

The Global Shield against Climate Risks

Providing more and better financial protection
for the most vulnerable people

Why We Need a Global Shield against Climate Risks

V20 economies have lost USD 525 billion due to climate change impacts, translating to a **20% decrease in wealth**

Rising external debt across V20 economies hinders investments in climate action and development goals

COP27 and COP28 called for a **paradigm shift** towards a more sustained and **coordinated approach** in responding to loss and damage.

A Joint V20 and G7 Ambition for the Global Shield



Global cooperation
to substantially increase
financial protection against
climate risks



Inclusive and systematic In-Country Processes to assess
vulnerabilities and close
protection gaps



A global and flexible
Financing Structure to
mobilize needs-based
technical and financial support
for countries

**Systematic, coherent and sustained
approach to financial protection**



Global Shield
against Climate Risks

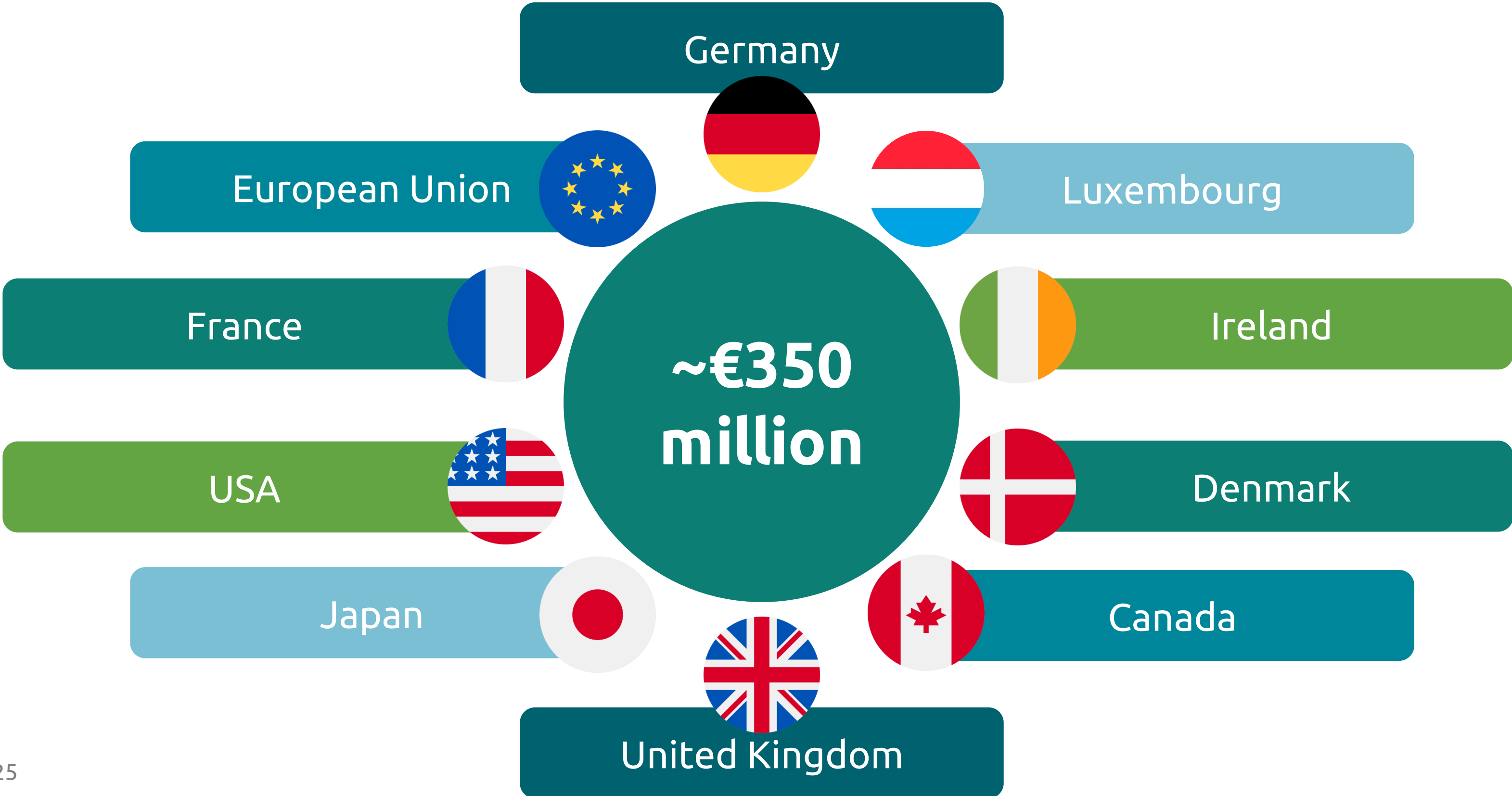
More and better pre-arranged finance

Immediate availability of resources in response to disasters, in the most efficient, effective, and fastest way for the economy, businesses, and communities.

Enhancing Climate Risk Management



Pledges and Support to the Global Shield



The Global Shield Financing Structure

Global Shield Financing Facility (GSFF)



- **Hosted:** World Bank
- **Implementation partners:** Partners of World Bank financed projects as by project design, incl. national governments, NGOs, risk pools, private sector
- **Organizations eligible for Transfer Outs:** MDBs, UN organizations (projects then must follow the policies of the respective agency)

Global Shield Solutions Platform (GSSP)



- **Hosted:** Frankfurt School
- **Implementation partners:** Local & international public and private sector companies/institutions, humanitarian institutions, academia, risk pools, bilateral/national development banks, development & technical assistance agencies, CDRFI service providers, impact investment vehicles, CSOs/NGOs

CVF-V20 Joint Multi Donor Fund (V20JMDF)



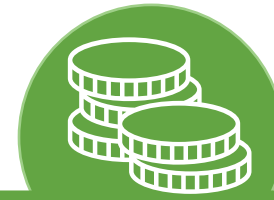
- **Hosted:** UNOPS
- **Implementation partners:** UN organizations, local & international private sector, NGOs, humanitarian institutions, academia, national and sub-national governments

Range of Global Shield Support



Financial Instruments

- **Retention funds/National Disaster Risk Funds**
- **Risk transfer products**
(e.g. climate risk insurance via regional risk pools, livestock and crop insurance at household-level)
- **Credit guarantees**
- **Contingent credits**
- **Financial market instruments**
(e.g. catastrophe bonds)
- **Parametric and forecast-based finance**
for anticipatory action



Premium and Capital Support



Technical Support

- **Risk analytics**
- **Capacity building**
- Strengthening **regulatory frameworks**
- Integrating climate and disaster risk financing into **Disaster Risk Management strategies**
- Linking to **early warning systems**
- Development and strengthening of **distribution channels**
- Linking to **social protection systems** as disbursement mechanism

Linkages to International Agendas

CDRFI cuts across humanitarian, development, climate, and social agendas

Social Protection

Potential for the GS to strengthen **shock-responsive social safety nets**, e.g. through sovereign risk transfer linked to a social protection system delivering cash transfers to affected people

Early Warning / Anticipatory Action

GS can facilitate implementation of risk financing instruments linked to early warning systems, i.e. using **forecasts to pay out in anticipation of climate shocks**, and enabling anticipatory (humanitarian) action

Climate Change Adaptation

Risk Analytics applied and outcomes from Gap analysis can inform broader adaptation and risk reduction investments, incl. information on resilience baselines and cost-benefit ratios of different adaptation options

Identifying Solutions through an Inclusive Process



Global Shield
against Climate Risks

Guided and facilitated by the In-Country Coordination
(government focal point + support structure)



Country Representatives

Local civil society

Local and International Private Sector



Affected & targeted groups

International Development Organisations

Climate and Disaster Risk Finance and Insurance stakeholders

The In-Country Process in Detail



1.
 - Nomination of Country-Focal Point and set-up of In-Country Coordination (ICC)
 - ICC drafts workplan for ICP and Stakeholder Mapping, and organizes kick-off workshop

2.
 - Stocktake facilitates understanding on the status of financial protection at macro, meso and micro levels
 - Information is collected on all relevant CDRFI projects and further projects / programmes with links to CDRFI, as well as relevant documentation (e.g. NAPs, DRR strategies, climate risk analytics, etc.)

3.
 - Gap Analysis facilitates understanding on major climate and disaster risks, vulnerabilities and protection gaps
 - Risk assessment is conducted, and results are compared with financial protection levels identified in stock-take

The In-Country Process in Detail



4.

- Request outlines financial protection targets, instruments, and projects a country seeks financing for to address specific protection gaps identified via Gap Analysis
- Draft request is drafted by ICC in consultation with ICP stakeholders and shared with TAG

- TAG provides recommendations how the request could be strengthened
- ICC develops final request for support building on TAG recommendations and shares with the GS Secretariat

The In-Country Process in Detail



- 5.
- GS Secretariat shares request with GS Coordination Hub and GS Financing Structure to identify suitable funding options. GS Financing Structure acts under principle of subsidiarity
 - Through consensus-based decision-making, the Financing Vehicle(s) best suited and/or requested by the country to facilitate the support package needed are identified
 - A proposal is presented to the country for a tailored support package

- 6.
- The selected financing vehicles will channel funding (e.g. through open call for proposals) to those partners (development/multilateral organizations, private sector, civil society...) that can deliver the “best-fit” solution
 - The selected partners will work with the country to implement financial protection responding to the identified protection gaps and the country’s request for support

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