



Global Shield
against Climate Risks

REQUEST FOR CDRFI SUPPORT TO THE G7/V20 GLOBAL SHIELD – SUMMARY VERSION¹

*This summary is based on Costa Rica's
Request for CDRFI Support, prepared by
Superintendencia General de Seguros on
behalf of*

Ministerio de Hacienda Costa Rica and submitted
on **6 May 2025**

¹ This summary version of Costa Rica's Request for CDRFI Support was developed by the Global Shield Secretariat. For the full Request for Support: please contact the Secretariat at secretariat@globalshield.org.



The Request for Support submitted by Costa Rica consists of four distinct areas of interest as well as two cross-cutting areas requesting support for governance, monitoring and evaluation of the implementation, and requesting the consideration of a focus on benefits for vulnerable groups across all areas of interest.

The following summary outlines the main elements of each specific area of interest in table format, including the problem statement, the objective, the requested interventions, the complementarity with existing country agendas, strategies and projects, as well as key stakeholders identified in the Request for Support.

The Request for Support is informed by the results of Costa Rica's Stocktake and Gap Analysis.

Area of Interest 1:

Problem Statement	The National Emergency Fund (FNE) is considered insufficient and not sustainable over the medium term.
Objective	Costa Rica has a strategy for the sustainability of the FNE and established sources for the replenishment of the fund, which allow it to facilitate first response, rehabilitation, reconstruction and recovery in a timely manner, as well as, allocate resources for disaster prevention and risk reduction, specifically for the most vulnerable population groups.
Requested Interventions	Technical assistance: <ul style="list-style-type: none">• Development of a plan to redesign the operation of the National Emergency Fund (FNE), with the aim of ensuring its sustainability in the medium and long term. Financial assistance: <ul style="list-style-type: none">• Additional resources for the National Emergency Fund (FNE) provided by the Global Shield, in accordance with the results of the redesign of the Fund's operation.
Complementarity	<ul style="list-style-type: none">• Implementation Plan of the National Disaster Risk Financing Strategy (ENGFRD)
Key Stakeholders	<ul style="list-style-type: none">• World Bank



Area of Interest 2:

Problem Statement	<p>At present, the Ministry of Finance does not have a methodology that would allow it to assess the optimal combination of risk transfer instruments to close the financial protection gap in a cost-efficient manner.</p>
Objective	<p>The Ministry of Finance has a methodology and technical capabilities in place to develop and implement the layered financing approach, specifically for the third layer, with insurance instruments.</p> <p>In addition, the country has the resources to design and access insurance instruments (e.g. support for premium payments) at the macro, meso and especially micro levels, to promote the access to insurance products for the protection of the most vulnerable groups, in the sectors of critical infrastructure, ecosystem services, tourism, agriculture and fisheries.</p>
Requested Interventions	<p>Technical assistance:</p> <ul style="list-style-type: none">• Development of a methodology that allows the Ministry of Finance to assess the optimal combination of risk transfer instruments to close the financial protection gap in the sectors identified as priorities (critical infrastructure, ecosystem services, tourism and agriculture and fisheries) in a cost-efficient manner.• Comprehensive generation of a process for the design and implementation of parametric insurance considering the previously identified appropriate combination of instruments and considering the direct benefit to the most vulnerable groups through its design (including an analysis of money-out mechanisms available in the country).• Design of a scheme for the support of premium payments, which includes the identification of sustainable alternatives for insurance products, once the requested subsidy support has been exhausted. <p>Complementary technical assistance:</p> <ul style="list-style-type: none">• Assessment of the impact of inclusive insurance regulations in terms of simplicity and mass accessibility, to avoid regulatory obstacles in the provision of insurance aimed at vulnerable population groups. <p>Financial assistance:</p> <ul style="list-style-type: none">• Subsidy/payment of insurance premiums for prioritised sectors during the time determined in the design of the support scheme.
Complementarity	<ul style="list-style-type: none">• Implementation Plan of the National Disaster Risk Financing Strategy (ENGFRD)• NDC (2020)• National Action Plan on Gender Equality in Climate Action



**Key
Stakeholders**

- Ministerio de Hacienda
- World Bank
- Instituto Nacional de las Mujeres (INAMU)
- Insurers
- Ministerio de Agricultura (MAG)
- Ministerio de Ambiente y Energía (MINAE)
- Instituto Costarricense de Pesca y Acuicultura (INCOPECA)
- Access to Insurance Initiative (A2ii)
- Superintendencia General de Seguros (SUGESE)
- Agence Française de Développement – Expertise France
- Instituto Costarricense de Turismo
- Banco Central de Costa Rica
- Sistema de Banca para el Desarrollo
- Instituto Costarricense de Electricidad



Area of Interest 3:

Problem Statement

Insurance penetration in Costa Rica is low and the insurance protection gap is wide. A lack of technical capacities in risk management exists in both public and private institutions.

On the demand side, most public institutions do not have the technical capacities to define and implement their internal climate and disaster risk management frameworks. The general population, especially the most vulnerable groups, do not fully understand the benefits that insurance can offer, in the face of other more urgent needs, such as food and health.

On the supply side, insurers face challenges in developing and underwriting insurance products for climate and disaster risks.

Objective

An insurance culture is established in the country, reflected in a higher rate of insurance penetration and a reduction in the protection gap, especially for most vulnerable parts of the population. To this end, the necessary technical capacities to efficiently manage climate and disaster risks, both on the supply side (insurers) and on the demand side (public and private institutions and the general population) exist.

Requested Interventions

Technical assistance:

- In-depth analysis of the barriers, both on the supply and demand side of climate and disaster risk insurance, to allow for the design of a differentiated approach to capacity building, according to the type of stakeholder (specifically, vulnerable communities).
- Identification of barriers in the development and implementation of parametric insurance at the micro level, specifically aimed at vulnerable groups, both on the supply and demand sides.
- Strengthening knowledge and building technical capacities in climate and disaster risk management for key actors (public and private sector, vulnerable communities), considering differentiated approaches according to their characteristics and needs.

Complementary technical assistance:

- Support the capacity building of insurers nationwide to design and underwrite insurance products to address climate and disaster risks, specifically designed for women, children, the elderly or those with disabilities. Furthermore, an emphasis on capacity building for the design and development of parametric insurance.
- Develop the technical capacities of the users of the proposed platform for design and development in Area of Interest 4, with the aim of making them understand the limitations of the model and how to use the data correctly.



Complementarity

- National Policy for Adaptation to Climate Change (PNACC) and National Plan for Adaptation to Climate Change 2020-2026 (NAP)
- National Risk Management Policy 2016-2030 (PNGR)
- V20-SIF100 Banks Initiative
- Global Risk Modelling Alliance (GRMA) Implementation Costa Rica

Key Stakeholders

- Ministerio de Hacienda
- United Nations Development Programme
- Instituto Nacional de las Mujeres (INAMU)
- Superintendencia General de Seguros (SUGESE)
- Superintendencia General de Entidades Financieras
- V20-SIF (Foro de Seguros Sostenibles)
- Banco de Desarrollo de América Latina y el Caribe
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
- Global Risk Modelling Alliance (GRMA)
- World Bank



Area of Interest 4:

Problem Statement	<p>Existing data on risk is not sufficient to identify and address critical challenges in a comprehensive manner. The plethora of data sources is not centralised on a single platform, not all of it is publicly/openly accessible and it does not have the level of disaggregation necessary to develop CDRFI, especially with regards to addressing the needs of vulnerable groups, such as women, in light of disasters.</p>
Objective	<p>A centralised platform with sufficient, reliable, open-access information that provides the necessary level of disaggregation to develop and improve quantitative models exists in Costa Rica. These data will enable the development of a methodology to quantify the financial protection gap, especially for vulnerable groups, so that the necessary financing instruments can be structured and provided to reduce it. Having this platform facilitates the development of insurance products by Costa Rican insurers.</p>
Requested Interventions	<p>Technical assistance:</p> <ul style="list-style-type: none">• Carry out a consultation process among key stakeholders which allows for articulating the necessary information for the design and development of a national risk platform.• Design and develop a centralised and open-access platform for disaster risk data and modelling for risk analysis and management, and product design for the Costa Rican insurance sector.• Development of models that allow for the quantification of Probable Maximum Loss / Average Annual Loss and design of CDRFI products. <p>Complementary technical assistance:</p> <ul style="list-style-type: none">• Development of a methodology that allows for quantifying the financial protection gap, enabling the structuring and provision of the necessary financing instruments to reduce it.• The conceptual modernisation of the portal proposed as part of the Global Risk Assessment Framework (GRAF) Pilot Program, to define the metadata scheme of the risk variables and for the modelling of vulnerabilities.• Development of a methodology that allows for identifying the most vulnerable population groups that may require support with insurance options, given the lack of supply of insurance products aimed at vulnerable segments.
Complementarity	<ul style="list-style-type: none">• Implementation Plan of the National Disaster Risk Financing Strategy (ENGFRD)• Pilot Global Risk Assessment Framework and Global Risk Modelling Alliance Programme in Costa Rica• Risk HUB-Inter American Development Bank



Key Stakeholders

- Ministerio de Hacienda
- Global Risk Modelling Alliance
- World Bank (Adaptive Social Protection team) - Instituto Mixto de Ayuda Social
- United Nations Office for Disaster Risk Reduction
- Civil Society (La Ruta del Clima)
- Instituto Nacional de Estadísticas y Censos (INEC)
- Superintendencias
- Banco Central de Costa Rica
- Authorised national insurers
- Inter American Development Bank



Cross-cutting areas for support

Governance, monitoring and evaluation of the implementation of the support requested

Technical assistance:

Definition of the governance of the Internal Country Coordination (ICC) and its implementation going forward, in coordination with the implementation of the National Disaster Risk Financing Strategy within the framework of international cooperation regulations, with respect to the registration process in the technical cooperation offer catalogue (MIDEPLAN's International Cooperation Directorate) and with respect to the entity in charge of taking care of this.

- Assessment of necessity in technical capacity development of those involved in the ICC, and, if necessary, support of this capacity development.
- Evaluation and definition of a strategy to ensure the financial sustainability of the initiatives/projects of the support package, once implementation is underway and the resources provided by the Global Shield are exhausted.
- Design a methodology for monitoring the impact of the support package, aligned with the monitoring of the Global Shield Financing Structure, specifically on impact achieved for most vulnerable groups, which allows the country to follow up on and update the status of financial protection gaps. The methodology is expected to document the impact of the implementation of the support package, in terms of lessons learned and the identification of good practices in reducing the financial protection gap.

Financial support:

- Support structure of the government focal point/ICC
- Implementation of the monitoring methodology

Focus on benefits for vulnerable groups

- When designing interventions, mechanisms to involve and articulate the participation of organisations representing vulnerable groups and civil society organisations in the development of initiatives/projects to be applied.
- When interventions are being designed, ensure gender components considering the results of the Gender Analysis in Climate and Disaster Risk Financing and Insurance in Costa Rica (available shortly at [Costa Rica | The Global Shield against Climate Risks](#)).