

Talking Climate and Resilience — Episode 4: The response to climate change

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SPEAKER 1: You're listening to Talking Climate and Resilience, a podcast series from Willis Towers Watson where we explore why climate change is a responsibility we all share. The challenge of achieving an orderly transition to a low carbon, climate resilient economy is increasingly a part of mainstream financial decision making as organizations across the public and private sectors respond to climate change and the wider implications for communities and society.

LYDIA MESSLING: Hello, and welcome to our Talking Climate and Resilience podcast. I'm Dr. Lydia Messling, your podcast host. And I'm delighted this time to be joined by Paula Pagniez. Paula, welcome.

PAULA PAGNIEZ: Thank you, Lydia. Thrilled to be here.

LYDIA MESSLING: Thank you so much for joining us, Paula. And one of the things I like to know from everybody that I speak to was when you first became aware of the sheer scale of the challenge of climate change. When was that for you?

PAULA PAGNIEZ: Well, Lydia, there was a particular moment. Of course, I've been working on climate risks and how we mitigate them and adapt to their impacts for a long time. But there was this peculiar time sitting at a restaurant in Washington D.C. having lunch with one of our strategic advisors, Justin Mundy, whom I deeply, deeply admire. And there was that moment when he looked at me in the eye and explained why and how certain areas of our Earth, of our planet Earth, are not going to be inhabitable. And I had recently become a mom. And so uniting in my brain that picture of our Earth and the transformations it will go through in order to reach that point, acknowledging it's not in the very distant future, and thinking of my kids growing in that world and all the changes they're going to have to go through as members of our society, that was very scary. And it really conveyed the full urgency of the topic.

And it's an image that keeps on coming back to my mind. It's a worry that keeps on coming back in my mind as we go day in and day out, working on what can we do today to address this issue, but really keeping that bigger picture in the back of my mind. And grabbing a hold of everything we do, knowing that we're trying to bring solutions that bring us much hope for our future as possible.

LYDIA MESSLING: I mean, it is pretty hard hitting, isn't it? And it is a really emotional moment. And I don't think it's something that we should ever stop feeling, really. And as you say, hope is so important to have to keep us motivated into taking action with climate change. So what does give you hope, Paula?

[LAUGHS]

PAULA PAGNIEZ: Well, I will confess, as I said, I have that image in my mind. And when I go in that direction sometimes I become quite hopeless. But learning to manage that feeling in the sense that one can feel hopeless, one can choose to ignore and not fully incorporate the impacts of what's happening and what will be happening, or one can decide to act on it. And thinking of it as one person, each of us individually, how much impact we will have-- well, the impact we will have is massive.

So from how we carry our lives day in and day out, the choices we do as consumers, the choices we do as voters, the choices we take as members of our communities to help bring change, even if it's from a recycling and waste management program to renewable energy to taking care of our soils and the ecosystems-- we have so much to do. So I try to turn that feeling of hopelessness into actually action, driven action. So it brings us to that hope place. And one can see the results of action in a quite short time.

So I try to focus on that. And that's really what drives me day in and day out for work and in general in my engagement with society on this topic.

LYDIA MESSLING: That's really great, Paula. And one of the things I'm fairly jealous of is that I know you get to see a lot of the front line impacts of the work that you're doing. You see the positive impacts that these actions are taking. So go on, give me some hope. What is one of the most sort of cost efficient or impactful implementations you've been impressed by?

PAULA PAGNIEZ: I'll give you two examples. So a lot of the work I've done along my career has been about insurance, about climate risk and natural disaster insurance protections. In terms of a very cost efficient tool that we can have in our toolkit, there is insurance. It really is about financing our response to risk and knowing that, when risk materializes, we have the resources in order to respond to that risk, to recover from the impacts of that risk.

So the idea of allocating premium to pay in advance, little bits of premium to then have the support we need, goes back to the fundamentals of why insurance developed as a tool for society and why it is so broadly used. And I believe it is a fantastic solution to have at hand.

And most of the work we do is to actually bring access to insurance around the world, because insurance penetration is not high. But also within that is the work we do on how to tailor insurance to the actual needs of the people, of the communities, of the governments, of the corporations that need that. And especially in a changing world as the vulnerability to these risks change, we need to adjust and adjust the solutions we bring.

But in terms of cost efficient solutions, we've worked and continue to work with insurance being one element of wider programs, especially when we talk in terms of mitigation, prevention, adaptation, building resilience overall. Insurance is just one solution. Insurance is extremely useful for those risks that we cannot manage in a different way. So we buy a protection. That protection will translate into a payout that will allow us to access the resources we need in order to respond and recover.

Now, there's so much that can be done before getting to the point of utilizing insurance. And what am I saying here? I actually just came out before this podcast of a conversation with an international agency that is working with the agricultural sector and the impact of drought. And the technical assistance programs that are being developed in order to help people learn how to manage risks are extremely cost efficient as well.

And sometimes that means going back to either knowledge that has been lost over time or bringing in simple solutions, such as in areas of law making sure micro-entrepreneurs are raising their merchandise on top of shelves on the wall. If we just give them the right warnings on time so that they know that a storm of a certain magnitude is coming-- and I mean, in terms of cost efficiency, if putting a shelf on the wall can save you from losing all of your merchandise, how amazing is that? [LAUGHS] It's not very costly.

If it means that you have your crops of pineapples that now you're planting because you're having to deal with a drought. You've been going through different crops. And there may be a frost coming out of season. With the right investments on technology, you give proper warning. And then crops are covered overnight. That's not very costly. The initial investment in the technology to provide the early warning will require an investment, but it's going to be saving crops in such a then much more cheaper way. You just need to cover them overnight.

So there's really lots of solutions that we see day in and day out that are building resilience within communities. And then we add the component of insurance for those risks that we cannot manage in the same way of just covering a crop.

So there are so many solutions. And if we look at it from this holistic perspective, I think resilience building is feasible.

LYDIA MESSLING: One of the things that always strikes me is that there quite often are some very easy solutions as you've just outlined to becoming more resilient to change. That it almost feels kind of obvious or really hard to get people excited about. I find people get excited about, oh, I've got this new Earth observation data that can be integrated into whatever that can help you. And that, of course, is phenomenal. And the power of, for example, Earth observation data in helping you make decisions is brilliant. But something as simple as putting up a shelf-- how do you find communicating those sorts of actions to people? Is it hard? Is it easy, that sort of take-up?

PAULA PAGNIEZ: It is not hard. Because we've been impacted by climate risks and natural disaster risk for our entire history of humanity. And communities have this know-how. And they've been resilient. We've all been resilient in our own ways. And there's so much knowledge within communities. And for the work we do is-- it always has to have that component of working hand in hand with the community with whom we're working that we're trying to protect. And it's about leveraging the existing know-how, but also identifying those gaps, so that we can come in with technical assistance or other types of solutions deployed in other types of way, so that they can be embedded.

I think that when we reach the point of properly and truly conveying the exposure and the vulnerability to risks, then we can have that conversation of, how do we leverage everything we have, everything we're doing, everything we know, and what other tools we can have at hand in order to complete the picture and be well prepared?

LYDIA MESSLING: And so in part of understanding the full risk exposure that people have, to get that spot-on every time for every single person is nigh on impossible. But I know that you've been working on how we understand the full economic impact of climate change and working to at least get a little bit closer to achieving that than not at all.

But what sorts of costs do you think remain best hidden in terms of trying to assess the economic impacts of climate change?

PAULA PAGNIEZ: I think from the perspective of the cost analysis, what remains hidden maybe with that label of cost is our livelihoods. It's how our livelihoods are being and will be impacted. And I'm not sure there's a general full grasp of this.

The change in our livelihoods embeds a cost. And there's a lot of technology and improvement that we're going to be implementing in order to adapt. But there's change happening. And that change means costs in terms of how we carry on about our lives.

And in certain areas of this planet, we're feeling that less or feeling that more. But when we talk about migration, for example, due to climate change, this is already happening. How are we embedding that cost in the macroeconomic analysis that we are doing to understand the costs of climate change?

LYDIA MESSLING: And particularly with something like migration, this is quite a hot topic. Looking at how do we assess that and be able to point the finger directly at climate change? Because obviously there's multiple factors involved with that. Yeah. What are your thoughts on how we go about quantifying the impacts of climate change on migration?

PAULA PAGNIEZ: Well, I would say first on quantifying the impact of climate risk, that's, I'd say, the driver of the work that we're doing. It's about understanding the risk. What we are aiming to do is work to bring our know-how and our data and our tools in order to allow stakeholders to understand the impact of climate risks.

And it is not a given. It is not necessarily a given that-- but if we can put numbers that help us better see the impact, sort of translate it into cost, into losses, and then help us identify and understand the opportunities out of it, then we're talking about how we strategize towards resilience. And hopefully by allowing that understanding of risk, we can bring it to that macro picture when we start unifying these analyses with policy and humanitarian discussions around these factors that are being seen already, such as migrations.

Maybe we cannot point exactly the impact of climate change into migrations or into wars. But there is already literature that has explored this topic. And I believe we just need to bring it all together and acknowledge that the picture is truly macro. We need to understand how these variables are coming together and facilitate the quantification around them, so that we can start informing policy in a more efficient way.

LYDIA MESSLING: Definitely. And what you're saying about facilitating conversation around it. Because even though we might try and cost all these different impacts, when it comes to migration-- as you were talking about, this is also your livelihood. This is your culture. This is your history. Can you really put an economic cost on that?

And so when it comes to humanitarian disaster risk finance, that is partly financing the immediate response to the damage that are caused by those. But what about the long term damage to that sort of history and that culture? Are you hearing that sort of thing taking place in the conversations you're having?

PAULA PAGNIEZ: I believe that's-- yeah, it's always been there. It's not necessarily an area that we specifically tackle out of the work we do. However, what we do is we bring our tools in order to at least cover the part of quantifying the impacts of the risk and then allowing the humanitarian sector to have that picture in order to inform the response from the humanitarian side.

LYDIA MESSLING: And so obviously like an impact like migration, we might be thinking about that currently as more of something that affects developing countries. But it could actually impact upon more developed countries as well. And particularly when we're looking at forecasting these sorts of impacts that climate change will bring across the globe, there's going to be lots of different factors in anticipating those impacts.

So what conversations are you having at the moment about anticipating impacts?

PAULA PAGNIEZ: Thank you for that question. So I would say it's twofold. On one hand, we are working with the humanitarian sector in order to apply our tools towards anticipatory action. How can we use

forecasting technologies to be able to deploy humanitarian resources on the ground before we reach the full onset of the climate event or of the natural disaster risk, so that we can intervene earlier to help preparation and prevention-- going back to the discussion on building shelves or distributing different resources that the community may need. So that when the risk event happens, the impact is hopefully reduced.

And then there's also the connection leading back to migrations. But I think an important point to keep in mind as well is this is not just a matter of the developing versus the developed world. The conversation even happened around pandemic and how if this-- and it's a message that came out of the United Nations. If this pandemic is not-- that we're currently going through, the COVID-19 pandemic-- if it's not managed equally across the world, we are going to see migrations as well due to the pandemic. And that's towards the developed world.

I see it outside of New York City. I am from Argentina. I've worked most of my life within the Americas continent. And here we see as well the migrations that are happening because of many reasons. But certainly there are certain areas of, say, Central America or the South of the United States where it's no longer healthy to spend an entire day working on the field under the sun under certain temperatures. And there's already impacts in the health of workers that are not allowing for that type of livelihood to continue existing and that type of productive activity to continue existing. And when our livelihoods get impacted as a community, well, people start looking for ways out. And that's also triggering and has been triggering migration.

So I think there's also this need to understand all the factors that are behind these societal issues, but also understand their interconnectedness. And going back to something we said about the connection also with how these impacting more developed world is understanding also the impacts that are taking place at home. The discussion of managed retreat from communities that are more and more exposed to flooding or to sea level rise-- these are conversations we are starting to have with more or less success. They are starting to inform policy. But they are not easy conversations. And we cannot solve them with insurance, as we were talking earlier in the conversation.

There is a lot of investment we can do in order to develop resilient infrastructure. But therein come also other costs to our livelihoods, how our lives are changing-- going back to what we were discussing before about the hidden cost. Yes, we may manage sea level rise with certain infrastructure, either gray infrastructure or working to recover our green, our natural assets, and protecting them, the nature-based solutions and bringing in ecosystem resilience as a concept. There's a lot we can do now in order to adapt and to better adjust for the future.

LYDIA MESSLING: Oh, Paula, well, thank you so much for talking with us. I feel like there's so much more to hear from you on this. But it's been so interesting. Thank you so much for joining us today.

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PAULA PAGNIEZ: Thank you, Lydia, for the opportunity to exchange these ideas. I really enjoyed our talk. Thank you.

LYDIA MESSLING: And thank you all for listening. And I look forward to joining you again for our next podcast on Talking Climate and Resilience. Bye for now.

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