Climate Risk Management: NAP and Insurance

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Paris, 11 December 2015
The Climate Risk Continuum and its Management

Prevention and Risk Avoidance ("Adaptation measures") → Risk Retention → Risk Transfer e.g. Insurance → Additional Measures → NAP & Adaptation Policies

Level of Risk
The National Adaptation Planning Process

- Established 2010 by the COP under UNFCCC

- **Main goals:**
  - Address *medium- and long-term adaptation needs*
  - Reduce vulnerability
  - Integrate (=mainstream) CC adaptation into new and existing development planning processes, *within all relevant sectors and levels*

- **Characteristics:**
  - Country-driven, participatory, non-prescriptive, build on existing efforts, iterative process, including mechanisms for learning and M&E
Germany’s NAP Support Worldwide

Map as of 28/11/2015
GIZ’s Support on Insurance

Financial Inclusion

General (micro) insurance market development

- Facilitating multi-stakeholder dialogue
- Providing financial literacy to sales staff as well as to target customers
- Supporting microinsurance regulation process
- Enhancing access to products

Agricultural / Climate Insurance

- Facilitating multi-stakeholder dialogues
- Advisory services for national risk transfer systems
- Supporting the development of data infrastructure and index based insurance products
- Promoting the approach of integrated risk management (incl. risk prevention measures)
GIZ’s Current Insurance Project Portfolio

**Financial Inclusion (with a focus on insurance)**
- Agricultural and climate risk insurance

**Sector Projects / Insurance Initiatives (Global)**
- Sector Project Financial systems approaches to insurance
- Access to Insurance Initiative
- PPP Allianz SE

**Egypt**
- PPP with Allianz SE on microinsurance
- Microinsurance Regulation

**Ghana**
- Promoting Insurance in Ghana

**Greece**
- Country Diagnostic

**Peru**
- Climate, Agriculture and Risk Transfer

**Nigeria**
- Promotion of Sustainable Economic Growth

**Paraguay**
- Agri + Catastrophe Insurance for vulnerable rural families

**Southeast Asia**
- Agricultural Insurance, Food Security and Remote sensing technology (RIICE project)

**India**
- Rural Insurance Services Programme

**Uganda**
- Advisory services to supervisor

**Asia**
- Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia: Philippines, Mongolia, Nepal, Indonesia, Thailand, Vietnam

**Africa**
- Making Finance Work for Africa

**Georgia**
- Country Diagnostic

**Paraguay**
- Agri + Catastrophe Insurance for vulnerable rural families
Remote sensing-based Information and Insurance for Crops in Emerging economies (RIICE) – Asia

**A partnership:** SDC (Switzerland), BMZ, IRRI, sarmap, Allianz Re, GIZ implementing

**Objective:** Reduce the vulnerability of small-holder rice producers to natural catastrophes

**2012 to current:** proof-of-concept phase

**from 2016:** scaling-up

**Result 1:** Rice crop monitoring system: remote sensing based detection of yield loss of or damage to the rice crop (floods, drought, …) – operational and adopted e.g. by the government of Thailand

**Result 2:** Insurance products under development by commercial insurer in Thailand, promising findings on customer willingness to pay
Conclusions – for our discussion!

• Comprehensive climate risk management requires a mix of adequate responses.
• NAP is the overarching process to promote a coordinated approach to climate risk management.
• NAP can guide adaptation investments that themselves improve insurability.
• Insurance protects people from risks that adaptation measures cannot entirely prevent. For instance through the G7 InsuResilience Initiative.
• We need to develop innovative, field-tested solutions that help to upscale and integrate coverage of both NAP and climate insurance.