

Release on the occasion of SAARC Charter Day

by

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*Launch of
Insurance
Policy Brief*

INSURANCE AS AN AGRICULTURAL DISASTER RISK MANAGEMENT TOOL: EVIDENCE AND
LESSONS LEARNED FROM SOUTH ASIA

IWMI's Disaster Insurance Program

Potential of technology to reduce the financial risks among communities in managing climate risks

01

Disaster are increasing

Over time, through population and economic growth, more people and assets become exposed to disasters.

02

Spending on disasters is largely ex-post

DRR spending a fraction of development assistance

03

Climate finance new opportunity to finance DRR

Channeling regional financial mechanisms within UNFCCC, GFDRR, GCF and others

04

Govt. and Private Sector can invest to reduce losses

Strong national DRR framework sets the right policy and regulatory regimes to ensure risk is reduced through PPP investment

INSURANCE POLICY BRIEF – PROMOTING USE OF SPACE TECHNOLOGY



POLICY BRIEF



RESEARCH PROGRAM ON
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INTERNATIONAL
WATER MANAGEMENT
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NO. OF BENEFICIARIES (C. 17)

Insurance as an agricultural disaster risk management tool: Evidence and lessons learned from South Asia

Dr. Sriniv Anurath, Research Group Leader – Water Risk and Disaster (WRD), Dr. Sarjati Ghosh, Regional Researcher – Water Risk and Data Science (WRD), Dr. Kranga Akhavan, Remote Sensing (RS) Analyst-APAC, Dr. Sriniv Kumar Rajan, Senior Programme Officer and Head Policy Office, United Nations Office for Disaster Risk Reduction (UNDRR), Dr. An. Jang, Director and Mr. Henry Dine Saito, Disaster Management Centre (DMC), India, Dr. Saajay K. Subastena, Chief, Disaster Risk Reduction, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

OVERVIEW

Pilot projects in India and Bangladesh demonstrate that index-based weather insurance products, developed using satellite technology, can reduce the financial risks to smallholder farmers from floods and droughts. Scaling up such schemes has the potential to meet the needs of very vulnerable groups, especially women and assist governments in meeting global development goals.

CLIMATE CONTEXT

Climate change may increase the risk and cost of disasters. The economic impact of environmental disasters has risen from around US\$ 100 billion per year in the 2000s to US\$ 200 billion in 2019. More and more, the 2020s in South Asia, climate change is already increasing the frequency and intensity of disasters, including a substantial displacement of people with a difficult return to their source, stocks and modes of their system-level disaster risks, and disaster events. (IPCC, 2014)

Many of the world's most vulnerable people live in low-lying coastal areas and flood-prone areas. In 2018, the world's most vulnerable people lived in low-lying coastal areas and flood-prone areas. In 2018, the world's most vulnerable people lived in low-lying coastal areas and flood-prone areas.

RECOMMENDATIONS

Action points by which regional organizations such as the South Asian Association for Regional Cooperation (SARFAR) can strengthen disaster insurance programs:

Advise governments on the development of reform policies and regulations to improve disaster insurance (e.g. financial incentives, premium subsidies, and support to develop effective and inclusive products), so that insurance can be readily incorporated into disaster risk management strategies for many of the world's people.

Strengthen microfinance institutions to boost smallholder access to credit.

Promote best practice in design and policy aspects of index-based weather insurance and good practice learning to promote wider use of such products within disaster risk management.



Aerial view of 2016 flooding in Patna, Bihar (India), Credit: Subastena/Merit

Concept and Lesson Learned



<https://www.youtube.com/watch?v=OcdEsbF3RFY>

<https://www.youtube.com/watch?v=YVQ0soREjmM&t=2s>



Key action points SAARC (IU)? Can strengthen regional disaster risk insurance program?

- **Advise member states of SAARC** on how best to reform policies and regulation around disaster risks insurance and develop effective and inclusive products to ensure index insurance be incorporated into disaster risk management strategies
- **Promote the space technology** and risk assessment information as a new opportunity to finance DRR;
- **Promote best practices** from international agencies through south-south learning to reduce disaster risk and increase investment on DRR
- **Strengthen institutional capacity building** through regional framework to manage disaster risk



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