



# ANNUAL REPORT 2023





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Dear Friends of MCII,

Over the past year, the world has continued to witness the impacts of extreme climate events across the globe, leaving no room for doubt about the destructive consequences of a shifting climate. The term ‘unprecedented’ has become the new norm, exposing a lack of progress in addressing the cause of the problem and its impacts - climate action on the mitigation and adaptation side is advancing, but not at the scale or pace needed. Again, it is the pictures of the immediate destruction of buildings and infrastructure that we often associate with such disasters, but there are also many indirect consequences for people’s lives and livelihoods, particularly for those who are most vulnerable.

A Fijian farmer for example, hit by severe cyclones, faces not only direct income loss by not being able to sell her produce, but she must also meet existing loan obligations, may need to pay existing employees, and hire help to clean up the farm in order to restart the business. Apart from the farmer and the people working on her farm, everyone in the value chain of processing and selling the farm produce is similarly affected by climate-induced crop failure, such as the market vendor who relies on receiving and selling the farm produce to make a living. Insurance products can mitigate these ripple effects and bolster resilience of micro and small businesses.

MCII’s mission includes finding and promoting affordable cover for people affected by climate change that shields their livelihoods in the aftermath of climate disasters. MCII is dedicated to working on local-level implementation, innovations and risk understandings, while advocating for bigger policy change and international solidarity. Examples of this is shown in the 2023 MCII annual report, which provides a detailed overview of the organization’s activities spanning from June 2022 to June 2023.

In the first quarter of 2023, Fiji witnessed a tropical depression associated with heavy rainfall and flooding, and the twin Cyclones, Judy and Kevin, swiped through the Pacific Island of Vanuatu. The Pacific Insurance and Climate Adaptation Programme (an initiative jointly implemented by the UN Capital Development Fund, UNU-EHS through MCII, and UNDP) developed, and helped partners to introduce, local parametric micro-insurance solutions that provided payouts to nearly 1,000 policyholders within days after receipt of verified data by the insurers. Based on the beneficiary’s feedback, these payouts provided crucial resources for people to get back on their feet and rebuild their farms and livelihoods faster.

On the international level, several initiatives (including the Global Shield against Climate Risks) were initiated with MCII playing an important role in supporting the processes. At the climate summit COP 27, the team had a great presence across its different themes and jointly celebrated the G77 decision to create a Loss and Damage Fund and funding arrangements. The discussions to operationalize the decision were in the spotlight throughout 2023 and will be on the table for the climate summit at the end of the year. MCII is on the forefront of the discussion, convening discussions on the role of risk sharing in the fund and the funding arrangement, supporting the V20 Group of Finance Ministers to implement the Global Shield, and providing further inputs in the broader debate on climate and disaster finance.

As an organization, we have to continuously evolve to harness opportunities in advancing our mission. With this annual report, I would also like to thank everyone who contributes to MCII’s collective endeavor - many thanks to the MCII members, the MCII Board and of course the MCII Project Office at UNU-EHS, as well as all of our partners for the great work and support in this mutual journey.

Sincerely,

Prof. Swenja Surminski  
MCII Chair







# 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 AND CLIMATE RESILIENCE 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 climate adaptation 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 and climate adaptation strategies 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.

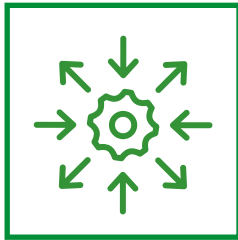




We look to find and promote effective and fair insurance-related solutions for the risks posed by climate change by bringing together experts from research institutes, the insurance sector, civil society and climate adaptation practice.

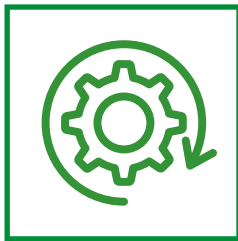
Through our unique set-up as a non-profit think tank and incubator, we provide a forum to explore solutions in creating incentives and changing structures for risk reduction for people with no access to risk management. Presently, this particularly applies to the most vulnerable people in low-income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



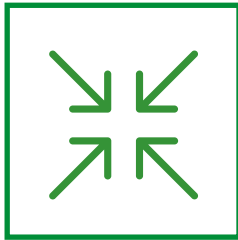
**Economic efficiency**

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.

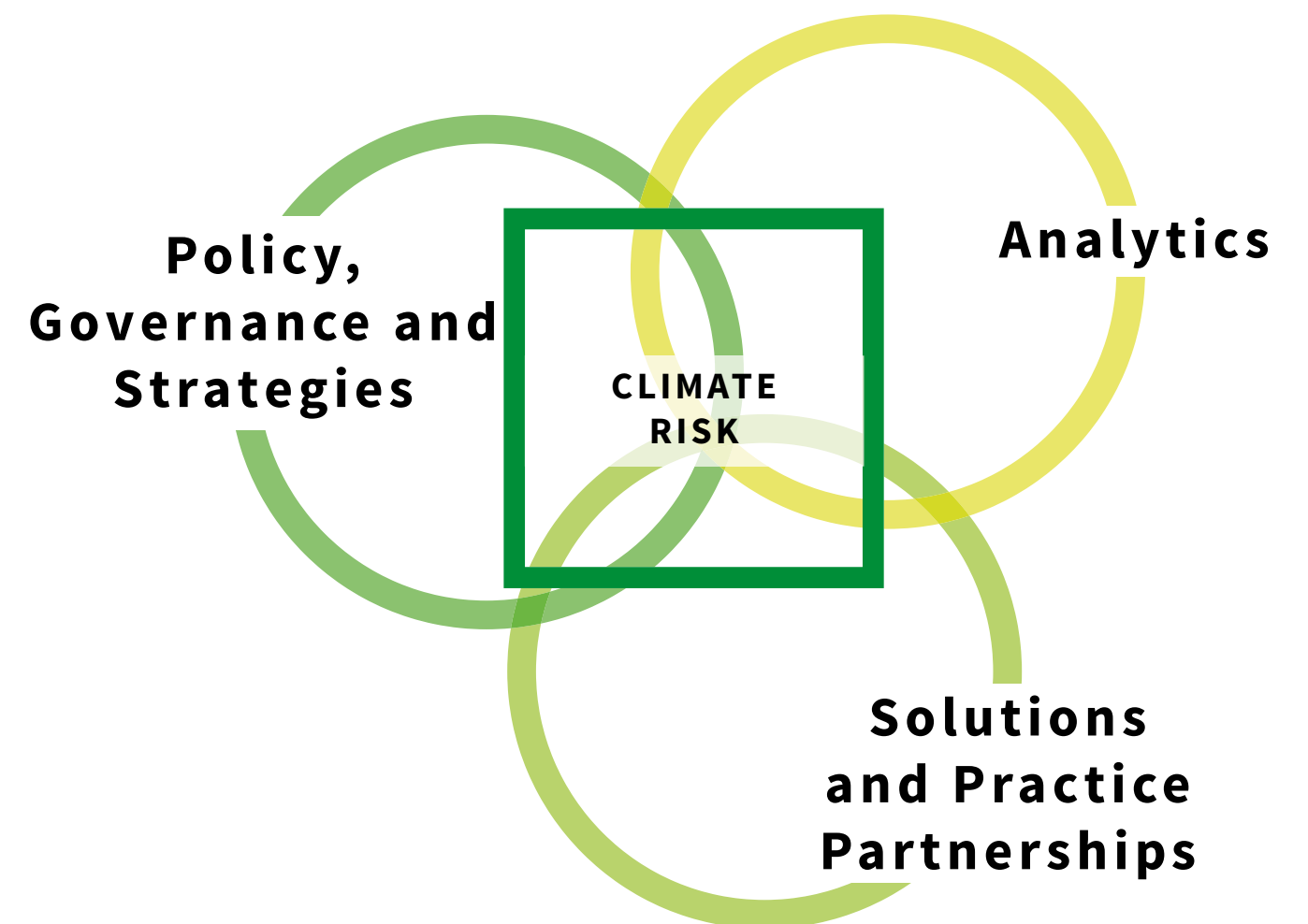
The protection and insurance mechanisms we promote aim to foster a socially, ecologically and economically sustainable development process, particularly in low-income regions strongly affected by climate change.





### 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:







## 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 considering 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. Such concrete project-level cooperation takes place through implementing joint activities and projects like PICAP and FLOODADAPTVN. Find out more about these projects later in the next chapter.

Furthermore, we participate in the Joint Master Programme "Geography of Environmental Risks and Human Security" by sharing MCII's experiences in the application of CDRFI approaches via the three core working areas (Policy, Governance and Strategies; Analytics; Solutions and Practice Partnerships). The Master is an international degree programme with a research-oriented profile, and it is jointly offered by UNU-EHS and the University of Bonn.



# HOSTING AND COLLABORATION



MCII is committed to promoting gender equality within our projects at an institutional level, ensuring that we do not perpetuate gender inequalities. Furthermore, we actively work to empower women, girls, and gender-diverse individuals by advocating for and implementing gender-sensitive solutions in areas such as climate adaptation, disaster risk finance, and insurance. This aligns with the gender mainstreaming efforts of our host organization UNU-EHS. While we consistently consider these aspects in our projects, we specifically dedicated time last year to review our approaches.

In August 2022, MCII, along with partners, applied for technical advisory support within the InsuResilience Centre of Excellence on Gender Smart Solutions for tailor-made assistance on gender-smart approaches to Monitoring & Evaluation for Climate and Disaster Risk Finance and Insurance (CDRFI). Within the framework of this TA facility, an experienced gender consultant reviewed the gender mainstreaming tools previously developed by the MCII's Gender Task Force, offering valuable insights that were summarized in MCII's priorities for action.

These priorities were essential for strengthening our commitment to gender-responsive practices within our partnerships. Amongst others, the recommendations highlighted the need to develop indicators that specifically track gender-related outcomes in MCII collaborations. Additionally, the feedback emphasized the importance of assessing the inclusion of gender information and sex-disaggregated data in the risk analytics. This includes examining how women and men interact with various assets and their distinct risk protection needs.

To put the recommendations into action, the Task Force took proactive steps by organizing a dedicated workshop during the MCII team retreat in April 2023. This workshop allocated half a day to delve into

# Implementing our Gender Vision in 2023

gender-related topics, further underscoring our commitment to promoting gender-responsive programming at MCII. The primary objectives of this session were to encourage each MCII team to reflect on our gender vision statement, discuss the practical implications of this vision within their respective areas, and identify concrete actions and considerations necessary to realize our goals. This session led to the discussions and sharing of constructive ideas, covering a wide spectrum of topics, including innovative approaches to budgeting, data collection methods, and advocacy strategies.

In addition to these discussions, a collaborative decision-making process was employed to determine the frequency of using monitoring tools and the approach to reporting. Interestingly, this workshop highlighted the need for revisions in our existing monitoring tools. Consequently, our Gender Task Force is currently working on shaping these tools to make them more suitable for different project teams at MCII. These refined tools will play a pivotal role in evaluating the effectiveness of gender mainstreaming within our projects, and measuring our progress in becoming more gender-responsive both in research and implementation. Additionally, they serve as valuable guides, promoting best practices and encouraging self-reflection at each phase of our projects, facilitating continuous improvement in our gender equity efforts.

**“MCII strives for a world where vulnerable people have access to and can afford protection against extreme weather. MCII wants to empower them to better cope with the negative impacts of climate change, foster resilient societies and enable sustainable development.”**

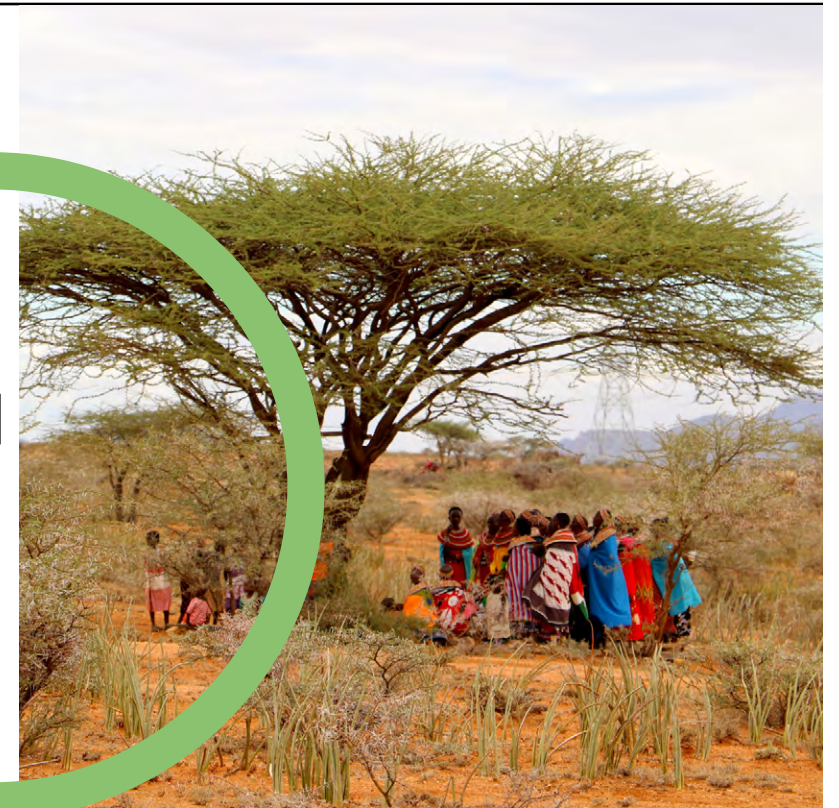




# CORE THEMES & FEATURED PROJECTS



## Policy, Governance and Strategies



The Policy, Governance and Strategies team's goals are focused on enhancing international cooperation and building systems for Climate Risk Insurance (CRI), while strengthening the capacities and voices of vulnerable countries and communities in Climate and Disaster Risk Financing and Insurance (CDRFI) governance. The team aims to support countries with implementing inclusive CDRFI strategies and protection instruments, as well as promoting evidence-based approaches in CRI.

The Policy team's main projects are the 'V20 Support & Sustainable Insurance Facility (SIF) Acceleration' and the 'Multi-Actor Partnership on CDRFI'. We closely collaborate and cooperate with our key partners such as the V20 Group of Finance Ministers, the InsuResilience Global Partnership (IGP), the UNFCCC and its WIM Comprehensive Risk Management Group, GIZ, as well as CSO Networks and partners such as CARE, the Caribbean Policy Development Centre (CPDC), the Institute for Climate and Sustainable Cities (ICSC), SLYCAN Trust and the Anticipation Hub.



## 2022-2023 HIGHLIGHTS

### Towards and Operationalization of the Global Shield against Climate Risks

The Global Shield against Climate Risks was launched at COP 27 by the Vulnerable Twenty (V20) Group of Finance Ministers and the Group of Seven (G7) as a joint initiative to significantly increase pre-arranged and trigger-based financial protection against climate risks for climate-vulnerable countries. With around EUR 270 million raised in funding, the Global Shield (GS) aims to assist countries in developing, financing, and implementing their needs-based approach to climate and disaster risk management, using a toolkit of different financial protection instruments as well as technical support.

On the margins of the African Development Bank Meetings, in May 2023, the V20-G20 InsuResilience High-Level Consultative Group agreed on procedural elements of the Global Shield, such as the in-country process and country prioritization framework, as well as the its governance set-up. The Global Shield comprises three financing vehicles: the Global Shield Solutions Platform, hosted by Frankfurt School of Finance & Management, the Global Shield Financing Facility hosted by the World Bank, and the Global Shield Window in the CVF & V20 Joint Multi-Donor Fund. In addition, the Coordination Hub and Technical Advisory Group are tasked to provide technical support, increase coordination, and support implementation. The newly established Global Shield Board (GSB) assumes political and strategic oversight over the Global Shield, with board members from vulnerable and supporting countries as well as civil society. Lastly, the Global Shield Secretariat provides technical support to Global Shield bodies and their processes.

Since its launch, the Global Shield has also kicked off implementation. The Ministry of Climate Change, Pakistan has sought support by the Global Shield, and first meetings to determine the country-specific needs and processes have been held to inform the currently underway process. The Finance Ministry of Ghana has also initiated the Global Shield in-country process, by convening important local stakeholders for the stocktaking of risks, national plans and existing programmes. Furthermore, supported by the V20 Secretariat, political

discussions with the governments of eligible countries were held with the purpose of offering Global Shield solutions.

Simultaneously, the Global Shield Coordination Hub is convening on a regular basis, which shows the ambition of its members, the most relevant stakeholders in the field of Climate and Disaster Risk Finance, to increase collaboration and enhance alignment in the global architecture.

MCII is supporting the V20 and Global Shield Secretariat through advisory on climate and disaster risk finance in the operationalization and implementation of the Global Shield.

### Comprehensive MCII Involvement at COP 27

COP 27, held in November 2022 in Sharm el-Sheikh, brought topics that MCII has been actively working on for years into the limelight. Loss and Damage dominated the discussions, especially on finance and technical assistance. These themes underscored the significance of disaster risk finance and holistic risk management. COP 27 also intensely discussed the Global Goal on Adaptation and issues related to climate finance. At its sidelines, the V20/G7 Global Shield against Climate Risks was launched. MCII seized the opportunity to showcase its initiatives, actively engage in policy dialogues, and foster connections. Our experts played leading roles in a total of 18 side events, covering a diverse spectrum from climate finance and justice to disaster risk finance, insurance, adaptation, resilience and innovation. These discussions aimed at promoting knowledge sharing and collaborative solutions.

One highlight was MCII's official side event (co-hosted with Secretariat of the Pacific Island Forum, the German Development Bank and V20) titled "Financing Innovative Approaches for Vulnerable Countries' Protection Against Losses & Damages." This event served as a platform to present practical solutions, ranging in scale, that effectively address financial losses. Additionally, MCII's exhibition booth facilitated three days of fireside chats with experts ([watch the videos here](#)). Our experts were equally active on social media sharing update videos, explainers and engaging in media interviews. This dynamic engagement amplified the reach of MCII's contributions to COP 27, reinforcing our commitment to effective climate risk management.





## Elevating Local Civil Society Voices onto the Global Stage

The Multi-Actor Partnerships (MAPs) initiative has empowered its partners to participate actively in international dialogues by bringing their local perspectives on a global stage. The first phase of the MAPs project culminated in a virtual conference dedicated to advancing inclusive and equitable CDRFI in the face of loss and damage. This comprehensive 10-day conference comprised nine distinct sessions, spanning topics ranging from global CDRFI policy to gender mainstreaming, knowledge dissemination, and region-specific insights.

During COP 27, the MAPs project gained prominent visibility through two engaging side events held at the German Pavilion and the CVF/V20 Pavilion. Notably, civil society partners and MCII took the spotlight, sharing insights, requisites and requests for initiatives like the transformative Global Shield against Climate Risks. This collaborative effort resulted in an expectation paper towards the Global Shield, and close collaboration between the Global Shield and the MAPs project in its second phase until 2025, with MCII playing a central coordinating role.

Beyond the climate sphere, MAPs partners are also addressing broader development challenges at the nexus of debt and climate change and their intricate connections with CDRFI. At the World Bank and IMF Spring Meetings in Washington, MCII forged an alliance with Boston University to engage with key stakeholders including the V20 Secretariat, CPDC, and ICSC, delving into the multifaceted intersection of the debt and climate crises.

## Empowering Civil Society Through Capacity Building on Disaster Risk Finance

In September 2022, we proudly launched the MCII & UNU EHS eLearning course titled ‘Empowering Climate and Disaster Risk Finance and Insurance (CDRFI) through Effective Civil Society Engagement.’ Since then, over 300 participants have enrolled in this free, self-paced course, which provides a profound introduction to CDRFI and the political processes surrounding it. The course presents conceptual and policy frameworks, laying the ground for CDRFI and showing how approaches in this context are functioning in practice. It further demonstrates how CDRFI can be integrated into national policy frameworks and provides insight into CSO engagement and advocacy strategies at the national, regional, and international levels. Finally, it sheds light on the

potential benefits, limitations, and challenges of CDRFI solutions. Find the course [here](#).

## Lessons Building Climate Resilience in Western Europe – Insuring Against Losses

What are the lessons from the 2021 floods in Western Europe for Climate Resilience? MCII contributed to a joint report by different UNU institutes with lessons on insuring losses from climate impacts, following the UNU Flood Knowledge Summit in July 2022 ([see the report here](#)). The summit provided a platform to contextualize the results alongside the 2021 flood events in Germany, Belgium, and the Netherlands. MCII’s contribution is based on a comprehensive report by MCII and UNU-EHS for the German Environmental Agency (UBA) issued in April 2022 ([available here](#)). This report, which considers the national context, draws on literature research, expert interviews and a stakeholder workshop covering agriculture, forestry, the building sector, infrastructure, and the insurance industry. The publication offers actionable adaptation and insurance recommendations.

## Destination: Evidence – Promoting the Strategic Evidence Roadmap

Climate Risk Insurance has emerged as a crucial element in addressing the aftermath and economic losses from climate disasters. Considerable innovation has occurred in disaster risk finance (DRF), demonstrated by initiatives like the Global Shield by G7 and V20, aiming to provide pre-arranged disaster funding for low-income nations. Nevertheless, these innovations often lack sufficient evidence of their effectiveness and a platform for sharing lessons learned. To enhance the resilience of vulnerable populations worldwide, it’s vital to produce strategic analytics, support evidence-based actions, and establish and disseminate best practices. Addressing this gap, the InsuResilience Global Partnership Impact Working



Group, co-led by MCII, developed the [Strategic Evidence Roadmap for CDRFI](#) in 2021, officially launched at COP26 in Glasgow. This roadmap underscores DRF evidence’s pivotal role in encouraging involvement, fostering demand for such evidence, and advocating for donor commitments. MCII is continuously advocating for the roadmap and sparking conversations on evidence, such as at side events at COP27, the IDF summit, or the IGP annual forum in June 2023.

## Advances in Addressing Loss and Damage

During COP27, a significant turning point in the Loss and Damage discussion took place with the establishment of a fund and innovative funding arrangements, casting 2023 as the ‘super year’ for loss and damage endeavors. Amid this period of transformation, MCII has stood out for its expertise, particularly in disaster risk finance and insurance. This recognition led to invitations for MCII experts to contribute insights at notable events, such as their appearance before the German Parliament Committee on Economic Cooperation and Development in October 2022, and input to the OECD Climate Change Expert Group (CCXG) in March 2023.

In the context of the UNFCCC, MCII has continued its support of the Santiago Network on Technical Assistance by supporting the regional scoping workshops. Additionally, experts have closely followed the discussions around the Transitional Committee for the Loss and Damage Fund. In these ongoing discussions, the challenge of swiftly and effectively channeling resources to the most vulnerable communities persisted. Leveraging their extensive experience in adaptive social protection, disaster risk finance and loss and damage, MCII facilitated a discussion among transitional committee members and social protection experts. This dialogue unfolded against the backdrop of the Global Forum on Adaptive Social Protection and the Bonn Climate Change Conference in June 2023, underscoring MCII’s vital role in

shaping resilient strategies moving ahead.

## Sustainable Insurance Facility Takes Off to Protect Small and Medium-Sized Enterprises Against Climate Risks

In V20 economies, micro-, small- and medium-sized enterprises (MSMEs), contribute between 20 and 80 per cent of GDP, constitute more than 70 per cent of all businesses, and power the countries’ export revenues. They are important drivers of socio-economic growth, arguably a key prerequisite for resilience and government revenue. At the same time, MSMEs are most often particularly vulnerable to extreme weather events and suffer from high electricity costs. Furthermore, they lack access to financing needed to protect themselves against climate change related damages, and there are not enough available products that are specifically tailored to MSMEs. To address this, the V20 Sustainable Insurance Facility was launched at the sidelines of COP 26 by the V20, the UN Environment Programme’s Principles for Sustainable Insurance (UNEP FI PSI), MCII and the InsuResilience Global Partnership. The SIF is a project pipeline development facility that will assist the members of the V20 in scoping the financial protection needs of MSMEs in the context of climate change, and aid in facilitating concept and proposal development for submission to risk financing vehicles. As such, the SIF aims to mobilize international financial and technical assistance with the objective of stimulating climate-smart insurance offerings by domestic and regional insurers to protect MSMEs and the people that rely on them. Over the span of 2022, the Project Office of the SIF has been operationalized through core funding from the German Federal Ministry for Economic Cooperation and Development (BMZ). The project office is hosted at UNEP FI PSI — the largest collaboration between the UN and the insurance industry. Over the last year, the SIF has started supporting the development of financial protection instruments for MSMEs in several climate vulnerable countries, such as the Philippines, Bangladesh and Sri Lanka, and hired regional coordinators to scale up its activities in Asia, Africa and Latin America. At COP 27, MCII organized an official side event with the Pacific Island Forum Secretariat, the German Development Bank (KfW), the V20 and UNEP FI to showcase the SIF as a key initiative to increase financial protection for MSMEs. To accelerate the SIF, MCII has assisted the project office in a successful proposal to BMZ, resulting in additional financial support. Additionally, MCII advises the SIF Project Office on issues related to monitoring and evaluation and engagement on global climate policy agendas.



**DONOR**

German Ministry for Economic Cooperation and Development (BMZ)

**MCII PROJECT CONTACT**

Alexandra Mieth, Soenke Kreft

**PROJECT PARTNERS**

The Vulnerable Twenty (V20) Group of Ministers of Finance of the Climate Vulnerable Forum (CVF), United Nations Environment Program Financing Initiative (UNEP FI) Sustainable Insurance Facility (SIF) Project Office, Financial Futures Center

**PROJECT STAKEHOLDERS**

V20 Group

**PROJECT COUNTRIES**

Global

The Vulnerable Twenty Group of Ministers of Finance (V20) of the Climate Vulnerable Forum (CVF) is a dedicated cooperation initiative of economies systemically vulnerable to climate change. The V20 convenes the highest level of decision makers. The group works through dialogue and action to tackle topics like financial protection against climate risks, the relationship between climate vulnerability and cost of capital and the broader financial stability of climate vulnerable countries.

In April 2022, in the margins of the World Bank Annual Meeting, the V20 called for the establishment of a Global Shield Against Climate Risks to significantly scale up and increase access to pre-arranged and trigger-based financial protection against climate risks. In June 2022, under the Presidency of Germany, the Group of Seven (G7) leaders committed to scale up climate and disaster risk finance and insurance (CDRFI) by working towards a Global Shield against Climate Risks. At the High-Level Consultative Group Meeting of the InsuResilience Global Partnership in October 2022, the V20 and G7 jointly agreed to establish the Global Shield against Climate Risks, which was launched at COP 27 in Sharm El Sheikh. Building on previous commitments of the InsuResilience Global Partnership, the Global Shield will improve the international coordination and scale of disaster finance instruments available to vulnerable countries. Since COP 27, MCII has been advising the V20 Group and the German G7 Presidency on the further establishment and implementation of the Global Shield against Climate Risk and preparing and supporting in-country missions in climate vulnerable countries to kick-off implementation, as well as facilitate high-level meetings of the Global Shield Board and other V20 high-level events in the context of the UNFCCC; the World Bank Spring & Annual Meeting and other relevant global forums relevant to the V20's financial protection agenda.

Another flagship implementation initiative of the V20, that was co-designed by MCII, is the V20 Sustainable Insurance Facility (SIF) hosted by the UN Environment Programme's Principles for Sustainable Insurance (PSI). The SIF is a project pipeline development facility within the Climate Vulnerable Forum and V20 Biennial Work Plan. It assists V20 economies in scoping the climate related financial protection needs of micro, small and medium-sized enterprises (MSMEs), which make up 80 per cent of the economic power and a great source of employment in V20 countries. In addition, it facilitates concept and proposal development for submission to funding vehicles relevant to climate and disaster risk finance. MCII is advising the SIF project office in proposal development, monitoring and evaluation and supporting the SIFs engagement on the international CDRFI-policy agenda.

# V20 SUPPORT & SUSTAINABLE INSURANCE FACILITY (SIF) ACCELERATION

Contribution to the InsuResilience  
Global Partnership and V20

## Project Timeline

January 2022 – December 2024



**DONOR**

German Ministry for Economic Cooperation and Development (BMZ)

**MCII PROJECT CONTACT**

Magdalena Mirwald, Michael Zissener

**PROJECT PARTNERS**

An Organization for Socio-Economic Development (AOSED), CARE, Germanwatch, Caribbean Policy Development Centre (CPDC), Chrysalis, Civil Society Network on Climate Change (CISONECC), ENDA Energy Environment Development, Institute for Climate and Sustainable Cities (ICSC), SAF/ FJKM

**PROJECT COUNTRIES**

Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Malawi, Madagascar, Senegal, Bangladesh, Philippines, Sri Lanka

While, at first sight, climate and disaster risk financing may not seem much more than a technical endeavor, its design and implementation come with socio-economic, political, and normative considerations. These include questions of risk ownership, payment capacity and responsibility, and inter- and intra-generational 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 are 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 strengthening 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 programmes 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, Bangladesh, 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 MAPs partners and their engagement with national CDRFI implementation processes. MCII will ensure the close alignment of MAPs activities and the activities of the Global Shield against Climate Risks, especially in the pathfinder countries Jamaica, Bangladesh, Senegal, Malawi and the Philippines. Through active participation in and contribution to international bodies and partnerships such as the InsuResilience Global Partnership, the UNFCCC or the Anticipation Hub, we also endeavor to support a better understanding of and strengthened accountability to local and grassroots perspectives.

The consortium is led by CARE Germany, who together with MCII and Germanwatch, works with a particular set of local civil society and academic partners to implement the aforementioned objectives. 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, Dominica and Jamaica, and the Institute for Climate and Sustainable Cities (ICSC) which leads the development of the MAPs 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

2019 – September 2022 / June 2023 – May 2026





The Climate Risk Analytics team is a group of experts dedicated to addressing the pressing challenges posed by climate change through data-driven insights and innovative solutions. The primary goal is to establish cutting-edge analytics that will support informed decisions in adaptation and risk management, ultimately fostering resilience in the face of climate-related threats. With a keen focus on identifying the most effective climate response options,

including climate risk insurance, the team strives to empower decision-makers on all levels of government and communities to mitigate climate risks and embrace sustainable practices proactively.

The Climate Risk Analytics team's mission revolves around three strategic impact pathways, focusing on vulnerable countries and populations.

## Analytics

**1. Increasing Access to Climate Risk Analytics:** The team is committed to capacitating decision-makers in vulnerable countries and populations with access to reliable climate risk analytics tools. By jointly applying or developing user-friendly tools, combined with capacity-building interventions, the team aims to empower partners with valuable insights for effective climate risk management.

**2. Implementing a Climate Solutions Portfolio:** To foster sustainable change, the team advocates for a diverse portfolio of climate solutions. The team's analytics tools integrate Climate Disaster Risk Financing and Insurance (CDRFI) and other innovative approaches. By tailoring these solutions to specific contexts, the team assists governments and other stakeholders in developing effective climate adaptation strategies that mitigate risks and build resilience.

**3. Bridging Policy-Science-Implementation for Climate Action:** Collaboration is essential in addressing climate challenges. The team acts as a facilitator, bringing together

policymakers, scientists, and implementers to bridge gaps and foster cooperation. By aligning policy goals with scientific insights and practical implementation, the team ensures that climate action is both effective and sustainable.

**Open Source and NGO Commitment:** The Climate Risk Analytics team is committed to open-source principles, allowing it to freely share their tools, methodologies, and research findings. This approach promotes collaboration, allowing stakeholders from diverse backgrounds to access and utilize their resources, fostering a global network of climate resilience.

**Global Impact through Collaboration:** Climate change is a global challenge that requires collective effort. The team collaborates with organizations, NGOs, and governments worldwide to increase the reach and impact of their efforts. By sharing knowledge, expertise, and resources, they work collectively towards a sustainable and climate-resilient future.

In conclusion, the Climate Risk Analytics team is dedicated to making a positive impact through data-driven solutions and collaboration. By increasing access to climate risk analytics, implementing a diverse portfolio of climate solutions, and fostering cooperation between stakeholders, they aim to drive meaningful change in vulnerable regions and for vulnerable populations. Together with their partners, they envision a future where climate risks are effectively managed, and communities are empowered to thrive amidst climate challenges.

## 2022-2023 HIGHLIGHTS

### Developing further ECA Framework and CLIMADA

Since 2019, several projects in the Analytics cluster have been implementing and working on the Economics of Climate Adaptation (ECA) framework and its modelling platform CLIMADA, partially in collaboration with UNU-EHS and other partners such as ETH, GIZ, ISF, KfW, UNCCD, UNDRR or ADB. The different resulting studies and projects all took different concentrations, for instance differing by hazard (tidal floods, riverine floods, drought, heat stress, tropical cyclones), characteristic and size of research area (rural vs. urban, regional vs. local), and by studied assets, reaching from classic infrastructural asset types to e.g. livestock and crops



in Ethiopia (drought hazard) and intangible dimensions of social protection in Indonesia (tropical cyclones).

Each individual analysis results in different lessons learned and recommendations for the local partners. Secondly, the lessons learned, e.g. in terms of strategic and targeted stakeholder engagement under travel restrictions, modelling as well as new valuing and accounting methods, directly feed into the further development of the methodology. Thus, they actively enhance MCII's and our partners' capacities to successfully integrate climate risk analytics into decision-making processes.

### Planning Ahead for FloodAdaptVN

As part of the project's Research and Development phase team, in close collaboration with local and international partners, MCII is investigating the further integration of valuing and estimating the impacts of floods on intangible and social aspects of life, infrastructure as well as ecosystems and their services. A household survey covering a multitude of flood risk related questions has been conducted already, and further interviews, and a first dedicated "Flood risk management, risk transfer and adaptation" workshop, will be conducted with local insurance and reinsurance companies, local government, local academia and local communities. Using this information, the ECA framework will be further developed, especially with regard to the evaluation of targeted risk transfer solutions and measures targeting ecosystems. For MCII this presents a valuable opportunity to work with and improve the ECA methodology as well as leverage the lessons learned toward better-informed decision-making with regard to socially, ecologically and economically viable insurance solutions as well as other adaptation measures.

### Developing a NatCat Risk Profile for ASEAN Member States

Southeast Asia is amongst the most disaster-prone regions in the world. In terms of frequency of occurrence, the Philippines, Indonesia and Viet Nam are among the top 10 countries most hit by earthquakes, floods and/or windstorms throughout the past 50 years. The situation in Cambodia, Lao PDR,

Myanmar and Thailand is not as visible in global rankings, but catastrophic events have significant local implications including major economic losses, affected livelihoods and lost lives.

The abilities of the different countries to access post-disaster funds vary within the region, but in general can be described as low, considering the high level of uninsured losses and the limited public financial resources available for response compared to the destructive potential of the catastrophic events suffered.

In this study, MCII, commissioned by the Institute of Catastrophe Risk Management (ICRM) at the Nanyang Technological University (NTU) in Singapore, provided specific NatCat Risk Profile Reports for seven Member States of the Association of Southeast Asian Nations (ASEAN): Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand and Viet Nam. The profiles included succinct background assessments on risk appetite in NatCat, as well as the current financing capacity for meeting such disasters.





**DONOR**

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

**MCII PROJECT CONTACT**

Alvaro Rojas Ferreira

**PROJECT PARTNERS**

ICRM

**PROJECT COUNTRIES**

Cambodia, Lao PDR, Myanmar, Thailand, The Philippines, and Vietnam

**PROJECT CONTRACTORS**

Institute of Catastrophe Risk Management (ICRM) - Nanyang Technological University (NTU)

Southeast Asia is amongst the most disaster-prone regions in the world. In terms of frequency of occurrence, the Philippines, Indonesia, and Vietnam can be found amongst the top 10 countries most hit by earthquakes, floods, and/or windstorms throughout the past 50 years. The situation in Cambodia, Lao PDR, Myanmar, and Thailand is not as visible in global rankings, but catastrophic events have significant local implications including major economic losses, affected livelihoods, and lost lives.

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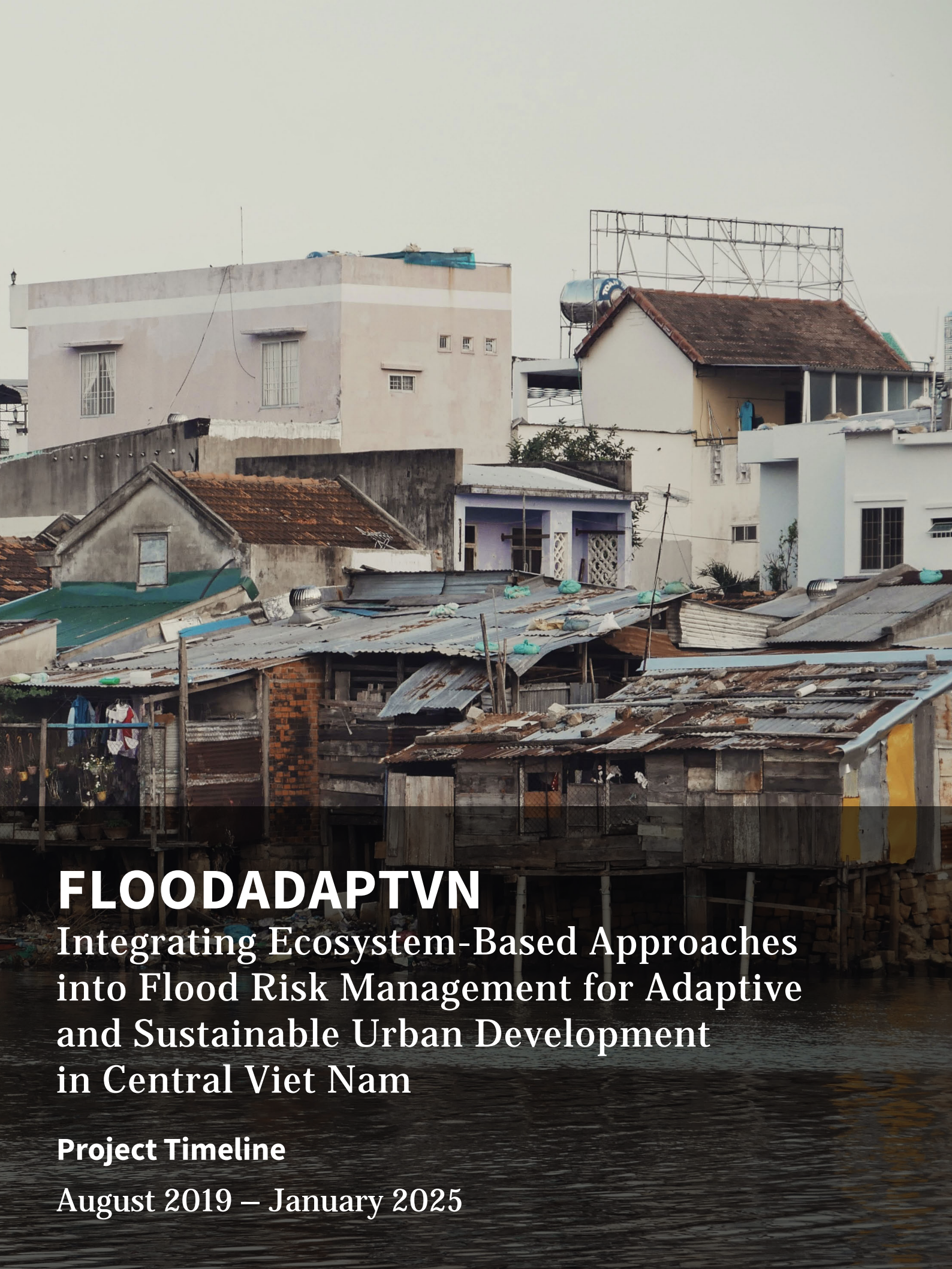
# AMS

## Development of NatCat Risk Profile Reports for ASEAN Member States

### Project Timeline

February 2022 – March 2023





# 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



**DONOR**  
German Ministry for Education and Research (BMBF)



**MCII PROJECT CONTACT**  
Maxime Souvignet



**PROJECT PARTNERS**  
German Aerospace Center, GEOMER, Hue University of Sciences (HUSC), Hue University International School, IZES – Institute for Future Energy Systems, Ludwig-Maximilians-Universität München, UNU-EHS, Universität Tübingen, Hue University (HUIS), Thua Thien Hue Provincial Commanding Committee of Natural Disaster Prevention and Control, Search and Rescue (CCNDPC/SR), Department of Natural Resources and Environment (DONRE), Ministry of Natural Resources and Environment (MONRE), Viet Nam Institute of Meteorology, Hydrology and Climate Change (IMHEN)



**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.

Building on the analysis and assessment of current and future risk dynamics and involving relevant planning documents and local stakeholders, MCII will identify and assess existing, planned and possible innovative risk mitigation, risk transfer and adaptation options (with a particular focus on ecosystem-based or risk transfer approaches). 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.



As a key part of MCII, the Solutions and Practice Partnerships team has played an important role in driving positive change. Over the past year, their collaborative work and innovative insurance solutions have made significant progress, resonating not only with partners but also with the wider public.

Through focused efforts, the team has been facilitating sustainable Climate Risk Insurance solutions, in the Pacific and Caribbean and making efforts to ensure their long-term viability. Through research within the scope of CRIRC South-South Collaboration, the team has linked empirical insights to align product characteristics with people's needs, linking evidence and implementation. Central to their success is strong institutional partnerships - increasing the reach of climate risk insurance for the most vulnerable. The CRAIC and PICAP projects play a key role in reinforcing the team's mission and vision as well as advancing the overall objectives within MCII.

Strategic partnerships with the public and private sectors have amplified the team's reach and influence. Noteworthy engagements include CCRIF SPC, DHI Water & Environment, Guardian General Insurance Limited, Guardian Group, Hannover Re, International Labour Organization Impact Insurance Facility, United Nations Capital Development Fund, United Nations Development Programme, the University of the West Indies, and the University of the South Pacific. Through these strategic partnerships, the team has fostered joint initiatives focused on building a future that is more resilient to the impacts of climate change.

## 2022-2023 HIGHLIGHTS

### Transition to Expansion Phase Marked by Landmark Insurance Payout in PICAP

During the first quarter of 2023, two PICAP programme countries experienced extreme weather events – heavy rainfall and flooding in Fiji and two Category 4 cyclones in Vanuatu. As a result, nearly one thousand parametric insurance payouts were disbursed to eligible beneficiaries directly into their bank accounts or mobile wallets. It is noteworthy, that women constitute 40 per cent, and persons with disabilities comprise 24 per cent of the policyholders who received the climate risk insurance payout within two weeks after the verification of the data by the insurers.

This event represents the first-ever climate risk insurance payouts to individuals in Fiji and Vanuatu, who were covered by the parametric microinsurance products facilitated by PICAP. It serves as a validation of its approach to market systems, which aims to bring forward innovative solutions to address enduring development challenges in the Pacific region.

Having initially focused its efforts on three island states during the inception phase, PICAP is now expanding to additional Small Island Development States in the region, specifically to Samoa, Solomon Islands, Kiribati and Papua New Guinea. Currently, comprehensive gap analyses and supply-and-demand assessments are being conducted in those countries. These studies will provide critical insights that will guide the development of tailor-made programming for each specific country context.

Attaining all these goals in a short period of time has not been without challenges. To strengthen continuous learning and knowledge-sharing, the project team continuously made efforts to systematically capture the lessons learned from the PICAP inception phase which have been compiled in the publication "[16 Lessons Learned from Implementing Climate Risk Insurance Solutions](#)". Along with the results of the ongoing supply and demand studies, the lessons learned highlighted in the publication will make a significant impact on the decisions and implementation plans for the rest of the PICAP countries.



## Solutions and Practice Partnerships

### Revision of the Livelihood Protection Policy Completed Under CRAIC

CRAIC project partners have finalized the revised model of the Livelihood Protection Policy (LPP), a weather-index-based microinsurance designed to protect the livelihood of low-income and vulnerable communities following extreme weather events, especially high winds and heavy rainfall. The LPP will provide quick payouts without requiring claims handling procedures after a disaster. The insurer, Guardian General Insurance Limited, has initiated the regulatory approval process for a revised LPP with the regulator in Trinidad and Tobago. Regulatory approval will be sought subsequently in the other project countries: Jamaica, Saint Lucia, Grenada, and Belize.

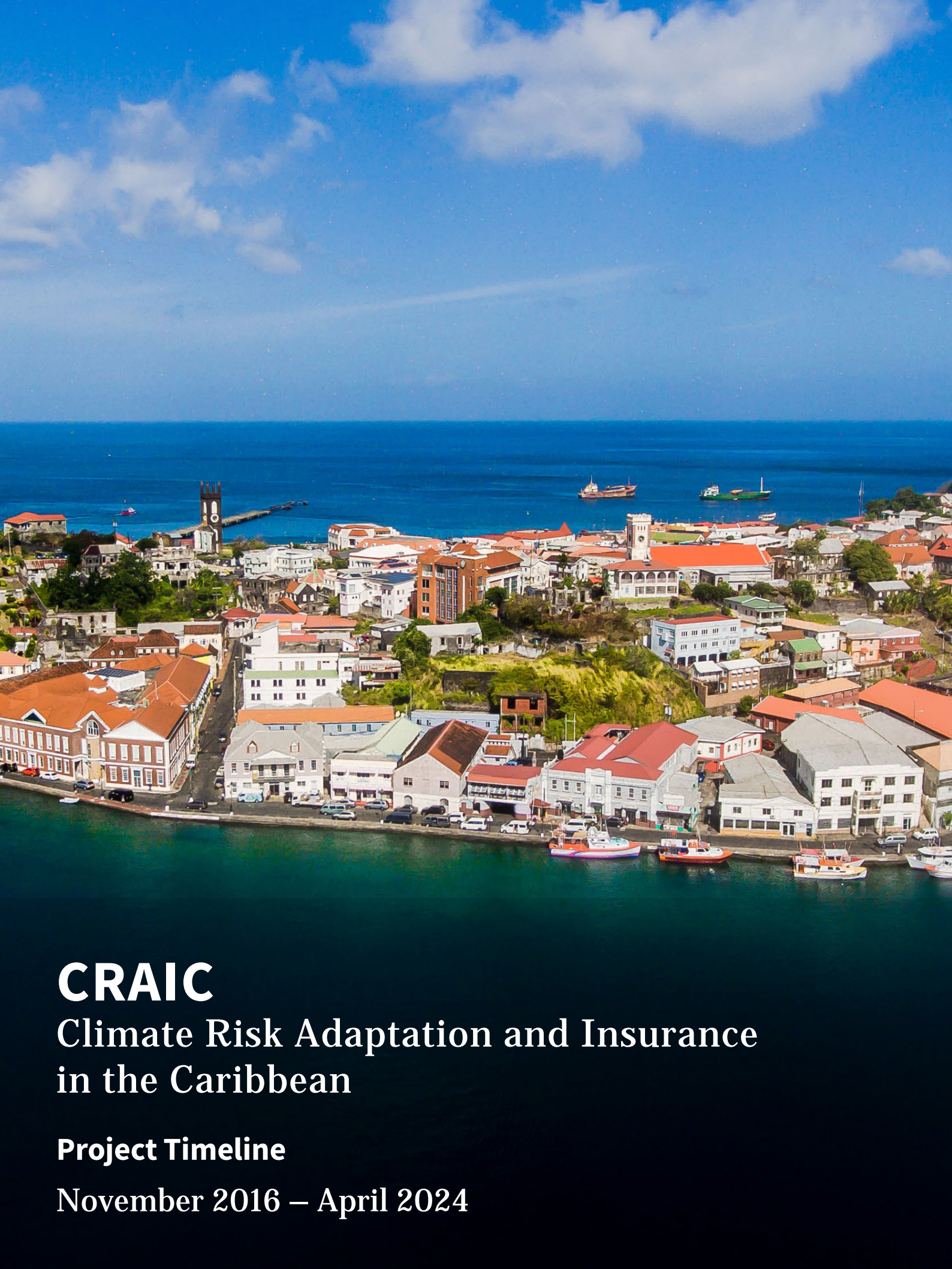
CRAIC project sees social protection systems as a crucial mechanism for extending insurance access to lowest-income communities residing and working in disaster-prone areas. Providing a prompt cash payout to individuals following a disaster can alleviate poverty and facilitate their swift recovery. The project engages with the governments to introduce an approach that links the LPP with social protection systems to safeguard individuals with the lowest income in locations prone to extreme weather events. The LPP garnered support and endorsement from the Caribbean

Community and Common Market (CARICOM) Secretariat. The endorsement entails providing microinsurance coverage through the LPP to the agriculture and fisheries sectors in the region, encompassing the five pilot countries. Several international organizations have shown interest in supporting and purchasing the LPP on behalf of selected low-income farmers and fishers.

Through the PICAP and CRAIC projects, MCII is collaborating with the University of the South Pacific (USP) and the University of the West Indies (UWI) to conduct research in multiple countries in the Pacific as well as in the Caribbean to study the risk perceptions of fishing and farming communities and linked businesses, their exposure to climate hazards, how their livelihoods are affected by climate risks, adaptation measures that they are taking, their need for (non) financial services after climate disasters, as well as their awareness about disaster risk financing options and their preferences for insurance solutions and related products.

After kicking off this large inter-regional research engagement successfully in the Pacific during the previous year, last year, fieldwork started in the Caribbean with a survey in Belize, and preparations are well underway for Jamaica, Trinidad and Tobago, Grenada, and St. Lucia.





# CRAIC

## Climate Risk Adaptation and Insurance in the Caribbean

Project Timeline  
November 2016 – April 2024



**DONOR**  
German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) – International Climate Initiative (IKI), Zukunft – Umwelt – Gesellschaft (Z.U.G) gGmbH



**MCII PROJECT CONTACT**  
Nazaruddin



**PROJECT PARTNERS**  
Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC), UNU-EHS, DHI Water & Environment, International Labour Organization (ILO) Impact Insurance Facility, University of the West Indies (UWI)



**PROJECT COUNTRIES**  
Belize, Grenada, Jamaica, Saint Lucia, and Trinidad and Tobago

The Caribbean region is highly exposed to tropical storms, flooding, and other disasters that are triggered by natural hazards. These hazards pose a significant risk to the populations 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 CRAIC project aims 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 and introduced a parametric weather-index-based micro-insurance product known as the ,Livelihood Protection Policy (LPP)\* to safeguard the livelihoods of low-income and vulnerable individuals who are exposed to climate stressors such as high winds and heavy rainfall in Jamaica and Saint Lucia. Building upon the existing LPP model, the project is enhancing the LPP model to improve trigger accuracy and make the LPP available in the markets of all five pilot countries.

The Livelihood Protection Policy (LPP) product helps protect the livelihoods of vulnerable and low-income individuals by providing swift cash payouts following extreme weather events (high winds and heavy rainfall) without a claims handling procedure. The quick claim payment will increase adaptive capacity after a disaster and will contribute to poverty and vulnerability reduction by enabling these groups to recover quickly following the disaster. The experience and lessons learned through the CRAIC project are applicable to other small island developing states.





# PICAP

## Pacific Insurance and Climate Adaptation Programme

### Project Timeline

January 2021 – December 2025



**DONOR**  
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 through the DRUA incubator of the Fijian Government.



**MCII PROJECT CONTACT**  
Sinja Buri



**PROJECT PARTNERS**  
United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), United Nations University – Institute for Environment and Human Security (UNU-EHS)



**PROJECT COUNTRIES**  
Fiji, Tonga, Vanuatu, Samoa, Solomon Islands, Kiribati, Papua New Guinea

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 various coping strategies that include: reducing food consumption, taking children out of school because parents can no longer afford to pay school fees, borrowing money, withdrawing money from their pension fund, and selling assets. These strategies diminish people’s ability to maintain or improve their well-being 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. Against this objective, PICAP is developing affordable climate and disaster risk financing instruments, including parametric microinsurance products, targeted at the agriculture, fisheries, retail, and tourism sectors with a specific focus on women, youth, migrants and MSME segments.

The Programme, jointly developed and implemented by the United Nations Capital Development Fund (UNCDF), the United Nations University Institute for Environment and Human Security (UNU-EHS) through MCII, and the United Nations Development Programme (UNDP), is financially supported by the New Zealand Aid Programme, the Australian Aid Programme, the Government of Luxembourg, as well as the Indian UN Development Partnership Fund.

During the two-year inception phase, which ended in December 2022, 4,799 (47 per cent women) individuals in Fiji, Vanuatu and Tonga were covered by the parametric microinsurance developed by PICAP. Through its shock-responsive social protection component, the programme, together with the Government of Fiji, introduced a specific climate-risk insurance product, which reached 2,000 social welfare beneficiaries during the 2023-2023 cyclone season.

Starting in 2023, PICAP expanded to cover Samoa, Solomon Islands, Kiribati and Papua New Guinea. There are considerations for also expanding to Timor-Leste.

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



# FINANCIAL OVERVIEW

I am pleased to provide you with a financial overview of the year 2022 – a year that was marked by positive change. The COVID-19 pandemic subsided, enabling us to expand our on-the-ground project activities and outreach initiatives. These positive developments have translated into increased expenses and revenue. Regarding our core funding, however, we did face a challenge in the form of a lack of donations. To address this, we strategically allocated a portion of our reserves to cover essential costs for the association's functionality, which is visible in the reduction of our reserves.

Looking ahead to the next year, we are actively exploring new income streams for core funding, seeking fresh partnerships, and working to reduce our reliance on reserves. The forecast on the project side is very good as we are experiencing a high demand for our work.

Without the outstanding performance of our Project Office, our Executive Director, past and present, the willingness of our Board Members to devote a considerable time to keeping the association afloat and helping it grow sustainably, and the support and contributions of our Members, I could not have fulfilled my tasks as Treasurer of MCII for 18 years. I am grateful for all of this. I had the pleasure to meet and work with outstanding people. Time has come to hand over my office and support MCII in the future as an ordinary Member. I trust that future challenges will be tackled in the same positive spirit as they have been in the past. On this occasion, I also express my gratitude to our host organization, UNU-EHS, and our project donors for their continuous support.

With this fourth annual report, we continue to give insights into MCII's financials. Same as in the previous years, 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





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 the association’s legal non-profit obligations.

In the overviews presented below, we highlight the reporting period of January 2022 to December 2022. 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 is 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 01.01.2022 to 31.12.2022		
Assets	2022	2021	Liabilities	2022	2021
Liquid asset (cash equivalents)	389,995.40	378,499.97	Equity	290,393.57	341,601.49
Accounts receivable	-	2,792.11	Accounts payables	97,615.22	26,000.00
Intangible assets	1,306.00	4,439.00	Other liabilities	3,800.00	20,920.70
Other assets	507.39	2,791.11			
	391,808.79	388,522.19		391,808.79	388,522.19

MCII e.V. PROFIT AND LOSS STATEMENT (EUR)						reporting period 01.01.2022 to 31.12.2022					
	Total	I. Not-for-Profit Operations (ideeller Bereich)	II. Tax Neutral Operations (ertrag-steuer-neutrale Posten)	III. Administra-tion of Assets (Vermögens-verwaltung)	IV. For-Profit Operations (sons-tige Zweckbetriebe)						
Non-taxable grants	703,031.00	703,031.00	-	-	-						
Donations	-	-	-	-	-						
Consulting income	77,173.47	-	-	-	77,173.47						
Project expendi-ture (incl. subcon-tracting)	- 795,826.67	- 720,434.78	-	-	- 75,391.89						
Other operational expenditure	- 35,585.63	- 34,224.39	-	- 249.40	- 1,111.93						
Result	- 51,207.83	- 51,628.17	-	- 249.40	669.65						

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 economical way and according to the respective contractual obligations. All projects are in line with the MCII mission statement.

PROJECT DONORS AND THE MONETARY VALUE OF THEIR CONTRIBUTION	Amount 2022 (EUR)
Asian Development Bank (ADB) via Willis Tower Watson (WTW)	10,309.28
Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV)	319,523.05
Federal Ministry of Economic Cooperation and Development (BMZ) via CARE Deutschland	276,910.81
Federal Ministry of Economic Cooperation and Development (BMZ) via GIZ	106,597.14
Nanyang Technological University	66,864.19
	780,204.47

Note: Ordered alphabetically.

Contributions to the projects PICAP, FloodAdaptVN, CLIMAFRI, CADRAT, IGP, and BioFincas and a number of small scale projects, were directly received and managed by MCII’s host organization UNU-EHS and are not included in the MCII financial statement.

As shown above, the year 2022 closed with financial reserves of EUR 290,393.57. 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

Asian Development Bank (ADB)  
 A2R Initiative  
 akzente  
 Alliance for Financial Inclusion (AFI)  
 Allianz  
 Australia – Department of Foreign Affairs and Trade  
 Bjørnsen Consulting Engineers GmbH  
 Büro für Umwelt Qualität Sicherheit  
 CARE Germany  
 CARE International  
 Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC)  
 Caribbean Policy Development Centre (CPDC)  
 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  
 CSO Networks on Climate and Disaster Risk Finance and Insurance  
 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 (DONRE)  
 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH  
 Deutsches GeoForschungsZentrum (GFZ)  
 DHI Water and Environment  
 DLR – German Aerospace Center  
 enda energie  
 ETH Zurich  
 Eurac Research  
 European Union  
 Frankfurt School of Finance & Management  
 The Gambia  
 Guardian General Insurance Limited  
 Guardian Group, Trinidad & Tobago  
 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, Nuclear Safety and Consumer Protection (BMUV)  
 German Federal Ministry of Education and Research (BMBF)  
 Germanwatch  
 Global Index Insurance Facility (GIIF)  
 Global Risk Modelling Alliance (GRMA)  
 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 (HUIS)

Hue University International School  
 Hue University of Sciences (HUSC)  
 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)  
 Institute for Future Energy Systems (IZES)  
 KfW – The German Development Bank  
 Ludwig-Maximilians-Universität München  
 Ministry of Environment Togo  
 Ministry of Living Environment and Sustainable Development Benin  
 Ministry of Natural Resources and Environment Viet Nam (MONRE)  
 Munich Re  
 Munich Re Foundation (MRF)  
 Nanyang Technological University (NTU)  
 New Zealand Ministry of Foreign Affairs and Trade  
 Peoples Committee Hue Province  
 Regions Adapt  
 Republic of Ghana  
 Republic of the Marshall Islands  
 Risk Modelling Steering Group /IDF  
 SLYCAN Trust  
 South South North  
 Thua Thien Hue Provincial Commanding Committee of Natural Disaster Prevention and Control - Search and Rescue (CCNDPC/SR)  
 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 Framework Convention on Climate Change Secretariat (UNFCCC)  
 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 Lome  
 University of the South Pacific  
 University of the West Indies  
 Viet Nam Institute of Meteorology, Hydrology and Climate Change (IMHEN)  
 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 (WASCAL) – Togo/Benin  
 WorldBank  
 WTW



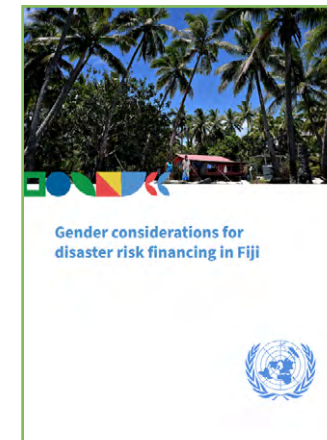
# PUBLICATIONS IN 2022/2023



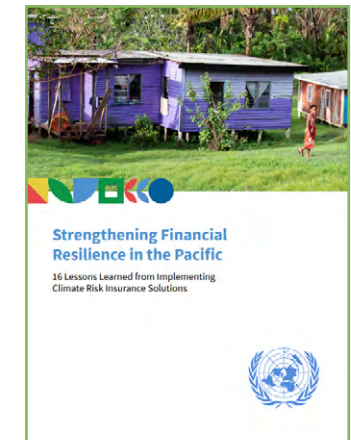
*The Potential Role of Insurance in Flood Adaptation - A Case Study of the Transboundary Lower Mono River Basin (LMRB) Shared Between Togo and Benin (2022)*



*Foundations of Climate and Disaster Risk Finance and Insurance (CDRFI) and Impactful Civil Society Engagement: An E-Learning Course (2022)*



*Gender Considerations for Disaster Risk Financing in Fiji (2023)*



*Strengthening Financial Resilience in the Pacific: 16 Lessons Learned from Implementing Climate Risk Insurance Solutions*



*25 Key Terms You Need To Know on Climate and Disaster Risk Finance & Insurance (CDRFI) (2023)*



*Disaster Risk Financing Solutions for Farmers and Fishers in Fiji, and Their Preferences (2023)*



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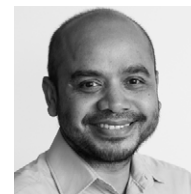
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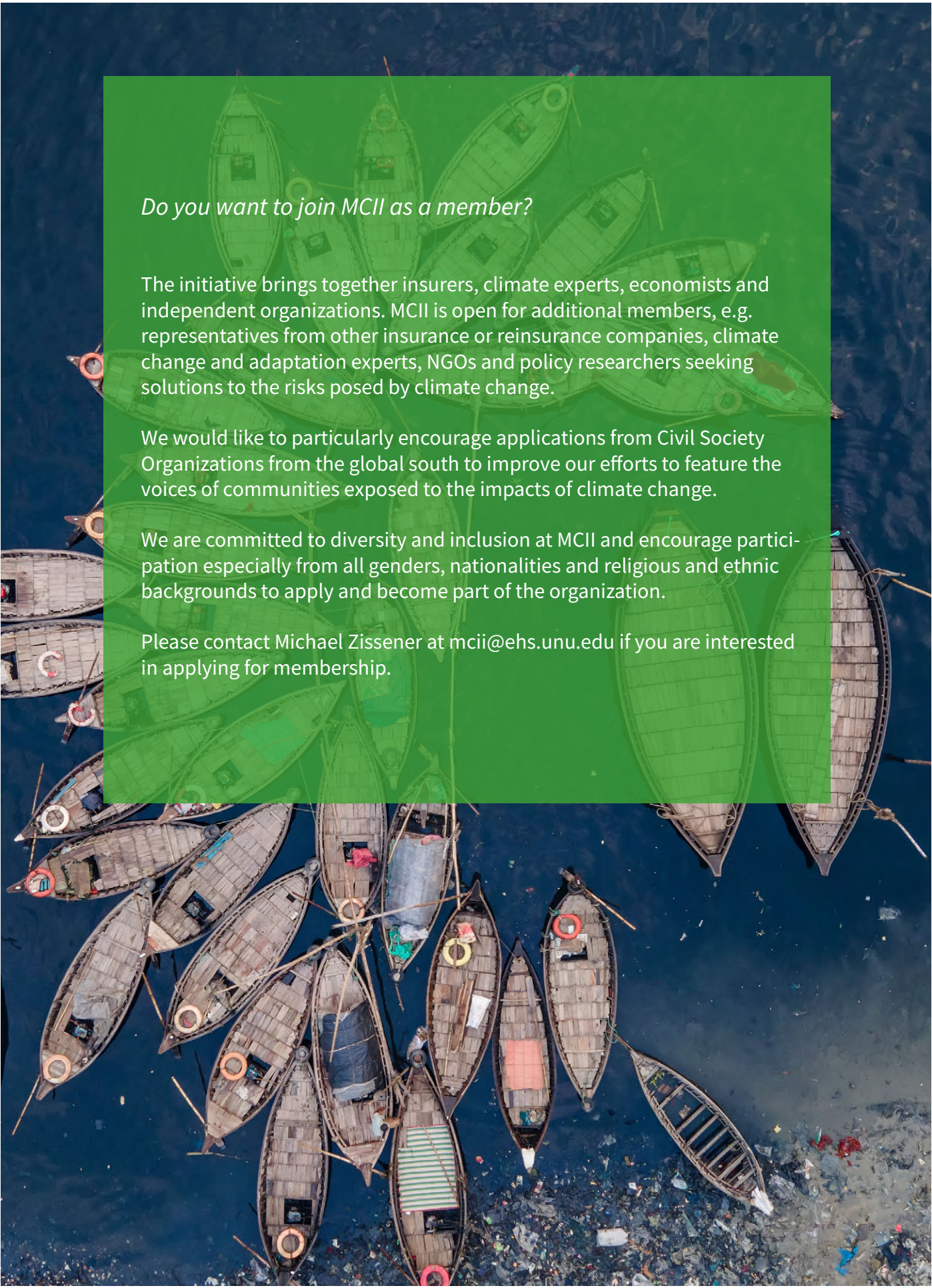
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