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
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
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
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.
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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