Compendium of Disaster Risk Transfer Schemes-2011-2018

Notes about the Database

The worksheet "2018 Compendium" shows a list of over 110 operational risk transfer initiatives, policies and products. This list is not exhaustive, and is a "living document" being periodically updated and revised. Its value is best realized as a 'snap shot' of active schemes, policies and products being utilized in low- and middle-income nations and global regions.

This draft database is currently being updated by a team from The Grantham Research Institute. The original resource was published in 2011, and was substantially revised in 2016.

For the 2016 update please add this reference: <https://www.gov.uk/dfid-research-outputs/final-report-understanding-the-role-of-publicly-funded-premium-subsidies-in-disaster-risk-insurance-in-developing-countries>

For the original 2012 database:

ClimateWise. 2012. "Compendium of Disaster Risk Transfer Initiatives in the Developing World." Cambridge Institute for Sustainability Leadership. <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/climatewise/pdfs/climatewise-compendium-of-disaster-risk-transfer.xlsm/view>

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Latest Changes: As of 2018, the Compendium provides a more succinct, categorical description of operational schemes, and no longer includes discontinued programmes or initiatives. This is a departure from past lists, which also included retired or defunct schemes, feasibility studies and proposals. The focus of the 2018 project is to provide insight into real cases of risk transfer occurring across low and middle income countries. We also omit broader detail in favour of comparability and meta-analysis. Our hope is that this will provide more value to meta-analysis. Those seeking to gain deeper insight into specific schemes should seek further information from the providers or organisations listed.

Revisions and Updates: Any information regarding errors, omissions or updates can be sent to a.panda1@lse.ac.uk. We will continue to update this database periodically and appreciate any new information that will aid this process.

Disclaimer: Efforts were taken to incorporate the most up-to-date information drawn from a variety of sources. In many cases, however, information was limited. As such, the authors, affiliates and publishers of this compendium take no responsibility for the contents of this list or any actions or decisions made as a result of this publication. We strongly recommend confirming information with official sources such as policy providers or national bodies for information on specific entries.

**About the Data**

*Introduction*

The ‘*Grantham Risk Transfer Scheme Database’* documents existing schemes in middle- and low-income countries that seek to transfer risks associated with weather, climate or other natural hazards.

This document seeks to give the reader an insight into how the database was put together. For a more complete picture on what the Database is, we recommend diving in and looking over it first-hand.

*What Constitutes a ‘Scheme’?*

Each entry in the database is called a “scheme”. A scheme is defined by:

* The transfer of risk away from entities in low- or middle-income countries
* The use of one or more *ex ante* market-based risk transfer instruments

The most common types of ‘Entities’ are:

* Groups of Individuals / Households / Smallholder farmers
* Public and Private Organisations (e.g. Businesses, Micro-finance institutes, non-government organisations, public authorities)
* Governments (National, Provincial or Local)

The entity whom risk is transferred from is called the beneficiary. This is usually, but not always, party to the transaction of a risk transfer instrument

By *ex-ante* risk transfer instrument, we mean that the risk is transferred before the occurrence of an event which might trigger a payout. An example of such events might be an earthquake or heavy rainfall. By *market-based* risk transfer instrument we mean that the risk transfer instrument was priced, and that the risk was transferred through free, mutually agreeable exchange[[1]](#footnote-1). Examples of these instruments includes:

* Indemnity-based insurance
* Index-based insurance
* Catastrophe bonds
* Catastrophe swaps
* Weather hedge

Each scheme might cover a large or small number of beneficiaries. For example, a scheme might detail the provision of pilot program to provide indemnity-based insurance to two-hundred cattle herders in Mongolia. Another scheme might detail the provision or multi-peril index-based insurance that is sold to tens-of-thousands of crop-farmers across India.

A large number of schemes in the database are also uniquely identified because of some form of central management, branding or natural grouping. For example, in India the government run the “Modified National Agricultural Insurance Scheme” (mNAIS). This programme heavily subsidises index-based insurance for smallholder crop farmers. Here, this enters the database as a single scheme that transfers risk from ‘small crop farmers’ using a ‘multi-peril, index-based insurance instrument’. Another example might be China’s earthquake insurance programme, which sells index-based insurance to ‘residential property owners‘.

*Purpose and History of the Database*

The purpose of the *Database* is to identify the features of each scheme and analyse these features both across time and space. The first edition of the database was published in 2012 under the name “ClimateWise Compendium of Disaster Risk Transfer Initiatives in the Developing World” (ClimateWorks, 2012). It is a ‘living document’ which was revised in 2016 and 2018. Since its conception, the Database has been heavily revised both in terms of its content and its structure.

*Data Collection*

The process of collecting data on risk transfer schemes from middle- and low-income countries uses three stages.

Stage 1: Acquire information on different schemes from primary sources

Data sources consulted for the current version of the Database are mainly secondary in nature, consisting of public sector and private sector reports and publications by international research organizations and partnerships.

Further information has been provided by primary sources including ClimateWise insurers, dedicated scheme/ insurer websites, risk transfer web portals, and websites of international organizations, development banks, national governments, research institutions, NGOs, MFIs, agricultural banks, etc.

Stage 2: Acquire and Validate data using web-scraping of internet searches

After compiling a list of schemes from sources as per stage 1, we next cross-validate these entries and expand the entries based on secondary and tertiary sources using web scraping methods. The procedure uses a collection of key words plus a low- or middle-income country name. In some instances (such as india) we also use the province name to ensure we capture the multitude of smaller schemes.

Stage 3: Data Processing

In order to maximise the usefulness of the data collected, we apply a number of filters in order to categorise and break each scheme down by its key features using six categories:

Data Label Categories:

1. Geographic Info
2. Scheme Characteristics
3. Risk Transfer Instrument Characteristics
4. Support
5. Agricultural Insurance Characteristics
6. Info Sources

*Sample Bias and Limitations*

Despite the care taken, we would expect that our sample of schemes in the Database to have certain bias. These were unavoidable given the scope of our project and the methods used to collect the data. We briefly list these here as any research conclusions must first consider such bias:

English Bias

Our researchers looked only at information written in English and so could only utilise information published in this language

Information Technology Bias

We were collecting secondary sources primarily from web-based resources. As such, less developed countries int erms of their ICT networks will be under represented.

Scale Bias

The larger the scheme, the more likely it is that information pertaining to this scheme was available. All else equal, the likelihood that smaller schemes were overlooked is higher.

Country Bias

A combination of the above three biases may be multiplicative when it comes to specific countries. For example: India is very well captured in the database as it is large, English speaking, and relatively well developed in terms of internet-infrastructure.

1. We restrict our attention to ‘market based’ schemes to ensure consistency and comparability. Many ‘non-market’ approaches to risk transfer also exist such as informal lending networks, precautionary savings, semi-liquid buffer capital stocks. [↑](#footnote-ref-1)