MCII

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CLIMATE RISK INSURANCE: TRANSPARENCY, PARTICIPATION AND ACCOUNTABILITY

An overview assessment of regional risk pools

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Abbreviations list

ADC	Aggregated Deductible Cover
ARC	African Risk Capacity
ARV	Africa RiskView
CARICOM	Caribbean Community
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDRF	Climate and Disaster Risk Finance
CoP	Conference of Parties
CPDC	Caribbean Policy Development Centre
CSO	Civil Society Organisation
EQ	Earthquake
FIP	Final Implementation Plan
IAP2	International Association for Public Participation
IDA	International Development Association
MCII	Munich Climate Insurance Initiative
M&E	Monitoring and Evaluation
NGO	Non-governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OPM	Oxford Policy Management
PacRIS	Pacific Risk Information System
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PCRIC	Pacific Catastrophe Risk Insurance Company
PCRIF	Pacific Catastrophe Risk Insurance Foundation
PICAN	Pacific Islands Climate Action Network
PPP	Public Private Partnership
SEADRIF	Southeast Asia Disaster Risk Insurance Facility
TC	Tropical Cyclone
TS	Tsunami
TWG	Technical Working Group
WFP	World Food Programme
XSR	Excess Rainfall

Executive Summary

As extreme weather events increase in both frequency and cost, strengthening resilience, especially financial resilience, is becoming a policy priority for many countries.[1] Doing so requires a greater understanding of the risks of these events, planning how to respond to said risks and putting the financing in place to act immediately.[2]

Sovereign risk pools provide one mechanism to address losses from less frequent but severe disasters, such as Hurricane Irma in 2017. Based on parametric insurance – where payouts are triggered by a predetermined parameter or index rather than assessment of actual losses – they are intended to provide finance quickly. Currently, there are three operational regional risk pools: the Caribbean Catastrophe Risk Insurance Facility (CCRIF), Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) and African Risk Capacity (ARC). Until today, the three pools together have disbursed around 40 payouts to their members and thereby helped to deliver timely relief to affected states and individuals. CCRIF's payouts, for example, have been used to maintain the payment of government salaries after disaster and to repair critical infrastructure, including bridges and roads. PCRAFI payouts on the other hand have helped to dispatch medical personnel to impacted areas and to transport emergency goods across the sea, while the funds disbursed by ARC supported the distribution of food and fodder as well as conditional cash transfers. As the respective pools' policy renewal rates show, these benefits are valued by many of their members, who continue to use climate risk insurance as part of their climate and disaster risk financing strategies.[3] The support of regional risk pools as a risk financing solution is further substantiated when looking at Southeast Asia, where a fourth pool, the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), will soon be launched.

This paper highlights the importance of transparency and accountability of the risk pools and the ability of civil society to engage constructively with them – a core principle to ensure the pools are 'pro-poor.'[4] It also argues that greater transparency and accountability are in the interests of the risk pools themselves, as it can improve their institutional effectiveness, highlight errors or gaps and build public support.

The paper seeks to improve understanding of how these themes should apply in the context of sovereign risk pools; to assess CCRIF, PCRAFI and ARC against these three themes – SEADRIF, since it is still under development, falls outside the scope of this work; and to present recommendations for action. It finds that:

- It is generally understood which countries have taken out insurance policies, although it is not always clear against which hazard. For example, PCRAFI communications state that eight policies

have been sold to five countries for the 2017/18 policy year, but there is no information about which countries received which coverage.

- No risk pool regularly publishes information on premiums or risk transfer parameters. As a result, it is impossible for citizens to judge whether value has been obtained for public money.
- While each risk pool provides clear information on payout amounts, there is less consistency in detailing how this money is used. This makes it difficult to assess the actual impacts of the risk pools, and how benefits are shared.
- Each of the risk pools prioritises accountability to member governments and international donors, whereas efforts to engage civil society are more mixed:
  - CCRIF has had no engagement with civil society on sovereign risk insurance, but offers a small grants programme and supports a micro insurance programme.
  - PCRAFI also has not engaged civil society on insurance, but there are examples of NGOs participating in PCRAFI run forecast-based financing trainings.
  - ARC by design offers numerous opportunities to engage with civil society, which has been taken up at varying degrees in each country.
- NGOs themselves need support, both financially and in terms of capacity building, to engage on the topic of climate and disaster risk financing.

A critical question arose however about whether transparency and accountability are the responsibility of the risk pools or national governments. The answer is not one or the other; while governments should be transparent, engage civil society on the topic of climate and disaster risk finance (CDRF) and be held accountable to tax payers, the risk pools have a role to play in encouraging and supporting this – with concrete steps, they can take to improve their own transparency, participation and accountability.

By working to improve awareness, increase transparency and create opportunities to engage civil society, risk pools can support civil society in holding national governments accountable. Alongside this, they would also improve their own accountability to civil society for the advice and services they offer to governments.

As such, there are five recommendations:

- Risk pools should actively encourage member countries to consent to risk pools publishing full details of policies taken out, premiums and risk transfer parameters, payouts and detailed use and incorporate permission to publish within agreements.
- Donors should provide direct financing to civil society groups in the Global South to engage and build capacity on CDRF.

- Risk pools and national governments should ensure civil society organisations (CSOs) are invited to 'closed' policy spaces to ensure that risk financing discussions benefit from voices on the ground representing affected communities.
- The World Bank should consult and collaborate with civil society in its Disaster Risk Financing and Insurance Program.
- NGOs should increase their own engagement on climate and disaster risk financing through carrying out policy analysis and research, and engaging with decision makers.

1. Introduction

Extreme weather events are increasing in both frequency and cost, disproportionately affecting poor and vulnerable people. The year 2017 was the second worst on record for economic losses as a result of climate-related disasters and overall losses were almost double the ten-year average.[5] Even relatively low-severity, small-scale and localised disasters, which may not have high financial costs, can wipe out the savings and assets of poor and vulnerable people, and disrupt or destroy their livelihoods. These events are happening more than most of us are aware: between 1990 and 2014 in Latin America, for example, there were 177 smaller and 'silent' disasters for every one large-scale disaster.[6]

Governments need to have plans in place to respond to and recover from disasters, as well as the right financial instruments, according to the risks' frequency and severity, to implement such plans.[7] This requires taking a risk layering approach to financing – using a mixture of instruments such as government reserves or contingency funds, contingent credit lines and insurance; with continued support from the international community for humanitarian aid. Strengthening resilience, especially financial resilience, is becoming a policy priority for many countries.[1] Doing so requires a greater understanding of the risks, planning how to respond to these and putting in place the financing to act immediately.[2] As such, an increasing number of governments and donors are moving more towards ex ante financial planning, which is agreed prior to a disaster, as a way of addressing this.

Between 1995 and 2015, 90 per cent of disasters were caused by weather-related events such as floods, storms and heatwaves.[8] Parametric insurance is one tool to help address the financial impacts of these disasters. Unlike traditional indemnity insurance, parametric insurance is designed to payout quickly when a predetermined climatic or seismic event occurs, such as when the amount of rain or wind speed falls outside pre-defined parameters. The speed and predictability of payouts are often cited as parametric insurance's greatest benefits – allowing governments to plan ahead and act quickly after a disaster.[7] Over the last ten years, sovereign risk pools have emerged as key mechanisms to enable governments to access insurance[7] as the cost is significantly lower than an individual government could access on its own.[9] There are three sovereign risk pools: the Caribbean Catastrophe Risk Insurance Facility (CCRIF), Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), and African Risk Capacity (ARC).

However, insurance cannot cover the full costs of a disaster nor is it appropriate for all types of disasters. As such, insurance should be utilised as part of a holistic risk management strategy, alongside other instruments, and must be accompanied by action and financing for disaster risk reduction and climate change adaptation.

As parametric insurance has been receiving increased attention as a tool for governments to mitigate against the financial shocks of disasters, there have been debates around its appropriateness and cost effectiveness for protecting poor and vulnerable people. This paper does not aim to substantively resolve these questions, rather it highlights the importance of transparency and accountability of the risk pools and the ability of civil society to engage constructively with them – a core principle to ensure that the pools are 'pro-poor'.[4,10] It starts from the position that the success of the risk pools lies not only in how much and how fast they pay out, but in how the payouts are used, who benefits and what impacts they have. Transparency, participation and accountability underpin the ability of stakeholders to assess this and improve effectiveness.

The purpose of this paper is threefold. First, to improve understanding of how the themes of transparency, accountability and participation of civil society should apply in the context of sovereign risk pools. Second, to assess CCRIF, PCRAFI and ARC against these three themes. Third, to present recommendations for actions that key stakeholders can take to facilitate greater transparency, accountability and participation in existing risk pools and when designing new ones, such as the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). This paper is based primarily on desk-based research and supplemented by 28 semi-structured interviews with representatives from the three risk pools, donors, NGOs and multilateral organisations.

2. Key issues: transparency, participation and accountability

Transparency, participation and accountability are often cited as core elements of good governance. They are key principles to ensure that insurance is 'pro-poor' and are necessary to ensure the priorities of vulnerable people are reflected in decisions, and their needs met.[11] The importance of these interlinked principles is enshrined in a variety of international initiatives such as the Global Initiative for Fiscal Transparency[12] and the Global Partnership for Social Accountability; as well as regional commitments including CARICOM's Civil Society Charter,[13] African Union's Agenda 2063[14] and the Pacific Islands Forum's CSO engagement strategy.[15]

But these terms can mean different things, depending on the stakeholder's position, outlook and theory of change. This section explores the three terms, why they matter and sets out which aspects are being used to frame the subsequent review of the three risk pools.

Accountability

Capacity and openness for being held responsible for executing power properly

- Answerability and enforceability arising from transparency and participation: Consists of the rights to make claims and demand a response; and to involvement in ensuring that related action is taken
- Examples: Bottom-up – Answerability to & involvement of civil society; Peer-to-peer – Answerability to & involvement of fellow country pool members in spirit of solidarity principle; Top-down – Answerability to & involvement of donor countries
- Risk pools: Civil society informed and engaged based on transparency & participation

Transparency

Being open in the clear disclosure of information, rules, plans, processes & actions

- Based on duty to act visibly, predictably, and understandably
- Information provided in reliable and timely manner
- Examples: World Bank's Framework for Disclosure in PPPs; Extractive Industries Transparency Initiative
- Risk pools: disclosure of policy holders & coverage; premiums and risk transfer parameters; payouts & their use

Participation

Right held by all people to engage in society and in the decisions that impact their lives

- Occurs in forms of gradually intensifying degrees of participation: informing, consulting, involving, collaborating, empowering the public
- Example: participation of civil society (organisations) in national or corporate decision-making
- Risk pools: civil society and other stakeholders engaged in design & decision-making around product development & programming processes

Figure 1: Dimensions of (good) governance: transparency, participation and accountability
Source: MCII (forthcoming)[16]

2.1 Transparency

> "Characteristic of governments, companies, organisations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions. As a principle, public officials, civil servants, the managers and directors of companies and organisations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability."[17]

Improved transparency has the potential to lead to better outcomes and increased institutional effectiveness. It can also build trust and confidence in institutions and their activities. In addition to these instrumental benefits, transparency has its own intrinsic value.[18] The World Bank notes that transparency in "institutional arrangements for public finance allows for the assessment of a government's financial position and the true cost and benefit of government activities."[12] This is particularly important in relation to the risk

pools, as the insurance is not intended to cover all the losses experienced from a disaster. As such, understanding the extent of coverage, under what conditions and for which risks, is crucial for civil society to be able to hold governments responsible for their decisions, and the risk pools accountable for the advice and products provided to governments.

There are precedents for this in the extractive industry and in Public Private Partnerships (PPPs). For example, the Extractive Industries Transparency Initiative requires both governments and companies to disclose information, such as revenue, that previously would have been considered confidential.[19] The World Bank's Framework for Disclosure in Public Private Partnerships (which should apply to sovereign risk pools) provides guidance on the type of information that should be made public, including financial information, government support and performance.[20]

In order to build public confidence in the risk pools and enable civil society to assess governments' financial risk management, this paper has identified three areas in which the sovereign risk pools should provide information in a clear, reliable and timely manner.

(i) **Policy holders and hazard coverage:** On a most basic level, the public should be able to find – on the risk pools' websites or in other easily accessible and well-referenced sources – information on which country took out an insurance policy against which hazard (cyclone, earthquake, drought etcetera) in any given year.

(ii) **Premiums and risk transfer parameters:** A more complex issue is the publication of premiums and the risk transfer parameters[a] agreed. As premiums are paid using taxpayers' money and/or IDA finance,[b] and as the risk pools were largely capitalised with donor contributions, this information should be public to enable those respective taxpayers to hold their governments accountable. This must be combined with information about wider risk transfer parameters, without which the premium figure gives no indication as to the potential value or extent of protection offered.[c]

[a] The World Bank defines risk transfer parameters as:

- the attachment point (the severity of an event that gives rise to a payment – e.g. a 1-in-10 year event);
- coverage limit (the amount of maximum payout as defined under a policy);
- ceding percentage (the percentage of coverage a country acquires); and
- exhaustion point (severity of event at which the maximum payment is triggered).

[b] International Development Association (IDA) is part of the World Bank and provides loans on concessional terms and grants.

[c] Without this knowledge and understanding, there may be false hope among civil society and politicians about what potential payout they may receive, which in turn may be used nationally to justify leaving the risk pool as has been seen in the case of both the Solomon Islands leaving PCRAFI and Kenya leaving ARC, both after two years.

(iii) **Payouts and their use:** Just as figures on total economic losses can mask how disasters affect people,[21] the amount of a payout, without information on how this was used, masks its potential impact. All three risk pools are very diligent in publishing when a payout was triggered, and its amount, however, there is less consistency across the risk pools in publishing information such as how quickly it was utilised by recipient governments, how the funds were used and whom the funds targeted (if at all). This paper argues that transparency on how funds are used is vital to understanding the risk pools' contribution to resilience and their impacts.

Many argue that this information is covered by client confidentiality (in this case the client being the government), and cannot be made public without a waiver being signed by the governments. Instead they suggest that stakeholders should be able to access some of the information discussed above in national budgets.

Donors have increasingly emphasised budget transparency and there has been a corresponding increase in interest and engagement from civil society with budget policies and processes in general.[22] However, a review of the International Budget Partnership's 2017 Open Budget Survey shows that six of the eight current and previous countries that have taken out ARC policies provide 'limited' or 'minimal' budget information, offer 'few opportunities to engage' and have 'limited' or 'weak' oversight of the budgets.[23] Even if this is not the case in participating countries in the other risk pools (most of whom are not covered in the Open Budget Survey), monitoring and tracking budgets is challenging.[24] Furthermore, it is unlikely that the information in budgets will be found easily or in a timely manner, nor are they likely to provide any information on risk transfer parameters.

While countries should increase their transparency, and be held accountable by national stakeholders regarding their use of payouts and the risk transfer parameters agreed, risk pool facilities should also actively encourage and directly ask governments' permission to publish this information. 'Citizen guides to budgets' which give short, clear, understandable explanations of national budgets and public finances,[25] could offer a useful reference or template for the risk pools of how to present the information in a concise and understandable way. Not only would civil society benefit from a more holistic understanding of the risk protection a policy offers, the regional risk pools themselves would benefit as increased awareness (and ideally national stakeholder engagement) may reduce political tensions that lead to countries deciding not to renew their policies.

However, without participation transparency does not directly lead to accountability. Nor does simply making information public guarantee that civil society will have the ability to engage with this information.[26]

2.2 Participation

> "Participation is the right held by all people to engage in society and in the decisions that impact their lives."[27]

As with wider discussions in disaster management or climate financing, there is an important question to be asked about how to ensure participation of vulnerable and affected communities in decision making.[28] Civil society is often viewed as an intermediary for poor, marginalised or vulnerable groups who are disproportionately affected by disasters, and as such should be able to engage with governments and the risk pools.

The International Association for Public Participation's (IAP2) public participation spectrum is useful in this regard, noting at one end of the spectrum, participation can be defined as 'informing' the public, with the definition then successively evolving in conjunction with increasing degrees of engagement, thereby moving along the spectrum to 'consulting', 'involving', 'collaborating with' and finally culminating in 'empowering' the public. IAP2 notes that this shift along the spectrum correlates with increasing impact.[29] Similarly the Organisation for Economic Co-operation and Development's (OECD) refers to an "imaginary ladder of participation" from information sharing to consultation to engagement.[30] It notes the importance of establishing a two-way dialogue, and its 2001 guiding principles on open and inclusive policy making stresses the need to involve civil society.[30]

The meaning of civil society can vary greatly depending on location, context and time.[31] Transparency International defines civil society as "[t]he arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organisations (NGOs), trade unions and faith-based organisations commonly are included in this sphere, making the term broader than an NGO."[17] It should be noted that in this research, interviews were limited to NGOs.

Meaningful participation, partnership and collaboration can ensure a wider reach, innovative ideas and quicker reactions to development challenges, such as, for example, disaster situations.[32] The participation of civil society in national decision making, alongside governments and the private sector, is recognised as a valuable means to address development challenges[33] and to serve as a reality check.[34] On a macro level, the World Bank's strategic framework for citizen engagement notes that there is strong evidence that public engagement in public financial management has led to pro-poor fiscal policies.[35] However, economic and financial conversations typically occur in 'closed' or 'invite only' spaces which civil society is excluded from.[29]

As the international community attempts to break down silos across development, humanitarian and disaster management sectors, climate risk insurance is increasingly prominent in diverse policy discussions. It follows that the NGOs themselves are diverse, with different mandates and means of engagement. Some act as service deliverers and may engage with the risk pools in this capacity, for example with ARC in the delivery of food or cash through social protection systems. Others work in advocacy at a national, regional and/or international level – advocating for greater accountability of aid, an integrated approach to disaster management or more effective humanitarian programming. On the issue of global finance, civil society has engaged in an array of advocacy campaigns on issues ranging from trans-border debt, to project loans by development banks and structural adjustment programmes.[34]

2.3 Accountability

"The concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly."[17]

Accountability is generally considered a core component of good governance in a number of guiding frameworks for disaster resilience,[28] but it is impossible to discuss accountability without also bringing transparency and participation into the conversation. Accountability consists of both the rights "to make claims and demand a response", and involvement "in ensuring that related action is taken"[36] – essentially the 'answerability' of decision makers and the 'enforceability' of these, although the majority of accountability initiatives focus on the former.[18]

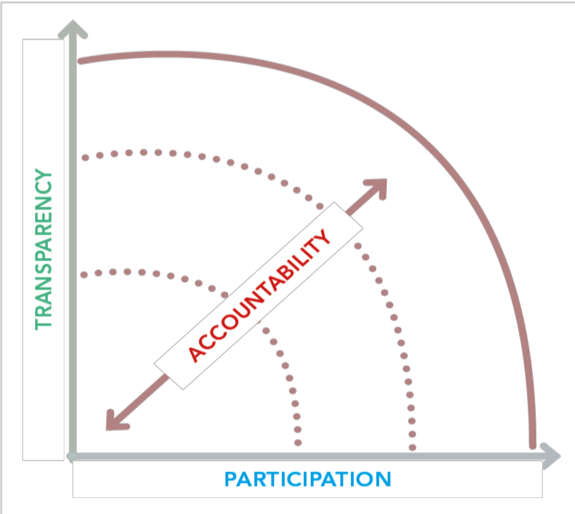

Figure 2: Good governance and its constituting dimensions: transparency & participation as determinants of accountability
Source: MCII (forthcoming)[16]

Accountability is inherently relational[37] and the risk pools do not exist in a vacuum but in a complex and fluid policy and operational environment that spans international development, disaster risk reduction and management, humanitarian response and recovery and fiscal management. The IAP2 spectrum of participation (inform, consult, involve, collaborate and empower), which was already mentioned above in relation to participation, is also a useful scale in which to assess potential accountability. Often there is an emphasis by international partners on upward accountability toward donor institutions, rather than downward to civil

society. This historic tendency towards a top-down, centralised approach to risk management impedes ability to respond.[38] Going one step further, as Bailey says in 'Managing Famine Risk, Linking Early Warning to Early Action': "in the absence of strong accountability to vulnerable populations, governments do not give priority to humanitarian needs".[39] While CCRIF and PCRAFI may not be designed specifically to address humanitarian needs, rather to provide immediate liquidity, governments taking out an insurance policy will have to make tough budgetary decisions which can be influenced by political concerns.

Accountability about how governments decide to spend their budget and any potential payout is therefore important to ensure decisions are made in a transparent manner. Budgetary and disaster management decisions rests first and foremost with national governments, and without agreement from governments, the risk pools cannot publish information on risk transfer parameters or the use of payouts, which are needed to hold the governments to account. But risk pools need to be accountable for the information and advice they provide to governments, which necessitates that civil society is informed about policies and involved or collaborates in what are often closed or invitation-only policy spaces.

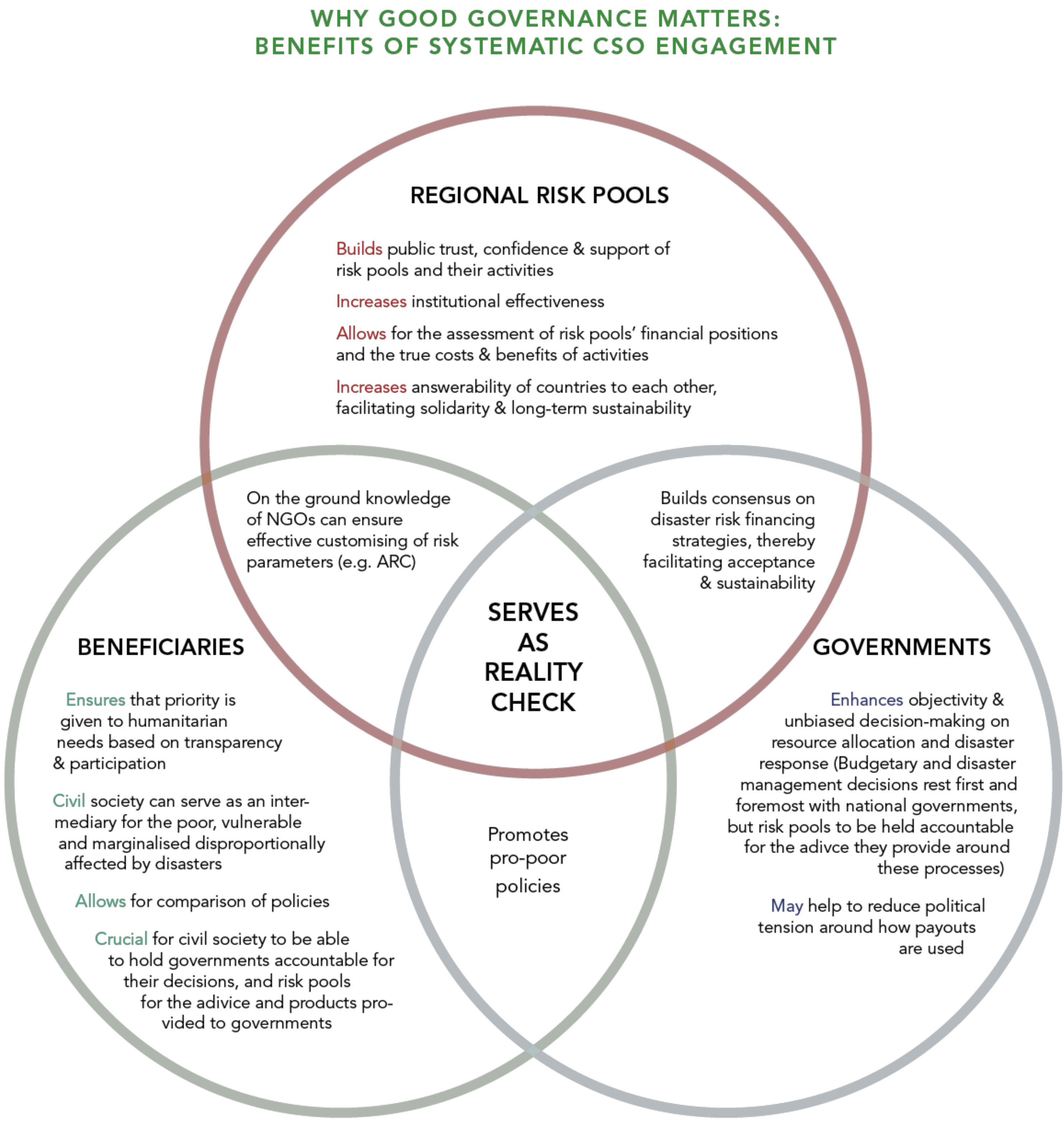

Figure 3: Why good governance matters: Benefits of systematic CSO engagement
Source: MCII (forthcoming)[16]

3. Assessing transparency, participation and accountability of regional risk pools

Given the diversity of the three risk pools, it is not our intention to compare and contrast each risk pool, rather explore them individually. The boxes at the beginning of each of the following subsections will introduce the regional risk pool and give a brief explanation of the context in which it emerged, how it operates and details about policy coverage to date. This is followed by a review of its publicly available information and an assessment of its transparency. After this, the extent of engagement with NGOs is examined, coupled with analysis of its accountability.

3.1 Caribbean Catastrophe Risk Insurance Facility

Box 1: The Caribbean Catastrophe Risk Insurance Facility (CCRIF)

The Caribbean Catastrophe Risk Insurance Facility (CCRIF) was the first multi-national risk pool in the world, established in 2007. CCRIF emerged after Hurricane Ivan, which caused billions of dollars of losses across the Caribbean in 2004,[40] in response to a request from the Caribbean Community and Common Market (CARICOM) for assistance from the World Bank with insurance.[41]

The region faces a number of hazards, particularly from earthquakes and hurricanes (and to a lesser extent volcanic eruptions in certain areas). Floods, landslides, storm surges and tsunamis are secondary risks.[40] While the majority of Caribbean Islands are middle-income countries, the nature of small island states makes them less able to absorb the economic impacts of major disasters. It is not affordable to establish financial reserves, they are less able to reallocate resources and, due to high levels of debt, they are constrained in accessing credit.[42] CCRIF is intended to help mitigate short-term cash flow problems, with payouts providing an initial injection of liquidity, but these are not intended to fund the majority of disaster recovery efforts.[43]

CCRIF is a non-profit company and its sources of income and reserves are public funds (through donor contributions and participating governments' fees and premiums).[44] In its first seven seasons (which each run June 1 – May 31), CCRIF offered coverage against tropical cyclones, linked to wind and storm surges, and earthquakes. In 2014 it launched excess rainfall coverage, linked to damage from rainfall,[40] and in 2017 added aggregate deductible coverage, which works like a reserve fund providing a minimum payment for events that do not trigger a CCRIF policy but where losses were identified on the ground.[45] Initially the attachment point for hurricanes could not be lower than a 1-in-15 year event[44] and a 1-in-20 year event for earthquakes. The former has since been reduced to 1-in-10 year events.

Since its creation CCRIF has maintained steady membership of Anguilla, Antigua & Barbuda, the Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Haiti, Jamaica, St Kits & Nevis, St Lucia, St Vincent & the Grenadines, Trinidad & Tobago and Turks & Caicos – except for in the eighth and tenth season when the Bahamas did not renew its policy. In June 2018 CCRIF announced that the British Virgin Islands and Montserrat have both joined for the 2018/19 season. In 2014, the company was restructured into a segregated portfolio company[d] to permit it to expand in to new geographical areas, which facilitated the entry of Nicaragua into the risk pool in 2015.

In 2009, CCRIF began implementing a Technical Assistance Programme aimed at improving member countries' understanding of their hazards and risks and the potential impact of climate change on the region. The programme includes regional knowledge-building and training on ex-ante disaster financing.[43] It also provides scholarships for students to study areas related to disaster risk management; as well as small grants for projects led by NGOs, community organisations or national institutions on disaster risk reduction. Since the programme's launch in March 2015, eight projects have been approved across five different organisations and institutions. It is worth noting that five of the eight grants have been awarded to projects in Haiti. CCRIF is also involved in a micro insurance project with MCII and other partners, which aims to protect the livelihoods of low-income people against extreme weather events.[40]

3.1.1 Transparency

World Bank reviews of CCRIF after the first, second and third season show that CCRIF has worked to increase its transparency – taking steps such as sharing information about products and activities on the website, launching a variety of communication tools and producing detailed annual reports.[44,43] CCRIF recognised that transparency was an essential aspect to increasing understanding[44] and updated its 2009-2012 strategic plan to include an objective to "create a governance framework built on transparency and accountability principles".[46] However, this specifically focused on maintaining accountability towards members and donors in regards to financial management.[46]

For analysing the availability of information on policy coverage, risk transfer parameters and payouts, a detailed table of all available information is included in Annex I. This is drawn from a variety of CCRIF annual reports (2010 – 2017) and World Bank reviews of CCRIF's operation as there is no one single source for this information.

(i) **Policy coverage:** Our analysis shows that it is clear which governments participated in the risk pool in any given year and took out tropical cyclone coverage. It is not always clear who took out coverage against earthquakes, excess rainfall or aggregate deductible cover. For example, in the 2017

[d] As a result of this restructuring process, CCRIF officially became known as CCRIF SPC. However for ease of reference this paper uses CCRIF.

annual report, it states that 39 policies were sold in total – 15 for tropical cyclones, 12 for earthquakes and 11 for excess rainfall,[47] but nowhere in the report does it state which country took out which policies.

(ii) Premiums and risk transfer parameters: There is limited information available on individual premiums paid. As Annex I shows, there were only two cases in which the premiums were publicly reported: for Haiti in 2009/10 ($385,500 paid through donor contributions) and Nicaragua in 2015/16 ($1.5m). CCRIF does however publish an annual aggregation of premiums paid.

In certain years, some countries have borrowed from the Caribbean Development Bank to pay for premiums (either in full or partially), while others have used IDA funds from the World Bank.[44] This information is not routinely published however and it is difficult to establish what debt countries may be accruing in order to pay premiums. Haiti is the only country to have its premiums fully paid by donors. Almost every year, CCRIF has lowered premiums by varying degrees, for example -10 per cent in the second season,[48] 12.5 per cent in the third season[43] and a 35 per cent rebate in the sixth season.[49] It also offered members the option to use their participation deposits towards following years' premiums.[43]

Regarding risk transfer parameters, the World Bank's review of CCRIF's operation after the third season is the only document which has published information – noting the coverage limits for all tropical cyclones and earthquakes taken out in 2009/10 and 2010/11.[43]

(iii) Payouts and usage: CCRIF has been very diligent in publishing payouts – and a full list can be found from a variety of sources. However, of the 33 payouts made between 2007 and May 2017, a review of CCRIF's documentation showed there are only two instances where top-line information was published on how the payouts were used: in Barbados in 2016/17 where payouts were used to fix roads and undertake remedial work in low lying areas; and in Haiti in the same year to provide food and shelter, medications, unblocking main roads, and assistance to the agricultural sector.[47] The World Bank's 2012 Implementation Completion and Results Report provides a further six top-line demonstrations of how payouts were reportedly allocated.[50]

Initially CCRIF placed no reporting requirements on governments to document how payouts were used. New participation agreements, which all member governments sign, include a reporting obligation with an implicit recognition that this would be made public, and existing members have

been asked to amend their agreements to include this new reporting obligation. However, it is not yet clear what amount of detail the reporting will require.

While CCRIF may not currently have permission to make information about premiums and risk transfer parameters public, it should be noted that, until a few years ago, CCRIF did not make country risk profiles public. They had to build support for this and each country has to give permission for the profiles to be published on CCRIF's website.[40] Not every country has agreed to the publication of this information – there are no risk profiles available for Barbados, Grenada, Nicaragua, or Jamaica, and Haiti's profile is only excess rainfall. Nevertheless, the indication of such principal openness to transparency should act as an incentive for making premiums and risk transfer parameters public, so that CCRIF has an opportunity to build awareness and improve accountability.

In its first few operational years CCRIF faced challenges, because a number of disasters did not trigger payouts despite the risk pool participants suffering damages. These were initially perceived as basis risk events in-country, but in fact were retention events.[e] A 2011 stakeholder analysis, based on a World Bank beneficiary assessment survey, aimed to present options for CCRIF to "meet the needs of members and stakeholders".[51] However, the survey of government financial officials and representatives from disaster management and meteorological bodies did not include any civil society representatives. Even still, some respondents noted they needed more information about how policies were triggered and payments calculated, and a large number of respondents did not understand key elements of the policy. It was also noted by some respondents the importance of the public having a better understanding.[51] These issues demonstrate a need for greater awareness about the insurance policy and how it will be used. Greater awareness may reduce the political tensions around the lack of a payout or conversely, how payouts are being used.

3.1.2 Participation and Accountability

There appear to be limited opportunities for NGOs to engage with CCRIF, let alone participate in discussions about risk transfer parameters or use of payouts. Analysis undertaken between November 2008 and July 2009 by the Caribbean Policy Development Centre (CPDC) for Christian Aid found that, in four Caribbean countries, there was limited knowledge among CSOs or communities of CCRIF.[52] Since undertaking this analysis, the CPDC has not worked on the issue of CCRIF according to a contact consulted during research. It should not be assumed that awareness levels of CCRIF remain the same among CSOs nearly ten years later – unfortunately a detailed study such as the one CPDC undertook is beyond the scope of this paper.

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[e] Basis risk: the risk that policy holders experience losses when a payout is not triggered; receive a payout even when there has been little or no losses or when the triggered payout is inadequate to cover the insured losses. Retention event: when the losses experienced are within the risk parameters a policy holder retained (and therefore not eligible for a payout).

Beyond CCRIF's engagement with NGOs through the small grant programme or its role in the provision of micro insurance, there has not been an effort to engage directly with NGOs. As such it is clear that CCRIF's priority is accountability towards member governments, not civil society. In discussions with CCRIF, they indicated that they would like to find a way to engage further with NGOs, noting that the limited staff capacity (just four staff members) makes this challenging. There are however several opportunities for CCRIF to begin this engagement. For example, earlier this year, CCRIF held its inaugural policy forum to bring together member governments, and this space could be opened up to include NGOs (at least partially). CCRIF also offers training on CDRF and should consider including NGOs in this training. They should also encourage governments participating in the risk pools, especially new participants, to hold open discussions and consultations with civil society nationally to build consensus on disaster risk financing strategies.

By promoting NGO participation in what are currently closed or invite only policy spaces to facilitate (national level) discussions, and increasing transparency, including through actively encouraging member governments to consent to the publication of information about policies and payouts, CCRIF would aid NGOs in holding their governments accountable and also improve its own downward accountability.

3.2 Pacific Catastrophe Risk Assessment and Financing Initiative

Box 2: The Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI)

The Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) began at the request of Pacific Island Countries' finance ministers in 2007, who had seen the launch of CCRIF and requested the World Bank's support to develop something similar. Due to their geographic location, Pacific Islands face repeated and extreme shocks from climate and seismic hazards, which can devastate national economies[9] – it is estimated that Pacific Island economies experience annual losses of $284 million.[1] The small size of their economies limits their borrowing ability and budget reserves. The objective of PCRAFI is to increase Pacific Island countries' financial resilience. However, the Pacific Islands emphasised the need for risk assessment prior to the launch of the risk pool pilots and spent several years developing these and compiling risk profiles for 15 Pacific Island Countries.

As of now, the overarching aim of PCRAFI is to provide an immediate cash injection post disaster and offers coverage for tropical cyclones as well as earthquakes/tsunamis and is supported by two regional organisations: the Pacific Community who updates the hazard and exposure data used in the Pacific Risk Information System (PacRIS) which underpins the PCRAFI insurance model; and the Pacific Islands Forum Secretariat which works to build political support across the region.[9]

The PCRAFI pilot insurance programme, launched in January 2013, offered coverage for tropical cyclones and earthquakes/tsunamis and ran for four seasons.[f] In 2015, building on PCRAFI and the pilot insurance programme, at the Forum Economic Ministers' Meeting, the Ministers of Finance made a collective decision to create the PCRAFI programme. This led to the 2016 establishment of the Pacific Catastrophe Risk Insurance Company (PCRIC), a captive insurance company, mandated to provide sustainable, cost-effective insurance; and the Pacific Catastrophe Risk Insurance Foundation (PCRIF)[g], which owns and governs PCRIC. In addition to developing new risk insurance products, PCRIC will be responsible for the Monitoring and Evaluation (M&E) of payout processes, budget execution and the use of payouts.[9]

For the most part, participation has remained constant with the Marshall Islands, Samoa, Tonga and Vanuatu taking out policies in all six seasons, joined by the Cook Islands in the second season. The Solomon Islands however left the risk pool after two seasons.

There are six guiding principles for the PCRAFI Program, which include contingency planning, transparency and accountability. Although there is not yet a great deal of clarity about what these will look like, they are intended to be designed in a way which provides governments the freedom to make decisions, documents their national disaster management legislation and present top-lines about how the funds may potentially be used. PCRAFI also has a technical assistance programme, currently led by the World Bank, to provide support on three areas: market-based instruments, public financial management (at a national and regional level), and knowledge management and learning.[53] Under the 'knowledge management' activities there are a number of potential areas in which NGOs could be engaged, but documentation on this component makes no reference to CSOs or NGOs, only disaster management agencies.

For analysing the availability of information on policy coverage, risk transfer parameters and payouts, a detailed table of all available information is included in Annex II. This is drawn primarily from World Bank documentation and publications.

3.2.1 Transparency

(i) **Policy coverage:** While it is clear who the member governments are, there is no public information on which policies they took out (tropical cyclone and/or earthquake/tsunami). For example, while a press release from February 2018 states that eight policies have been sold to five countries, there is no information about which countries received which coverage.[54] A number of interviewees (excluding civil society) felt that it was not within PCRAFI's prerogative to publish this information.

(ii) **Premiums and risk transfer parameters:** The World Bank's Implementation and Completion Report provides the only public information on the premiums and risk transfer parameters, but it is

[f] The season runs November 1 to October 31. The first season was delayed, so began in January 2013.
[g] The Council of Members is the governing body within PCRIF comprised of PCRAFI member countries (the Cook Islands, the Marshal Islands, Tonga, Samoa and Vanuatu) and donors (Canada, Germany, Japan, UK and US).

not a clear or easily accessible disclosure of the information. During the first few years of the pilot phase, premiums fluctuated between $0.22million - $0.38million, the majority of this being covered by the Government of Japan. In the second and third seasons, policy holders contributed $20,000 and $40,000 respectively, except for the Cook Islands, who paid their own premium.[55]

The 2016 World Bank Implementation Completion and Results Report indicates that the premiums from 2015/16 through to 2017/18 would increase to half a million (again excluding the Cook Islands), which would be covered by IDA allocations. This increase has not been confirmed by other sources and some interviewees expressed surprise that premiums would increase so much. It is also unclear if this IDA financing would be in the form of credit or a grant.[55]

(iii) Payouts and usage: During the pilot insurance programme there was no obligation for governments to report how they used the payouts. However, both Tonga (who received $1.27m in the second season) and Vanuatu (who received $1.9m in the third season) provided top-line explanations for use of funds. As part of the new contingency plans, there is a draft acquittal process, in which all governments agree to report back on how funds were used within six months. As this is a new requirement, it cannot yet be seen if this will ensure greater reporting, as only Tonga has received a payout (in February 2018) and the six months have not yet elapsed.

3.2.2 Participation and Accountability

While pan Pacific Island organisations such as the Pacific Island Climate Action Network (PICAN) are aware of PCRAFI,[h] the extent of their (or their members) engagement is unclear. There is anecdotal evidence of organisations engaging or receiving training, with for example representatives of the Cook Islands Red Cross receiving training in 2016 on forecast based financing and geographic information systems. Furthermore, the Financial Secretary for the Cook Islands suggested that NGOs would have been part of the general public consultation that would have occurred in regards to the catastrophe insurance policy,[56] but in the course of this research, no further information could be obtained. PCRAFI provides a mechanism for knowledge exchange across regional organisations[9] and this could offer an opportunity for engagement with NGOs, allowing them to participate in what are often 'invite only' policy spaces. NGOs could also offer valuable information on vulnerability, which is currently not included when the national risk profiles are updated.

[h] PICAN representatives spoke on the topic in relation to loss and damage during side events at the UN Climate Change Conference in 2017.

Despite the PCRAFI programme having provided coverage for six seasons (four as pilots and two under PCRIC), a CEO for PCRIC was only put in place in January 2018[i], and the establishment of the Board is currently being finalised. Interviewees indicated that this has delayed some of the accountability measures, but the World Bank should still have developed these during the pilot phase. There is an overall need for the World Bank itself to engage more with civil society (which was also noted in the 2014 global opinion leaders' survey).[57] The World Bank noted that during the pilot phase "the project is perceived to have had a positive indirect impact on poverty and social development" despite acknowledging that these impacts were not monitored.[55] It is not enough for PCRAFI to be accountable for only financial management, and there is an opportunity over the next year as PCRAFI develops its M&E framework to ensure that this also includes indicators to assess its contribution to long-term change and impact.

3.3 African Risk Capacity

Box 3: The African Risk Capacity (ARC)

At the African Union Heads of State and Government meeting in 2012, governments called for the establishment of the African Risk Capacity (ARC) as a specialised agency.[58] ARC is unique in that its vision is specifically to protect livelihoods of vulnerable people during drought, aiming to do this by helping governments improve their capacities to plan, prepare and respond to disasters and protect the food security of vulnerable populations.[59] Droughts can have a massive effect on the economic development of countries, and the agricultural and livestock sector is particularly vulnerable.[60] The majority of ARC member countries is low income, generally having high levels of disaster risk and low levels of disaster risk management policy.[61]

ARC is made up of two entities: ARC Limited (Ltd) and ARC Agency. ARC Ltd is the financial affiliate, established in 2013 to provide insurance (as a mutual insurance company) and owned by member governments.[58] ARC Agency's role is to provide capacity building services to member states in customising their policies, developing contingency plans and monitoring and evaluation.[62]

Through the first four policy years (2014/15 to 2017/18) ARC has had a total of eight participating countries: Burkina Faso, Kenya, Mali, Malawi, Mauritania, Niger, Senegal and the Gambia. However only Mauritania and Senegal remained in the risk pool in all four years; with the Gambia taking out a policy for the last three consecutive years. 95 per cent of premiums have been paid for by national budgets without international support.[63]

Governments receive a payout when rainfall deviation is such that the cost of response, estimated by Africa *RiskView* (ARV), crosses a predefined threshold.[58] ARC uses ARV to produce satellite-based rainfall information to estimate the number of people affected by drought during a rainfall season and to quantify

[i] According to two sources, David Traill is still currently the CEO but has resigned.

the potential cost of responding to the drought. In theory, this allows governments to define their participation in the risk pool based on objective and transparent criteria.[64] In 2017, ARC introduced two start dates to the season,[65] the first of April (mainly for West Africa) and the first of October (mainly for Southern and Eastern Africa).[66] ARC also publishes an ARV bulletin with information on current rainfall and drought index developments, including the potential impact this may have on populations. However, on ARC's website, while there are a number of bulletins for 2014-2016, the most recent bulletin was in January 2017.

ARC is unique in its approach, as it requires governments to develop detailed contingency plans prior to issuing an insurance policy. Contingency plans specify planned interventions the governments will undertake should they receive a payout, which ensure that when a payout is disbursed, governments and any implementing partners are able to act quickly in making sure it reaches the vulnerable households. These build on already existing national plans, which it is assumed will have been developed with multiple-stakeholder inputs. The contingency plans are made up of Operations Plans and Final Implementation Plans (FIP). The Operations Plans include information on the country's risk profile, the risk transfer parameters, planned intervention and a draft implementation plan for each proposed activity – these are valid for two years. Without an Operations Plan, countries are unable to enter an insurance contract with ARC Ltd. The FIP details exactly how the payout will be deployed and is a prerequisite to a payout being made.[62]

The establishment of the risk transfer parameters and the development of contingency planning is done through national Technical Working Groups (TWG), typically made up of technical representatives from government ministries. The goal is to tailor ARV and activity plans to the national context, using local knowledge to adjust the settings in a way to ensure that the model and plans accurately reflect the extent of upcoming droughts and their impact in the country. Small changes to the parameters can have huge ramifications on the likelihood of a payout.

ARC says it encourages governments to involve a variety of partners and, in its 2017 planned improvements to ARV, ARC noted that they are seeking to diversify the composition of the TWGs to include wider stakeholders such as farmers groups, academics, NGOs and civil society to enable better customization of ARV.[66] However, it always comes down to the prerogative of the government, if and which NGOs participate. Some of the barriers the interviewees noted about NGO participation included poor relations between government and NGOs, or lack of resources on the part of NGOs.

NGOs can positively contribute to several aspects of ARCs work. Their knowledge of on the ground conditions and practices would be valuable in customising ARC parameters, such as which crops to monitor or the sowing windows based on farmers planting patterns. A number of interviewees suggested that had NGOs been involved in the customisation of ARV in Malawi, the parameters would not have been set to the wrong crop, which resulted in an initial lack of payout in 2016.[j] NGOs could also play an important role in contingency planning, such as better targeting of vulnerable populations; if NGOs are intended to be an implementation partner, it is imperative that they are included in the planning.

[j] This paper does not go into the details of the Malawi experience which has been discussed at length elsewhere including: OPM (2017). Independent Evaluation of the African Risk Capacity (ARC) Annex C: case studies. Retrieved from: https://www.opml.co.uk/projects/independent-evaluation-african-risk-capacity; and Reeves, J. (2017). The wrong model for resilience: how G7-backed drought insurance failed Malawi, and what we must learn from it. Retrieved from: http://www.actionaid.org/sites/files/actionaid/the_wrong_model_for_resilience_final_230517.pdf.

After any payout, NGOs, regardless of whether they were members of the TWG or involved in the implementation, should be consulted during M&E. While ARC's M&E has advanced significantly over the last year and is currently focused on building capacity at the national level, its approach to process evaluations (undertaken after a payout has been made and a government's response implemented) excludes NGOs that are not on the TWGs, which means valuable feedback and inputs may be missed.

For analysing the availability of information on policy coverage, risk transfer parameters and payouts, a detailed table of all available information is included in Annex III. This is drawn from the 2017 Oxford Policy Management (OPM) Evaluation and various ARC publications.

3.3.1 Transparency

The OPM evaluation notes that ARC's efforts on transparency and communication are perceived as weak, and some international stakeholders have accused ARC of lacking transparency because key reports and documents have only recently been made public.[67] ARC has acknowledged on a number of occasions that its external communications have been slow, but state that this is something they have been actively addressing.[68]

(i) **Policy coverage:** Thanks to the OPM evaluation, it is possible to see which countries took out a policy in any given year in one reference. Currently ARC only offers coverage against drought, however new products such as excess rainfall and tropical cyclone coverage are currently under development.

(ii) **Premiums and risk transfer parameters:** In regard to the premiums paid and risk transfer parameters, there is less information available. It is possible to tell from ARC documents for example, what each country paid in premiums during the first year (2014/15)[69] However, this information is not provided for subsequent years. In only three other instances was the author able to ascertain premiums – Kenya ($9m 2015/16), Malawi ($4.7m 2015/16) and Mauritania ($1.4m 2017/18). According to the OPM evaluation all the policies taken out have an attachment point of 1-in-5 years or lower.[67]

In the Operational Plans, countries are asked to outline the risk transfer parameters including the proposed coverage period, expected payout frequency, maximum payout amount, risk transfer level and expected premium to be paid.[62] Of the ten individual plans available on the website, seven contain some information on the risk transfer parameters but there is no information available as to whether these match the contracts taken out with ARC Ltd. Aside from coverage limits for 2014/15, the author has not been able to find information on the risk transfer parameters from other

sources. In the case of ARC Replica, (See Box 4 for more details) partners in Senegal, Mali and Mauritania have been privy to information on risk transfer parameters.

(iii) Payouts and usage: ARC is very transparent about the amount of payouts made and has documented some learning from past experiences, noting for example the challenges faced during the first year after payouts were made to Senegal and Niger quickly, but failed to immediately be deployed in-country.[69] For the five payouts to date, ARC requires governments to provide information on how the payouts were used – as of today, this has included food distribution and subsidised sale of animal feed, cash transfers and replenishing of strategic grain reserves.

As the completion of contingency plans is mandatory to take out an ARC policy, it is expected that these would be publicly available. It should be noted that ARC has put a lot of effort into this in the last year, and all Operational Plans (with the exception of Burkina Faso) are now available on the website. Publishing these plans, however, is a recent development. In 2016, when NGOs in Malawi tried to access the contingency plan, they were told it was confidential. Only one FIP (for Malawi) is on the website – there are no FIPs for Senegal, Niger or Mauritania in 2014.

3.3.2 Participation and Accountability

The recent OPM evaluation found that, at country level, engagement has been "less positive and generally uneven" and suggests "that civil society and NGOs are often not meaningfully involved."[67] Across the ten Operational Plans available on ARC's website,[k] five named NGOs that would play a role in some manner in the delivery of a specific activity, should a payout be triggered. Through the course of this research however, I have not been able to ascertain to what extent all of these NGOs were consulted or participated in the TWGs. Three Operational Plans and one FIP[l] make numerous references to 'NGO engagement' and 'Implementing NGOs' but do not actually name them.

Two NGOs listed in the operational plans, United Purpose in the Gambia and Arid Lands Development Focus in Kenya, confirmed they had participated in their respective country's TWG. In both cases the organisations have previously been involved in the social protection programme. United Purpose noted that they had also participated in discussions on risk transfer parameters but felt that key partners were missing from the TWGs.

[k] Note that there are 17 operational plans uploaded onto website but seven are duplicates/identical.

[l] Malawi's Operational Plan dated March 2015 and FIP dated December 2016; Senegal's Response Plan for Drought-Related Crises dated October 2013; and Niger's Operational Plan 2014-2015 dated October 2013.

Awareness among NGOs of ARC remains fragmented across member countries. Malawian NGOs for example only became aware and involved after the initial failure to payout. In Senegal, even among Replica partners, there remains limited awareness outside those engaging directly with the project (see Box 4 for Start Network's experience through Replica). Limited understanding of climate risk insurance, perception of it being a complex and technical topic, combined with most policy discussions occurring in closed spaces, are all barriers to NGO participation and their ability to hold governments and ARC accountable.

Over the coming year there are a number of opportunities for ARC to demonstrate its transparency and engage with NGOs. ARC should continue to advocate for the inclusion of NGOs in TWGs, especially when new members first sign their memorandum of agreement such as Sudan in June. It should also explore innovative ways to incorporate input from 'the ground' to ensure that ARV customisation is rooted in the realities faced by farmers. An immediate step that ARC could take would be to ensure that NGOs are consulted as part of their process evaluations post payout (even if they were not part of the TWG) to ensure that their experiences and inputs can inform future learning. Another opportunity would be for ARC to open its annual Conference of Parties (CoP) to NGOs.

Box 4: ARC Replica

In January 2018, the two-year ARC Replica pilot project offering coverage for UN and other humanitarian actors launched. Replica is intended to mirror and build upon a country's own ARC policy and contingency planning, as the Replica partner takes out its own ARC policy, supported by donors to pay premiums, with the potential to receive a payout at the same time as the government, should the policy be triggered. The objective is twofold, first to incentivise countries to take out ARC insurance, and second to help consolidate in-country response. The Start Network is responsible for Replica in Senegal, while the World Food Programme (WFP) is leading in Mauritania and Mali. Replica partners are intended to be members of a country's TWG and contribute on three areas: customisation of ARV, risk transfer parameters and the development of contingency plans, and as such can offer valuable insight into the three areas of interest for this paper.

The Start Network has so far had a mixed experience in participating in the TWG in Senegal. Six Start members received training in 2017 from ARC on ARV's use and are licensed to use and monitor the software. Members were able to participate in the customisation process – though some showed more interest or were better positioned to participate than others. From their experience, there is a lot of potential to informally test the way little changes in parameters may affect the policy. While some parameters are easier to decide (such as the type of crops), other decisions are much harder, such as parameters around farmers' behaviour which may not be well understood.

On the issue of risk transfer parameters, Start was essentially informed after the fact. The information was shared, which is a huge step forward compared to the transparency in other situations, but members were not actively part of the conversation in agreeing these parameters. In regards to contingency plans, they felt that the process was a much more collaborative, joint approach. The Replica Operational Plan

supplements and complements that of the government and has been submitted to ARC as an annex to the government's operational plan.

Oxfam, one of the Start Network members involved in Replica, has been a strong proponent for community participation and proposed local civil society organisations themselves be eligible for payouts (which currently is not possible). One suggestion put forward was for community consultations to assess how to deliver the best impact for vulnerable people, which could then influence the activities listed in the Operational Plan.

4. Conclusions and recommendations

Transparency and accountability of sovereign risk pools and the ability of civil society to engage constructively with them are core principles to ensure the risk pools are 'pro-poor'.

This paper finds that, while each risk pool has taken steps to ensure they are transparent and accountable to member governments and donors, they fall short regarding civil society participation. Critical questions have arisen about whether responsibility for this should lie with the risk pools or with member governments. I conclude that, while governments shoulder the core responsibility, risk pools also have a crucial role.

An additional conclusion from this research is that NGOs themselves need support, both financially and in terms of capacity building, to engage on CDRF. Parametric insurance is still seen as a complex and technical issue with policy conversations occurring behind closed doors. Some NGOs are ready and willing to collaborate and engage the risk pools, while others, working more widely on disaster management, climate change or development, need support to engage with risk pools as they straddle policy and practice silos.

The paper has identified a set of recommendations for stakeholders involved.

Donors should:

- Provide direct financing to civil society groups in the Global South to engage, and build capacity, on the topic of climate and disaster risk financing policy and practice.
- Continue to encourage all three risk pools to explicitly publish information on membership and policies taken out; premiums and risk transfer parameters; payouts and detailed usage.
- Fund a detailed analysis of national and regional civil society awareness, understanding and participation in macro climate and disaster risk finance initiatives.

The World Bank should:

- Consult and collaborate directly with civil society in its Disaster Risk Financing and Insurance Program.
- Ensure that lessons learned from ARC, CCRIF and PCRAFI in regards to transparency, participation and accountability are incorporated into SEADRIF.
- Offer training on climate and disaster risk financing to civil society.

Regional risk pools should:

- Actively encourage participating countries to consent to risk pools publishing full details of policies taken out, premiums and risk transfer parameters, payouts and detailed use; and incorporate this permission in agreements.
- Publish (once agreed) short, accessible overviews/profiles of each country's risk profile and the risk transfer parameters agreed.
- Invite civil society organisations to disaster risk financing trainings and any annual policy or member forums.
- Develop frameworks to demonstrate contribution to long-term change and impact.

Policy holders (governments) should:

- Publish information on policies, risk transfer parameters and agree to the risk pools also publishing this information.
- Directly engage national and regional NGOs in discussions around risk financing.
- Undertake public consultations to build social consensus on disaster risk financing strategies prior to joining a risk pool.
- Invite (in the case of ARC) NGOs into the TWGs.

NGOs should:

- Increase their own engagement on CDRF by carrying out policy analysis and research, and engaging with decision makers.
- Advocate for disaster risk management and disaster risk financing strategies to be tailored to meet the needs of frontline communities.
- Integrate a holistic approach to climate and disaster risk financing instruments into their policy and project work.
- Ask to join training on risk financing provided by regional risk pools and/or the World Bank.

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Annex I

Caribbean Catastrophe Risk Insurance Facility (CCRIF)

Member Government	2007/8				2008/9				2009/10						2010/11					
	TC	EQ	Premiums	Payouts	TC	EQ	Premiums	Payouts	TC	EQ	Premiums	Coverage limits TC	Coverage limits EQ	Payouts	TC	EQ	Premiums	Coverage Limit TC	Coverage limits EQ	Payouts
Anguilla	✓	–	–		✓	–	–		✓	✓	–	$4.87m	$1.05m		✓	✓	–	$4.86m	$1.2m	$ 4,382,733 TC[7]
Antigua & Barbuda	✓	–	–		✓	–	–		✓	✓	–	$6.39m	$1.82m		✓	✓	–	$7.12m	$2.21m	
the Bahamas	✓	–	–		✓	–	–		✓	X	–	$27.35m	X		✓	X	–	$29.11m	X	
Barbados	✓	–	–		✓	–	–		✓	✓	–	$26m	$6.07m		✓	✓	–	$30.42n	$7.43m	$8,560,247 TC[6]
Belize	✓	–	–		✓	–	–		✓	✓	–	$13.49m	$1.76m		✓	✓	–	$17.3m	$1.63m	
Bermuda	✓	–	–		✓	–	–		✓	X	–	$16.91m	X		✓	X	–	$14.47m	X	
Cayman Islands	✓	–	–		✓	–	–		✓	✓	–	$48.14m	$3.03m		✓	✓	–	$48.58m	$3.14m	
Dominica	✓	–	–	$528,021 EQ	✓	–	–		✓	✓	–	$25.88m	$2.94m		✓	✓	–	$17.68m	$2.93m	
Grenada	✓	–	–		✓	–	–		✓	✓	–	$46.89m	$5.91m		✓	✓	–	$24.39m	$8.29m	
Haiti	✓	–	–		✓	–	–		✓	✓	$385,500	$40.29m	$7.75m	$7.75m EQ[4]	✓	✓	–	$35.58m	$16.25m	
Jamaica	✓	–	–		✓	–	–		✓	✓	–	$57.66m	$50.24m		✓	✓	–	$66.39m	$59.52m	
St Kitts & Nevis	✓	–	–		✓	–	–		✓	✓	–	$4.47m	$3.21m		✓	✓	–	$4.81m	$4.12m	
St Lucia	✓	–	–	$418,976 EQ[5]	✓	–	–		✓	✓	–	$35.81m	$4.04m		✓	✓	–	$35.68m	$11.34m	$3,241,613 TC[5]
St Vincent & the Grenadines	✓	–	–		✓	–	–		✓	✓	–	$5.54m	$1.12m		✓	✓	–	$5.80m	$1.46m	$1,090,388 TC[8]
Trinidad & Tobago	✓	✓	–		✓	✓	–		✓	✓	–	$36.7m	$104.44m		✓	✓	–	$31.38m	$112.90m	
Turks & Caicos Islands	✓	–	–		✓	–	–	$6.3m[3]	✓	X	–	$11.38m	X		✓	X	–	$12.67m	X	
Nicaragua																				
Aggregated annual premiums	$19.5m				$21.8m				$21.5						$20.8m					

Member Government	2011/12				2012/13				2013/14				2014/15					2015/16				
	TC	EQ	Premiums	Payouts	TC	EQ	Premiums	Payouts	TC	EQ	Premiums	Payouts	TC	EQ	XSR	Premiums	Payouts	TC	EQ	XSR	Premiums	Payouts
Anguilla	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–	$493,465 & $559,249 XSR	✓	✓	✓	–	
Antigua & Barbuda	✓	–	–		✓	✓	–		✓	✓	–		✓	✓		–		✓	✓	✓	–	
the Bahamas	✓	–	–		✓	X	–		✓	X	–							✓	X	✓		
Barbados	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–	$1,284,882 XSR	✓	✓	✓	–	
Belize	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	–	–		✓	✓	✓	–	
Bermuda	✓	–	–		✓	X	–		✓	X	–		✓	X	–	–		✓	X	X	–	
Cayman Islands	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	–	–		✓	✓	X	–	
Dominica	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	✓	–	$2.4m XSR
Grenada	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	✓	–	
Haiti	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	✓	–	
Jamaica	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	–	–		✓	✓	✓	–	
St Kitts & Nevis	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–	$1,055,40 XSR	✓	✓	✓	–	
St Lucia	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	✓	–	
St Vincent & the Grenadines	✓	–	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	✓	–	
Trinidad & Tobago	✓	✓	–		✓	✓	–		✓	✓	–		✓	✓	✓	–		✓	✓	X	–	
Turks & Caicos Islands	✓	–	–		✓	X	–		✓	X	–		✓	X	✓	–		✓	X	X	–	
Nicaragua																		✓	✓	X	$1.5m	
Aggregated annual premiums	$20m+				$20m+				$19.5 $19.5m (TC & EQ) & $3.6m (XSR)									$11m (TC & EQ) & $5.8m (XSR) - excl Nicaragua				

Member Government	2016/17					2017/18					
	TC	EQ	XSR	Premiums	Payouts	TC	EQ	XSR	ADC	Premiums	Payouts
Anguilla	–	–	–	–		✓	–	–	✓	–	2 payments TL $6,529,100 TC & XSR & $29,250 ADC
Antigua & Barbuda	–	–	–	–		✓	–	–	–	–	$6,794,875 TC & $32,400 ADC
the Bahamas						✓	–	–	–	–	2 payments TL $397,598 ADC & TC
Barbados	✓	–	✓	–	$975,000 TC[1] & $753,277 XSR	–	–	–	–	–	
Belize	–	–	✓	–	$261,073 XSR	–	–	–	–	–	
Bermuda	–	–	–	–		–	–	–	–	–	
Cayman Islands	–	–	–	–		–	–	–	–	–	
Dominica	–	–	–	–		–	–	–	–	–	$19,294,800 TC
Grenada	–	–	–	–		–	–	–	–	–	
Haiti	✓	–	✓	–	$20,388,067 TC & $3,020,767 XSR[2]	✓	–	–	✓	–	$162,000 ADC
Jamaica	–	–	–	–		–	–	–	–	–	
St Kitts & Nevis	–	–	–	–		✓	–	–		–	$2,294,603 TC & $27,150 ADC
St Lucia	–	–	✓	–	$3,781,788 XSR	–	–	–	✓	–	$123,750 ADC
St Vincent & the Grenadines	–	–	–	–	$285,349 XSR	–	–	–	–	–	
Trinidad & Tobago	✓	✓	–	–		✓	✓	✓	✓	–	$7,007,886 XSR
Turks & Caicos Islands	–	–	–	–		✓	–	✓	–	–	2 payments TL $14,864,633 TC & XSR
Nicaragua	✓	✓	–	–	$500,000 EQ & $1,110,193 TC	–	–	–	–	–	
Aggregated annual premiums	$16m (TC & EQ) & $5.3m (XSR)					–					

Key:

TC	Tropical cyclone coverage
EQ	Earthquake coverage
XSR	Excess rainfall coverage
	Aggregate deductible coverage
TL	Totallying
–	Indicates no information available
X	Known to not have taken out a specific type of risk coverage
M	Millions
$	All figures in USD
1	Barbados reported using the two payouts to fix roads and undertake remedial work in low-lying areas
2	Haiti reported using payous for a variety of things including: provision of food and shelter for at least 1.4m people, the purchse of medication, unblocking main roads, assistance to agriculture sector and purchase of tarpaulins for house, and re-placement of roofs for various building.
3	Turks and Caicos Islands reprted using the payouts for temportary feeding stations.
4	Haiti reported using the payouts for immediete reconstruction, stabilisation of government processes and provision of civilian security.
5	According to the World Bank St Lucia reporteded using payouts for capital expenditure - however it is not stated which payout or if both, this refers to.
6	Barbados reported using the payout for recovery efforts and emergency repairs of infrastructure.
7	Angulla reported usig the payout for a variety of activites from repariing general damage, capitalising a recovery fund and up-darding weather monitoing technology to improve early wanring
8	St Vincent and the Grenadines reported buying building and other materials for people whose homes had been damaged.
	Indicates country was did not take out a CCRIF policy that year
	Season runs from May – April

Member Governments	2013 (Pilot) - 1st Season					2013/14 (Pilot) - 2nd Season					2014/15 (Pilot) - 3rd Season					2015/16 (Pilot) - 4th Season				2016/17 - 5th Season				2017/18 - 6th Season			
	TC	EQ/ TS	Premium paid	Coverage limit	Payouts	TC	EQ/ TS	Premium paid	Coverage Limit	Payouts	TC	EQ/ TS	Premium paid	Coverage Limit	Payouts	TC	EQ/ TS	Premium paid	Payouts	TC	EQ/ TS	Premium paid	Payouts	TC	EQ/ TS	Premium paid	Payouts
Cook Islands						✓	–	$0.1m	$3m		✓	–	$0.1	$3m		✓	–	–		✓	–	–		✓	–	–	
Marshall Islands	✓	–	$0.22m	$11m		✓	–	$0.38m	$15m		✓	–	$0.29	$11m		✓	–	–		✓	–	–		✓	–	–	
Samoa	✓	–	$0.22m	$11m		✓	–	$0.38m	$16m		✓	–	$0.29	$11m		✓	–	–		✓	–	–		✓	–	–	
Solomon	✓	–	$0.22m	$7m		✓	–	$0.38m	$10m																		
Tonga	✓	–	$0.22m	$9m		✓	–	$0.38m	$12m	$1.27m[1]	✓	–	$0.29	$8m		✓	–	–		✓	–	–		✓	–	–	$3.5m (TC)
Vanuatu	✓	–	$0.22m	$7m		✓	–	$0.38m	$12m		✓	–	$0.29	$10m	$1.9m TC[2]	✓	–	–		✓	–	–		✓	–	–	

Key:

Season runs from November to October (except for first season which ran January-October 2013)

TC	Tropical cyclone coverage
EQ/TS	Earthquake coverage/ Tsunami coverage
⊠	Indicates information available
M	Millions
$	All figures in USD
1	Tonga used the $1.27m payout for fuel to support mobilisation of relief efforts
2	Vanuatu used the$1.9m payout to transport nurses to affected rural areas.
(grey box)	Indicates country did not take out an PCRAFI policy that year

Season runs from November to October (except for first season which ran January-October 2013)

Sources: Data is collated from a variety of World Bank documents publicly avaialble.

Annex III

African Risk Capacity

Member Government	2014/15				2015/16					2016/17			2017/18			
	Drought coverage	Premiums	Coverage limit	Payouts	Drought coverage	Premiums	Attachment point	Coverage limit	Payouts	Drought coverage	Premiums	Payouts	Drought coverage	Replica	Premiums	Payouts
Burkina Faso										✓	–		✓	NO	–	
Kenya	✓	$9m*	$30m*		✓	$9m*		$30m*								
Mali					✓	–		–		✓	–		✓	✓	–	
Malawi					✓	$4.7m	1-in-5 year	$30m	$8.1m[4]							
Mauritania	✓	$1.4m	$9m	$3.5m[1]	✓	–		–		✓	–		✓	✓	$1.4m	$2.4m[5]
Niger	✓	$3m	$30m	$6.3m[2]	✓	–		–		✓	Premium not paid.					
Senegal	✓	$3.6m	$30m	$16.5m[3]	✓	–		–		✓	–		✓	✓	–	
The Gambia					✓	–		–		✓	–		✓	NO	–	
Aggregated annual premiums	$17m				$24.7m					–			–			

Key:

N/A	Not applicable
–	Indicates no information available
M	Millions
$	All figures in USD
*	For two policies
1	Mauritania used the payout out for conditional cash transfer and food distribution - benefiting 157,000 people.
2	Niger used the payout for food distribution - benefiting 250,000 people.
3	Senegal used the payout for food distribution and subsidised sale of animal feed - benefiting 927,417 people with 600,000 cattle.
4	Malawi didn't received its payout until 2017. It then used the payout to support over 800k Malawians by filling gaps in scale up on cash transfers and replenishing strategic grain reserves.
5	Mauritania used the payout for subsidised livestock feed for pastoralists
(grey)	Indicates country did not take out an ARC policy that year

Sources: Data is collated from a variety of publicly available in Africa Risk Capacity documents and the Oxford Policy Management 2017 evaluation.

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The Munich Climate Insurance Initiative was initiated as a charitable organization by insurers, research institutes and NGOs in April 2005 in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS). It is focused on bringing solutions for the risks posed by climate change to poor and vulnerable people in developing countries. MCII provides a forum and gathering place for insurance-related expertise applied to climate change issues.

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