

Building Financial Resilience to Safeguard and Incentivize Development

Insurance and Risk Finance in Africa

August 2026

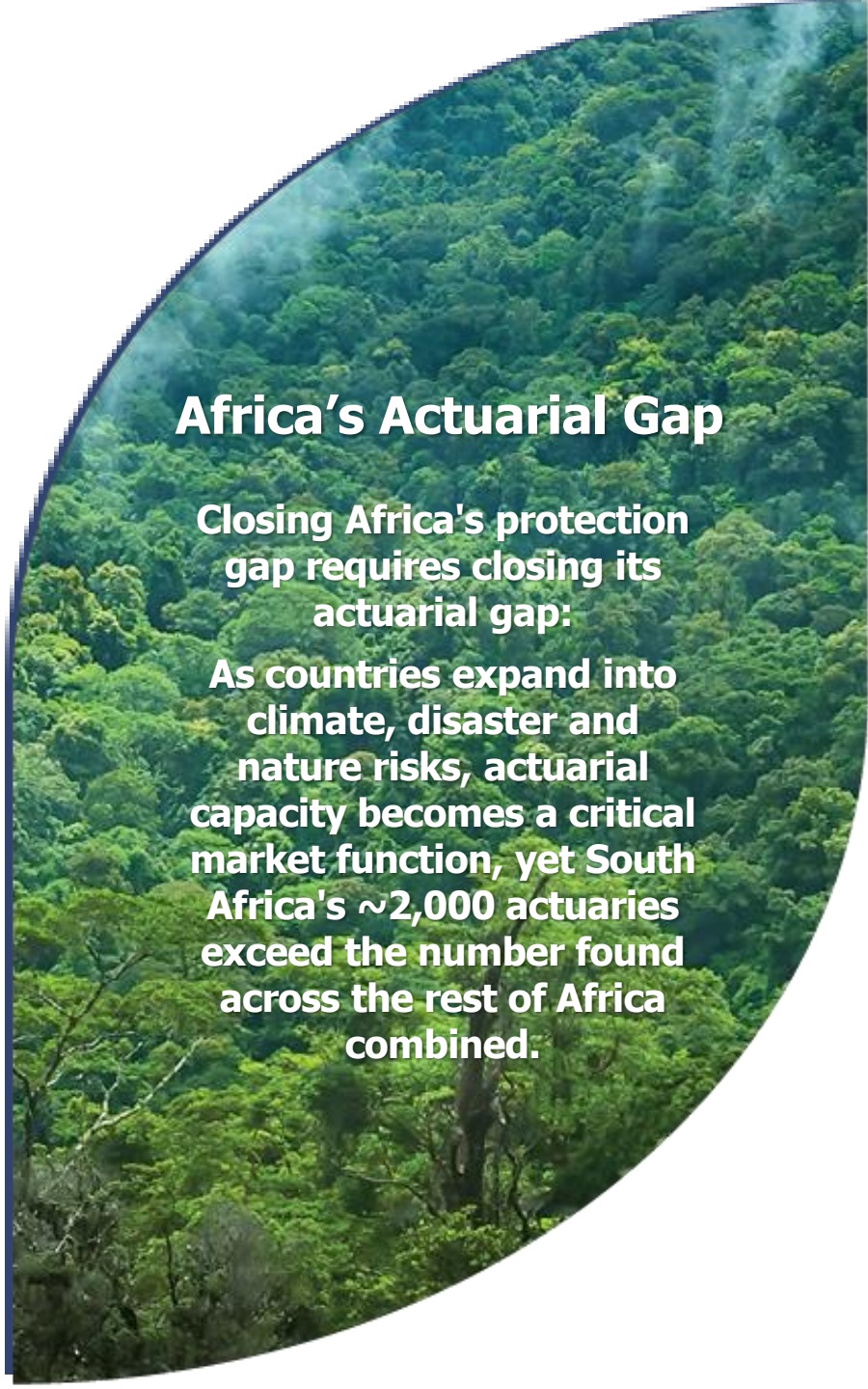
From Protection Gaps to New Frontiers for Insurance in Africa

Challenge: Maintaining Insurability

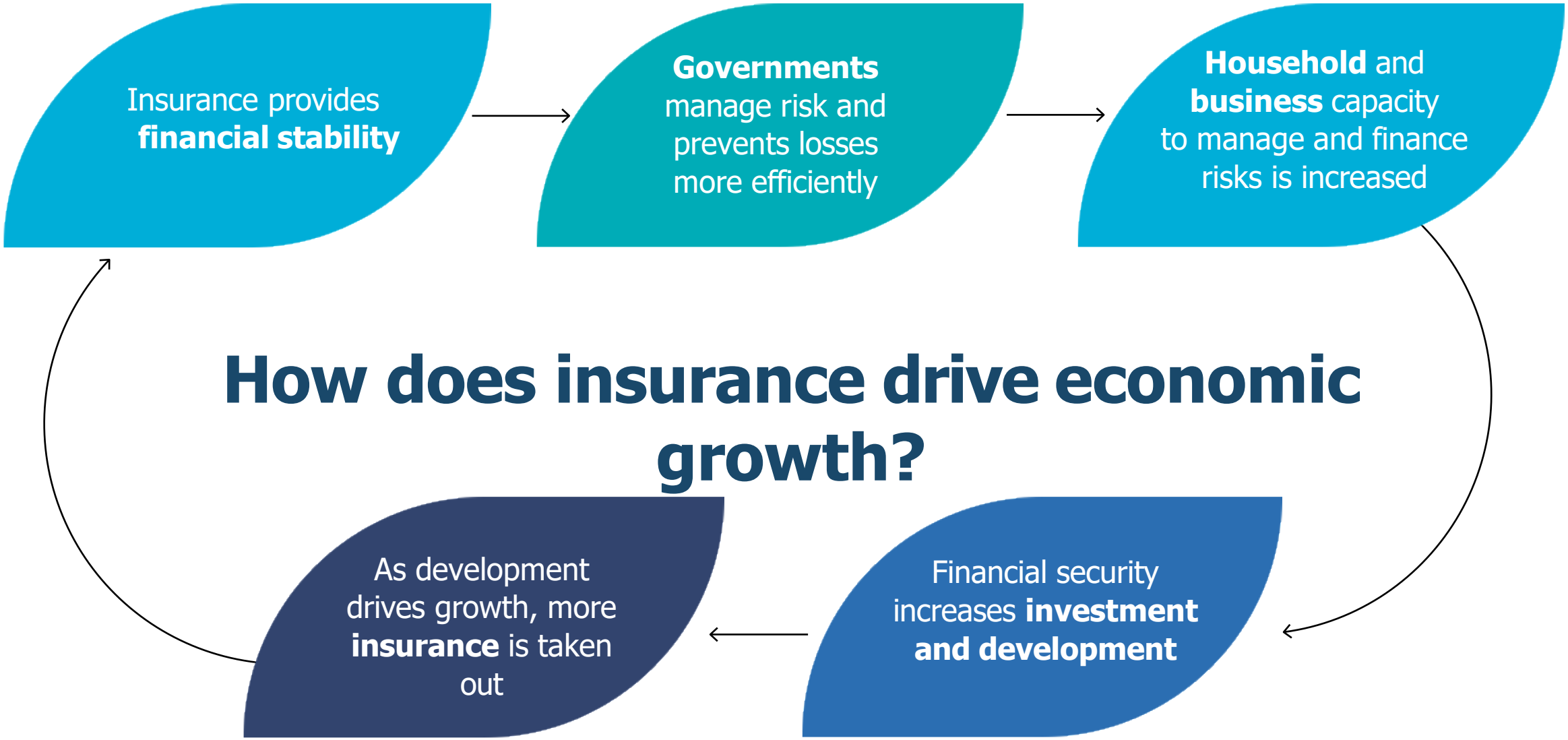
- 407.5 million people affected by disasters in Africa since 2000.
- US$38.5 billion in losses, with most risks remaining uninsured.
- Climate, disaster and nature-related risks are rising.
- Governments still rely heavily on post-disaster funding rather than pre-arranged risk financing.

Opportunity: Expanding Insurance's Role

- Insurance penetration is just 2.7%, versus 7.2% globally.
- Only 1% of smallholder farmers have insurance coverage.
- New markets are emerging in disaster risk finance, agriculture, climate adaptation and nature finance.
- Insurers can contribute not only as risk carriers, but also as investors, risk managers and market builders.



How does insurance drive economic growth?





Our Approach: Country Financial Risk Management Systems

Market Functions

- Data collection and actuarial capacity
- Reinsurance availability
- Skills for inclusive markets
- Distribution mechanisms and market innovation

Policies and Regulations

- Research and evidence
- Government risk finance capacity
- Regulatory frameworks and supportive public policies
- Development frameworks – NAPs, NDCs, INFFs
- Strong insurance associations

Insurance products
for immediate protection

Enabling environment
for systemic impact

Insurance and Risk Finance Ecosystem

Donors

Federal Ministry for Economic Cooperation and Development

Gates Foundation

GENERALI

ORRAA Ocean Risk and Resilience Action Alliance

بيت التمويل الكويتي Kuwait Finance House

مبادرات محمد بن راشد آل مكتوم العالمية Mohammed Bin Rashid Al Maktoum Global Initiatives

AGFUND

IsDB البنك الإسلامي للتنمية Islamic Development Bank

Technical & Institutional

DF Insurance Development Forum

icmif

micro insurance network

Milliman

المعهد ISDBI معهد البنك الإسلامي للتنمية Islamic Development Bank Institute

Global Shield against Climate Risks

JUPITER

InsuResilience Solutions Fund

Partnerships with the insurance industry

Milliman

GuyCarpenter

AXA

Swiss Re

Blue Marble

HOWDEN

SCOR

Munich RE

Hannover Re

HISCOX

wtw

°CelsiusPro

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EUROPA RE

Gallagher Re

ZURICH

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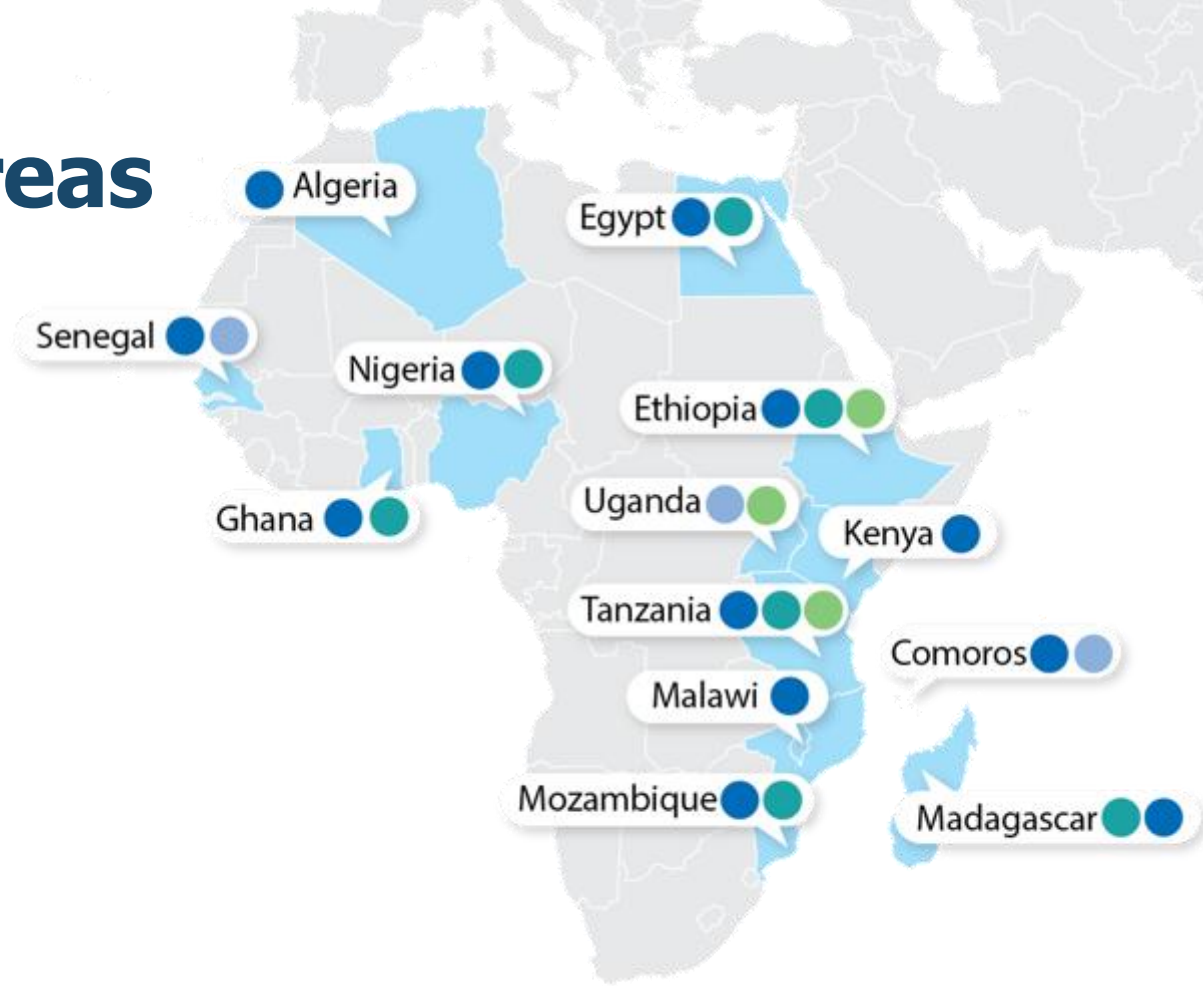
Projects & Intervention Areas

Tripartite Agreement:
Building country and community financial resilience to climate risks, Working with the world's largest insurers to design insurance solutions for governments.

LDC Engagement Initiative:
Building LDC's financial resilience by supporting foundations for financial risk management.

Inclusive Insurance Innovation:
Innovating solutions for underserved communities in partnership with the private sector through financing and technical assistance.

Financial Resilience in Agriculture:
Engaging governments and value chain actors to strengthen the financial resilience of smallholder smallholder farmers towards better climate change adaptation.



Other & Emerging Initiatives

SME Resilience, Actuarial Capacity & Takaful

Investment & Trade

UNDP Insurance and Risk Finance Programme

Strengthening national insurance markets and scaling risk transfer solutions in 26 countries

13 Countries supported with policies and regulation

34 CDRFI strategies and inclusive insurance strategies in progress

50 Capacity building programmes

5.3K Public officials and industry actors trained

16 Global insurance partners

100+ Local private sector partners

10 Sovereign risk finance solutions developed

28 Inclusive insurance solutions developed

17 Sovereign and inclusive solutions on the market

4.3 Million beneficiaries to date



Tripartite Agreement Programme

A Public-Private Partnership between UNDP, the German Government and the Insurance Development Forum to scale financial resilience to climate risks in 19 countries.

- Leveraging insurance industry expertise to develop tailored risk finance solutions for governments
- Building public sector institutional capacity to financially manage risk
- Strengthening foundations national markets to scale risk transfer solutions
- Incentivising the development of innovative products and delivery methods with national stakeholders

- **3 solutions** developed and placed on market: Nigeria, Ecuador and Uzbekistan
- **6 solutions** preparing for market placement: Argentina, Colombia, Dominican Republic, Ghana and Mexico

UNDP addresses bottlenecks to unlock solutions, e.g. Uzbekistan's legislation capped premium subsidies, and **integrates insurance into country development frameworks** and public policies for risk informed public financial planning: INFF, social protection and climate strategies

Linked to the LDC Engagement Initiative: Building financial risk frameworks with governments (Comoros, Senegal and Uganda)

Case Study: Lagos Parametric Flood-Risk Insurance

In partnership with UNDP, German Government and IDF, Lagos State government contracts a parametric flood-risk insurance policy in the Nigerian insurance market.





Beneficiaries: Up to 4 million people in 7 districts, esp. poor and vulnerable citizens

Coverage: Up to US$7.5 million for flood response and recovery

Premium financing: 90% supported by ISF; 10% by Lagos State in Year 1, with a strategy to increase government contributions in Year 2 and beyond

Industry: AXA Climate, Swiss Re, AXA Mansard, JBA Risk Management, ICEYE, ARC Ltd.

Local insurers: AXA Mansard, Cornerstone Insurance, Leadway Assurance, Lagos State AC

Towards Sustainability and Scale

- Integrated into Lagos Flood Contingency Plan, ensuring that funds flow through predefined channels for rapid, transparent response
- Regulatory approval for product secured, enabling roll-out
- Develop a National Disaster Risk Finance Strategy, and providing implementation support
- Scale flood insurance model to other states, with ongoing feasibility study in Anambra state
- Support the Federal Government with integrating risk finance into Nigeria’s NDCs, strengthening alignment between climate action and fiscal policy

Insurance Innovation Programme

Delivering the world's largest inclusive insurance innovation programme with the German Government, Generali Group and ICMIF Foundation.

- **Insurance Innovation Challenges** power and incentivise insurance solutions tailored to underserved households, businesses and biodiversity by working with local insurers and insurtechs

- **Global Insurance Innovators Community (GIIC)** connects inclusive insurance pioneers to scale local innovations, strengthen impact and investment readiness and close the protection gap

- **Innovative insurance applications**, such as a coral reef insurance in Indonesia offering protection and restoration through a collaboration with Swiss Re, the Indonesian Government and the insurance industry



Over **100 public and private sector partners** work together across 30 countries
Pipeline of more than **50 inclusive insurance products** and services are in development
12 solutions placed on market and more than **275,000 beneficiaries** reached already

Innovation Dashboard: Explore solutions via irff.undp.org/innovation

Insurance Innovation Challenges in Africa



7
Challenges Launched

7
Solutions in Development

5
Solutions on the Market

104,554
Total Beneficiaries



Partners

Case Study: Jaguar-Protection Insurance in Argentina

Government of Misiones, UNDP, insurer Rio Uruguay Seguros and local conservation groups deliver insurance product offering dual coverage: **compensating local livestock owners for losses, while safeguarding endangered Yaguareté in Andresito**



UNDP:
Leads, convenes and coordinates all partners; sets protocols; ensures conservation and risk-finance integration.

Provincial Government of Misiones:
Purchases the policy and provides free coverage to citizens.

Río Uruguay Seguros (Insurer):
Designs product, processes claims, pays compensation.

Conservation NGO:
Verifies incidents and provides technical expertise on jaguar behaviour.

Park Rangers:
Conduct field checks and support verification.

Farmers/Livestock Producers:
Report incidents immediately and apply prevention measures.

Financial Resilience in Agriculture

In partnership with the Gates Foundations, enhance financial resilience and adaptation capacities of smallholder farmers to manage climatic risks

- Support **governments** to adopt and improve comprehensive risk financing and agricultural insurance programmes for small-scale producers and build the long-term conditions for scale up risk transfer solutions

- Facilitate innovative PPPs among **market players** to deliver integrated risk financing and agricultural insurance solutions for small-scale producers – sustainably and at scale

- Convene a **global platform** that strengthens stakeholder collaboration and partnerships around the implementation of risk transfer initiatives for small-scale producers' climate resilience

Countries (Bangladesh, India, Ethiopia, Tanzania, Uganda) progress from fragmented pilots to **institutionalized, government-led agricultural insurance systems**:

- Governments anchor agricultural insurance within **formal structures**
- Viable, scalable insurance markets emerge through **PPP, data platforms and risk-sharing mechanisms**

FRA Community of Practice:

A peer-to-peer learning space for governments designing or implementing national agricultural insurance agendas, supported by technical experts, development partners and donors.



Case Study: Ethiopia's Rural Financing Service Unit

Coordination unit within Ministry of Agriculture to lead institutionalization with structured governance, policy development, and national implementation

- Design **national de-risking scheme** in coordination with Government agencies and insurance industry
- Strengthen **Government capacity** by recruiting and equipping a transitional team to lead coordination and advance national priorities on agricultural insurance
- Coordinate **multistakeholder working groups** to co-design and advance financial resilience in partnership with public, private, and development actors
- Develop and implement a 24-month, milestone-based **roadmap** to institutionalize agricultural insurance supported by evidence and research to guide policy and ensure long-term sustainability

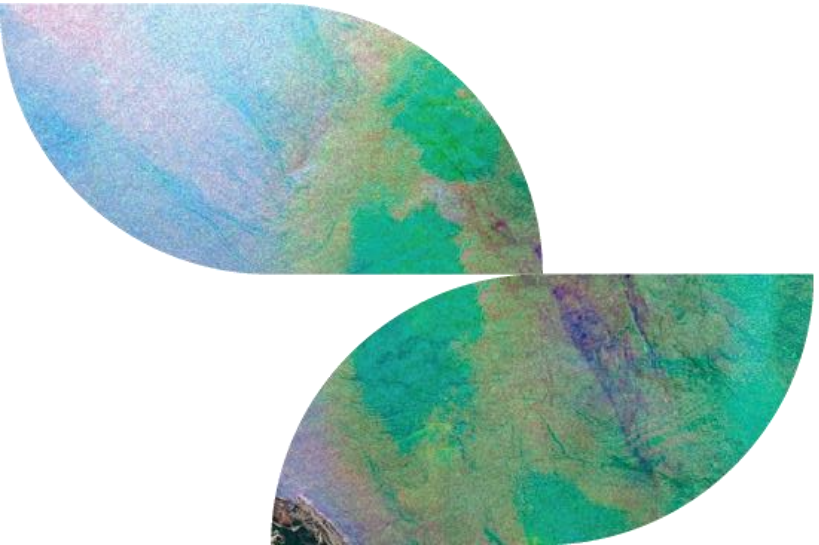
Emerging: Insurance, Investment & Trade

Leverage insurer capacities as underwriters, investors and institution builders to de-risk investments into sustainable development

- Collaborate with **public development banks to integrate agricultural insurance into financial services** to 1) support farmers' investments into productive resources and improve income stability, and 2) enhance financial institutions portfolio stability and enable safer expansion into high-risk, underserved areas (Senegal, Tanzania, Uganda).

- Couple lending integration with an **insurance premium financing fund** to incentivize use of insurance and meet premium obligations in proposed consortium led by ECOWAS Bank for Investment and Development (EBID) and supported by GGGI, ARC Ltd. and UNDP as part of WAICSA (West African Initiative for Climate Smart Agriculture).





- Facilitate African **market access and regulatory cooperation** under AfCFTA through a continental insurance market with AIO and Africa Re.

- Unlock **USD 320 billion of AUM** in Africa through addressing legal, regulatory and institutional challenges, e.g. capital requirements favoring traditional asset classes or conservative supervisory approaches.

South Africa: New Frontiers for Insurance & Risk Finance

- **Insurance investment and capital mobilisation**
  South Africa's insurers manage US$284 billion in assets, supported by strong retirement savings systems, deep capital markets, professional asset management and a risk-based regulatory framework. South Africa demonstrates how market development, long-term savings and investment-ready opportunities can unlock insurers as major investors in sustainable development.

- **Municipal disaster risk financing**
  Shortlisted proposal to support implementation of South Africa's Disaster Response Financing Strategy through JSB, with a focus on Limpopo and Eastern Cape through protection gap assessments, disaster risk financing plans and parametric flood insurance concepts.

- **Nature and climate finance**
  Supporting South Africa's Climate Finance Strategy by integrating insurance into biodiversity and climate finance solutions. Potential applications include for example Biodiversity Investment Facility (BIF) and Nature-Linked Outcomes-Based Bond and the where insurance can reduce risk, improve bankability and attract additional private investment into nature-positive outcomes



Global Actuarial Initiative (GAIN)

A partnership between UNDP and Milliman to build actuarial capacity — to analyze and price the financial impact of risk and uncertainty — in 15 countries.



African Examples

Ethiopia: Actuarial roadmap, regulator-backed scholarship programme, in-country actuarial career pathways.

Uganda: Curriculum reform, professional body strengthening, and implementation of a national actuarial development roadmap.

11
Working groups and roadmap plans set up in-country

15
Actuarial capacity building programs delivered

4K
Public sector and insurance industry participants trained

3
Peer reviews of public policies

7
Countries launched mentorship programmes

300+
Volunteers contributed over 32,000 pro bono consulting hours

Global Actuarial Initiative (GAIN)

Actuarial contributions are critical to achieving societal outcomes

Actuarial Skills



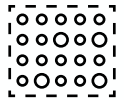
Expertise in understanding, quantifying and managing **risks and uncertainties**



Application of **financial modelling and finance projections**



Employs actuarial techniques on **specialized topics (mortality, longevity, climate risk, asset management)**



Dealing with large data sets to support **data driven decisions**

Contributions

Financial Security & Risk Protection

Resilience to Shocks and Stresses

Informed Public Policy

Data-Driven Decision-Making

Financial inclusion

Societal Outcomes

Poverty eradication

Improved health

Climate resilience

Equitable governance



Building financial resilience to incentivise and safeguard development

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