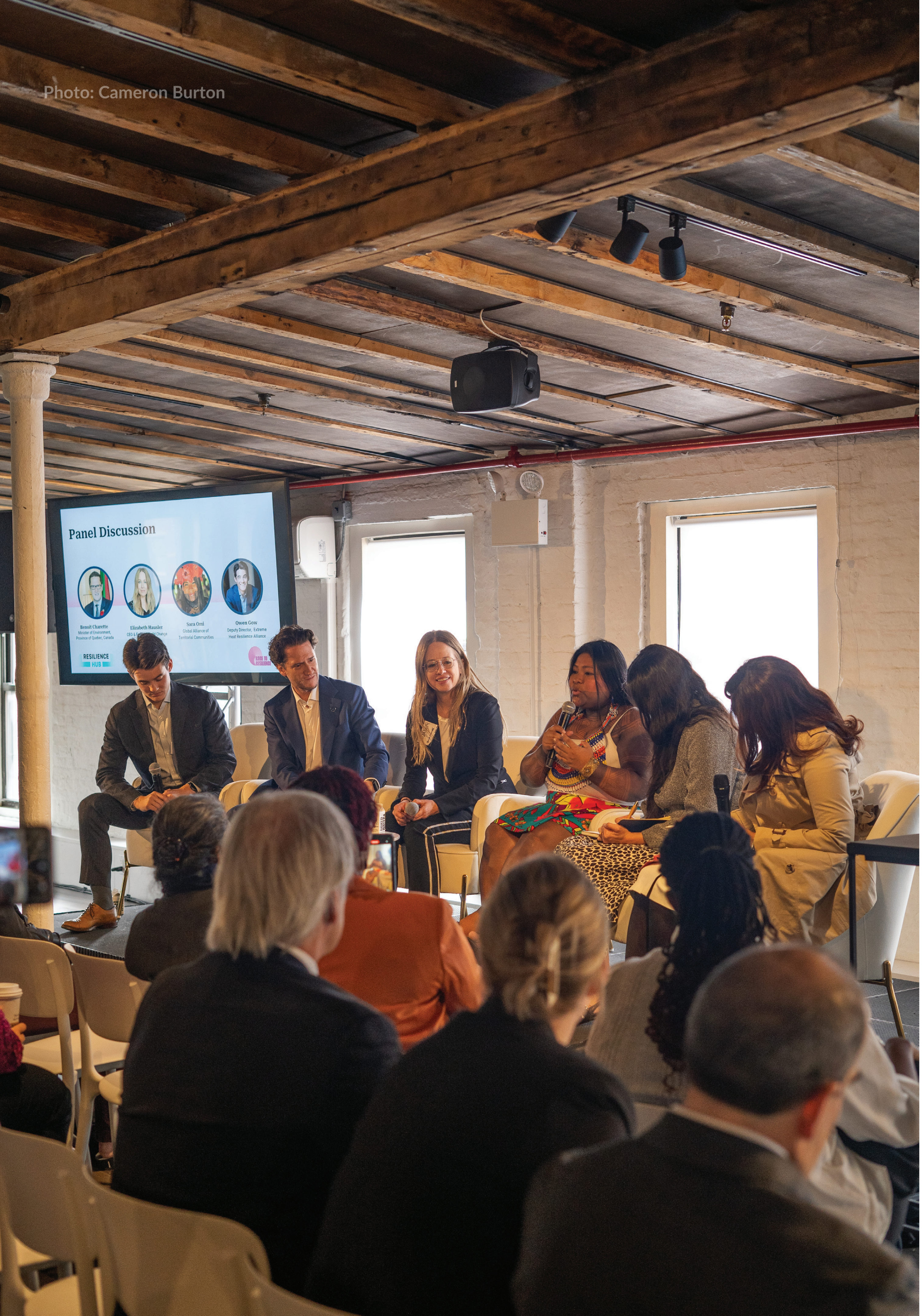


Photo: Cameron Burton

INNOVATING AND INVESTING FOR PEOPLE AND PLANET

At Climate Week NYC, the Resilience Hub and the Global Resilience Partnership (GRP) hosted a flagship event, Resilience Day: Innovating and Investing for People and Planet. The event brought together policymakers, financial experts, environmental scientists, and community leaders to discuss innovative funding mechanisms for climate resilience projects. The discussions focused on the integration of green investments and nature-based solutions to enhance the adaptive capacity of vulnerable ecosystems and communities. Below we share the key insights and messages that emerged.

To address the challenge of attracting finance in conflict affected regions, innovative financing solutions provide opportunities to mitigate risks and attract investment in long-term climate resilience projects. These solutions include Public-private partnerships (PPP) and blended finance models, such as catastrophe bonds. However, traditional funders, both public and private, exhibit a high degree of risk aversion, preferring stable environments with established risk matrices. This risk aversion, while understandable from a financial standpoint, leads to underinvestment in regions where climate resilience is most urgently needed. Strengthening governance, fostering local partnerships, and engaging multilateral institutions can also help build investor confidence and create a more favourable environment for climate finance, even in the face of fragility.

Another key challenge in attracting private sector investment for climate-related projects in conflict affected regions is the mismatch between the private sector's short-term return expectations and the long-term nature of climate resilience investments. Private investors typically seek returns within three to five years, while climate-related projects require longer gestation periods, often spanning 10 to 15 years. Even when funds are available, unlocking them can be a challenge. The presence of competing priorities such as food insecurity and socioeconomic impacts, coupled with the risk aversion of financial institutions, creates a hostile environment for climate finance. To bridge this gap, Instruments such as mega guarantees can play a crucial role in de-risking investments. For instance,the Miga project where the Korea-Myanmar Industrial Corporation, a $5.7 million guarantee was issued to protect a loan from the Korean state to a commercial lender safeguarded the project from unforeseen risks, providing the financial security needed to attract private capital. These mechanisms are designed to pool resources and distribute risk, making it more feasible for investors to commit to high-risk environments. Additionally, regional insurance pools and parametric insurance offer tailored protection against climate-related disruptions, ensuring that investments are safeguarded even in volatile conditions. Flexibility is also crucial; financial instruments must adapt to the evolving challenges of fragile states, incorporating options like deferred payments, variable interest rates, and contingency funds for emergencies.


Photo: Cameron Burton

> *"To effectively finance climate action in fragile contexts, it's crucial to address the intertwined objectives of peace, security, and humanitarian efforts alongside climate and development goals. This holistic approach not only fosters sustainable investments but also creates the necessary environment for these financial instruments to thrive."*
>
> — Andrew Harper – Special Advisor on Climate Action to the UNHCR

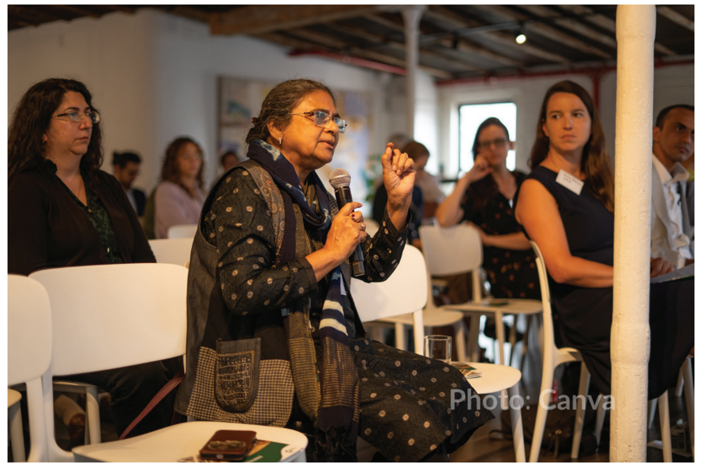
The integration of climate resilience strategies into broader governance frameworks is essential for effective and sustainable development in fragile states. Too often, climate considerations are sidelined in favour of short-term stabilisation efforts or economic priorities, neglecting the long-term impacts of climate change on stability and prosperity. Additionally, in the context of financing investments, governments play a crucial role in addressing the barriers posed by data access and information scarcity, particularly in countries of the Global South. The lack of reliable data hinders impact and risk assessments, which are essential for attracting investors. Therefore, governments need to adopt a proactive approach, providing initial funding and support during the early phases of projects. This assistance helps to mitigate risks associated with data deficiencies, possibly through guarantees or other financial instruments. Furthermore, governments must reconsider traditional metrics for measuring impact, particularly for interventions aimed at enhancing resilience, as the true effects are often not captured by standard numerical metrics. Embracing flexibility in how we define and evaluate data can lead to a more comprehensive understanding of the impact and scalability of initiatives, ultimately fostering an environment conducive to investment.

> *"Balancing the needs of borrowers and lenders is crucial, especially in vulnerable states. Climate finance must be structured in a way that avoids creating a debt trap, recognizing that many governments are already burdened with significant debt."*
>
> — Namita Vikas – Founder, auctusESG

Funding mechanisms must be reimagined to support local municipalities and indigenous-led initiatives through both funding and capacity enhancing. Locally led initiatives, often rooted in indigenous knowledge and community networks, play a crucial role in adapting agricultural practices, managing natural resources sustainably, and mitigating climate risks at the local level. Their effectiveness lies in their ability to tailor solutions to local contexts, harnessing community ownership and participation to ensure resilience strategies are both impactful and sustainable. Build Change exemplified how combining conditional cash transfers with technical assistance empowers local homeowners, particularly women-led households, to rebuild disaster-resilient housing. This approach has protected $5 billion in housing assets, showcasing the importance of local decision-making in climate adaptation efforts. Integrating indigenous knowledge into global resilience strategies is equally vital, emphasising inclusive participation of indigenous peoples, particularly women, in decision-making. Protecting indigenous territories and human rights is essential for preserving traditional ecological knowledge, crucial for climate adaptation. Despite their deep knowledge of the land and its sustainable use, bureaucratic barriers and discriminatory perceptions often hinder their ability to secure funds. The Global Alliance of Territorial Communities has developed a direct financing platform, the Shandia Forum, which unites regional funds and empowers indigenous communities to implement their own solutions. Governments, funders and donors need to simplify these processes and allow communities to implement their own solutions.

Photo: Cameron Burton

> *"Poor communities are not charity cases; they are key contributors to the production of resilience and must be seen as central to the transformation we're seeking."*
>
> — Sheela Patel – Director, SPARC and ROOH Initiative, Race to Resilience Global Ambassador



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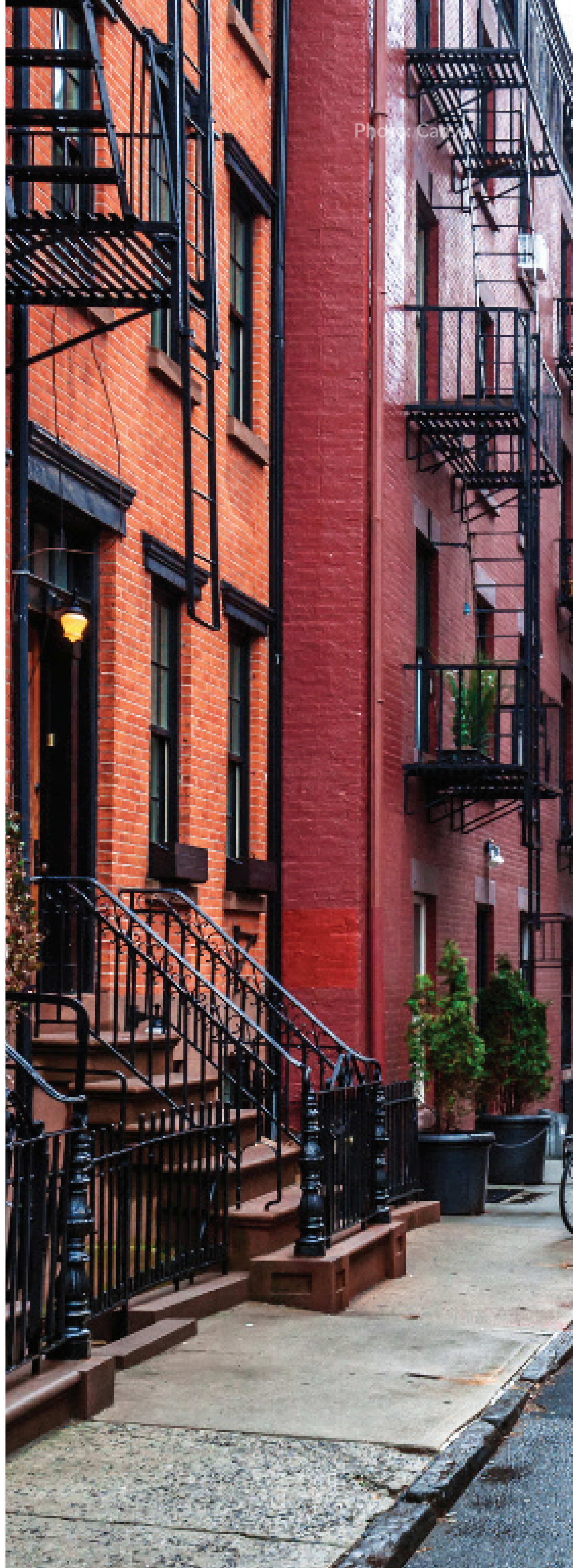
Integration of climate risks into everyday decision-making across both public and private sectors is crucial to ensure adequate resources for climate adaptation. This shift not only involves recognizing climate risks but also understanding the economic and social costs associated with them. By incorporating these assessments into decisions about infrastructure, resource allocation, and supply chain management, institutions can foster long-term resilience. Financial instruments such as resilience bonds and parametric insurance are proving to be powerful tools in this regard, offering innovative ways to fund climate adaptation while safeguarding biodiversity and livelihoods. Example Philippines issued resilience bonds in collaboration with the Asian Development Bank (ADB) to fund nature-based solutions for flood resilience. These sovereign bonds translate investor capital into tangible adaptation projects, enhancing the country's ability to manage climate-induced flooding. Equally important is the need for stronger collaboration across sectors. Governments, financial institutions, insurers, and community organisations must work in unison to address the multifaceted challenges of building climate resilience. Breaking down traditional silos is essential for developing holistic approaches that integrate diverse expertise and resources. Public-private partnerships, supported by enabling regulatory reforms, can unlock investments in climate adaptation while promoting a shared responsibility among stakeholders. For example Liberty Mutual collaborated with seed companies and Hollard Insurance in Mozambique to provide drought-tolerant seeds paired with parametric insurance products that helped farmers mitigate both mid-season and catastrophic drought risks, stabilising their livelihoods and enhancing market stability for seed companies. Continued investment in research and data collection will also be key to refining these strategies and ensuring their effectiveness.

> *"The combination of climate-adaptive technologies and financial innovations can significantly enhance farmers' resilience. When insurance products are thoughtfully bundled with resilient seeds, the benefits are mutual for both farmers and the private sector."*
>
> — Sophie Javers, Policy Engagement Partnerships at Feed the Future Innovation Lab



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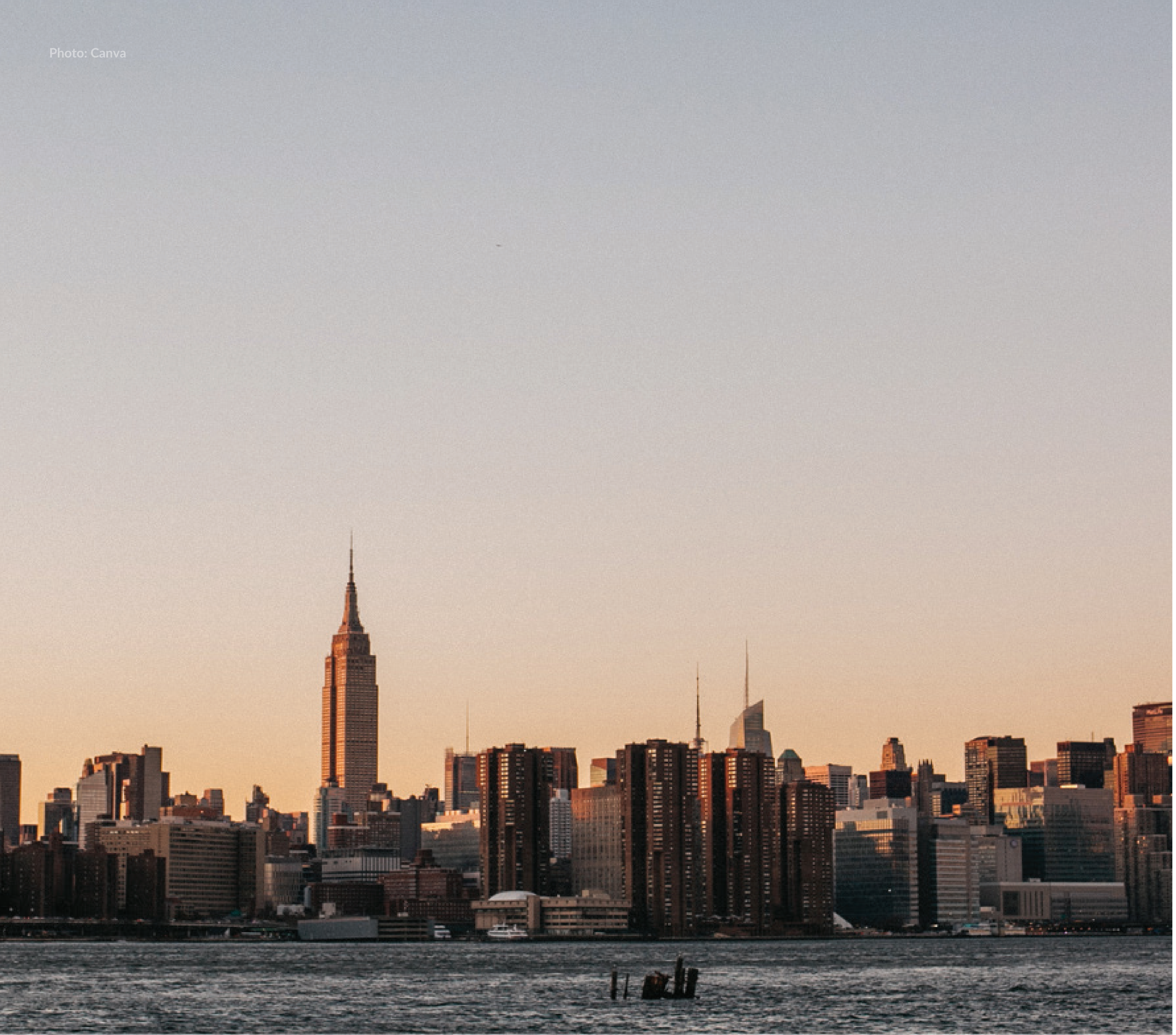

WITH THANKS TO OUR SPEAKERS AND MODERATORS

Planet: Leveraging the private finance sector for climate adaptation: Innovative Strategies for building resilient communities, infrastructure, and biodiversity

Jorge Gastelumendi – Senior Director, Resilience Center, Atlantic Council
Nidhi Upadhyaya – Deputy Director, Resilience Center, Atlantic Council
Francis Hyatt – Liberty Mutual
Amy Barnes – Marsh McLennan
Sophie Javers – MRR Innovation Lab
Anjali Viswamohanan – Asia Investor Group on Climate Change

Finance: From Fragility to Resilience: Unpacking Climate Finance for Fragile and Conflict-Affected States

Stephanie Speck – Head of Communications and Lead-Vulnerability, GCF
Andrew Harper – Special Advisor on Climate Action to the UNHCR
Shehnaaz Moosa – Director, SouthSouthNorth
Dr. Abdi Fidar – Director of the Climate Predictions and Applications Center, IGAD
Namita Vikas – Founder, auctusESG

People: What Does Transformational Resilience Mean When Local Communities Shape the Global Movement on Resilience?

Racquel Moses – Race to Resilience Global Ambassador
Sheela Patel – Director, SPARC and ROOH Initiative, Race to Resilience Global Ambassador
Benoit Charette – Minister of Environment, the Fight against Climate Change, Wildlife and Parks, Province of Quebec, Canada
Elizabeth Hausler – CEO & Founder, Build Change
Sara Omi – Indigenous Women's Movement, Global Territorial Alliance
Owen Gow – Deputy Director, Extreme Heat Initiative and Extreme Heat Resilience Alliance
Andrew Potts – Coordinator Climate Heritage Network
Constantino Aucca – President Acción Andina
H.E Razan Al Mubarak – UN Climate Change High Level Champion for COP28

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