

## Linking Climate Risk Finance and Development: The UNDP Initiative

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Opportunity and a  
disaster response  
are needed to see the future.



## Three examples of innovative index insurance



### 1. Ethiopia (Oxfam, SwissRe & more):

From donor-funded "Food for work" + "Disaster aid"  
to donor-funded "Insurance for risk-reduction work"

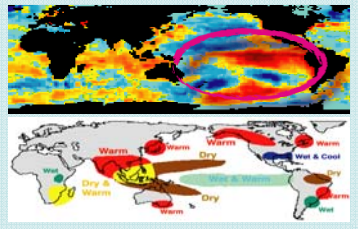
### 2. Malawi (WB & more):

Insurance bundled to microcredit  
so subsistence farmers get agr inputs



### 3. Proposal (IRI + IIASA):

Forecast-based price signals of ins  
guide investments for expected rains



*Climate risk transfer can support  
CC adaptation and DRR*

### Towards a new UNDP entity: Desired impacts

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1. Reduce loss of development gains
2. Integrate development objectives in risk finance
3. Encourage “smart” risk taking
4. Guide investments according to expected future conditions
5. Encourage measures to reduce vulnerability

### Why a Climate Risk Finance Facility for Development?

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Goal:

To assist public authorities in implementing development and risk-reduction oriented CC risk transfer mechanisms at the local and regional levels.

Immediate objectives:

1. Provide technical assistance to design and implement required policy and institutional infrastructure to develop risk-sharing instruments
2. Link national and regional actors with national/international insurers and re-insurers
3. Facilitate financial flows towards risk products through innovative financing schemes