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Regional Perspective

Regional Risk Pools & Projects



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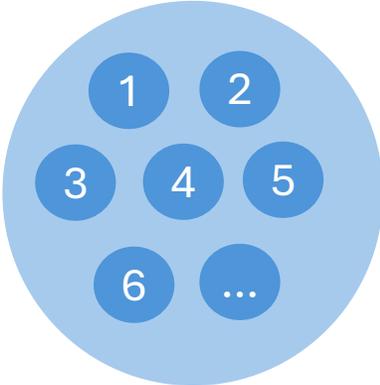


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Academy

In your tables match types of risk pool A-D, with schemes 1-4

A. Co-insurance pool



B. Reserve Fund



1. Morocco FSEC

2. Swiss-Re / Hiscox

C. Reinsurance



D. Fund backed by reinsurance



3. Moldova Interventions Fund

4. TCIP

Hint: maybe it's a combination

Why create a regional risk pools ?



Similar challenges such as extreme weather, climate shocks and disasters require similar products



Tackle cross-border issues such as population displacement, regional shocks, trade disruption, conflict and security.



Regional platform brings efficiencies of scale and expertise not available locally, mutualizing costs and benefits

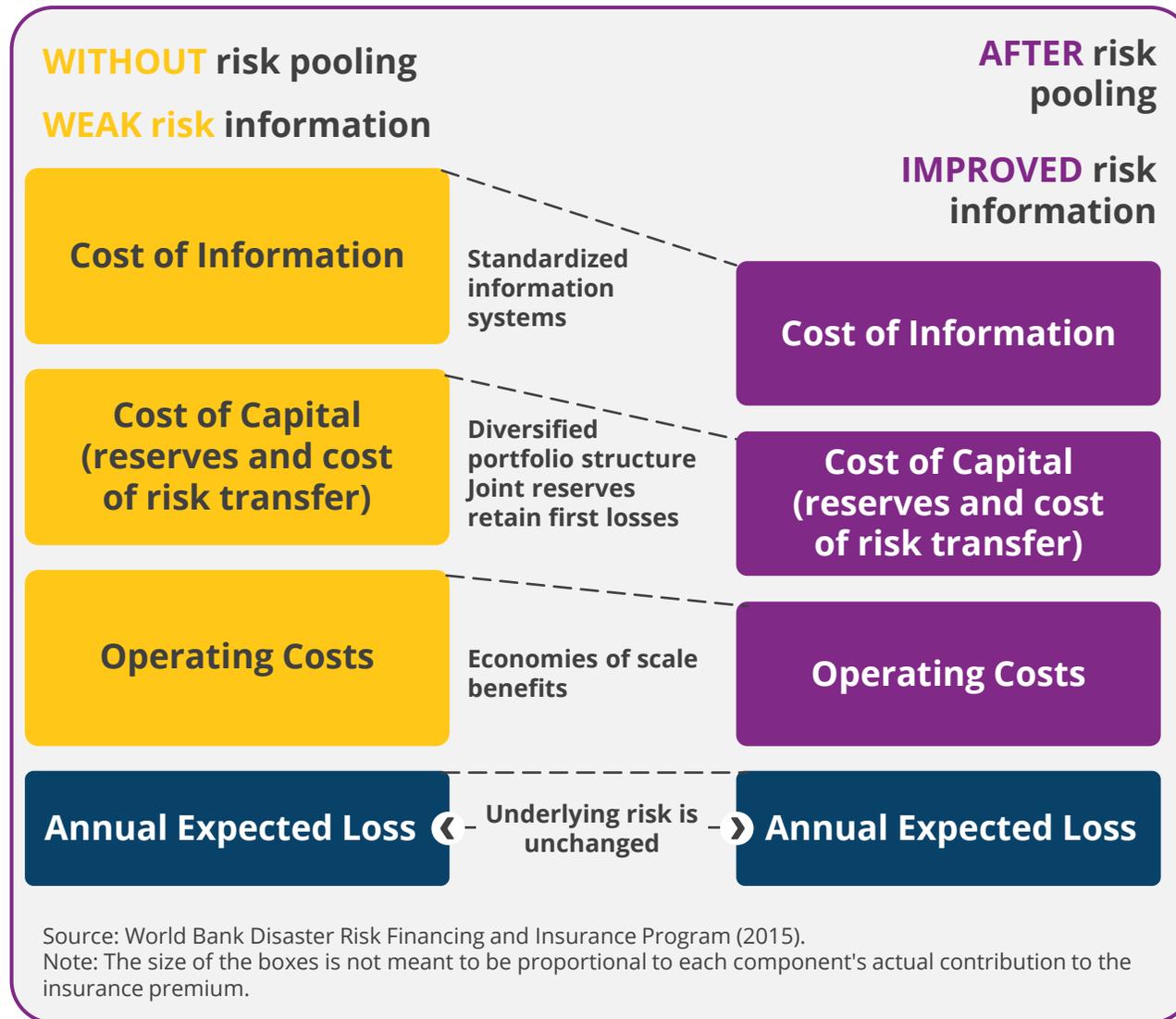


Diversification and scale to increase the stability of risk profile, and greater capacity to select the risks to retain (fund approach) or transfer (Insurance), with more attractive pricing



Sharing knowledge, experience with neighbours to strengthen local capacities

Financial benefits of risk pooling



Examples of regional risk pools



- 19 Caribbean Member Governments
- 4 Central American Member governments
- 6 Utilities Members
- Offers 6 parametric insurance products
- Since 2014, 78 payouts of US\$390 million



- 39 African Union Member States
- Since 2014, 62 policies have been signed for insurance coverage of US \$720 million.
- 60 Claims totaling US\$225m.
- Drought and Tropical Cyclone

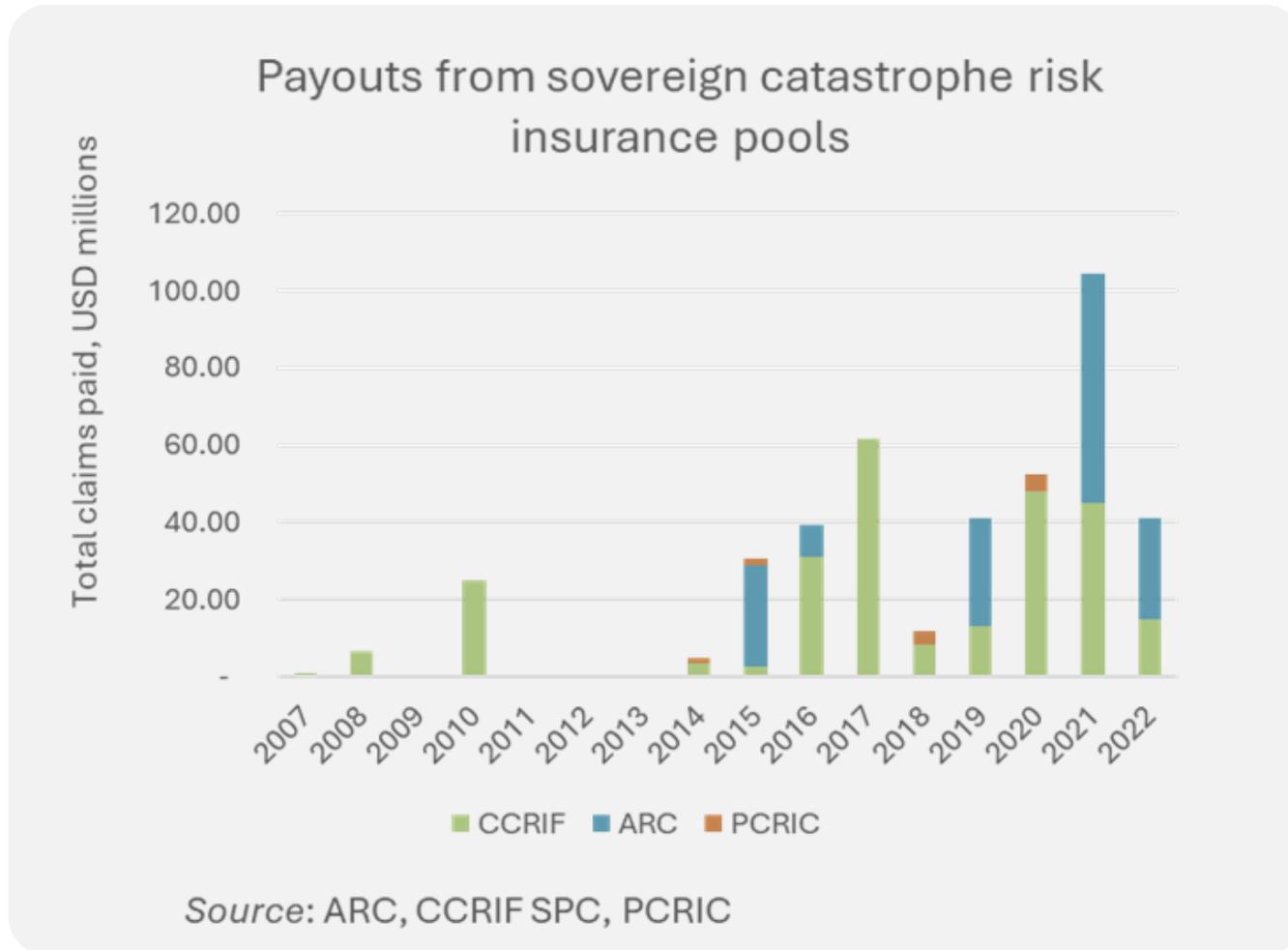


- 8 Members of the Pacific Catastrophe Risk Insurance Foundation
- Payout to Fiji's Vatuvara Foundation, under a parametric policy for tropical cyclone affecting a highly valued coral reef



- 8 ASEAN+3 Member Countries
- Parametric flood product

The pools have had pay-outs, but maybe too many?



The ARC Group makes a total of US\$32 million climate insurance payouts to assist people affected by drought in Zimbabwe

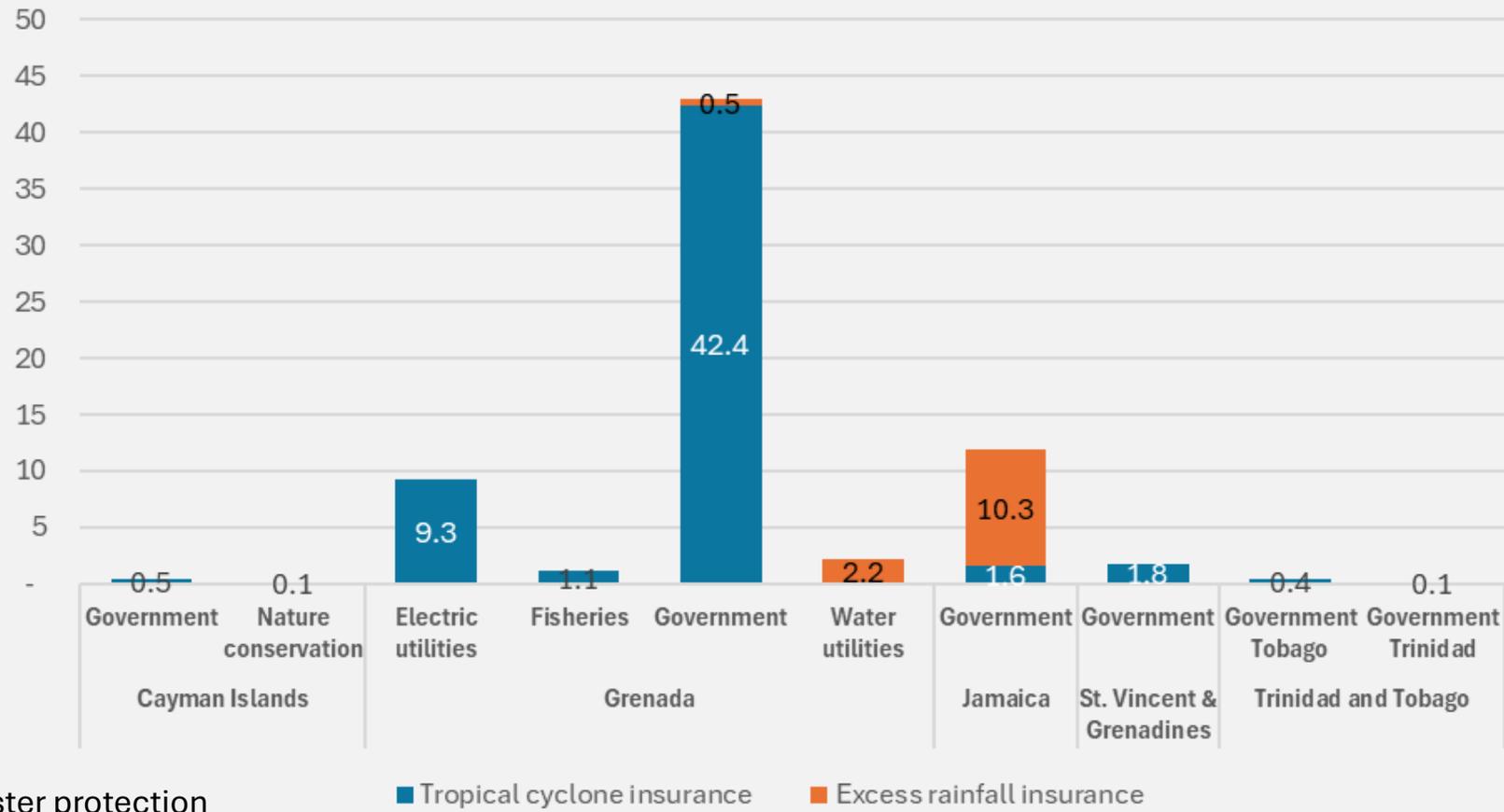
ARC pays \$11.6m as drought triggers Malawi's parametric insurance

ARC PAYS OUT 10 MILLION TO ZAMBIAN GOVERNMENT

June 14, 2024

The pools can cover multiple clients

Insurance payout for CCRIF pool members following Hurricane Beryl (July 2024) split by country and end beneficiary



Source : Centre for disaster protection

Calls for a regional risk pool in Europe



Towards a European system for natural catastrophe risk management

The possible role of European solutions in reducing the impact of natural catastrophes stemming from climate change

- **An EU public-private reinsurance scheme** to increase the insurance coverage for natural catastrophe risk.

- **An EU fund for public disaster financing** to reinforce public disaster risk management in Member States, including rebuilding public infrastructure.

December 2024



Regional Programs

Experience in Southern Africa: REPAIR



1

Objective

Strengthen resilience of countries to shocks through financial and operational preparedness (macro-level)



2

Regional program

implemented in 12 Southern African countries, with ARC Ltd as regional implementer



3

DRF Instruments

holistic strategy relying on Reserves, Contingent Financing and Sovereign Insurance.



4

Amount

\$926 million (IDA and Global Shield co-financing)

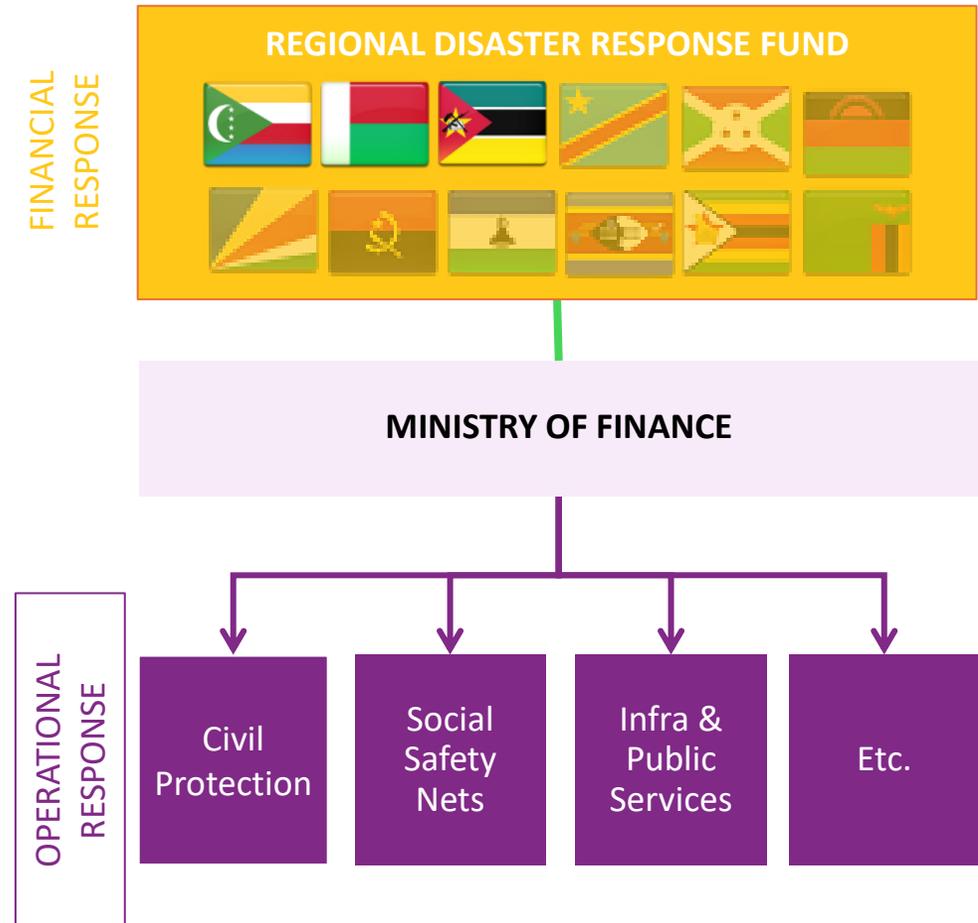


Why REPAIR ?

1 Comprehensive suite of pre-arranged instruments for small, severe and catastrophic shocks.

2 Robust governance and accountability mechanisms to use money effectively for disaster response: eligible delivery channels and activities, third party agent, blockchain platform, operational preparedness activities

3 Sustainable platform to leverage World Bank expertise, private capital, other donors and address capacity building needs; peer-to peer learning platform



Case Study: REPAIR

	Shock Severity	Trigger
 Sovereign insurance	Catastrophic (>1-in-20y)	Parametric based on each country's needs (e.g. rainfall for FL, wind speed for TC, NDVI for DR, ...)
 Contingent Financing (IPF DDO / disbursement condition)	Medium to Severe (1-in-5y to 1-in-20y)	Declaration of emergency (based on each country's rules)
 Reserves	Moderate (AALs)	Written request to ARC Ltd (flexible trigger)

Case Study: REPAIR



In **December 2024**, **Cyclone Chido** hit **Comoros** and destroyed homes and crops on the islands of Anjouan and Mohéli, leaving many without food and shelter and endangering livelihoods.

REPAIR was activated and Comorian authorities **received \$125,000** to mobilize emergency relief—food, water, temporary shelters, and emergency kits—and help the affected families.

In **March 2025**, **Mozambique** is hit by cyclone **Jude** affecting 390,000 people and destroying 88,000 houses, 81 health units, 272 schools, 20 bridges, 43 water systems and 73 kms of electricity wires.

REPAIR is currently being activated, and **Mozambique authorities should receive \$16 million** to mobilize emergency relief —food, water, temporary shelters, and emergency kits—to help the affected population.



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Lesson Learned From Regional Programs

Needs strong country demand at inception and strong ownership by MEFs



Selection of a regional implementing Agency with deep roots in countries and strong technical knowledge in DRF



Private sector expertise and capital is key to scale and impact



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A holistic financial strategy and risk layering increases resilience value for money



Long term resilience comes from integration with investment into livelihoods and value chains: regional trade, industrial policy, political cooperation, etc.



Important to think about sustainability after WB support ends

Key considerations

What do countries have in common?



Hazards (drought, floods, earthquake,...)?



Exposures?



Economic activity?



Objectives and priorities for disaster risk finance and insurance?

What opportunities exist?



Experience?



Regional institutions?



Common interest?

What challenges exist?



Political?



Legal?



Institutional?



Cultural?



Questions?