

# A multistakeholder Roundtable to promote Disaster Resiliency of MSMEs

*RFPI Asia launched the consultation process for the Development of a “Diagnostic Toolkit for Insurance against Natural Catastrophes for MSMEs in the agricultural and mining sector”*

Manila, October 21<sup>st</sup>, 2015

## **Background**

RFPI Asia has been focussing its activities and agenda in the year 2015 on the topics of access to insurance for MSMEs and the role for insurance in strengthening disaster resilience. In this spirit, the newest initiative is related to the development of a “Diagnostic Toolkit for Insurance against Natural Catastrophes for MSMEs in the agricultural and mining sector” – linking the 2 focus areas. Furthermore, funding from the GIZ Challenge Fund allows cooperating with related projects in Ghana and Mongolia.

MSMEs, as entities, are highly vulnerable to the impacts of climate change, since their limited resources often prevent the smooth recovery of business operations following increasingly extreme climate events. Here, insurance is an efficient and effective tool of financial risk management for MSMEs: Smoothing the cash flows of MSMEs when insured risks occur, can minimize the disruptions to business operations, as a precondition for limiting employment effects of NatCats.

The development process of the toolkit is accompanied by an extensive consultation process engaging multiple stakeholders from the public and private sector, so that it is nurtured and shaped by practical experiences regarding the promotion of insurance against catastrophic events for MSMEs. The first episode of this process was a Roundtable Discussion that was held in Manila, October 21<sup>st</sup>.

## **The Event**

Undersecretary Gil Beltran of the Department of Finance opened the event with a keynote address, underlining the strong support of the DOF for initiatives regarding disaster resilience. The typhoon Lando, which hit the Philippines on October 17, 2015, just a few days before this event, underlined the great vulnerability of the Philippines, especially the agricultural sector, for natural catastrophes (NatCats).

Deputy Commissioner Dennis Funa of the Insurance Commission introduced the event in his keynote speech as an initiative long overdue in a disaster prone country such as the Philippines. He expressed gratitude to the international partners of the government for accompanying the agenda towards the development of new and innovative insurance solutions addressing disaster risks.

RFPI Asia then presented to the participants the concept of the toolkit which is currently being developed. Drawing on Experiences from Mongolia, Ghana and the Philippines this shall provide a generic methodology for a diagnostic approach to the insurance needs of MSMEs against natural catastrophes in the agricultural and mining sector value chains.

## **The Public Sector Panel**

The first Panel Discussion, included participants from the public sector of key institutions in the Philippines such as the Insurance Commission (Rosalina Bactol, Head of Microinsurance Department), the Philippine Crop Insurance Corporation, PCIC (Vice President Norman Cajucom), Department of Trade and Industry, DTI (Director Jerry Clavesillas), Bankgo Sentral ng Pilipinas, BSP, (Rochelle Tomas) and the Asian Development Bank, ADB, (Financial Sector Specialist Hiroyuki Aoki). Presenting the mandate and initiatives of their

organism with regards to MSMEs was quite informative for the participants and started a lively discussion, focusing on policy issues regarding the envisioned insurance solutions. In view of Rochelle Tomas from the BSP for instance, enabling the private sector to contribute is linked to data availability that is necessary to understand business opportunities. The Insurance Commissions big challenge, as explained by Rosalina Bactol is to develop a regulatory framework enabling the insurance industry to develop specific products that answer the needs of the market. Hiroyuki Aoki of the ADB identified insurance as a mitigation mechanism, where demand is currently larger than provision, which is linked also to the fact that risk diversification is not easily available.



Dante Portula of RFPI Asia moderating the sector with participants from the public sector.

### **The Private Sector Panel**

The second Panel Discussion, included participants from the private sector. Key actors of the Philippine insurance landscape were present such as MicroEnsure (Country Director Roger DePedro), Bankers Assurance Corporation, BAC (General Manager Carlos Diaz), Philippine Insurers and Reinsurers Association, PIRA (Vice-President Roger Concepcion), Philippine National Reinsurers NRCP (Senior Vice President Alexander Reyes) and Western Guaranty Corporation (Vice-President Bernard Reyes). Issues that were discussed here were notably to the data gap and the difficulties responding to a very heterogenous and informal group of MSMEs. According to Roger Concepcion of PIRA, product development needs to be explored more responding to the needs of MSMEs so that their disaster resilience can be increased and insurance can become an effective part of disaster risk management mechanisms.



Dr. Antonis Malagardis discussing with the participants from the private sector.

### **Next Steps**

Following this initial consultation with the Philippine insurance landscape, the development will be shaped in the coming weeks by discussions in the context of the FOROMIC, Latin America's most important annual event on microfinance entrepreneurship. A second roundtable discussion with stakeholders mostly from African countries and representatives of International Donor Organisations will then be held at the 11<sup>th</sup> International Microinsurance Conference in Morocco. The final draft of the Toolkit will then be submitted to selected partners for detailed commentation.



The participants and panelists of the Event.