

Submission to the Fund for responding to Loss and Damage by the Global Shield against Climate Risks

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Summary

In response to the call for “inputs from members and alternate members of the Board, observers and entities that form part of the funding arrangements, communities on the frontlines of climate change, as well as other relevant stakeholders” by the Board of the Fund for responding to Loss and Damage (FRLD), the Secretariat of the Global Shield against Climate Risks including its financing vehicles—the Global Shield Solutions Platform, hosted at the Frankfurt School of Finance & Management and the Global Shield Financing Facility hosted at the World Bank Group, prepared this submission. The submission outlines the Global Shield’s value proposition in effectively pre-arranging grant-based funding for responding to loss and damage through the Global Shield initiated country-based structures, and how this work complements and supports the work of the FRLD. The best practices and lessons learned from Global Shield implementation to-date can inform the operational model of the FRLD.

Launched at the Sharm El-Sheikh COP27 in 2022 by the V20 and the G7, the Global Shield against Climate Risks aims to bolster pre-arranged financing in climate vulnerable countries to respond to climate and disaster risks. Since the commissioning, Global Shield is active in 12 countries and one region (Pacific). In these countries, the Global Shield has established robust in-country processes to identify financial protection gaps that can be filled through pre-arranged financing solutions by the members of the Global Shield Coordination Hub and its financing vehicles that operate on the principle of subsidiarity hence bringing additionality into the current flows of climate and disaster risk finance in Global Shield countries.

Global Shield against Climate Risks: Key Features

- Country-led, bottom-up model
 - Pre-arranged financing needs established through in-country consultations steered by national governments.
- Pre-arranged finance
 - Funds quickly available when disasters strike.
 - Payouts triggered by specific parameters of climate shocks (e.g., windspeed, rainfall, flood levels, etc.).
 - Mobilization of private sector capital to respond to loss and damage, while addressing affordability barriers in vulnerable countries (e.g. financial support for premiums, supporting countries in accessing financial protection).
- Focus on vulnerable populations
 - Prioritizes those most at risk from climate impacts.
- Risk informed interventions
 - Global Shield supports the prioritization of interventions based on risk data and evidence, leading to risk-based funding support.
- Partnerships
 - Collaboration between governments, civil society, international organizations, academia and private sector.

Our value proposition

Based on the implementation work of the Global Shield to-date, we consider the following as our value proposition to the FRLD to promote complementarity and enhance effectiveness:

- Established **in-country process**: we have a track record of in-country engagement and country ownership. There is political buy-in and visibility. The Global Shield Secretariat can share learnings and provide advice on the establishment of the FRLD's country-led processes. The FRLD could leverage on Global Shield's inclusive and bottom-up country intervention implementation model, promoting inclusive decision making and country ownership, complementing national policies and mechanisms.
- The **Request for Support** is established through rigorous stock take, risk analytics and robust and inclusive stakeholder consultations. This is the baseline document for Global Shield support, is government approved and serves as project dossier for Global Shield financing. The Request for Support by Global Shield countries contains fundable investment needs, which could be taken up by the FRLD within its own mandate or alternatively benefit from co-financing arrangements between the Global Shield financing vehicles and the FRLD.
- Dedicated **financing vehicles** of the Global Shield are innovation labs that not only offer proven and impactful financing concepts but also provide grant-based technical and financial support for pre-arranged financing instruments by leveraging existing national mechanisms and local as well as private sector capacities and expertise. Support offered includes the design and development of pre-arranged financing solutions, enhancement of the regulatory and legal framework, and development of local institutional capacities and mechanisms to reach the most affected when disasters happen. This includes also grant funds made available for the capitalization of disaster risk funds and support for insurance premiums. Collaboration and knowledge exchange between the FRLD and the Global Shield financing vehicles could help both initiatives foster complementarity, further develop funding and access modalities as well as common implementation standards and provide clarity for vulnerable countries on how and when to access each.

Looking ahead

As a funding arrangement in the loss and damage financing architecture with a proven in-country model, Global Shield is well positioned to advance the mandate of the FRLD. For example, by becoming accredited to the FRLD with dedicated focus on implementing pre-arranged financing solutions on macro, meso and micro level. The collaboration can yield deeper understanding of risk analytics to inform climate action in climate vulnerable countries. The Request for Support generated through Global Shield's robust in-country processes provides further investment impetus and collaboration between the Global Shield and the FRLD, paving the path for future project co-financing arrangements and private sector involvement. FRLD's consideration of deploying project preparation grants through the Global Shield can also boost loss and damage project and investment readiness.

Introduction of the Global Shield against Climate Risks

Launched at the Sharm El-Sheikh COP27 in 2022 by the V20 Finance Ministers¹ and the G7, the Global Shield against Climate Risks (Global Shield) supports climate-vulnerable countries in building financial resilience against climate-related risks and responding to loss and damage through pre-arranged climate risk finance solutions². With the annual need for loss and damage finance ranging in billions³, Global Shield aims to close the financial protection gap by supporting climate vulnerable countries in pre-arranging financial solutions that provide rapid and reliable liquidity to respond to climatic events. Through more and better pre-arranged finance, the Global Shield seeks to lessen the impact of climate disasters, build resilience in vulnerable economies, and safeguard sustainable development. The global initiative thus contributes to a paradigm shift in responding to loss and damage, where the focus is on proactive risk management as opposed to ex-post crisis management.

Pre-arranged finance comprises a toolkit of innovative financial instruments which can be tailored and combined to strengthen financial protection for different climate risks and at different levels of government, the economy and society. This ensures quicker, more cost-efficient, and more reliable disaster response and recovery. The Global Shield works with vulnerable countries to identify protection gaps, and channel technical and financial support to close these gaps in a systematic, coherent and sustained manner. Pre-arranged financial instruments are especially useful for countries to respond to rapid onset events such as cyclones, flooding and drought, which are only going to become more frequent and intense as climate science points out.

Our transparent, country-led and socially inclusive model⁴

The Global Shield employs a transparent, inclusive and country-led approach, working with and leveraging existing country/regional structures and opportunities. With the political leadership and guidance of national governments, our In-Country Processes (ICPs) benefit from a whole-of-government discussions on climate risks and how these risks inform national planning, decision making, national budget formulation and donor fund mobilization for addressing climate and disaster risks. Our in-country processes are gender responsive and recognize that climate change impacts different groups of people in different ways, ensuring that solutions account for and reach the most vulnerable and marginalized groups.⁵ See **Figure 1** below for the process flow of the Global Shield in-country work.

¹ V20 Finance Ministers is the Finance Ministers platform of the Climate Vulnerable Forum (CVF). The CVF is an independent, inter-governmental organization headquartered in Accra, Ghana. 70 climate vulnerable countries are member states of the CVF. See www.cvf20.org for more information.

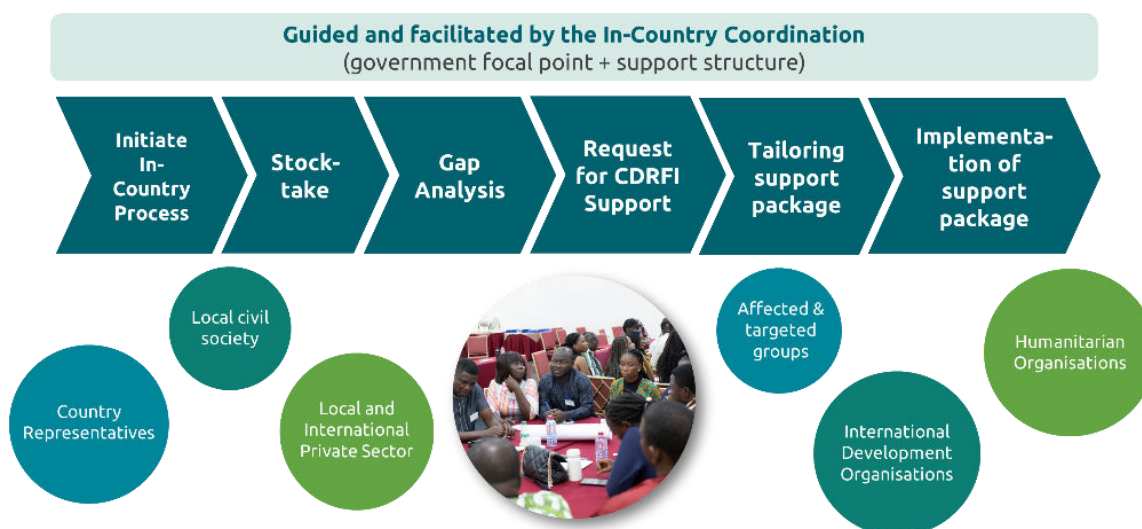
² Current donors of the Global Shield are Germany, EU, France, USA (USAID), Japan, UK, Canada, Denmark, Ireland and Luxembourg.

³ See the [Climate Vulnerable Economies Loss Report](#) which estimates that over two decades (2000 – 2019), V20 economies have lost USD 525 billion due to climate change impacts, translating to a 20% decrease in wealth. At the same time, rising external debt across V20 economies hinders investments in climate action and development goals. See also the report of the [Independent High Level Expert Group \(IHLEG\) on climate finance](#) that estimates loss and damage financing needs to be between USD 200 – 400 billion per year, which is nowhere close to the current flows of financial support to respond to loss and damage.

⁴ See Annex 1 for details on the governance and the coordination aspects of the Global Shield initiative.

⁵ The Center of Excellence for Gender-Smart Solutions (CoE), also hosted at the Global Shield Secretariat and funded by the Government of Canada identifies entry points for social inclusion and gender-responsive climate risk finance in the ICPs. The work of the CoE is further elevated by the funding vehicles' own efforts to mainstream gender and social inclusion in climate risk finance solutions.

Figure 1: Process flow of the Global Shield in-country work



The ICP is not a prescriptive framework and can be adapted to align with the country-specific context, but generally applies the following logic:

1. **Initiate** the ICP by appointing a focal point at the country's lead ministry/agency, establishing a support structure, identifying and convening relevant stakeholders, and establishing a foundational understanding of climate risk finance, the ICP and the options of support by the Global Shield among key stakeholders.
2. **Stocktaking** of existing climate risk finance projects and instruments, overarching policies and frameworks, risk information, social protection systems, the regulatory environment and vulnerable groups' perspectives.
3. A **Gap Analysis** to identify key gaps in financial protection, drawing from information captured in the stocktake and applying risk analytics support, including by the Global Risk Modelling Alliance (GRMA).⁶
4. Submission of a **Request for Support**⁷ to the Global Shield and its Financing Vehicles, informed by stocktake and gap analysis.
5. The Secretariat works with members of the Coordination Hub and the Global Shield Financing Vehicles⁸ to compile a **tailored support package** to the country, in response to its request for support.

⁶Capacity Building & Risk Analytics to better inform country climate risk finance support needs: The Global Shield Secretariat, in close collaboration with the GSSP and the Global Risk Modelling Alliance (GRMA) offers training and capacity building to Global Shield countries as part of the Global Shield in-country work. This training is designed to enhance capacity and understanding of climate risk finance amongst national stakeholders and hence better inform the need for context-specific climate risk finance solutions. The risk analytics enshrined in the Global Shield in-country work aims to standardize and unify risk management practices across sectors, creating a holistic framework that embeds resilience into all aspects of governance rather than focusing only on disaster preparedness and response.

⁷ The Request for Support is a crucial step in the ICP to access Global Shield's financial and technical assistance. The request outlines the specific needs and priorities of the country in terms of prearranged finance solutions. It typically includes an overview of priority protection gaps, requested interventions, format and amount of support, critical timelines, and key partners for implementation. The draft request is reviewed by an impartial expert group, the TAG, which provides recommendations on how to strengthen the request. The final request is shared with the Coordination Hub and the Financing Vehicles, which gives the country access to a range of support mechanisms and corresponding climate risk finance solutions. Like the country programming documents of the Green Climate Fund, which serve as a project dossier for climate action in countries, the Request for Support is a government-approved document that outlines the national climate risk finance needs. As such, the Request for Support can also serve as a useful document for FRLD investments.

⁸ There are three financing vehicles of the Global Shield initiative: the Global Shield Financing Facility hosted at the World Bank; the Global Shield Solutions Platform (GSSP) hosted at the Frankfurt School of Finance & Management; and the third financing vehicle is the Joint Multi-Donor Fund (JMDF) of the CVF-V20.

6. **Implementation** of the support package, mobilizing implementation resources of Coordination Hub members and funding by Global Shield Financing Vehicles.

Where is the Global Shield active?

As of February 2025, Global Shield is active in a total of 12 countries and in the Pacific region (comprising of Fiji, Marshall Islands, Samoa and Tonga). See **Figure 2** for the geographical spread of the Global Shield countries. At the time this submission was compiled, four countries had already submitted a Request for Support to the Global Shield Secretariat, five countries and the Pacific Region are expected to submit their Request for Support by mid-2025, and three countries are expected to submit their Request for Support by the end of 2025. This will translate into tangible implementation progress in all 12 countries plus the Pacific region throughout 2025 and 2026.

Figure 2: Global Shield Countries



Working with Financing Vehicles

Global Shield Financing Vehicles play a crucial role in responding to countries' Request for Support. The caveat here though is that due to funding limitations, the financing vehicles only address key priorities identified in the Request for Support. For example, a Request for Support totalling USD 200M may only see USD40M in support deployed. This however does not mean that beyond the financing vehicles support, there is no offer of support to the Global Shield countries. Countries in collaboration with the Global Shield Secretariat may also convene other forums and approach other funding sources (private, public, bilateral, and multilateral) to secure funding for elements that remain unfunded in the Request for Support.

- **Global Shield Solutions Platform**

The Global Shield Solutions Platform (GSSP) solely uses grants for the development and implementation of financial instruments and mechanisms in developing countries. This vehicle manages majority of the Global Shield funds. Instruments and mechanisms in scope for support by GSSP include but are not limited to:

- (i) Technical assistance for research, capacity building, enhancement of national policies, legal and regulatory frameworks and climate risk finance concept and solutions development.
- (ii) Financing for the implementation of a wide scope of climate risk finance instruments including but not limited to:

- (a) Capitalization of Disaster Risk Funds: GSSP supports the establishment and capitalization of disaster risk funds, ensuring vulnerable communities have a financial safety net to respond to and recover from climate disasters.
- (b) Insurance Premium Support⁹: By offering premium support, GSSP reduces the financial burden of insurance on vulnerable groups, increasing their ability to access coverage that helps rebuild lives and infrastructure post-disaster.
- (c) Shock-Resilient Loans¹⁰: financial support an insurance wrapper protection for shock-resilient loans, vulnerable individuals and communities can secure financing without the risk of crippling debt.

Additionally, GSSP supports global and regional initiatives under thematic windows. All regional risk pools - the African Risk Capacity (ARC), the Caribbean Catastrophe Risk Insurance Facility (CCRIF), and the Pacific Catastrophe Risk Insurance Company (PCRIC) aim to make insurance more accessible and affordable for climate vulnerable nations and provide a more predictable and stable source of funding for disaster recovery. In order to support the Regional Risk Pools in their important mission, GSSP is funding risk modelling, product development and premium support for Regional Risk Pools under its thematic window Global Shield Resilient Risk pools (GSRRP) thus strengthening their value proposition to member countries.

GSSP's support for pre-arranged finance instruments provides clear, actionable benefits for vulnerable populations, ensuring quick, targeted support in times of climate crisis. For the FRLD, engaging with Global Shield and its financing vehicle GSSP offers a tested, scalable solution that aligns with its goals of addressing loss and damage through efficient, responsive financing mechanisms.

- **Global Shield Financing Facility**

The Global Shield Financing Facility (GSFF) is a multi-donor trust fund hosted by the World Bank. It builds on a program called Global Risk Financing Facility (GRiF), which was established in 2018, and transitioned to GSFF in 2022 when the Global Shield against climate risks was launched. GSFF supports poor and vulnerable countries and people with increased access to financial protection against climate shocks, disasters, and crises through technical advisory services and integrated financial packages that address protection gaps. The total volume of the program is US\$450m+, and a large portion of these resources are already implementing financial protection solutions that provide rapid support to people, businesses and governments in developing countries. Currently, GSFF is active in 20 countries¹¹, several of which are GS priority countries, with new programs starting¹² in 2025. Through GSFF funded programs, US\$4.5 bn has been pre-arranged in financing for response to climate and disaster shocks, with the potential to reach an estimated 51.2 million people. GSFF helps governments, businesses, and households to prepare for and respond to shocks by investing in:

- (i) Design and development of demand-driven financial solutions, with clear delivery channels, to enable countries to prepare for and respond to shocks quickly
- (ii) Global public goods, such as innovations on data, analytics, and supporting capacity building efforts.

⁹ Climate risk insurance may not be a silver bullet; however, it does provide quick liquidity to address immediate disaster response needs, incentivizes risk reduction, improves disaster preparedness and supports sustainable development by reducing the financial burden of climate-related disasters.

¹⁰ One approach to increasing liquidity during a crisis and thereby strengthening borrowers' fiscal resilience is the concept of shock resilient loans (SRL). These insured loans are used to finance necessary investments in climate protection and adaptation projects. The loans are bundled with climate risk insurance so that in the event of a predefined climate event, the borrowers are guaranteed that the agreed payment obligations will be taken on by an insurer for a predefined period. See examples in the briefier: https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Development-Research/2024_11_05_EK_Shock-resilient-loans_EN.pdf

¹¹ This includes programs in countries that were financed as part of GRiF and now GSFF. GRiF financed programs: Jamaica, Sierra Leone, Morocco, Malawi, Lesotho, Burkina Faso, Lao PDR, Indonesia, Democratic Republic of Congo, Rwanda, Mozambique, Djibouti, Kenya, Ethiopia, and Somalia. GSFF financed programs: Pakistan, Bangladesh, Comoros, Madagascar, Uganda.

¹² GSFF financed programs 2025 and beyond: Ghana, the Gambia, Costa Rica, the Philippines, Nepal, Somalia and Malawi (Somalia and Malawi previously GRiF financed and will be further scaled through GSFF resources).

- (iii) Strengthening partnerships with humanitarian agencies and civil society organizations for better response to shocks.
- (iv) Mobilizing private risk capital to enable countries to access tailored financial products (including those offered by risk pools)

To support countries in designing and implementing their CDRFI strategies, GSFF leverages the World Bank's analytical and advisory work, policy dialogue, and lending capacity. GSFF's unique value is in informing and influencing larger development finance resources through its grants. All financial solutions developed through GSFF are embedded in or linked to investment programs implemented by countries through World Bank projects (IDA and IBRD programs). To date, US\$3bn in development finance resources have been influenced through GSFF grants. Ongoing GSFF-funded programs in LDCs and small islands could be scaled by FRLD resources to demonstrate quick wins and impact.

Furthermore, GSFF offers an effective modality for engagement with Multilateral Institutions and UN organizations, considering it can channel resources to entities like Asian Development Bank, World Food Program, among others. Notably, GSFF launched a Disaster Risk Finance for Adaptive Social Protection Window (DRF4ASP) in collaboration with WFP to scale its efforts on enabling more direct emergency cash transfers to households' post-disasters. As part of this effort, significant allocations are being programmed in GS priority countries, particularly to strengthen the link between financial solutions to national safety net systems. Finally, GSFF brings robust experience on fund management, prioritization of selection of investments, and technical implementation.

Should FRLD want to leverage existing financial solutions that could be scaled, use national-level shock-responsive systems as a mechanism for deploying direct cash transfers, leverage program management expertise, mobilize additional development resources, and use multilateral partners for deploying resources to countries, GSFF offers ready experience and a functioning mechanism for enabling that.

- **V20 Loss and Damage Funding Program**

Capitalised through philanthropic and public sources, and various programs, the V20 has pioneered a loss and damage funding program that seeks to provide grant resources to communities to rebuild and rehabilitate their lives and livelihoods after disasters. The loss and damage funding program of the V20 has already been implemented in Kenya, Malawi and Bangladesh. As a financing vehicle of the Global Shield, the V20 Program is supporting a loss and damage funding program in Ghana—the first country to draw support from the Global Shield initiative. See the Ghana example in the next section.

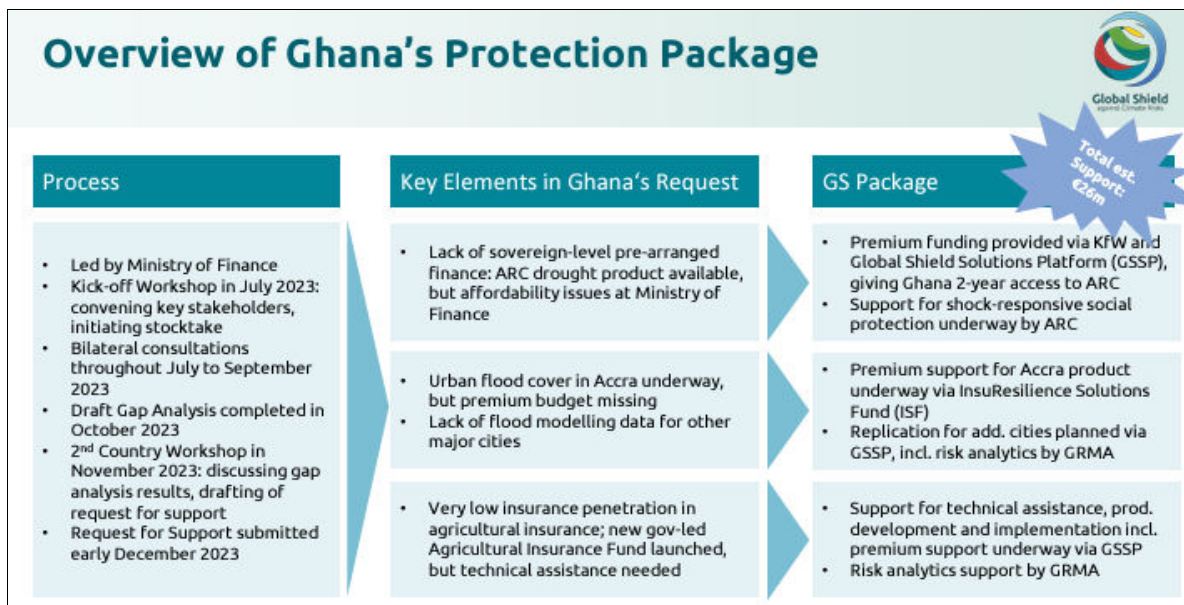
Global Shield success story in Ghana

In 2024, Ghana became the first country to submit a Request for Support to the Global Shield, having gone through a rigorous in-country process under the guidance and political steer of the Ministry of Finance. Over 20 consultations were held that included relevant government, non-government and civil society stakeholders. See [Figure 3](#) below for an overview of Ghana's protection package and support provided by the Global Shield and its financing vehicles.

With drought identified as a major climate risk in the country, the Ghana Request for Support identified the need for a drought insurance product. GSSP advanced this request, and this led to ARC Limited designing a drought insurance product for Ghana, premium for which was secured from the KfW Development Bank and GSSP. The drought insurance policy was triggered in December 2024 which led to a payout of US\$ 960,202¹³. Seen from this vantage point, regional risk pools have the potential to mobilize additional resources by attracting funding from donors, investors, and the private sector, further expanding the resources available for disaster response and recovery within the regions they service.

¹³ At the time this submission was compiled, Ghana had submitted the certificate of loss and banking details to ARC Ltd to receive the payout.

Figure 3: Overview of Ghana's Protection Package



The Global Shield Secretariat and the financing vehicles are working on deploying further support to Ghana that brings the total support to EUR 26M for the African state.

Conclusions and recommendations

In an era of unprecedented climate change, responding to loss and damage from climatic events is an imperative to not only protect the development gains of climate vulnerable countries but importantly to prioritize people and communities most impacted by the effects of climate change. Within this sphere of responding to loss and damage, ex-ante financing is critical where the emphasis is on preparedness and proactive risk management. Grounded in this rationale, the Global Shield aims to bolster pre-arranged finance that provides immediate liquidity to countries to respond to disasters, in the most efficient, effective, and fastest way.

In view of the Global Shield supported interventions to date for people and their livelihoods in climate vulnerable countries, and the further implementation of pre-arranged financial solutions that will unfold as bulk of the Global Shield countries conclude the in-country processes, we draw the following positive conclusions regarding Global Shield's contributions. Global Shield:

- ✓ Protects national budgets in the face of climate change through pre-arranged finance
- ✓ Supports countries' ability to effectively respond to climate disasters without having to reallocate scarce budgets, exacerbate debt, or jeopardize development gains.
- ✓ Supports supply chains, economic activity, and livelihoods of vulnerable people to bounce back quicker after climate shocks.
- ✓ Increases overall funding accessible from public and private sources to cost-efficiently deal with climate related loss and damage. This is especially with risk pools funded solutions on climate risk insurance as was the case in Ghana.
- ✓ Promotes a country-led, bottom-up model of climate action that delivers tailor made support packages increasing countries' financial protection.
- ✓ Promotes gender mainstreaming and social inclusion through a bottom-up country led model.
- ✓ Contributes to the achievement of Sustainable Development Goals.
- ✓ Promotes human rights and dignity and fostering climate justice by effectively responding to loss and damage.

As a funding arrangement in the financing architecture for responding to loss and damage, the Global Shield can reinforce the planned country-led work of the FRLD, for example as an accredited entity to implement pre-arranged financing solutions. Global Shield's in-country presence and country-led, bottom-up model serves as a useful platform to deepen understanding of risk analytics in climate vulnerable countries and create institutional structures for risk-informed planning and financing decisions including action on climate change. Importantly, the key output of the Global Shield ICP – Request for Support – represents a set of fundable investment projects both by the Global Shield financing vehicles and the FRLD and could also benefit from co-financing arrangements. The FRLD can capitalise on this opportunity by further deploying project preparation grants through the Global Shield to boost project/investment readiness in accordance with multilateral funding standards and procedures.

Annex 1

Global Shield Governance and Coordination

The Global Shield ensures inclusive governance by uniting both climate vulnerable as well as donor countries in the **Global Shield Board**. The Board assumes political and strategic oversight and provides overall guidance. The Global Shield also has two Co-Chairs, Hon. Ryan Ricardo Straughn, Minister of Finance, Economic Affairs and Investment, Barbados and Dr. Bärbel Kofler, Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany.

The **Coordination Hub** brings together leading implementing partners at the global and regional level, including MDBs, regional risk pools, development organisations, the private sector and civil society organisations. It streamlines implementation efforts in the field of pre-arranged finance and ensures the closing of gaps as well as the leveraging of additional resources.

The Global Shield **Technical Advisory Group** (TAG) provides independent advisory support to countries undergoing the In-Country Process (ICP), including on demand advice to Global Shield governance bodies. The primary purpose of the TAG is to review key documentation stemming from the ICP to ensure countries receive comprehensive support packages that is tailor made.

The **Global Shield Secretariat** has overall oversight of all the Global Shield coordination and implementation processes. It delivers coordinative, technical and administrative functions for the Global Shield. It fosters collaboration and ensures communication among all stakeholders of the Global Shield, including the Global Shield Financing Vehicles. It facilitates knowledge management, provides technical and administrative support to countries undertaking Global Shield In-Country Processes, and tracks progress in achieving the objectives of the global initiative.