

## InsuResilience Global Partnership and Risk-Informed Early Action Partnership

### Summary Report on the *web-talk*: Early Warning Systems and Risk Financing: Opportunities for Enhancing Anticipatory Action 12<sup>th</sup> October 2020

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The **InsuResilience Global Partnership** was founded in 2017 as a G20 and V20 initiative with the objective to support vulnerable countries in preparing financially against the impacts of climate shocks and disasters. The Partnership connects almost 90 members, including G20 and V20 countries, the private sector, international organisations, civil society and academia. With its **Vision 2025**, a joint workplan of all members, the Partnership strives for protecting 500 million poor and vulnerable people until 2025, with a renewed focus on integrating disaster risk financing within broader national strategy frameworks and monitoring. The Partnership's Working Group (WG) on **Integrated Approaches for Risk Reduction and Risk Transfer** supports the vision to embed climate and disaster risk finance and insurance (CDRFI) in comprehensive risk management, by developing scalable solutions that link wider climate adaptation and risk management efforts with financial resilience to contribute to long-term resilience gains of vulnerable people.


The **Risk-Informed Early Action Partnership (REAP)** was launched at the UN Climate Action Summit (UNCAS) in September 2019 and brings together an unprecedented range of stakeholders across the climate, humanitarian, and development communities with the aim to make 1 Billion People Safer from disaster by 2025. Convening partners of REAP worked together to set four ambitious targets which will drive a systemic shift towards acting earlier to reduce the impacts of disasters. The targets highlight the importance of national planning, financing and delivery mechanisms to support early action, as well as investment in warning systems that focus on reaching the most vulnerable, turning the 'last mile' into the 'first mile'.

This report summarizes the main points discussed during the web-talk 'Early Warning Systems and Risk Financing: Opportunities for Enhancing Anticipatory Action', co-hosted by the Secretariats of both Partnerships. These were the goals set for the event:

- Showcasing concrete examples of risk financing solutions that are linked to early warning systems, shifting pay-outs to an anticipatory, ex-ante stage and supporting the paradigm shift towards preventive risk management.
- Presenting options for anticipatory approaches to humanitarian funding, as well as inclusive insurance solutions linked to early warning systems.
- Gathering deeper insights from participants on the applicability of these approaches in different locations.
- Providing the platform for stakeholders to discuss potential collaboration for piloting integrated approaches.
- Based upon the best practice presented, discussing interfaces between humanitarian and risk financing systems, how they can be connected, and consequently pave the way for pilot projects.

The event was attended by approximately eighty participants coming from a broad range of stakeholder groups including governments, civil society, international organisations, academia, and industry. While 68% of participants acknowledged previous knowledge about the topic, 15% said that they were attending to learn about it.

Early warning systems can inform governments and humanitarian actors about incoming climate impacts and trigger anticipatory action, as part of broader preparedness strategies. Risk finance and insurance mechanisms provide governments and vulnerable people with pre-arranged, readily available sources of financing to support early action in the face of climate risk. Anticipatory financing, triggered by early warnings and forecasts, can be a powerful tool to both reduce overall human and economic losses, as well as to absorb residual loss. Leading experts will present anticipatory approaches to humanitarian funding, as well as inclusive insurance solutions linked to early warning systems.



The event was introduced by the Head of InsuResilience Global Partnership's Secretariat Astrid Zwick and Head of REAP Secretariat Ben Webster, after which four presentations by leading experts in the field took place:

1. **Forecast-based Financing for Anticipatory Action**, by Paris Kazis (World Food Programme), Kara Siahaan (International Federation of Red Cross) and Madhab Uprety (Red Cross Red Crescent Climate Centre)
2. **Linking forecasts and financing in the Eastern Caribbean: getting the incentives right**, by Emily Wilkinson (Overseas Development Institute)
3. **Forecast based financial solutions in action – B-ready in the Philippines**, by Toby Behrmann and Dan Bierenbaum (Global Parametrics)
4. **Digital infrastructure for inclusive insurance and Early Warning Systems in Mozambique**, by Marcelo Taube, Arsira Thumaprudti and Rom Aviv (Agritask)

After a short Q&A session, participants split in four breakout groups to discuss the following question: Based on needs and challenges identified for each presented solution, what ideas do you have to overcome these?

At the end of the event, participants came back to the plenary session and shared their main points.

#### **Breakout group 1: Forecast-based Financing for Anticipatory Action**

The group started the discussion by addressing the challenges of how to embed CDRFI into national planning agendas. The Red Cross team shared that despite their experience working in more than sixty countries in coordination with other donors and governments, more efforts are needed to stretch the impact of their work. In particular, the team identified the challenge of actively engaging ministries of finance, who should be part of the discussion also taking into account the integration of various CDRFI instruments. The team also discussed the relevance of linking the early action and the social protection agendas and the value of improving ways to communicate risk and uncertainty.

#### **Breakout group 2: Linking forecasts and financing in the Eastern Caribbean: getting the incentives right**

This session started by reiterating that whilst there are numerous preparedness plans and actions in place for disaster risk in the Caribbean region, challenges remain in terms of human resources, capacity and coordination across agencies and organizations. Open questions remain: (i) how to increase resources available to implement solutions?, (ii) how to get the incentives to improve coordination among agencies (at national level and also to build regional funds)?, (ii) is it possible to improve accuracy of predicting next/impact of future hurricanes?

#### **Breakout Room 3: Forecast based financial solutions in action – B-ready in the Philippines**

This group highlighted the importance of premium funding required at initial stages of projects, while a certain scale is achieved, and they become sustainable. Regulatory challenges related to the very innovative nature of forecast-based parametric products vary from country to country. Session participants welcomed work on increasing the awareness and understanding among beneficiaries and policy holders about anticipatory solutions. IGP and REAP were encouraged to keep supporting the community in raising awareness for the topic, supporting pilots in other geographies to expand the evidence base and promoting continued donor financing until the products can operate on their own.

#### **Breakout Room 4: Digital infrastructure for inclusive insurance and Early Warning Systems in Mozambique**

This breakout group identified the main needs and challenges to work in EWS/risk financing solutions: (i) increasing the penetration of mapping initiatives via stakeholder engagement; (ii) educating farmers and improving the technological adoption of EWS via SMS/Mobile Alerts; and (iii) public and private sector collaboration. The team also highlighted the importance of involving farmers by increasing their financial education and technology adoption.

The event was closed with reflections from Mr. Webster and Ms. Zwick. Mr Webster identified 4 takeaways: (i) investments in this field need a long-term strategic approach ensuring coordination and alignment, (ii) it is key to use COP26 as an opportunity to highlight the importance of the anticipatory action and EWS; (iii) the importance of tapping into collective intelligence when using big data; and (iv) the crucial role of language. Ms. Zwick mentioned her four takeaways: (i) doing strong advocacy via the V20 countries group to increase awareness and use of solutions - and concerning donors, to increase coordination as well as financial and technical support; (ii) leverage existing best practices and existing platforms to scale up anticipatory action (iii) keep supporting capacity building in particular at the local level and (iv) supporting the implementation of additional pilots, including related to pandemic risk.