

The climate crisis is now - The case of development insurance towards a just transition

Digital Development Dialogue
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ipcc

INTERGOVERNMENTAL PANEL ON climate change



WMO



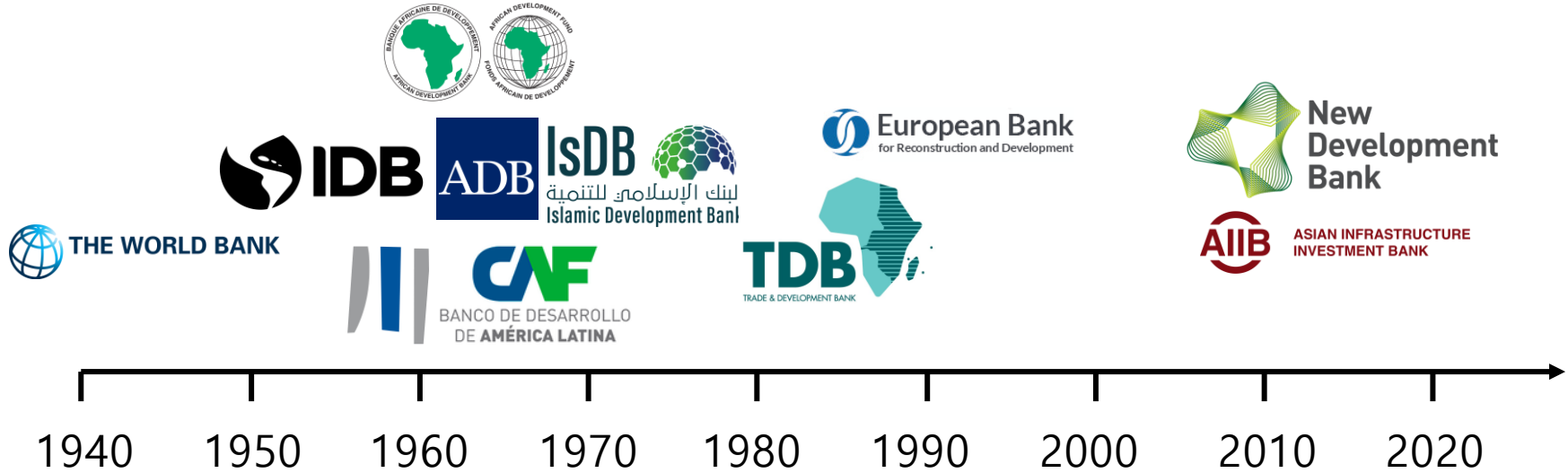
UNEP

Global warming
has caused dangerous and
widespread disruption in nature...

... leading to 3.3 – 3.6 billion people living in hotspots of high vulnerability to climate change.

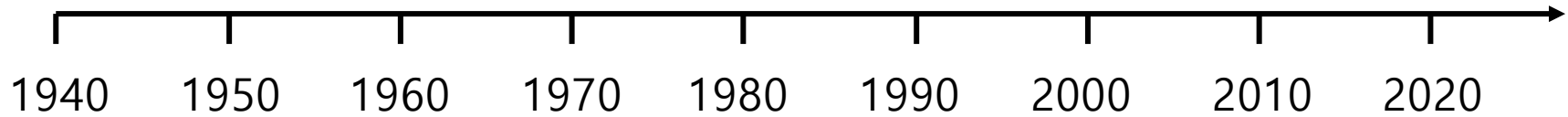






Multilateral development bank:

Multilateral financial institution that offers loans and complementary technical assistance, tied to explicit development objectives.



Multilateral development insurer:

Multilateral financial institution that offers insurance and complementary technical assistance, tied to explicit development objectives.

What might development insurers be able to do cheaply & at scale that development banks can't?

Faster response reducing suffering

More predictable response more dignified and promotes preparedness

Better national conversations wider and deeper transparency over crisis risk and crisis protection

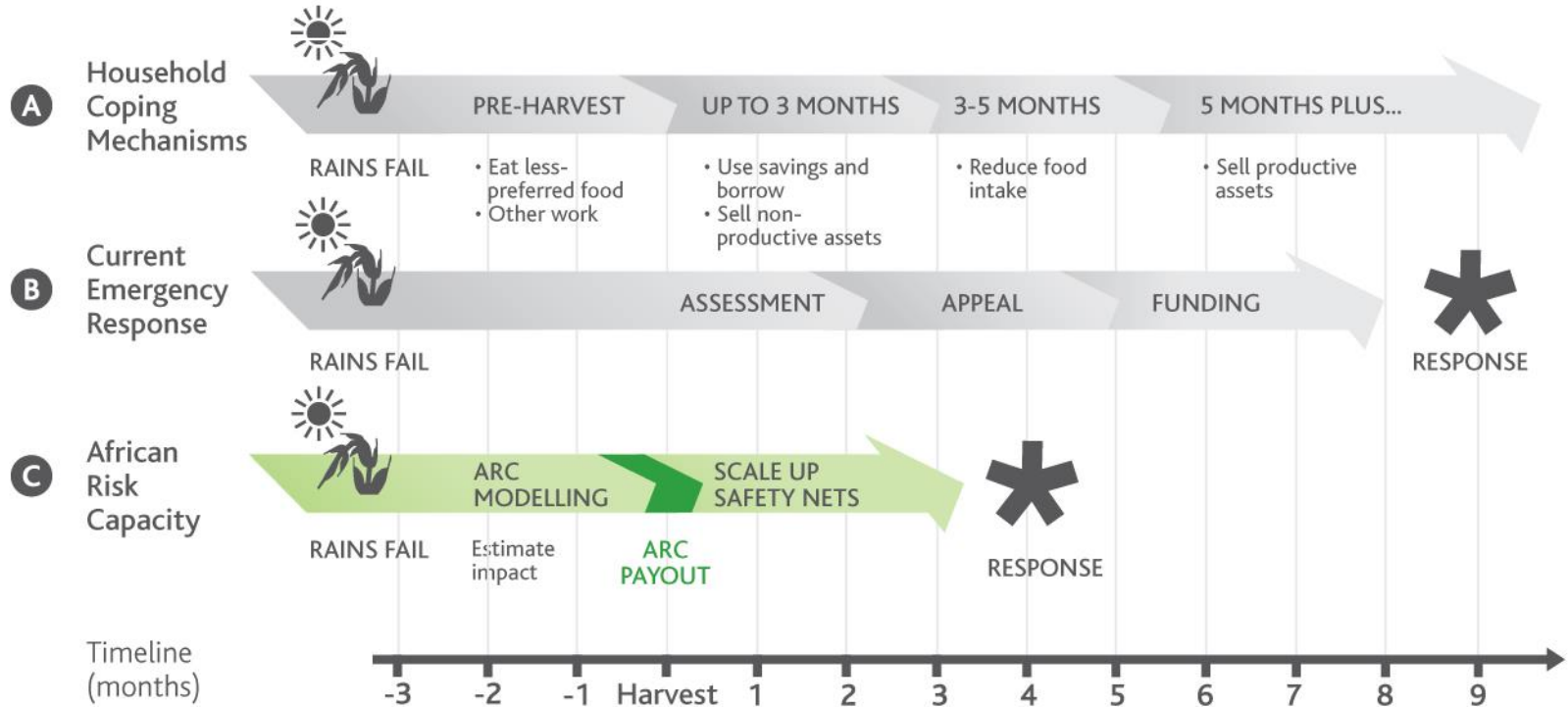
Cheaper response protecting more people

ARC – the development insurer for Africa

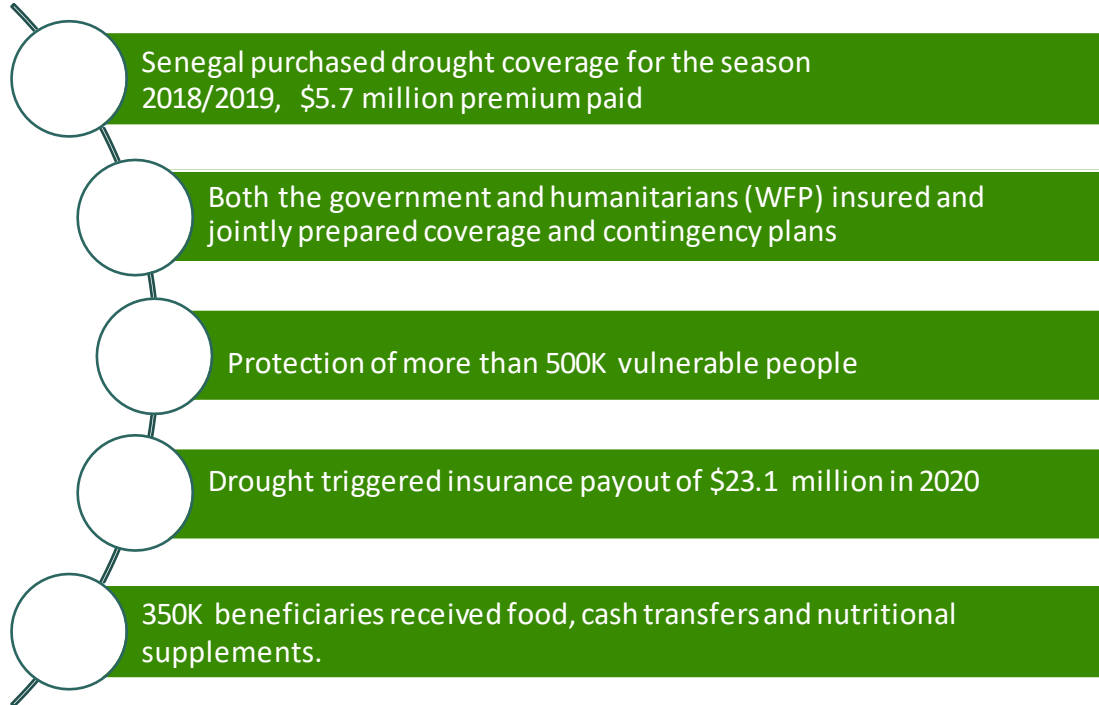


- Faster response **parametric trigger** of insurance payouts in cases of extreme drought, tropical cyclones; soon: flood, outbreaks and epidemics
- More predictable response **preparation** includes risk assessment, early warning, ex ante contingency planning
- Better national conversations **coordination** between government, humanitarian actors ("ARC Replica"), NGOs and multilateral institutions
- Cheaper response **efficient relief** cash transfers, food

How ARC changes the way disasters are paid for ...



Case Study: Senegal



ARC insurance payouts



2015

\$26.3M

Mauritania, Niger,
Senegal

2016

\$8.1M

Malawi

2018

\$2.4M

Mauritania

2019

\$26M

Senegal
Cote d'Ivoire

2020

\$6M

Madagascar
Zimbabwe
Cote d'Ivoire

2021

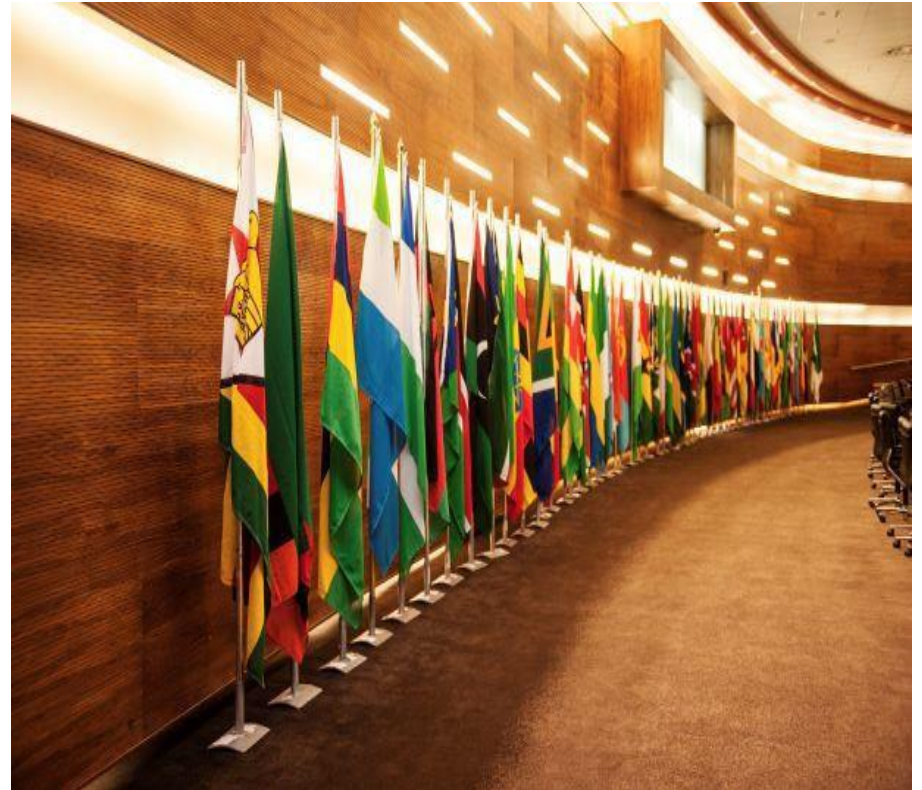
\$51M

Mali
Mauritania
Niger
Burkina Faso
Cote d'Ivoire
Malawi
Zambia
Madagascar

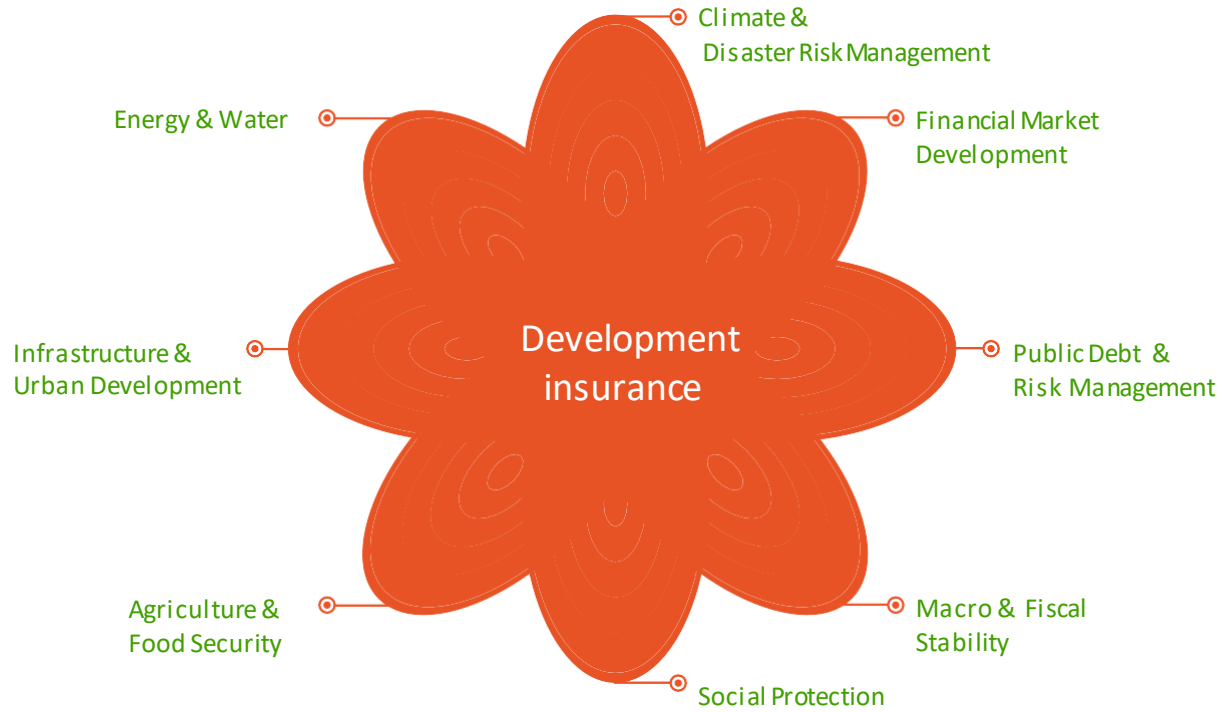
German support to ARC



Goals	Climate resilience Food security Just transition
Financial support	35mn EUR capital support (2013-33) 65mn EUR grants for institutional and product development, premium support (2013-2029)
Advocacy	G7 (2015, 2022), G20 (2017), InsuResilience Global Partnership
Partnerships	African States: AU Donors: UK, USA, CAD, EU, SDC, France, Rockefeller Foundation Multilaterals: AfDB, IFAD, WFP Humanitarian NGOs: Start Network



Creating climate resilience in various sectors ...



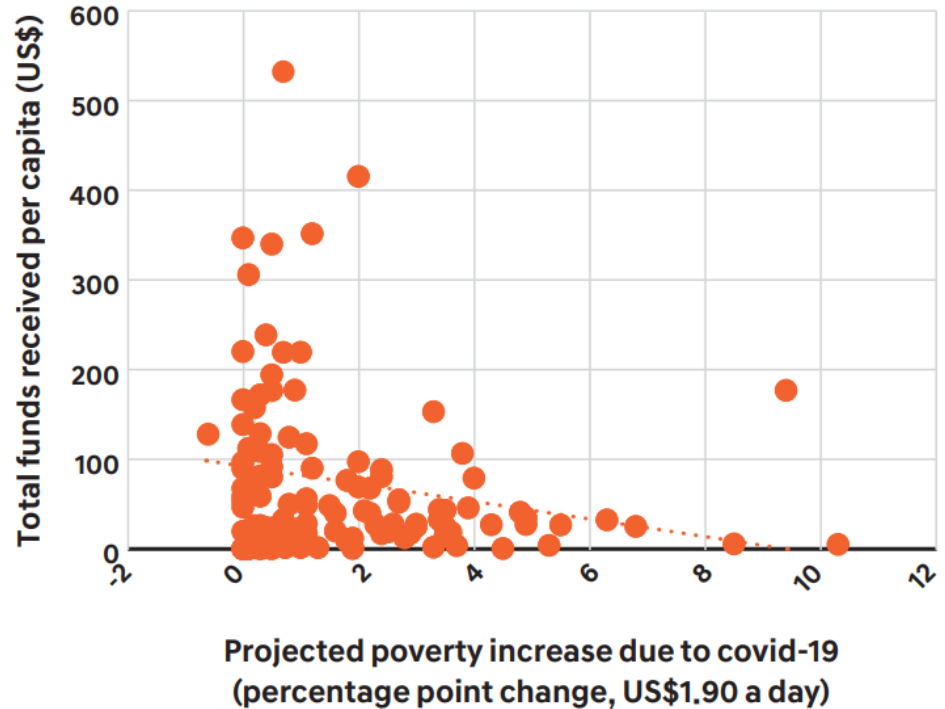
Source: adopted from Disaster Risk Finance Primer, World Bank, 2018

Research agenda:

- How do we change the way disasters are paid for?
- Do pre-agreed finance interventions have impact?
- What should our crisis financing architecture look like?

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Yang, Y., Patel, D., Hill, R. V., and Plichta, M. (2021) 'Funding covid-19 response: Tracking global humanitarian and development funding to meet crisis needs', Working paper 5, Centre for Disaster Protection, London.

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Hill, R. V., Campero Peredo, A., and Tarazona, M. (2021) 'The impact of pre-arranged disaster finance: Evidence gap assessment', Working paper 7, Centre for Disaster Protection, London.

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