



ANNUAL REPORT 2021



JUNE 2020 – JUNE 2021

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Dear Members, Partners, Colleagues and Friends,

Dear Members and Friends of MCII,

This is the final annual report published during my Chairmanship of MCII.

In the upcoming membership assembly a new Board will be elected. Like me, two other founding members of MCII, Joanne Linnerooth-Bayer and Christoph Bals, and the long term Board member Simone Ruiz-Ver-gote will soon leave the Board. I think this is a perfect time to have a look back on the history and achievements of MCII since its foundation.

In 2004, Christoph Bals and Thomas Loster organized a workshop with the title “Insuring the Uninsurables” at the Headquarters of Munich Re. This workshop, together with a paper by Ian Burton on “Insurance for Climate Change - Opportunities for Public-Private-Partnership Initiatives to share losses and promote adaptation,” triggered me to think of founding an association to bring these topics forward.

On April 4th 2005, I invited a group of scientists, representatives from NGOs and insurers to meet in Munich to discuss the foundation of an association to develop insurance-based solutions for people in developing countries to help them better adapt to the unavoidable effects of climate change. This meeting led to the founding of MCII. Of the 17 participants at the founding meeting, Christoph Bals, Armin Haas, Joanne Linnerooth-Bayer, Thomas Loster and I remain Board Members. Koko Warner is still an active MCII member and Ian Burton and Eugene Gurenko are honorary members.

In June 2008, MCII was officially registered at the District Court in Bonn as a Non-Profit Association. Also in 2008, MCII made the decision to locate its office at the United Nations University Institute for Environment and Human Security. Janos Bogardi (EHS Director at this time) agreed in July 2008 to host the MCII Project Office at his institute. In the meantime, it has turned out that this has been a very important and beneficial decision for MCII. Since then, the EHS Directors, Jakob Rhyner, Dirk Messner, Zita Sebesvari, and now Shen Xiaomeng have supported this agreement. Additionally, they have all committed themselves to participate in the MCII Board. I am very grateful to all of them.

Since its founding, MCII has defined three thematic fields in which it focuses its activities for climate risk insurance solutions:

- Policy, Governance and Strategies
- Analytics
- Solutions and Practice Partnerships

Currently MCII is involved in 10 projects run by a staff of 24 people.

MCII has developed into a well-known and well reputed partner in the discussions at the climate summits, and a sought after partner for consulting several international climate adaptation processes.

MCII has led some important impacts on the CRI landscape. I believe that our continued advocacy for CRI-solutions has influenced the parties in the implementation of the Cancun Loss and Damage process, Warsaw International Mechanism, and now the Santiago Network for Loss and Damage. On the pilot

product side it has brought a Livelihood Protection Policy into the insurance markets in the Caribbean.

At several G7 and G20 summits, MCII has put climate risk insurance on the agenda. At the G7 summit hosted by Germany in 2015, MCII supported the German Government to develop a climate risk insurance project for vulnerable people in countries of the global south, which was then agreed upon by the G7. The project in the meantime has developed into the InsuResilience Global Partnership.

Managing the fast growth of MCII has been a real challenge for the project office. Our Executive Director, Sönke Kreft and his team, however, have done a great job to keep MCII on its tracks while significantly expanding its project portfolio by acquiring a total of 15 new projects and adding 15 colleagues to the team in the span of around five years.

After 16 years with very little change in the composition of the Board - in the last years just the EHS Director has changed in the Board - it is time to bring new ideas into the leadership of the association and set the course for the next phase, MCII 2.0.

This is why I have decided not to run again for the next Board elections, and alongside myself, three other long standing Board Members will leave the Board. Together with the board member Zita Sebesvari, representing UNU-EHS, more than 50% of the incoming Board will consist of new members. Four of the old Board members will stay and secure that the treasure trove of experience collected in the last 16 years will be kept for the future work.

The current times represent a big challenge to the organization and the team with UNU-EHS. The COVID-19 pandemic meant shifting activities to the virtual space. We were however, still able to realize a remarkable success. This annual report speaks to the progress in our projects and in the working areas that the organization represents.

Even though MCII has been very successful in many projects, in regard to the overall mission of MCII, there is still a lot of work to do. I am convinced that MCII will have a great future with a new Board steering it along new pathways. I wish MCII all the best for this endeavor.

I thank my colleagues in the Board and the MCII staff very much for the great support they have given me as the MCII Chair and their team spirit. I am happy to stay a member of MCII and support the work of the association going forward wherever I can.



Peter Hoeppe
MCII Chairman

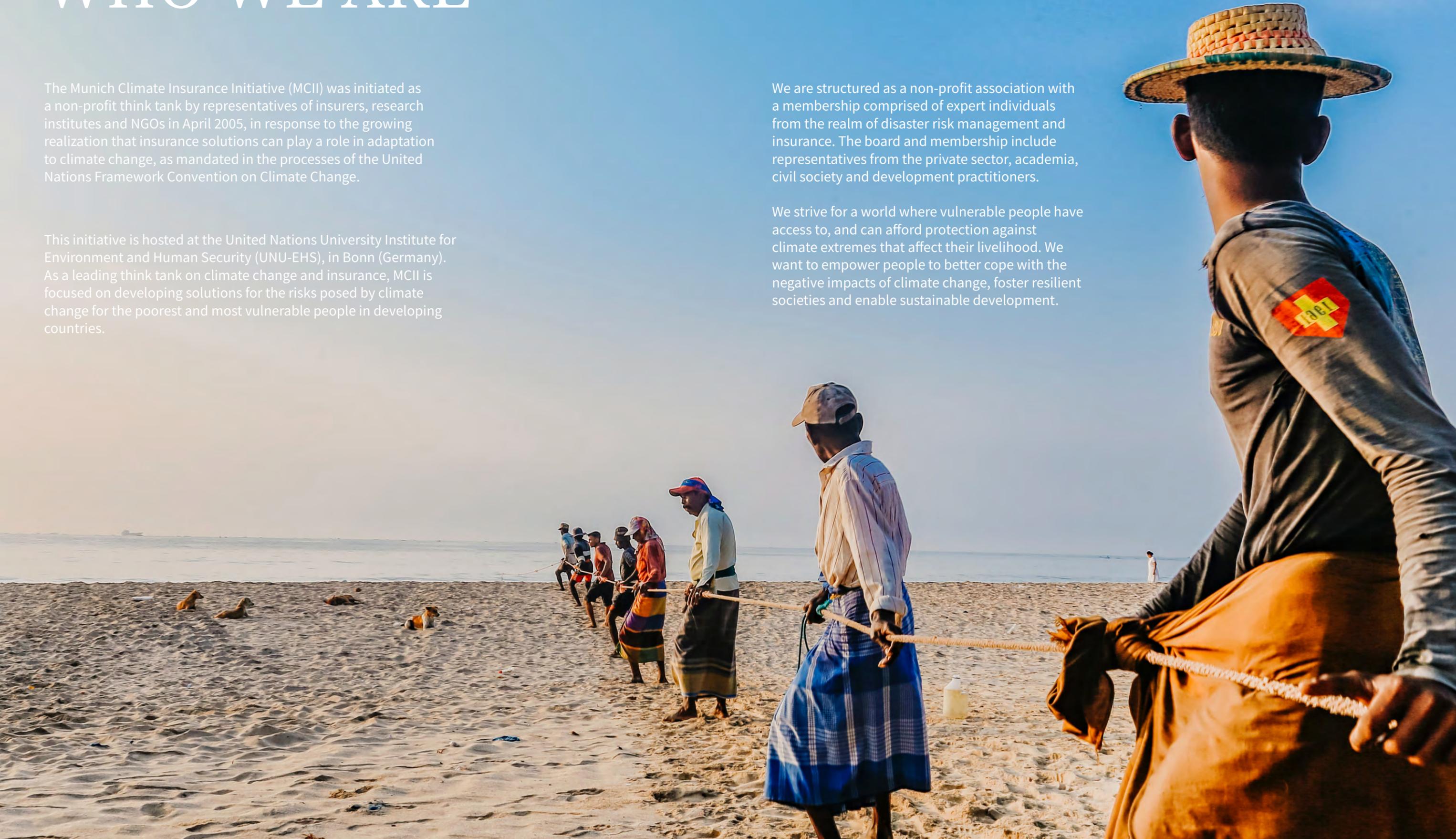
WHO WE ARE

The Munich Climate Insurance Initiative (MCII) was initiated as a non-profit think tank by representatives of insurers, research institutes and NGOs in April 2005, in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as mandated in the processes of the United Nations Framework Convention on Climate Change.

This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS), in Bonn (Germany). As a leading think tank on climate change and insurance, MCII is focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.

We are structured as a non-profit association with a membership comprised of expert individuals from the realm of disaster risk management and insurance. The board and membership include representatives from the private sector, academia, civil society and development practitioners.

We strive for a world where vulnerable people have access to, and can afford protection against climate extremes that affect their livelihood. We want to empower people to better cope with the negative impacts of climate change, foster resilient societies and enable sustainable development.



WHAT MOTIVATES US

THE RISING CHALLENGE OF CLIMATE CHANGE

Over the past years, changes in extreme weather and climate events have been observed. Trends in the frequency and intensity of many weather related extremes have increased significantly and are expected to accelerate even further. The effects of climate change are already being felt around the globe, threatening livelihoods, reinforcing poverty cycles, impairing socioeconomic development and reducing overall resilience. Climate change impacts are projected to worsen, especially if greenhouse gas emissions continue along current trajectories.

DEVELOPING COUNTRIES MOST EXPOSED

The loss burden is most severe in vulnerable developing countries, and within these countries, poor households and communities whose contributions to global emissions are negligible. In some cases, the impacts have already gone beyond the ability of communities and countries to recover and adapt, and affected people often lack the means to effectively manage the risks they are being confronted with.

CLOSING THE PROTECTION GAP

Currently, 98 per cent of the disaster load in developing countries is not covered through insurance approaches. In the face of environmental change and a growing number of weather extremes, vulnerable communities and countries need support to employ effective strategies to manage risks and unexpected shocks, and build resilience to climate impacts. Risk transfer mechanisms, such as climate risk insurance, in conjunction with other disaster risk management measures and strategies, can protect people against climate shocks by acting as a safety net and buffer shortly after an extreme weather event. Insurance approaches can also increase the disaster preparedness of individuals and therefore alleviate the stress on government response mechanisms after an event. Preventative response mechanisms, including meaningful insurance coverage, are currently neither available nor affordable for poor and vulnerable people. Thus, they need to be built based on participatory procedures and embedded into risk management approaches and relevant policy frameworks. There is a need for effective public-private-partnerships (PPPs) to actively push the limits of insurability of climate-related risks. However, insurance is not appropriate to address some slow onset and foreseeable risks, such as sea level rise. Here, alternative risk management solutions need to be brought to vulnerable communities.

FOSTERING INTERNATIONAL DIALOGUE

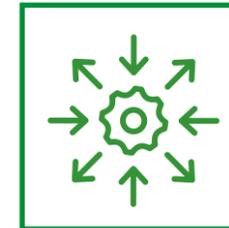
The United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, the Sendai Framework for Disaster Risk Reduction, the Addis Ababa Action Agenda on Financing for Development, the Sustainable Development Goals, and also specific processes in the G20 and V20 provide the potential for international cooperation towards a systematic global approach on climate risk insurance. To add value affected people there is a strong need to raise awareness and help develop innovative solutions to protect poor and vulnerable people from increasing climate risks.



We look to find and promote effective and fair insurance-related solutions for the risks posed by climate change by bringing together experts from research institutes, the insurance sector, civil society and climate adaptation practice.

Through our unique set-up as a non-profit think tank and incubator, we provide a forum to explore solutions in creating incentives and changing structures for risk reduction for people with no access to risk management. Presently, this particularly applies to the most vulnerable people in low-income regions. We want to add value to the most vulnerable people and communities, guided by the following principles:

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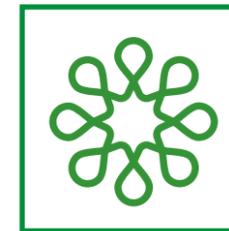
Integrated approach

Insurance-related solutions should be a part of comprehensive climate risk management strategies that place priority on preventing human and economic losses.



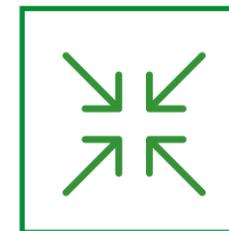
Economic efficiency

Using risk-based pricing, insurance can provide an important signal to incentivize risk reducing behavior and thus contribute to an economically efficient adaptation approach.



From solidarity to responsibility

Climate risk insurance solutions are mechanisms allowing to collectively manage losses that would overwhelm individual members of a group. Since poor and vulnerable communities have contributed little to climate change, it is incumbent on countries with high per capita emissions to take their share of the responsibility.



People-centered

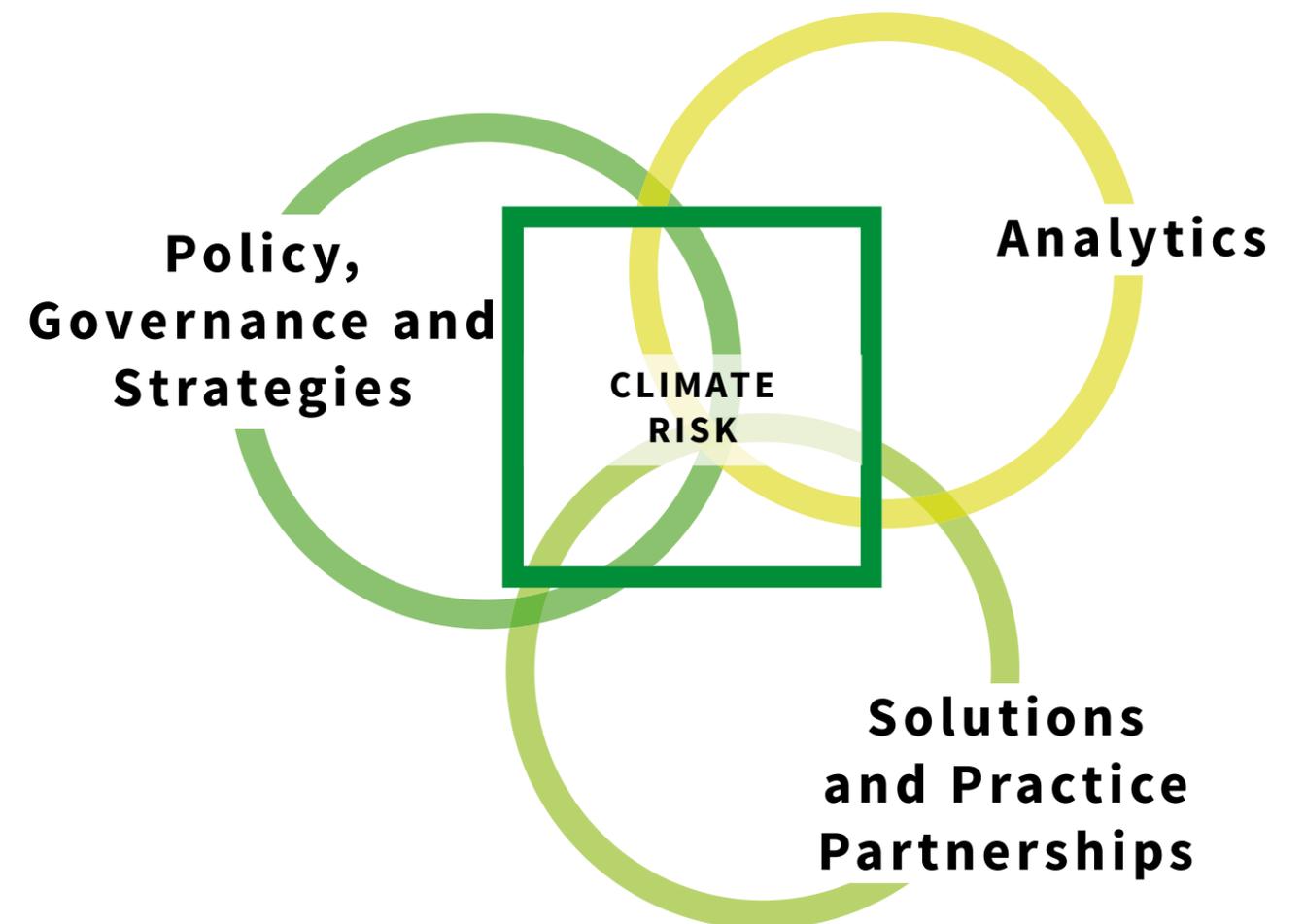
Insurance-related solutions should be grounded on a human rights-based approach that strives for an inclusive, meaningful and accountable involvement of the people they are intended to serve to effectively meet their needs and contribute to their empowerment.

The protection and insurance mechanisms we promote aim to foster a socially, ecologically and economically sustainable development process, particularly in low-income regions strongly affected by climate change.



Thematic Structure

Our purpose is the promotion of the requisite framework of public-private protection mechanisms and insurance solutions for the fast-growing number of people worldwide affected by extreme weather and other climate events, especially in developing countries. Our focus is primarily on solutions for people who currently do not have access to risk management mechanisms. Specifically, we strive to enable change by addressing the following aspects of climate risk:



Policy, Governance and Strategies



GOVERNANCE AND STRATEGIES

Goals for strategic impacts

- Enhance international cooperation, governance and system building for Climate Risk Insurance (CRI)
- Increase capacities and strengthen voices of vulnerable countries and communities in international Climate and Disaster Risk Financing and Insurance (CDRFI) Governance
- Support countries to implement inclusive CDRFI strategies and protection approaches
- Promote evidence based approaches in CRI

Contributing Projects

- ASP
- CLIMAFRI
- IGP/V20

- MAIN-Germany
- MAPs
- MuRP

Key partners, networks and stakeholders for 2020-2021

- A2R Initiative
- Caribbean Policy Development Centre (CPDC)
- CSO Networks on Climate and Disaster Risk Finance and Insurance
- Institute for Climate and Sustainable Cities (ICSC)
- InsuResilience Global Partnership
- SLYCAN Trust
- UNFCCC (Comprehensive Risk Management Group)
- V20 Group of Finance Ministers

HIGHLIGHTS AND IMPACTS FROM OUR WORK

Informing Decision-Making at the 3rd InsuResilience HLCG Meeting

Set against the backdrop of the Covid-19 pandemic and record-breaking extreme weather events, members of the governing body of the InsuResilience Global Partnership, the [High-Level Consultative Group \(HLCG\)](#) came together in their third meeting on September 15 2020, to discuss the Partnership's response to a changing risk environment. Amongst the key decision items were the members' agreement to address compound risk and explore beneficial overlaps between risk finance mechanisms and pandemic risks, and the endorsement to step up support for integrating risk financing considerations into countries' Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) under the UNFCCC.

Building on the MCII Background Note "Climate and Disaster Risk Finance in the Context of Nationally Determined Contri-

butions" published earlier in 2020 (since then updated to include new NDC submissions as of January 2021), the InsuResilience Secretariat together with key partners such as MCII and the V20 Secretariat, had prepared action areas for consideration by the HLCG, which recognize the importance of enhancing resilience action in the run-up to COP26. In this context, one of the most important milestones is the updating process of countries' NDCs, which outline how countries plan to address and respond to climate change. Integrating risk financing considerations into such planning can offer benefits beyond financial protection: through detecting and pricing risk, they can also help attach real value to resilience investments, including in climate-proof infrastructure. The HLCG therefore opted to support such endeavors and to build on collaboration with key partners, such as the NDC Partnership, the UNFCCC, and the Insurance Development Forum (IDF), to achieve this objective.

In March 2021, the InsuResilience Secretariat further published a policy note, developed together with MCII, the V20 Secretariat, UNFCCC and the NDC Partnership, which offers an in-depth explanation of relevant entry points and is used as basis to operationalize the commitments of the HLCG.

At the fourth HLCG Meeting on June 1 2021, the group, now also including high-level representatives from the finance ministries of Bangladesh and the Philippines, set the tone for a more transparent and impactful application of smart support to enhance the affordability and uptake of climate risk insurance solutions. Building on strong position-building during the V20 Senior Officials Meetings, supported by MCII, and the recent V20-IMF Ministerial Meeting in April, the V20 membership of the HLCG highlighted the relevance of the topic in strengthening countries' macro-financial positions in the face of climate change. Looking towards the next HLCG meeting at COP26, V20 members urged a strong commitment on smart support.

MCII is currently advising the V20 Group specifically on premium support in an effort to ensure needs-responsive and impactful actions through the InsuResilience Global Partnership.

The V20-led Sustainable Insurance Facility (SIF) sets to launch its Asia-Pacific Operationalization at COP26

Following the successful introduction of the V20-led SIF during the New York Climate Action Summit in 2019, MCII

together with the V20 Secretariat drove forward the development of SIF proposals for the Philippines and Fiji in 2020. These efforts were instrumental to proving the relevance of the SIF concept developed by MCII and the V20 Finance Advisor and substantiating the requests of the V20 Group based on which the SIF was developed. At the latest meeting between the V20 and the InsuResilience Program Alliance in December 2020, the V20 reported on successful proposal submission to the Asia-Pacific Climate Finance Fund and funding needs to fully operationalize the SIF. MCII, UNEP FI PSI and the V20 Secretariat have since then been working to facilitate support for both, the SIF Project Office hosted by UNEP FI PSI and the implementation of SIF projects with an annual mobilization target of USD 5 million per region. The team is organizing exchange and dialogues to garner further support amongst the broader G20+ membership of InsuResilience with a view to launching the full operationalization of SIF Asia-Pac activities at the InsuResilience Partnership Forum at COP26.

As such, the SIF can offer great contributions to strengthening the international disaster risk finance architecture by enhancing country-led and needs-responsive implementation to the benefit of the V20 economies. The latest SIF publication by MCII, UNEP FI PSI and the V20 was launched during January's Climate Adaptation Summit and can be found [here](#).

Improving CDRFI Solutions through Knowledge Expansion

Over the course of last year, we have continued our close collaboration with the Caribbean Policy Development Center (CPDC) and the Philippine Institute for Climate and Sustainable Cities (ICSC) as part of our broader, global Multi-Actor Partnership (MAP) consortium. Working to bring local perspectives into international debates, CPDC and ICSC have consolidated national discussions through roundtables and research and brought their findings to the international arena of InsuResilience. In 2021, these consolidation processes cumulated in CPDC leading one of the InsuResilience Gender Live Talks and ICSC joining the InsuResilience High-Level Consultative Group as a representative of academia under InsuResilience. As of today, CPDC's regional MAP spans more than 40 members, while ICSC is working through its national MAP to facilitate the adoption of a domestic resolution on the importance of

designing CDRFI through multi-stakeholder processes. In both partner regions, research and information sharing have furthermore proliferated, with CPDC having created an online risk resilience hub, which is regularly frequented by their MAP membership and contains multiple and interactive knowledge tools.

Both, ICSC and CPDC, are furthermore working to expand local knowledge on CDRFI through publishing several research papers, including on the role of CDRFI in the context of gender, business operations and macro-economic benefits. MCII, in addition to collaborating with our MAP partners on research, knowledge generation and knowledge sharing (e.g. through roundtables on gender, climate finance and Nationally Determined Contributions or supporting the design and review of research outputs), has also kicked off the co-creation of an online training of trainers (ToT) course on disaster risk finance. The online ToT is specifically aimed at civil society and community-based organizations in the partner countries and based on an extensive set of interviews with all MAP partners as well as a joint "curriculum-design workshop". The training will become available by the end of 2021 and is hoped to further improve the global supply of CDRFI solutions through building well informed demand.

Strengthening the Voices of Vulnerable Countries

In August of 2020, a session was held in the CLIMAFRI virtual workshop series on the potential role of risk transfer mechanisms in the Lower Mono River Basin with Togolese and Beninese stakeholders from the DRR community. Insights were gained on factors that are important to understanding the context of the research area with regards to a potential insurance scheme covering flood-related impacts. Moreover, existing practices of risk transfer were explored and discussed to see how the population at risk is already dealing with financial impacts that arise from flood events. This approach was deemed helpful to increase capacities and strengthen voices of vulnerable countries and communities. In addition, it seeks to enhance international cooperation, governance and system building for Climate Risk Insurance (CRI).

Driving the Evidence Agenda for Disaster Finance and Insurance

Since the 2015 G7 Stakeholder Conference on Climate Risk Insurance, there has been a substantial amount of innovation around disaster risk finance (DRF). This massive innovation has not always been accompanied by adequate learning and

sharing of lessons. To help strengthen the resilience of low-income and vulnerable people at a global scale, it is critical that we generate strategic analytics, promote evidence based action, and develop (and share) best practice.

In line with this, during early September 2020, MCII hosted a virtual workshop in partnership with the InsuResilience Global Partnership to jump-start the creation of a CDRFI evidence roadmap. Prior to drafting the roadmap, the community first had to take stock of the evidence landscape to create a common understanding of a) current knowledge, b) work being done and c) gaps that need to be addressed. The intention was that the participants would outline a

roadmap to serve as a basis for joint research action and advocacy. Through a process of collaboration between workshop participants and InsuResilience Global Partnership Impact Working Group members, as well as stakeholder consultation (including regional perspectives and grassroots consultation), the roadmap was finalized in early 2021 (<https://bit.ly/2SRIF1U>). The report highlights the critical role of DRF evidence to motivate participation, generate demand for DRF evidence, and advocate for donor resource commitments. The roadmap will also shape the activities of the Impact Working Group.

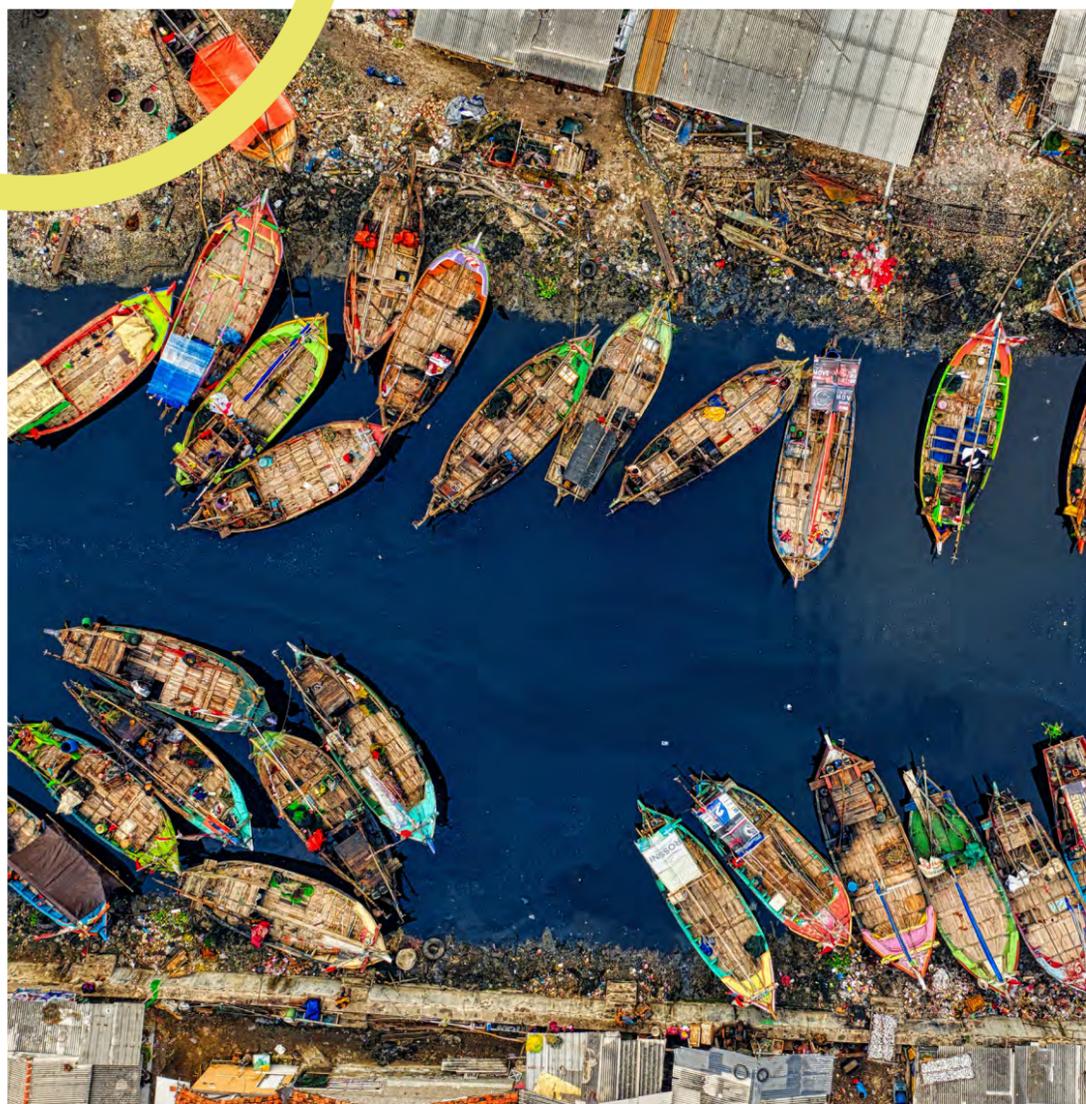


RISK ANALYTICS

Goals for strategic impacts

- Establish analytics to support decisions in adaptation and risk management
- Define the “smart” mix of climate response options, including climate risk insurance
- Further operational concepts of improved climate risk management also through academic collaborations

Analytics



Contributing Projects

- CLIMAFRI
- CRAIC
- ECA Studies
- FloodAdaptVN
- MAIN Germany
- MuRP
- PICAP

Key partners, networks and stakeholders for 2020-2021

- Center for Development Research University of Bonn (ZEF)
- ETH Zurich
- InsuResilience Solutions Fund
- Risk Modelling Steering Group /IDF
- UNFCCC Secretariat
- UNU-EHS – EVES Section
- University of South Pacific
- University of West Indies
- West African Science Service Centre on Climate Change and Adapted Land Use (WASCAL) - Togo/Benin

HIGHLIGHTS

Applying the ECA Framework in Honduras and Ethiopia

Since 2019, the Economics of Climate Adaptation (ECA) Studies project implemented by UNU-EHS has been applying and improving the ECA Framework, working with the local government of San Pedro Sula, Honduras, and the Ministry of Agriculture of Ethiopia, among others, to enhance climate risk assessments, prioritize adaptation measures and unlock international climate finance. As the two case studies differ by nature (urban vs. rural setting, flood vs. drought hazard), so do the resulting priority adaptation measures. For San Pedro Sula, the results point at improving the existent drainage system, ecologically restoring river banks and building vegetated swales along the rivers. While in Ethiopia the most cost-beneficial adaptation measures include the management of protected environmental areas, the estab-

lishment of communal seedbanks and fodder nurseries, improved fodder storage and management, and wetland restoration. Protecting in each given context not only the most vulnerable communities but also the key assets identified by various stakeholders consulted at the beginning of each study.

The lessons learned (both in terms of modelling as well as stakeholder engagement processes, especially under travel restrictions) and newly developed models feed directly into enhancing MCII's and partners capacities to include systematic climate analytics into short and long term climate risk management processes through providing an additional decision support tool to identify and weigh different adaptation measures, including climate risk insurance.

The importance of climate analytics and climate risk data for risk reduction was discussed during both the Latin America and the Caribbean- and the Asia-Pacific Climate Weeks 2021. Both sessions included academics working on climate risk modelling and regional offices of UNDRR, as well as representatives of other governments who are experiencing similar challenges addressing climate risk – thus furthering the exchange and paving the way for climate analytics to play a larger role in climate risk management.

Using CLIMADA in Honduras

The ECA Studies project supported the Municipality of San Pedro Sula in taking concrete steps towards reducing the risk of flooding and improving adaptation and preparedness, in close cooperation with the local government. A total of 14 flood adaptation measures were identified and validated by the municipality to be run in CLIMADA (climate adaptation and is a probabilistic natural catastrophe damage model), including technological and engineering solutions, ecosystem-based (nature-based) approaches, maintenance/operational measures, instruments and tools that improve baseline hydro-meteorological data, and risk transfer/insurance solutions.

In the end, the following measures were particularly recommended: improvements to the drainage system and its maintenance, reforestation along riverbeds, and the construction of vegetated swales on the most flood-prone areas of the city. Additionally, the study concluded that the municipality would benefit from further investments into climate

risk-related data, improving the weather monitoring network and early warning systems.

In other countries (Vietnam and Ethiopia), new modules for CLIMADA (the modelling platform of ECA) have developed for drought and heatwaves. These modules are operational, but no results are available for the reporting period of this report.

Assessing Climate Impacts and Developing Climate Risk Management

During May of 2021, we completed a survey of agriculture-dependent at-risk households that, among other factors, assesses household's flood impact patterns (e.g., frequency & severity), financial coping mechanisms & recovery time, as well as their perception of and experience with insurance, and their willingness to buy a potential product. The data collection was enabled through a strong collaboration with the project partners Center for Development Research University of Bonn (ZEF) and West African Science Service Centre on Climate Change and Adapted Land Use (WASCAL). The study is essential to establish analytics that support the co-development and co-implementation of adaptation strategies to flood events, in which insurance can be part of a "smart" mix of options, in close cooperation with local stakeholders.

Furthermore, the publication of the research results in peer-reviewed journals will contribute to the development of operational concepts of improved climate risk management. So far, in August 2021 a systematic literature review on trends in academic research regarding Flood Risk Management and residual risk in West Africa has been published in Regional Environmental Change ("When does risk become residual? A systematic review of research on flood risk management in West Africa" in Volume 21 Issue 3).

Developing Climate Risk Insurance as Adaptation Strategy in Germany: Qualitative Insights

As part of a research cooperation with the UmweltBundesausschuss (UBA), MCII prepared an analysis of international implementation of climate risk insurance. We have conducted 17 expert interviews to better understand perceptions, thoughts, and needs towards climate and natural catastrophe insurance mechanisms to protect from disasters. This coupled with literature reviews on CRI and NAT-Cat insurance globally, in the EU, and in Germany, fed into a high-level workshop. On the 3rd of February we had an expert work-

shop with representatives of the public and the private sector. The workshop was attended by 66 experts from the insurance industry, cities, as well as associations working in the areas of consumer protection, agriculture, forestry and critical infrastructure. Further, experts working for different research institutes joined. Together with the Umweltbundesamt and the experts, we worked and discussed on developing recommendations for actions. The focus was on: (1) increasing the hedge level towards natural hazards and climate induced disasters, (2) linking risk transfer with disaster risk reduction, and (3) linking risk transfer with risk information and understanding.

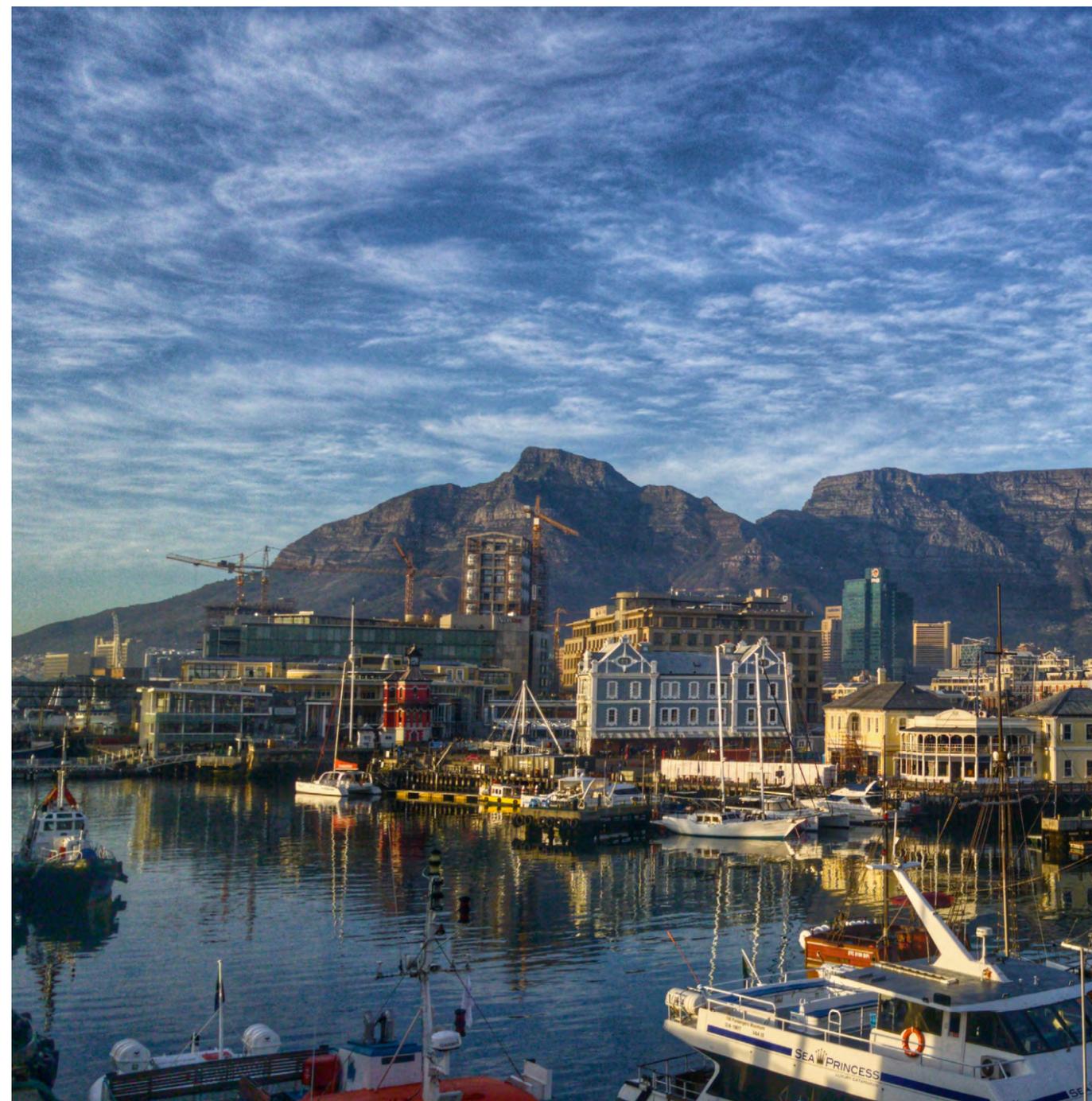
The research and workshop results will feed into a publication under the CLIMATE CHANGE series of the UBA and include a set of policy recommendations.

Managing Flood Risks in South Africa

Towards the end of the reporting period, the MuRP project published 'Managing Floods: Developing a Risk Pooling Framework.' This paper aimed to investigate the feasibility of flood risk pooling at the municipal level in the Western Cape Province of South Africa. It presented success criteria and challenges for developing a flood risk pool to manage flood risks. It demonstrated how governments can better protect 'at-risk' populations by developing and maintaining flood risk pools. To establish success criteria, existing national flood risk pools with national level insights (Belgium, France, Switzerland, United Kingdom (UK) and the United States (U.S)) were analyzed. The paper shows that risk-bearing capacities of both governments and insurers, when working to pool flood risks, must consider the following success criteria:

- Pool Design and Access Strategies;
- Complimentary Flood Risk Reduction Measures; and,
- III. Adaptive Policy Processes and Funding Arrangements

In so doing, the paper underlined that although extending flood insurance coverage to the population can be challenging, it is beneficial. If well designed, it can move beyond economic value to saving lives and promoting investment in risk reduction.





Solutions and Practice Partnerships

SOLUTIONS AND PRACTICE PARTNERSHIPS

Strategic impacts

- Facilitate Climate Risk Insurance solutions and make them (financially) sustainable
- Benchmark product characteristics to people's needs by linking evidence to implementation
- Improve regulatory enabling environments, as well as conceptualizing and supporting effective institutional partnerships on climate risk insurance.

Contributing Projects

- CRAIC
- PICAP

Key partners, networks and stakeholders for 2020-2021

- CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility)
- Guardian Group
- International Labour Organization Impact Insurance Facility
- United Nations Capital Development Fund
- United Nations Development Programme

HIGHLIGHTS

Launching the Pacific Insurance and Climate Adaptation Programme

On December 2nd, 2020 in Suva, Fiji the Leaving No One Behind in the Digital Era: Pacific Insurance and Climate Adaptation Programme was launched. It is a first of its kind initiative for the region where market-based climate risk insurance solutions will be made available to Pacific islanders in Fiji and Vanuatu first, and then progressively to other Pacific Island countries. The Programme, jointly developed and to be implemented by the United Nations Capital Development Fund (UNCDF), the United Nations University Institute for Environment and Human Security (UNU-EHS) and the United Nations Development Programme (UNDP), is financially supported by the New Zealand Aid Programme and the Australian Aid Programme.

This new initiative aims to develop affordable parametric and weather index-based climate risk insurance targeted at the agriculture, fisheries, retail and tourism sectors with specific focus on women, youth, migrants and MSME segments. The products and solutions will be piloted, tested and scaled during the inception phase of two years through an Inclusive Insurance Innovation Lab set up by the Programme. MCII is applying its lessons learned on market-based micro and meso level parametric insurance and consumer education on disaster risk management and financing to the programme. In 2021, the programme published its first publication “Economic Impacts of Natural Hazards on Vulnerable Populations in Fiji, Papua New Guinea, Samoa, Solomon Islands,

Tonga, and Vanuatu” which details the effects of natural hazards on different sectors in the Pacific Island states and informs the development of disaster risk financing instruments.

Reaching Scale and Developing Inclusive Markets

The CRAIC team hosted the session on “How to reach scale and develop inclusive insurance markets” during the virtual International Conference on Inclusive Insurance (hosted by the MunichRe Foundation) on Wednesday, November 4th, 2020. Over 150 participants attended the session. This session stimulated an important discussion on solutions for an inclusive insurance market in the Caribbean and the different roles that the government, public and private sector should play on the macro, meso and micro level. The panelists included representatives from the Government of Saint Lucia, CCRIF SPC, MCII and the Caribbean insurance market. During this event, the extended lessons learned document, titled “Climate Risk Insurance in the Caribbean: 20 lessons learned from the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) project” was launched.

Next steps for Product Relaunch in the Caribbean

During the second half of 2020, the CRAIC project conducted a stress test aiming to assess the model behind the CRAIC hazard module, which is used as an index estimator and real time trigger definition tool, describing the results and issues faced during its design, operation and upgrade. The assessment explored the model building process, the underlying methodological assumptions and the corresponding implications for its operational use to predict reliable pay-out triggers. The report covered the standard aspects and steps of hazard model building, including data sources exploration, spatio-temporal analysis and assumptions, methodologies on extreme value analysis, false triggers and the reasons behind them. The evaluation found no significant flaws in the temporal and spatial aggregation procedures driving CRAIC hazard model or in the validation methods used to verify the models. MCII, together with CCRIF SPC, is currently working to revise and improve the parametric insurance product. CRAIC currently has a Memorandum of Understanding with Guardian insurance in Trinidad and Tobago and will be working with them on the design of insurance products. Lastly, the CRAIC project has received funding from BMU in February 2021 to continue working on developing parametric insurance products for Caribbean countries.



HOSTING AND COLLABORATION



MCII and United Nations University

The United Nations University (UNU) is the academic arm of the United Nations and acts as a global think tank. The mission of the Institute for Environment and Human Security (UNU-EHS) is to carry out cutting edge research on risks and adaptation related to environmental hazards and global change. This includes areas such as environmentally induced migration and social vulnerability, ecosystem services and environmental deterioration processes and models and tools to analyze vulnerability and risks linked to natural hazards. The institute's research promotes policies and programmes to reduce these risks, while taking into account the interplay between environmental and societal factors. Research is always conducted with the underlying goal of connecting solutions to development pathways.

UNU-EHS shares MCII's goals to find possible ways to reduce risks and vulnerabilities of people particularly affected by the adverse effects of climate change. Both organizations support decision-makers with evidence based research and informed policy recommendations. Our partnership is characterized by complementing UNU-EHS' portfolio of topics through its particular focus on developing public-private protection mechanisms and insurance-related solutions for those most vulnerable to climate change.

We have been a long-time partner of UNU- EHS reaching back to 2005. Currently, Dr. Zita Sebesvari represents UNU-EHS within our board as the Deputy Director of UNU-EHS.

Our project activities at MCII are predominantly implemented through the MCII Project Office, which acts as an academic section within the UNU-EHS system. Our operational work, thus, is fully embedded within UNU-EHS. By focusing on risk transfer and financial protection approaches, our team complements other UNU-EHS sections' research objectives and programmes. Collaboration takes place through implementing joint activities and projects. ASP, CLIMAFRI and FloodadaptVN are concrete project-level cooperations. Find out more about these projects later.

Furthermore, we participate in the Joint Master Programme Geography of Environmental Risks and Human Security. The Master is an international degree programme with a research-oriented profile and it is jointly offered by the UNU-EHS and the University of Bonn.

OUTLOOK FOR CLIMATE RISK INSURANCE AND DISASTER RISK FINANCE – Five Trends and Emerging Impacts

By Viktoria Seifert, Jennifer Denno Cissé and Soenke Kreft

In this section we contextualize relevant development and trends in 2021 determining the implementation of climate risk insurance and disaster finance more broadly.

The outlooks are based on the authors' own perspectives, a survey among MCII members and an assessment of ongoing developments and leading voices in relevant fields including: Financial Centres for Sustainability (FC4S), the Geneva Association, the Insurance Development Forum and its membership, InsuResilience, the Principles for Sustainable Insurance, the V20 and the World Economic Forum. We identify five emerging trends that are likely to impact the field and our work. Each outlook begins with a catalytic event or movement that pulled the world's attention—before briefly describing the trend itself. In concluding each outlook, we describe the impact the trend is likely to have on the climate and disaster risk finance landscape, and give a short assessment of MCII entry points to addressing these trends while continuing to focus on our underlying mission.



Outlook 1

Compounding, Cascading and Escalating Risk Situation

Catalyst As the corona virus pandemic swept the globe, natural hazards—such as Cyclone Amphan in India and Bangladesh, wildfires in the Western United States, locusts in East Africa, and a catastrophic earthquake in Haiti—continued to strike. The complexity of managing multiple hazards at once placed a spotlight on issues of compound and cascading risk, including how disaster risk financing could operate when business-as-usual was no longer an option.

Trend The phenomenon of cascading and compounding risks became an area of interest following the Fukushima disaster (2011) and Hurricane Sandy (2013), complex disasters in which (in both cases natural hazards) events led to a series of dependent domino effects which created other disasters. COVID-19 has cascading risk aspects, as a health crisis in many countries led to a global economic crisis. The pandemic, however, also highlighted the issue of compounding hazards, when two or more extreme events occur simultaneously or in short sequence. The twin crises not only reduced our ability to manage natural hazards (such as Amphan) when they struck, but typical humanitarian and disaster response strategies could not be implemented without further increasing COVID risk. Similarly, natural hazards impact our ability to manage COVID effectively. During the recent flooding in Germany, vaccination centers were closed and public transportation – needed for people to access vaccination centers—was disrupted in many areas. The year 2021 is on track to hit annual records in terms of weather-related disaster costs. This is matching long-term projections, including from the recent IPCC 6th assessment report that extreme weather events are escalating in terms of intensity and frequency due to climate change.

Impact Compound risk events in 2020 and 2021 highlighted the need for improved risk planning, institutional preparedness and pre-arranged risk finance. At the same time, economic efficiencies eliminated redundancy in our supply chains, further crippling our ability to respond to the health crisis. Disaster risk management and disaster risk financing (DRF) actors are now grappling with how to adapt mechanisms to meet the complex compound and cascading risk challenges we face today. It is clear that disaster risk management and DRF plans are as important as ever, but in the short term these plans need to be updated to explicitly include cascading and compounding risks. These plans should build on lessons from previous cascading and compound risk events, such as those mentioned above, to ensure best practice is implemented in crisis situations.



MCII Entry Points

- Build up communications on the importance of compound risk, and facilitate the development of modelling tools for both cascading and compound risk targeted at specific actors and comprised of innovative financial options
- Explore and expand digital access to DRF to facilitate purchase and payouts with decreased touchpoints, while increasing their ability to do business in complex risk environments
- Further work on solutions for reaching individuals without access to mobile money and communication technology to ensure these people

Outlook 2

Increasing Public-Private Collaboration in Response to Limited Fiscal Space

Catalyst The corona pandemic saw governments across the globe step in and bail out citizens and businesses, with fiscal stimulus measures being accompanied by calls to build back better and transform towards more sustainable and just societies. Yet, with public debt advanced, as well as emerging and developing economies at record highs, concerns about the public sector's future ability to absorb increasingly systemic shocks, and the limited scale of resources available for resilience and development are growing.

Trend Calls for public-private partnerships and structural reforms to incentivize long-term resilience investments are rising. This is motivated by the need of governments to keep debt servicing costs to a minimum, including through low interest rates and gradually rising inflation, while having to address sustainable infrastructure gaps. In the context of these developments, several stakeholders place the insurance industry as one of the key partners of governments, business and civil society. Most notably, the envisioned role of the insurance industry not only relates to transferring, but also actively managing and mitigating risk through both planning and investment capacity.

On the underwriting side, the call by Chinese regulators for its (re)insurance industry to expand the range of disaster risk insurance offerings is only the most recent example of the growing expectations towards insurers. As climate change further intensifies debt sustainability challenges, international supervisory authorities such as the International Monetary Fund (IMF) have announced plans to include climate change considerations into their surveillance, adding more momentum around the role of ex-ante financing so as to support resilient debt management practices. Lastly, international initiatives such as the Vulnerable 20 (V20) Group of Ministers of Finance of the Climate Vulnerable Forum (CVF) and G20+ led InsuResilience Global Partnership are currently working towards norms for international premium and capital support (PCS) for insurance schemes. This approach would increase insurance affordability and sustainability, including market-based solutions. This approach would also set timelines and limits on the provision of PCS including putting the focus on private, or at least public-private mechanisms.

Impact Over the short to medium term, insurers in collaboration with policymakers, regulators and businesses may take on an increasingly proactive role in risk management specifically aimed at cost-sharing in the context of risk transfer mechanisms for critical infrastructure and social protection at the sub-national and national levels. However, with a view of low and lower middle income economies, this prospect remains less clear and depends at least in part on a strong commitment to PCS, IMF support for debt sustainability, and vulnerable countries' capacities and commitment to implement soft and hard engineering, as well as much needed regulations. Furthermore, when looking at increasing capital allocation to social and climate resilience, domestically as well as abroad, the involvement of insurers in their role as asset managers is still in its early stages. This is due to solvency constraints in general. Additionally, perceived uncertainties in developing and emerging



markets in particular are still preventing large scale investments. Yet, as governments urgently need to offload some of the much needed investments to the private sector, further structural reforms and de-risking facilities may continue emerging in the medium term.

MCII Entry Points

- Contextualize DRF instruments in the broader setting of tightening public budgets, and continue collaboration with vulnerable countries to highlight and remediate public debt sustainability challenges
- Further the dialogue on the insurance industries' active engagement in climate resilience investments and ensure that responsibilities at the policy and implementation levels will be shared in a fair manner without leaving behind the most vulnerable members of society

Outlook 3

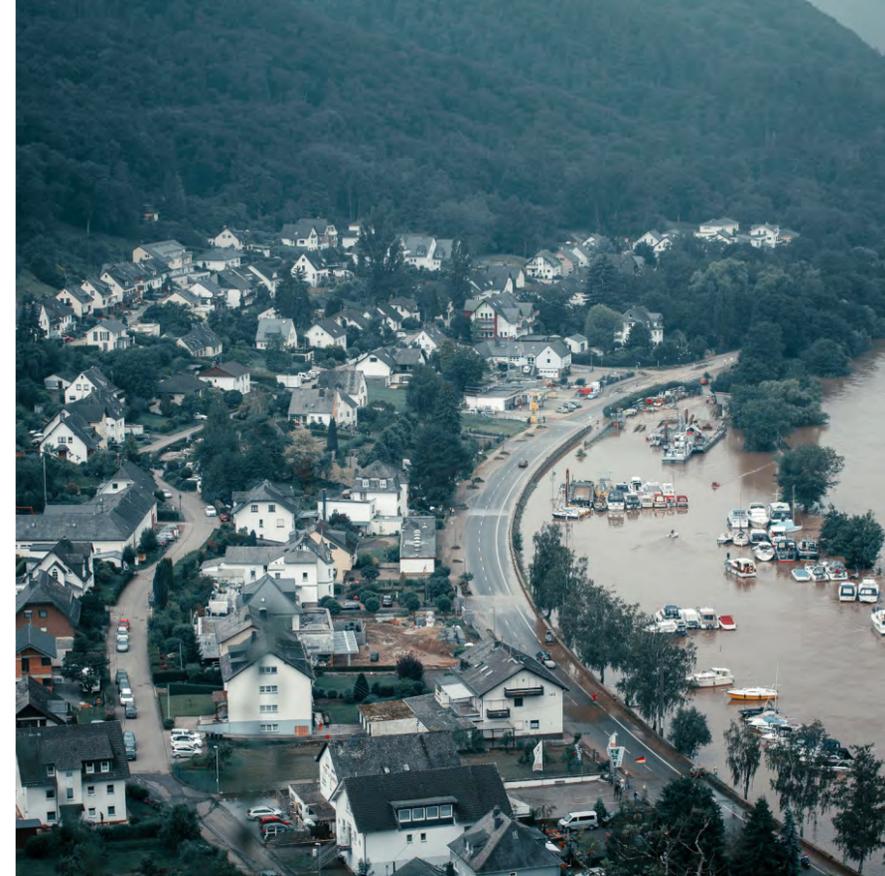
Advancing Insurance Business Models and Climate-Risk Informed Financial Services

Catalyst The COVID-19 pandemic has instigated an unprecedented recognition of the risks associated with increased global interconnectedness. Set against the backdrop of heightened awareness for the climate crisis, including through intensifying natural hazards also in the Global North and gradual shifts in consumer behavior towards more sustainability, the pandemic led consumers, businesses, investors, insurers and governments to place greater value on resilience. Pandemic responses have moreover ushered in a new wave of digitization with substantial advances in insurance product distribution. Lastly, it has also caused a surge in legal disputes around unsettled insurance claims in the context of business interruption policies.

Trend The insurance industry is altering their product characteristics, service design and product distribution strategies to better respond to evolving customer expectations and seize new business opportunities. Product offerings are expanding, for one, towards more comprehensive insurance products, while insurance contracts can be expected to build on more simplified and clearer wording. Secondly, financial service providers are increasing their offerings of newer risk transfer tools, specifically insurance-linked securities such as CAT bonds, resilience bonds or loss warranties. In terms of service and distribution, we may see an increasing provision of risk reduction advisory services linked to innovative payment modalities, and intensified use of more direct and digital distribution channels with non-traditional insurance actors such as fintechs, insurtechs and non-insurance platforms further entering the market.

While insurability concerns are also on the rise in 2021, together with ongoing hard market conditions for insurance capacities, overall, these developments would give one hope that insurers, rather than exiting risky markets, prefer to steer and adapt to market change by safeguarding insurability through product and service innovation, as well as through better disclosure and risk management. In 2020 insurers participated in the first voluntary Task force for climate related financial disclosures (TCFD) reporting under the UN's Principles for Responsible Investment, and in 2021, the number of insurers supporting the TCFD reporting standards has increased from eight in 2017, to over 75, with the majority from European and Asian-based companies. There is increasing recognition of the undervaluation of climate risk in insurers' operations, and more incorporation of climate scenario analysis into their investment risk management practices.

Impact Over the medium term, we may witness traditional insurance business models gradually shifting away from purely transactional risk transfers to upscaling risk reduction incentives and closer partnerships with end consumers. Such strengthe-



ned and deepened engagement could ultimately lead to better micro, meso and macro solutions and help to build disaster risk markets. Generally, as new market players, specifically non-traditional insurers such as hedge funds, insurtechs and fintechs, enter risk transfer markets, increased competition may lead to better product quality and value propositions for vulnerable countries. Moreover, as insurers may be looking for new techniques to manage their portfolios, they may also find increasing uptake and be better adapted to vulnerable country contexts, thereby strengthening resilience. On the asset management side, the TCFD framework, now also endorsed by the G7, can be expected to emerge as the gold standard and continue to inform new regulations, potentially also allowing for better identification of risk and resilience opportunities in climate vulnerable countries. In this regard, the outcomes of the finance track of COP26 can be expected to add further momentum and materialize more concretely over the medium term. Lastly, the materialization of climate litigation — as well as impacts that arise when these liability risks flow through the financial system to actors such as banks and insurers—might act as a driver both for decarbonizing industries, as well as for overcoming barriers to adaptation including adaptation finance.

MCII Entry Points

- Shape conversations around more progressive insurance business models, and continue pushing insurers towards product solutions that find innovative ways to link risk reduction and insurance
- With view of litigation risk, ensure insurers' responses are channeled towards sustainable market change and innovative solutions for affected communities.
- As digitization heralds in new product, service and market designs, expand expertise towards better abilities to carefully assess and advise on the social implications and overall feasibility of the various new technology types.

Outlook 4

Rising Availability and Access to Data and Modelling

Catalyst In December 2020, the Insurance Development Forum (IDF) published a call to action for public and private collaboration on risk analytics for development impact. MCII contributed to this report, which highlights how risk analytics matter in the achievement of the UN Sustainable Development Goals and how barriers to their use can be overcome.

Trend The availability of, and access to a wide range of data is increasing rapidly. While some data sources are proprietary (and expensive), as governments and humanitarian actors become more aware of the value of this data, they are increasingly putting pressure on data providers to make data and models publicly available. Big data is expensive to process and takes a lot of time and computing resources. There are additional challenges associated with ever-growing sources of data in terms of their real quality and relevance. At the same time, risk planners are looking to increase the impact and relevance of their models by bringing in more non-economic data, including information on wellbeing and gender.

Impact Higher resolution, more timely remote-sensed data and increasing availability of vulnerability and wellbeing data will bring down basis risk, improving the quality of parametric insurance and forecast-based finance. Disaster risk planners can also use this data to better estimate the tradeoffs and select between disaster response and, for example, climate adaptation investments. Open data and data democratization will allow risk-informed decisions to be made locally by individuals who understand the local context. The recently announced partnership between the IDF and the V20 is an important step in this direction. As more public data and open-source risk models become available over the short to medium term, the DRF community will need to commit to strengthening the capacity of local actors in order to understand and use these data, platforms and algorithms now. At the same time, as the volume of public data and open-source models increases, the risk analytics community—supported by the DRF community—will need to organize in order to solve the collective action problems associated with the maintenance and quality control of these resources.

MCII Entry Points

- Continue to advocate for open data in policy work
- Contribute to ensuring that local experts have the information and skills they need in order to make use of public data. In all of the implementation work, include components aimed at strengthening the capacity of country-based partners and local governments to understand and use risk data.



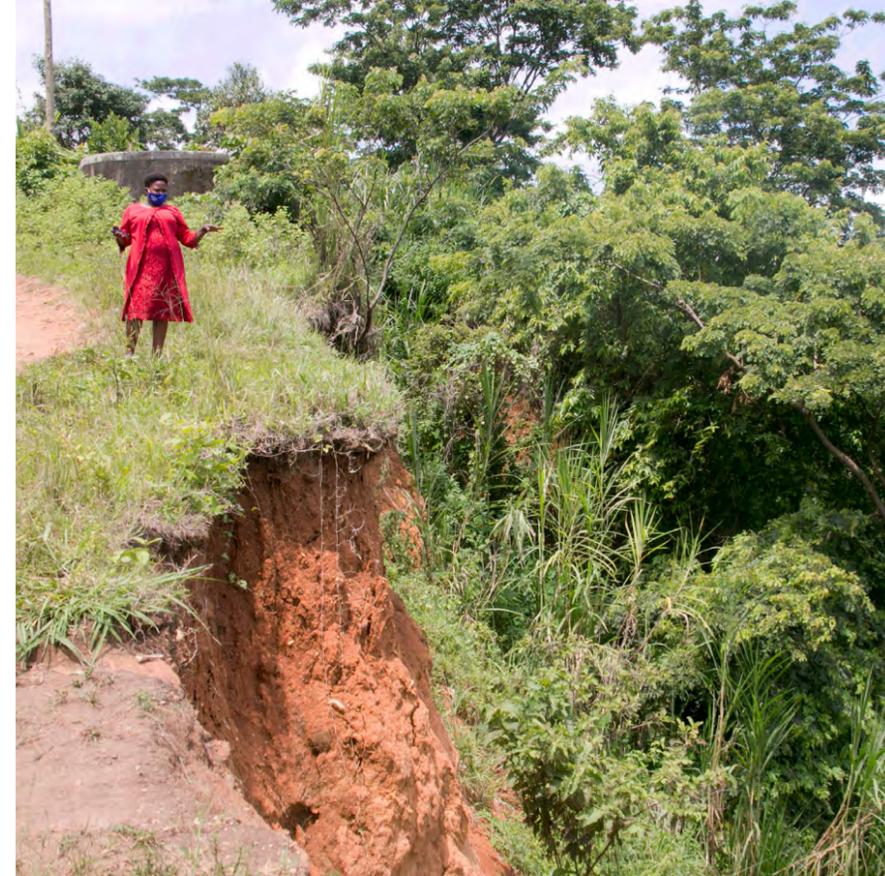
Outlook 5

Increasing Inclusion of Southern and Marginalized Voices

Catalyst Set against the backdrop of broader shifts towards a multipolar global order—partially due to American retrenchment, the rise of China as well as the emergence of new economic powerhouses in the Global South, surges in nationalist tendencies after the sovereign debt and banking crises, and the resurfacing of long-running and latently smoldering debates on racial inequality and decolonization — the COVID-19 pandemic has inspired noteworthy cooperation among and with Global South countries. Other movements, including the youth-led Fridays for Future protests and the Black Lives Matter movement in the US, have highlighted the importance of grassroots action and anti-racism, and pushed for the inclusion of traditionally marginalized voices in global policy. This adds momentum and new nuance to the ongoing debate around reforming international cooperation in general, and development cooperation in particular.

Trend While debates around issues such as racial inequality, the decolonization of international affairs, and reforming international development have been going on for some time, the cross-fertilization amongst these agendas seems to strengthen the influence of voices from the Global South. Pieces written by scholars from the Global South are multiplying in Northern knowledge outlets, pieces in which the scholars highlight their very own absence in international development and research discourses. Rather recently, development actors traditionally perceived to be ‘Northern’ have joined calls for reforming international development in recognition of lingering colonialist structures and power imbalances. One key element of these debates is an increasing push towards changing the understanding of development cooperation from one of ‘aid’ towards one of jointly providing global and regional public goods. Translated into tangible impacts, developing and emerging economies - through their rhetoric and actions - are deliberately moving away from appearing as patient petitioners for aid. Moreover, as most development actors have been restricted from travelling, COVID-19 is continuing to show the effectiveness and success of more reliance on local expertise and knowledge, raising questions about the future of so-called “fly-in/fly-out consultancies” in particular, and the historically pre-dominant implementation style of development interventions in general. The consequence is international development taking place outside the traditional space of Northern influence. At the same time, international institutions are increasingly responding to the enlarging space claimed by the Global South, with Ngozi Okonjo-Iweala, the newly appointed Director General of the World Trade Organization, only one of several examples. Similarly, all industries, including DRF, are working to diversify their teams with gender and geographic representation at the forefront.

Impact While future impacts are still hard to determine, the trend around the strengthened confidence and influence of the Global South is certainly welcomed, and irreversible. While these processes will impact development cooperation over the long term, it has yet to be seen whether the consequence will be more multilateralism or opposing tendencies. One way or the other, such a shift will, in no small part, depend on the future of Chinese-US-EU relationships, the delivery of the USD 100 billion climate finance promise, and ongoing efforts to find a multilateral response to the COVID-19

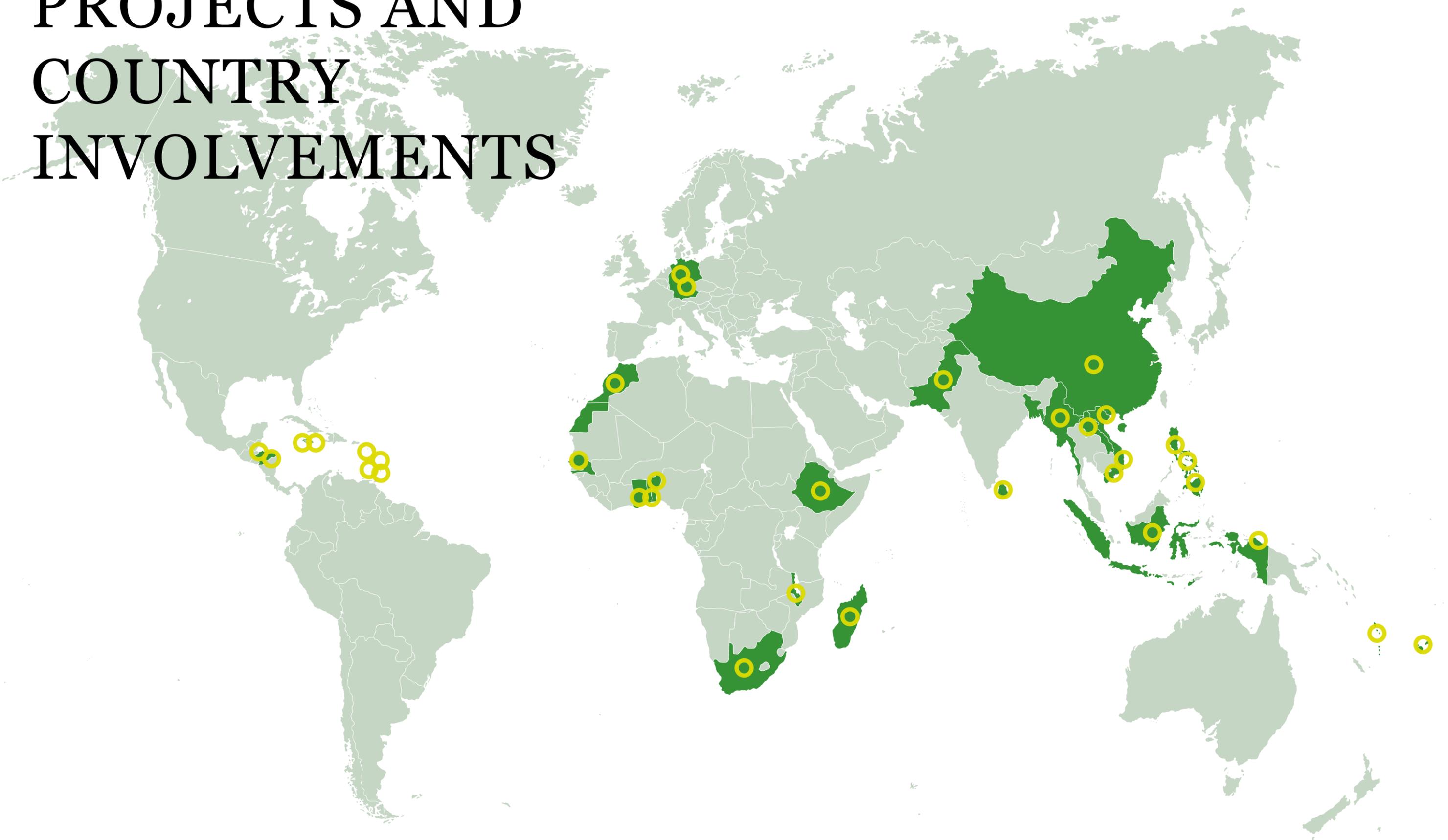


pandemic. Global challenges such as climate change, however, don’t allow for regional, let alone national responses only. At minimum, Northern governments - also in light of their well-known interest to constructively manage Chinese influence - may consider taking a pragmatic stance towards the demands of the Global South and successively accommodate requests for accountability and eye-level cooperation. As climate change is at its crossroads, any response that would further intensify polarization through unresponsiveness to Southern voices instead of mitigating it, will be a short-lived one and requires averting now.

MCII Entry Points

- Build bridges between the traditional donor community and newly emerging actors, including strengthening effective partnerships with local development and experts, and responding to the knowledge agenda of Global South researchers
- Together with ministries and organizations working on female empowerment and social justice, focus on grassroots assessment of needs, appropriate distribution channels and willingness to pay to ensure DRF solutions are demand-driven and build resilience
- Strengthen external communication strategy in order to disseminate information through inclusive channels, formats and languages, and continue to mainstream gender across all our activities, and diversify internally to benefit from a wide variety of disciplinary and geographic perspectives, as well as female and male viewpoints

PROJECTS AND COUNTRY INVOLVEMENTS



**DONOR**

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (as part of SPP)

**MCII PROJECT CONTACT**

Soenke Kreft, Dominic Sett

**PROJECT PARTNERS**

BAPPENAS Indonesian Ministry of National Development Planning (local partner), Madiba Consult GmbH (lead), UNU-EHS

**PROJECT COUNTRIES**

Indonesia

The ASP intervention is a component of the “Social Protection Programme” (SPP) in Indonesia led by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). The project focuses on the extension of social protection, particularly for poor and vulnerable population groups, against risks from extreme weather events and other natural hazards as well as adverse impacts of climate change. The goal of ASP contributes to the technical foundations of the SPP which focuses on three main outputs:

1. Risk analysis, prevention and reduction plans, along with mechanisms for risk transfers
2. Options for expanding and linking Disaster Risk Management (DRM) with existing social programmes
3. Cost calculations of various financing options and instruments, which include climate risk insurance

The overall project is being institutionally led by Madiba Consult and implemented by a dedicated project team of individual consultants, including UNU-EHS and MCII expert researchers.

We are contributing to all work packages of the project by providing input and guidance on topics including risk assessment, risk management, and risk transfer, including innovative ways of applying insurance-like approaches towards the fulfillment of the project objectives. This is supported by an advisory function made available by expert professionals within the MCII membership.

Alongside UNU-EHS, we are particularly responsible for the disaster risk management and climate change adaptation sector analyses, including reviews of existing stakeholders, mechanisms and data, and the subsequent identification of protection gaps. Additionally, we will support the identification of potential options and solutions for the implementation of an adaptive social protection approach in Indonesia. Together with the Indonesian government, and in strong collaboration with the planning ministry BAPPENAS, an ASP Roadmap will ultimately be developed, outlining a strategy on how to operationalize ASP for the country.

ASP

Adaptive Social Protection

Project Timeline

August 2019 – December 2021

**DONOR**

German Ministry for Education and Research (BMBF)

**MCII PROJECT CONTACT**

Michael Zissener, Simon Wagner (PhD Candidate)

**PROJECT PARTNERS**

Björnsen Consulting Engineers GmbH, Ministry of Environment in Togo, Ministry of Living Environment and Sustainable development in Benin, University of Abomey-Calavi, University of Bayreuth, University of Bonn, University of Lome, UNU-EHS, West African Science Service Center on Climate Change and Adapted Land Use, ZEF

**PROJECT COUNTRIES**

Togo and Benin

The German-African inter- and transdisciplinary CLIMAFRI project is funded by the German Federal Ministry for Education and Research (BMBF) and will develop adaptation strategies in the transboundary Lower Mono river catchment of Togo and Benin. The overall goal is to reduce the current and future flood risk while considering climate change by integrating science-based data with information and knowledge from local stakeholders and communities.

The project collaborates with the environmental ministries in Togo and Benin, the responsible local authorities and the Competence Center of the West African Science Service Center on Climate Change and Adapted Land Use (WASCAL) to develop a transboundary river basin information system. The sustainable use of the project results in CLIMAFRI is ensured by a proactive engagement of inter-sectorial actors and the education of future decision makers and scientists within the framework of the WASCAL Graduate Programme. CLIMAFRI was initiated by Togo and Benin with the concrete demand to reduce the negative impacts of flood, and non-regulation of water resources. Data and tools will be made available locally and regionally in West Africa.

The overall project is being implemented by UNU-EHS and conducted by a dedicated team of experts. Alongside MCII, the project consists of German and African scientists, a water management company (BCE), a regional education center in Africa (WASCAL) and the national ministries as responsible political authorities as the basis for multi-sectoral collaboration.

Through the deployment of a Ph.D. researcher, we are contributing to work packages by providing research contributions on the feasibility of implementing insurance-related approaches to protect communities against floods in the Lower Mono River Basin. In doing so, the assessment of already existing flood risk-sharing strategies among the population at risk will be at the center of our research. In this way, we support the project's aim to co-design possible adaptation solutions to floods in close cooperation with the affected population, research institutions, and ministries in the partner countries.

CLIMAFRI

Implementing Climate-sensitive Adaptation strategies to reduce Flood Risk in the transboundary Lower Mono River catchment in Togo and Benin

Project Timeline

January 2019 – March 2022

**DONOR**

German Ministry for the Environment, Nature Conservation and Nuclear Safety – International Climate Initiative – Zukunft – Umwelt – Gesellschaft (BMU - IKI Z.U.G)

**MCII PROJECT CONTACT**

Dirk Kohler, Soenke Kreft

**PROJECT PARTNERS**

CCRIF SPC – The Caribbean Catastrophe Risk Insurance Facility, DHI, Hannover Re, International Labour Organization (ILO), Munich Re,

**PROJECT COUNTRIES**

Belize, Grenada, Jamaica, Saint Lucia, Trinidad & Tobago

The Caribbean region is highly exposed to tropical storms, flooding, and other disasters that are triggered by natural hazards. These hazards represent a significant risk to the population and economies of the Caribbean countries. The Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) project assists Caribbean countries in their efforts to increase social resilience and adapt to climate change by incorporating climate risk insurance into a broader framework of disaster risk reduction strategies. The CRAIC project launched its second phase in November 2016 and is continuing in Jamaica, Saint Lucia, Grenada, Belize, and Trinidad & Tobago. The project is funded by the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU)

CRAIC seeks to address climate change, adaptation and vulnerability by promoting weather-index based insurance as a risk management instrument in the Caribbean. The project has developed a parametric weather- index based risk insurance product aimed at low-income individuals exposed to climate stressors: The Livelihood Protection Policy (LPP).

This product helps protect the livelihoods of vulnerable low-income individuals by providing swift cash payouts following extreme weather events (i.e. high wind speed and heavy rainfall) without the usual bureaucratic processes. This crucial support will reduce poverty and vulnerability by enabling these groups to recover quickly following a disaster.

The lessons learned through CRAIC are applicable to other small island and coastal states. The lessons learned cover the topics of expectation setting, product development, market development, and engagement for sustainability, and are available at: <http://bit.ly/2E2BE30>.

CRAIC

Climate Risk Adaptation and Insurance in the Caribbean

Project Timeline

November 2016 – April 2022



ECA STUDIES

Economics of Climate Adaptation Studies

Project Timeline

October 2019 – January 2021



DONOR

InsuResilience Solutions Fund funded by the German Development Bank (KfW) and commissioned by the German Ministry for Economic Cooperation and Development (BMZ)



PROJECT CONTRACTOR

Frankfurt School of Finance and Management

COOPERATION PARTNER

UNU-EHS



UNU-EHS PROJECT CONTACT

Maxime Souvignet



PROJECT PARTNERS OF UNU-EHS

InsuResilience Solution Fund, ETH Zurich, Frankfurt School of Finance and Management, Kreditanstalt für Wiederaufbau (KfW) and local governments

PROJECT COUNTRIES

Ethiopia, Honduras, Viet Nam

In the context of international financial and technical cooperation, specific climate change adaptation (CCA) measures are ensuring investments that are more sustainable, while promoting assets and economic activities that are more resilient to the impacts and consequences of current and projected future climate-related conditions. The CLIMADA/Economics of Climate Change Adaptation methodology (ECA) provides an entry-point for rationalizing risk management and determining the need for risk transfer strategies.

The UNU-EHS project's main objectives are to support decision makers in developing their adaptation strategy and to develop a Climate Change Adaptation measures investment portfolio, including risk transfer. A plethora of approaches have already been designed to respond to the complexity and the uncertainty of climate change related projects. Among these, none have been fully integrating processes from risk assessment to feasibility of CCA measures.

The ECA Studies, based on the Economics of Climate Adaptation methodology, bridge this gap and offer a unique approach towards the flexible identification of cost-effective CCA measures for a variety of projects and sectors. It addresses in particular the following questions:

1. What is the potential climate-related damage over the coming decades?
2. How much of that damage can be averted, using which type of CCA measures?
3. What investments will be required to fund those measures, and will the benefits of these investments outweigh the costs?

The ECA Studies project offers a systematic and transparent approach that fosters trust and initiates in-depth inter-sectoral stakeholder discussions. The methodology can be flexibly applied from the national to local level, and adapted to different sectors and different hazards. It also gives guidance on what aspects to focus on during a feasibility study. It provides key information for programme-based approaches, insurance solutions and has the potential to support National Adaptation Plans' (NAPs) development.

Currently three ECA studies are being implemented on behalf of the InsuResilience Solutions Fund (ISF) in Honduras, Ethiopia and Viet Nam. The three different studies all focus on different hazards, assets, and environmental and institutional settings highlighting the methodology's flexibility. The project is being implemented by UNU-EHS and conducted by a dedicated team of experts.

MCII has identified the development and implementation of the ECA framework as a strategic priority to further its mission statement. This could include providing guidance on topics including risk management, risk transfer, and the identification of insurance approaches within a public risk management strategy. There is a process between MCII and UNU-EHS to promote the ECA framework. MCII also provides project specific advisory to the ECA Studies.

**DONOR**

German Ministry for Education and Research (BMBF)

**MCII PROJECT CONTACT**

Maxime Souvignet

**PROJECT PARTNERS**

German Aerospace Center, GEOMER, Hue University of Sciences, Hue University International School, IZES – Institute for Future Energy Systems, Ludwig-Maximilians-Universität München, UNU-EHS, Universität Tübingen

**PROJECT COUNTRIES**

Viet Nam

Central Viet Nam is characterized by rapid urbanization, particularly in small and medium-sized coastal cities. At the same time, the region is facing an increase in precipitation and heavy rainfall events caused by climate change, which, combined with land use changes, results in more frequent and more intense flooding. In this context, the research project FloodAdaptVN evaluates flood risk reduction and adaptation measures based on their impact reduction, cost-efficiency and sustainability.

The focus study area is the City of Huế and its hinterland in the Thua Thien Huế province. The overall aim of FloodAdaptVN is to reduce current and future flood risks through the implementation of targeted ecosystem-based adaptation and risk transfer strategies into the flood risk management frameworks in Central Vietnam. Specific objectives of FloodAdaptVN include:

- Better understanding and assessing the drivers, spatial patterns (incl. hotspots), as well as dynamics of present-day and future flood risks (2030, 2050, 2100),
- Investigating entry points for and barriers towards the implementation of disaster risk reduction (DRR), risk transfer (i.e. insurance) and adaptation solutions (with a strong focus on ecosystem-based approaches),
- Developing a decision support tool for risk-informed (spatial) planning and prioritizing among different DRR, risk transfer and adaptation measures, and
- Fostering capacity development.

In this project, MCII works closely at UNU-EHS with other sections 1) the Vulnerability, Assessment, Risk Management and Adaptive Planning (VARMAP, project lead) Department and the 2) the Environmental Vulnerability & Ecosystem Services (EVES) Department.

The main tasks of MCII aim at identifying and evaluating possibilities for risk reduction, risk transfer and adaptation in the flood-prone urban region of Hue (Central Vietnam). In addition to innovative risk transfer options (e.g. through insurance solutions), a particular focus is on ecosystem-based approaches that offer a variety of potential co-benefits in addition to direct risk reduction functions. The assessment of the technical feasibility and the implementation and maintenance costs associated with individual measures will be carried out by means of the ECA-VN (Economics of Climate Adaptation) pilot developed in the definition phase, which will be further developed and applied under the leadership of MCII.

These results are directly incorporated into the modular risk information system (FRAME, University of Tübingen), which is intended, among other things, to enable the integration of the results into planning and decision-making processes on the ground.

In addition to the activities mentioned above, MCII contributes significantly to the planned capacity development and knowledge transfer activities of FloodAdaptVN.

FLOODADAPTVN

Integrating Ecosystem-Based Approaches into Flood Risk Management for Adaptive and Sustainable Urban Development in Central Viet Nam

Project Timeline

August 2019 – January 2025



IGP/V20

Contribution to the InsuResilience Global Partnership and V20

Project Timeline

October 2019 – September 2022



DONOR

Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH / German Ministry for Economic Cooperation and Development (BMZ) (InsuResilience Secretariat)



MCII PROJECT CONTACT

Viktoria Seifert, Architesh Panda and Soenke Kreft



PROJECT PARTNERS

Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH, InsuResilience Global Partnership, The Vulnerable Twenty (V20) Group of Ministers of Finance of the Climate Vulnerable Forum



PROJECT STAKEHOLDERS

InsuResilience Secretariat, V20 Group

PROJECT COUNTRIES

Bangladesh, Philippines and Republic of the Marshall Islands

There is increasing recognition among the international community of the need for urgent and concrete action in mitigating climate change, and addressing its impacts by effectively supporting particularly vulnerable countries' own efforts to manage climate change induced disaster risk. Well-designed climate risk insurance – when applied in conjunction with other disaster risk management measures and strategies – can protect people against climate shocks by acting as a safety net and buffer shortly after an extreme weather event. In 2015, we saw a major shift in political narratives about how climate change related risks are addressed moving away from an attitude of coping with impacts (ex-post) to that of effectively managing risks before they occur (ex-ante).

By initiating a Climate Risk Insurance Initiative (InsuResilience) the G7 countries acknowledged the central role insurance plays in a comprehensive climate risk management approach. Building on the 2015 InsuResilience Initiative, G20 and V20 countries then moved to launch the InsuResilience Global Partnership in 2017 and to promote the development of a broad menu of climate and disaster risk finance instruments, including insurance. In bringing together representatives of the G20 and the V20 (Vulnerable Twenty Group of Ministers of Finance), international organizations, the private sector, civil society and academia, the InsuResilience Global Partnership aims to aspire to delivering results in six areas: By 2025, (1) increase the number of people protected by risk financing and insurance arrangements to 500 million, (2) ensure vulnerable countries have comprehensive disaster risk financing strategies in place and (3) adopt CDRFI integrated with comprehensive risk management systems, while (4) increasing the cost-effectiveness of risk finance and insurance arrangements, (5) aligning increased disaster resilience with human development objectives and (6) building robust evidence for effective and cost-efficient climate and disaster risk insurance (CDRFI) solutions.

Under the overall guidance of the German Federal Ministry for Development and Economic Cooperation (BMZ) and in cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), we are contributing to InsuResilience by providing strategic and technical advice to the members of the Partnership, specifically the V20 Group as well as the InsuResilience Secretariat, facilitating dialogue among stakeholders, including private sector, civil society and partner countries, and undertaking research on the nexus between resilience, insurance and risk reduction.

Amongst others, this includes us co-chairing the Partnership's Principles and Impact Working Group and providing technical advisory and support to the V20 regarding their engagement with InsuResilience and the development of the V20-led Sustainable Insurance Facility (SIF). The aim of our work is the design of needs-based advice to support vulnerable countries in their approach to climate and disaster risk financing, including insurance, and their leadership on related policy issues in the international arena.

**DONOR**

Umweltbundesamt (UFOPLAN)

**MCII PROJECT CONTACT**

Soenke Kreft

**PROJECT PARTNERS**

Frankfurt School of Finance and Management, akzente, Büro für Umwelt Qualität Sicherheit

**PROJECT COUNTRIES**

Germany

The first effects of the climate crisis are becoming increasingly evident and are being felt by humankind. Some effects, such as the increase and greater intensity of droughts and extreme weather events, may lead to high economic and business losses. These economic consequences of the climate crisis represent a challenge for the state and the private sector. The Paris Climate Agreement considers the handling of the physical effects of climate change in a separate article and sees the establishment of climate risk insurance as an option for companies and states. According to one of the project's theses, economically efficient solutions could be developed in this way.

However, insurance alone cannot be used exclusively for risk transfer. Rather, companies must also make provisions for risks in their activities. According to current knowledge, the consequences of the climate crisis still play a subordinate role in the strategic planning and operations of many companies. In addition, the question arises, how climate-related risk management should be sensibly designed, and where it should be integrated (e.g. risk management, environmental management, sustainability management).

If companies in the real economy suffer financial losses or even become illiquid due to the climate crisis, this also affects their investors. Thus, there is a danger that the consequences of the climate crisis will have an impact on the financial markets. This risk can be reduced by banks and investors systematically taking climate risks into account. To do so, they need climate-relevant information about their investment objects.

Against this background, the project will conduct research on the following topics:

Work Package 1: Climate risk insurance and its transferability to Germany

Work Package 2: Corporate reporting and management systems on physical climate risks

Work Package 3: Systematic consideration of physical climate risks in the financial sector

For each of these topics, the state of the art in research is reviewed, existing processes and procedures are presented in practice, concepts and recommendations are developed and expert workshops are held. Finally, instruments for the communication of the results to companies, banks and institutional investors are developed.

MCII is conducting Work Package 1 and actively cooperating with the other consortium members on the other work packages.

MAIN GERMANY

Economy of Climate Change – new Management Instruments to mitigate the risks of climate change in state and economy (Germany)

Project Timeline

August 2019 – August 2022

**DONOR**

German Ministry for Economic Cooperation and Development (BMZ)

**MCII PROJECT CONTACT**

Viktoria Seifert, Michael Zissener

**PROJECT PARTNERS**

CARE Germany, Germanwatch, Caribbean Policy Development Centre (CPDC), Chrysalis, Civil Society Network on Climate Change (CISONECC), Community Development and Environment Association (CDEA), ENDA Energy Environment Development, Institute for Climate and Sustainable Cities (ICSC), SAF/ FJKM)

**PROJECT COUNTRIES**

Antigua and Barbuda, Barbados, Grenada, Laos, Malawi, Madagascar, Philippines, Senegal, Sri Lanka

Climate and disaster risk financing's design and implementation come with socio-economic, political, and normative considerations. These include questions of risk ownership, payment capacity and responsibility, and inter- and intragenerational justice. As such, it requires a broad debate amongst all members of society and an effort to ensure that specifically the perspectives and requirements of those most affected by intensifying climate risks included. Doing so will ultimately help to enhance the uptake and sustainability of risk finance solutions and build value for people.

International and most importantly local civil society and community-based organizations are experts in understanding and assessing at-risk community vulnerabilities and are crucial to inform, aggregate, and communicate the demand side requirements of disaster risk finance. As such, they are key to putting at-risk communities at the center of instrument design, implementation, and monitoring.

Equally important are national civil society organizations that often act as development partners. Together with academia, they are indispensable to strengthen beneficiaries' capacities in a targeted manner, to monitor national and international policy-making, and to convene relevant stakeholders. These include local communities, the private sector, international humanitarian partners, and the governments of vulnerable countries and donor countries. Ideally, these actions will help to improve market and instrument design, inform national budget allocations, leverage international support and premium financing, and catalyze the delivery of adequate risk analytics, risk capital, and complementary programs on risk reduction and resilience building.

To realize this potential, we strive to establish MAPs on Climate and Disaster Risk Finance and Insurance (CDRFI) together with CARE Germany, Germanwatch, and our partner organizations from the Caribbean, Senegal, Malawi, Madagascar, Laos, the Philippines, and Sri Lanka to strengthen the technical understanding of CDRFI solutions and to spur an effective collaboration between CSOs, governments, and private sector stakeholders at the national and international level.

Our role in the consortium is to provide technical advisory on disaster risk finance design and international policy-making processes, and to support and learn from our MAP partners and their engagement with national CDRFI implementation processes. Through active participation in and contribution to international bodies and partnerships such as the InsuResilience Global Partnership and the UNFCCC, we also endeavor to support a better understanding of and strengthened accountability to local and grassroots perspectives.

MCII collaborates with the Caribbean Policy Development Centre (CPDC) in Barbados, which leads the build-up of national and regional MAPs across Barbados, Grenada, Antigua and Barbuda, and the Institute for Climate and Sustainable Cities (ICSC) which leads the development of the MAP in the Philippines.

MAPS

Multi-Actor Partnerships on Climate and Disaster Risk Financing and Preparedness in the Context of the InsuResilience Global Partnership

Project Timeline

November 2019 – April 2022

**DONOR**

International Development Research Centre (IDRC)

**MCII PROJECT CONTACT**

Kehinde Balogun, Soenke Kreft

**PROJECT PARTNERS**

CICERO, Germanwatch, South South North, University of Kwazulu Natal

**PROJECT COUNTRIES**

South Africa

Given the inter-related link between climate adaptation and disaster risk management (DRM), DRM approaches may be appropriate in alleviating certain climate risks. Several emerging economies use risk retaining strategies (catastrophe reserve funds and budget transfers) to manage the financial impacts of climate hazards. This is the case in South Africa where the public sector is primarily responsible for DRM. Given that climate change is expected to increase the frequency and intensity of extreme weather events, it is critical that risk transfer strategies be investigated to effectively manage any financial shortfalls.

Risk pooling is a risk transfer instrument similar to traditional insurance; however, schemes consist of several individual risk holders who wish to aggregate their risks. Risk pooling as a form of climate risk insurance has so far, been limited to the country level. The aim of this research is to investigate the feasibility of risk pooling at the municipal level (the first of its kind). A municipal risk pooling (MRP) facility would avoid issues of compromised sovereignty because decision making regarding the use of payouts and hazards covered are made solely by the implementing country. The research focuses on factors of flood hazard (frequency, severity and geographic spread), the need for an MRP to cover vulnerable communities thereby acting as a safety net, and the financial structure of an MRP that would yield benefits to municipalities. To ensure that the findings of this MRP are applicable in other contexts, the research will develop a pilot MRP and a guidance framework outlining requirements and methodologies for MRP implementation.

MURP

Investigating the Feasibility of Municipal Risk Pooling as an Adaptation Finance Measure

Project Timeline

August 2018 – May 2021

**DONOR**

Australian Aid Programme and New Zealand Aid Programme

**MCII PROJECT CONTACT**

Jennifer Phillips

**PROJECT PARTNERS**

United Nations Capital Development Fund (UNCDF),
United Nations Development Programme (UNDP), UNU-EHS

**PROJECT COUNTRIES**

Fiji, Samoa, the Solomon Islands, Tonga, Vanuatu

Pacific Small Island Developing States (PSIDS) are highly vulnerable to natural hazards and each year face huge economic losses due to cyclones, droughts, earthquakes, volcanic eruptions and other natural hazards. Serious events force affected low-income individuals to use a variety of coping strategies that include: reducing food consumption, taking children out of school because parents can no longer afford to pay school fees, borrowing money, taking money out of their retirement fund, and selling assets. These strategies diminish people's ability to maintain or improve their wellbeing and economic prospects, as well as their ability to cope with future climate change impacts.

The overall objective of the Programme is to improve the financial preparedness of "Pacific households, communities, small businesses, organizations and governments towards climate change and natural hazards" through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals.

The Programme, jointly developed and to be implemented by the United Nations Capital Development Fund (UNCDF), the United Nations University Institute for Environment and Human Security (UNU-EHS) and the United Nations Development Programme (UNDP), is financially supported by the New Zealand Aid Programme and the Australian Aid Programme.

This new initiative aims to develop affordable disaster risk financing instruments, including parametric and weather index-based climate risk insurance, targeted at the agriculture, fisheries, retail and tourism sectors with specific focus on women, youth, migrants and MSME segments. As part of UNCDF's global strategy, Leaving No One Behind in the Digital Era, the programme will be working with the Pacific Digital Economy Programme to create digital payment solutions to reach Pacific Islanders in rural and remote areas. The products and solutions will be piloted, tested and scaled during a two-year inception phase focusing on Fiji and Vanuatu. The Programme will also work together with governments and relevant stakeholders to develop customized Climate and Disaster Risk Financing strategies.

The overall project is led by the UNDP/UNCDF office in Fiji together with UNU-EHS. Within UNU-EHS it is implemented by a dedicated project team of MCII expert researchers.

UNU-EHS contributes to the project by leading work packages focused on researching risk management strategies against natural hazards for vulnerable groups in the Pacific as well as developing innovative disaster risk financing instruments and investigating new bundled and hybrid insurance approaches. We additionally provide input and guidance on topics including disaster risk financing strategies, market development, and consumer empowerment.

PICAP

Pacific Insurance and Climate Adaptation Programme

Project Timeline

January 2021 – December 2022

FINANCIAL OVERVIEW

2020 was a year to adjust and to rethink the way we conduct our work. The COVID-19 pandemic prevented us from meeting in person and from traveling to the countries we work with. Despite these challenges, solutions were found quickly, thanks to technology, creative ideas and strong partnerships with our local partner organizations. Furthermore, our team worked diligently to lay a good start into 2021 and we attracted several new projects for 2021 and beyond. This success ensures stability of future operations.

In 2020, our turn-over was slightly lower compared to 2019, but we were still able to increase our financial reserves. All these achievements were possible because of the productive cooperation with our project donors and the hard work of our team to further MCII's mission and to enable a sustainable development of the organization. On this occasion, I would like to thank all our donors for their continuous support and trust in us and our work.

With this second annual report, we continue giving insights into MCII's financials. Same as in the previous year, the main goal is to extend the transparency we share with our project partners and donors to the general public and other stakeholders. The main guiding principles were adopted from transparency advisory materials published by German institutions and targeted towards non-profit organizations active in Germany.

Armin Haas
MCII Treasurer



Photo: Lotte Ostermann

The Munich Climate Insurance Initiative (MCII) e.V. was established in April 2005. Since 2008, it is registered as a German non-profit association (e.V.) with the Bonn District Court (VR 8896). The MCII e.V. annual financial reports are prepared by specialized tax accountants each year according to applicable codes and by use of certified accounting software. Additionally, to promote reliability and accountability, MCII's books are audited each year by an internal auditor from the membership to meet its legal non-profit obligations.

In the overviews presented below, we highlight the reporting period of January 2020 to December 2020. The association's balance shows its financial position at the end of the year. The active side of the balance reflects liquid assets, accounts receivable, and other assets. The number of listed assets are limited due to our specific hosting arrangement with the United Nations University Institute for Environment and Human Security (UNU-EHS).

MCII e.V. BALANCE SHEET (EUR)

reporting period 01.01.2020 to 31.12.2020

Assets	2020	2019	Liabilities	2020	2019
Liquid asset (cash equivalents)	377,787.54	82,544.17	Equity	297,791.23	254,065.64
Accounts receivable	33,272.11	307,729.49	Accounts payables	118,211.57	124,759.02
Intangible assets	7,572.00	1.00	Other liabilities	3,050.00	11,450.00
Other assets	421.15				
	419,052.80	390,274.66		419,052.80	390,274.66

MCII e.V. PROFIT AND LOSS STATEMENT (EUR)

reporting period 01.01.2020 to 31.12.2020

	Total	I. Not-for-Profit Operations (ideeller Bereich)	II. Tax Neutral Operations (ertrag-steuer-neutrale Posten)	III. Interest Gain (Vermögensverwaltung)	IV. For-Profit Operations* (sonstige Zweckbetriebe)
Non-taxable grants	812,089.09	812,089.09	—	—	—
Donations	25,000.00	—	25,000.00	—	—
Interest income	—	—	—	—	—
Consulting income	116,621.60	—	—	—	116,621.60
Personnel cost (incl. subcontracting)	- 894,795.52	- 802,482.56	—	—	- 92,312.96
Other project expenditure	- 5,189.58	- 2,281.60	- 5,656.00	- 241.00	- 7,010.98
Result	43,725.59	7,324.93	19,344.00	- 241.00	17,297.66

* the term "for profit" for this category is a translation based on German charter law and refers to categories in German tax regulations. It does not refer to actual profit-earning activities as would be done in commercial businesses, but is used as the category where MCII places its consulting project activities, based on German rules and regulations. Funds accumulated in this category are meant to build financial reserves for MCII to keep the organization operational in case of fluctuating earnings and of emergencies.

The project-driven not-for-profit income inflow was stable in 2020 despite the COVID-19 pandemic and its impact on project operations. MCII's total revenue reached almost 1 million Euro. The not-for-profit income for 2020 made up around 85 percent of the total revenue.

In 2020, little over one third of the total revenue was forwarded to UNU-EHS for project personnel, travel and other project expenses. This is the direct result of the hosting arrangement with the UNU-EHS as described on page 25.

Over the years, MCII has maintained good working relations with its donors and partners. The funds provided to us are spent on dedicated projects in an economic way and according to the respective contractual obligations. All projects are in line with the MCII mission statement. In addition to the projects, a small portion of funds were contributed by a private sector sponsor to support the core operations of the project office (less than 3 percent of the overall funding)

Project Donors	Amount 2019 (EUR)
1. Asian Development Bank (ADB) via Willis Tower Watson (WTW)	38,925.58
2. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	8,836.28
3. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)	6,400.00
4. Federal Ministry of Economic Cooperation and Development (BMZ) via CARE Deutschland	185,070.84
5. Federal Ministry of Economic Cooperation and Development (BMZ) via GIZ	462,897.16
6. German Federal Environment Agency (UBA) via Frankfurt School of Finance & Management	164,121.09
7. Swiss Federal Department of Foreign Affairs (FDFA)	55,000.00
8. International Development Research Centre (IDRC) via The University of KwaZulu-Natal	7,459.74
	928,710.69

Note: Ordered alphabetically.

Contributions for the ASP, CLIMAFRI, ECA, FloodAdaptVN and PICAP projects (see projects overview) and a core contribution from Munich Re for the MCII project office at UNU-EHS were directly received and managed by UNU-EHS and are not included in the MCII financial statement.

As mentioned above, the year 2020 closed with financial reserves of 297,791 Euro. Should MCII ever be dissolved, any remaining funds of the association will be allocated towards non-profit purposes as stipulated in MCII's charter.

PARTNERS

Alliance for Financial Inclusion (AFI)

Allianz

Asian Development Bank (ADB)

Australian Aid

BAPPENAS Indonesian Ministry of National Development Planning

Björnsen Consulting Engineers GmbH

CARE Germany

CARE International

Caribbean Policy Development Centre (CPDC)

CCRIF SPC – The Caribbean Catastrophe Risk Insurance Facility

Center for Development Research University of Bonn (ZEF)

Center for Disaster Protection

Chrysalis

Cicero – Center for International Climate Research

Civil Society Network on Climate Change (CISONECC)

Climate Analytics

Climate Investment Funds

Community Development and Environment Association (CDEA)

Department for Development created by the Church of Jesus Christ in Madagascar (SAF/FJKM)

Department of Natural Resources and Environment Viet Nam

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Deutsches GeoForschungsZentrum (GFZ)

DHI Water and Environment

DLR – German Aerospace Center

enda energie

ETH Zurich

European Union

Frankfurt School of Finance and Management

geomer

German Federal Office for Civil Protection and Disaster Assistance (BBK)

German Federal Ministry for Economic Cooperation and Development (BMZ)

German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

German Federal Ministry of Education and Research (BMBF)

Germanwatch

Global Index Insurance Facility (GIIF)

Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science (LSE)

Green Climate Fund (GCF)

Hannover Re

Hue University

Hue University of Sciences

ILO Impact Insurance Facility

Institute for Catastrophic Loss Reduction, Western University

Institute for Climate and Sustainable Cities (ICSC)

Institute for Technology and Resources Management in the Tropics and Subtropics (TH Köln – ITT)

InsuResilience Global Partnership (IGP)

InsuResilience Solutions Fund (ISF)

International Development Research Center (IDRC)

Institute for Future Energy Systems (IZES)

KfW – The German Development Bank

Ludwig-Maximilians-Universität München

Madiba Consult GmbH

Ministry of Environment Togo

Ministry of Living Environment and Sustainable Development Benin

Ministry of Natural Resources and Environment Viet Nam

Munich Re

Munich Re Foundation (MRF)

New Zealand Ministry of Foreign Affairs and Trade Aid Programme

Peoples Committee Hue Province

Regions Adapt

Republic of the Marshall Islands

SLYCAN Trust

South South North

Umweltbundesamt (UBA)

United Nations Capital Development Fund (UNCDF)

United Nations Climate Resilience Initiative A2R

United Nations Development Programme (UNDP)

United Nations Environment Programme Finance Initiative – Principles for Sustainable Insurance (UNEPFI-PSI)

United Nations University – Institute for Environment and Human Security (UNU-EHS)

United Nations University Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES)

Universitas Gadjah Mada (UGM), Yogyakarta (Indonesia)

Universität Tübingen

University of Abomey-Calavi

University of Bayreuth

University of Bonn

University of Kwazulu Natal

University of Lome

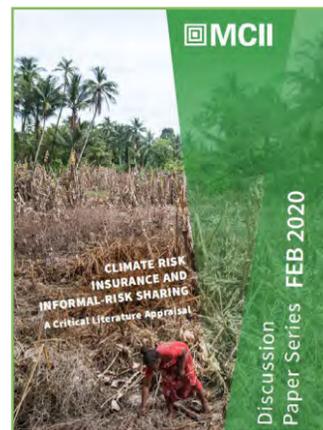
University of the South Pacific

University of the West Indies

Vulnerable Twenty (V20) Group of Ministers of Finance of the Climate Vulnerable Forum (CVF) West African Science Service Center on Climate Change and Adapted Land Use

WorldBank

PUBLICATIONS IN 2020/2021



Discussion Paper: Climate Risk Insurance and Informal-Risk Sharing. (2020).



Climate Risk Insurance: From Policy to Practice. Trend Monitor (2020).



Climate Risk Insurance in the Caribbean: 20 Lessons Learned from the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) Project. (2020)



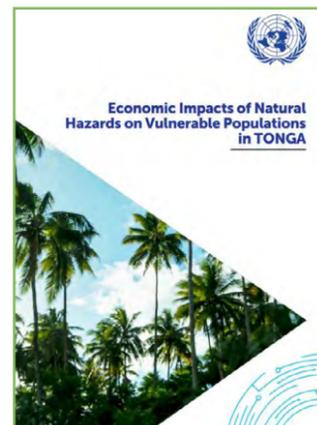
Evidence Brief: Macro Policy Solutions. Munich Climate Insurance Initiative. (2020).



Evidence Brief: Meso-insurance and Aggregation. Munich Climate Insurance Initiative. (2020).



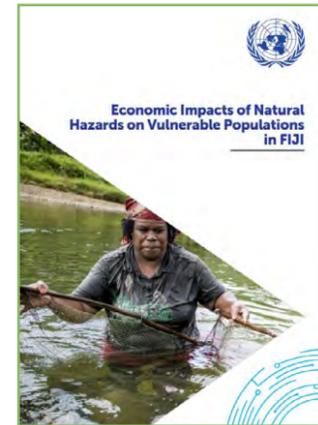
Evidence Brief: Sovereign risk pools. Munich Climate Insurance Initiative. (2020).



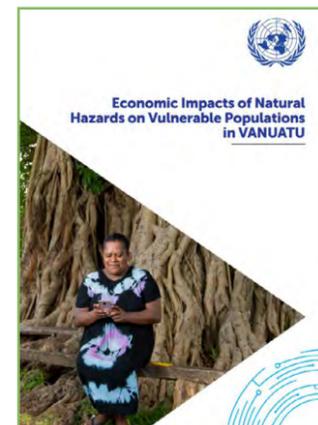
Economic Impacts of Natural Hazards on Vulnerable Populations in Tonga. (2020)



Evidence Brief: Non-insurance DRF. Munich Climate Insurance Initiative. (2020).



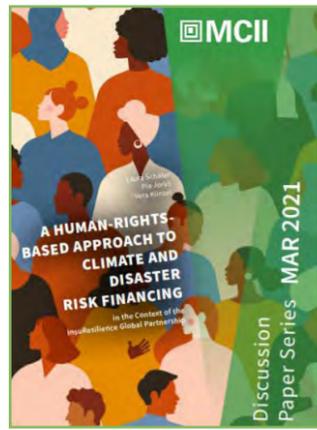
Economic Impacts of Natural Hazards on Vulnerable Populations in Fiji. (2020)



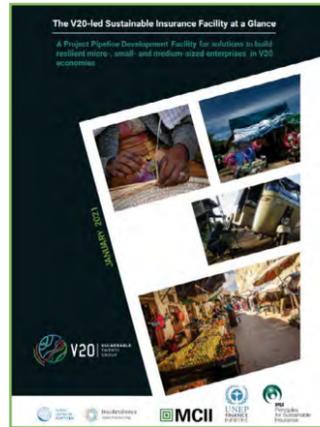
Economic Impacts of Natural Hazards on Vulnerable Populations in Vanuatu. (2020)



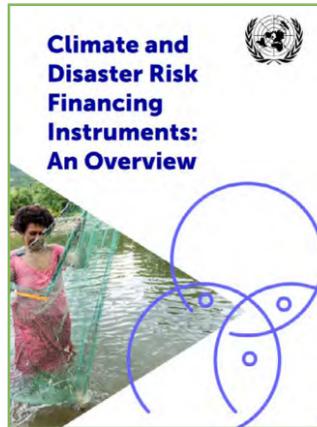
Leaving No One Behind in the Digital Era: Pacific Insurance and Climate Adaptation Programme. (2020)



A Human Rights Based Approach to CDRF in the Context of the IGP (2021)



The V20-Led Sustainable Insurance Facility (SIF) at a Glance: Building Solutions for Resilient Micro-, Small- and Medium-Sized Enterprises (2021)



Climate and Disaster Risk Financing Instruments: An Overview (2021)



Managing Floods: Developing a Risk Pooling Framework (2021)



ORGANIZATIONAL STRUCTURE

Executive Board



Peter Hoeppe
MCII Chairman



Christoph Bals (Vice-Chair)



Armin Haas (Treasurer)



Paul Kovacs



Joanne Linnerooth-Bayer



Thomas Loster



Aaron Oxley



Simone Ruiz-Vergote



Zita Sebesvari (Ad-interim/Observer)

Project Office Team



Kehinde Balogun



Eike Behre



Samet Sevket Bulut



Jennifer Cissé



David Daou



Rachael Hansen



Dirk Kohler



Soenke Kreft



Jennifer Phillips



Architesh Panda



Alvaro Rojas-Ferreira



Viktoira Seifert



Dominic Sett



Maxime Souvignet



Shaily Vyas



Simon Wagner



Florian Waldschmidt



Michael Zissener



Sabrina Zwick



Altanzul Zorig

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PEOPLE'S UNIVERSITY OF CHINA)

Leif Heimfarth
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(PRICEWATERHOUSE COOPERS)

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Carol Wakefield
(DASHWOOD BREWER & PHIPPS)

Koko Warner
(UNFCCC)

Vositha Wijenayake
(SLYCAN TRUST)

Simon Young
(WILLIS TOWERS WATSON)

Honorary Members

Andrew Dlugolecki (founding member)
(ANDLUG CONSULTING)

Eugene Gurenko (founding member)
(WORLD BANK)

Ian Burton (founding member)
(UNIVERSITY OF TORONTO)

Silvio Tschudi
(ALLIANZ SE)



Do you want to join MCII as a member

The initiative brings together insurers, climate experts, economists and independent organizations. MCII is open for additional members, e.g. representatives from other insurance or reinsurance companies, climate change and adaptation experts, NGOs and policy researchers seeking solutions to the risks posed by climate change.

We would like to particularly encourage applications from Civil Society Organizations from the global south to improve our efforts to feature the voices of communities exposed to the impacts of climate change.

We are committed to diversity and inclusion at MCII and encourage participation especially from all genders, nationalities and religious and ethnic backgrounds to apply and become part of the organization.

Please contact Michael Zissener at mcii@ehs.unu.edu if you are interested in applying for membership.

CONTACT

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 [@_MCII_](https://twitter.com/_MCII_)

 [linkedin.com/company/munich-climate-insurance-initiative](https://www.linkedin.com/company/munich-climate-insurance-initiative)

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