

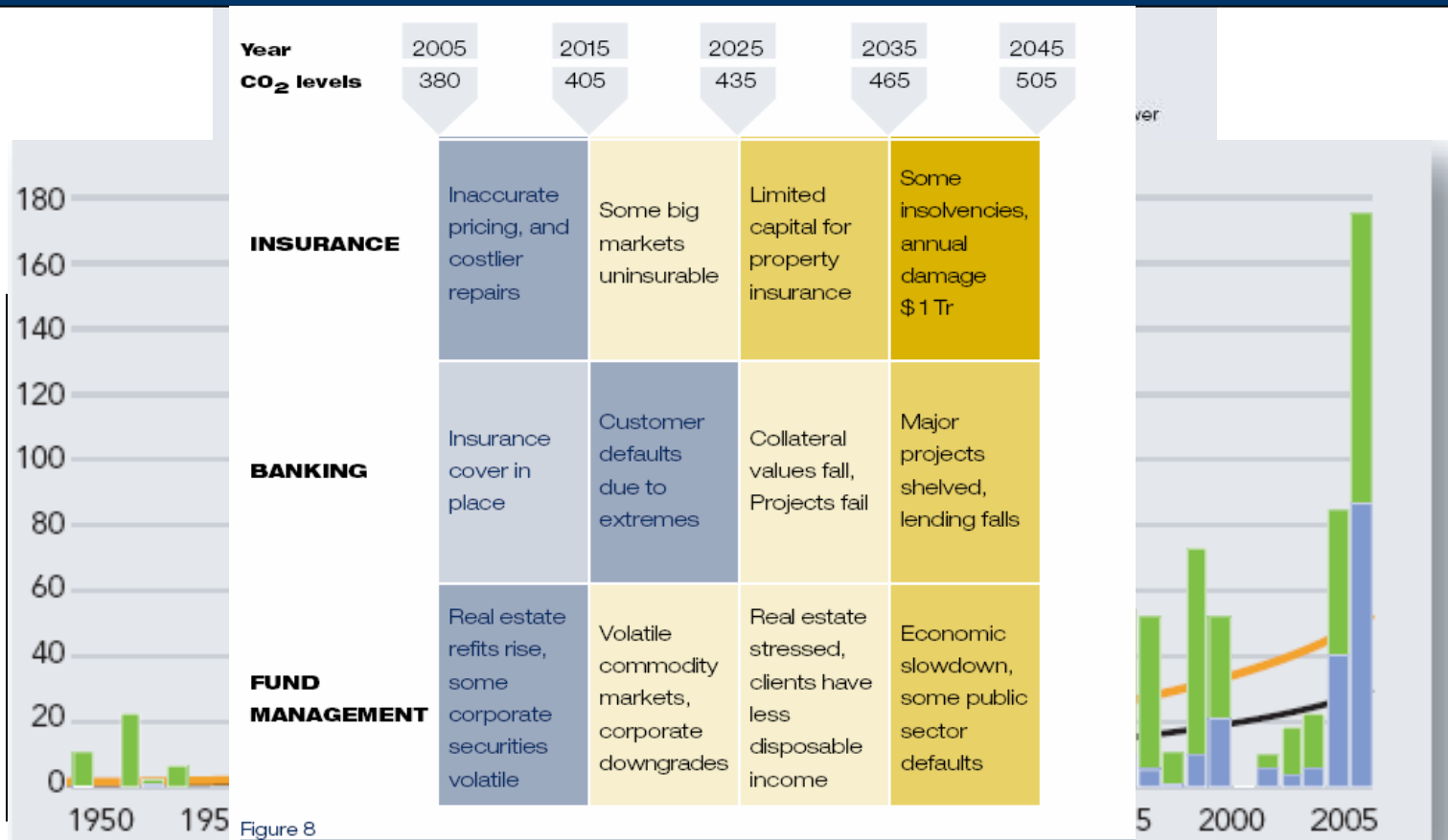


UNEP **Finance Initiative**
Innovative financing for sustainability

Climate Change Adaptation & Finance

Perspectives and UNEP FI Activities

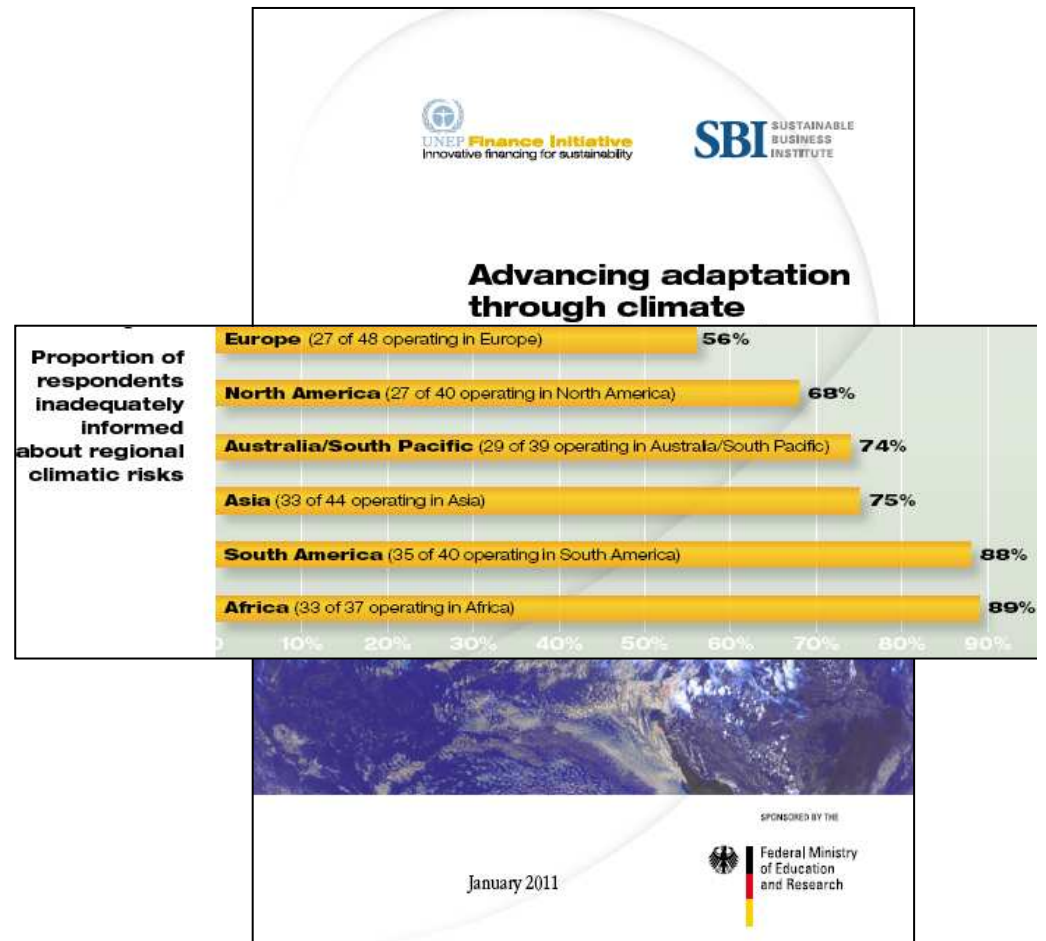
ADAPTATION. WHY?



WHAT ABOUT ADAPTATION? NEED TO DIFFERENTIATE!

1. Adapting private sector assets

- Economic tissue means societal well-being – policy needs to worry.
- However: no strong free-rider problem
- Public policy approach: raise awareness and provide information, also in developing countries
- Improve quality of forecasts



WHAT ABOUT ADAPTATION? NEED TO DIFFERENTIATE!

2. Adapting poor governments and vulnerable livelihoods

- Help for self-help – help them insure themselves
- Advantages:
 - ✓ financially sustainable
 - ✓ quick relief
 - ✓ efficient and effective through risk management and loss reduction

Issues and possible ODA focus

- Is there insurance?
- Are there relevant products?
- Is insurance affordable?
- Public-private partnerships?



WHAT ABOUT ADAPTATION? 2 EXAMPLES

1. At the livelihood level – Horn of Africa Risk Transfer for Adaptation

- Parametric insurance in Northern Ethiopia that is triggered when rainfall falls below a certain threshold
- Underwritten by a local company and reinsured by an international re-insurer, it provides to poor farmers automatic and quick disbursement of predictable relief funding in the case of drought
- Unique in allowing farmers to pay for their premiums through “loss reduction” labour – link to national cash-for-work programme
- Combines weather insurance with risk reduction



WHAT ABOUT ADAPTATION? 2 EXAMPLES

2. At the country level -- The Caribbean Catastrophe Risk Insurance Facility (CCRIF)

- Public-private partnership designed to limit the financial impact of hurricanes for 16 Caribbean governments
- Provides short-term liquidity to participating governments when the policy is triggered by a catastrophe, such as the 2010 Haitian earthquake
- By pooling the risks of its members, CCRIF can provide insurance coverage at a comparatively low premium for otherwise mostly uninsured catastrophe risks borne by sovereigns



WHAT ABOUT ADAPTATION? And at the global level?

Invites Parties and relevant organizations to submit to the secretariat, by 21 February 2011, views and information on what elements should be included in the work programme, including the following:

- (a) Possible development of a climate risk insurance facility to address impacts associated with severe weather events;
- (b) Options for risk management and reduction; risk sharing and transfer mechanisms such as insurance, including options for micro-insurance; and resilience building, including through economic diversification;
- (c) Approaches for addressing rehabilitation measures associated with slow onset events;
- (d) Engagement of stakeholders with relevant specialized expertise;





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Thank you!

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