



Global Shield against Climate Risks

A joint G7/V20 initiative to strengthen the financial protection and resilience of vulnerable countries and people

Why build a Global Shield against Climate Risks?

Over the last decade, the dramatic consequences of climate change have increased significantly. Storms, droughts and floods continue to become more frequent and intense. These extreme weather events and slow-onset impacts from climate change pose a growing risk to the sustainable development of all countries, particularly for the most vulnerable countries and communities. Despite climate action and investments in adaptation to climate change, residual risks leading to climate-related losses and damages remain. In most vulnerable countries only a small proportion of losses due to climate change are protected leaving an estimated average protection gap of about 98%.

To address these risks and to close the protection gap, the Vulnerable Twenty (V20) Group and the Group of Seven (G7) joined forces and launched the Global Shield against Climate Risks initiative at COP27 in November 2022. Since its inception, the Global Shield has received pledges from several donors amounting to about 270 million euros.

What type of support will the Global Shield provide?

The Global Shield aims to substantially increase and enhance pre-arranged and trigger-based finance against climate and disaster risks while aiming to link with efforts on climate change adaptation (risk reduction measures such as early warning systems) and social protection systems. To achieve its objective, the Global Shield will provide grant-based technical and financial support for developing a variety of instruments for the household, community and national levels. Premium and Capital Support can also be provided for certain instruments (see Figure 1).

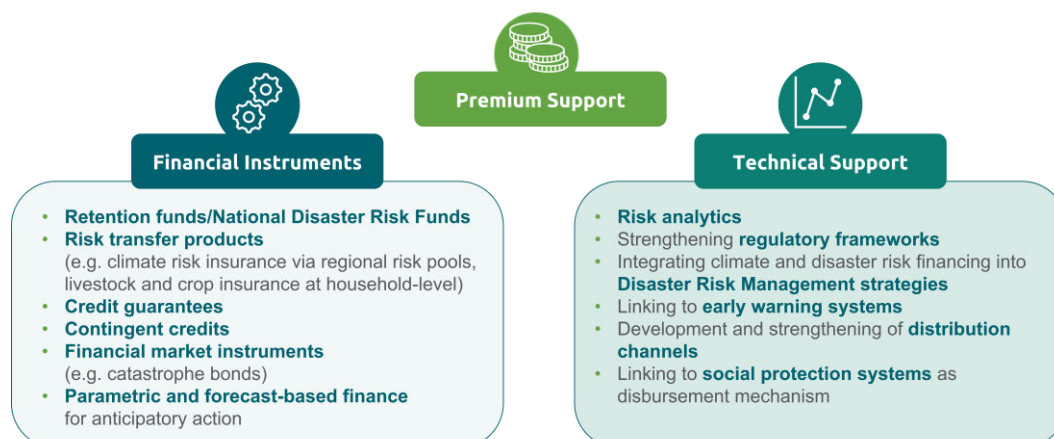


Figure 1: Financial instruments and technical support that can be provided by the Global Shield

A new Financing Structure for support

Guided by its systemic, coherent and sustained approach, the Global Shield financing builds on already existing structures and programmes and will be complemented by the new Global Shield Financing Vehicles, encompassing the

Global Shield Solutions Platform (GSSP), the Global Shield Financing Facility (GSFF), and the Climate Vulnerable Forum (CVF) & V20 Joint Multi-Donor Fund (see Figure 2).

The Global Shield Financing Structure will work with different implementing organisations, NGOs, government institutions, private sector actors and humanitarian agencies, and



Figure 2: Global Shield Financing Structure

other existing Climate and Disaster Risk Finance and Insurance (CDRFI) programmes and linked service providers to develop and implement the requested support package identified in the In-Country Processes.

In-Country Process and Support Packages

The support provided by the Global Shield is centred around a country-led, demand-driven In-Country Process with an interactive multi-stakeholder consultation. The Global Shield works with the Global Risk Modelling Alliance to assess climate risks, identify urgent financial protection needs, and request tailored support packages to close protection gaps. The entire process engages all relevant stakeholders: government institutions, development and humanitarian actors, the private sector, civil society and academia, including affected groups. The designated focal point of the lead Ministry heads the process as the In-Country Coordinator and is responsible for convening the key stakeholders and ensuring that In-Country Process outputs are finalised and endorsed.



Figure 3: Global Shield In-Country Process

The In-Country Process starts with a thorough stocktake and gap analysis that feed into the partner country's identification of the most urgent protection gaps. On this basis, a request for CDRFI support is submitted to the Global Shield Financing Structure, which develops a proposal for a tailored support package. After the country's final approval, the Financing Structure facilitates the implementation process (see Figure 3).

Global Shield Pathfinder Countries

In its initial phase, the Global Shield is starting activities in one pathfinder region and eight pathfinder countries, namely the Pacific Small Island Developing States, Ghana, Pakistan, Bangladesh, The Philippines, Costa Rica, Jamaica, Malawi, and Senegal. Additional Global Shield partner countries will be selected in the future.

For further information please visit www.globalshield.org and reach out to secretariat@globalshield.org.