Implementing an Insurance model for reefs in the Mesoamerican Reef Region

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The Mesoamerican Reef (MAR) Region

- Largest reef in the Atlantic Ocean: over 1,000 km of coastline
- Four countries
- Biologically diverse
- Economic importance for local communities and development of the four countries
- At least 72 coastal and marine protected areas
- MAR Fund 28 priority protected areas
Mesoamerican Reef Fund

Long-term financial mechanism since 2004

- Private environmental Fund
- Designed to raise and distribute funds at a regional scale
- Complementary funds
- Additional to national funds
- Responds to the needs of the region
- Endowment and sinking funds (> $25 million of trust and projects)
- Provides a regional framework for implementation and coordination of proposed strategies and activities.
- Small grants. Allow innovation that can, if successful, be expanded and replicated
Mesoamerican Reef Rescue Initiative

To increase the resilience and ability to recover of the Mesoamerican Reef, and the environmental and cultural services it provides through:

- Financial sustainability
- Regulations;
- Capacity building; and
- Economic incentives
1. Ensure sustainable **long-term funding for continuous restoration and emergency response actions**

- Emergency Fund

- Insurance mechanism for reefs
Why is the insurance for reefs important?

1. Immediate funds for rapid response and restoration
2. Leverages funds for conservation
3. Incentivizes preparedness and prevention
4. Helps to mitigate risk
5. Planning & planting for the future
6. Increases coastal resilience
7. It promotes regional cooperation (four countries)
The Nature Conservancy

International Coral Reef Initiative (ICRI/UN Small Grant Programme)

Willis Towers Watson / Global Ecosystem Resilience Facility (WTW/GERF)

Central American Commission for Development and Environment

National University of Mexico –UNAM-
Objectives of the project

- **Design** and **establish a parametric insurance** model to cover the cost of damages to coral reefs caused by hurricanes in the **MAR region**.

- **Promote adequate legislation** and recommendations for insurance implementation for immediate response intervention and reef restoration.

- Establish effective **emergency response protocols** for rapid response team interventions and **reef restoration guidelines**.
1. **Sites selection:**
   1. Define what is a site
   2. Prioritisation tool: 7 categories; 18 criteria & indicators

2. **Feasibility studies:**
   1. Assess damages & variables:
      • Correlation of hurricane damage to coral reefs
      • Variables (parameters)
      • Characteristics of the reefs impacted
   2. Estimate the cost to repair damages (primary response & secondary response)
Major components of the project

3. Legislation analysis:
   1. Relevant to reef restoration; emergency response, insurance implementation
   2. Recommendations to governments
   3. Policy considerations
   4. Key actor analysis

4. Capacity building:
   1. Emergency Response Protocols
   2. Restoration practices (continues restoration)

5. Institutional arrangements
   • Terms of coverage

Consultation: 119 people & 47 organizations
Minimum conditions for the insurance for reefs

1. **Value of the asset (reef):**
   1. Tourism,
   2. Fisheries,
   3. Coastal protection

2. **Asset is exposed to risk:**
   1. Hurricanes

3. **The damage can be repaired:**
   1. Viable actions (ecologically & technically & capacity to respond)

4. **The cost is transferable**

5. **There is an insurance buyer** (interested in the country or site)
On going challenges

1. Commitments by governments
2. Private sector interest and collaboration
3. Long-term funding streams for premiums
4. Capitalization of the Emergency Fund
Contacts

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