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**PRESS RELEASE**

**CALLING FOR A HUMAN-RIGHTS BASED APPROACH TO CLIMATE RISK INSURANCE**

**Nairobi, Kenya – 27<sup>th</sup> February 2019:** Transparency International Kenya in collaboration with Germanwatch has today launched a paper on a human- rights based approach to climate risk insurance with a case study of Kenya. The rationale of the threefold paper introduces climate risk insurance solutions and embeds them into wider contexts of the disaster risk financing landscape and climate risk management cycle, and lays out indispensable framework conditions that ensure that it serves the poorest and most vulnerable population. It also applies these framework conditions to the African Risk Capacity (ARC) processes with special focus on Kenya.

Over the years, impacts of extreme weather events, such as droughts, and their increased frequency and severity due to climate change have posed a threat to basic human rights such as the right to life, water, food, shelter, health, subsistence or social protection. This has continued to put lives at risk as well as livelihoods. Pastoralists have been forced to sell their animals after droughts because they can no longer feed them, an act that make them permanently lose their source of income.

On the other hand, insurance solutions are a promising approach contributing towards closing the gap. By contributing a small, regular fee, beneficiaries receive a pay-out in the event of an extreme event. Pay-outs are not based on the settlement of proven claims but are carried out when a threshold value on an index, such as a rainfall index, is triggered. Instead of farmers having to sell already lank animals that can no longer be maintained, emergency situations can now be bridged. The insurance products can be combined with other educational opportunities and incentives that encourage behavioural change towards lower vulnerability.

The paper encourages insurance solutions to adapt a human-rights based approach. As well as develop conditions for and design choices of climate risk insurance that can ensure an effective, efficient and human rights based contribution to dealing with extreme weather.

The four conditions we devise based on experience made with the instrument are:

- Non-discrimination and active inclusion of marginalised groups.
- Transparency, accountability and mechanisms for managing complaints and feedback.
- Participation and empowerment of those affected.
- Respect towards and building on existing structures in the country/ region.

The state can also take out insurance to make the funds available to those affected in the event of damage. Since the most vulnerable have the least financial means at their disposal and they may be excluded from

individual insurance, this is a good way to close the coverage gap. For instance, through the African Risk Capacity an institution under the African Union, where member states can insure themselves against extreme drought.

In our analysis, we find that some steps have been taken to integrate some aspects of the different principles of the human-rights based approach to climate risk insurance though minimal.

### **Key Recommendations**

Enhance active engagement of the marginalized and the most affected in the decision making processes pertaining to climate risk management and conduct continuous capacity building and enhancement for all stakeholders to ensure meaningful engagement.

Enhance engagement of civil society to ensure representation and participation of interest groups, transparency and accountability.

Adopt an insurance specific policy/legislation to reinforce the African Risk Capacity approach and ensure the rights of affected citizens are protected. Relevant provisions should be included in the Disaster Risk Management Bill which is yet to be passed.

### **Note to the Editors**

- Transparency International Kenya (TI-Kenya) is a not-for-profit organization founded in 1999 in Kenya with the aim of developing a transparent and corruption free society through good governance and social justice initiatives. TI-Kenya is one of the autonomous chapters of the global Transparency International movement that are all bound by a common vision of a world in which government, business, civil society and the daily lives of people are free of corruption.
- TI-Kenya is among the national chapters of the Transparency International movement implementing a programme on climate finance that seeks to enhance transparency, accountability, participation and good governance in climate change affairs at the international, regional and national levels.
- TI-Kenya and Germanwatch have been implementing a project that seeks to enhance the effectiveness of climate risk insurance through establishment of a multi-actor partnership drawing representation from government and non-government actors that will be engaged in influencing decisions around Climate Risk Insurance in Kenya.

**Media contact:** Issabelah Mutuku 0729584812 or 0722296589 or email: [imutuku@tikenya.org](mailto:imutuku@tikenya.org)

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