The role of collaborative arrangements for managing climate risks: A Case of Study of CCRIF

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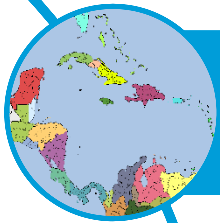
Session 1: Scaling up finance to foster adaptation actions in developing countries

CCRIF Products



17 Member Countries in the Caribbean and Central America

Tropical Cyclone Policies

Earthquake Policies

Excess Rainfall Policies

How CCRIF Got Started

Prompted by Hurricane Ivan

The world's first multi-country risk pool providing parametric insurance

Designed to limit the financial impact of catastrophic hurricanes and earthquakes

Provides short-term funding to support relief in the immediate aftermath of a natural disaster

2007-2015

12 payouts to 8 governments totaling US$ 35.6 million

CCRIF Collaboration and Partnerships

Level 1: **Internal partnerships with the private sector**

Level 2: **Member countries**

Level 3: Regional organizations

Level 4: Development partners/donors

Level 5: Public-private partnerships

Level 6: Other similar insurance facilities

Level 1

Internal partnerships with the private sector

- **Service Providers**
- **Reinsurance Partners**

CCRIF retains some of the risk transferred by participating countries and transfers the remainder of the risk to reinsurance markets.

New World Bank cat bond issued in 2014 - addresses earthquake and tropical cyclone risk in the Caribbean CCRIF member countries

CCRIF Service Providers:

- risk management
- risk modelling
- captive management
- reinsurance, reinsurance brokerage
- asset management
- corporate communications
- information technology

Level 2

Member countries

Primary country stakeholders:

- Ministries of Finance
- Disaster Management Agencies
- Meteorology Offices

Level 3

Regional Organizations

To strengthen the Region's disaster response and mitigation capacity, CCRIF works closely with:

- CARICOM
- CCCCC
- CDB
- CDEMA
- CIMH
- IDB
- OECS
- UNECLAC
- UWI
- UWI SRC

Level 4

Development partners/donors

CCRIF's original donors:

- World Bank
- Government of Japan
- European Union
- Caribbean Development Bank
- Governments of Canada, UK, France, Bermuda, Ireland

Level 5

Public-private partnerships

Caribbean Risk Adaptation and Insurance in the Caribbean Project

Livelihood Protection Policy

- Helps protect the livelihoods of vulnerable low-income individuals such as small farmers and day labourers – against extreme weather events
- Provided through local insurance companies and financial institutions
- LPP payouts made to policyholders in Saint Lucia following an extreme rainfall event in the Eastern Caribbean in December 2013

Loan Portfolio Cover

- Targeted at financial institutions
- Loan portfolio hedge for lending institutions with credit portfolios exposed to natural disaster risk

MCII

CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility

Munich RE

MICROENSURE

Level 6

Other similar facilities

African Risk Capacity

Through the United Nations Secretary General's office, CCRIF has begun some preliminary discussions with ARC towards signing an MOU in the future that would facilitate cooperation and collaboration between the two entities in the fields of sovereign risk management, capacity building and climate change adaptation.

Risk Transfer and Climate Risk and Vulnerability

Governments should include both ex-ante and ex-post financing instruments

Risk transfer mechanisms such as those offered by CCRIF constitute an important part of disaster risk management and climate change adaptation strategies

CCRIF provides a solid platform from which to scale up the use of ex-ante financing tools

CCRIF combines the needs of sovereign states with the efficiencies of the traditional and alternative risk transfer markets

Lessons Learned

Dialogue with experts and stakeholders must be an ongoing objective

Donor support is invaluable

Stakeholder interests must be represented

Key decision makers must have requisite knowledge and experience

Facility must be grounded in principles of good corporate governance

It must be recognized that risk transfer is not a silver bullet for CDM

Thank You

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