



InsuResilience
GlobalPartnership

From Global Ambition to Local Action: A Multi-Year Vision for Enhanced Resilience

Annual Report 2019

Our Members and Partners

74 members from different fields have joined the InsuResilience Global Partnership (as of November 2019).

12 Countries



22 Private-Sector Organizations



New in 2019



14 Multilateral Institutions



9 Civil Society Institutions



7 Academic Institutions



5 Implementing Partners



5 Initiatives & Networks



From Global Ambition to Local Action: A Multi-Year Vision for Enhanced Resilience

Annual Report 2019

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Disclaimer

The views and opinions expressed in the articles are those of the authors and do not necessarily reflect the positions of all Partnership Members and the InsuResilience Secretariat.

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Foreword

by the Co-Chairs of the High-Level Consultative Group: Republic of the Marshall Islands



Our vulnerabilities to climate change constitute a major burden for our economies. Those of us on the frontline of the climate crisis cannot afford to merely wait around and watch the world breach the 1.5 degree tipping point.

Our solutions must be coordinated and planned using a menu of cost-effective tools so as to build and facilitate climate-proof growth. Timely and reliable post-disaster responses and preparations to take account of climate risk are still absent in many vulnerable countries. These measures are particularly lacking for communities such as farmers, fishermen and small businesses. The lack of protection also affects our regional and national economies.

We are also subject to an investment gap as a result of the increasing cost of capital. Moreover, adaptation finance is not just lagging behind but is inadequate to an unacceptable degree. Adaptation finance accounts for just a quarter of public funding from the developed world to developing countries.

It is quite clear that we cannot deal with climate impacts on our own. Global cooperation through the Partnership is a key factor. We welcome a wide range of actors working on this and we encourage partners to engage with national financial sectors and national institutions in V20 countries with the aim of increasing our capacities and ensuring inclusive development.

This year, the Partnership's enhanced ambition is to protect 500 million poor and vulnerable people from climate and disaster shocks, alongside empowering at least 80 vulnerable countries to integrate comprehensive disaster risk-finance strategies within their national plans.

The V20's ambitious contribution to strengthening resilience is the Sustainable Insurance Facility (SIF), which we kicked off at this year's Climate Summit in conjunction with potential key partners. The SIF aims to accelerate protection and enhance productivity of small businesses that employ a majority of our workforce.

We have no time to lose. A key factor is striving to create integrated solutions that build on synergies of risk-financing arrangements and climate-proof investments.

As far as the people in the Republic of the Marshall Islands are concerned, our front line is our last line. As we embrace shared leadership and collaboration within the Partnership, we look forward to working with our partners to ensure debt sustainability, to help our economies prosper and to empower our people.

A handwritten signature in black ink, appearing to read 'Brenson S. Wase'.

Hon. Brenson S. Wase

Minister of Finance of the Republic of the Marshall Islands
and Co-Chair of the High-Level Consultative Group

Foreword

by the Co-Chairs of the High-Level Consultative Group: Germany



Droughts, hurricanes or floods can set countries years back in their development. Protecting poor and vulnerable people from the impacts of disasters and strengthening resilience is vital for sustainable development. These are challenges we cannot face alone. Pooling our efforts and working together to achieve a common goal is key to tackling two of the greatest challenges of our time, fighting climate change and reducing poverty.

On these grounds, the G20-V20 InsuResilience Global Partnership took a major step forward in 2019 to address the urgency for better preparedness and for reliable and timely responses to disasters in vulnerable countries. By adopting our Vision 2025, we have committed to a bold ambition: providing financial protection for 500 million poor and vulnerable people. We strive to support 80 vulnerable countries in integrating comprehensive disaster risk-finance strategies in national plans and to cover 10% of their annual climate and disaster losses by 2025. Our targets are underpinned by new commitments of USD 5 billion of risk capital offered by the insurance industry to provide the necessary risk capacity.

The Pro-Poor Principles that the Partnership adopted in 2019 will guide our work towards a people-centred and needs-

based approach. As of this year, we are putting a particular spotlight on women, who we know are at the forefront of climate change with disproportionately high risks to their livelihoods.

Throughout this year, our Partnership has grown: We are now a coalition of more than 70 countries and organizations joining forces to achieve our common Vision. The coming years will be decisive, as we challenge ourselves to translate our Vision into action. This report showcases the many ways in which the Partnership and its members already support work at local, national and global level to turn our Vision 2025 into results for poor and vulnerable people – since 2017.

Building on a grand coalition of stakeholders, bold financial commitments from the private sector and a principled approach to implementation, the Partnership will continue to deliver on the fundamental promises of the Paris Agreement, the 2030 Agenda for Sustainable Development and the Sendai Framework. Let us continue to make an impact for those most in need.

Dr Maria Flachsbarth

Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development of Germany and Co-Chair of the High-Level Consultative Group

Foreword

by the Civil Society Representatives of the High-Level Consultative Group



The impacts of climate change include droughts, floods, and more frequent and hazardous disasters. They are hurting poor and vulnerable people around the world disproportionately with a major impact on women and children. Addressing these threats requires a whole-of-society approach.

Catastrophic impacts and growing needs can only be met by creative, comprehensive and collective responses from a broad and diverse group of actors who bring together science, civil society, finance and governance solutions. The work of the InsuResilience Global Partnership has dramatically advanced the ability of governments, multilateral development banks, civil society organizations and the private sector to collaborate on solutions directed towards building climate resilience in vulnerable communities around the world.

Since its foundation in 2017, the Partnership has empowered vulnerable countries to integrate Climate and Disaster Risk Finance and Insurance (CDRFI) in their country planning and to make risk-informed decisions. It has also strengthened the connection between CDRFI solutions and broader resilience efforts. Our commitment to Pro-Poor Principles ensures that partners are aligned behind a people-centred, human-rights approach intended to meet the needs of vulnerable people.

As representatives of civil society, we are pleased to see that the InsuResilience Secretariat and other Partnership Members have adopted a serious approach to implementation of the Pro-Poor Principles. The one important differentiator of the Partnership's work is the value proposition that comes

as a result of its commitment to impact through the Pro-Poor Principles. We are further delighted with the progress made by the Working Group on Gender and we believe the group should continue to work on developing products to create climate risk insurance that is gender responsive and transformative.

At the UN Climate Action Summit held in September 2019, the Partnership made important contributions by making a commitment to rolling out the Pro-Poor Principles, focusing on innovation in insurance solutions, reaffirming the centrality of climate-affected communities in decision-making, committing to gender analysis within climate resilience work and engaging actors within civil society as sustaining partners. We will continue to focus on impact so as to ensure our work prioritizes reaching out to communities that are most vulnerable to climate change in ways that strengthen and sustain their resilience. A comprehensive global response to the climate emergency is needed and the Partnership must continue its important, pro-poor and people-centred efforts and initiatives.

Beth deHamel
Chief Financial Officer,
Mercy Corps

Vitumbiko Chinoko
Advocacy and
Partnerships Coordinator,
CARE South Africa

The Partnership in 2019: Growing together towards a Multi-Year Vision

In 2019, the Partnership's year was marked by strengthened and converging efforts related to climate resilience as it built on the momentum generated by the resilience and adaptation strand at the UN Climate Action Summit in September. The InsuResilience Global Partnership has emphasized a holistic and multidimensional approach to financing climate and disaster risk from its inception. The Partnership's Vision 2025 and the new Work Plan announced in June 2019 reflect this approach.

The need to bring together global expertise and converge action on adaptation for a resilient future is more urgent now than ever before. The Partnership has built on the High-Level Consultative Group's urgent call for scaling up and accelerating risk financing in 2019 and beyond, and developed its ambitious Vision 2025. This shapes a unique platform to power a substantial scale-up in the use of pre-arranged risk-finance and insurance mechanisms embedded within comprehensive disaster risk management, and complementing broader resilience and adaptation efforts. It adopts a people-centred, gender-responsive and needs-based approach to the design and implementation of Climate and Disaster Risk Finance and Insurance solutions (CDRFI).

Major climate-related disasters such as Cyclone Fani in India and Bangladesh or Cyclone Idai in Mozambique dominated the headlines in 2019. As global humanitarian appeals hit new record levels, a tremendous strain is being felt by local and national social safety nets and the international humanitarian system. The Partnership is responding to this challenge through its approach to driving forward a paradigm shift away from reactive crisis response towards proactive and anticipatory disaster management. We should not be satisfied with isolated and temporary fixes, rather we need to strive for transformative change. By convening a broad range of expertise and ensuring coherent action across the finance, adaptation, development, humanitarian and climate communities, the Partnership looks at the entire spectrum of solutions directed towards increased resilience.

In 2019, we saw substantial growth in terms of new members with a current total of 74 and also in terms of impact. The Partnership now reaches people in 76 countries across the globe with 25 solutions. Many more projects are in the pipeline, particularly through our Program Alliance. The insurance industry's commitment to provide USD 5 billion of risk capacity was an important step to support further scale-up of collective action over the coming years. As part of a systematic approach to deliver technical assistance to 20 priority countries, an alliance of UNDP, BMZ and the Insurance Development Forum (IDF) will also help to improve climate and disaster risk modelling and enhance legal frameworks for risk management.

The InsuResilience Secretariat is grateful to all members and partners who have helped the Partnership grow in 2019. Your commitment and tireless efforts have been demonstrated in numerous formats and on many occasions through working groups, events, knowledge and financial support. This dedication has enabled us to take another great step forward in strengthening the resilience of developing countries and protecting the lives and livelihoods of poor and vulnerable people. Our Vision 2025 will empower us to continue making significant progress in generating momentum for long-term climate resilience, creating trust and fostering ownership among all the members, safeguarding developmental gains and the livelihoods of the most vulnerable people, and expanding the broader vision of sustainable development.

Our Vision 2025

Strengthening the resilience of developing countries and protecting the lives and livelihoods of poor and vulnerable people from the impacts of disasters.

Working Hand in Hand to achieve our Vision

Vision 2025 will be implemented through four overarching workstreams. The InsuResilience Secretariat is very pleased to present highlights from our ongoing work in this Annual Report, which already contribute to the fulfilment of our ambitious joint targets under each of Vision 2025's workstreams:

Workstream 1: Strategic Guidance & Convergence


Guide the integration of CDRFI solutions in global climate change and resilience frameworks

For example the Partnership's contribution to the UN Climate Action Summit and the GCA's Action Tracks, also focusing on the role of risk finance and insurance to strengthen the resilience of critical infrastructure as a contribution to the Climate Summit's thematic area relating to resilience.

Workstream 2: Action & Implementation

Enable effective action and implementation of high-quality CDRFI solutions in poor and vulnerable countries

For example work on the ground by the Program Alliance and other members geared to developing and implementing effective solutions for poor and vulnerable people from Paraguay to India.



Workstream 3: Capacity Building & Knowledge Management

Build capacities of all stakeholders to guarantee wide-ranging understanding of CDRFI, with comprehensible information, easily disseminated through user-friendly knowledge-sharing platforms

For example the Partnership's efforts to strengthen gender-sensitive approaches to CDRFI, e.g. through its Working Group on Gender launched in 2019, several studies on innovative approaches, e.g. nature-based solutions, or an analytical view of sovereign risk pools with recommendations for a future agenda.

Workstream 4: Collaborative Network

Foster collaborations to drive the development of CDRFI solutions through well-established networking and management of information

For example the Partnership's role as a convening platform, bringing together around 200 stakeholders for its annual Partnership Forum and fostering close collaboration with the V20 countries.

The InsuResilience Global Partnership at a Glance

TARGETS BY 2025:

500 million

poor and vulnerable people protected

10%

of annual climate and disaster losses in V20 and other vulnerable countries covered by CDRFI

80

V20 and other vulnerable countries with comprehensive disaster risk finance strategies in place

USD 5 billion

of risk capital offered by the insurance industry

TODAY

In 2018

33.2 million¹,
poor and vulnerable people protected

In 2019

89.4 million²,
poor and vulnerable people protected



Approximately **3%**
of total asset losses in low and low-middle income countries were insured from 2000 to 2015.³



Women and children are **14 times more** likely to die than men during disasters.⁴

PROGRAMMES & RISKS COVERED

25 programmes covering **76** countries

Risks covered



Drought



Flood/
Excess Rainfall



Heatwave



Cold Spells



Cyclone/
Typhoon



Earthquake



Tsunami

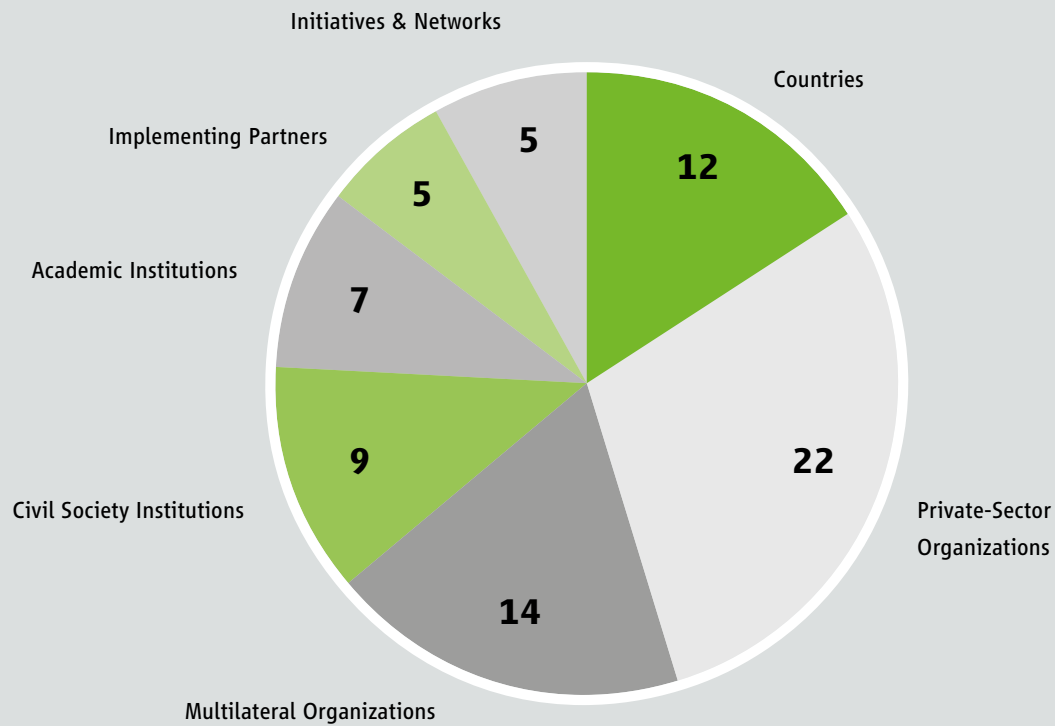
¹ Reached through nine programmes that were operational in 2018.

² Reached through 12 programmes that were operational in 2019.

³ ODI & RMS 2017: https://www.preventionweb.net/files/54328_mappingtheroleofinsuranceinmanaging.pdf

⁴ UN Women 2018: <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2018/sdg-report-gender-equality-in-the-2030-agenda-for-sustainable-development-2018-en.pdf?la=en&vs=4332>

MEMBERS AND PARTNERS



HIGH-LEVEL CONSULTATIVE GROUP

19 members



from different policy arenas such as climate change adaptation, disaster risk reduction, agriculture, insurance and development.

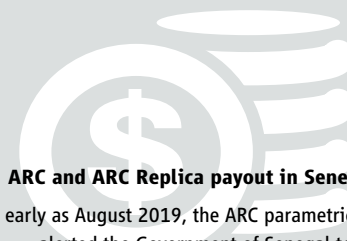
EARLY PAYOUTS SAVE LIVES AND LIVELIHOODS

Examples in 2019:

CCRIF SPC payout in the Bahamas:
50% of hurricane insurance payout
from CCRIF SPC

7 days

after hurricane Dorian struck,
the remaining 50% within 14 days
after the disaster.



ARC and ARC Replica payout in Senegal:

As early as August 2019, the ARC parametric model
alerted the Government of Senegal to
irregular and insufficient rainfall and
triggered an ARC and ARC Replica

payout of **USD 23 million**
weeks before the end
of the farming season.

VIBRANT COMMUNITY

200

active participants in the **Annual Partnership Forum**



Twitter channel with **1,400** followers



4 Newsletters per year,

600
subscribers

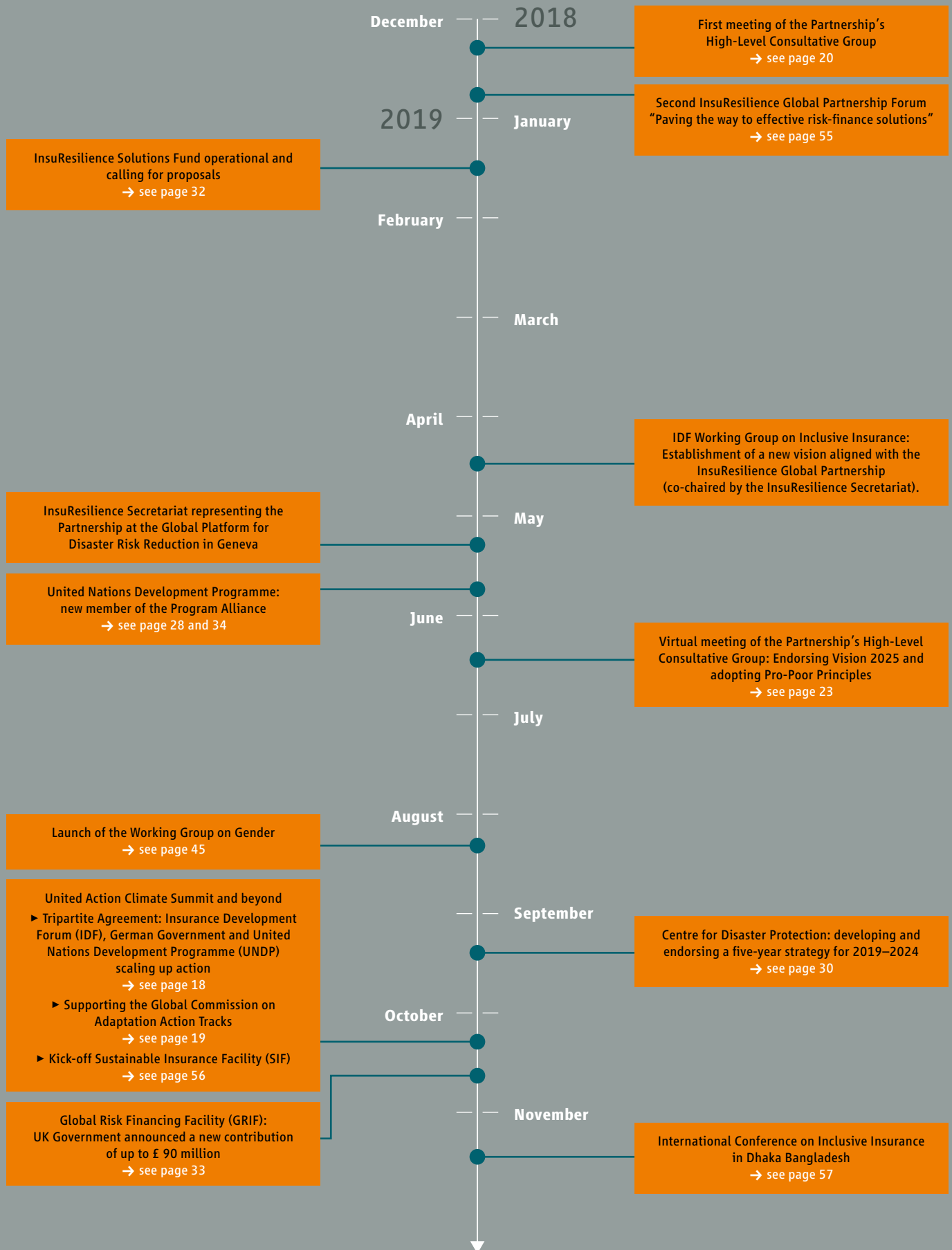


300

experts answering questions
on **RISK TALK**



Major Highlights in 2019





InsuResilience
GlobalPartnership

Strategic Guidance & Convergence

Guiding the integration of CDRFI solutions in global climate change and resilience frameworks.

The Partnership's contribution to the UN Climate Action Summit and the GCA's Action Tracks, also focusing on the role of risk finance and insurance to strengthen the resilience of critical infrastructure as a contribution to the Climate Summit's thematic area relating to resilience.

The Partnership embedded in International Policy Frameworks

The Partnership has formulated Vision 2025 as a collaborative global ambition for Climate and Disaster Risk Finance and Insurance. A top priority is integrating these concepts within broader policy frameworks.

Climate adaptation and resilience efforts can be guided and informed by various global frameworks, particularly the UN Sustainable Development Goals, the Paris Climate Agreement and the Sendai Framework for Disaster Risk Reduction.

An integrated view linking efforts at international and national level is crucial to leverage shared benefits across a range of policy instruments, customize risk finance and insurance to serve overarching objectives and country needs, and avoid duplicating efforts. The Partnership builds on strategic guidance and convergence with the aim of embedding risk finance and insurance in overarching policy and promoting an integrated perspective. In 2019, key elements were positioning the Partnership at the UN Climate Action Summit 2019 and collaborating with the Global Commission on Adaptation for its Year of Action in 2020.

Sustainable Development Goals

Goal 1: No Poverty – Target 1.5
Goal 13: Climate Action – Target 13.1 and 13.2

UNFCCC Paris Agreement

Article 7.1 and Article 8

UNDRR Sendai Framework for Disaster Risk Reduction

Priority 3, Paragraph 6, 13 and 19

“

[...] build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to **climate-related extreme events** and other **economic, social and environmental shocks and disasters.**”

SDG GOAL 1

“

To promote mechanisms for disaster risk transfer and insurance”

SENDAI FRAMEWORK PRIORITY 3

“

[...] enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change”

PARIS AGREEMENT ARTICLE 7.1

“

adequate, sustainable and **timely provision of support, including through finance, technology transfer and capacity building** from developed countries and partners tailored to their needs and priorities, as identified by them”

SENDAI FRAMEWORK PARAGRAPH 19

“

Risk insurance facilities, climate risk pooling and other insurance solutions”

PARIS AGREEMENT ARTICLE 8

Driving Action: New Commitments at the United Nations Climate Action Summit

The United Nations Climate Action Summit was held in New York in September 2019 where the UN Development Programme, Germany, the United Kingdom and the Insurance Development Forum announced a series of commitments to realize the Partnership's Vision 2025.

On the margins of the UN Climate Summit, a high-level event was convened at which Vision 2025 was announced in the presence of heads of state, ministers, executives of multi-lateral development organizations, and senior representatives of civil society and the private sector. Partnership Members at this gathering discussed commitments and actions designed to drive forward Vision 2025.

The German Federal Ministry for Economic Cooperation and Development (BMZ), the United Nations Development Programme (UNDP) and the Insurance Development Forum (IDF) signed a tripartite agreement to scale up efforts to increase insurance protection in line with Vision 2025.

The IDF's re/insurance industry members have committed to providing an openly accessible modelling platform and technical expertise. They also agreed to supply maximum risk capacity amounting to USD 5 billion for climate risk insurance with the aim of supporting the targets under the InsuResilience Vision 2025.

Collective action will be strengthened by this bold Joint Programme facilitating systematic delivery of technical assistance to 20 priority countries exposed to climate risks by 2025. The programme encompasses:

- ▶ Climate and disaster risk modelling,
- ▶ Risk-model application,
- ▶ Risk transfer analytics and
- ▶ Integration of risk-transfer into development processes.

The UK Government announced a new contribution to the Global Risk Financing Facility (GRIF) of up to £ 90 million (around USD 110 million).

For more information → see page 33 and 34

“

Every day our communities are faced with calamities that take away their dignity as human beings. Collectively we have a responsibility to make low-income people more resilient to impacts of climate change and other risks through an innovative approach to risk management. Our partnership with InsuResilience is a step forward in achieving this.”

GIFT LIVATA, CHIEF EXECUTIVE OFFICER
MICROINSURANCE SERVICES LTD – NEW MEMBER SINCE 2019

Partnering for Results: Global Commission on Adaptation Action Tracks



The Global Commission on Adaptation (GCA) was launched in October 2018 by UN Secretary General Ban Ki-moon with the mandate to encourage the development of measures to manage the effects of climate change through technology, planning and investment. In 2019, the commission worked with more than 75 governments, institutions, civil society organizations and private-sector actors to advance eight action tracks which were outlined in the GCA flagship report alongside an ambitious call to action. The flagship report contributed to the UN Climate Action Summit in September 2019 marking the start of the GCA's Year of Action.

In collaboration with various Partnership Members, the InsuResilience Secretariat supported these efforts by informing the commission about the contribution of risk finance and insurance across the various action tracks and the corresponding role of the Partnership as a leading global platform. In particular, the Partnership forms part of the commission's global-adaptation landscape as an action partner and main platform for the implementation of pre-arranged climate risk finance and insurance instruments in three of its action tracks: Finance and Investment, Food Security and Agriculture, and Infrastructure.

As part of a series of background papers that informed the flagship report, the InsuResilience Secretariat supported the Cass Business School in developing the background paper on insurance, by co-authoring alongside the Centre for Disaster Protection and the Insurance Development Forum. The paper provides detailed insight into opportunities, challenges and existing best practices for complementing climate adaptation efforts through risk-transfer instruments. A comprehensive list of policy recommendations is put forward at the end of the paper, including:

- ▶ Investing in open-source models that provide a long-term view of climate risk and link to insurance solutions.
- ▶ Fostering insurance innovations that can respond to a changing climate-risk landscape.
- ▶ Strengthening dialogue between insurers and policy-makers around how to provide better reinstatement after disasters
- ▶ Converging insurance, humanitarian and development agendas
- ▶ Promoting and investing in risk literacy throughout society

For more information on the report and the background paper, visit <https://gca.org/global-commission-on-adaptation/report>

Steering the Partnership: The High-Level Consultative Group

Nineteen high-level members representing all stakeholder groups in the Partnership came together to guide the Partnership in the Climate and Disaster Risk Finance and Insurance landscape.

The first and constitutive meeting of the High-Level Consultative Group (HLCG) in the InsuResilience Global Partnership was held on the margins of the 2018 UN Climate Change Negotiations (COP24) in Katowice. The HLCG is the supreme governing body of the Partnership and represents all the member stakeholder groups. It is chaired by the Hon. Brenson S. Wase, Minister of Finance of the Republic of the Marshall Islands and V20 Presidency Chair, and Dr Maria Flachsbarth, Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany.

The first meeting of the HLCG provided a space for high-level policy dialogue on Climate and Disaster Risk Finance and Insurance. The President of the Republic of the Marshall Islands, Hilda Heine, and the former Minister of Agriculture

and Livestock in Madagascar, Harison Randriarimanana, opened the discussion with a brief overview summarizing the importance of the Partnership and the effects of climate change on poor and vulnerable countries. The members decided on a strategy and structure for the Partnership, including an increase in focus on gender, premium finance and Pro-Poor Principles. They welcomed the final version of the Concept Note and the Governance Charter for the Partnership.

In June 2019, members of the HLCG came together in a virtual meeting to endorse the InsuResilience Vision 2025 and Work Plan, a multi-year action plan defining aspirational and comprehensive resilience targets directed towards strengthening combined efforts on Climate and Disaster Risk Finance and Insurance. The virtual meeting gave members an opportunity to intervene in relation to potential contributions, and agree on a joint communiqué aimed at raising levels of ambition and contributing to the Resilience and Adaptation Action Track under the UN Climate Action Summit held in September 2019.

“

Vulnerable communities in the Philippines and across the world are already taking action to survive and thrive in the frontlines of climate change, but increased support and ambition for resilient infrastructure and investments are still needed. Through greater collaboration with the InsuResilience Global Partnership, V20 economies can unlock more sustainable solutions and strategies towards climate resilience.”

RED CONSTANTINO, EXECUTIVE DIRECTOR
INSTITUTE FOR CLIMATE AND SUSTAINABLE CITIES (ICSC) – NEW MEMBER SINCE 2019

“

[...] GCF looks forward to collaborating with the Partnership and its members on delivering commitments made at the UN Climate Action Summit, achieving the SDGs and preventing hard won gains from being reversed because of climate change.”

GERMAN VELASQUEZ, DIRECTOR, DIVISION OF MITIGATION & ADAPTATION
GREEN CLIMATE FUND (GCF) – NEW MEMBER SINCE 2019

Members of the High-Level Consultative Group in 2019

	Dr Maria Flachsbarth Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development, Germany		H.E. Brenson S. Wase Minister of Finance, Republic of Marshall Islands
	Prof. Fekadu Beyene Commissioner, Environment, Forest & Climate Change Commission, Ethiopia		Mr Vitumbiko Chinoko Advocacy and Partnerships Coordinator, Climate Change and Food Security, Southern Africa Region, CARE International
	Mr Denis Duverne Chairperson of the Board of Directors of AXA, France, Chairman of the Insurance Development Forum (IDF)		Mr Nick Dyer Director General for Economic Development and International, Department for International Development, United Kingdom
	Ms Patricia Espinosa Executive Secretary, UNFCCC		Dr Lisa Goddard Director, International Research Institute for Climate and Society, Earth Institute, Columbia University
	Ms Beth deHamel Chief Financial Officer at Mercy Corps		Ms Diane Jacovella Deputy Minister of International Development, Global Affairs, Canada
	Mr Stefano Manservigi Director-General DEVCO, European Commission		Mr Yota Ono Deputy Vice Minister of Finance for International Affairs, Ministry of Finance, Japan
	Mr Lucien Fanomezantsoa Ranarivelo Minister of Agriculture, Livestock and Fisheries – APRM, Madagascar		Mr Rémy Rioux Chief Executive Officer Agence Française de Développement (AFD), President IDFC
	Hon. Aiyaz Sayed-Khaiyum Attorney-General and Minister for Economy, Public Enterprises, Civil Service, Communications & Climate Change, Fiji		Dr Andrew Steer President and Chief Executive Officer (CEO), World Resources Institute
	Mr Achim Steiner Administrator, UNDP		Ms Delphine Traoré Regional Chief Operating Officer, Allianz Africa
	Ms Laura Tuck Vice President, Sustainable Development, The World Bank		



Placing People's Needs as the Focus: Pro-Poor Principles

The InsuResilience Pro-Poor Principles were created in the course of a participatory process in 2018. They aim to achieve the Partnership's vision by making the needs of poor and vulnerable people the focus of Climate and Disaster Risk Finance and Insurance.

The InsuResilience Pro-Poor Principles are aspirational principles and all Partnership Members should strive towards fulfilment of these principles. The principles are intended to align all the partners and they in turn undertake to meet them through the objectives defined for driving forward the ambitious agenda of the Partnership. The process of developing principles to establish a mechanism to safeguard the needs of poor and vulnerable people was launched in 2018 as part of the InsuResilience Working Group on Monitoring and

Evaluation (M&E). In order to harness the full support of all the stakeholders, the Pro-Poor Principles were developed in an inclusive and consensual approach that integrated the perspectives of all the Partnership Members. In December 2018, the High-Level Consultative Group welcomed the Pro-Poor Principles as an implementation framework for the Partnership and called on members to align their activities so as to maximize the resilience of poor and vulnerable people.

The Pro-Poor Principles were welcomed by all the existing and new Partnership Members. The Working Group on Monitoring and Evaluation will continue to strengthen implementation and promote further exchange of ideas on the impact of the Pro-Poor Principles.



1. **Impact** – creates positive and lasting change for poor and vulnerable people.



2. **Quality** – implements adequate and high-quality Climate and Disaster Risk Finance and Insurance solutions that address the needs of poor and vulnerable people.



3. **Ownership** – ensures demand-driven approaches by creating environments that are conducive to stakeholder action with a focus on the agency of end users.



4. **Complementarity** – develops a mix of synergistic Climate and Disaster Risk Finance and Insurance solutions by building on existing institutional frameworks.



5. **Equity** – provides inclusive and targeted support through Climate and Disaster Risk Finance and Insurance solutions so as to promote equitable growth.

Action & Implementation

Enable effective action and implementation of high-quality CDRFI solutions in poor and vulnerable countries.

Work on the ground by the Program Alliance and other members geared to developing and implementing effective solutions for poor and vulnerable people from Paraguay to India.

The Partnership across the Globe

The following 25 programmes are currently active and are contributing towards the goals of the Partnership:

Advancing Climate Risk Insurance (ACRI+)

African Risk Capacity (ARC)

Agricultural Insurance in Armenia

ARC Replica

Asia Pacific Climate Finance Fund (ACliFF)

Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC)

Centre for Disaster Protection

Climate Risk and Early Warning Systems (CREWS)

Global Index Insurance Facility (GIIF)

Global Parametrics including Natural Disasters Fund (NDF)

Global Risk Financing Facility (GRiF) incl. SEADRIF

Insurance market development (implemented by GIZ in India)

Insurance market development (implemented by GIZ in Zambia)

Insurance market development – Adaptation of Agricultural Value Chains to Climate Change (PrAda)
(implemented by GIZ in Madagascar)

Insurance market development – Promotion of a Diversified and Sustainable Livestock Production (ProCadenas)
(implemented by GIZ in Paraguay)

InsuResilience Investment Fund (IIF)

InsuResilience Solutions Fund (ISF)

Kenya Hunger Safety Net Programme

Pacific Catastrophe Risk Insurance Company (PCRIC) as part of Pacific Catastrophe Risk Insurance Facility (PCRAFI)

Project develoPPP.de “Alliance on Climate Risk Transfer Solutions” with Swiss Re

Project develoPPP.de “Developing Risk Management Approaches for Climate and Health Risks” with Allianz

Project develoPPP.de “Microinsurance Disaster Risk Insurance for MSMEs” with Charter Ping An

Remote Sensing-based Information and Insurance for Crops in Emerging Economies (RIICE)

Rural Resilience Initiative (R4)

United Nations Development Program (UNDP) Insurance Solution

InsuResilience World Map

Global Implementation Programmes within the Program Alliance:

Global Risk Financing Facility (GRiF)

The GRiF will scale up and strengthen existing risk-financing initiatives as well as act as a catalyst to pilot new approaches. The aim is to strengthen financial resilience of vulnerable countries by enabling earlier and more reliable response and recovery to climate and disaster shocks.

Centre for Disaster Protection

The London based Centre for Disaster Protection strengthens pre-disaster planning, embeds data-driven early action, and uses risk-financing tools like insurance and contingent credit to finance more cost-effective, rapid and reliable response to emergencies.

InsuResilience Solutions Fund (ISF)

The ISF supports the development of innovative and sustainable climate-risk insurance products in developing and emerging countries to improve the resilience against extreme weather events. The ISF is based in Frankfurt am Main.

UNDP Insurance Solution

UNDP's work in CDRFI focuses on generating broader benefits to country development and financial inclusion. A new tripartite agreement with BMZ and the IDF will deliver technical assistance to 20 countries by 2025.

FortaleceRES



Implementation of insurance aimed at strengthening the resilience of the vulnerable rural populations in Eastern Paraguay.

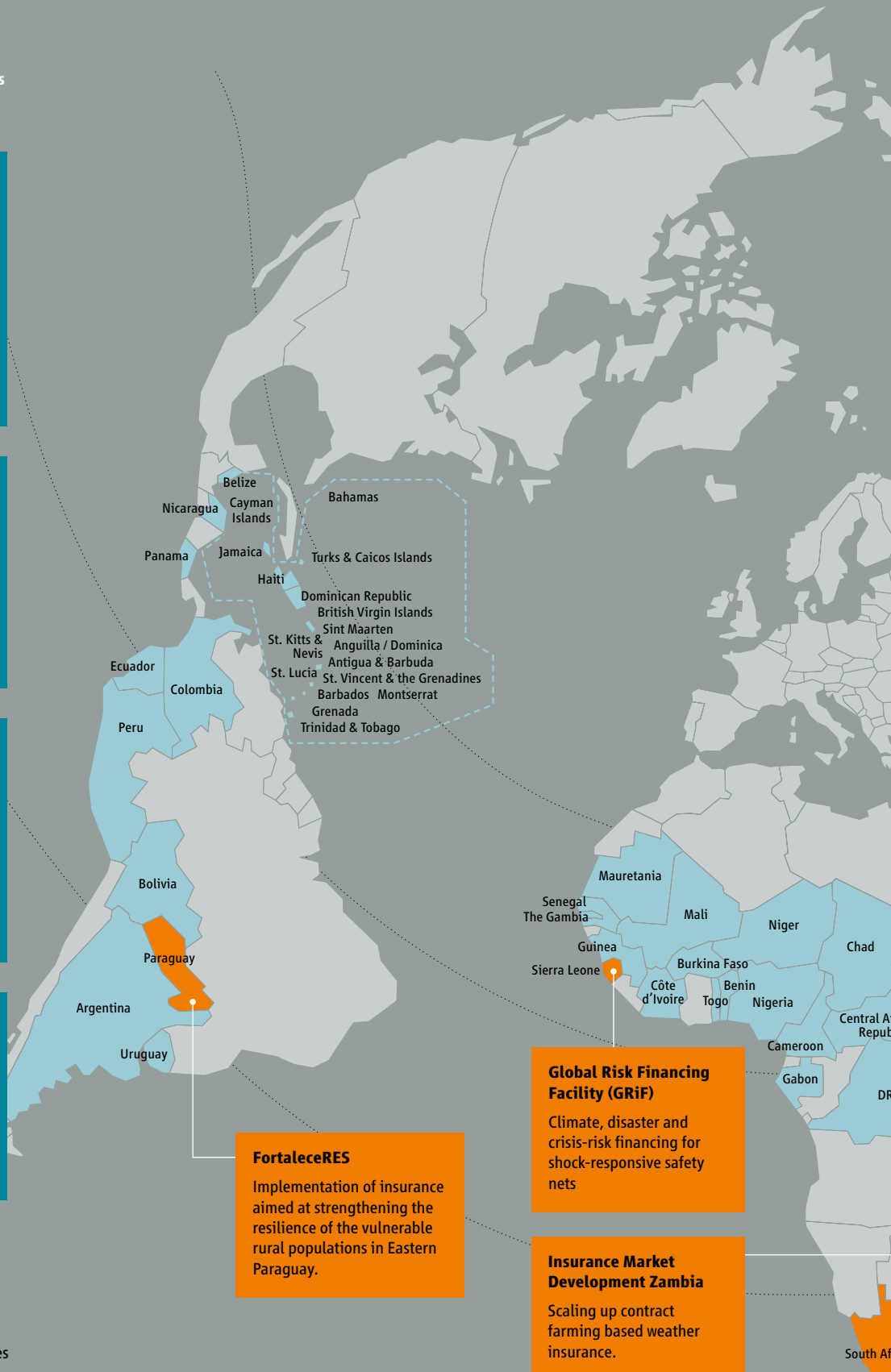
Global Risk Financing Facility (GRiF)

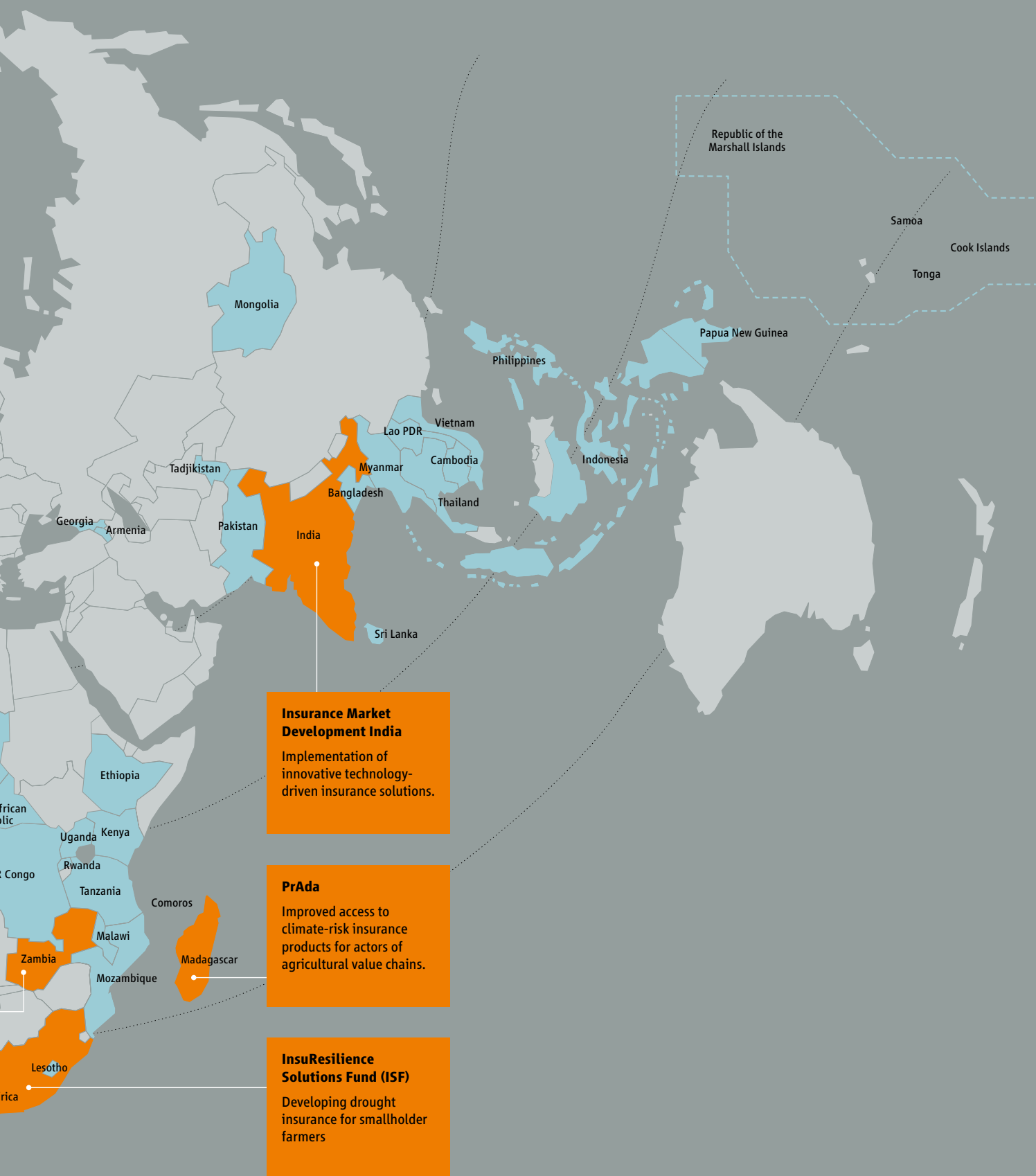
Climate, disaster and crisis-risk financing for shock-responsive safety nets

Insurance Market Development Zambia

Scaling up contract farming based weather insurance.

-  Selected solutions and country cases
-  Countries covered by solutions contributing to the Partnership's vision.










This map showcases selected examples of programmes that contribute to the Partnership's vision.

Delivering Coherent Practical Solutions: The Program Alliance

The Program Alliance is the collaborative implementation vehicle of the Partnership. It brings together operational programmes to coordinate donor contributions to countries, in line with the overarching goals of the Partnership.

It is the driving platform for the Action & Implementation workstream within the Partnership's Vision 2025, but it will also help in shaping other workstreams. As of 2019, the Program Alliance consists of four programmes:

    				
Programme description	Centre for Disaster Protection	InsuResilience Solutions Fund (ISF)	Global Risk Financing Facility (GRiF)	UNDP Insurance Solution
	<ul style="list-style-type: none"> → Finds better ways to stop disasters devastating lives and economies → Supports countries in moving from reaction to readiness, so they can deliver faster, more cost-effective help for the most vulnerable people when disasters occur 	<ul style="list-style-type: none"> → Financial / technical support for supply and demand partnerships → Advice and partial grant financing for innovative climate-risk insurance products 	<ul style="list-style-type: none"> → (Sub)sovereign-level technical assistance and investments in risk-financing instruments, incl. premium financing, start-up costs, capitalization, and global public goods 	<ul style="list-style-type: none"> → Focused on inclusive insurance, interested in generating broader development benefits through insurance → Priority areas: Expanding risk modelling, natural capital and inclusive insurance
2019 programme highlights	<ul style="list-style-type: none"> → Five-year strategy developed and endorsed by the board in September 2019 → The Centre's leadership team has been recruited and will be in place by December 2019 → IDA19 papers published: New insights into the way in which IDA contributes to crisis financing 	<ul style="list-style-type: none"> → ISF became fully operational and was set up as an external entity managed by The Frankfurt School of Finance & Management → Two calls for proposals were successfully realized with one grant agreement signed and five under negotiation from the first call 	<ul style="list-style-type: none"> → USD 200 million pledged contributions by BMZ and DFID → Approved investment projects in Malawi, Jamaica, Sierra Leone and Mozambique → Global project on Crisis Risk Financing under way 	<ul style="list-style-type: none"> → 10 country and 2 regional projects currently under implementation → Tripartite agreement with IDf and the German Government was signed in September to provide technical assistance and risk solutions to 20 climate vulnerable countries by 2025



In 2019, the Program Alliance came together for two meetings on the margins of the World Bank's Spring and Annual Meetings in Washington, DC. The biannual meetings aim to discuss the progress of the Alliance's programmes as well as collaboration and synergies, strengthen links between policy-level dialogue and implementation, and exchange lessons learned and best practices. Key topics and activities in 2019 included:

- ▶ Development of a joint Monitoring, Evaluation and Learning (MEL) framework for the Alliance with respect to the joint targets of Vision 2025.
- ▶ Systematic engagement of the private sector and the Insurance Development Forum (IDF) with a view to broadening access to risk models and climate risk analytics.
- ▶ Initiating an ongoing dialogue between the Program Alliance and the V20 in order to bring the operational set-up under the Partnership closer to the needs of V20 countries.

In 2020, the Program Alliance will be chaired by Annette Detken, Head of the InsuResilience Solutions Fund, who will take over from current chair Olivier Mahul, Manager of the Disaster Risk Financing and Insurance Program at the World Bank.

“

Hashoo Foundation aims to empower communities by leveraging knowledge as capital for their socioeconomic uplift. InsuResilience enables a platform to devise and implement risk-financing solutions in partnership with different stakeholders in international development to enhance the resilience of disaster-prone communities around the world.”

AYESHA KHAN, VICE PRESIDENT

HASHOO FOUNDATION – NEW MEMBER SINCE 2019

The Centre for Disaster Protection: Moving from Reaction to Readiness

BY MAREILE DRECHSLER (CENTRE FOR DISASTER PROTECTION)

In 2017, the Prime Minister of the United Kingdom announced the creation of the Centre for Disaster Protection. This was in response to global recognition that climate change, population growth, urbanization and conflict are making disasters¹ more frequent, more deadly and more expensive. The protracted and overlapping nature of contemporary crises means that finding better ways to plan and respond must remain high on the global agenda. The centre has been established to help with these problems by supporting governments and front-line humanitarian actors to shift from a responsive stance to an anticipatory one.

The centre's areas of activity

As part of its new five-year strategy for 2019 to 2024, the centre has four key goals:

- **Quality assurance:** The centre will develop and deliver a quality-assurance methodology, process and function that can be used by all actors, to enhance the quantity and quality of risk-finance products and services.
- **Technical assistance and capacity building:** The centre provides technical assistance to create knowledge, transfer skills and build capacity, in order to assist countries and multilaterals in making better decisions on risk ownership and management.
- **Evidence, experimentation and learning:** The centre will contribute to building the evidence base on risk financing. Research outputs are a global public good and will be publicly and widely disseminated.
- **Advocacy and influencing:** The centre seeks to act as a 'positive disruptor', catalysing change, sparking innovation and challenging the status quo, to find positive alternatives so as to ensure that risks are better managed and needs are better met.

Progress in 2019

The centre has made significant progress across its workstreams. Key achievements to date include:

- **IDA19 papers:** The centre has published discussion papers and policy briefs by world experts, which provide new insights into how IDA 19 can further strengthen its contribution to crisis prevention, preparedness and response.
- **Innovative financing for refugee crises:** The centre joined forces with the International Rescue Committee's Airbel centre and convened two multi-stakeholder Innovation Labs to discuss ideas and options for financing responses to the global refugee crisis. A report was subsequently published on the lab's findings.
- **Capacity building and technical assistance:** The centre has been working closely with its country partners to provide technical assistance and capacity building. As part of this, the centre delivered training sessions on the fundamentals of disaster risk financing in Pakistan and Côte d'Ivoire.
- **Quality assurance:** The centre has initiated its quality assurance function and provided independent and objective quality assurance services.

¹ We use IFRC's definition of a disaster which is 'a sudden, calamitous event that seriously disrupts the functioning of a community or society and causes human, material and economic or environmental losses that exceed the community's or society's ability to cope using its own resources. Although disasters are often caused by nature, they can have human origins.'



Next steps for 2020

The centre's work during 2020 will include the following activities:

- ▶ **Development of a flagship report on crisis financing:** A report on crisis risk financing is currently being developed, discussing whether the financial instruments currently available to developing countries are appropriate to address needs. Moreover, a campaign on crisis financing will be launched.
- ▶ **Development of the quality assurance system:** During the coming year, the centre will develop and launch its quality assurance system and start delivering quality assurance. The quality assurance methodology will be launched during an event on Disaster Risk Financing Quality in March 2020.
- ▶ **Support to countries:** The centre will continue its activities and further expand its ongoing support to low and middle-income country governments, as well as development partners and regional institutions.
- ▶ **Seminar series:** The centre is launching its seminar series in partnership with the World Bank Disaster Protection Program and the Institutional Development Fund (IDF), bringing together diverse practitioners and researchers to stimulate exchange around various aspects of crisis and disaster risk financing.

The InsuResilience Solutions Fund: Advancing Innovative Climate-Risk Insurance Products

BY ANNETTE DETKEN AND LENA LAUX (INSURESILIENCE SOLUTIONS FUND)

The InsuResilience Solutions Fund (ISF) is administered by the German Development Bank (KfW) and funded by the Federal Ministry of Economic Cooperation and Development (BMZ). The aim of the fund is to catalyse joint initiatives between national public entities and the private insurance sector. In the fund's first year of full operation, it already became evident that there is a high level of demand for support and advice relating to the transformation of climate risk insurance concepts into products ready for market placement and the scale-up of successfully piloted products.

2019 was a key year for the ISF since the programme became fully operational and provided financial support for the development of climate risk insurance products. This increased the resilience of poor and vulnerable households against the impacts of climate change. In order to adapt the programme to the needs of partners and the private sector, procedures were adjusted and adapted in an initial piloting phase of the InsuResilience Solutions Fund, and the scope of the programme was finalized. In January 2019, the ISF was set up as an external entity with the Frankfurt School of Finance & Management (FS) acting as an implementing partner to manage the fund and support its research activities.

In 2019, the InsuResilience Solutions Fund launched two Calls for Proposals that generated a great deal of interest. Joint partnerships of demand and supply-side representatives submitted more than 60 Concept Notes. The ISF envisages two further Calls for Proposals in 2020.

Ensuring sustainability through research and knowledge sharing

The InsuResilience Solutions Fund has a unique approach in supporting joint initiatives by local partners, companies in the insurance sector and NGOs in an effort to leverage the expertise of the insurance sector. The aim is to promote the demand and ensure the sustainability of the climate-risk insurance products that are developed. The Frankfurt School of Finance & Management will complement the support of the ISF in order to ensure long-term access and development of local markets for climate risk insurance products. This will be achieved by enhancing research and knowledge sharing within its educational programmes and study modules over the course of 2020.

The Frankfurt School of Finance & Management cooperates with other partners from research and academia to carry out analysis and research. It forms an additional pillar within the scope of activities carried out by the InsuResilience Solutions Fund. Comprehensive climate risk analysis is an essential element of climate risk management. This analysis enables governments, businesses and households to become more proactive risk managers and to define needs-based climate risk management and adaptation strategies. Funding of comprehensive climate risk analysis, such as studies related to the Economics of Climate Adaptation for selected geographical areas will be available through the ISF. The Strategic Committee of the InsuResilience Solutions Fund approved the first studies on the economics of adaptation to be conducted for partners in Ethiopia and Honduras with initial kick-off workshops being held in November and December 2019.

After 2019, the InsuResilience Solutions Fund will seek to advance mobilization of private capital, build partnerships and reach out to key partners and donors in order to up-scale funding and broaden the range of innovative climate-risk insurance solutions. These efforts are directed towards eventually providing improved cover for those affected by climate and natural disasters.

The Global Risk Financing Facility (GRiF): Supporting Early Action to Climate Shocks, Disasters and Crises

BY SUMATI RAJPUT AND RUI XU (GFDRR, THE WORLD BANK)

The Global Risk Financing Facility (GRiF) is a Multi-Donor Trust Fund (MDTF) that enables early action after climate shocks, disasters and crises by establishing new or scaling up existing pre-arranged risk-financing instruments connected to pre-agreed interventions. The GRiF was launched in October 2018 by the World Bank Group in partnership with the governments of Germany and the United Kingdom. It became fully operational in 2019 and already supports one global and four country projects worldwide.

In 2019, the GRiF went from concept to implementation. Building on contributions of USD 200 million pledged by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the UK Department for International Development (DFID), the GRiF is already supporting investment projects in Malawi, Jamaica, Sierra Leone and Mozambique, and conducting global work on Crisis Risk Financing.

The GRiF provides technical assistance and makes investments in risk-financing instruments, including premium financing, start-up costs, capitalization and global public goods to governments. It aims to establish disaster risk financing and insurance mechanisms that can help governments have the funds in place to respond rapidly to shocks. The GRiF also aims to create incentives for disaster prevention, preparedness, response and resilient reconstruction. It will work towards sectoral integration with a focus on infrastructure, for example the set-up of pre-arranged finance for post-disaster maintenance of critical infrastructure.

Civil society organizations are key stakeholders in the design and implementation of GRiF activities. The GRiF aims to build on participatory approaches in the preparation of all investments and incorporate dimensions of gender, disability, age, and other social vulnerabilities as appropriate, while designing financial instruments. GRiF will seek to work with and support operational civil society organizations (CSO). This work is already ongoing through collaboration with the Start Network.

Strong collaboration with the private sector is equally key to achieve the GRiF objectives. The GRiF aims to harness sustainable private-sector solutions for risk financing. This includes building on ongoing technical collaboration with the Insurance Development Forum (IDF). The GRiF seeks to crowd in sustainable private-sector solutions that limit public debt and disaster-related contingent liabilities of governments.

The GRiF is co-managed by the Disaster Risk Financing and Insurance Program (DRFIP) and the Global Facility for Disaster Reduction and Recovery (GFDRR). Over the coming years, the GRiF will provide financing to set up innovative financial mechanisms that can help channel money to people affected by disasters when they need it.

“

It was a natural decision to join the InsuResilience Global Partnership. For a young and innovative structure like OKO, the Partnership provides access to other actors in the ecosystem: insurers, development organizations, governments, etc. OKO can actively contribute to improve the cost-effectiveness of microinsurance, which is part of the vision for 2025.”

SIMON SCHWALL, FOUNDER AND CEO
OKO – NEW MEMBER SINCE 2019

The UNDP Insurance Solution: Climate Resilience and Development through Long-Term Country Engagement

BY JAN KELLETT (UNDP FINANCE SECTOR HUB)

The tripartite announcement made at the UN Climate Summit in October 2019 laid the foundation for an ambitious new initiative, while at the same time representing a major step towards meeting the Partnership's target. This new initiative of the United Nations Development Programme aims to make insurance and risk financing central to development. Cooperation between the insurance industry and the development sector will be at the heart of this initiative focusing on inclusive insurance and risk financing.

The core of the tripartite agreement between the UNDP, the IDF and the German Government is a comprehensive plan of action for 20 countries by 2025. This plan will focus on inclusive insurance and collaboration with the private sector in risk financing. At this stage, funding will be set aside for the first full three years of activity.

Making a reality of the first ever UNDP strategy for working with the insurance sector

This new initiative will help to make a reality of the first ever UNDP strategy for working with the insurance sector. The strategy will be rolled out to our partners and country offices in the first quarter of 2020 with the launch of a brand-new flagship Insurance and Risk Finance Facility coming very soon after.

The activities of the initiative feature two distinct but inter-linked elements:

1. Inclusive insurance will target vulnerability of all types and build on community action and work by mutual and cooperative actors, alongside private-sector micro-insurance providers.
2. Sovereign risk will open up conversations between government and the private sector and explore options for finance risk, while the expertise of the insurance industry in modelling risk will be integrated within wider financial planning and management.

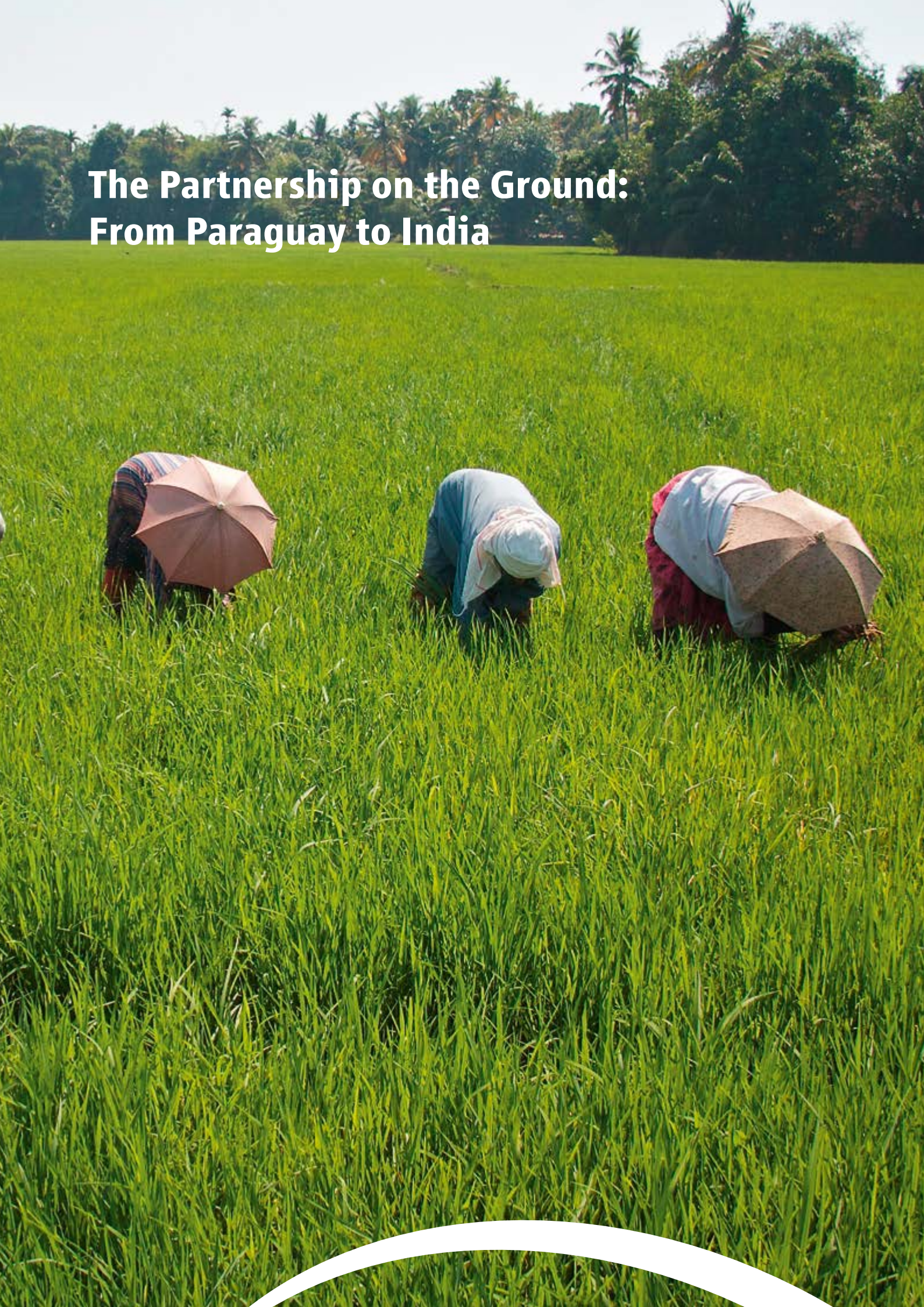
The UNDP believes that work on governance will be central to both these elements with significant focus on the development and delivery of products, and major improvements to the long-term enabling environment and the transformation of markets.

Strong partners and combined expertise

Partnership is at the heart of this initiative. The UNDP provides long-term engagement, credibility and working relations with government and communities alike. It also contributes expertise in helping countries to develop legislation, regulation and institutional capacity. The insurance sector contributes capacity for risk, the expertise to model and analyse patterns of risk, and the ability to transform needs into concrete product development and delivery. National governments will have a key role to play with particular emphasis on improvements in governance and institutional capacity.

Networks such as the Insurance Development Forum (IDF), the InsuResilience Global Partnership, the International Cooperative and Mutual Insurance Federation (ICMIF) and the Ocean Risk and Resilience Action Alliance (ORRAA) provide the UNDP and its partner countries with unrivalled technical expertise and capacity, as well as international and national leadership. All these actors will be crucial in taking advantage of short-term opportunities and facilitating long-term integration into country development planning and implementation.

The Partnership on the Ground: From Paraguay to India



PROFILE

South Africa: Development of Drought Insurance for Smallholder Farmers

BY ANNETTE DETKEN AND LENA LAUX (INSURESILIENCE SOLUTIONS FUND)



In 2015, South Africa was hit hard by a severe drought and this particularly threatened the livelihoods of smallholder farmers. The InsuResilience Solutions Fund enables the Partnership to work together with the local insurance industry to strengthen resilience by providing access to climate risk insurance for the farmers affected. The project will enhance local livelihoods by improving access to credit, facilitating investment in crop and livestock production, and creating resilience and stability.

South Africa is extremely vulnerable to the impacts of climate change and the country is particularly prone to recurring droughts. Its subtropical climate is characterized by a low rainfall index and a high level of variability. The agricultural sector uses 80 percent of the available land and two thirds of the available water. Since most of the agriculture is rain-fed, extreme weather events can exert devastating consequences on the livelihoods of large sections of the population and on economic development alike.

In mid-2015 and early 2016, a severe drought drastically reduced water supplies and agricultural production in South Africa. Maize and other crops failed to thrive and livestock was at risk of starvation. Smallholder farmers and their families were at high risk of losing their source of income

Risk to be covered	Drought
Product /Solution:	Index-based crop and livestock insurance
Objective	Improving cost efficiency of insurance solutions and making them affordable to smallholder farmers. Enhanced local livelihoods through improved access for smallholder farmers to credit and facilitating investment in crop and livestock production.
Beneficiaries:	Smallholder farmers and their families
InsuResilience Partnership Members and their partner organizations/governments	The InsuResilience Solutions Fund in cooperation with Land Bank Insurance Company Limited (LBIC) & Celsius Pro



and going hungry as well. Drought-related economic loss was estimated at close to half a billion US dollars. Although insurance was able to effectively reduce vulnerability, less than one percent of smallholder farmers currently have access to agricultural insurance. This leaves an estimated 1.7 million smallholder and subsistence farmers uninsured against risks arising from extreme weather events such as droughts.

The InsuResilience Solutions Fund (ISF) tackled this problem by signing a grant agreement with South African Land Bank Insurance Company and Celsius Pro. The intention of the project is to develop and introduce innovative index-based insurance to cover crops and livestock for smallholder farmers in South Africa by June 2021. As a government-owned institution, Land Bank is mandated by the government to facilitate access by the poor and vulnerable population to financial services. In order to offer insurance protection to people with no insurance cover, Land Bank Insurance Company is partnering with Celsius Pro. This highly experienced Swiss

Insurtech company is specialized in industrializing index-based insurance solutions to mitigate the effects of adverse weather and natural catastrophes. Celsius Pro will provide an automated insurance administration platform to improve the cost efficiency of insurance solutions and make them affordable for smallholder farmers.

Insurance payouts ensure a minimum income for smallholder farmers and enable them to build up financial and food security even in times of drought. The project will contribute to enhanced local livelihoods by improving access to credit for smallholder farmers, facilitating investment in crop and livestock production, and creating resilience and stability. The InsuResilience Solutions Fund provides co-funding and advisory services, while the Partnership commits its own meaningful financial contribution amounting to more than 50% of the requested funding. The project contributes to the objectives of the InsuResilience Global Partnership and aims to reach 240,000 people by 2021.

“

With the support of the InsuResilience Solutions Fund we will develop a drought insurance solution for smallholder farmers, which will allow faster payouts and relief in case of a drought.”

MANIKI RAKGALAKANE, MANAGING DIRECTOR OF LAND BANK INSURANCE COMPANY



PROFILE

Sierra Leone:

Climate, Disaster, and Crisis-Risk Financing for Shock-Responsive Safety Nets

BY SUMATI RAJPUT AND RUI XU (GFDRR, THE WORLD BANK)

Sierra Leone is highly exposed to landslides, droughts and floods. In 2017, the worst disasters in its history hit Sierra Leone causing massive destruction, food insecurity, economic losses and disaster-related health risks. Crisis-responsive mechanisms in place enable a quick response and therefore make the country and its people less dependent on humanitarian aid.

Sierra Leone is highly prone to natural disasters such as floods, droughts, and landslides which could be aggravated by climate change. A massive landslide occurred in the western rural area in August 2017, impacting about 6,000 people and causing total economic losses of about USD 31.65 million, or 0.8% of GDP in 2016, and increasing food insecurity of vulnerable households. Disaster-related health risks also remain a key concern in the country since 40% of Sierra Leone's population live in urban areas comprising poorly constructed slums.

Investment project financing from the World Bank was allocated to support the establishment and scale up the country's first shock-responsive social safety net so as to increase the financial resilience of extremely poor households in Sierra Leone to disasters and crises. This provides income support



Risk to be covered	Floods and landslides
Product /Solution:	Shock-responsive social safety net
Objective	Establishing and scaling up the country's first shock-responsive social safety net, which provides income support to poor households in order to mitigate the effects of shocks and protect their livelihoods.
Beneficiaries:	Poor households mainly in urban areas
InsuResilience Partnership Members and their partner organizations/governments	Global Risk Financing Facility (GRiF) International Development Association (IDA), part of the World Bank Group Government of Sierra Leone

to poor households with the aim of mitigating the effects of shocks and protecting their livelihoods. This project will build, test and institutionalize systems to create a crisis-responsive mechanism for the poorest and most vulnerable regions in Sierra Leone. For the first time, the proposed approach gives the government full ownership, empowering them to fulfil their role through investing in systems and capacities to manage crisis response. This is important for reducing Sierra Leone's reliance on unpredictable and uncertain humanitarian aid and institutionalizing a shock-responsive safety net that protects the country's poorest population segments against shocks. The safety net will prioritize landslides and floods to trigger emergency transfers, and it will also be designed to provide emergency transfers in response to health emergencies given the prevalence of pandemic outbreaks.

Combined funding totalling USD 6.5 million was granted by the GRiF and the International Development Association (IDA), the part of the World Bank Group that helps the poorest countries. Together, these funds will support cash transfers and system building activities for operationalizing the scale-up of the social safety net, as well as technical assistance that will strengthen preparedness and support the development of further risk-transfer solutions.

Supporting implementation of the InsuResilience Vision 2025, the project has been designed to promote government ownership by ensuring that contingent financing is directly integrated in the government budgeting process, through a budget line dedicated to financing emergency response as part of a government driven system. Furthermore, the technical support from the World Bank aims to build a monitoring and evaluation component that informs future design of prearranged financial solutions, as well as improving local capacity in crisis and disaster risk financing, which will help diversify financial sources available to the country and build a nationally driven disaster response system that is instrumental for fighting poverty and promoting sustainable growth in the long term.

“

In the face of extreme weather events, we want to support countries and economies to be better prepared. I've seen first-hand how early finance can help communities get ahead of disasters. The GRiF is an innovative new facility that is helping countries around the world scale up financial solutions for situations like this. The GRiF is helping to boost resilience at all levels of the economy: at the macro-level to build better buffers, at the mid-level to get firms back into action quickly, and at the micro-level to protect households, assets, and livelihoods.”

DAVID MALPASS, WORLD BANK GROUP PRESIDENT AT THE
UN CLIMATE ACTION SUMMIT 2019 IN NEW YORK CITY



PROFILE

Zambia, India, Paraguay and Madagascar: Supporting Market Development for Direct Climate-Risk Insurance Solutions

BY OLIVER MILOSCH, NIHAR JANGLE, SARAH FAVRICHON AND ROBERT FISCHLE (GIZ)

In July 2016, the German Federal Ministry for Economic Cooperation and Development (BMZ) launched a project that works closely together with stakeholders in the partner countries involved in German development cooperation. This work is being carried out by the Deutsche Gesellschaft für

Internationale Zusammenarbeit (GIZ) and it aims to support market development for direct climate risk insurance in four partner countries: Zambia, India, Paraguay and Madagascar. This project clearly demonstrates that different contexts need different solutions.

Zambia	India	Madagascar	Paraguay
Risk to be covered			
Droughts and excess rainfall	Floods, droughts, cyclones and earthquakes	Drought, excess rainfall and cyclones	Life, disability and agricultural risks related to extreme weather events
Product /Solution			
Weather index insurance for crops (focus: cotton)	Natural catastrophe insurance covering loss of income	Index-based climate risk insurance for actors in agricultural value chains	Life and disability insurance and credit-linked weather index insurance
Objective			
Scaling up and replicating an agribusiness-based business model for weather index insurance	Implementing innovative technology-driven insurance solutions that reach out to beneficiaries not protected so far	Improving access to climate-risk insurance products for actors in agricultural value chains.	Implementing insurance aimed at strengthening the resilience of vulnerable rural populations in Eastern Paraguay.
Beneficiaries			
Smallholder farmers	Micro solution: Predominantly women working as farmers, labourers, micro-entrepreneurs etc. / Meso solution: Micro Finance Institutions (MFIs)	Actors in agricultural value chains	Rural households
InsuResilience Partnership Members and their partner organizations/governments			
Zambian agribusinesses in cotton contract farming and insurance companies	Indian Association and Self-Regulatory Organization (SRO) of Non-Bank Finance Company-Micro Finance Institutions (NBFC-MFIs)	GIZ project Adaptation of Agricultural Value Chains to Climate Change (PrAda), Ministry of Agriculture, Livestock and Fisheries (MAEP), Financial Institutions Department (SIF), Supervisory Commission at the Central Bank (CSBF)	GIZ project Strengthening the Resilience of the Vulnerable Rural Population in Eastern Paraguay (FortaleceRES), Agricultural Bank (CAH), Ministry of Social Development (SAS)

In **Zambia**, most smallholders have very limited scope for increasing productivity and protecting themselves against adverse weather conditions. Sustainable private-sector business models for climate risk insurance are still in their infancy and mainly cover the cotton value chain. Access for smallholder farmers remains limited since so far only a few companies are acting as insurance intermediaries.

Steps have therefore been undertaken to scale up and replicate a private-sector agribusiness-based business model for weather insurance that has been operating without subsidies for several years. This model involves agribusinesses acting as aggregators to provide smallholders with access to insurance. Smallholders benefit from better income protection and this is intended to incentivize increased agricultural investment. Insurance for agribusinesses has the potential to exert positive impacts on their business. On the supply side, capacities have been built to enable more insurers to offer weather insurance. On the demand side, the understanding of weather insurance has been strengthened by conducting training programmes and supporting the development of insurance training and awareness tools. The project has resulted in two additional insurance companies making plans to underwrite weather insurance. Two additional aggregators are planning to provide access to these products for their customers in rural Zambia during upcoming seasons.

The approach in **India** is to bring innovations to a market which has already gained significant experience with agricultural insurance schemes. The focus was therefore on conceptualizing new product concepts so as to leverage technologies to reach beneficiaries that have not benefited from any coverage up to now.

Collaboration with selected Microfinance Institutions (MFIs) yielded the concept for two natural catastrophe insurance policies. The micro cover was intended to protect MFI clients against a loss of income, while the meso solution protects the loan portfolios of MFIs against credit losses. Both insurance policies cover the following perils: flood, drought, cyclone

and earthquake. MFI clients consist of more than 90% women working as (unskilled) labourers, micro-entrepreneurs or farmers. A technical study on the feasibility of a satellite-based flood index insurance solution for India was also carried out in cooperation with the German Aerospace Center (DLR) and Indian partner Weather Risk Management Services (WRMS).

Owing to **Madagascar's** geographical location in the Indian Ocean, the island is one of the countries most affected by the impacts of climate change. However, actors in agricultural value chains still do not have access to climate-risk insurance solutions.

In order to take initial steps towards launching climate risk insurance, capacity building activities on different aspects of index-based insurance have been conducted with the Financial Institutions Department in the Ministry of Finance (SIF) and the future supervisory entity at the Central Bank (CSBF). These measures have been carried out in collaboration with the bilateral BMZ-funded project PrAda, and they have made a significant contribution to the draft of a new and facilitating legal framework for inclusive insurance.

In **Paraguay**, family farmers and their households represent 90% of all farms and they are the people most at risk of being caught in the poverty trap or falling into poverty due to external shocks in the form of floods and droughts. Apart from isolated pilot projects, the market for direct climate-risk insurance solutions in Paraguay has not yet been developed.

Cooperation with the bilateral BMZ-funded project FortaleceRES is therefore focused on providing access to climate risk insurance and on insurance for rural households in general. This included a life and disability insurance policy for 31,225 beneficiaries in 2018. It was rolled out by the Ministry of Social Development (MDS) and advisory services on a credit-linked weather insurance model for farmer credits provided by the Agricultural Bank (CAH), which is still under consideration for implementation.



We are confident that our combined efforts will make a positive impact on protection of food security and building resilience within the small-scale farming segment in Zambia.”

SIANI MALAMA, HEAD OF BUSINESS DEVELOPMENT & MARKETING,
HOLLARD INSURANCE ZAMBIA



Capacity Building & Knowledge Management

Build capacities of all stakeholders to guarantee wide-ranging understanding of CDRFI, with comprehensible information, easily disseminated through user-friendly knowledge-sharing platforms.


The Partnership's efforts to strengthen gender-sensitive approaches to CDRFI, e.g. through its Working Group on Gender launched in 2019, several studies on innovative approaches, e.g. nature-based solutions, or an analytical view of sovereign risk pools with recommendations for a future agenda.

Developing Knowledge on Key Topics: Our Working Groups

Working Group on Integrated Approaches

The Partnership's Working Group on Integrated Approaches is building on its objective of embedding Climate and Disaster Risk Finance and Insurance in comprehensive risk management. The working group was launched in 2018 with 25 Partnership Members. The objective is to generate and disseminate knowledge on new and existing solutions that link risk financing or insurance elements to other risk management components. Creating bundled solutions may help to capture shared benefits across various risk management elements and overcome 'either/or' trade-offs between investments in risk reduction, preparedness or risk financing and insurance.

In 2018, the working group developed a package of solutions, alongside a list of feasibility and impact criteria to identify potential challenges and shortcomings in implementation. This framework formed the platform for the focus in 2019 on diving deeper into specific solution areas, reviewing feasibility and assessing the impacts of defined measures. Three tangible projects were then set up through the collaborative efforts of working-group members:

- ▶ A global study on the opportunities, challenges and potential forms of bundled solutions between nature-based defences (ecosystem-based adaptation) and insurance conducted by *The Nature Conservancy (TNC) and Social Impact Partners and the University of Santa Cruz, California*.  <https://www.insuresilience.org/wp-content/uploads/2019/11/Ecosystem-based-Adaptation-and-Insurance.pdf>
- ▶ An impact study by *TNC* on the resilience benefits for poor and vulnerable people in combining coral reef restoration with coastal flooding insurance. This work builds on existing efforts between *TNC* and *Munich Re*, and it has generated significant results for two specific locations, Grenada and the Dominican Republic.
- ▶ A feasibility study conducted by the *Mercy Corps* in partnership with *Quantified Ventures* and the *Zurich Flood Resilience Alliance* exploring the use of innovative impact bond structures for climate adaptation and flood resilience financing in Pekalongan, Indonesia.

One priority for 2020 is to facilitate follow-up work relating to these activities, for example developing an action plan for the Partnership to promote nature-based solutions, exploring implementation options and looking into benefits, limitations and fit-for-purpose solution designs for the integration of CDRFI within preparedness strategies to enhance anticipatory action. Other areas of integrated solutions will also be investigated, for example the combination of preparedness and risk financing/insurance using forecast-based finance instruments.

Working Group on Gender

In December 2018, the High-Level Consultative Group (HLCG) mandated the Secretariat with further analysis and the development of an action plan on gender under the auspices of the InsuResilience Global Partnership. HLCG members recognized the importance of including gender-responsive strategies for CDRFI solutions. Against this backdrop, a Working Group on Gender was created and kicked off in mid-August 2019, jointly chaired by Global Affairs Canada and CARE International. It aims to provide strategic guidance and support for members and integrate gender considerations as a crosscutting topic in the Partnership's objectives.

Since its formation in late 2018, the working group has undertaken the following activities:

- ▶ Publishing a detailed analytical study on integrating gender into different models of climate risk insurance (CRI). This study explores the main entry points for gender-responsive strategies in different CRI schemes and provider types at the macro, meso and micro levels. The study offers key recommendations on activities for the Partnership until 2025. → See page 47
- ▶ Presenting the findings of the study at two international conferences: the 15th International Conference on Inclusive Insurance in Dhaka, Bangladesh (in November 2019), and the 2019 Partnership Forum (in December 2019).
- ▶ Formalizing the Partnership commitment to gender equality and women's empowerment. The working group members have developed a Commitment Statement and Accompanying Action Plan.

- Sponsoring a fellowship for senior insurance supervisors (in 2019 from Madagascar) in the Leadership and Diversity Programme for Regulators organized by Women's World Banking in joint collaboration with the Access to Insurance Initiative (A2ii). The programme focuses on policy development and leadership competencies for supporting the roll-out of specific policies and strategies for national financial inclusion that are focused on women

In 2020, further effort will focus on implementing the endorsed Commitment Statement and Action Plan, including discussion with the Program Alliance, and on progressing global guidance on gender-disaggregated data from CDRFI programmes and collection of this data.

Working Group on M&E and Pro-Poor Principles

The Working Group on M&E and Pro-Poor Principles was initiated in 2018 with more than 20 representatives from the Partnership's membership base. Co-chaired by MCII and CARE, the working group aims to develop a framework for the Partnership that puts people's needs at the centre of Climate and Disaster Risk Finance and Insurance and rigorously tracks its results.

The major milestone in this year's work was the development and endorsement of the Pro-Poor Principles → See page 23. Furthermore, at its meeting in October, the Program Alliance conducted a Monitoring, Evaluation and Learning (MEL) workshop to ensure that programme-specific MEL frameworks are aligned with a Partnership-wide approach towards Vision 2025. This workshop will feed into the future work of the working group in 2020.

In 2020, the working group will develop a Monitoring and Evaluation framework on the development and validation of indicators and target levels that underpin the Partnership's Vision 2025 measuring the long-term impact of Climate and Disaster Risk Finance and Insurance.

Working Group on Risk Data

The Partnership's Working Group on Risk Data aims to identify the gaps and challenges in obtaining and providing risk data for developing climate and disaster risk-finance solutions. On this basis, it will identify solutions for addressing these gaps and outlining ways to improve collaboration between all the actors involved – and to identify how the InsuResilience Global Partnership can support this process.

The working group builds on close collaboration with the IDF Risk modelling Steering Group to create mutually beneficial pathways. In 2019, a scoping study was conducted to identify the gaps in supply and demand relating to data availability for Climate and Disaster Risk Finance and Insurance. The aim was to assess how risk data can be effectively processed and communicated in order to stimulate and facilitate risk reduction and adaptation.

The Secretariat will be hosting a kick-off call in early 2020 and it is currently in the process of formulating terms of reference for the working group.



Blue Marble Microinsurance is grateful to be part of the Partnership, a community with significant knowledge and impact. Sharing the Partnership's vision, we incubate and implement microinsurance solutions that support the advancement of underserved populations, such as smallholder farmers, supporting climate risk-finance solutions.”

JOAN LAMM-TENNANT, FOUNDER AND CHIEF EXECUTIVE OFFICER
BLUE MARBLE MICROINSURANCE – NEW MEMBER SINCE 2019

Applying a Gender Lens: Women in Focus

Promoting the leadership role of women in vulnerable countries

For the first time in 2019, the Access to Insurance Initiative (AZii) and the InsuResilience Global Partnership jointly sponsored the participation of two senior insurance supervisors and high potential women in their regulatory authorities to attend the **Leadership and Diversity Programme for Regulators**. The nine-month programme includes virtual learning and on-campus training and it is taught by Women's World Banking and the faculty of the Saïd Business School at Oxford University.

The overall objective of the programme is to strengthen an environment that promotes the financial inclusion of women and to build the leadership capacity of its participants. The nine-month global programme brings together senior officials from central banks and other regulatory agencies in

developing economies with high-potential women from their institutions. The Partnership awarded its scholarship in 2019 to Ms Hery Rakotoarimanana, Head of the Financial Institutions Department in the Ministry of Finance of Madagascar.

Ms Rakotoarimanana found that her expectations were met in full. The programme enabled her to improve her leadership skills and exchange knowledge and experiences across country authorities. It also supported her with specific tasks, such as preparing draft legislation on regulating savings groups in Madagascar.

During the programme, different financial inclusion policies were presented from the countries of the participants. The presentations showed that each participating country had already started implementing financial inclusion policies. On that basis, participants exchanged ideas on the potential for improving various policies.

“

The programme allowed me to reflect on our proposal for appropriate follow-up of savings groups in Madagascar to promote the empowerment of vulnerable women in rural communities and remote areas through their access to basic financial services (savings and credit) and non-financial services (financial education and training). Our proposed policy also encourages savings groups to establish contacts with formal financial institutions in Madagascar.”

HERY RAKOTOARIMANANA, HEAD OF THE FINANCIAL INSTITUTIONS DEPARTMENT IN THE MINISTRY OF FINANCE OF MADAGASCAR AND 2019 SCHOLARSHIP HOLDER



Applying a Gender Lens to Climate Risk Finance and Insurance

This report explores the link between gender and Disaster Risk Financing and Insurance – with special focus on CRI – and potential challenges and opportunities for women. It provides a stocktake of existing CRI schemes that incorporate gender, and sets out recommendations on how to further mainstream this topic within the Partnership.

Report published in November 2018

https://www.insuresilience.org/wp-content/uploads/2018/11/insuresilience_applygender_181128_web.pdf

Listening to the Voices of the Most Vulnerable: Civil Society plays an Important Role

BY BETH DEHAMEL (MERCY CORPS) AND VITUMBIKO CHINOKO (CARE INTERNATIONAL)

Addressing the impact of climate change requires a comprehensive risk management approach starting from the perspectives and needs of the world's poorest and most vulnerable people. Social protection mechanisms, insurance and other financial tools can play an important role in this kind of comprehensive approach if they are well designed, but there is no silver bullet. Nevertheless, civil society can play an important role in ensuring approaches are effective and pro-poor.

Civil society occupies a crucial position in our efforts to close the protection gap of people who are underinsured or have no insurance cover at all. We can bring the voices and experiences of the world's most vulnerable people to the insurance industry and ensure that the sector responds to their needs. We engage governments to create an enabling environment in which insurance companies can respond to the needs of vulnerable communities.

Insurers and governments need to take a people-centred approach in order to develop appropriate insurance products. CSOs can help the insurance industry address three critical steps:

1. Understanding and designing for the needs of poor and vulnerable populations, ensuring their contributions are heard and action is taken

Overall, we have found that more time and capacity is needed at the design stage of financial products and services. If time is invested up front by working through CSOs to fully understand the complex, conflicting and sometimes hidden needs of vulnerable populations, this represents a sound investment when designing new insurance products. CSOs can play a critical role in paving the way for new services to adequately meet users' needs, increase the chance of adoption and achieve scale. This should be accompanied by a sustained effort to align our interventions and make them complimentary to the plans of national governments.

2. Identifying suitable distribution channels for delivery of products at scale

As is often the case when developing financial services in

fragile and developing countries, the distribution channel is the innovation rather than the product itself. CSOs can draw on a vast pool of experience in working with the world's poorest people to help identify and progress commonly used distribution channels that have proved to be effective.

3. Ensuring end users are empowered and can understand and engage with insurance products

Sensitization, awareness and financial literacy must be part of any package in order to achieve scale. Improving literacy on financial products related to credit or savings has long been a feature for CSOs in poor and rural communities, but insurance can be even more complex for people to understand and put their trust in. Civil society has in-depth experience in everything from basic training modules with end users, to sensitizing and convening government departments, and engaging stakeholders in 'market systems' approaches. It is paramount that when suitable products are developed and ready for distribution, vulnerable populations know why, when, and how to use them.

4. Understanding the gender dimension of impacts entailed by climate change

Women, girls and children are most affected by impacts related to climate change. The importance of understanding the gender elements of climate risk insurance is important in order to comprehend the product design and the needs of disaggregated groups within communities. As CSOs we will share lessons learned and experiences gained from working on the ground and this information can be used to achieve tailor-made interventions so as to deliver impact for women

Engaging with the InsuResilience Global Partnership has been a helpful vehicle for bringing community voices and experiences to the global conversation on CDRI. Considering the great needs and the growing threat posed by the climate emergency, it is necessary to do a great deal more. We look forward to ever closer collaboration as we seek to help the poorest prepare for and protect against these growing risks.

Protecting the Poorest: International Financial Institutions need to do More

BY DANIEL CLARKE AND STEFAN DERCON (CENTRE FOR DISASTER PROTECTION)

Wars, bad weather and unstable geology threaten to return millions of people to poverty and remain a major obstacle to others making their first escape. We have witnessed the terrible human and economic costs of crises from flood-swept Mozambique through drought-stricken Somalia to war-ravaged Yemen. The poorest people in the poorest countries bear the brunt of such disasters. They are six times more likely than people in rich nations to be injured, lose their home, be displaced or require emergency assistance. Climate change threatens to make things worse, pushing a further 100 million people into extreme poverty by 2030.

As the world's financial leaders gathered in Washington in October 2019 to welcome the new President of the World Bank and to discuss future policies of the major international financial institutions, they were rightly asking how their collective financial and technical assets can be used to better protect the poorest from crisis risk.

They should do three things.

First, stop treating crises as surprises – start to plan for them.

We may be shocked by crises, but we are rarely surprised. Meteorologists and climate specialists can tell us with increasingly gloomy precision about the likelihood of extreme weather events. Although seismologists still struggle to predict the timing of earthquakes, school textbooks map the geography of fault lines. The outbreak of wars is less predictable, but it is well known that once wars start they go on for a long time, forcing many to become refugees and leaving many others at heightened risk of hunger, injury and death.

The majority of crises are, then, known unknowns. We might not know exactly when or where they will occur, but we have a good idea that something will happen. And if we know that much, it is possible to plan better ways to prevent and prepare for crises. And planning of this nature can make all the difference.

Rather than waiting for something terrible to happen and then quickly scramble to raise money and design a response, there are an increasing number of examples of responsible investment in preparedness. These deliver better results for the poorest and give better value for investors. For example, households in drought-prone areas of Kenya automatically receive a lump sum cash payment when rainfall dips below pre-agreed levels. This enables affected populations to make better decisions because the people know what they will receive and when.

The problem is that the right incentives are not in place for governments to invest in this kind of preparedness as a matter of routine. Why allocate your own budget to invest in preparedness, if this reduces the amount of 'free' money you are eligible for in the aftermath of crises? The World Bank could help by providing funding for preparedness on terms that are at least as good – preferably better – than it currently offers through 'emergency' financing instruments, such as the Crisis Response Window.

Second, invest more in instruments that are designed to anticipate and proactively manage risk.

The Pandemic Emergency Facility is a good example of an anticipatory financing instrument. Using a combination of insurance and cash, it provides predictable finance to respond quickly to major disease outbreaks. It was triggered recently in the Democratic Republic of Congo, providing rapid finance to drive the response to the Ebola outbreak. Lessons from that initiative are being applied to design the new Famine Action Mechanism, which promises to radically improve international efforts to address extreme food insecurity.



**Finally, check that we have
the right institutions for the job.**

A mature financial system includes both banks and insurers. Yet when it comes to the international financial institutions set up to combat poverty and boost economic growth, almost all are banks. This represents a missed opportunity. Buying an insurance product does more than provide financial protection – it brings in the insurer as a partner in your risk management. Institutions like the World Bank need to focus less on providing cheap loans after disasters, and more on providing cheap loans before the disaster to buy insurance,

and to pay for the kind of prevention and preparedness that make insurance cost-effective. The World Bank is playing an important role in fostering such institutions, for example, the Caribbean Catastrophe Risk Insurance Facility and its counterpart in the Pacific, but it should commit to do more.

Never before have the risks to development been so well understood. Never before has there been such a strong set of tools to manage those risks. This means it's time for those gathered in Washington to commit to using their collective financial muscle to better protect the poorest from those risks.

Enabling Easy Access to Information: Knowledge Hub

The InsuResilience website features various studies, factsheets, reports and policy briefs on climate-risk insurance and disaster-risk finance.

 <https://www.insurresilience.org/knowledge-hub>

Examples of our work



Ecosystem-based Adaptation and Insurance: Success, Challenges and Opportunities

This recently published report explores opportunities for greater integration of Ecosystem-based Adaptation (EbA) and insurance for risk reduction. It draws on eleven case studies and provides recommendations for the way forward.

Report published in November 2019


 <https://www.insurresilience.org/wp-content/uploads/2019/11/Ecosystem-based-Adaptation-and-Insurance.pdf>



Linking Climate-risk Insurance with Shock-responsive Social Protection


By drawing on emerging experiences, this policy brief examines the opportunities and challenges that arise from linking insurance with social protection systems to enhance the ability of households and communities to absorb climate shocks, and improve their ability to reduce and manage risk, and reduce poverty.

Policy brief published in January 2019

 https://www.insurresilience.org/wp-content/uploads/2019/03/insurresilience_policybrief_1-2019_190312_web.pdf

For publications for Program Alliance Members see:

 [Centre of Disaster Protection Publications](#)

 [InsuResilience Solutions Fund News and Events](#)

The Future of Disaster Risk Pooling for Developing Countries: Where do we go from here?

BY LEONARDO MARTINEZ-DIAZ, LAUREN SIDNER AND JACK MCCLAMROCK (WORLD RESOURCES INSTITUTE)

Vision 2025 defines one of the central objectives for the InsuResilience Global Partnership as supporting 80 vulnerable countries in implementing comprehensive disaster risk-finance strategies by 2025. Several tools are available to support these strategies, including national disaster funds, contingent credit instruments and sovereign parametric insurance. A recent study conducted by the World Resources Institute and sponsored by the Partnership looked at the three existing multi-country risk pools offering sovereign parametric insurance – CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility), the African Risk Capacity (ARC) and the Pacific Catastrophe Risk Insurance Company (PCRIC). The study analysed three issues of particular relevance to the Partnership and its contribution in shaping future disaster risk-finance arrangements: (i) to what extent are developing countries adopting integrated/layered disaster risk-finance strategies, (ii) what accounts for high/low insurance policy uptake and renewal rates by countries, and (iii) how payouts from the risk pools specifically support poor and vulnerable people.

Key Findings

1. Risk layering

The most cost-effective approach involves governments deploying disaster risk-finance instruments, including insurance, in a combination that addresses different “layers” of risk. Yet few countries appear to be following a “risk-layering” approach. Only 31% of CCRIF, ARC and PCRIC-eligible countries are deploying two or more of the three disaster risk-financing tools assessed in the study: national reserve funds, contingent credit lines and sovereign parametric insurance. All three instruments were used by only 9% of the countries (see chart). The study suggests that countries using more instruments tend to be wealthier, less indebted

and more likely to enjoy higher government capacity than their peers deploying fewer tools. They also experience more economic and human losses from disasters and traditionally they have received less humanitarian aid per capita.

2. Insurance uptake

Sovereign parametric insurance presents a unique value proposition to developing countries. It can provide rapid payouts that are crucial to disaster relief and response, as well as useful tools such as data repositories, risk models and risk profiles that can help governments manage disaster risks better. However, the risk pools have yet to realize their full potential. All three pools could work to expand the use of their data platforms and risk-modelling capabilities, and multiple factors are hindering insurance uptake in some regions. These factors include the cost of insurance, unmet payout expectations and a gap in insurance product offerings.

3. Pro-poor support

The three pools have different mandates governing their support for governments in protecting poor and vulnerable people. While ARC specifically supports poor and vulnerable people by linking insurance payouts with pre-defined contingency plans, CCRIF and PCRIC do not have explicit pro-poor mandates. WRI concludes that all three pools can increase efforts to support governments in protecting poor and vulnerable people. In the case of CCRIF and PCRIC, this could mean providing technical support to enable countries to prioritize the needs of poor and vulnerable people when deciding how to use payouts. It could also entail designing complementary microinsurance products that directly target poor and vulnerable people.

Recommendations

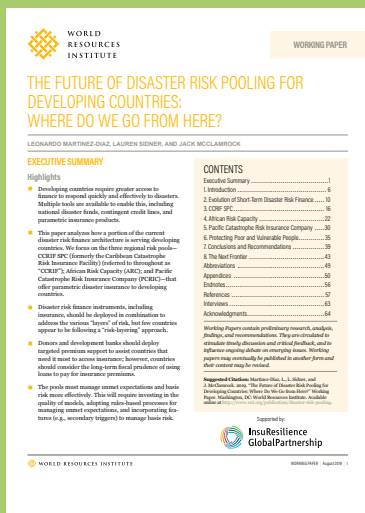
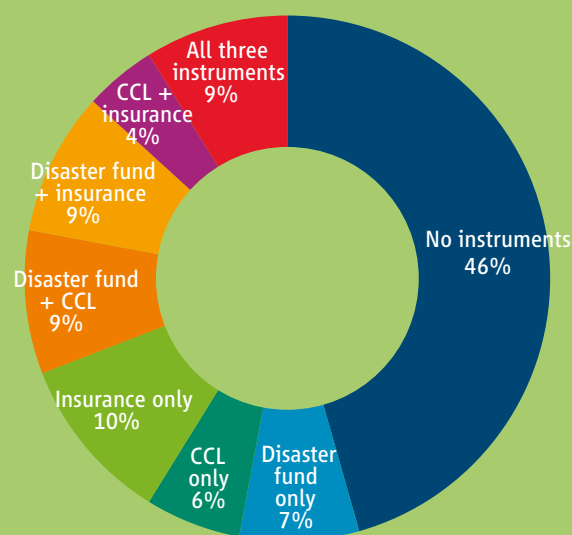
WRI makes a number of recommendations. It recommends that donors deploy targeted premium support to assist countries that need it the most. Countries should consider the long-term fiscal prudence of using loans to pay for insurance premiums. WRI also calls on the pools to deploy effective measures to manage unmet payout expectations including investments to improve model quality, education on the role of sovereign parametric insurance and rules-based and transparent processes to deal with disasters that do not trigger payouts. The pools should do more to enable countries to provide better protection for poor and vulnerable people. This support could include working with governments to develop effective contingency plans where they do not already exist, exploring partnerships with civil society organizations, linking payouts to scalable social protection programmes and lending their support to microinsurance programmes.

Lastly, WRI suggests that strengthening the risk pools and promoting risk-layered approaches will require new sources of sustained, long-term, concessional finance that go beyond the donor support provided to date. The study therefore suggests three options:

1. Expanding the role of the World Bank's International Development Association (IDA)
2. Leveraging regional multilateral development banks (MDBs) and
3. Creating a new Risk Solutions Incentive Fund, which would promote collaboration among all the disaster risk-finance providers to develop packages of customized, risk-layered solutions for countries. Applications could then be made by the countries to the fund for concessional finance to implement the package.

The researchers conclude with a clear message to the Partnership. The large and diverse membership base of the Partnership presents a good platform for dialogue and improved coordination. A top priority is using it to collect and share lessons learned emerging from ISF, GRiF, ADRIFi and other relevant funds to inform the policy debate.

Use of Disaster Risk-Finance Tools among
CCRIF-, ARC-, and PCRIC-Eligible Countries, 2019
(Number of Countries as a Percentage of Total)



Working Paper

World Resources Institute (WRI)

THE FUTURE OF DISASTER RISK POOLING FOR DEVELOPING COUNTRIES: WHERE DO WE GO FROM HERE?

Collaborative Networks

Foster collaborations to drive the development of CDRFI solutions through well-established networking and management of information.

The Partnership's role as a convening platform, bringing together around 200 stakeholders for its annual Partnership Forum and fostering close collaboration with the V20 countries.

Fostering Continuous Exchange: InsuResilience Global Partnership Forum 2018

The Global Partnership Forum is the largest in-person gathering of members across the globe. The full-day event brings together all members and partners of the InsuResilience Global Partnership – from governments to representatives of international organizations, civil society, the private sector and academia. It serves as a platform to exchange experience and knowledge, enable networking and innovative collaboration, and raise awareness about risk finance and insurance by engaging all stakeholders in an inclusive way. The first Partnership Forum took place in November 2017 during COP23 in Bonn.

In December 2018, the second Partnership Forum was held in Katowice, Poland on the margins of COP24. About 200 representatives from G20, V20 and other countries, international organizations, civil society, the private sector and academia came together to exchange views and experience on CDRFI.

The 2018 Partnership Forum was action oriented and primarily engaged with implementation, building on experience from 25 programmes that are active across 76 countries. The day was full of exciting discussions and constructive exchanges that identified the need for a strengthened alliance across different activities and programmes. There was a potential gain for the programmes arising from increased outreach offered by the Partnership to link to other stakeholders such as the private sector. Discussions on the role of socio-economic barriers and the existence of widespread technical challenges also took centre stage, while the delegates



sought solutions to embed disaster risk finance in national strategies.

The forum presented various ways of sharing experiences, such as plenaries, interviews and breakout sessions. All the sessions promoted inclusivity by having national representatives and their partners share experiences in implementing holistic climate risk management strategies. The breakout sessions highlighted success stories of ongoing national processes in Sri Lanka, Zambia, Pakistan, Colombia and West Africa, ways to improve coordination, reduction of overlaps and plugging gaps in climate risk finance. At the end of a fruitful day, the message was clear: strengthened collaboration will eradicate obstacles and explore synergies.

“

ICMIF believes that mutual microinsurance leverages the strengths of vulnerable communities to make their lives more resilient, before and after disasters. This is achieved most effectively via an interconnected ecosystem, with an ethos of community cooperation. Our partnership with InsuResilience aligns perfectly with this mission.”

LIZ GREEN, SENIOR VICE-PRESIDENT

INTERNATIONAL COOPERATIVE AND MUTUAL INSURANCE FEDERATION (ICMIF) – NEW MEMBER SINCE 2019

Increasing MSME Resilience: The V20-led Sustainable Insurance Facility

BY SARA JANE AHMED (V20 FINANCE ADVISOR) AND VIKTORIA SEIFERT (MCII)

The Sustainable Insurance Facility (SIF) is an outcome of V20 regional efforts at the Asian Development Bank (ADB) in 2016. These were directed towards establishing systematic, climate-smart insurance for micro, small and medium enterprises (MSMEs) in V20 member economies. The SIF aims to enhance socio-economic resilience through strong and consistent employment opportunities, and to promote social protection for vulnerable people and strengthen national productivity by facilitating better credit access and investment security.

MSMEs deliver significant contributions to GDP, employment and exports. They therefore enable fiscal health, financial stability, and socio-economic development. In vulnerable countries, MSMEs employ up to 78% of the population and contribute 29% of GDP. Yet at the same time, MSMEs are also highly vulnerable to the intensifying risks of climate change that are likely to result in substantial losses with negative effects on people's livelihoods, communities and the wider economy.

Climate-smart insurance solutions provide protection from climate risks and are able to de-risk low carbon investments. In this context, the V20 has advanced the SIF in order to develop sustainable solutions in two ways:

1. **Product design:** By aiming for the development of tailored, needs-responsive insurance coverage, the Facility drives pro-active risk management and risk reduction as part of the risk transfer transaction, aligned with broader country-led CDRFI efforts and frameworks;
2. **Implementation:** By building capacities at both ends – the insured and the insurer – the facility promotes stronger engagement with the local insurance industry and the international reinsurance industry.

The V20 joined forces with technical partners¹ to support the operationalization of these objectives by developing the Draft SIF Operationalization Framework over the course of 2019. This framework sets out the key activity areas ("Programmatic Focus Areas") for enabling an increase in the availability of sustainable climate-smart insurance solutions. They include capacity-building for MSMEs, policymakers and regulators, market structures, national insurers and the design of tailor-made solutions to fit the economic cycles of MSMEs. The framework also illustrates how different parts of the disaster risk-finance architecture comprised of four key implementing vehicles (Asia-Pacific Climate Finance Fund, the Asian Development Bank (ADB); InsuResilience Solutions Fund, the German Development Bank (KfW) and the Frankfurt School of Finance & Management; InsuResilience Investment Fund, KfW and BlueOrchard; and the Natural Disaster Fund, Global Parametrics) can work together to increase impact for MSME resilience in V20 countries.

Over the course of 2019 and 2020, the V20 will further advance coordination through the identified implementing vehicles to secure their potential engagement and to drive forward the development of three SIF landmark initiatives for the Asia-Pacific region. Going forward, SIF activities are planned to continue in Africa, the Caribbean and Latin America.

¹ Munich Climate Insurance Initiative (MCII) and UN Environment Principles for Sustainable Insurance (PSI) Initiative

Supporting Innovation in Microinsurance: International Conference on Inclusive Insurance

One of the Partnership's key themes – microinsurance – formed the focus of an international conference in November 2019. The event brought together a varied group of stakeholders from insurance and reinsurance companies, distribution channels, investment funds, international organizations, NGOs, development-aid agencies, academia, policymaking, and supervisory and regulatory bodies in more than 50 countries.

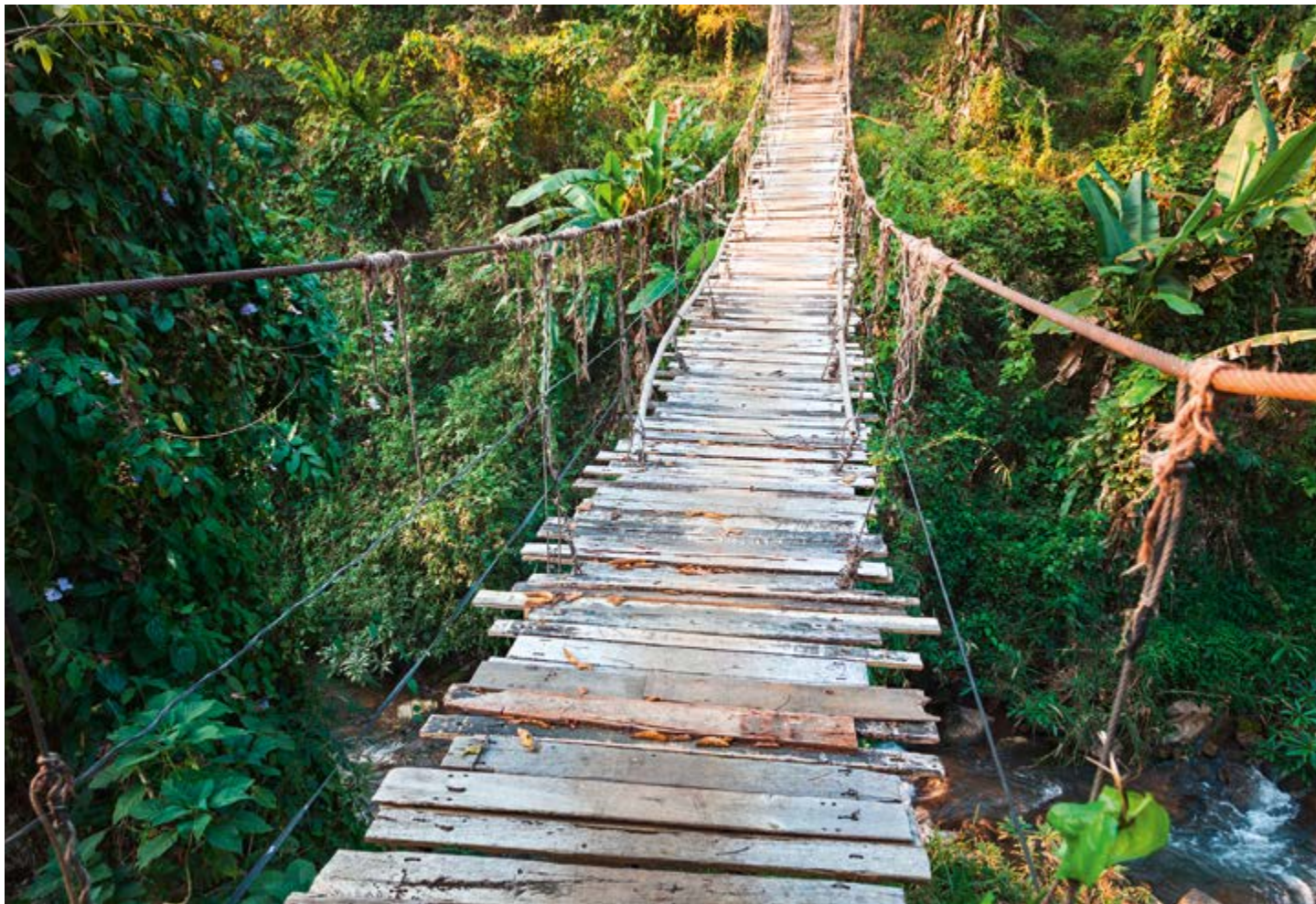
The 15th International Conference on Inclusive Insurance organized by the Munich Re Foundation, the Microinsurance Network and the Bangladesh Insurance Association took place in Dhaka, Bangladesh, early in November 2019. The theme of this year's conference "Inclusive Insurance for Emerging Markets: Coping with Climate Risks" was perfectly aligned with the work of the Partnership. The organizers therefore invited the Partnership to co-brand and shape the conference.

The guiding framework for the conference's sessions was provided by the **Landscape Study on Climate Risk Insurance (CRI) in Asia and the Pacific** commissioned by the InsuResilience Secretariat and the GIZ project Regulatory Framework Promotion of Pro-Poor Insurance Markets in Asia. Additionally, the three-day conference saw a total of five sessions supported by the Partnership covering the following topics:

- ▶ Making insurance work for the most vulnerable;
- ▶ Scaling up Climate Risk Insurance: Gender-inclusiveness as an opportunity
- ▶ How can insurance build society's capacity to develop?
- ▶ Making innovation more sustainable
- ▶ Scaling up climate risk insurance: A pathway forward – closing session of the conference

On the margins of the conference, the InsuResilience Secretariat together with the Access to Insurance Initiative, the Microinsurance Network and the International Association of Supervisors co-hosted the 17th Consultative Forum on Climate and Disaster Risk. This forum provided a platform for dialogue between insurance supervisory authorities, insurance practitioners and policymakers on the challenges and opportunities for addressing the protection gap confronting the poor and vulnerable in the face of climate and disaster risks.

Outlook 2020: Way Forward



A renewed increase in natural disasters during 2019 has placed resilience and adaptation to climate risk high on the international agenda. Lower-impact climate crises are currently occurring at a rate of one a week according to the United Nations Office for Disaster Risk Reduction (UNDRR). These crises are equally capable of causing death, displacement and suffering. Against this backdrop, Climate and Disaster Risk Finance and Insurance (CDRFI) instruments have been recognized as a key element for a successful and comprehensive adaptation strategy and they have also been integrated in the UN Climate Action Summit.

The High-Level Consultative Group has committed the InsuResilience Global Partnership to highly ambitious targets and an extensive work plan through Vision 2025. The year 2020 was announced as the “Year of Action” by the Global Commission on Adaptation and this will be a key factor in charting the course for implementation of our new six-year work plan. We will need to succeed in achieving stronger **CONVERGENCE** of initiatives and political agendas, e.g. on climate and development, strengthen **COLLABORATION** between an ever-growing number of actors and – for greater effectiveness – encourage better **COORDINATION** of activities, first and foremost in our Program Alliance but also in the broader context.

CONVERGENCE will need to focus on the following key activities in the years to come:

- ▶ Making CDRFI and its benefits more transparent and explaining the value of it at macro-, meso- and micro-level, advocating for CDRFI throughout the entire network and particularly with the support of our High-Level Consultative Group Members.
- ▶ Aligning with the agreed target of the Global Commission on Adaptation (GCA) to reach the most vulnerable people through microinsurance and social protection systems, including learning from the GCA initiative on disaster risk finance, and to continue enhancing its mandate to increase support for adaptation in vulnerable communities.
- ▶ Defining the target levels and indicators for each of the Vision 2025's result areas, developing measurable and verifiable milestones with a view to the positive long-term impact of risk finance and insurance on resilience and providing lessons learned. Additionally, improving our Monitoring, Evaluation and Learning framework, and implementing it across the Partnership, including the collection of gender-disaggregated data.
- ▶ Setting standards for CDRFI in budgetary planning, encouraging and supporting the implementation of CDRFI into national macro-fiscal frameworks.

COLLABORATION will involve the following major tasks:

- ▶ Establishing a thriving dialogue and collaboration between V20 and G20 countries on financial and fiscal resilience and supporting activities such as the newly developed Sustainable Insurance Facility of the V20 Group.
- ▶ Connecting partners for urgently required capacity building and technical training for public, private and other stakeholders as a key to developing new products and ultimately sustainable insurance markets with significant involvement of the local insurance industry and other local actors.

COORDINATION will be essential for comprehensive climate and disaster risk strategies including risk finance and insurance, and will involve the following major action points:

- ▶ Continuing systematically to integrate the gender dimension into Climate and Disaster Risk Finance and Insurance with an opportunity to grow the global women's insurance market to three times its current size, according to the International Finance Corporation, amounting to a maximum of USD 1.7 trillion by 2030. An inclusive approach could also specifically target children and other groups facing specific vulnerabilities to climate and disaster risks.
- ▶ Dealing with emerging issues such as risk finance and insurance for resilient infrastructure or resilience bonds, and assessing an integrated approach including nature-based resilience solutions.

We encourage all members of the InsuResilience Global Partnership to assess and define how they can contribute to fulfilment of the Partnership's Vision 2025. We can only achieve our common goals if we all act in concert. The InsuResilience Secretariat looks forward to working with you on these tasks and continuing to bring the Partnership's expertise to bear on providing the best possible protection for poor and vulnerable people against climate and disaster risks.

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It's time for us to recognize that climate change is not gender neutral, and to do something about it. In that sense Women's World Banking is pleased to support the InsuResilience Global Partnership. We look forward to working together on solutions to build greater economic security for those affected by natural disasters and ensuring that the solutions are designed for the specific needs of women.”

WOMEN'S WORLD BANKING, PARTNERSHIP MEMBER SINCE 2018

Get in Touch with the Secretariat

Email us: secretariat@insuresilience.org

Sign up for our **newsletter**: <https://www.insuresilience.org/newsletter/>

Follow us on **Twitter**: <https://twitter.com/InsuResilience>

You can find **more information** here: www.insuresilience.org

Questions on CDRFI? – ask an expert on **RISK TALK**, a joint platform with UNFCCC

Register here: www.insuresilience.org/risk-talk/

Available in English, Spanish and French.

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List of Abbreviations and Terms

A2ii	Access to Insurance Initiative
ADB	Asian Development Bank
BMZ	German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)
CDRFI	Climate and Disaster Risk Finance and Insurance
COP	Conference of the Parties
CRI	Climate Risk Insurance
CSO	Civil Society Organization
DFID	UK Department for International Development
EbA	Ecosystem-based Adaptation
G20	Group of Twenty
GCA	Global Commission on Adaptation
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GRiF	Global Risk Financing Facility
HLCG	High-Level Consultative Group
IDA	International Development Association
IDF	Insurance Development Forum
ISF	InsuResilience Solutions Fund
KfW	The German Development Bank (Kreditanstalt für Wiederaufbau)
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MCII	Munich Climate Insurance Initiative
MDB	Multilateral Development Bank
MFI	Micro Finance Institution
MSME	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
SDGs	Sustainable Development Goals
SIF	Sustainable Insurance Facility
TNC	The Nature Conservancy
UN	United Nations
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
V20	Vulnerable 20
WRI	World Resources Institute

