CDRI
Coalition for Disaster Resilient Infrastructure

DRI Dialogue

OUTCOME DOCUMENT
FINANCE FOR RESILIENT INFRASTRUCTURE

THE 'FINANCIAL CASE' OF RESILIENT INFRASTRUCTURE

INTEGRATING DISASTER AND CLIMATE RISKS INTO INFRASTRUCTURE INVESTMENT DECISIONS

23 SEPTEMBER 2021

The second dialogue in the DRI Dialogue Series discussed the role of private capital in developing risk financing strategies. The discussion addressed several key questions on physical climate risks to infrastructure investments and how investors can better measure, understand and appreciate such risks to support the development of resilient infrastructure.

KEY DISCUSSION POINTS

- How do we integrate physical climate risks into investment decisions? How do we price the physical climate risks in business transactions? What are the specific challenges?
- How do transitional and reputational risks influence businesses to address climate change?
- What role the private sector can play in supporting large-scale public infrastructure investment plans?
- How can investors be incentivized to invest in resilient infrastructure? What is expected from the public sector?
- How can investors leverage opportunities associated with investments in climate and disaster resilient infrastructure for their profitability and long-term resilience?

DRI DIALOGUE SERIES 2021:
FINANCE FOR RESILIENT INFRASTRUCTURE

1st Dialogue: 14 July 2021
2nd Dialogue: 23 Sept 2021 (CDRI Day)
3rd Dialogue: 1 Nov 2021 (COP26)

PARTNERS
InsuResilience GlobalPartnership
Coalition for Climate Resilient Investment

ACTION POINTS

- Given the rising threats of disasters and climate change to business continuity worldwide, it is imperative for both public and private investors to incorporate disaster and physical climate risks into their infrastructure investment decisions.
- Investors need to plan, finance and implement appropriate resilience considerations to mitigate disasters and climate risks in their infrastructure investment decisions.
- Multilateral development banks and other private organizations should be encouraged to provide developmental capital for financing the additional up-front cost of resilience-building.
- The use of alternative financial instruments like resilience bonds, green bonds etc., that ensure resilience needs to be promoted within the infrastructure investment space.
- Coordinated efforts should be made to expand the access to resilient infrastructure investments through capital markets, thereby, creating a larger secondary market for resilient infrastructure.
- The private sector must play a pivotal role in supporting governments through public-private partnerships. This is to be done by:
  - Ensuring that investments in resilient infrastructure lead to positive risk-adjusted returns for these to appeal to investors; making a 'financial case' for resilient infrastructure is, thus, essential to incentivize private capital. The same capital, when invested in critical infrastructure sectors, should lead to larger socio-economic benefits.
  - Policy reforms, tax regulations and other financial regulations (e.g., banking regulations) should be realigned to support private investments in resilient infrastructure.
- International coalitions like CDRI can and must play a pivotal role in facilitating continuous dialogues between public and private sector stakeholders to achieve common resilience goals.

PANELISTS

Carlos Sanchez
Executive Director, Coalition for Climate Resilient Investment (CCRI)

Dominika Nowosinska
Asset Management Service Lead,Mott MacDonald

Michael Wilkins
Managing Director, Sustainable Finance S&P Global Ratings

Kamal Kishore
Member, NDMA & Indian Co-Chair of CDRI's Executive Committee

Laia Romero
Director at Lobelia Earth (isardSAT Group)

Sarah Duff
Principal, Green Economy and Climate Action at EBRD

DRI Dialogue

The CDRI-DRI Dialogues facilitate the engagement of thought leaders and practitioners across civil society, academia, government, and private sector on challenges and solutions for promoting resilience of existing and new infrastructure. These dialogues explore mechanisms that allow different stakeholders to come together and work with CDRI to shape the narrative on DRI through their experiences and insights.