

#### IN BRIEF...

CLIMATE CHANGE IS ALREADY HAVING A SIGNIFICANT IMPACT: FOR MANY IT'S AN IMMEDIATE NOT A FUTURE PROBLEM

A SUCCESSFUL RESILIENCE STRATEGY NEEDS TO COMBINE MITIGATION AND ADAPTATION AT ALL LEVELS: GLOBAL, NATIONAL AND LOCAL

ADAPTATION OFFERS AN OPPORTUNITY TO CREATE STRONGER, HEALTHIER AND MORE EFFICIENT COMMUNITIES AND BUSINESSES





#### SCOPE



PSB conducted **1,104** online interviews with senior decision makers in SMEs in **11 geographies** and **41 telephone interviews** with Urban Leaders across **18 geographies.** 

Interviewing was conducted between

the 30<sup>th</sup> July and the 9<sup>th</sup> September



2015.

#### **SME** markets and **Urban** Leader markets



# CLIMATE CHANGE: THE NEW REALITY

## CLIMATE CHANGE IS A REALITY: SMES AND URBAN LEADERS RECOGNISE IT AS A MAJOR THREAT



Just under **three quarters** of the cities participating in the research have **experienced an extreme climate related event in the last 5 years** with flooding and/or extreme heat the most common

77%

... of SMEs believe that climate change poses a long term risk to their business with extreme weather events the most obvious threat

59%

.... of SMEs globally have *already* been impacted by climate change







## SO FAR SMES IN EMERGING ECONOMIES HAVE BEEN HARDEST HIT

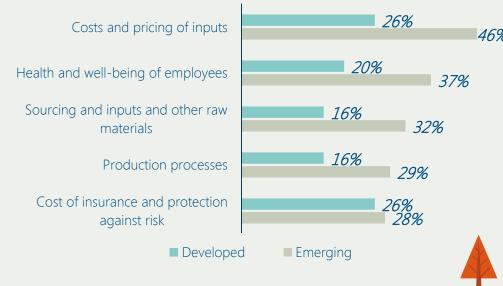
Which of the following climate change issues would you say have already affected your business?

DEVELOPED	EMERGING	
<b>28</b> %	<b>39</b> %	RISING TEMPERATURES OR EXTREME HEAT
<b>26</b> %	<b>40</b> %	EXTREME WEATHER EVENTS
<b>22</b> %	<b>38</b> %	LOCAL POLLUTION
<i>16%</i>	<i>33</i> %	FLOODING





Which of the following aspects of your business have already been affected by the consequences of climate change?

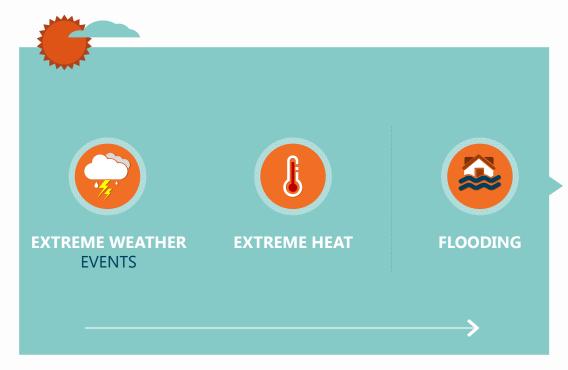








## URBAN LEADERS IDENTIFY A NUMBER OF SERIOUS SOCIAL CONSEQUENCES OF CLIMATE CHANGE











## LOOKING TOWARDS THE COP21, URBAN LEADERS AND SMES ARE OPTIMISTIC AN AGREEMENT WILL BE REACHED

"We currently lack an international agreement that triggers a domino effect in terms of action. This time it could be that we will get an agreement that will be the driving force behind real change."

(Urban Leader, France)

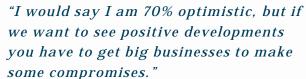


When you are on a cliff's edge, something has to change."

(Urban Leader, Mexico)







(Urban Leader, China)



"I have to remain an optimist...if we want to begin to change that curve, we really need international leadership on this." (Urban Leader, US)







## ALL 41 URBAN LEADERS INTERVIEWED STRESS FUTURE STRATEGIES MUST COMBINE MITIGATION WITH ADAPTATION

"Adaptation and resilience, that's exactly where the yardstick has to move, in terms of action. Much of the focus has been traditionally, obviously, on mitigation."

(Urban Leader, Canada)

"Mitigation will help but it's not going to make the problem go away. Cities have got to start adapting to keep up with changing climate."

(Urban Leader, Philippines)







# CLIMATE-SMART CITIES: BUILDING URBAN RESILIENCE

## URBAN LEADERS IDENTIFY 6 COMMON ADAPTATION STRATEGIES TO BUILD CITY RESILIENCE





RISK ASSESSMENTS TO IDENTIFY KEY VULNERABILITIES



URBAN PLANNING
AND RELOCATION OF BUILDINGS
(INCLUDING ENERGY AND WATER SUPPLIES)



COMMUNITY AND BUSINESS ENGAGEMENT



\*\*\*\*

SURFACE RUN OFF AND FLOOD DEFENSES



ADAPTATION OF INFRASTRUCTURE

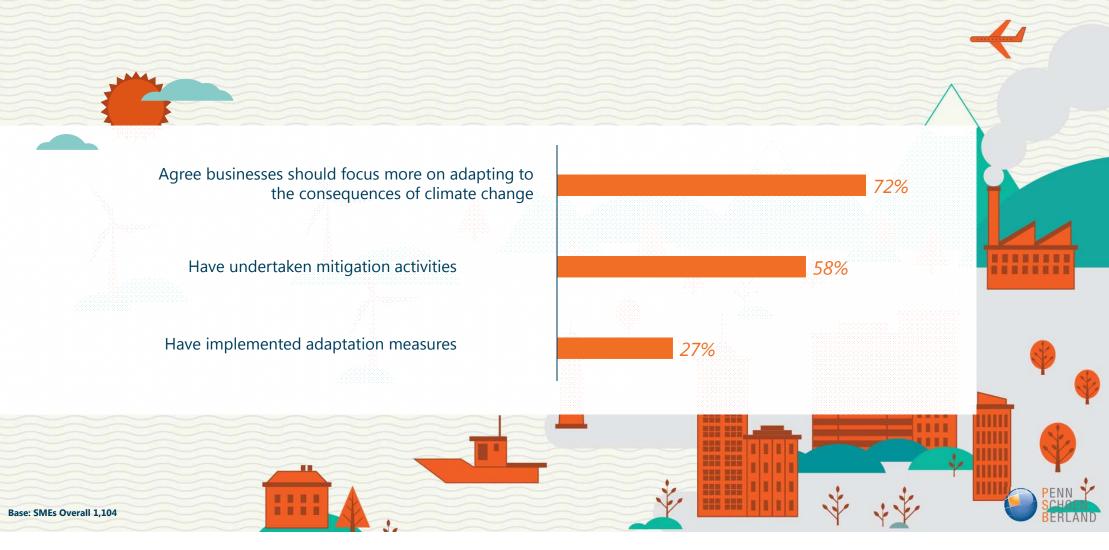


EMERGENCY WARNING AND RESPONSE SYSTEMS



# RISKY BUSINESS: THE CALL FOR A MORE RESILIENT ECONOMY

## ONLY 1 IN 4 SMES ARE PLANNING FOR AND ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE



## URBAN LEADERS RECOGNISE THE NEED TO ENGAGE WITH SMALLER BUSINESSES TO PROMOTE ADAPTATION

80%

of SMEs feel businesses and government share an equal responsibility to deal with climate change



of **SMEs participate in local** or city **planning efforts** on resilience





# SO WHAT'S HOLDING US BACK? CHALLENGES AND OBSTACLES

## CURRENTLY ACTIVITY ON ADAPTATION IS REACTIVE RATHER THAN PROACTIVE – IN RESPONSE TO AN EXTREME EVENT







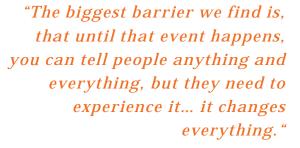


STRONG LOCAL AND NATIONAL
POLITICAL LEADERSHIP

ADEQUATE **FUNDING AND RESOURCING** 

URBAN LEADERS STRESS BOTH ARE **EASIER TO ACCESS IF A CITY HAS EXPERIENCED** A SEVERE CLIMATE-RELATED EVENT





(Urban Leader, Canada)



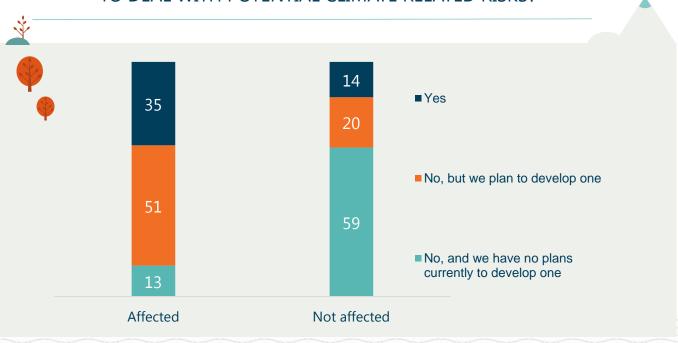




## SIMILARLY WITH SMES DISASTER IS OFTEN THE CATALYST FOR ADAPTATION STRATEGIES



#### DOES YOUR COMPANY HAVE A PLAN OR STRATEGY IN PLACE TO DEAL WITH POTENTIAL CLIMATE RELATED RISKS?





The majority of SMEs feel they
lack both capacity and support
to plan and adapt to the
consequences of climate change





## ADAPTATION AS AN OPPORTUNITY: BUILDING RESILIENT COMMUNITIES

## URBAN LEADERS AND SMES RECOGNISE THAT ADAPTING TO CLIMATE CHANGE CAN REPRESENT NEW OPPORTUNITIES

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#### **URBAN LEADERS**

#### QUALITY OF LIFE

- Greener and cleaner cities
- > Improved infrastructure
- More efficient utility supply



#### **ECONOMIC BENEFITS**

- > Stable employment
- > Better public private partnerships
- > Technological innovation
- > Improved global connectivity

#### **SMEs**

#### SME PERCEIVED OPPORTUNITIES

- > Product innovation
- > Increased demand for certain products and services
- More efficient business practices
- Greater connectivity in local markets with shorter, less vulnerable supply chains

53%

Of SMEs globally believe that climate change offers an opportunity for their business



#### INTERNATIONAL COOPERATION IS A

#### CORE COMPONENT OF RESILIENCE PLANNING GLOBALLY





International networks help most where impetus from the national government or general resources is lacking



**Regional and national information sharing** is a core component of resilience strategy planning for many urban leaders in developed markets



Cities that are more advanced in terms of resilience strategy implementation play an instrumental role sharing best



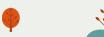


Urban leader, Philippines

"What gives me hope is the emergence of cities working together across international lines. That's what gives me the greatest hope." Urban leader. us











## URBAN LEADERS AND SMES BELIEVE THE INSURANCE INDUSTRY HAS AN IMPORTANT ROLE TO PLAY IN IMPROVING RESILIENCE

#### SMEs LOOK TO THE INDUSTRY FOR SUPPORT AND INFORMATION

59%

of SMEs agree the insurance companies are already playing an important role in helping businesses adapt

believe insurance companies are a credible and authoritative source of information and knowledge on climate change



Base: SMEs Overall 1,104 Urban Leaders: 41

#### URBAN LEADERS POINT TO THE POTENTIAL FOR THE INDUSTRY TO DRIVE CHANGE

- > Risk forecasting and modelling
- Providing assistance and cash relief following natural disasters
- Awareness raising among the business community and general public
- > Incentivising behaviour change
- Supporting and encouraging engagement between government and private sectors actors







## 4 WAYS THE INSURANCE INDUSTRY CAN INFLUENCE **BEHAVIOUR ON CLIMATE CHANGE**



- USE THE INDUSTRY'S EXPERTISE IN RISK ANALYSIS
  TO SUPPORT LOCAL AND NATIONAL GOVERNMENT RESILIENCE PLANNING
- RAISE AWARENESS BY EDUCATING BUSINESSES AND COMMUNITIES ON CLIMATE RISK AND HOW TO ADAPT
- ENCOURAGE GOOD PRACTICE BY DEVELOPING NEW PRODUCTS AND PROMOTING ACTIVITY ON BOTH MITIGATION AND RESILIENCE
- CREATE NEW AND MOBILIZE EXISTING NETWORKS
  TO THE ADVANTAGE OF THE INDUSTRY'S CUSTOMER BASE







## FRANCE'S SMES ARE CONCERNED ABOUT AND FEEL EXPOSED TO THE IMPACTS OF CLIMATE CHANGE





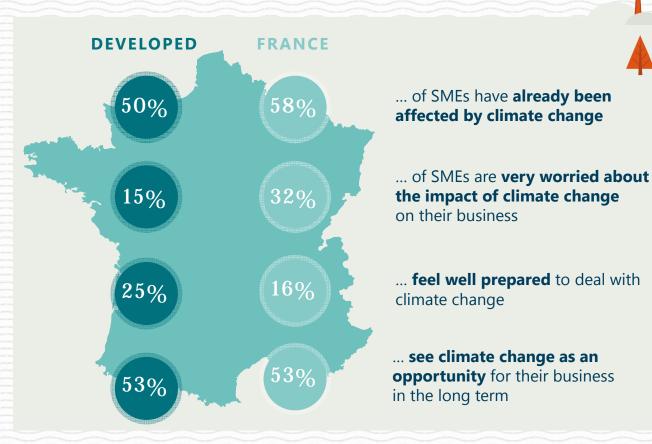
#### **KEY CHALLENGES**

- Reactive rather than proactive resilience efforts
- > Lack of public awareness and engagement

42% have been impacted by rising temperatures

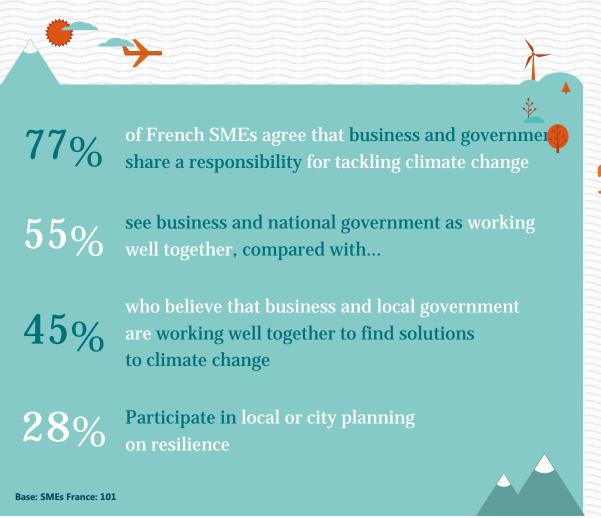
have been affected by local pollution

have been hit by an extreme weather event





#### THERE IS OPPORTUNITY FOR EVEN GREATER COOPERATION BETWEEN THE PRIVATE AND PUBLIC SECTORS, PARTICULARLY AT THE LOCAL LEVEL





#### WHAT THIS GLOBAL STUDY TELLS US ABOUT THE MIND-SET OF URBAN LEADERS AND SMES ON CLIMATE CHANGE



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2

A SUCCESSFUL RESILIENCE STRATEGY NEEDS TO COMBINE MITIGATION AND ADAPTATION AT ALL LEVELS: GLOBAL, NATIONAL AND LOCAL

3

ADAPTATION OFFERS AN OPPORTUNITY TO CREATE STRONGER, HEALTHIER AND MORE EFFICIENT COMMUNITIES AND BUSINESSES

4

THE INSURANCE INDUSTRY HAS THE POTENTIAL TO PLAY A SIGNIFICANT ROLE IN DEMONSTRATING THE NEED FOR ADAPTATION AND PROMOTING THE DEVELOPMENT OF RESILIENT SOCIETIES

