



# High-Level Panel on Development Insurers

## CONCEPT

The Centre for Disaster Protection is convening in 2024 a High-Level Panel to articulate a clear and compelling vision and operational roadmap for development insurers. This is a flagship initiative of the Centre for Disaster Protection.

## RATIONALE

As the climate crisis unfolds, the consequences of climate change induced disasters will become more frequent and severe (IPCC 2022). A warming climate is driving a widening of the crisis protection gap, both by increasing the costs of disasters and contributing to growing affordability challenges. Notably, for finance ministries, climate risks could have wide-ranging impacts on public finances. Many low-income countries are highly vulnerable to budgetary disruption following disasters, which can have a detrimental impact on development objectives and macroeconomic stability.

Yet the way the international crisis financing system continues to pay for and respond to climate- and disaster related risks for vulnerable people and countries, remains flawed - inadequate, discretionary, and highly unpredictable.

Global leaders have pledged to increase the amount of climate finance and ensure it supports the most vulnerable countries to adapt to prepare for a predicted doubling of the human and financial cost of climate and weather-related disasters by 2050. However, this promise is far off track.

Climate finance negotiations on the politically fraught issue of loss and damage acknowledge the scope to strengthen the contribution of existing arrangements responding to the adverse effects of climate change and of pre-arranged financial protection as a potential tool as part of a “mosaic of solutions” of funding arrangements. It is critical to also acknowledge the limits to the scope and effectiveness of pre-arranged financing, particularly insurance, for addressing climate loss and damage.

In this context, also considering the evolving climate and development-finance reform landscape, and the pressing need to increase resources available to climate- and disaster vulnerable countries, the Centre for Disaster Protection has identified a significant opportunity to elevate arrangements for an existing group of important players in the international crisis financing system, the regional risk pools, as well as to explore other existing instruments offered by multilateral development banks and other development partners.

Risk pools play an important role in helping governments cover losses they face from specific hazards through the provision of parametric insurance. These pools provide their member countries with numerous benefits including fast insurance pay-outs, tools to help identify and manage disaster risks, and platforms to foster political dialogue on disaster risk management.

Based on the Centre for Disaster Protection’s research as well as independent evaluations, at this early stage in their evolution the risk pools have yet to meet their full potential in helping realise improved development outcomes for their client countries. The potential of insurance as a powerful catalyst for strengthened disaster



prevention and preparedness incentives for governments has not yet been fully unlocked. And the risk pools should be better supported to ensure that the spending they fund is timely and goes to the right purposes.

With the greater focus being placed on the effectiveness of partnerships between developing and developed countries within the international system, the time is right to create and maintain a positive, unified vision and sense of urgency for coordinated action on transforming regional risk pools into full development insurers - financial institutions that offer insurance and complementary technical assistance, all with the aim of supporting countries to achieve specific development objectives.

## HIGH-LEVEL PANEL DETAIL

The High-Level Panel will explore potentially game-changing reforms of the regional risk pools to transition them from the current approaches, towards becoming full development insurers.

In 2024, the High-Level Panel will:

1. **Critically examine how development insurance is currently being conceived and deployed worldwide** – including by undertaking consultations in climate risk vulnerable and development insurer client countries - and establish a renewed vision, justification, and boundaries for the next generation of development insurers;
2. **Set out a series of interlinked actions** for the regional risk pools and a wide range of stakeholders in international financial institutions and the broader disaster risk financing landscape to advance risk pools towards becoming full development insurers; and
3. **Engage with key influential actors and processes** to build buy in and political support for development insurers.

In a final report the Panel will formulate fresh, impactful, and targeted recommendations as to how regional risk pools, bilateral and multilateral donors, and the international community can further build momentum for operationalization, financing, and governance of development insurers within the fast evolving and interlinked tracks of international emergency response, reforms of the international financial architecture, and climate finance.

## ABOUT THE CENTRE FOR DISASTER PROTECTION

The Centre for Disaster Protection will provide the Secretariat to the High-Level Panel, as well as undertake a complementary programme of research and thought leadership in support of this agenda which will be provided to the Panel as evidence-based briefings on key topics.

The Centre works to prevent disasters devastating lives, by helping people, countries, and organisations change how they plan and pay for disasters. We focus on disaster risk financing to help ensure that money and plans are in place before a disaster strikes, so that the poorest and most vulnerable people are better protected.

The Centre does not sell specific disaster risk financing products and is therefore well-placed to provide independent, trusted, impartial opinions that are based on objective criteria, unbiased by personal or organisational interests or advantage. It is funded with UK aid through the UK government. Read more about us in our updated strategy (2022-2025) and find out more at [www.disasterprotection.org](http://www.disasterprotection.org)



## HIGH-LEVEL PANEL ON DEVELOPMENT INSURERS TIMELINE

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**March High-Level Panel Meeting I (in-person): Kick-Off / Europe & UK Consultation**

*Theme: Context and Vision Setting - Why the world needs better development insurers?*

25-27 March 2024 (one evening and full day confirmed for the High-Level Panel, one evening and full day for a broader UK FCDO-led disaster risk finance agenda setting meeting)

Wilton Park, UK

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**May/June High-Level Panel Regional Consultations (in-person/hybrid)**

*Theme: How can development insurers best deliver for crisis-vulnerable countries and communities?*

**Africa:** Abidjan, Johannesburg and/or other

**Caribbean & LatAm (Caribbean focus):** Guyana, Grenada and/or other.

**Asia-Pacific (Pacific focus):** Fiji, Samoa, and/or other

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**Sept/October High-Level Panel Meeting II (hybrid) / MDB & North America Consultation**

*Theme: How the international crisis finance system can support more effective development insurers?*

With potential strategic engagement events on the margins of the 2024 Annual Meetings of the World Bank Group and the International Monetary Fund (IMF), Washington D.C., U.S.

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**October High-Level Panel Meeting III (remote): Outcome Report Presentation & Deliberations**

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**October/Nov High-Level Panel Meeting IV (remote): Report Sign Off & Close**

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**Nov/Dec High-Level Panel Report Launch**

Potential strategic engagement events on the margins of UNFCCC COP 29, Baku, Azerbaijan, 11-24 November 2024 and other events.

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