

UNCDF and the Access to Insurance Initiative to drive access to migrant insurance and pension, including climate disaster risk insurance

UNCDF and the Access to Insurance Initiative sign an agreement of collaboration to develop and deepen understanding of regulatory challenges around migrant insurance, pension, and climate and disaster risk insurance

WEDNESDAY, 15 MARCH 2023, NEW YORK, NEW YORK. The United Nations Capital Development Fund, or UNCDF, and the Access to Insurance Initiative, or A2ii—hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Netherlands' Ministry of Foreign Affairs (DGIS)—have signed an agreement to drive access to insurance and pension for migrants, including climate disaster risk insurance. The UNCDF-A2ii collaboration will revolve around research and analysis, stakeholder consultations and networking, and learning and knowledge dissemination.

The [financial resilience of migrants](#) is considered pivotal in reducing debt burdens, creating income-generating activities, re-employment, and the well-being of close to 300 million migrants around the globe. While demographic imbalances and disparity of economic opportunities between countries of origin and destination continue to drive the growth of migration globally, food security issues and climate-related shocks will further accentuate the need for financial resilience of economic and non-economic migrants due to rising commodity prices, energy crises, and broad-based inflation. Against this backdrop, any unforeseen event at the migrant end, including death, disability, or health shocks, does and will significantly impact not only the migrant households but also the economy of the countries of destination and origin.

Insurance can provide an important safeguard for migrant families, mitigating the financial risks of death, disability, disasters, health issues, and poverty or low income. However, due to territorial boundaries, limited portability, employment informality, and limited enforcement of bilateral social protection agreements, the demands of migrant and climate disaster insurance services have remained unmet despite being explicitly mentioned in several Sustainable Development Goals (SDGs) and international conventions. This gap is what UNCDF and A2ii intend to fill.

Similarly, extreme weather events such as cyclones, floods, and droughts are causing severe economic impacts on climate-vulnerable countries and affecting their growth. UNCDF, through its flagship Pacific Insurance and Climate Adaptation Programme, has pioneered the introduction of innovative digitally enabled parametric microinsurance in the Pacific small island developing states. With A2ii, UNCDF has also published a global policy tool, [*Index insurance best practice guidelines for insurance regulators and practitioners*](#).

Climate disaster risk insurance to smallholder farmers, fishers, market vendors, and small businesses can accelerate their economic recovery after extreme events and build their financial preparedness and resilience.

The collaboration between UNCDF and A2ii will leverage the network of policy think tanks, regulators, insurance supervisors, industry chambers, insurance conglomerates, reinsurers, and pension fund managers—across global, regional and country levels—to nudge the ecosystem of insurance, pension and social protection for migrants and climate disaster risk insurance.

To develop and deepen the understanding of regulatory challenges around migrant insurance, pension, and climate disaster risk insurance, joint public dialogues and consultative forums will be held, including ministries and regulatory bodies in target corridors. Global trends and best practices of public and private sector initiatives on inclusive insurance and pension for migrants and climate insurance will be monitored, and data from identified regulators and policymakers will be analysed. UNCDF and A2ii, through their partner networks, will also design and implement capacity-building content for the ecosystem stakeholders.

UNCDF Director of Inclusive Finance, Henri Dommel, said:

“Financial resilience for migrants is increasingly taking centre stage in the development discourse. With increasing climate-related risks and associated inequalities, it is imperative to focus on insurance and pension services that provide resilience to vulnerable communities and contribute to the financial stability of the associated economies. Through this collaboration with A2ii, we look forward to working with the public and private sector entities in the insurance and pension ecosystem to design and deliver innovative financial solutions for migrants and other low-income segments.”

A2ii Chair, Peter Braumüller, commented:

“Insurance through remittance channels unlocks the potential to build the resilience of migrants and their families in the face of unexpected risks. The A2ii is looking forward to, jointly with the UNCDF, exploring regulatory considerations and requirements across jurisdictions, the associated challenges, as well as emerging opportunities for further development of this market segment that is a vital source of funds globally and a lifeline for migrants and their households.”

ABOUT UNCDF

The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial & business advisory and catalysation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy & biodiversity finance, and sustainable food systems finance).

ABOUT A2ii

The Access to Insurance Initiative (A2ii) is a unique global partnership working to ensure that the world's excluded and underserved have access to insurance, allowing them to take control of their lives and reduce their vulnerability against risks. The A2ii does this by supporting insurance supervisors and regulators to create the conditions necessary for an inclusive insurance market to grow. The Initiative was created in 2009 to respond to requests from policymakers, regulators and supervisors for learning and advice on access to insurance. The A2ii was established by the following organizations: the IAIS, BMZ, CGAP, the International Labour Organization, represented by the International Labour Office (ILO) subsequently renamed the Impact Insurance Facility and FinMark Trust. The A2ii receives core funding from the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Netherlands' Ministry of Foreign Affairs (DGIS). The A2ii is hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The A2ii is the implementation arm of the IAIS on Inclusive Insurance. IAIS is embedded in the governance structure and operations. The A2ii generates and disseminates knowledge, builds capacity, contributes to IAIS standard-setting, fosters learning and dialogue, supports implementation at the regional and national levels, and participates in global advocacy processes.

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