

Climate Risk Financing in Cooperation with ASEAN



Context

Climate-change induced extreme weather and natural disasters pose a threat to economic well-being and food security in the ASEAN region, which is home to 650 million people. It is estimated that around 40% of the ASEAN working population are in the agricultural sector. According to the Global Climate Risk Index 2020, four of the ten countries most affected by climate change worldwide are in the ASEAN region: Myanmar, the Philippines, Thailand and Vietnam.

Due to the high weather-dependence of agriculture, farmers are particularly at risk from increasing extreme weather events. In 2017, many people in ASEAN died and an estimated 9.9 billion US dollars were lost due to weather-related disasters. Governments often face difficulties in providing sufficient and timely funding for support and rehabilitation measures for the agricultural sector. Therefore, funding mechanisms that address these issues are becoming increasingly important for adaptation to climate change in the region, particularly in the agricultural sector.

Objectives

- To improve the political framework conditions for the promotion of climate risk financing at the ASEAN level
- To strengthen capacity and collaboration with knowledge transfer in the ASEAN Region and in its ASEAN Member States (AMS)

Approaches

- **Improving political framework conditions:** Together with relevant ASEAN bodies and ASEAN Member States, the project facilitates the establishment of a joint ASEAN framework/coordination mechanism for climate risk financing with a potential focus on the agricultural sector. It is planned to include crop insurance as another disaster risk management tool in the future ASEAN cooperation framework of the Strategic Plan of Action on Crops (2021-2025), which is to be formulated in 2020.
- **Development of structures and capacities for knowledge transfer:** This is to create a regional and cross-sector - finance and agriculture - knowledge platform in the field of climate financing/insurance in collaboration with the **ASEAN Disaster Risk Finance and Insurance Programme (ADRFI)** to support the provision of financing and insurance solutions for disaster risks in ASEAN. The platform is to be used to establish knowledge sharing.
- **Outlook for future collaboration:** This includes discussions on potential regional collaboration with ASEAN partner organisations, national project partners in selected AMS, and other international organisations/donors on climate risk financing.

Commissioned by: The German Federal Ministry for Economic Cooperation and Development (BMZ)

Countries: 10 ASEAN Member States

Project partners: Association of Southeast Asian Nations through ASEAN Secretariat

Project duration: 01/2020 – 06/2021

More Information: <https://www.asean-agrifood.org/stock-taking-of-country-profile-crop-insurance-in-asean>

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