

Kick-Off Event by the Vulnerable Group of Twenty Ministers of Finance:

Introducing the V20-led Sustainable Insurance Facility to enhance Climate Ambition

– The Proposed SIF Ecosystem –

Date and Time: 22 September 2019, 14:00 - 16:00 o'clock

Location: Hotel W New York - Union Square

The Sustainable Insurance Facility (SIF):

A V20-led Effort to close the climate-smart MSME Insurance Gap

The Vulnerable Twenty (V20) Group of Ministers of Finance from 48 countries works on financial responses that maintain and strengthen fiscal stability and economic resilience in the face of intensifying climate impacts. This includes addressing transition risks, enhancing efforts on climate-related financial disclosure and carbon-pricing approaches, as well as tackling climate-related increases in cost of investment capital, and building systematic, climate-smart insurance for micro, small and medium enterprises (MSMEs) in member economies and beyond.

The Sustainable Insurance Facility (SIF) is focusing on the realization of this latter objective. It is intended to address the V20 need for stronger private sector engagement and action on both ends, the demand and supply side of climate-smart insurance solutions. Climate-smart in this context refers to insurance products which enable low carbon investments as well as insurance products which provide protection from climate risks. The target group selected by the V20 – MSMEs – was identified due to the substantial contributions they make to GDP, employment, tax revenue, export, and thereby to strengthened fiscal health, financial stability, and socio-economic development. At the same time, MSMEs are highly vulnerable to climate change. In the light of intensifying climate change, the already dire implications for people's livelihoods and the wider economy are becoming increasing threats.

For this reason, the SIF intends to promote the development of sustainable solutions in two ways:

(1) Product design: By aiming for the development of tailored, needs-responsive insurance coverage, which drives pro-active risk management and risk reduction as part of the risk transfer transaction, and is aligned with broader country-led CDRFI efforts and frameworks;

(2) Implementation: By building capacities on both ends, the insured and the insurer. This also entails stronger engagement with the local insurance industry as well as the international re-insurance industry.

SIF Draft Operationalization Framework

To promote progress towards these objectives, the V20 Technical Support Team suggests to take a phased approach towards operationalizing the SIF as an ongoing and evolving joint work programme of key partners, most importantly regional development banks (MDBs), focused on the five SIF programmatic focus areas and with guidance of the future SIF Advisory and Technical Support Group (SATG). The SATG would oversee and streamline SIF-labelled activities and perform a matchmaking

function to bring together V20 demands and needs with support opportunities. In line with this, the SIF would work through existing technical assistance and financing structures and thereby also support the further consolidation of the evolving climate and disaster risk financing architecture in alignment with the priorities of vulnerable countries. With the proposed center of SIF implementation lying within three regional MDBs (in the form of dedicated SIF windows in existing climate finance funds), comprehensive geographic coverage of V20 Members from (1) Asia-Pacific, (2) Africa & Middle East and (3) Latin America and the Caribbean can be facilitated. The respective SIF windows are suggested to build on flexible business models, which promote coordination between key partners, including the InsuResilience Solutions Fund, the InsuResilience Investment Fund and the Natural Disaster Fund. Additionally, to achieve maximum ambition and impact, activities outside of the coordinated activities of the four aforementioned funds, carried out by e.g. other interested implementing, financing, and research partners, can and will be facilitated and streamlined by the SATG.

The SIF Ecosystem

At the event, the SIF Technical Support Team will introduce the proposed SIF Ecosystem, which was developed based on the findings of the V20 Needs and Support Assessment as well as two stakeholder roundtables with private insurers, researchers and civil society organizations and four in-country consultations. The proposed SIF Ecosystem illustrates how the group of selected key partners as well as other supporting institutions may work together on activities that fall within the framework set by the programmatic focus areas. It is based on

- The Draft Programmatic Focus Areas, which build the framework for the kind of activities that should be implemented in context of the SIF, and
- The Draft SIF Partners selected given the current actor landscape, the focus on V20 members from Asia-Pacific, and their capacity to work within the framework specified by the programmatic focus areas.

Event Objectives

The event will **introduce the SIF Draft Operationalization Framework as a proposal prepared by the SIF technical partners - MCII, the UNEP PSI Initiative - and the V20 Finance Advisor of how to address the V20 request on increasing climate-smart MSME insurance coverage.** During the subsequent panel, key SIF stakeholders will be asked to share their feedback and perspectives on the proposal regarding its relevance, focus, ambition, and feasibility. More specifically, the panel is planned to **feature technical contributions by the V20 Presidency, and representatives or associates of the suggested key implementing partners, including the Asian Development Bank (ADB), the Natural Disaster Fund (NDF), the InsuResilience Solutions Fund (ISF) and the InsuResilience Investment Fund (IIF).** The concrete objectives of the event are as follows:

1. Elevate the importance of MSMEs for climate-proof growth in vulnerable economies and the country-led demand for increasing access to climate-smart insurance for MSMEs;
2. Introduce and increase the visibility of the proposed SIF Ecosystem, including the proposed Programmatic Focus Areas and Key Partners
3. Collect feedback on the proposed SIF Ecosystem from identified key partners, including the ADB, NDF, ISF, IIF, and the private sector and discuss cooperation needs

Raising Climate Ambition since 2016

In response to the demand expressed by the V20 Working Group on Risk in 2016, the current V20/CVF Presidency – the Republic of the Marshall Islands – identified MCII and the UNEP PSI Initiative as technical partners for the SIF in December 2018. Over the course of 2019, MCII and the UNEP PSI Initiative together with the V20 Finance Advisor (“V20 Technical Support Team”) jointly took the development of the SIF forward through various consultations including three rounds of international stakeholder engagements in Germany, the UK, Bangladesh and the Philippines, bilateral discussions and interviews with key partners and the preparation of a high-level background assessment. The related findings ultimately informed the development of the SIF Draft Operationalization Framework to be kicked-off at this event in context of the Climate Action Summit.

The Kick-Off at the Climate Action Summit

Ahead of the SIF launch at the IMF/World Bank Spring Meeting in April 2020, the kick-off of the SIF is the V20 contribution to enhancing global ambition in the context of climate-proof growth and financial inclusion for MSMEs. By delivering a demand-driven SIF Draft Operationalization Framework, the V20 offer interested partners an opportunity to deepen their commitment to climate ambition. It also represents the V20’s commitment to the InsuResilience Global Partnership to spearhead ambitious, innovative action and country ownership.

Schedule: Introducing the Proposed Concept for the V20-led Sustainable Insurance Facility

Time	Theme	Contributors
14:00 - 14:05	<i>Welcome remarks</i>	Sayed-Khaiyum, Attorney-General and Minister for Economy, Public Enterprises, Civil Service, Communications, Republic of Fiji
14:05 - 14:10	<i>Welcome remarks</i>	Soenke Kreft, Executive Director, MCII
14:10 - 14:20	<i>Keynote</i>	Ywao Elanzo Jr, Assistant Secretary, Ministry of Finance, Republic of the Marshall Islands, V20 Presidency

14:20 - 14:30	<p><i>Keynote</i></p>	<p>Martin Schuldes, Head of Climate Initiatives Division, Federal Ministry for Economic Cooperation and Development, Federal Republic of Germany</p>
14:30 - 14:45	<p><i>The Proposed SIF Draft Operationalization Framework</i></p> <ul style="list-style-type: none"> • <i>V20 Needs and Support Assessment</i> • <i>SIF Ecosystem: Programmatic Focus Areas and Key Partners</i> • <i>Engagement and Action</i> 	<p>Sara Jane Ahmed, Finance Advisor, Office of the Advisor and Representative Climate Vulnerable Forum & V20</p> <p>Viktoria Seifert, V20 Lead, MCII</p>
14:45 - 14:55	<p><i>Group Photo</i></p>	
14:55 - 15:55	<p><i>Panel Discussion: How to address V20 Needs and Support for climate-smart MSME insurance</i></p> <ul style="list-style-type: none"> • Shahidul Islam, Additional Secretary, Economic Relations Division, Ministry of Finance, Government of Bangladesh • Ywao Elanzo Jr, Assistant Secretary, Ministry of Finance Republic of the Marshall Islands • Preeti Bandhari, Director Climate Change & Disaster Risk Management Division Asian Development Bank (ADB) • Peter Hilliges, Chief Climate Expert, KfW • Jerry Skees, Chief Strategy Officer, Global Parametrics • Astrid Zwick, Head of the InsuResilience Secretariat 	<p>Moderated by Renato Redentor Constantino, Executive Director, ICSC and member of the CVF/V20 Expert Advisory Group</p>