



## **PACIFIC ISLANDS FORUM SECRETARIAT**

PIFS(21)FEMM.6

### **FORUM ECONOMIC OFFICIALS MEETING**

6 – 7 July 2021

### **FORUM ECONOMIC MINISTERS MEETING**

13-14 July 2021

Virtual

## **AGENDA ITEM 6: LEVERAGING DISASTER RISK FINANCING OPPORTUNITIES**

### **Purpose**

This paper provides a snapshot of the region's disaster risk financing landscape and the opportunities to improve coordination and collaboration between regional partners and Members with a view to strengthening the financial protection and resilience of Forum Island Countries (FICs) against disasters.

### **Summary**

- Disaster Risk Finance addresses the fiscal impacts and economic losses caused by natural hazards and supports countries to strengthen financial resilience to disasters.
- This paper identifies how the existing regional architecture for Disaster Risk Finance can better support efforts by FICs to strengthen their financial protection and resilience against disasters.
- Forum Economic Ministers are invited to consider and support the regional level mechanism for Disaster Risk Finance support to FICs; the coordination role of the Forum Secretariat in Disaster Risk Finance, and; the update provided by the Pacific Catastrophe Risk Insurance Company (PCRIC) in furtherance of the FEMM decision of 2015 which endorsed PCRIC's establishment.

### **A. Opportunity for Improved Disaster Risk Finance**

Disaster Risk Finance information and advice submitted to Economic Ministers in recent years has been integrated with Climate Change Financing. This has largely been due to acceptance that there are interlinkages between these two different types of financing. It has become apparent however that over time, the labels for the two different types of financing have been used interchangeably resulting in the misinterpretation that they have a similar specific intent, which they do not.

2. Disaster Risk Finance addresses the fiscal impacts and economic losses caused by natural hazards and supports countries to strengthen financial resilience to disasters. It is the range of financial products and instruments designed to assist governments, communities and different stakeholders to

respond to potential future threats and recent disaster events caused by climate-related (e.g. cyclones) or geological (e.g. earthquakes, tsunamis, volcanoes) hazards.<sup>1</sup> Disasters however do come in other forms, including pandemics, and therefore the term ‘Disaster Risk Finance’ in the Pacific also covers financial protection against events such as COVID-19. By comparison, Climate Change Finance (also referred to as ‘Climate Finance’) refers to financing specifically to support adaptation or mitigation actions that will address the impacts of climate change<sup>2</sup>.

3. There are inherent synergies between Disaster Risk Finance and other regional priorities including regional initiatives to Support Economic Recovery from the COVID-19 Pandemic, Leveraging Climate Finance Opportunities, and the Pacific Resilience Facility. In this context, there is an opportunity for strengthening how the existing regional architecture for Disaster Risk Finance can better support efforts by FICs to improve their financial protection and resilience against disasters and ensure that Economic Ministers are regularly updated of developments.

## **B. Background**

4. The challenge of strengthening financial protection against disasters has been a part of discussions at previous meetings of Economic Ministers. This acknowledges the role of Ministries of Finance in galvanizing transformative action at the national level in regard to robust country systems, flexible financing options and partnerships towards resilient development as agreed in the 2020 FEMM meeting outcomes.

5. A number of FICs have been impacted significantly by disaster events in recent years and in some cases resulting in long-term damage to economic productivity, livelihoods and social welfare. For example, in 2015 Tropical Cyclone Pam caused widespread damage to Vanuatu amounting to 63% of GDP, displacing an estimated 65,000 people and negatively impacting the livelihoods of over 80% of Vanuatu’s rural population. The 2015-2016 drought in the Republic of the Marshall Islands caused significant disruptions to national production, with a loss of 3.4% of RMI’s GDP. In 2016, Cyclone Winston struck Fiji and caused damage and losses equivalent to 31% of Fiji’s GDP.<sup>3</sup> In 2018 Cyclone Gita caused economic loss to Tonga equivalent to 37.8% of GDP<sup>4</sup>. These cases highlight the importance of preparedness actions such as robust disaster risk financing responses.

6. In 2017 Economic Ministers tasked the Forum Secretariat, in collaboration with CROP and partners, to support FICs in strengthening their access to, and management of, international climate change and disaster risk finance, as well as explore options to strengthen private sector engagement in risk financing. Ministers also supported the role of the Framework for Resilient Development in the Pacific 2017 – 2030 (FRDP)<sup>5</sup> as the overarching strategy that guides regional support on climate change financing and disaster risk financing.

7. The FRDP’s implementation has been supported by the Pacific Resilience Partnership (PRP)<sup>6</sup>. Through the PRP, several technical working groups have been established to assist FICs to deal with

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<sup>1</sup> An Overview of Climate and Disaster Risk Financing Options for Pacific Island Countries, PIFS, June 2021

<sup>2</sup> UNFCCC

<sup>3</sup> An Overview of Climate and Disaster Risk Financing Options for Pacific Island Countries, PIFS, May 2021

<sup>4</sup> TC Gita Post Disaster Rapid Assessment, Government of Tonga, 2018

<sup>5</sup> Approved by Leaders at their meeting in 2016

<sup>6</sup> Established by Leaders at their meeting in 2017

a range of issues and address opportunities for building the safety and resilience of their communities against climate change and disasters. One such technical working group is on Disaster Risk Finance (commonly referred to by its abbreviated acronym – RFWG).

### C. Disaster Risk Finance Technical Working Group of the PRP (RFWG)

#### *Establishment of the RFWG*

8. The RFWG was established in mid-2019 by PIFS, development partners and donors affiliated with the Pacific Resilience Partnership. The RFWG is a regional mechanism (under the FRDP and PRP) that supports FICs in their efforts to strengthen financial protection against disasters. Three FICs are current members of the RFWG, including Ministry of Finance/Economy officials from Fiji, Samoa and Tonga. There is potential for the working group, with the involvement of additional FICs, to serve the FEMM directly as an expert advisory group on Disaster Risk Finance. The RFWG can, as a collaboration of partners and FICs, facilitate priorities of the FEMM in the DRF space and ensure that Economic Ministers are regularly apprised of new and emerging opportunities for strengthened financial protection against disasters. Economic Ministers will recall that a similar arrangement already exists in the context of strengthened access to multilateral climate finance through the Informal Working Group on Public Finance Management - Climate Finance.

#### *Operating Framework for the RFWG*

9. The RFWG members have developed an operating framework that can guide its activities over the next 3 - 5 years. The operating framework for the RFWG is at **Annex A** to this paper. The operating framework identifies that, consistent with the past decisions of the FEMM and the intent of the FRDP, its main focus is to support Disaster Risk Finance (DRF) capacity building in FICs through:

- (i) ***Strengthening regional coordination*** – This will ensure that there is an improved coordination of capacity building support for DRF at the regional level whether sourced through bilateral or multi-lateral opportunities. The main benefit for FICs is that DRF capacity building is carried out in a way that best supports the needs of each FIC, is well informed, and considers and addresses capacity issues that exist at national and subnational levels.
- (ii) ***Knowledge brokering*** – This is to ensure that FICs are provided with the relevant data and information and knowledge products to support decision-making in relation to DRF. In addition, this element of the operating framework will encourage peer-to-peer exchange and enhanced learning opportunities for relevant stakeholders at the national level including Ministries of Finance, private sector actors and other groups. Knowledge brokering activities will ultimately aim to improve capacity to design, implement, and scale up DRF solutions in alignment with national, sub national and regional risk financing priorities.
- (iii) ***Promoting Private Sector engagement*** – The development of context relevant suite of products and instruments to address the financial protection needs of the various segments of the population and sectors/interests in the economy is in part contingent on the participation of the private sector as both a user and provider of such products. There are limited avenues for FICs and partners to engage with and support the

development of private sector-led insurance and social protection products. The RFWG is well positioned to act as a regional conduit for enabling and promoting engagement with the private sector to address the financial protection needs of the various segments of the population and sectors/interests in the economy.

- (iv) ***Strengthening the enabling environment for risk financing at the national level*** – FICs exposure and risk profiles are diverse and defined by their specific environmental, social, political, and economic contexts. The challenges experienced by FICs have been further exacerbated and compounded by the direct and indirect impacts of COVID-19. The situation that FICs now face requires that each country revisit their existing financial protection arrangements and options and consider a longer-term and more comprehensive strategic and inclusive approach to the way they manage increasingly multi-scalar and interrelated financial risks. In order to provide a firmer strategic basis to appraise and consider risk financing options, the RFWG is in a position to support lead agencies such as Ministries of Finance in each country. Such support could be provided in the form of technical assistance geared at enhancing the enabling environment for risk financing at the national level through for example, the development of robust national DRF strategies, advising on institutional change in the context of national Public Finance Management systems, improving outreach and engagement with national and regional stakeholders and providing information and knowledge products to enhance decision-making.

10. The current membership of the RFWG has been consulted to produce the aforementioned operating framework and is contributing to various elements of this framework as evidenced through the list of initiatives tabled in **Annex B**. The initiatives listed have been largely implemented bilaterally with various FICs and through various RFWG member partners. Ongoing and enhanced collaboration under the RFWG is expected to bring about greater coherence and cohesion when it comes to improving the effectiveness and uptake of risk financing instruments and products.

#### **D. PIFS' Role in Disaster Risk Financing Support to FICs**

11. Historically the Forum Secretariat has supported DRF priorities in support of decisions made by Economic Ministers and Leaders (e.g. in relation to the FRDP) and providing updates as required. Since 2017 however, the Secretariat has recognised the need and value of becoming more proactive in supporting this area of the finance landscape - in part due to rising costs of disasters in the region. The Secretariat played a key role in the establishment of the RFWG and was supported internally in this effort by the World Bank-funded Pacific Resilience Program (PREP)<sup>7</sup>. Through the support of the PREP the Secretariat has also developed a knowledge product entitled '*An Overview of Climate and Disaster Risk Financing Options for Pacific Island Countries*'. A copy is uploaded with this paper for Members' perusal. In early 2021 the Secretariat's efforts to provide targeted support for regional DRF priorities was further formalised through the recruitment of a new primary budget-funded position (Programme Adviser for Resilient Development Financing). The incumbent is responsible for providing technical advice to support FICs in advancing their respective DRF priorities and agendas.

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<sup>7</sup> The Pacific Resilience Program (PREP) funded by the World Bank is a series of projects covering RMI, Samoa, Tonga and Vanuatu and two regional organisations being SPC and PIFS. The PREP's objectives are to strengthen preparedness and early warning, resilient investments and financial protection of beneficiary countries against disasters. The support for DRF capacity building and coordination is being provided through the PIFS project of the PREP.

12. The Secretariat is boosted by the additional technical capacity including the technical and financial resources currently being provided under the PREP with potential for future support through the Pacific Catastrophe Risk Insurance Company. In addition, it is actively pursuing internal measures to enhance its support for DRF by drawing from a wide range of expertise and knowledge that exists within the organisation. There is a significant level of optimism in the Secretariat around its future support capabilities. In this regard and consistent with the RFWG's operating framework, the Secretariat has articulated its role and 'value-add' to regional and national DRF capacity building as follows:

- (i) ***Secretariat support to the RFWG*** – The success of the RFWG depends on a consistent effort to coordinate DRF activities and information flows for the benefit of FICs. The Secretariat perceives it has a major strength in coordinating the activities of the RFWG and supporting regular exchanges between its members.
- (ii) ***Knowledge products and peer-to-peer exchange*** - The Secretariat will work closely with relevant partners and FICs to organise and coordinate the development of knowledge products and opportunities for exchange and learning to benefit key stakeholder groups within FICs. In doing so the Secretariat will avoid duplication and overlap with initiatives of other partners and instead ensure complementarity of initiatives.
- (iii) ***Technical advice on DRF options and capacity building support for central agencies in FICs*** – The Secretariat, through the wider array of skills and expertise available to it will support the identification of appropriate DRF products in collaboration with RFWG members. It will also mobilise its technical and financial resource capabilities to provide advice to enable central agencies in FICs, and in particular Ministries of Finance, to strengthen Public Finance Management and related systems to bring about the changes requisite with strengthened DRF capacity.
- (v) ***Technical advice and coordination support for increased private sector engagement in DRF*** – The Secretariat currently supports strengthened engagement with the private sector in FICs in connection with the desire to increase their access to multilateral financing for climate change. This support is currently being provided through the EU-funded PACRES project. Mobilising the existing platform of engagement spearheaded through such a project (and other relevant donor funded activities available to the RFWG), the Secretariat will provide technical advice and coordination to support the increased development of private sector-led DRF products for the benefit of FICs.

#### **E. Update – Pacific Catastrophe Risk Insurance Company (PCRIC)**

13. Among various sources of Disaster Risk Finance that are available to FICs, one that links directly to a FEMM decision in 2015 is the Pacific Catastrophe Risk Insurance Company (PCRIC). PCRIC was established in Cook Islands in 2016. It is a captive insurance company, facilitated by the Pacific Catastrophe Risk Insurance Foundation (PCRIF) reflecting the vision of Economic Ministers to create an independent entity owned by the region in the form of a non-profit trust. PCRIC was established to provide financial and insurance products to ensure FICs have access to immediate

liquidity following disaster events. PCRIC built on the PCRAFI<sup>8</sup> programme and manages the regional risk insurance pool covering disasters caused by cyclones, earthquakes and tsunamis. The most recent example of immediate support to FICs through PCRIC is the USD 4.5 million payout to Tonga based on its insurance cover against cyclones following Tropical Cyclone Harold in April 2020.

14. PCRIC has recently engaged with more than 10 countries<sup>9</sup> (participating and non-participating PCRIC member countries) in the region to re-introduce and create awareness about PCRIC and its available products. Outcomes of these consultations resulted in FICs expressing strong demand for disaster risk financing products to increase financial resilience against disasters, including interest in PCRIC's new insurance products currently under development covering excess rainfall and drought events. PCRIC is also currently seeking an amendment to the PCRAFI Act in Cook Islands to change the company structure to a Segregated Cell Company, which would allow the Company to offer a broader range of financial and insurance products to meet the evolving needs of FICs. The interventions of PCRIC highlight its commitment to reposition its products and services to be more relevant to the needs of FICs and efficiently contribute to a more resilient region through timely responses to disasters by rapid provision of relief funds.

15. In the near future a collaboration between PCRIC, PIFS and SPC, will strengthen and progress country disaster risk finance strategies as well as enhance FIC risk assessment capacities. In turn, this will inform more tailored products and promote partnerships with the private sector, to embed PCRIC as a self-supporting facility providing long-term benefits to the region. PCRIC has prioritised regional re-engagement with FICs, regional and multilateral organisations, to stimulate coherent activities within the Climate Finance and Disaster Risk Finance space.

Pacific Islands Forum Secretariat, Suva  
11 June 2021

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<sup>8</sup> Pacific Catastrophe Risk Assessment and Financing Initiative, funded by the World Bank

<sup>9</sup> Cook Islands, Fiji, Kiribati, Marshall Islands, Papua New Guinea, Vanuatu, Solomon Islands, Federated States of Micronesia, Nauru, Samoa, Tonga

## **Annex A – Operating Framework for the Disaster Risk Finance Technical Working Group of the Pacific Resilience Partnership (RFGW)**



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# OPERATING FRAMEWORK

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## Disaster Risk Finance Technical Working Group (RFGW)

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### **Background**

The Framework for Resilient Development in the Pacific (FRDP) originates from a 2012 Pacific Islands Forum Leaders’ decision to develop a single integrated framework to succeed two separate regional frameworks on disaster risk management and climate change, namely the *Pacific Disaster Risk Reduction and Management Framework for Action* (RFA), and the *Pacific Islands Framework for Action on Climate Change* (PIFACC), which both had ending terms in 2015.

Pacific Island Forum Leaders’ endorsed the FRDP in its 47<sup>th</sup> meeting in Pohnpei, Federated States of Micronesia in 2016 and further agreed to fully operationalize the Framework in line with the Paris Agreement. Leaders further agreed in 2017 to support the formation of the Pacific Resilience Partnership (PRP), as to oversee the implementation of the FRDP.

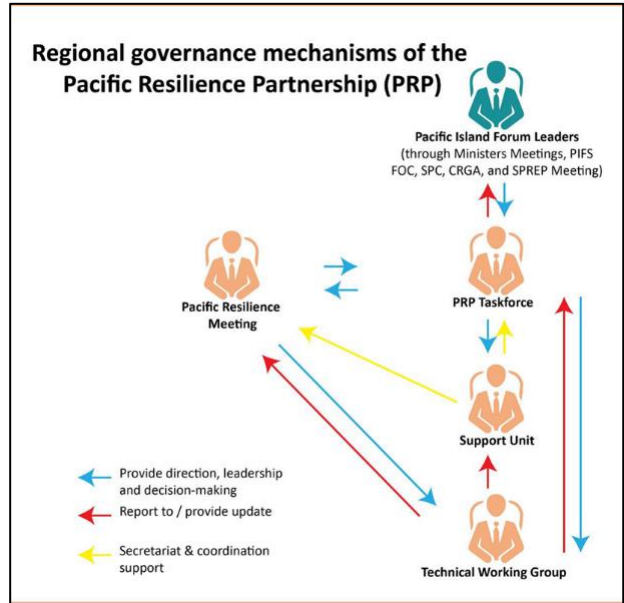
The FRDP supports PICs in implementing commitments to global frameworks such as the Small Islands Developing States Accelerated Modalities of Action (S.A.M.O.A) Pathway 2014, the Sendai Framework for Disaster Risk Reduction 2015–2030 (Sendai Framework), the Sustainable Development Agenda 2015– 2030, the Paris Agreement on Climate Change and the Commitments to Action arising from the World Humanitarian Summit 2016.

### **Introduction**

This Operating Framework for the RFGW is intended to be a guiding document for the implementation of Risk Financing priorities within the FRDP with emphasis on meeting stakeholders needs, meaning our success will be measured against the value we deliver to our stakeholders which are the member countries. With several Technical Working Groups working under the umbrella of the PRP, it is important that RFGW, sets out a clear path for how it will deliver added value towards the implementation of the FRDP. This Operating Framework therefore identifies strategies and tactical actions to meet this remit.

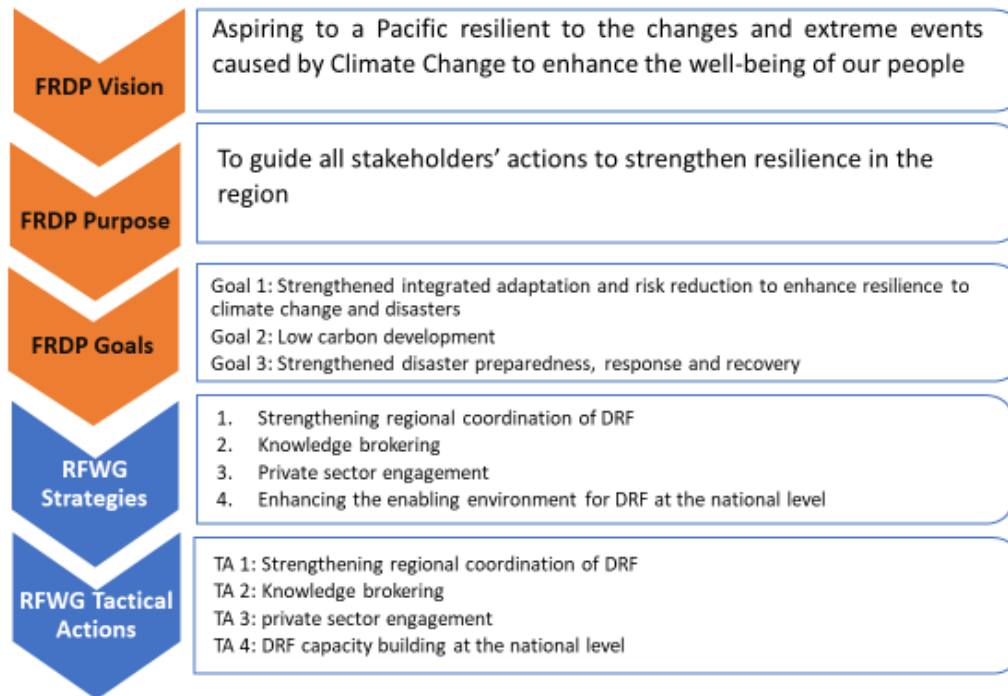
## Context

The FRDP has already set out the Vision, Guiding Principles, Goals and Priority Actions for resilience building in the Pacific. Underlying the FRDP are the regional governance arrangements of the PRP Taskforce inclusive of a number of technical working groups. The RFWG is one of several specialized working groups. This implies a very specific role and outputs should be expected as tangible deliverables from the RFWG.



## Operating Framework

The RFWG’s focus is guided by the overarching Vision, Purpose and Goals of the FRDP. The RFWG has identified 4 strategies which guide its operations, and which link specifically to Goal 1 and Goal 3 of the FRDP





## Strategies

The 4 strategies to be pursued by the RFWG are:

1. Strengthening Regional Coordination of DRF
2. Knowledge brokering
3. Private Sector Engagement
4. Building capacity and improving the enabling environment for DRF

The strategies of the RFWG can be explained as follows:

- (i) *Strengthening regional coordination*** – This will ensure that there is an improved coordination of capacity building support for DRF at the regional level whether sourced through bilateral or multi-lateral opportunities. The main benefit for FICs is that DRF capacity building is carried out in a way that best supports the needs of each FIC, is well informed, and considers and addresses capacity issues that exist at national and subnational levels.
- (ii) *Knowledge brokering*** – This is to ensure that FICs are provided with the relevant data and information and knowledge products to support decision-making in relation to DRF. In addition, this element of the framework will encourage peer-to-peer exchange and enhanced learning opportunities for relevant stakeholders at the national level including Ministries of Finance, private sector actors and other groups. Knowledge brokering activities will ultimately aim to improve capacity to design, implement, and scale up DRF solutions in alignment with national, sub national and regional risk financing priorities.
- (iii) *Promoting Private Sector engagement*** –The development of context relevant suite of products and instruments to address the financial protection needs of the various segments of the population and sectors/interests in the economy is in part contingent on the participation of the private sector as both a user and provider of such products. There are limited avenues for FICs and partners to engage with and support the development of private sector-led insurance and social protection products. The RFWG is well positioned to act as a regional conduit for enabling and promoting engagement with the private sector to address the financial protection needs of the various segments of the population and sectors/interests in the economy.
- (iv) *Strengthening the enabling environment for risk financing at the national level*** – FICs exposure and risk profiles are diverse and defined by their specific environmental, social, political, and economic contexts. The challenges experienced by FICs have been further exacerbated and compounded by the direct and indirect impacts of COVID-19. The situation that FICs now face requires that each country revisit their existing financial protection arrangements and options and consider a longer-term and more comprehensive strategic and inclusive approach to the way they manage increasingly multi-scalar and interrelated financial risks. In order to provide a firmer strategic basis to appraise and consider risk financing options, the RFWG is in a position to support lead agencies such as Ministries of Finance in each country. Such support could be provided in the form of technical assistance geared at enhancing the enabling environment for risk financing at the national level through for example, the

development of robust national DRF strategies, advising on institutional change in the context of national Public Finance Management systems, improving outreach and engagement with national and regional stakeholders and providing information and knowledge products to enhance decision-making.

**Stakeholders Identification/Engagement**

The FRDP seeks to engage with a broad spectrum of relevant stakeholders as listed below. These have been further categorized into demand side and supply-side stakeholders. Demand-side stakeholders are those that have a need for Risk financing mechanisms whereas supply-side are those that can provide risk financing. However, it is not merely a matter of supplying finance, but it requires an understanding from both sides of the specific needs, conditions and access modalities that meet the unique requirements of a particular stakeholder, either demand side of supply side.

<b>Demand-side</b>	<b>Supply-side</b>
<ul style="list-style-type: none"> <li>• Member country Governments</li> <li>• Civil society</li> <li>• Communities</li> <li>• Individuals</li> <li>• Special groups</li> <li>• Enterprises/Private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Donors</li> <li>• Development Partners</li> <li>• Multi-development Banks</li> <li>• International and Regional Organisations</li> <li>• Enterprises/Private sector</li> </ul>

An important element in ensuring the RFWG can effectively serve the varied interests of these stakeholders is the ability to understand their needs. This understanding is best achieved through direct engagement and consultation. However diverse some of the specific needs may be, there is an understanding that through the work of the various TWGs there will be “intersections” and “overlaps” that need to be addressed to build resilience and that financing will be at the core of many of these intersections.

**Values**

The values that underpin the work of the RFWG are divided into two sets of values:

*1. GROUP VALUES:*

- Accountability: The group will be accountable to the stakeholders, and in particular Forum Member countries, by ensuring that they deliver on expectations and take responsibility for achieving the stated goals and objectives.
- Transparency: Transparency goes hand in hand with accountability and ensures that all of the working groups' actions/activities can be easily accessible for members thus allowing for scrutiny and openness of exchanges. Members should, at all time, feel that they are fully informed and are aware of the work that the RFWG is engaged in.

- Professionalism: Members of the working group will uphold all the values expected of a professional organization, both individually and as a collective, ensuring the highest standards of work and conduct are maintained at all times.
- Commitment: Despite the members of the working groups having other primary work commitments, by participating in this group, members are expected to commit to supporting the responsibilities of the group and ensuring the quality of outputs and continuity of contributions. Commitment requirements may be further enhanced with the development of a members' charter.
- Integrity: The RFWG will act consistently and apply these values across all of the work that it engages in both with internal and external stakeholders, ensuring it does not put the interests of one group over others while remaining steadfast in its efforts to achieve outcomes that support resilience-building objectives.
- Membership: The group acknowledges that membership is open to any stakeholder involved with and committed to, or responsible for advancing risk financing products, strategies or initiatives. A particular emphasis is placed on promoting and encouraging the participation of representatives from the governments of Forum member countries. A charter for the RFWG may be developed separately which will require members to endorse and sign in commitment to these values.

## 2. OUTPUT VALUES

- Accessibility: RFWG outputs will be widely shared and made available to member countries, allowing them the opportunity to adopt and adapt to their unique national contexts (in alignment with the core values of accountability and transparency).
- Ease of adoption/integration: In conjunction with accessibility, the RFWG will be cognisant of the members' different circumstances, capabilities and systems necessary for adopting certain initiatives. Adoption and integration of the RFWG's recommendations should not put additional burdens on national systems and resources.
- Sustainability: The RFWG will prioritise activities that support risk financing solutions that are viable in the long-term and contribute meaningfully to long term national resilience outcomes. The RFWG will also ensure it has a sustainable working model that ensures it can maintain momentum and offer support to member countries as required.

### **Tactical Actions**

Each strategy will be achieved through a series of Tactical Actions (TAs). The TAs listed are a starting point for the RFWG and a dynamic approach will be applied over time ensuring flexibility around priorities that may be established by the FEMM and/or separately identified by countries

### **SG1: Strengthening Regional Coordination of DRF**

- TA 1.1 Coordinating across regional Organisations and agencies working in the DRF space - At least one RFWG meeting held every two months
- TA 1.2 Conduct mapping of risk financing related projects and activities across the Pacific - Mapping exercise completed by December 2021
- TA 1.3 Engage with a wider audience in member countries including NGOs and CSOs - DRF networks inclusive of a wider cross section of interests established in all countries by June 2022

### **SG 2: Knowledge Brokering**

- TA 2.1 Share information both *intra* and *inter*-regionally – Information sharing facilitated through various media at regular intervals.
- TA 2.2 Provide an online platform/ repository of risk financing related products and information – Online platform for DRF established by December 2021
- TA 2.3 Facilitate intra-regional and inter-regional peer-to-peer exchange for member countries – Exchange program established and operational by March 2022.
- TA 2.4 Establish and coordinate a DRF learning series for a regional stakeholder audience – Learning series established by November 2021.

### **S3: Promoting Private Sector Engagement**

- TA 3.1 Support improved articulation and understanding of private sector needs and priorities in relation to risk financing – Engagement with private sector representatives across all countries completed by June 2022 and needs articulated in the context of national strategy development for each country
- TA 3.2 Provide information to private sector enterprises to enable increased access to existing risk financing products and accelerate the development of new types products for the benefit of the region – On going.  
TA3.3 Support the enabling environment of Public-Private-Partnerships (PPP), that support the region's risk financing objectives - On going

### **S4: Strengthening the Enabling Environment for Risk Financing at the National Level**

- TA 4.1 Support the roll out of risk finance-focused awareness programs in members countries – On going
- TA 4.2 Coordinate opportunities for DRF training programs for national stakeholders – On going
- TA 4.3 Engage with educational institutions interested to develop their capacity to support risk finance related objectives – Arrangements with educational institutions at regional/global level are in place by December 2022
- TA 4.4 Offer scholarships to support the development of future risk finance practitioners.
- TA 4.5 Support the development of national DRF strategies in member countries – Support to all countries in place by December 2022

## **Alignment and Relevance**

The RFWG will ensure its alignment and relevance to member objectives through ongoing efforts to assess needs and identify key gaps where value can be added. The RFWG will help to coordinate stakeholders and improve awareness of initiatives underway in the interest of reducing risk duplication and promoting efficiency and effectiveness. Through regular consultations with other Technical Working Groups under the PRP Framework and regular updates to the PRP Taskforce,

synergies and new opportunities to add value for Forum members, donors, and technical agencies will be identified.

## **Barriers to Success**

### **1. Leadership:**

The Working group needs to maintain a close working relationship with those in Leadership roles, whether that be with Member countries, CROP Agencies, Development partners or the PRP Taskforce. This will help to ensure buy-in by the Leaders as well as support the ongoing endorsement and support for the work being undertaken by the working group.

### **2. Communications:**

Pivotal to leadership buy-in and wider appreciation of the work of the working group, is the need ensure two-way communications between the members of the working group and stakeholders. Not only is there a need to share what the RFWG is doing, it is equally important to consider the evolving views and needs of the stakeholders.

### **3. Resources:**

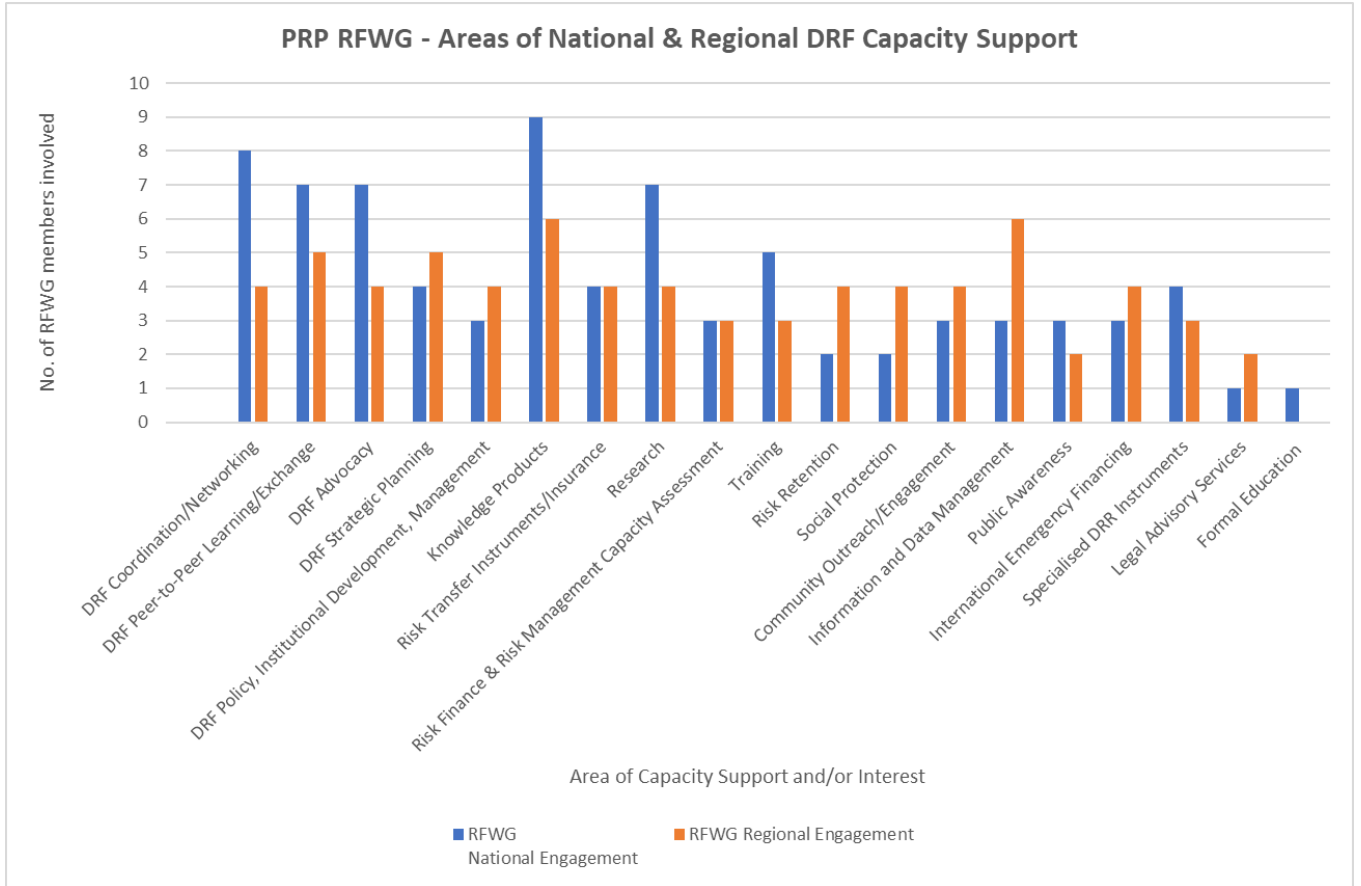
One of the issues with the PRP and its existing working groups as they stand is the lack of a dedicated funding mechanism to support the work of these bodies. Part of the core value-add of the TWG is the ability to help shape and influence resources that are dedicated to advancing risk financing priorities in the Pacific region.

## **Monitoring and Evaluation**

The outputs of the RFWG will be monitored and evaluated in line with the overall M&E Framework for the FRDP which is being developed separately.

**Annex B – DRF Capacity Building Support to Forum Island Countries through the RFWG Members**

**1. Overview of DRF Support to FICs by RFWG Members**



## 2. Initiatives of RFWG Members

This is a brief and non-comprehensive listing of some initiatives in support of FIC disaster risk financing priorities.

<b>RFWG Member</b>	<b>Initiative(s)</b>
<b>Asian Development Bank (ADB)</b>	<p><i>Contingent Disaster Financing Program</i></p> <ul style="list-style-type: none"> <li>Total of USD94m available to: Cook Islands, FSM, RMI, Kiribati, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu for post disaster response assistance</li> </ul> <p>Contact: Hannah Uusimaa (<a href="mailto:huusimaa@adb.org">huusimaa@adb.org</a>)</p>
<b>International Federation of Red Cross &amp; Red Crescent Societies (IFRC)</b>	<p><i>Products</i></p> <ul style="list-style-type: none"> <li>Examining feasibility of Forecast-based financing for the Pacific (delayed due to COVID-19)</li> <li>Disaster Relief Emergency Fund – provides relief funding to national Red Cross and Red Crescent societies to support their response efforts post disaster event</li> </ul> <p><i>Knowledge Products</i></p> <ul style="list-style-type: none"> <li>Forecast-based financing knowledge and information products available</li> </ul> <p><i>Research</i></p> <ul style="list-style-type: none"> <li>A scoping study on Early warning early action to be undertaken in 2021. ToR to be developed. Collaboration with Australian Red Cross</li> </ul> <p>Contact: Carla Taylor (<a href="mailto:carla.taylor@ifrc.org">carla.taylor@ifrc.org</a>)</p>
<b>Ministry of Economy, Fiji</b>	<p><i>Drua Incubator</i></p> <ul style="list-style-type: none"> <li>Drua Incubator (DI) is mandated to support the coordination and development of new sustainable financing instruments and products. The DI is a conduit for linking the private sector with donors, technical partners, and line ministries.</li> <li>A significant DI initiative is the development of a national DRF strategy</li> </ul> <p>Contact: Daniel Lund, Fiji MoE Special Adviser on Climate Change (<a href="mailto:invokeconsulting@gmail.com">invokeconsulting@gmail.com</a>)</p>
<b>Ministry of Finance, Samoa</b>	<p><i>National DRF Strategy</i></p> <ul style="list-style-type: none"> <li>Supported by the World Bank for national DRF strategy development</li> </ul> <p>Contact: Samuel Ieremia, Assistant CEO Economic Policy &amp; Planning (<a href="mailto:Samuel.Ieremia@mof.gov.ws">Samuel.Ieremia@mof.gov.ws</a>)</p>
<b>Ministry of Finance, Tonga</b>	<p><i>National DRF Strategy</i></p> <ul style="list-style-type: none"> <li>Supported by the World Bank for national DRF strategy development</li> </ul>

RFGWG Member	Initiative(s)
	<p><i>Structural Reform to Support DRF+</i></p> <ul style="list-style-type: none"> <li>• Collaboration with PIFS, UNDP and PCRIC on the establishment of the Resilient Development Financing Division in the Ministry of Finance in 2020. The new division is, amongst other issues, overseeing the development of the national DRF strategy and will support its implementation</li> </ul> <p>Contact: Saane Lolo, Deputy CEO, RDFD (<a href="mailto:slolo@finance.gov.to">slolo@finance.gov.to</a>)</p>
<p><b>Pacific Insurance and Climate Adaptation Programme (PICAP), UN Capital Development Fund (UNCDF)</b></p> <p>Objective to improve the financial preparedness and resilience of Pacific Islanders towards climate change and natural hazards through the development and implementation of market-based meso- and microinsurance schemes</p>	<p><i>Policy and Regulations</i></p> <ul style="list-style-type: none"> <li>• A DRF overview report</li> </ul> <p>Link  <a href="https://www.uncdf.org/article/6767/climate-and-disaster-risk-financing-instruments">https://www.uncdf.org/article/6767/climate-and-disaster-risk-financing-instruments</a></p> <ul style="list-style-type: none"> <li>• A regional regulatory framework for market-based Climate Disaster Risk Financing Insurance under development</li> </ul> <p><i>Digitally Enabled Inclusive Innovation</i></p> <ul style="list-style-type: none"> <li>• Parametric insurance products for meso and micro level customers under development. First product planned for launch in Fiji in July 2021, to be replicated later in other FICs in a phased manner. Pilot to cover farmers, fishers, MSMEs, market vendors etc. Digital tools like tablets to be used for client registration and onboarding under testing</li> <li>• Risk modelling for introducing a suite of parametric insurance products completed</li> </ul> <p><i>Empowered Customers</i></p> <ul style="list-style-type: none"> <li>• CDRFI literacy resources developed for capacity building of programme partners</li> <li>• Financial and insurance literacy material developed for improving awareness</li> </ul> <p><i>Research and South-South Cooperation</i></p> <ul style="list-style-type: none"> <li>• Publication on Impact of Natural Hazards on Vulnerable Populations in the Pacific</li> <li>• Climate Risk Insurance Research Cooperation MoU between UNCDF, UNU, USP and the University of the West Indies established for South-South Cooperation</li> </ul> <p>Links  <a href="https://www.uncdf.org/pacific-insurance-and-climate-adaptation-programme">https://www.uncdf.org/pacific-insurance-and-climate-adaptation-programme</a>  <a href="https://ehs.unu.edu/research/mcii-pacific-regional-climate-risk-adaptation-and-insurance-prcrai.html#outline">https://ehs.unu.edu/research/mcii-pacific-regional-climate-risk-adaptation-and-insurance-prcrai.html#outline</a></p> <p>Contact: Krishnan Narasimhan, Lead Specialist (Insurance and Climate Adaptation UNCDF) and Programme Manager, PICAP</p>



RFGW Member	Initiative(s)
<b>Pacific Catastrophe Risk Insurance Company (PCRIC)</b>	<p data-bbox="578 241 1024 275"><a href="mailto:krishnan.narasimhan@uncdf.org">krishnan.narasimhan@uncdf.org</a> )</p> <p data-bbox="578 279 829 312"><i>Regional Risk Pool</i></p> <ul data-bbox="630 317 1425 569" style="list-style-type: none"> <li data-bbox="630 317 1425 527">• Offers parametric insurance coverage for cyclones and earthquakes/tsunami to PCRIC member countries. Payouts are made within 10 days of an eligible event. Since the establishment of PCRIC in 2016 two payouts have been made to Tonga for USD3.5m (TC Gita, 2018) and USD4.5m (TC Harold, 2020)</li> <li data-bbox="630 531 1166 569">• Rainfall product is under development</li> </ul> <p data-bbox="578 611 1419 636">Contact: Aholotu Palu, PCRIC CEO (<a href="mailto:aholotupalu@yahoo.co.uk">aholotupalu@yahoo.co.uk</a> )</p>
<b>Pacific Community (SPC)</b>	<p data-bbox="578 644 797 678"><i>Risk Information</i></p> <ul data-bbox="630 682 1425 863" style="list-style-type: none"> <li data-bbox="630 682 1425 863">• Updating of risk profiles for all Pacific island countries through the World Bank-funded PCRAFI project. Updated exposure data will help to inform the regional risk pool through PCRIC and other applications for resilient development e.g. urban planning</li> </ul> <p data-bbox="578 905 1089 930">Contact: Litea Biukoto (<a href="mailto:liteab@spc.int">liteab@spc.int</a> )</p>
<b>Pacific Islands Forum Secretariat (PIFS)</b>	<p data-bbox="578 938 1008 972"><i>Secretariat Support to the RFGW</i></p> <ul data-bbox="630 976 1279 1010" style="list-style-type: none"> <li data-bbox="630 976 1279 1010">• Coordination of RFGW activities and meetings</li> </ul> <p data-bbox="578 1014 862 1047"><i>Knowledge Brokering</i></p> <ul data-bbox="630 1052 1425 1346" style="list-style-type: none"> <li data-bbox="630 1052 1425 1157">• DRF regional workshop for Ministries of Finance co-organised with the World Bank, Apia, Samoa, September 2017</li> <li data-bbox="630 1161 1425 1236">• DRF webinar co-organised with PCRIC and SPC, October 2020</li> <li data-bbox="630 1241 1425 1346">• Knowledge product: <i>An Overview of Climate and Disaster Risk Financing Options for Pacific Island Countries</i>, May 2021</li> </ul> <p data-bbox="675 1350 1393 1493"><a href="https://www.forumsec.org/wp-content/uploads/2021/06/An-Overview-of-Climate-and-Disaster-Risk-Financing-Options-for-Pacific-Island-Countries-PIFS-June-2021.pdf">https://www.forumsec.org/wp-content/uploads/2021/06/An-Overview-of-Climate-and-Disaster-Risk-Financing-Options-for-Pacific-Island-Countries-PIFS-June-2021.pdf</a></p> <p data-bbox="578 1497 1203 1530"><i>DRF/Risk Governance Technical Advice to FICs</i></p> <ul data-bbox="630 1535 1425 1745" style="list-style-type: none"> <li data-bbox="630 1535 1425 1745">• Ongoing collaboration with UNDP and PCRIC to support the strengthening of the Tonga Ministry of Finance in terms of: (1) Mainstreaming risk into planning and budgeting; (2) strengthening access to multilateral financing for climate change and disasters, and; (3) strengthening disaster risk finance capacity</li> </ul> <p data-bbox="578 1787 1295 1862">Contacts: Karlos Lee Moresi (<a href="mailto:karlosm@forumsec.org">karlosm@forumsec.org</a> ); Moseses Sikivou (<a href="mailto:moseses@forumsec.org">moseses@forumsec.org</a> )</p>

RFWG Member	Initiative(s)
<b>United Nations Office for Disaster Risk Reduction (UNDRR)</b>	<p><i>DRF Advocacy</i></p> <ul style="list-style-type: none"> <li>• UNDRR advocates for risk informed and sustainable financing and investments from public and private sectors supporting Disaster Risk Reduction/Climate Change Adaptation, in line with Sendai Framework for DRR priority 3 - "Investing in disaster risk reduction for resilience". Advocacy undertaken in global and regional fora (conferences, webinars etc.)</li> </ul> <p><i>Product Development</i></p> <ul style="list-style-type: none"> <li>• Currently examining the feasibility of formal involvement in developing ‘Anticipatory Financing’ options for Pacific island countries</li> </ul> <p><i>Knowledge Products</i></p> <ul style="list-style-type: none"> <li>• Produces regional/global level publications on DRF.</li> <li>• Potential to support the development of knowledge products aimed at Pacific island countries.</li> </ul> <p>Contact: David Baker (<a href="mailto:david.baker@un.org">david.baker@un.org</a>)</p>
<b>World Bank</b>	<p><i>National DRF Strategy Development</i></p> <ul style="list-style-type: none"> <li>• Supporting national DRF strategy development in Samoa and Tonga. Initial discussions underway on the formulation of a national DRF strategy for PNG</li> </ul> <p><i>Product Development</i></p> <ul style="list-style-type: none"> <li>• Fiji – development of property insurance for houses (currently on hold due to COVID-19)</li> </ul> <p><i>Knowledge Brokering</i></p> <ul style="list-style-type: none"> <li>• Collaborated with PIFS and other partners on regional Disaster Risk Finance Workshops in 2017 and 2018</li> </ul> <p>Contacts: Habiba Gitay (<a href="mailto:hgitay@worldbank.org">hgitay@worldbank.org</a>); Akosita Drova (<a href="mailto:adrova@worldbank.org">adrova@worldbank.org</a>)</p>

### 3. RFWG Membership as at June 2021

	<b>Organization</b>	<b>Representatives</b>
1	Ministry of Economy, Fiji	Daniel Lund
2	Ministry of Finance, Tonga	Saane Lolo
3	Ministry of Finance, Samoa	Leasiosiofaasisina Oscar Malielegaoi
		Litara Taulealo
		Samuel Ieremia
4	Pacific Insurance and Climate Adaptation Programme, UNCDF	Krishnan Narasimhan
		Praneel Pritesh
		Reginald Singh
5	International Federation of Red Cross and Red Crescent Societies	Carla Taylor
		Meiapo Fa'asau
6	Asian Development Bank	Hanna Uusimaa
7	World Bank	Habiba Gitay
		Akosita Drova
8	UN Food & Agriculture Organisation (FAO)	Bernard Cartella
9	United Nations Officer for Disaster Risk Reduction	David Baker
10	Australia Pacific Climate Partnership	Jeong Park
11	Pacific Catastrophe Risk Insurance Company	Aholotu Palu
		David Traill
		Richard Poulter
12	Fiji National Provident Fund	Asim Mohammed
		Anaseini Peckham
13	Oxfam Pacific	Jale Samuwai
14	Citywide Youth Network (PRP Youth WG)	Raniyah Muhammed
15	Pacific Community (SPC)	Litea Biukoto
		Eileen Turare
		Anaïs Rouveyrol
		Dirk Snyman
		Aude Chenet
16	Australian High Commission, Fiji	Melissa Tipping
17	Pacific Islands Forum Secretariat	Karlos Lee Moresi
		Ledua Vakaloloma
		Mosese Sikivou