

# RESTORATION INSURANCE SERVICE COMPANY (RISCO)

**TYPE:** ADAPTATION; MITIGATION

**STREAM:** BLUE CARBON IN COASTAL & MARINE ECOSYSTEMS

**GEOGRAPHY:** ASIA, CENTRAL/SOUTH AMERICA, AFRICA

**LAB CYCLE:** 2019

**PROPONENT:** CONSERVATION INTERNATIONAL

Mangroves are critical for climate adaptation and mitigation. Globally, mangroves protect more than 18 million people and lessen the flood damage to coastal properties and assets by more than US\$ 82 billion a year. At the same time, mangroves provide enormous mitigation benefits, storing up to 10 times more carbon on a per area basis than terrestrial forests. However, mangroves are in decline; approximately half of the world's mangroves have been lost in the last 50 years.

The coastal protection and carbon storage benefits provided by mangroves are still underrecognized and often considered 'free' ecosystem services. RISCO seeks to create new revenue streams for mangrove conservation and restoration by incorporating mangroves' risk reduction value into insurance products and monetizing the climate mitigation value of mangroves through blue carbon credits.

RISCO is a social enterprise that invests in mangrove conservation and restoration in areas with high-value coastal assets, protecting blue carbon and reducing flooding and property damage risk.

## INNOVATION

RISCO is a first-of-its-kind social enterprise that overcomes existing barriers to mangrove protection by connecting the adaptation and mitigation values of mangroves to the beneficiaries of these values, most of whom do not have the knowledge or resources needed to protect mangroves—including insurance companies.

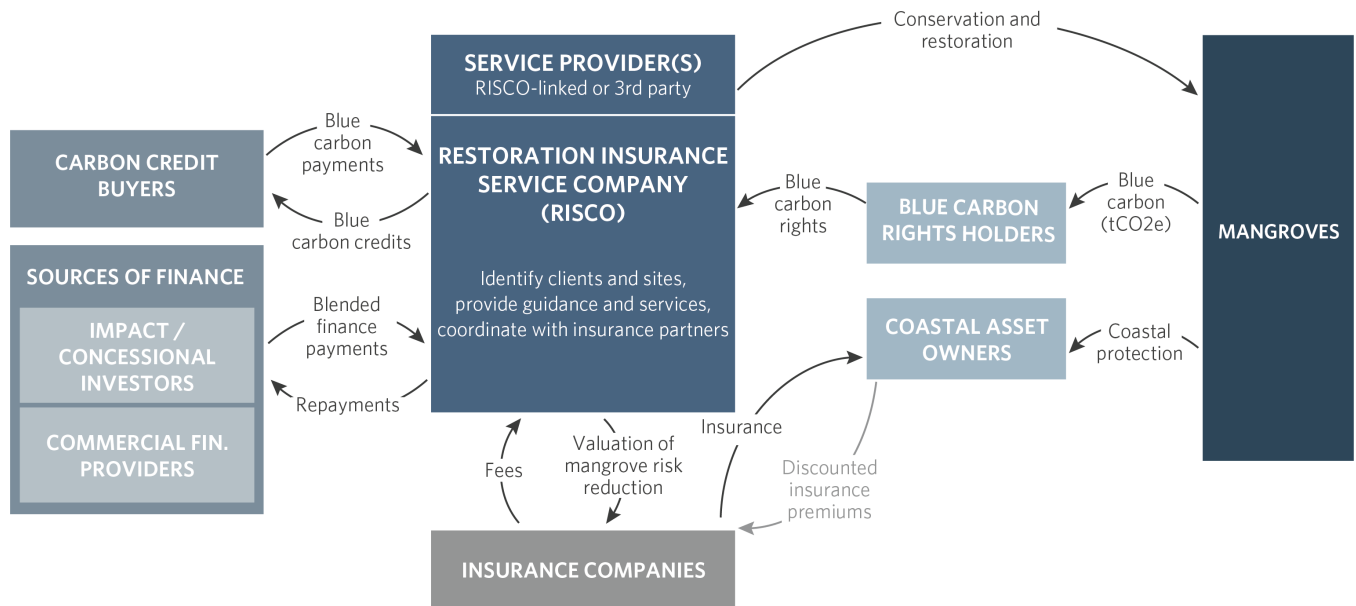
RISCO will engage in mangrove conservation and restoration in partnership with local communities, selecting sites where mangroves provide high flood reduction benefits, and modeling that value. Insurance companies will pay an annual fee for these services. RISCO will also generate and sell blue carbon credits to organizations seeking to meet voluntary or regulatory climate targets.

At scale, RISCO could generate more than US\$ 200 million for mangrove protection, avoiding emissions equivalent to the annual electricity use of over 2 million homes.

## IMPACT

The planned pilot is in the Philippines, one of the most vulnerable countries to climate change. It will target 3,400 ha of mangrove conservation and 600 ha of restoration. Over ten years, the pilot will provide a climate benefit of more than 600,000 tonnes of avoided and sequestered CO<sub>2</sub> emissions, and is expected to generate more than US\$ 10 million in revenue from the insurance sector and blue carbon markets.

The five countries that are best positioned for replicating the RISCO pilot are Mexico, Malaysia, Indonesia, Philippines, and Brazil. If RISCO pursues projects in these countries, it is expected to generate more than US\$ 200 million in revenue and achieve avoided emissions and sequestration of 16 million tonnes of CO<sub>2</sub>, over a 10-year period. This is equivalent to the annual electricity use of over 2 million homes.



## DESIGN

RISCO will be the first enterprise to assess and monetize the coastal asset risk reduction value and carbon storage benefits of mangroves. In the short-term, RISCO will rely on a blended mix of grants, equity and loans. Longer term, RISCO aims to become self-financing with the insurance and blue carbon revenue streams.

- **Insurance:** RISCO will contract directly with insurance companies or associations of insurance companies and will secure an annual payment for continued, verified conservation and/or restoration of mangroves. The annual payment will be linked to a site-specific calculation of the flood reduction benefits provided by the mangroves

- **Blue carbon credits:** RISCO will utilize forthcoming Verra methodologies for Wetlands Restoration and Conservation to generate and sell blue carbon credits to organizations seeking to meet voluntary or regulatory climate mitigation targets.

In addition to securing initial financing, RISCO will (1) identify viable project sites; (2) coordinate and contract with insurance partners; (3) provide the mangrove conservation and restoration interventions directly or via a third-party; and (4) manage the process to generate and sell blue carbon credits.

## TEAM



**ROMAS GARBALIAUSKAS**  
SENIOR DIRECTOR OF CONSERVATION FINANCE,  
CONSERVATION INTERNATIONAL



**EMILY PIDGEON**  
VP, OCEAN SCIENCE AND INNOVATION,  
CONSERVATION INTERNATIONAL

## INVESTMENT OPPORTUNITIES

TYPE	ROLE OF CAPITAL	AMOUNT
GRANT	Pre-pilot support: setup in-country, secure partnerships and additional analysis	US\$ 1.2MN
EQUITY	Pilot implementation: mangroves restoration and conservation, business planning for scale-up	US\$ 1.6MN
DEBT	Pilot implementation: mangroves restoration and conservation, business planning for scale-up	US\$ 800K

The Global Innovation Lab for Climate Finance identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development. The Lab is funded by the Australian Department of Foreign Affairs and Trade, Bloomberg Philanthropies, the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU), GIZ, the International Fund for Agricultural Development (IFAD), the Netherlands Ministry for Foreign Affairs, The Rockefeller Foundation, Shakti Sustainable Energy Foundation, and the UK Department for Business, Energy & Industrial Strategy. Climate Policy Initiative serves as Secretariat.