Problem Addressed
An acute mispricing of physical climate risks in investment decision-making exposes social, economic and financial value to these risks

Mandate
Led by the private sector, in partnership with key public institutions, CCRI is advancing practical solutions for a more efficient integration of physical climate risks in investment decision-making

Scope and Approach
Global scope, only physical climate risks, public good solutions responding to the strategic needs from governments and investors ahead of a potential systemic adjustment in related practices

Status and Membership
A Flagship COP26 Initiative, CCRI has grown from 27 members representing USD 4tn, to 120 members and USD 20tn in assets represented
CCRI Mandate Recap
Overall Goals and Structure

Objective

Working Groups

Deliverables

CCRI’s Mandate
To address key challenges for the pricing of physical climate risks in investment

National Planning – How national assessments and related decisions price PCRs
- a. Systemic Resilience Metrics
- b. National Prioritization Tool
- c. Pilot Projects

Asset Level – How individual investments price PCRs
- a. Physical Climate Risk Assessment Methodology (PCRAM)
- b. Resilience Credit Quality Drivers
- c. Principles for Asset Valuation

Finance Level – How capital is guided by good pricing of PCRs
- a. Pilot Transaction/s
- b. Resilience Financing Instrument
CCRI’s Systemic Resilience Forum
Justification and Deliverables

• The Systemic Risk workstream within CCRI is aimed at supporting sovereign institutions to better **assess and manage** the exposure of national value in any given jurisdiction to physical climate risks.

• This workstream is called **CCRI’s Systemic Resilience Forum**, given the nature of institutions involved.

• Deliverables include:
  
  1. **Systemic Resilience Metric** — delivering an assessment of national value (economic, social, ecosystem) to physical climate risks
  2. **National Investment Prioritisation Tool** — Identifying actions/investments with most potential to protect national value

> "We are seeing unprecedented impacts of climate change. Last year was a record year for hurricanes, storms, flooding, droughts and wildfires. This is why initiatives such as the Coalition for Climate Resilient Investment are important, particularly in their ability to mobilise public and private finance and adaptation. We must scale up investment in adaptation and resilience."

> Salim Hart
> Special Adviser and UN Assistant Secretary General for Climate Action

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Goal

• Integrating climate risk analytics in national decision-making and enhancing cost-benefit analyses at macro-economic level
• To be launched at COP26

Status

• Tool developed in Jamaica by University of Oxford with support from UK Government and Green Climate Fund

Technical Stages for Tool Development*

1. Individual Asset Assessment Georeferencing all assets contained within a given network and assessing their exposure to selected hazards

2. Network Modelling Assessment of interdependence between all assets contained within a given network

3. Economic Modelling Overlay of economic and social flows that rely on a given infrastructure network

4. Prioritisation Visual and dynamic representation of exposure in a given network, and listing of priorities

*Stages followed for a given infrastructure network in a given country
The Asset Design & Structuring (ADS) Working Group

Justification and Deliverables

Goal

To advance a framework for the integration of physical climate risk analytics in cash flow modelling practices

Data

The curation, treatment and protection of data have represented a core exercises across CCRI activities, and particularly in its ADS workstream

Climate Data: 7 climate risk data providers covering a range of analytical approaches deliver pro-bono assessments

Project Data: real data (cash flow models, design) from 39 infrastructure projects initially offered

Data Confidentiality: A data trust established for this exercise, and an MoU signed by all participants

Progress – Advanced Deliverables

1. **PCRAM**: bottom-up methodology for the interpretation of climate data in structural terms, i.e. capex, opex, depreciation

2. **S&P Credit Quality Drivers**: providing guidance towards a better recognition of resilience in credit quality terms

3. **Valuation Principles**: providing guidance for the interpretation of 1. and 2. in terms of cash flow projections and/or discount rates

*Physical Climate Risk Assessment Methodology*
## ADS Analytical Process

### Core Process

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<th>Description</th>
<th>Related CCRI Solution</th>
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<td><strong>Engineering Module</strong></td>
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<td>Analysis of PCRAM outputs for the adjustment of:</td>
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<td><strong>PCRAM</strong></td>
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<td>1. Physical Climate Risk Materiality Assessment</td>
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<td>• Use of Risk Transfer Solutions for the enhancement of cash flow predictability</td>
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<td>• Changes in user preference</td>
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Welcome to LinkedIn! The Coalition for Climate Resilient Investment is helping to integrate climate risk into decision-making. This will help finance the infrastructure investment needed to build a more resilient economy. COP26 - UN Climate Change Conference 2021

CCRI awarded Climate Risk Initiative of the Year

We welcome the important work of the members of Coalition for Climate Resilient Investment and Coalition for Disaster Resilient Infrastructure. We recognize the need to strengthen international risk forecasting, prioritization and advice to vulnerable countries on contingent finance. We call on the existing disaster risk finance initiatives and key international institutions to increase collaboration and to improve synergies.

We recall the G20 Finance Ministers and Central Bank Governors’ commitment to strengthen the global risk monitoring, including by further integrating natural disasters, climate, environmental and other high impact tail risks more systematically into the global risk monitoring and preparedness. We welcome the intention of individual G7 Communique “welcomes the important work of CCRI”

Recommendation 3.9: The state should prescribe methodologies for the disclosure of project-level physical and transition risk based on emerging best practices as detailed below.

Recommendation 3.10: Project level physical risk disclosure should align with PRI’s TCFD or other best practices for physical risk assessment as endorsed by the state in the future. Physical climate risk disclosure should include an assessment of relevant climate hazards and a long-term materiality assessment, as well as potential resilience improvements.

Recommendation 3.11: Project-level transition risk disclosure should align with emerging methodologies and best practices as they are widely adopted. Transition climate risk disclosure should include lifecycle carbon emissions, carbon price sensitivity, and any approach to offsets. Furthermore, it should include an assessment of broader impacts relating to the transition and the project’s transition readiness.

State of California’s Climate-Related Risk Disclosure Advisory Group