Guest Editorial

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This is the second issue drawn from the papers submitted on the topic of risk, sustainability and the environment. Here we touch on issues around security of energy supplies, food security, droughts and more general sustainability issues. Scientific and economic analyses indicate that inaction will be more costly than acting now and that economic development needs to be moved onto a low-emissions and climate-resilient path.

Rachel Kyte, last year in her introduction to the IFC Sustainability report, *Climate Risk and Business* (Kyte, 2010) observed that risk analyses of climate and other sustainability issues tended to be too large scale and effectively abstract or inappropriate to private decision-making frameworks and scales. She highlighted that

Recognizing the gaps in knowledge of how climate change will affect the private sector and of the potential significance of the risks to investors, IFC undertook three pilot studies from 2008 to 2009, based on investments in developing countries. These studies aimed to understand gaps and barriers to private-sector climate risk analysis, to test and develop methodologies for evaluating these risks and, in this context, to identify possible adaptation responses and needs.

Such practical input is a part of what we hope these two linked issues will stimulate.

Monica Varman (2011) in *Sense and Sustainability* goes somewhat further and says

The insurance and reinsurance industry offer interesting insights into the market's assessment of and response to the (economic) risks of climate change – and raises questions on its hitherto untapped potential to influence adaptation and mitigation behaviors. The [finance/insurance] industry has little incentive to distort its own assessment of the risk to property or life that these threats pose, and is a less visible (to end consumers) but powerful source of pressure on policymakers to incorporate concerns about sustainability into their long term planning.

More pithily, she entitles her contribution, 'Price climate risk – or perish'. Ensuring robust science and analysis are available becomes all the more

important, although we might wish under price also to consider value – a more nebulous quantity but nonetheless one that is important.

Our challenge is to understand, explain and indeed act to ensure that environmental risk and environmental challenges are tackled in a sustainable manner. This is a cross-disciplinary endeavour and, as in the first issue, we hope that these further papers will excite, intrigue and engage the diverse qualitative and quantitative science communities to take up the challenge.

References

- Kyte, R. (2010) *Climate Risk and Business: Practical Methods for Assessing Risk*, November, IFC, World Bank Group.
- Varman, M. (2011) Price climate risk – or perish. *Sense and Sustainability*, <http://www.senseandsustainability.net/2011/09/06/923/>, 6 September.

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