

Addressing Loss and Damage with Microinsurance

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Envisioning Resilience Towards Climate Compatible Development



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Addressing Loss and Damage with Micro-insurance

Loss and Damage refers to adverse effects of climate variability and climate change that occur despite global mitigation and local adaptation efforts. In 2012-2013, UNU-EHS coordinated nine case studies that assessed loss and damage in vulnerable communities. This was the first-ever multi-country study of its kind, and included three South Asian case studies (Bangladesh, Bhutan and Nepal, see www.lossanddamage.net). The project yielded important insights in local communities' efforts to avoid climate-related losses and damages, and it showed how and why people's coping and adaptation measures fall short (see Warner and van der Geest, 2013). Below, findings from Bangladesh are summarized. Across the region, micro-insurance could play an important role in making rural households less vulnerable to loss and damage. Timely payouts after hazards strike can prevent people from entering a vicious circle of poverty and increased vulnerability.

Satkhira is a coastal district in Bangladesh. It faces the double threat of sea level rise and cyclones. Both result in saltwater intrusion, which has severe impacts on rice cultivation, the mainstay of the local economy and the principal source of food for the majority of the population. Salinity in soils has increased sharply. Eighty-one per cent of the survey respondents reported high salinity levels in their soils, compared to just two per cent 20 years ago. To adapt to higher salinity, farmers planted new, saline tolerant-rice varieties. This strategy worked reasonably well until 2009, when cyclone Aila hit the area and caused a sudden and drastic increase of salt content in the soil.

Almost all farmers in the area lost their complete harvest that year. In the two subsequent years, salinity levels were still too high and rice yields were extremely low (more details in Rabbani et al., 2013). Complete harvest losses and poor yields in three consecutive years were clearly beyond people's capacity to absorb, and this pushed them deeper into poverty, making their livelihoods even more vulnerable than they already were.

Rural households in Nepal experienced similar losses due to flooding (Bauer, 2013), and in Bhutan, farmers were affected by changing monsoon patterns that reduced water availability for rice cultivation (Kusters and Wangdi, 2013). If farmers in these vulnerable communities had access to affordable insurance solutions, some of the most erosive effects on livelihood sustainability could be avoided.

The Munich Climate Insurance Initiative (MCII), hosted at UNU-EHS, studies the potential of micro-insurance to prevent people from falling into extreme poverty when they are hit by climate hazards. MCII initiated a project in the Caribbean piloting insurance solutions for low-income households against excess rainfall and high wind speed. Recently, MCII extended its activities to Pakistan, where it collaborates with the Pakistan National Disaster Risk Authority and the Climate and Development Knowledge Network (CDKN) to explore design options for a disaster risk insurance framework for vulnerable communities (<http://www.climate-insurance.org>).

Insurance can help manage loss and damage from weather extremes in ways that bolster efforts to achieve climate resilient development. Risk assessment, which is at the core of any insurance solution, can help identify climate stressors, exposures and



Focus group discussion in Bangladesh.

Photo: Golam Rabbani

thresholds and strengthen preparedness. Prudently employing a combination of insurance approaches with risk reduction measures, such as early warning, education, disaster-proof infrastructure and investment in more sustainable livelihoods, reduces societal disruption when extreme weather events happen. Approaches that manage impacts of unexpected extremes can help developing countries and communities create necessary buffers, for example by providing financial liquidity through fast payouts immediately after an event. Further, such approaches can help the international community better plan financial needs for adaptation and managing loss and damage (Warner et al., 2012). ■

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INFORMATION SHARING

Aiding Typhoon Haiyan Victims in Philippines

The American Jewish Joint Distribution Committee (JDC) – which teamed up with the All India Disaster Mitigation Institute to help victims of the 2004 Indian Ocean Tsunami – is aiding survivors of a natural disaster in the region. The world's largest Jewish humanitarian group has so far raised over two million dollars in donations aimed at assisting the Philippines recover from the devastating Typhoon Haiyan, which struck the island nation late last year.

Days after the disaster, JDC provided relief and aid to survivors with fresh water, shelter and medical assistance. In recent months, JDC has begun a long-term rehabilitation phase rebuilding schools, helping individuals return to their livelihoods, and providing targeted Disaster Risk Reduction assistance in regions where few international organizations are operating such as Panay. In line with JDC's global mission, it is reaching out primarily to vulnerable populations impacted by the disaster – women, elderly, children, poor, and people with disabilities.

"We are proud to continue our work in the region ensuring a sense of normalcy and stability in the lives of Typhoon Haiyan survivors," said Judy Amit, Global Director of JDC's International Development Program. "Drawing on our extensive experience working in disaster zones in South Asia, Haiti, Japan, and Turkey, we understand that this is paramount to long-term recovery."

JDC's work focuses on helping locals overcome the psychological trauma they sustained during the disaster. It has deployed a delegation of post-trauma experts from the Israel Trauma Coalition to help locals come to terms with their loss and over the coming months will be working with local agencies and municipalities to train and develop local capacity to help students grapple with trauma.

JDC's work in the Philippines has been part of an international and interfaith effort carried out in cooperation with its partners, including: the IDF Field Hospital, Afya Foundation, Catholic Relief Services, UNICEF, Magen David Adom (MDA), the International Medical Corps (IMC) the Ramon Aboitiz Foundation (RAFI), and Israeli Trauma Coalition, the International Institute for Rural Reconstruction, the Center for Disaster Preparedness.

JDC works in more than 70 nations around the world including India where it supports Jewish life and provides social services to communities in Mumbai, Delhi, Thane, Pune, Kerala, Calcutta, and Ahmedabad. India was a hub of operations for JDC during its response to the 2004 Southeast Asian tsunami when it cooperated with the All India Disaster Mitigation Institute to respond to the needs of those affected by the massive tidal waves. ■

– American Jewish Joint Distribution Committee

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