

Insurance and comprehensive climate risk management – addressing needs of the poor & vulnerable

CVF/V20 perspectives

Bonn, 2017

Climate Risk Management

- The Climate Vulnerable Forum and its associated Vulnerable Twenty (V20) Group of the Ministers of Finance both of which are currently chaired by Ethiopia and have been active in promoting ambitious efforts to address climate change agenda since 2009.
- The Forum has 48 member countries.
- The V20 is aiming to mobilizing new and additional climate finance to meet the objectives of the vulnerable countries to build strong resilience using innovative fiscal approaches and financial tools.

Climate Risk Management

- V20 has three focus group discussions in which one of them focused on climate risk specifically.
- The V20 is aiming to mobilizing **new and additional climate finance** to meet the objectives of the vulnerable countries to build greater resilience using innovative fiscal approaches and financial tools.

Climate Risk Management

- It is witnessed over the past several decades that repeated events of disaster have **significant adverse effects on the economic, social and environmental conditions** of the V20/CVF member countries.
- These events repeatedly disrupted **the short recoveries the countries managed to achieve** in between disaster years. These impacts are also projected to accelerate in the coming decades due to climate change.

Climate Risk management

- The Government of Ethiopia has developed a **National Policy on Disaster Risk Management and a corresponding Disaster Risk Management Strategic Program and Investment Framework (DRM-SPIF)** which sets a multi-hazard, multi-sectoral and decentralized approach to disaster risk reduction.
- **The Rural Productive Safety Nets Program (RPSNP)** is Ethiopia's most progressive and pro-poor social protection program. Since disaster risk in Ethiopia is mostly related to climate factors, the RPSNP is the foundation instrument available in support of disaster risk financing.

Climate Risk Management

- Climate risk insurance instrument is considered to provide an additional layer in the effort to respond to crises, in particular in situations where the magnitude of disaster is huge.
- Though it is recognized the importance of climate risk insurance by CVF/V20 member countries, there are some constraints that hinders these vulnerable countries to implement the instrument in the ground, which are **financial constraints and technical constraints**. Thus, the Development partners support is very important in addressing these constraints .

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Thank You