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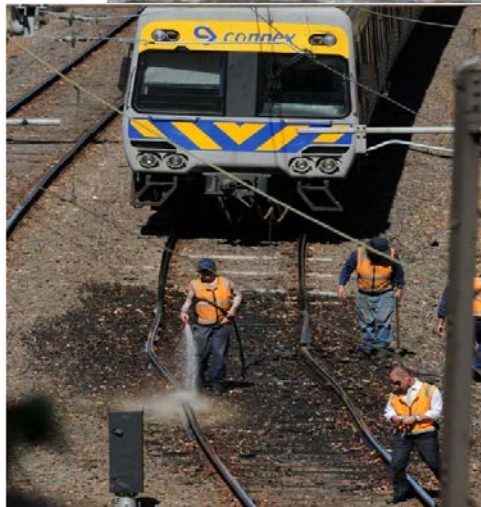
# ADAPTATION AND INFRASTRUCTURE

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# THE NEED FOR ADAPTATION



## **ADAPTATION FINANCE** *what is it?*

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***‘Finance that assists in the process of adjustment to actual or expected climate change impacts or effects’.***



**An opportunity that reduces risk**

# THE OPPORTUNITIES *what do they look like?*

Themes	Providing finance for .
Water efficiency & security measures	Efficient irrigation systems, recycling systems, water harvesting, desalination
Protection against flood risk	Infrastructure changes/augmentation, new infrastructure, coastal protection measures, drainage improvements
Climate-related insurance	Indexed weather-based insurance
Heat stress reduction	Finance for cooling/building design, infrastructure design, greening cities & buildings, insulation, energy efficiency
Early warning systems	Technology investments in early warning for extreme weather
Bushfire protection measures	Building design, fire system improvement & installation
Agricultural resilience and farm improvements	Changes to farm management techniques, equipment to improvement farm resilience



# **BARRIERS** *to investment in climate adaptation*

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- Lack of institutional capacity/information/education
- Lack of measurement frameworks and local geographical climate data to help inform infrastructure planning and investment decision making (e.g. portfolio analysis of climate impacts)
- Poor understanding of costs and benefits of investing in adaptation
- Lack of clear revenues stream for commercial returns
- Technology risk (insufficient understanding of technology options or the local skills to deploy technologies)
- Ability to achieve scale, reduce DD costs and benefit from economies of scale – need large projects or aggregation models
- Credible project proponents or counterparties
- Effective coordination and clear accountabilities across different levels of government



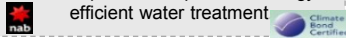
# HOW IS FINANCE RESPONDING?

## TCV TCV GREEN BOND

Arranged the first Climate Bond certified government Green Bond and Australia's first government issued Green Bond.



A\$300m Green Bond with proceeds earmarked for financing low carbon buildings, renewable energy, low-carbon public transport and energy efficient water treatment



## QTC GREEN BOND

Joint lead manager for the largest Green Bond issuance ever by an Australian entity.



A\$750m Green Bond with proceeds earmarked for financing renewable energy, low carbon transport, drought resistance and flood defence and natural ecosystem preservation.



**DRIVING SUSTAINABLE DEVELOPMENT THROUGH PRIVATE BUSINESS AND FINANCE SOLUTIONS**

**FINANCING THE SDGS: GIVE UP OR GET WE CAN!**

In September 2015, the UN General Assembly formally established 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Governments have made no secret of the fact that meeting the SDGs will not be cheap, and that they are in no position to fund the bill for themselves.

An estimated 15<sup>1</sup> trillion a year until 2030 is needed to reach the SDG goals. Only about \$140 billion of assets and annual financial services were \$100 trillion. Capital markets, banks and equities – around \$100 trillion and \$13 trillion respectively.

The connection between funds and needs is proving difficult. Blended finance, impact capital, impact investing, social finance and other mechanisms are widely assumed to make contributions to the SDGs. But are they? And what contributions are designed to bridge the gap, the most limited in 2015? To be sure, the SDGs should be given up on the fact that we cannot fund them!

**POSITIVE IMPACT MANIFESTO: A NEW PARADIGM FOR A CHANGING WORLD**

The difficulty in bridging the gap arises in the fact that the private sector and individuals, which need to be engaged, do not assume the role and return profiles that constitute the market – and are in that sense that essentially affect the bulk of investment. They have gone from being, for years, an almost neutral or slightly negative force to one that is now a significant driver of the SDG agenda. But what if investors and investors were to see the message? "Unfathomable" is a business finance sector that is a source of fuel or opportunity?

It is not that the asset class in October 2015, UNEP FI's leaders and investors shared the Positive Impact Manifesto. The Manifesto calls for a new paradigm, whether the investment horizon, the returns, the risk profile, the impact, the returns and management and program solutions, such as governance, monitoring and measurement, a significantly enhanced, with increased development impact placed at the heart of core business and financing practice.

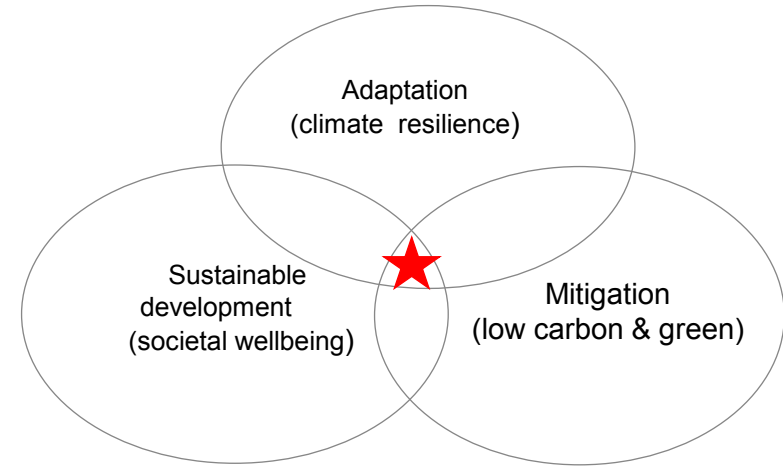
**MAKING CHANGE HAPPEN: THE POSITIVE IMPACT ROADMAP**

The ultimate aim of the Positive Impact Initiative is to serve the needs of the market and to serve the needs of the market. The Positive Impact Initiative is a source of the market and to serve the needs of the market. The Positive Impact Initiative is a source of the market and to serve the needs of the market.

**CONTACT:**  
 Current AUM: \$1.2 billion  
 Positive Impact Finance: \$1.2 billion  
 Positive Impact Finance: \$1.2 billion  
 Positive Impact Finance: \$1.2 billion



# ALIGNMENT TO THE SDGS – *triple the benefit*



- Annual SDG funding needs USD 5-7 trillion a year until 2030
- National and sector literature surveyed by UNEP indicates that the costs of adaptation could range from **US\$140 billion to US\$300 billion by 2030**, and between **US\$280 billion and US\$500 billion by 2050**. SOURCE: THE ADAPTATION GAP REPORT 2016 UNEP

# CLOSING MESSAGES *enabling adaptation finance requires...*

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- Access to quality/credit worthy projects
- Getting the risk and return right
- Applying existing financial products to adaptation issues to get speed to market and scale
- Innovative partnerships to leverage government funding, minimise risk, build deployment capability and provide an enabling environment





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