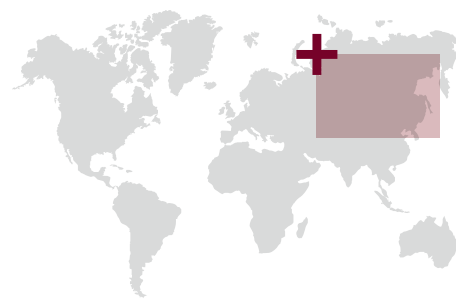


ACRI+

Advancing Climate Risk Insurance for Cities in China



AT A GLANCE

Name

Sino-German Cooperation on Integrated Climate Risk Management and Transfer Solutions

Duration

January 2017 – October 2018

Focus area

Chinese Cities in Coastal Area

Target group

City Governments, Insurers, City Developers and National Policy Makers

Funds available

The project Advancing Climate Risk Insurance Plus (ACRI+) is part of the programme Promoting Integrated Climate Risk Management and Transfer Solutions funded with 5 million Euros

through the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

The project is jointly implemented by ...

National Development and Reform Commission (NDRC), People's Republic of China, City Government of Lishui, Swiss Re and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The core objective is ...

to systematically reduce the impact of climate risks on a selected pilot city through risk transfer solutions. It also aims to support NDRC in implementing China's National Climate Adaptation Pilots, to develop a comprehensive blue-print for climate adaption actions, to assist in the implementation of this blue-print, and to replicate this solution in other cities.

BACKGROUND

China is one of the countries most affected by natural disaster in the world. Extreme weather events have began to intensify. Paired with rapid urbanization, these events pose major risks to China's economic and social development. Hence, China's government is now piloting integrated risk management solutions in selected pilot cities. City governments are responsible for coping with the immediate impacts of climate disasters. Hence, cities have a key interest in upgrading their full risk management capacities to enhance the resilience of urban critical infrastructure (hospitals, electricity, water, sanitation etc.).

APPROACH

Risk transfer solutions are part of a risk management strategy in which a risk is shifted to another party, the insurance company. This has the benefit of ensuring that external events, such as climate risks, do not materialize into disasters, as insured parties will benefit from financial payouts. These payouts will reduce their immediate costs related to the event, potentially preventing poverty traps, business interruptions, or public budget cuts.

Risk transfer solutions provide the public sector with the financial means to "build back better", as stipulated by the UN Sendai Framework for Disaster Risk Reduction 2015–2030. Also other global policy frameworks highlight the important role of disaster risk transfer solutions, such as the UN Framework Convention on Climate Change Conference of Parties (UNFCCC COP 21), as well as G7 (InsuResilience initiative) and G20 meetings. It is expected that risk transfer solutions will play a prominent role under the German G20 presidency.

The integrated approach will be based on a cooperation and expertise of several partners, including GIZ, Swiss Re, public sector agencies in China, as well as international experts, federations, foundations and others. Together, these agencies shall provide state-of-the-art-solutions cutting across

various sectors, including urbanisation, reconstruction, finance, disaster risk management, resilience and critical infrastructure.

The project shall be structured as a pilot. The pilot shall focus on selected hazards and specific infrastructure sectors (such as energy, water , etc.)most relevant to the pilot city regarding the selected hazard. The concept shall be done in four parts.

Based on new opportunities in China, the existing strategic alliance shall be complemented with an innovative pilot in China. This pilot shall focus on risk transfer solutions for urban resilience in selected pilot cities in China. The city pilot shall build on international best practices to mitigate climate risks, foster preparedness, and expand risk transfer solutions.

- **Component 1: Determine the Pilot**

Jointly with relevant national decision making bodies in China, a pilot city and respective hazards shall be selected. The selection will be based on respective national policy strategies to enhance climate adaptation in China.

- **Component 2: Risk identification and analysis**

The risk analysis shall be conducted in tight collaboration with leading experts in natural catastrophe, sociology, economics, civil planning, as well as the relevant stakeholders in the public sector, using state-of-the-art analytics to identify the major risks in the pilot city.

Risk Report: to define the climate and financial risk exposure based on risk maps as well as the associated costs across multiple scenarios .

- **Component 3: Recommendations and policy suggestions for risk transfer solutions**

Disaster Risk Management: Assessment of the full disaster risk management cycle (risk reduction, risk preparedness, and risk response) from an insurance perspective to highlight potential fiscal and developmental value added that the pilot project would have on the city's financial resiliency.

Adaptation report: to provide strategy and measurement assessment aligned with risk management cycle and from financial-effective perspective.

- **Component 4: Knowledge transfer**

The findings will be continuously collected, compiled, and made available to stakeholders in China throughout the entire project duration.



SERVICES OFFERED TO CITY PARTNERS BY ACRI+

Expertise in risk transfer solutions

GIZ has proven extensive experience in partnering with countries to establish efficient and innovative solutions both at macro (country) and micro (household, farmer) levels, in building up political governance and institutional arrangements to implement integrated risk management solutions.

Successful practises have been applied in low-income and mid-income countries including Philippines, Indian, Kenya, Peru and China.

Access to financial markets and customized financial solutions

GIZ brings access to international reinsurance and capacity building for future transfers between the country risks and the financial markets, for the first ever cooperation on climate adaptation and urban resilience in the China's national adaptation pilot scheme.

Standardized international practice

GIZ introduces highly-recognized international standards, jointly conducted by German and local expertise, to implement the risk analysis and disaster risk management approach.

Capacity development program for different levels of intervention.

Depending on their roles in the climate risk management cycle, government, business, individuals, and communities are engaged with corresponding adaptation measures and equipped with stronger capacity to prevent, reduce or cope with climate risks, including through response plans and strengthened preparedness mechanisms.

Extensive country knowledge and convening power

GIZ has operated in China since the 1980s and has built strong connections with central government as a bilateral partner. Long-term partnerships and reorganization with national government have been built with a provision of global research and country knowledge to identify opportunities for countries to pool risks together.

International cooperation and exchanges

GIZ offers cooperation platforms and communication channels with national governments and agencies for the publicity of China's new practices and international inputs derived from GIZ's worldwide network.





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