

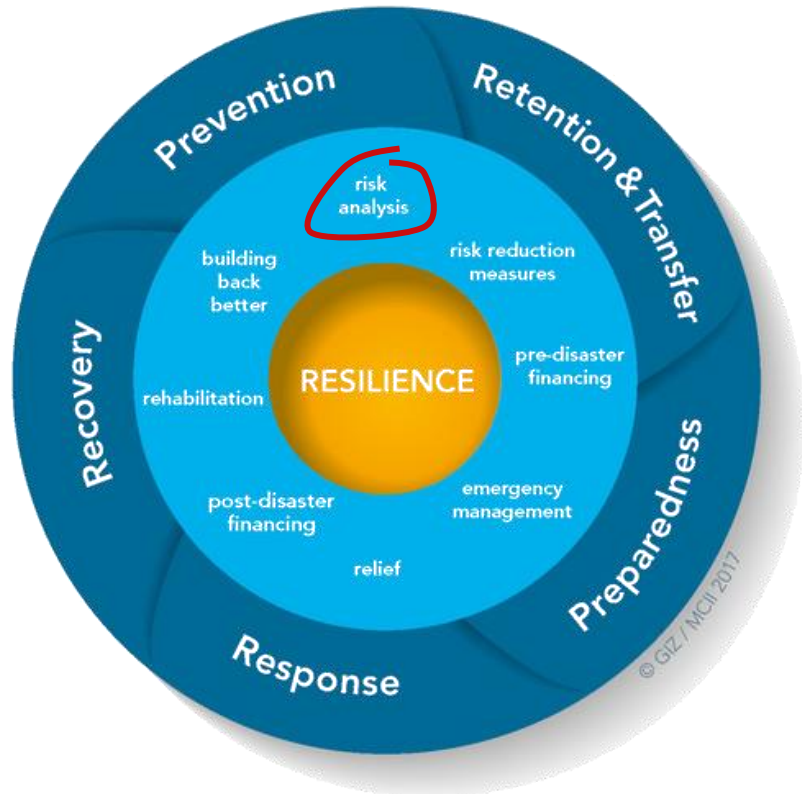


Enhancing risk assessments (ERA) for improved country risk financing strategies

Presented at A2ii-IDF Workshop on Risk Modelling for Insurance Supervisors

07.12.2023; Nihar Jangle

Our view on comprehensive climate and disaster risk management



A **Comprehensive Risk Management** approach contributes jointly to international agendas:



United Nations
Framework Convention on
Climate Change

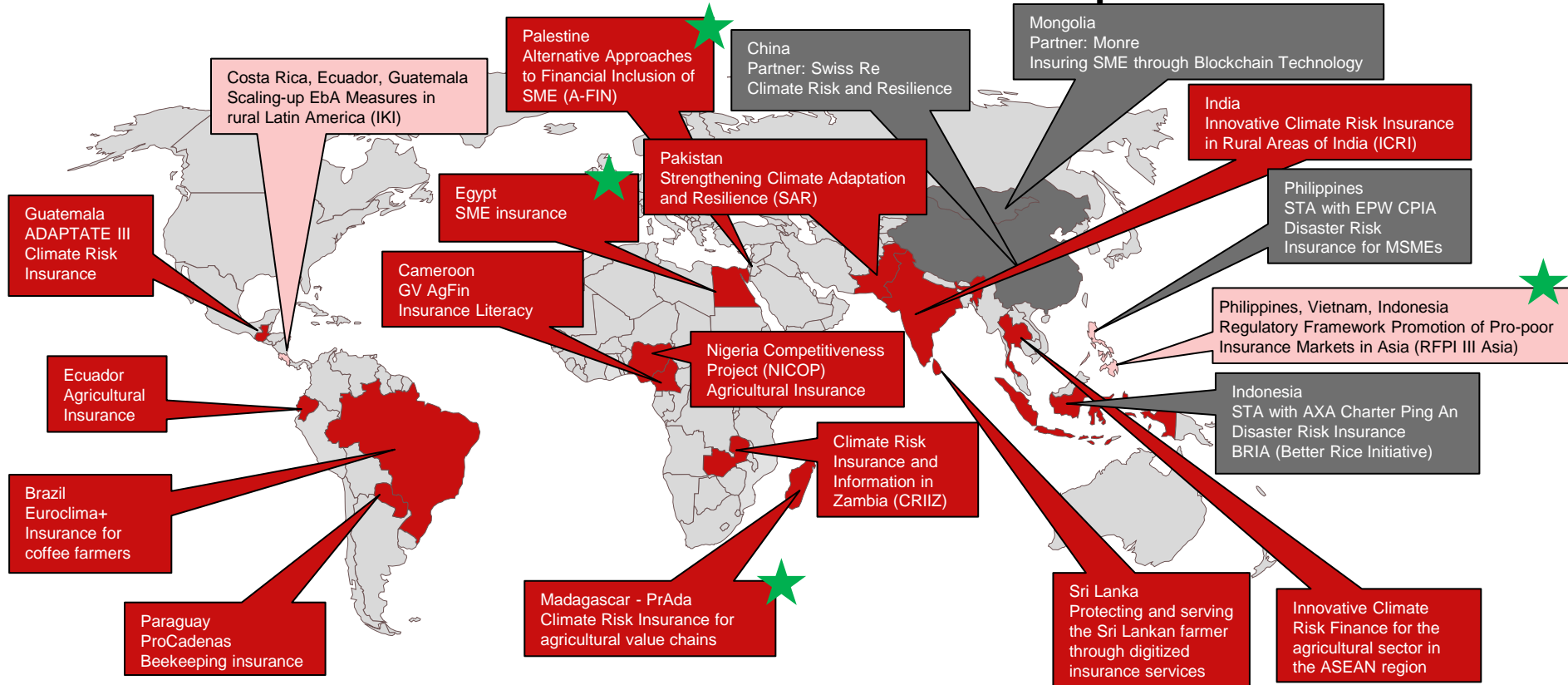


→ **protecting the most vulnerable** against climate and disaster risks while **preserving development achievements**

Risk assessments: basis for governments to **prioritize investments in**

- **risk-reducing measures**
- **good disaster preparedness**
- **financial protection** through risk retention and risk transfer addressing the residual risk

GIZ Climate and Disaster Risk Finance and Insurance portfolio 2022



Two global projects as secretariats:
 i) InsuResilience Global Partnership & Global Shield
 ii) Access to Insurance Initiative (A2ii)

★ Projects that work closely with the supervisor

Regional Project

Bilateral Project

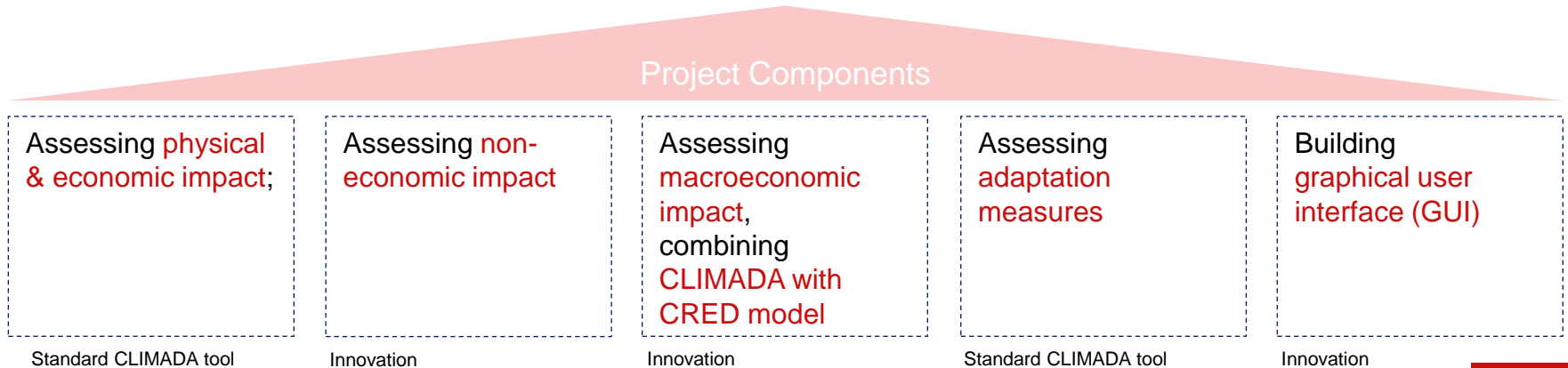
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Enhancing Risk Assessments (ERA) Project - Overview

Objective: Provide enhanced risk assessments to the Governments in **Egypt** and **Thailand**, informing their **adaptation and risk financing strategies**.

Approach: Enhancing the open-source risk modelling tool **CLIMADA** and piloting it within the Economics of Climate Adaptation (ECA) approach in both project countries – including a cost-benefit analysis of adaptation measures.

Partners: **GIZ Thailand**, **GIZ Egypt**, Munich Climate Insurance Initiative (**MCII**) / United Nations University – Institute for Environment and Human Security (**UNU-EHS**), Department of Agriculture Thailand (**DoA**), Financial Regulatory Authority Egypt (**FRA**)



Envisioned outputs from the ERA project I: Illustrated for Egypt

Economics of Climate Adaptation (ECA),
powered by **CLIMADA**
and based on 2 climate scenarios for 2050,
producing several outputs:

Maps / datasets for Egypt showing expected damages
of **heatwaves & flash floods**

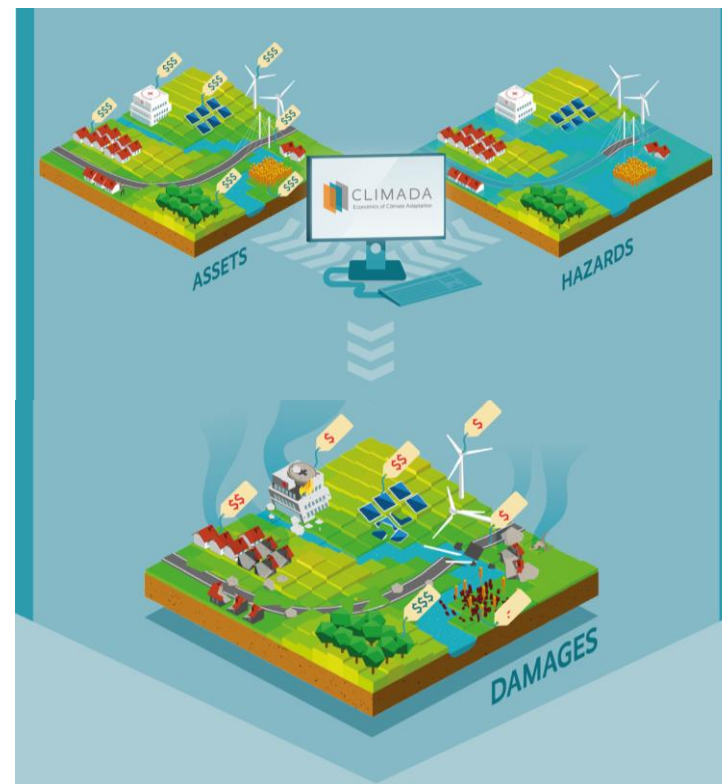
Economic impact:

Crops
Livestock
Hotels
Power plant

Non-economic impact:

Water systems
Mobility (roads, railways)
Health Systems
Education

Information on **impact on macroeconomic indicators**
(e.g. GDP, employment) of the **sectors**:
agriculture, tourism, real estate, financial sector,
manufacturing, energy, health



Envisioned outputs from the ERA project II

Maps and datasets on the expected risk reduction & impact mitigation benefits of **adaptation measures**

Cost-benefit analysis of these adaptation measures

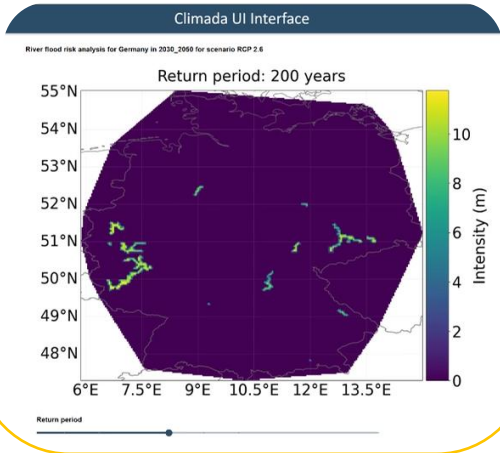


Integrating a **macro-economic model** into CLIMADA

Implementing this new module within the ECA framework in Egypt and Thailand



Simple **graphical user interface** of CLIMADA (building on EIOPA's work) to facilitate use by government representatives



Role of supervisors and value of risk insights for them

In Egypt FRA, regulator and long-standing partner of GIZ, is the project's lead partner. They

- host the project workshops
- make the outreach to other government agencies
- will eventually use CLIMADA themselves

FRA can potentially benefit from the project in a variety of ways:

- Positioning FRA as a key agency within the government for **conducting risk assessments for climate and disaster risks** that inform a comprehensive risk management strategy
- **Building capacity of FRA staff** to conduct risk assessments
- Increasing FRA's capacity to **incorporate risk insights into their sectoral strategy for NBF supervision**
- Strengthening FRA's role in **spreading investment culture and awareness with respect to climate and disaster risks**

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