



# Finance and Climate Change



The African Taskforce (ATF) Panel  
WSSD, Johannesburg 29 August 2002



UNEP **Finance Initiatives**

**Working Group**

**Climate Change and the Financial Sector**

**<http://unepfi.net/cc>**

Thomas Streiff

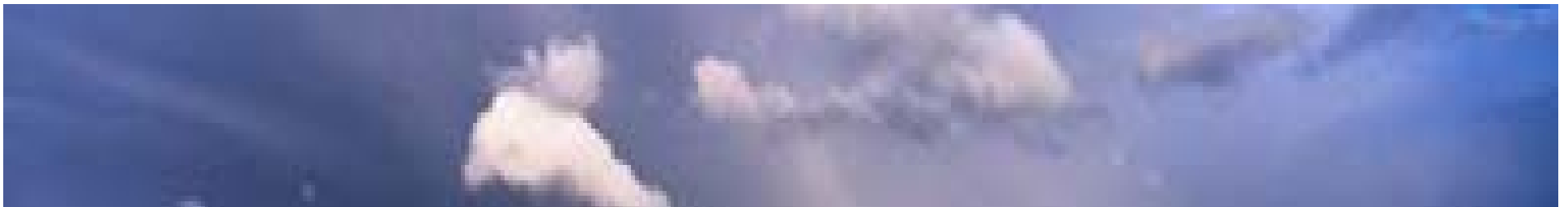
Head of Group Sustainability Management, Swiss Re



# UNEP FI Climate Change Working Group

## 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

# UNEP FI Climate Change Working Group

## **Our goal<sup>1</sup>**

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

- implementation of the Kyoto process;
- development of policies 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

<sup>1</sup>see UNEP Finance Initiatives, Climate Change Working Group, Position Paper November 2001

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## **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.

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## **Some actions to date by UNEP FI members**

- developed standards for corporate CO<sub>2</sub> 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.

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## 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.

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## **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***



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## 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

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## 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!**