

# Virtual kick-off meeting summary note

<b>Project title:</b>	<b>TA 6742-REG Output 4: Risk financing solutions and transfer mechanisms to promote climate resilience for ecosystems</b>
<b>Client:</b>	Asian Development Bank
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## Project overview

This multi-stakeholder ADB project, funded by Asia-Pacific Climate Finance Fund (AClIFF) and the Global Environment Facility (GEF), aims to identify, recommend and demonstrate the applicability of sustainable financing and risk management models and approaches for coral reef ecosystems in targeted, high-opportunity sites in four countries, namely Fiji, Indonesia, the Philippines and Solomon Islands, towards increasing the climate resilience of coastal businesses, communities and their livelihoods.

## Kick-off meeting purpose

This virtual kick-off meeting brought together ADB personnel (including Resident Missions/Country Offices), key Government partners, and the Landell Mills consortium team to kick-start the project and to outline the intended approach and expected outcomes and outputs at regional, national and local levels.

## Agenda

<b>Timing (Manila)</b>	<b>Agenda</b>
<b>14:30</b>	<b>Intro by the co-moderators:</b> Thomas Kessler, Principal Finance Specialist (Disaster Insurance), and Arun Abraham, ADB/GEF Senior Environment Specialist (Consultant)
<b>14:35</b>	<b>Welcome remarks,</b> Junkyu Lee, Director, Finance Sector Group, ADB
<b>14:50</b>	<b>Scene setting “Sustainable Finance for Asia and the Pacific: Protecting and Restoring Coral Reefs,</b> Martha Rogers and Fernando Secaira, The Nature Conservancy (TNC)
<b>15:10</b>	<b>Project Overview,</b> Louise Heaps, Project Director and Lorena Ramirez, Project Coordinator, Landell Mills
<b>15:20</b>	<b>Outline of climate risk modelling approach,</b> Cherie Gray and Piyush Sharma, Swiss Re
<b>15:30</b>	<b>Outline of prioritization assessment and data needs,</b> James Spurgeon, Ecosystem Valuation Specialist, Sustain Value.
<b>15:40</b>	<b>Open Q&amp;A,</b> co-moderators.
<b>15:55</b>	<b>Wrap up and closure,</b> Thomas Kessler, Principal Finance Specialist (Disaster Insurance)

## Attendance

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The meeting was attended by 62 participants. Attendees comprised representatives from ADB, the consulting team from Landell Mills consortium, and from the following stakeholders:

### *Fiji*

- Department of Environment, Permanent Secretary Office of the Prime Minister
- Drua Incubator Partnership and Climate Change and International Cooperation Division, Office of the Prime Minister
- Ministry of Finance, Strategic Planning, National Development and Statistics

### *Indonesia*

- Ministry of Marine and Fisheries, Secretary of Director General Marine Spatial Planning Management
- Ministry of Environment and Forestry, Climate Change Adaptation
- Ministry of Environment and Forestry, Directorate General of Climate Change Control

### *Philippines*

- Biodiversity Management Bureau (BMB), Department of Environment and Natural Resources
- Foreign-Assisted and Special Projects Service (FASPS), Department of Environment and Natural Resources

### *Solomon Islands*

- Ministry of Environment, Climate Change, Disaster and Meteorology
- Ministry of Finance and Treasury, Climate Finance Unit

## Material

All materials including presentations, have been uploaded to the ADB Knowledge Event Repository in the link below:

<https://events.development.asia/learning-events/risk-transfer-mechanisms-partnerships-coral-reef-finance-and-insurance-asia-and>

## Q&A

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Answers to the questions raised during the meeting are provided below.

- Regarding the *development of a reef management strategy, it is important to consider how fast the funding reaches the people undertaking the restoration work. This period of time can be crucial, therefore it should be a consideration.*

Response: From an insurance pay-out perspective, for parametric insurance this is normally paid within weeks. The pay-out goes from insurer to the insured (i.e., policy holder). The process of transferring funds from policy holder to restoration workers may need to be clearly defined in order to maximise speed of delivery (Cherie Gray, Swiss Re).

These considerations are important, as covered in the presentation provided by Fernando from TNC who has experience from payout in Mexico. Coral reef can be restored but it has to happen quickly. We will look at how we can incorporate lessons from the Mexico studies (Arun Abraham, ADB/GEF Senior Environment Specialist (Consultant)).

- *Would insurance cover slow-onset events, such as coral bleaching?*

Response: No, insurance does not cover ongoing events, it covers clearly defined events. Insurance does not cover facts; it covers modelled probabilities. (Cherie Gray, Swiss Re). It was mentioned another industry player saying 'anything is insurable' if there is relevant data to justify this, as long as premium can be paid (Arun Abraham, ADB/GEF Senior Environment Specialist (Consultant)). To clarify, whilst it may be 'insurable' it may not be economic to insure depending on the nature of the risk, or insurers may not have appetite to provide cover if the event is too frequent (Cherie Gray, Swiss Re). If there are no concrete insurance solutions, there may be other measures that can help address the risks to a certain extent, and these can be explored (Thomas Kessler, Principal Finance Specialist (Disaster Insurance), ADB).

- *Regarding coral bleaching and how certain events are insurable/non-insurable, for this project, would we only be dealing with stressors where the damage is visible immediately?*

Response: It is recommended to focus on the drivers of loss, and what can be the 'defined event/s' that lead to the bleaching as the outcome, e.g., a cover could be based on the temperature threshold. Cherie encourages consideration of what are the stressors that could be insured, rather than the outcome. What drivers of loss could occur earlier in the value chain to which the insurance product can respond? These will be site specific (Cherie Gray, Swiss Re).

- *Which factors drove the selection of the candidate sites in Fiji?*

Response: A rapid baseline assessment was undertaken by ADB, with data shared by NGOs resulting in the identification of 5 potential sites. This is something to be further explored during the project through further engagement with the team and local stakeholders, and one or two sites will be taken forward (Arun Abraham, ADB/GEF Senior Environment Specialist (Consultant)).

- *What is the timeline to arrange the next workshop with the government stakeholders in Indonesia?*

Response: This will be confirmed in due course. The in-country coordinators will follow up with the focal points from the stakeholders to confirm next steps, and dates for the next workshop will be collaboratively agreed. (Thomas Kessler, Principal Finance Specialist (Disaster Insurance), ADB).

## Next steps

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- Link to the [event site in ADB Knowledge Event Repository](#)<sup>1</sup> (where all meeting materials have been uploaded) will be shared with all the meeting attendees. Attendees are encouraged to email any questions or remarks.
- In-country coordinators will reach out to stakeholder representatives who attended the meeting, to confirm focal points going forward, and confirm the next steps:
  - For Fiji and Indonesia, the prioritization assessment of the candidate sites is being finalised, and a country-specific prioritization workshop will be organised to agree on the two high opportunity sites to be taken forward for further analysis.
  - For Solomon Islands, consultations with the government stakeholders will commence, as well as continue discussions with the Arnavon Community Marine Park (ACMP) Committee, to agree the approach for the ACMP site.
  - For Philippines, activities are on hold until the candidate site/s are confirmed.

<sup>1</sup> <https://events.development.asia/learning-events/risk-transfer-mechanisms-partnerships-coral-reef-finance-and-insurance-asia-and>