Finance and Climate Change
The African Taskforce (ATF) Panel
WSSD, Johannesburg 29 August 2002

Finance Initiatives
Working Group
Climate Change and the Financial Sector
http://unepfi.net/cc

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Content

- members and objectives and of Climate Change Working Group (CCWG)
- actions and key messages
- CCWG study, potential threats and opportunities
- African perspective
UNEP FI Climate Change Working Group

Working group members

Andlug Consulting, Aviva, Citigroup, Corporación Andina de Fomento (CAF), Dresdner Bank, Gerling Group, LPC Centre for Risk Sciences, Munich Re, Prudential, SAM Sustainability Group, Swiss Re, UBS

one of UNEP FI’s three core working groups
Our goal

To contribute to governments’ adoption of major strategies tackling climate change such as:

- implementation of the Kyoto process;
- development of polices and measures for implementation at national/regional level;
- construction of a long-term framework to reduce emissions globally;
- promotion of strong code of corporate sustainability

¹see UNEP Finance Initiatives, Climate Change Working Group, Position Paper November 2001
Our specific objectives

- identify and communicate the finance sectors role for mitigation and adaptation to climate change;
- raise awareness within the finance sector and across all industries on the challenges of climate change;
- identify the political and regulatory barriers that prevent the finance sector from assuming a more proactive role on climate change issues, and developing strategies to overcome these barriers;
- catalyse concrete actions within the finance sector;
- position the finance sector as a credible and proactive partner contributing to the public debate on climate change.
Some actions to date by UNEP FI members

- developed standards for corporate CO₂ emission reporting;
- participated in pilot projects to refine modalities of Kyoto flexible mechanisms;
- advised and supported companies as they assess their GHG emissions;
- financed alternative energy ventures;
- developed standards for environmental management systems in the financial sector;
- contributions to IPCC Reports;
- awareness raising.
Some of our key messages

- drastic increase of economic losses due to natural disasters;
- climate change will increase the risk from atmospheric natural hazards, with major negative impacts;
- precautionary approach: start emission reductions and risk management measure *now* to mitigate and adapt to climate change risks;
- financial products and services for emission reductions and trading are available and/or in development.
Current study:  
« Climate change & the financial services industry »

- relevance of climate change for the finance sector
- need for long-term, “beyond-Kyoto” market based framework
- current activities of finance sector
- possible future role of the finance sector
- key barriers to action
- recommendation for financial service provider and policy makers

Planned release: at COP-8 in Delhi
Threats and opportunities for the insurance industry

Threats
- increasing exposures in new or existing markets
- asset management: loss of long-term value
- changing weather patterns effects
  Property & Casualty
  Life & Health
- political / regulatory changes

Opportunities
- adapting current products
- developing new products
  carbon credits
  clean energy
- increase in demand for weather related insurance
  life & health
- micro-insurance
Threats and opportunities for banking & investment

Threats
- macro-economic downturn
- asset management: loss of long-term value
- compounding risks across different portfolios
- real estates: property damage/insurance removal/less returns
- political/regulatory changes

Opportunities
- adapting current products
- developing new products
- clean energy infrastructure
- carbon credit trading
- out-performance of climate leaders
- carbon credits: enhance returns/hedge funds
- micro-finance

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How to bring an African perspective in our work?

e.g. in regard to the implementation of CDMs with crucial questions such as how to overcome major obstacles for buyers of CERs, due to

- slow process in approving CDM by governments?
- political/regulatory risks of sellers’ countries

**Invitation:**

Delegate(s) of “The African Task Force on Finance and Sustainability” to participate in our working process!