FINANCING INNOVATIVE APPROACHES TO ADDRESS LOSS AND DAMAGE IN VULNERABLE COUNTRIES
Video from Sivoki Lavemaau

Sivoki Lavemaau
Acting Deputy CEO, Budget Division, Ministry of Finance - Tonga
FINANCING INNOVATIVE APPROACHES TO ADDRESS LOSS AND DAMAGE IN VULNERABLE COUNTRIES
Approaches & Instruments

Global Level
Vision of the Global Shield Against Climate Risks

- **Joint V20 – G7 Presidency cooperation**
  to substantially increase financial protection against climate risks

- More systematic, coherent and sustained approach

- More and better pre-arranged and trigger-based finance
  Immediate funds accessible in the most efficient, effective and fastest way by economies, enterprises and communities
Overview of Global Shield Set-Up

High-Level Consultative Group

Global Shield Coordination Hub

- Core Partners
- Technical Advisory Group
- Secretariat

Global Shield Coordination Hub

Approves country selection, standards, etc

Quality Assurance / Review

Supports and co-finances

Request for CDRF Support

In-Country Dialogue

In-Country Coordinator

Governments

Political Statement of Support

Request for CDRF Support

CDRF Support Package

Implementing Programmes

- UN Agencies, (regional) MDBs
- Others***

Financing Structure

- GS-FF** World Bank
- CVF & V20
- JMDF
- GS-SP Frankfurt School

* V20 Sec, BMZ, FIDC, ADB, Centre for Disaster Protection, KfW, UNDP, World Bank, IDF Sec
** GS-FF can fund both World Bank-executed projects and external projects via transfer-outs
*** Private Sector, Risk Pools, IIF, NDF, GIZ, V20 SIF/UNEP FI PSI, V20 Loss and Damage Funding Program, Climate Prosperity Plans, bilateral G7 programs
Global Shield Financing
CVF & V20 Joint Multi-Donor Fund
Supported Priorities

The V20 Fund under JMDF will support the following programmes to manage climate risks:

1. Loss and Damage Funding Program
2. Premium Subsidies and Capital Support (operationalized with SMART Principles and their further evolution)
3. Off-balance sheet guarantees to reduce the cost of capital (Accelerated Financing Mechanism)
4. Distribution channels enhancement and climate-smart insurance for micro, small and medium-sized enterprises (Sustainable Insurance Facility)
5. Slow Onset Financial Protection Risk Pool (incl. sea level rise, displacement, etc.)
Focus of V20 L&D Funding Program

Community infrastructure
- Repair and rebuilding of community buildings, water supplies, medical facilities such as medical clinics, schools, water and sanitation facilities, public housing, etc.

Adaptation component
- Any funds should not add further risk and rather support adaptation and resilience

Private assets
- House repairs, temporary housing costs, livelihood assets (e.g., livestock) and resources (tools and implementation), etc.
Approaches & Instruments

National Level
Video from Julius Ng’Oma

Julius Ng’Oma
Coordinator, Civil Society Network on Climate Change, Malawi
Pacific Resilience Facility (PRF)
Established in 2021

OBJECTIVES
- The PRF will assist communities to finance existing and/or new community-level projects designed to better prepare them for increasing risks of disasters incl. technical assistance.
- PRF investments will create tangible gains in community resilience by focusing on climate change and disaster preparedness projects that directly interact with risk mitigation and social protection issues.

STAKEHOLDERS
- Pacific Island Forum
- Member governments – Ministries of Finance
- Donors
- Communities

COUNTRY/REGIONAL COVERAGE
- SIDS of the Pacific Island Forum:
  - Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu
Shock Resilient Loans (SRL) Since 2019

OBJECTIVES

- Enable BOAD i.e. WAEMU member states to finance additional adaptation measures through concessional loans
- Give WAEMU member states more financial leeway to carry out emergency relief and reconstruction measures in the event of a disaster by waiving repayment obligations

COUNTRY/REGIONAL COVERAGE

- West African Economic and Monetary Union (WAEMU) Member States which are Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Togo and Côte d’Ivoire

STAKEHOLDERS

- Financed by KfW (German Development Ministry BMZ)
- Project Partner: Banque Ouest Africaine de Développement (BOAD)
- Mediator to beneficiaries: governments of the West African Economic and Monetary Union (WAEMU) Member States
- Final beneficiaries: (poor) population of the relevant WAEMU Member State affected by natural disasters
Approaches & Instruments

Meso Level
Sustainable Insurance Facility (SIF)

THE V20 SUSTAINABLE INSURANCE FACILITY

17 November 2022
OBJECTIVES

- Protect MFIs from climate shocks in order to maintain their operations and thus support clients in recovery

STAKEHOLDERS

- VisionFund International
- Global Parametrics
- Natural Disaster Fund (NDF)
- InsuResilience Investment Fund (IIF)
- Beneficiaries: microfinance institutes (mainly women in the agricultural sector)

COUNTRY/REGIONAL COVERAGE

- 27 countries inter alia:
  - Kenya, Mali, Malawi, Zambia, Mexico, Dominican Republic, Guatemala, Honduras, Bolivia, Ecuador, India, Myanmar, Philippines, Sri Lanka, Vietnam
Approaches & Instruments

Micro Level
Salote Nasalo
Researcher at the University of the South Pacific (USP)
Pacific Insurance & Climate Adaptation (PICAP)
Since 2020

OBJECTIVES
- 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.
- PICAP aims to develop affordable disaster risk financing instruments, including parametric and weather index-based climate risk insurance.

STAKEHOLDERS
- Beneficiaries: Households and MSMEs in agriculture, fisheries, retail and tourism sectors with specific focus on women, youth, migrants and social welfare beneficiaries.
- Donors: Ministry of Foreign Affairs and Trade – New Zealand, Department of Foreign Affairs and Trade – Australia, Indian UN Development Partnership Fund administered by the UN Office for South-South-Cooperation Government of Luxembourg
- Implementers: UN Capital Development Fund, United Nations University – Institute for Environment & Human Security, UN Development Programme

COUNTRY/REGIONAL COVERAGE
- Fiji
- Vanuatu
- Tonga

To be expanded to
- Samoa
- Solomon Islands
- Kiribati
- Papua New Guinea
Since 2019

**OBJECTIVES**

- Improve resilience and preparedness of target group by capacity building and cash transfers for pre-emptive action before the disaster hits shifting from post-disaster response to anticipatory action

**STAKEHOLDERS**

- OXFAM
- Plan International
- Global Parametrics and Natural Disaster Fund (NDF)
- Dutch Relief Alliance (DRA)
- Beneficiaries: households, municipalities, and local communities

**COUNTRY/REGIONAL COVERAGE**

- Philippines
- Indonesia
- Sudan

Building Resilient, Adaptive and Disaster-Ready Communities (B-READY)
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Thank You

All slides will be available at climate-insurance.org