InsuResilience Global Partnership

# *Promoting financial resilience for the world's most vulnerable: Social Protection as a Component of Comprehensive Risk Finance Strategies*

## UNU Summer Academy

## 15 September 2020

# Fragmentation in a world with increasing risks

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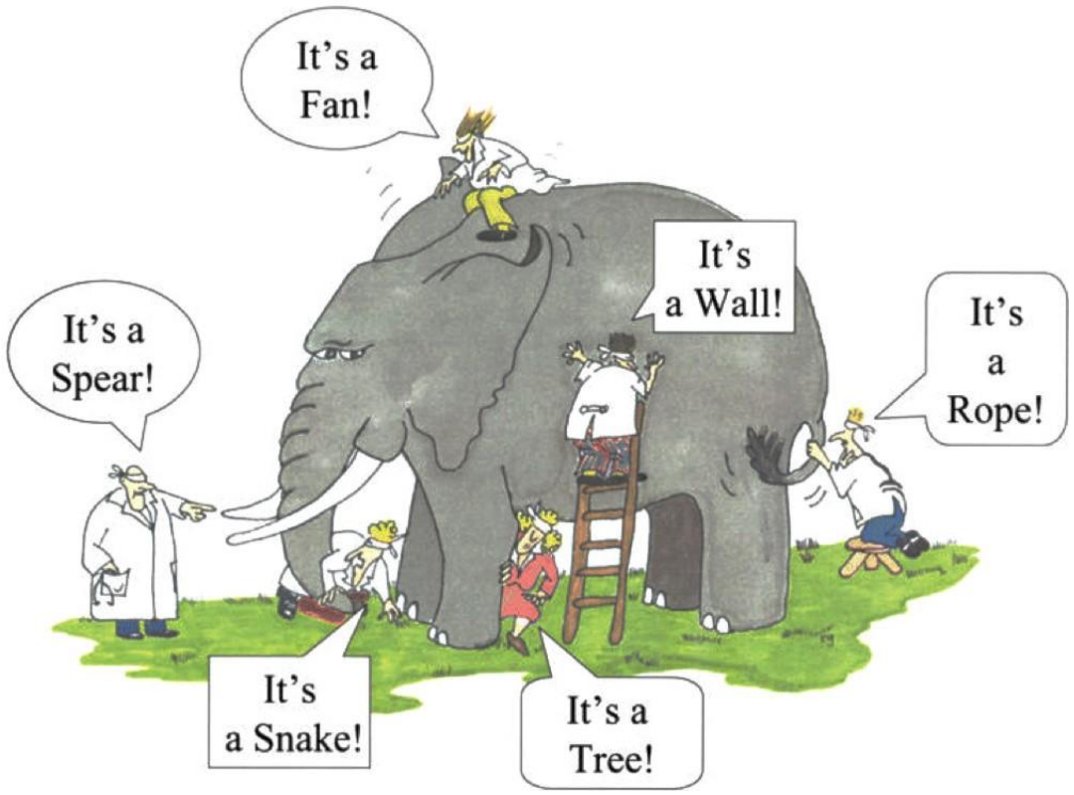
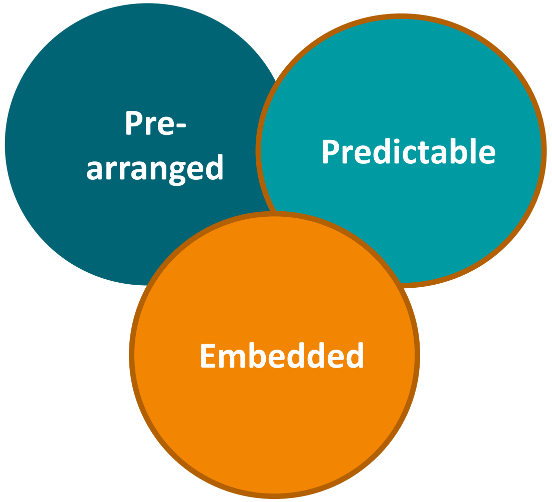
**The Risk Environment…**


**The Institutional Environment…**



# Promoting financial preparedness in contribution to global resilience efforts

## Climate and Disaster Risk Finance and Insurance (CDRFI)




… on standby for early action, relief and recovery

## The Partnership: A multi-stakeholder platform

*"We like to bring together people from radically different fields and wait for the friction to produce heat, light and magic. Sometimes it takes a while."*

- Setting common agenda and standards
- Enabling convergence, collaboration and coordinated implementation efforts
- Sharing learning and best practices
- Linking needs with solutions

# The InsuResilience Vision 2025

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**500**

Million vulnerable people protected through CDRFI

**150**

Million vulnerable people protected through inclusive microinsurance

**10%**

Of annual climate and disaster losses in other vulnerable countries covered by CDRFI

**80**

Vulnerable countries with comprehensive disaster risk finance strategies in place

**60**

Vulnerable countries reporting their average annual climate and disaster risk

**$5bn**

Of risk capacity offered by the private insurance industry

# Adaptive Social Protection as an Element of Risk Finance – 3 Benefits of integration (I/II)

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## 1. Rules-based anticipatory approach

Social protection can build on insurance-like principles, shifting the focus from a reactive to a proactive approach (enhanced shock-responsiveness), including:

a. **Contingency planning**: Plan for disaster response, including instruments and responsibilities

b. **Evidence-based decision making**: Data-driven, rules-based triggers and early warning

c. **Pre-arranged financing:** Rapid mobilization of funds

# Adaptive Social Protection as an Element of Risk Finance – 3 Benefits of integration (II/II)



## 2. Risk layering

- **Contingency financing mechanism:** Governments use insurance to scale up social protection in anticipation or response to a shock
- **'Piggybacking' insurance on existing social protection systems** (macro level): e.g. African Risk Capacity
- **Micro insurance as part of (government) social protection strategy:** e.g. R4 Rural Resilience Initiative

# Adaptive Social Protection as an Element of Risk Finance – 3 Benefits of integration (III/II)

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## 3. Targeting

- **Data and information sharing**: Harnessing of information collected for CDRFI to better understand risk and vulnerability of affected groups
- **Targeting** different groups within a community
- **Identifying and enrolling new beneficiaries**

# Thank you!