

# Press release: International Development Secretary hails role of innovation and finance in helping developing countries to build back better after natural disasters

International Development Secretary Penny Mordaunt will today highlight the important role that science, innovation and the City of London can play in helping developing countries build resilience against and recover after natural disasters.

At an event at Lloyd's of London Ms Mordaunt will join Dame Inga Beale, CEO of Lloyd's of London, to showcase how science and technology are powering the design of innovative financial products which are helping developing countries recover more quickly after extreme climates and disasters.

At the event – held on the first day of the Commonwealth Heads of Government Meetings this week – Ms Mordaunt will announce:

- A package of support to the Caribbean to help prepare for future disasters and explore how innovative finance products can provide much-needed pay-outs quickly, to help speed up the recovery of businesses and critical services, like hospitals, power and schools.
- An increase in continued support to the Pacific disaster risk insurance pool (PCRAFI) following the disaster wreaked by Hurricane Gita in Tonga last year, to strengthen its proven ability to pay out following future disasters.

Ms Mordaunt will also reflect on the progress of Global Parametrics, a UK aid-backed social enterprise that is using cutting-edge climatic, seismic and financial risk modelling to build products that make a real difference when natural disasters hit. This includes a recently launched facility with its first client, VisionFund, which will help 4 million people access crucial finance to rebuild their lives and businesses in the wake of natural disasters.

Speaking ahead of the event International Development Secretary Penny Mordaunt said:

Last year Hurricanes Irma and Maria showed once again the destruction extreme weather events can cause – and the devastating effect this can have on the lives of families and communities.

When disaster does strike, it is crucial that finance is easily and quickly available to help people rebuild their homes and

livelihoods. The use of science, real-time data and innovative finance can be game-changing – helping to cut response times and get countries back on their feet faster.

Dame Inga Beale, CEO of Lloyd's of London said:

Insurance exists to provide critical support in times of disaster, enabling quick recovery and economic protection. Sadly, many of the world's most vulnerable countries also have the biggest protection gap, meaning that recovery is slow and costs so high that rebuilding takes significantly longer.

Lloyd's has worked in partnership with the Department for International Development to co-sponsor the Global Centre for Disaster Protection's first Innovation Lab focussed on developing new financial instruments that combine incentives for resilience with risk transfer. This initiative is part of a collaborative effort to help mitigate the devastating and long-term economic and social impacts of disasters most keenly felt by developing nations around the world and across the Commonwealth.

The International Development Secretary will also announce a partnership with the Met Office and the World Bank to strengthen weather forecasting systems and deliver new technologies and innovative approaches to help vulnerable communities use climate warnings and forecasts to better prepare for shocks across Asia.

International Development Secretary, Penny Mordaunt said:

Changing global climates will impact all our lives, but can have deadly consequences for the world's poorest people. By improving the use of forecasting information such as early-warning systems, and sharing the Met Office's world-leading expertise, we can help governments and communities prepare for these shocks, so fewer lives are lost each year to extreme weather.

Professor Stephen Belcher, the Met Office Chief Scientist, said:

The Commonwealth brings together a rich heritage and shared cultural values. But these aren't the only common bonds linking member states. Each is also inextricably connected by the shared impacts of weather and climate. Improving resilience and forecasting will provide a lifeline for vulnerable communities helping them to cope with weather and climate shocks through measures which improve food security and provide protection from extremes of weather.

There can surely be no better aspiration than sharing cutting edge climate science to improve the fortunes and prospects of people in their day-to-day lives.

The Commonwealth Heads of Government Meetings take place this week in London, bringing together representatives from business, civil society and government from across the Commonwealth.

## **Notes to editors**

### **Caribbean – Package to strengthen resilience**

- Following the devastating impact of last year's hurricane season, DFID is announcing up to £19m of additional support for Caribbean countries to strengthen capability for early recovery at a regional and national level, and to work with countries to develop options to strengthen disaster preparedness and financial resilience.
- This will be the highest priority of our new Centre for Global Disaster Protection in 2018. The Centre for Global Disaster Protection brings developing countries together with partners including the UK Government, the World Bank, civil society and the private sector with the shared goal of enhancing resilience to climate and disasters. The Centre works with governments to strengthen disaster preparedness, embed early action and enhance their financial resilience, including through the use of financial tools like insurance.
- In January, the Centre ran its first Innovation Lab in partnership with Lloyd's of London to explore how innovations in finance could help countries to build back smarter after disasters. The event brought together more than 50 people from across the finance, humanitarian, engineering and development sectors. A first report by Risk Management Solutions, Vivid Economics and re:focus partners on the outcomes of the Lab will be available from today (16 April 2018).

### **Asia – Regional Resilience to a Changing Climate programme**

The UK will provide up to £23.5 million through the Met Office (£12 million), World Bank (£10 million), and activities directly executed by DFID (£1.5 million) over four years. The programme will deliver:

- At least ten pilots of new technologies and innovations to deliver climate information and advice to vulnerable groups of people;
- One regional and four sub-regional forecasting and early-warning systems, to provide targeted information on the impacts of weather events such as floods and storms;
- Improved access for 30 million people to climate information, services and early warning systems;
- Three regional bodies established to deliver seasonal and long-term climate projections and analysis;
- And will mobilise additional resources for building climate and environmental resilience from national, international and private sector sources.

## **Uplift to Pacific disaster risk insurance pool (PCRAFI)**

- The UK is providing a further £1.3 million to the PCRAFI, in the wake of major devastation to Tonga following hurricane Gita on top of £6.2 million of capital already provided.
- At the Commonwealth Summit in 2015 the Prime Minister announced £15 million to help extend an international disaster risk insurance fund to the Pacific Islands.
- In February this year, Tonga, Samoa and Fiji were hit by Cyclone Gita. Gita was particularly severe when it hit Tonga and there was widespread damage. The nation's parliament building was amongst the buildings destroyed.
- Tonga is one of 5 Pacific nations that has disaster risk insurance in place with PCRAFI, thanks to UK support. The Government of Tonga received £2.8 million (\$3.5 million) within 10 days of being hit, which helped speed recovery.

## **Global Parametrics**

- Global Parametrics is a UK social enterprise – started with funding from DFID and KFW – with a focus on using cutting-edge climatic and seismic risk modelling to offer financial products that improve recovery and resilience in the event of natural and climatic disasters
- DFID has invested £1.5m into Global Parametrics. In addition, DFID has also provided a loan of £6.4m.
- Global Parametrics products are backed by the Natural Disaster Fund. Like an insurer, the Natural Disaster Fund collects premiums and makes pay-outs when natural disasters occur.
- DFID has invested £25 million in the Natural Disaster Fund over 20 years, in order to support pioneering new products from Global Parametrics.
- Global Parametrics has partnered with microfinance institution VisionFund to launch the world's largest non-government climate insurance scheme.
- The scheme will provide automatic disaster-linked pay-outs to microfinance institutions in Kenya, Malawi, Mali, Zambia, Cambodia and Myanmar, allowing them to provide new loans to allow families and small businesses to get back on their feet after a disaster.
- DFID made £2m available to finance disaster recovery loans by VisionFund during last year's El Nino. Following loan repayments, DFID was able to reinvest all of that that money in other development projects