

TA 6742-REG: Building Coastal Resilience through Nature-Based and Integrated Solutions – Output 4: Risk financing solutions and transfer mechanisms for climate resilience in ecosystems across project sites established and operationalized

Welcome Remarks of Junkyu Lee for Kick-Off meeting

Risk Transfer Mechanisms: Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific

14 November 2023

1. My name is Junkyu Lee, director of Finance of ADB.
2. On behalf of ADB I would like to welcome all of you to the kick-off meeting for the regional project on “*Risk Transfer Mechanisms: Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific*”.
3. We would like to acknowledge the presence of some of our distinguished country representatives.
 - From Indonesia: the Ministry of Marine Affairs and Fisheries; and the Ministry of Environment and Forests
 - From the Philippines: the Palawan Council for Sustainable Development (PCSD) and the Department of Environment and Natural Resources (DENR)
 - From Solomon Islands: Ministry of Finance, Ministry of Environment, Climate Change, Disaster Management and Metrology
 - From Fiji: the Ministry of Environment and the Climate Change Division in the Office of the Prime Minister
4. Preparation of the regional project has involved technical assessments in each country and extensive consultations with stakeholder governments at national and local levels as well as a wide range of other public and private stakeholders.
5. We are very pleased to be able to finally kick-off the implementation of the project as one of the outputs under the technical assistance the TA name is *Building Coastal Resilience through Nature-Based and Integrated Solutions (TA 6742-REG)*.
6. Providing innovative financing and knowledge solutions to enhance resilience through nature-based solution is a key priority explicitly highlighted under the section 4.4 of the ADB’s Climate Change Action Plan.
7. Funding support for the project is drawn from the Global Environment Facility (GEF) and from the ADB-managed Asia-Pacific Climate Finance Fund (called ACliFF). The

project also benefits from a number of aligned initiatives of ADB, including the Private Sector Development Initiative (PSDI) for Fiji and Solomon Islands, the proposed Sustainable Tourism Development Project in the Philippines, and a number of other grants, TAs and loans in the project countries.

8. The project will build on a model which has been proven in the Meso-American Reef system covering Mexico, Honduras, Guatemala and Belize. Similar efforts are now picking up in Florida and Hawaii in the USA. Coral reef finance schemes, which are based on a parametric insurance model, is a relatively new concept in Asia and the Pacific.
9. This project will demonstrate the applicability of a financial risk management model through coral reef insurance in four ADB Developing Member Countries (DMCs) in Asia and the Pacific – Indonesia, the Philippines, Fiji, and Solomon Islands. The work will involve collaboration with coastal tourism businesses, government agencies, insurance industry, academia, local scientists, NGOs and private sector organizations and local communities.
10. And it will also aim to articulate and demonstrate the business case for a coral reef maintenance and restoration fund supported by an insurance product or similar risk transfer mechanism.
11. The work in each country will build on multi-stakeholder engagements, which should:
 - i) catalyze the development of long-term financing solutions for management of coral reef ecosystems
 - ii) enable the design and investments in nature-based solutions to strengthen resilience, and
 - iii) guide the operationalization and implementation of coral reef finance and insurance mechanisms.
12. The meeting today will lead off with an overarching presentation from Martha Rogers and Fernando Secaira from The Nature Conservancy (TNC). TNC, with a technical assistance grant from ADB, has led a Knowledge Product on “Sustainable Finance for Asia and the Pacific: Protecting and Restoring Coral Reefs”. The Knowledge Product is a valuable analysis of the opportunity for coral reef insurance and will set the scene for the project. This Paper will be published later this month.
13. This will be followed by presentations from Louise Heaps, Project Director, and Lorena Ramirez, Project Coordinator, both from the consortium led by Landell Mills Inc, Cherie Gray, from Swiss Re, and James Spurgeon, a Blue Economy Finance Specialist. They will all outline the methods and approach to the project in the four countries.
14. After these presentations we are hoping to have a good discussion to respond to questions and provide any additional clarity on technical, financial or other aspects of the project.

15. Following this meeting the Landell Mills implementation team will follow up in coordination with our colleagues from the resident missions with more detailed consultations in each country to identify and confirm priority project sites, collect additional data or information and map out a more detailed work plan for the next 18 months.
16. I would like to thank you all for taking an interest and time in this exciting and innovative project. For ADB, the risk transfer mechanism and the nature finance solution are high on our agenda as they promise to deliver climate, environmental and social benefits using nature-based solutions.
17. It aligns with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies as well as with ADB Strategy 2030 Finance Sector Directional Guide published at the end of 2022.
18. We wish you fruitful discussions and every success for the implementation of this project ultimately aiming at directing more financing to nature-based solutions.
19. Thank you very much for listening.
20. Now let me turn over to our moderators, Thomas Kessler and Arun Abraham.