



**PACIFIC ISLANDS FORUM SECRETARIAT**

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**FORUM ECONOMIC OFFICIALS MEETING**

8 August 2023

**FORUM ECONOMIC MINISTERS MEETING**

9 - 10 August 2023

**AGENDA ITEM 7b: REGIONAL DISASTER RISK FINANCE ROADMAP AND  
GUIDELINES FOR DEVELOPING NATIONAL DISASTER RISK FINANCING  
STRATEGIES**

**Purpose**

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This paper seeks the approval of Forum Economic Ministers for the Pacific Regional Disaster Risk Financing Roadmap and Guideline for Developing National Disaster Risk Financing (DRF) Strategies pursuant to the decision of the FEMM at its meeting held on 11 – 12 August 2022 in Port Vila, Vanuatu. The paper also provides an update of the activities of the Pacific Resilience Partnership's DRF Technical Working Group as first requested by the FEMM in 2021.

**Summary**

The 2050 Strategy for the Blue Pacific Continent identifies climate change and disasters as a key thematic area. The impacts of climate change and disasters and their threats to the future of the region's people and the statehood of many Pacific nations cannot be understated. It is important to implement agreed measures that proactively, collectively, and in a culturally appropriate manner, address climate change and current and future disaster impacts including extreme weather events, cyclones, drought, flooding and sea level rise and ocean acidification.

Pacific Island countries continue to suffer development setbacks due to disasters impacting the region. In March 2023, Vanuatu experienced a disaster caused by two consecutive Tropical Cyclones, Judy and Kevin. Based on initial estimates arising from a Post Disaster Needs Assessment exercise conducted in April and May 2023, the total damage and loss incurred is estimated at approximately USD400 million, of which damage accounts for 70% and the resultant economic loss at 30%.

The region is making good progress despite the ongoing setback caused by disasters. Different countries such as Samoa, Tonga and RMI for example, have been undertaking resilience building measures through, establishing multi-hazard early warning systems and strengthening coastal protection. At the regional level, the Inaugural Pacific Disaster Risk Reduction Ministers Meeting held in Fiji in September 2022, resulted in renewed commitments to resilience building across several areas including Disaster Risk Financing. Such progress and commitments complement and support the FEMM's decision in 2022 to develop a Pacific Regional Disaster Risk Financing Roadmap and Guideline for Developing National DRF Strategies.

Since the FEMM 2022, the DRF-TWG has:

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|------|--|
| i.   | organised and coordinated the development of the Pacific Regional DRF Roadmap and Guideline for Developing National DRF Strategies between December 2022 and June 2023;  |
| ii.  | progressed the Disaster Risk Finance Learning Series with a fifth Virtual Learning Episode on the synergies between DRF and Climate Risk Financing   |
| iii. | supported the Pacific Week of Anticipatory which <i>inter alia</i> discussed the importance of Anticipatory Action Financing as a key product for DRF in the Pacific;  |
| iv.  | conducted national DRF workshops in the Solomon Islands (8 – 9 March 2023), Kiribati (10 May 2023) and Vanuatu (17 May 2023) to strengthen awareness and understanding of DRF at the national level, advocate for the development of national DRF strategies, encourage the establishment of national DRF ‘communities of practice’, and support the development of the Roadmap and Guideline; |

## A. Problem/Opportunity Identification

On 1 March and 3 March 2023, Tropical Cyclone Judy and Kevin respectively made landfall in Vanuatu. Based on initial estimates arising from a Post Disaster Needs Assessment exercise conducted in April and May 2023, the total damage and economic loss incurred is estimated at approximately USD400 million, of which damage accounts for 70% and the resultant economic loss at 30%. The damage and loss arising from the impact of the two cyclones serves as yet another reminder about the vulnerability of Pacific Island countries (PICs) and how disasters continue to set back development progress.

2. All PICs, like Vanuatu, persevere in pursuing measures to address disaster risk (in relation to climate-related, geological and other hazards) and significant progress has been achieved over the years despite the perpetual challenge of preparing for, responding to and recovering from disasters. For example, countries such as Tonga and Samoa have developed impact-based forecasting tools for coastal inundation and flooding related to tropical cyclones to strengthen their multi-hazard early warning systems. The Republic of the Marshall Islands is investing in coastal protection. All countries continue to strengthen their efforts across the Disaster Risk Management (DRM) divide including efforts to risk-inform current and future development.

3. At the regional level, PICs have renewed commitments to strengthen all aspects of DRM including Disaster Risk Financing (DRF). In September 2022, the Pacific Community (SPC) and PIFS working closely with the Government of Fiji, organised and conducted the Inaugural Pacific Disaster Risk Reduction Ministers Meeting in Nadi, Fiji. At the meeting Ministers noted the progress of work being undertaken across the region in climate and disaster resilience building. They committed *inter alia* to strengthening action in several areas such as: risk-informing development practices; the wide implementation of people-centered end-to-end multi-hazard warning systems; the establishment of a regional Humanitarian and Disaster Response mechanism consistent with the decision of Forum Leaders under the Boe Declaration Action Plan 2019; preparedness measures such as stockpiling and pre-positioning of approved goods for effective emergency response, and; public finance management systems to enable access to and effective use of financing for disaster risk reduction, preparedness, response and recovery.

4. The progress being made in resilience building and the commitments by Pacific Ministers responsible for Disaster Risk Reduction demonstrates a consistency of effort across

different fronts and augurs well for DRF and other initiatives that Forum Economic Ministers have mandated.

## **B. Background**

5. At the meeting of Forum Economic Ministers held in Vanuatu in August, 2022, Ministers considered a paper on DRF [PIFS(22)FEMM.6b] and tasked the Forum Secretariat to coordinate with the DRF-TWG to develop a Pacific Regional DRF Roadmap (Roadmap) including a Guideline for formulating National DRF Strategies (Guideline), drawing on lessons learned from Samoa and Tonga<sup>1</sup>.

6. Pursuant to the decision, the Secretariat convened members of the DRF-TWG in the latter part of 2022. Financial and technical support for developing the Roadmap and Guideline was kindly provided collectively by the United Nations Office for Disaster Risk Reduction, (UNDRR), Australia Pacific Climate Partnership (APCP) funded by the Government of Australia through the Department of Foreign Affairs and Trade, United Nations Capital Development Fund (UNCDF) through the Pacific Insurance and Climate Adaptation Programme, (PICAP), Pacific Catastrophe Risk Insurance Company (PCRIC), World Bank (WB) and Forum Secretariat.

7. A concept note to guide the development of the Roadmap and Guideline was agreed by the DRF-TWG in December 2022 and consultants were engaged to undertake research, consultation and draft the documents. The final draft of the Roadmap and Guideline was completed in June 2023 and cleared by the DRF-TWG.

8. The process for developing the Roadmap and Guideline involved extensive literature research; an online stakeholder survey which garnered 48 responses from stakeholders around the region; more than 50 key informant interviews with individuals at national and regional level; national DRF workshops in 3 countries being Solomon Islands, Kiribati and Vanuatu, and; continuous consultation with members of the DRF-TWG..

## **C. Pacific Regional DRF Roadmap and Guideline for Developing National DRF Strategies**

9. The Roadmap and Guideline are contained in a 2-part document as per the link provided in Annex 1.

10. Part 1 contains high level strategic guidance to PICs in terms of priorities to undertake for DRF. There are five (5) strategic priorities which effectively form the ‘Roadmap’ as follows:

| <b>Priority</b> | <b>Emphasis</b>   |
|-----------------|---|
| 1               | Ensure an inclusive and collaborative approach to DRF, valuing the diversity of views and interests, and embracing those views to enhance DRF |
| 2               | Strengthen the understanding of disaster risk   |
| 3               | Strengthen the understanding of DRF   |
| 4               | Develop and strengthen the enabling environment for DRF   |
| 5               | Develop a strategic plan or policy at the national level to guide DRF   |

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<sup>1</sup> Tonga and Samoa were identified given their experience in developing national DRF strategies.

11. The sequential listing of the priorities does not necessarily mean that PICs must start their DRF efforts by attending first to Priority 1. Pacific Island countries are at different starting points for DRF, given progress they are already making respectively in DRM and overall resilience building.

12. For example, a given PIC may already have vibrant multistakeholder collaboration around climate and disaster resilience building at national and subnational levels. In this situation therefore, less attention may be required for Priority 1 and more on other priorities. Similarly, where there may already be a sound understanding of disaster risk amongst stakeholders, less attention may be needed for Priority 3 thus enabling PICs in this situation to pursue other more relevant priorities in the Roadmap.

13. The priorities respond to the main challenges<sup>2</sup> affecting the ability of PICs to effectively and sustainably strengthen DRF such as: the lack of leadership, human capacity and flexible and agile institutional arrangements to support DRF; the need to ensure greater awareness and understanding of disaster risk and DRF; the need for greater coherence between DRF and other forms of resilience financing such as Climate Financing; the need to embrace and acknowledge the diverse needs of different stakeholders and ensure that the needs of the most vulnerable are paramount when developing and implementing DRF instruments; the lack of financial resources to support DRF; the need to strengthen DRF coordination at all levels, and; the need for a more strategic approach to DRF at the national and subnational level in PICs.

14. Part 2 contains the Guideline for Developing National DRF Strategies. The Guideline provides a 6-step approach for developing a national DRF strategy and therefore directly and explicitly addresses Priority 5 under Part 1. The 6-step process includes:

| Step  | Emphasis  |
|---|---|
| 1. High-Level Advocacy                              | • Obtain political and high level stakeholder support   |
| 2. Organisation of the National DRF Steering Group  | • Establish a national committee to guide and support the development of the national DRF strategy  |
| 3. DRF Situation Analysis                           | • Develop the evidence basis and undertake analysis to help inform the identification of strategic priorities in the national DRF strategy              |
| 4. Drafting the National DRF Strategy               | • Using the results of the situation analysis and related steering group discussions, develop a draft national DRF strategy                             |
| 5. Validation of the National DRF Strategy          | • Validation of the draft DRF strategy to ensure consistency with, for example, the findings of the situation analysis and identification of priorities |
| 6. Government Approval of the National DRF Strategy | • Seek approval at Cabinet level to enable strategy implementation  |

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<sup>2</sup> Derived from the Roadmap consultation and research process.

15. The Roadmap and Guideline document also includes supporting background information and a glossary of key terms.

#### **D. Update of Work undertaken by the DRF-TWG**

16. Following the Forum Economic Ministers' endorsement of the DRF-TWG as an advisory body for DRF at their meeting in August 2021, the Secretariat was requested to provide annual updates of individual DRF-TWG member initiatives. These are listed at Annex 2.

17. From the FEMM in August 2022 to June 2023, DRF-TWG provided strategic support to member countries as follows:

- i. organised and coordinated the development of the Pacific Regional DRF Roadmap and Guideline for Developing National DRF Strategies between December 2022 and June 2023;
- ii. progressed the Disaster Risk Finance Learning Series with a fifth Virtual Learning Episode on the synergies between DRF and Climate Risk Financing on 7 February 2023. The DRF Learning Series was established by the DRF-TWG in 2022 to strengthen the awareness and understanding of DRF amongst a wide range of stakeholders across the region. Further Virtual Learning Episodes are to be conducted in the latter part of 2023;
- iii. supported the conduct of the Pacific Week of Anticipatory from 28 – 30 March 2023 which *inter alia* discussed the importance of Anticipatory Action Financing as a key product for DRF in the Pacific;
- iv. conducted national DRF workshops in the Solomon Islands (8 – 9 March 2023), Kiribati (10 May 2023) and Vanuatu (17 May 2023) to strengthen awareness and understanding of DRF at the national level, advocate for the development of national DRF strategies, encourage the establishment of national DRF 'communities of practice', and support the development of the Roadmap and Guideline. Additional workshops for other PICs are being considered and engagement with Ministries of Finance will be pursued following the 2023 FEMM.

18. A noteworthy outcome of the workshop for the Solomon Islands is that the Ministry of Finance formally joined the DRF-TWG in March 2023 taking the total membership by PICs to 8 countries. In addition, the workshop in the Solomon Islands generated further momentum towards the development of a national DRF strategy and in May 2023 the Ministry of Finance confirmed the approval by the World Bank to support the development of a national DRF strategy.

#### **E. Call to Action**

19. As earlier highlighted, disasters continue to take a toll on development in PICs. Although some significant progress has been made in strengthening climate and disaster resilience, further action is needed. Disaster risk financing is a critical aspect of DRM and resilience building and member countries need to pursue further efforts to strengthen financial protection against disasters.

20. The development of the Roadmap and Guideline has responded to the request by the FEMM in 2022. With these now in place, member countries now have strategic guidance to support the development of their respective national DRF strategies. As of June 2023, only Samoa and Tonga have developed national DRF strategies. Therefore, if the region is to improve its overall capacity to respond to and recover from disasters, including its capacity to risk-inform development in an ongoing way, the development and implementation of national DRF strategies should be a key priority for all PICs.

21. The DRF-TWG was established under the Pacific Resilience Partnership in 2019 to support the DRF capacity building needs of all PICs and as stated earlier, the 2021 FEMM recognised the DRF-TWG as an advisory group on DRF. The members of the DRF-TWG comprise 8 PICs (out of an overall total of 18 members). However, the challenge of strengthening financial protection against disasters requires a more concerted effort amongst all PICs and those currently not members of the DRF-TWG are encouraged to join and actively participate. The DRF-TWG will coordinate regional/international assistance to PICs for the development of national DRF strategies.

Pacific Islands Forum Secretariat  
30 June 2023

## **ANNEX 1**

### **Pacific Disaster Risk Finance (DRF) Roadmap & Guidelines for Developing National DRF Strategies**

*See Link below:*

[https://www.dropbox.com/scl/fi/csze6rk63exwoefx6uoby/Pacific-DRF-Roadmap\\_P1-P2\\_20230616.docx?dl=0&rlkey=jx7jmufwpwdjthgauvmvkkje0](https://www.dropbox.com/scl/fi/csze6rk63exwoefx6uoby/Pacific-DRF-Roadmap_P1-P2_20230616.docx?dl=0&rlkey=jx7jmufwpwdjthgauvmvkkje0)

## **ANNEX 2**

### **DRF – TWG Member Updates**

#### **Asian Development Bank (ADB)**

Through the Pacific Disaster Resilience Program ADB supports substantive legal, institutional and policy reforms in disaster risk management and emergency health preparedness. Upon completed policy actions participating countries are eligible for general budget support in case they declare a national state of emergency triggered by a natural hazard or public health emergency. Budget support is provided in the form of grants or loans depending upon ADB's country classification and can be rapidly disbursed during the initial phase of an emergency. Contingent Disaster Financing targets a medium level of risk and has become an important Disaster Risk Financing instrument in the Pacific. The program, after some initial piloting in 2016 and 2017 is now in its fourth phase with a fifth phase under programming. Between 2016 – 2023 it has provided contingent loans and grants totaling \$ 206 million to 10 out of 14 Pacific developing member countries of the ADB, of which so far \$132 million have been disbursed.

Technical Assistance (TA) associated with the program supports quantitative multi hazard climate and disaster risk assessments focused on urban settlements and key public investments in Tonga (2021), Cook Islands and Luganville (both underway). Assessment results inform the design of urban development strategies and action plans and the identification and review of adaptation options, including cost benefit analysis. The TA also provides support to analysis and the design of tools and planning instruments in relation to disaster preparedness. This includes the enhancement of public financial management in emergencies and support to national level emergency funds and instruments such as the review of Tonga's National Emergency Fund and assistance to drafting of operational guidelines.

#### **Department of Foreign Affairs and Trade, Government of Australia**

The Government of Australia continues to provide grants to support climate and disaster resilience capacity building in PICs through the Department of Foreign Affairs and Trade (DFAT). Support to PICs in DRF and related areas cover: Fiji, Kiribati, RMI, Samoa, Tonga, Tuvalu and Vanuatu with potential for support to PNG and the Solomon Islands. In addition, DFAT is providing support to Timor-Leste, a Pacific ACP State.

The total grant support to PICs and Timor-Leste is AUD2.62 million.

*Strengthening policy frameworks and capacities for disaster risk reduction and financing in select PICs (AUD720,000)*

A grant of AUD720,000 is to support the development and/or implementation of policies, procedures and legislation to: (i) strengthen disaster risk reduction; (ii) deepen financial protection; and, (iii) reduce the financial implications of disasters due to inadequate infrastructure quality. Grant activities are providing support to: (i) implementation of disaster risk financing and enhanced resilience in Samoa; (ii) Support development of Climate and Disaster Risk Financing Framework in select Pacific Island Countries: Fiji, Vanuatu, Republic of Marshall Islands, by developing technical and diagnostic report for climate and disaster risk financing framework, policy/strategy; and (iii) Knowledge and Outreach on Climate Resilience and Disaster Risk Financing to strengthen disaster risk financing, financial protection, and



resilient standards of public and community facilities in Fiji, Samoa and Vanuatu will benefit each country and can also benefit the PICs as a whole.

*Supporting Climate Adaptation and DRM Institutional and Regulatory Policy Reforms in select PICs (AUD750,000)*

A grant of AUD750,000 is being provided to support Climate Change Adaptation and DRM institutional and regulatory policy reforms working alongside the World Bank. Technical assistance (TA) will inform the design of the ongoing disaster risk financing activities, including Catastrophe Deferred Drawdown Options (Cat DDO) operations in PICs. The TA will cover countries where the World Bank has established a strong engagement in disaster risk management and climate change adaptation through DPOs with Cat DDO operations (e.g., Kiribati and Tuvalu) and expand to countries with potential future engagement (e.g., Solomon Islands, and PNG).

The grant will: (i) provide analytical and technical support to strengthening DRM policy frameworks for disaster preparedness and response to improve access to disaster risk financing (DRF) in select PICs. This will include development of technical and diagnostic reports on improving DRM systems, such as building code policy reforms and DRF strategies, in selected PICs to receive DRF support.; and (ii) selected PIC countries to increase preparedness of institutions involved in disaster recovery by improving access to disaster risk and climate financing mechanisms, identifying priority areas for strengthening resilient disaster response mechanisms in relevant PIC countries to ensure that capacity for disaster recovery exists. This will include targeted institutional capacity building activities to facilitate the implementation of strong DRF policies. This will be carried out through the development of a technical and diagnostic related to different disaster recovery policy and institutional frameworks, including decision-making process of different DRF instruments in 2-3 selected grant-supported countries, and a report on institutional capacity for disaster resilient and response Public Financial Management in at least 1 grant-supported country.

*Disaster Risk Quantification, Financing and Policy Reform for Resilience Building in Tonga (AUD550,000)*

The objective of the grant is to provide technical assistance to the Government of Tonga on risk quantification and financing needs, and policy reforms needed to finance resilience measures; and to provide advisory services on risk-informed asset management. Grant activities are contributing to conduct DRM and risk financing policy reforms at the national and island levels, specifically to assist with technical inputs on the National DRM Policy; support the design of indicators for monitoring of the DRM Act and DRM Policy Implementation; support the design of strengthening activities and reporting procedures for Island and Village Disaster Risk Management Committees; and provide technical advice on establishing stronger coordination mechanisms between DRM stakeholders and the Ministry of Finance. The grant is also to identify risk quantification and investment needs for resilience-building in one select outer island in Tonga (either Vava'u or 'Eua) through : (i) development of detailed multi-hazard risk information for the select outer island, (ii) prioritization of investment needs in line with the DRM Policy framework, and (iii) identification of risk financing strategies and funding mechanisms for investments in disaster risk reduction and climate resilience in outer islands.

*Support to Evidence-based Disaster and Climate Risk Management Financing in Timor-Leste*

(AUD600,000)

The objective of the grant is to enhance the Government of Timor-Leste (GoTL) capacities for disaster risk analysis to optimize the government's disaster and climate risk financing and prioritize investments in risk reduction, and post-disaster response and recovery. The technical assistance intends to support GoTL to develop the technical approaches and increase the efficiency of risk reduction investments and improve the country's financial protection through enhanced climate and disaster risk financing mechanisms.

Grant activities have contributed to the development of a Disaster Resilience and Responsive Public Financial Management (DRR-PFM) assessment to evaluate and propose reform areas to strengthen the capacity of Timor-Leste's PFM systems to prepare for, respond to, and recover from disasters. Also, data gathering exercise was conducted to identify information gaps and present preliminary findings to the Government of Timor-Leste (GoTL). The DRR-PFM assessment will cover opportunities for financial protection as well as: (i) legal and institutional foundations; (ii) budget appropriation arrangements; (iii) financial management controls; (iv) procurement arrangements; and (v) public investment and asset management. The final assessment and accompanying recommendations will be presented for Government validation in early/mid 2023. Additionally, an updated exposure assessment was conducted to improve GoTL's knowledge and data analytics capacity to better quantify risk, support adaptive social protection measures and develop financing strategies for scaling up investments in risk mitigation and preparedness. A national level building exposure model was presented in Timor-Leste during a 2-day workshop in October 2022. Key outcomes included an increased capacity of government officials to (i) better understand building stock distribution and associated vulnerabilities across the country; (ii) interpret the exposure model results; and (iii) understand the different applications of the exposure model. The team are currently developing a quantitative Country Disaster Risk Profile (CDRP) for key hazards and a risk-based inventory of public assets with a focus on critical buildings, both of which will be presented to Government by mid-2023.

### **Pacific Catastrophe Risk Insurance Company (PCRIC)**

The PCRIC has been making progress in the following areas:

#### *Product Diversification*

PCRIC is currently finalizing the development of two new products against excess rainfall and drought risks. Both products can be structured for any country in the Pacific region, with the drought product available before the commencement of the next cyclone season, and excess rainfall by the start of 2024.

#### *Premium Financing*

PCRIC has secured premium financing of €9m from the Government of Germany to assist PICs with payment of insurance premiums for policies issued by PCRIC over a period of 3 – 5 years. This funding was originally paid into the PCRAFI Multi-Donor Trust Fund (MDTF) administered by the World Bank and is due to be received by PCRIC in June/July 2023 via transfers through the Global Risk Financing Facility (GriF) MDTF and the Global Shield Window of the V20 Joint Multi-Donor Fund (JMDF). The financing will be allocated to

countries using a methodology developed by the InsuResilience Global Partnership following the Smart Premium Principles.

#### *Software Platform for Country Risk Profiles*

Over the course of 2022 PCRIC undertook a project with GNS/RiskScape to deliver updated risk profiles and exposure data for the region as well as a new software platform allowing an updated version of the AIR modelled loss to be viewed. The GNS/RiskScape Platform is available on the PCRIC website and allows public access to risk information across the whole region for purposes beyond the parametric insurance policies issued by PCRIC, and can assist countries in the development of national DRF strategies.

#### *Pacific Regional DRF Roadmap*

PCRIC contributed towards development of the Pacific Regional DRF Roadmap and Guideline for the Development of National DRF Strategies

#### *Increased membership of PCRIC - Fiji*

PCRIC has been collaborating closely with the Government of Fiji (GoF) given its commitment to PCRIC in 2022 for uptake of a tropical cyclone policy for the 2023/2024 season and the possibility of uptake of PCRIC's new excess rainfall insurance product once finalised.

#### *Drought coverage for RMI*

PCRIC is also closely working with the Republic of Marshall Islands given its commitment for the uptake of PCRIC's new drought product. PCRIC is also working with a State-Owned Enterprise (SOE) in PNG on the possibility of a new earthquake insurance policy.

#### *Continuation of PCRIC's DRF internship program with USP*

Discussions are currently taking place with the USP for the continuation of this program. Through this initiative, PCRIC has engaged a final year student from the 2022 internship program as its legal intern. This opportunity provided the student with valuable insights on regional and international legal issues regarding the development of PCRIC's regional DRF initiatives in future.

#### *Restructuring to Segregated Portfolio*

In its pursuit to deepen PCRIC's capacity to serve the disaster risk financing needs of Pacific countries across the region, PCRIC's governing legislation was revised to allow for establishment of a new segregated structure by the Cook Islands authorities. This allows PCRIC to provide a wider range of insurance programs to benefit to public policy objectives, including insurance protection for populations and infrastructure that are vulnerable to natural disasters. To this end, PCRIC has been approached by a number of donor partners to earnestly explore how its risk finance capacity can strengthen local insurance markets. PCRIC is prepositioning itself to help countries close the gap of unmet insurance needs, especially the domain which has not been met by private sector insurance players. Discussion with the ADB and other development finance institutions indicate that PCRIC can play a useful role in this space.

## **Pacific Islands Forum Secretariat (PIFS)**

The Pacific Islands Forum Secretariat continues to provide regional coordination of the activities of the DRF-TWG. Over the period since the 2022 FEMM, PIFS' major strategic focus has been supporting the development of the Roadmap and Guideline. In addition, in May 2023, the Secretariat established 2 new positions under the PIFS Resilience Team to support efforts on DRF and Climate Financing. The positions have been funded with the kind support of the UNDP Governance for Resilience Programme and the Department of Foreign Affairs and Trade, Government of Australia.

In providing regional coordination support the Forum Secretariat organized and facilitated DRF-TWG meetings in December 2022 and March 2023 primarily to provide ongoing guidance for the development of the Roadmap and Guideline.

In 2023, the Forum Secretariat is engaged in discussions with the World Bank to establish a program within PIFS to, amongst other activities, support continued DRF capacity building in the Pacific. In this connection, the World Bank will be funding DRF technical support to assist PIFS from 1 July 2023 – 30 June 2024.

## **UN Capital Development Fund - Pacific Insurance and Climate Adaptation Programme (UNCDF-PICAP)**

The Pacific Insurance and Climate Adaptation Programme is jointly administered by the UN Capital Development Fund (UNCDF) as the lead implementing agency, the United Nations Development Programme (UNDP) as the administrative agency and the UN University Institute for Environment and Human Security (UNU-EHS) as the technical partner.

The programme receives funding support from the Governments of New Zealand, Australia, India, and Luxembourg.

The overall objective of the programme is to ***improve the financial preparedness and resilience of Pacific households, communities, small businesses, organizations and governments against climate change and natural hazards.***

The programme aims to deploy climate disaster risk financing and insurance instruments like parametric insurance targeting the micro and meso level beneficiaries with specific focus on agriculture, fisheries, retail (MSME) and tourism sectors with cross-cutting focus on women, persons with disabilities, youth and migrants.

PICAP completed its two-year inception phase (2021-2022) successfully and is now in its expansion/scale phase 2023-2025.

The Programme adopts a market ecosystem development approach by bringing together relevant stakeholders from the public and private sectors, builds their technical capacity, provides de-risking capital to unlock their investments to deploy market-based last-mile digitally driven solutions.

The Pacific region's first ever market-based parametric microinsurance to cover perils such as cyclonic storms was developed and deployed by PICAP in partnership with local private sector

insurance companies in Fiji in August 2021. Since then, these products have also been introduced in Vanuatu and Tonga.

By the end of December 2022, a total of 2,799 households in the three countries (Fiji, Tonga and Vanuatu) have been covered by parametric microinsurance, this represents a total of 14,000 persons protected against extreme weather events such as cyclones and rainfall.

In Fiji, an additional 2,000 social welfare recipients have also been covered by a “macro to micro” parametric insurance scheme, specifically designed by PICAP for the Department of Social welfare, Ministry of women, children, and poverty alleviation.

As part of PICAP expansion, demand and supply side feasibility studies are underway in Samoa, Solomon Islands, Papua New Guinea and Kiribati and by end of 2023, a total of 7 countries in the Pacific will be covered by the programme with ambition to expand further in the coming years.

Following the heavy rainfall events in Fiji in the first quarter of 2023, parametric insurance triggers were met for excess rainfall, FijiCare the lead insurer with Sun Insurance as the co-insurer, paid out a total of 739 claims to beneficiaries, all directly into their bank accounts or mobile e-wallets within a few days of the events. 34% of these beneficiaries are women and nearly 28% are persons with disabilities.

In Vanuatu, following the back-to-back Category 4 cyclones, Kevin and Judy, in early March 2023, a total of 84 claim pay-outs have been made by the local insurer VanCare Insurance co.

The above parametric microinsurance claim pay-outs are testimony and demonstration of innovative approach designed by PICAP to leverage the potential of the private sector to offer risk transfer solutions aimed at providing immediate cash liquidity to the communities affected by extreme weather events.

The detailed results infographic on PICAP’s results for 2021 - 2022 can be downloaded [here](#).

**UN Food and Agriculture Organisation, UN Office for Disaster Risk Reduction, UN Capital Development Fund, World Food Programme and World Meteorological Organisation and International Federation of Red Cross and Red Crescent Societies**

On 28 – 30 March 2023, the above-mentioned organisations co-organised and facilitated a ‘Pacific Week of Anticipatory Action’ in Nadi, Fiji. Anticipatory Action Financing is categorized as a preparedness financing product under the types of DRF products available.

The Pacific Week of Anticipatory Action was held under the banner of the Pacific Resilience Partnership and brought together over 80 participants (49 male/ 33 female) across the region, representing 15 PICs and regional partners to discuss how to better prepare for and take action before disaster strikes. The week consisted of three separate but connected workshops: The Pacific Anticipatory Action Sensitization Workshop (28 – 29 March 2023); Law and Institutional Frameworks for Anticipatory Action in the Pacific, (30 March) and the Pacific CREWS Steering Committee (31 March 2023).

Country delegations consisting predominantly of National Disaster Management Offices, National Meteorological and Hydrological Services and National Red Cross Societies from the Pacific participated from the following countries: Cook Islands, Fiji, Kiribati, Republic of

Marshall Islands (RMI), Federated States of Micronesia (FSM), Nauru, Niue, Palau, Papua New Guinea, Solomon Islands, Samoa, Tonga, Tuvalu, Tokelau, and Vanuatu.

Over the course of the three days, participants discussed the key building blocks of anticipatory action, including risk information and early warning systems, planning inclusive and people centered anticipatory actions and pre-arranged financing in their country contexts, resulting in an articulation of country level vision and next steps to advance the anticipatory agenda at regional and national level.

### **The World Bank**

Over the past seven years, the World Bank funded Pacific Resilience Program (PREP) supported several PIC to improve their knowledge and understanding of the suite of disaster risk financing (DRF) instruments in the context of climate and disaster resilience. The Program also supported PIFS and SPC to facilitate knowledge sharing between countries and provide technical support to the participating countries on the national activities. PREP investment projects also contributed to accessing some of these instruments such as sovereign risk insurance and catastrophe deferred drawdown option (Cat-DDO) which have contributed to governments response in the aftermath of disasters and improved financial and social protection in select countries including Samoa, Tonga and Vanuatu. PREP also contributed to developing DRF policies or strategies in Samoa and Tonga with technical expertise from the World Bank which enabled the governments to incorporate disaster response and contingent financing in their budget documents and reporting.

The World Bank continues to build on PREP activities in Samoa, Tonga, PIFS and support the development and/or implementation of policies, procedures and legislation for deepening financial protection, thus reducing the financial impact of disasters in select countries. The World Bank have secured resources and have DRF technical experts available to continue work in collaboration with PIFS on the implementation of the Roadmap, provide a platform for countries to continue share knowledge and experiences on the their DRF Strategies, and to support Solomon Islands on the development of the their DRF Strategy.