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ACiFF

Risk Financing and Insurance Solutions for Coastal Resilience (TA-6742 REG)

Project title

TA-6742 REG: Building Coastal Resilience through Nature-Based and Integrated Solutions - Risk Financing and Insurance Solutions for Coastal Resilience (54212-001)

Focal countries

Fiji, Indonesia, Philippines, Solomon Islands

Project timeline

9 August 2023 to 31 December 2024

Administered by

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Consultant partners in the project countries

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Healthy coastal ecosystems provide natural protective services and a first line of defense for coastal cities, communities and infrastructure, as well as other valuable ecosystem services. Well maintained coral reefs, for example, can absorb up to 97% of wave energy, and provide critical ecosystem services such as nurseries and feeding grounds for fisheries, providing coastal protection, and securing an important food supply for many coastal communities.

The health of these ecosystems is, however, rapidly declining. Preventing (and reversing) this decline requires a number of interventions, including (a) building the case for effective coral reef protection, restoration and sustainable management by defining the range of ecosystem goods and services they provide and quantifying the environmental, social and economic risks associated with their damage, (b) implementing strong policies and governance approaches to underpin their protection, restoration and sustainable management and (c) deploying sustainable financing and risk management systems to address climate change related hazards.



Funding from the Asia-Pacific Climate Finance Fund (ACiFF) and the Global Environment Facility (GEF) is supporting the implementation of this project; Output 4 of the Asian Development Bank's (ADB) Technical Assistance (TA) on Building Coastal Resilience through Nature Based and Integrated Solutions.

Project Objectives

This multi-stakeholder project aims to identify, recommend and demonstrate the applicability of coral reef finance, insurance and risk management models and approaches in targeted, high-opportunity sites in four countries namely Fiji, Indonesia, Philippines, and Solomon Islands, towards increasing the climate resilience of coastal businesses, communities and their livelihoods.

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Provisional Ministries/ Agencies (to be confirmed)

Fiji

Ministry of Finance, Strategic Planning, National Development and Statistics

Drua Incubator
Climate Change Division (CCD)

Indonesia

Ministry of Environment and Forest (MOEF)
Directorate General of Climate Change

Ministry of Marine and Fisheries (MMAF)
Secretary of Director General Marine Spatial Planning Management

Philippines

Palawan Council for Sustainable Development (pending)

Department of Environment and Natural Resources (DENR), Biodiversity Management Bureau (pending)

Solomon Islands

Ministry of Environment, Climate Change, Disaster Management and Meteorology

The project will include targeted research, assessment, preparation and knowledge sharing towards delivering technical and policy advice for the implementation of innovative coral reef financing and insurance model(s). As such, the project will focus on:

- **Building the environmental, social and economic rationale (business case)**, by providing a robust evidence base to change perceptions on coral reefs (and other natural assets) so that regulations and investments to protect them are not seen as a trade-off to economic growth, job creation and livelihoods, but rather as a pre-requisite and a necessity to reduce the costs of coastal damage and secure environmental, social and economic resilience, in particular for coastal communities.
- **Assessing viable options for sustainable financing and risk management models and approaches**, to optimize and complement the limited public funds allocated for coral reef protection and restoration. Leveraging public and private sector financing options will also be explored.

Project Outputs

The project will work with key national stakeholders, coastal communities and technical experts to deliver the following outputs, according to the needs and conditions of the project sites:

- **Coral reef disaster and climate risk modelling for selected candidate sites** in the four countries, which will include an assessment of the protective value of coral reefs and the potential costs associated with their damage, as well as cost-benefit assessments relating to the environmental, social and economic effectiveness of coral reef protection, and knowledge sharing infrastructure;
- **A business case to support the delivery of effective enabling conditions for coral reef finance and insurance** for selected high opportunity sites. This would comprise of a full assessment (including environmental, social, economic, gender, demographic, and biophysical data), and an ecosystem valuation;
- **Risk financing solutions and transfer mechanisms** for selected high opportunity sites. This will include provision of recommendations on the required policy, legal, regulatory and governance frameworks;
- **Awareness of and capacity building related to the benefits provided to national and local stakeholders**, including coastal businesses and coastal communities, by coral reef ecosystems and their protective services.



The project will be undertaken in selected high opportunity sites across the four countries, with the ambition to further replicate across the region, contributing to ADB's longer-term TA goal of (by 2030):

\$100 million of funding mobilised, with 600,000 people benefitting from improved livelihood opportunities as a result, and 200,000 people benefitting from the coastal resilience service (e.g. against storms) that coral reefs bring.