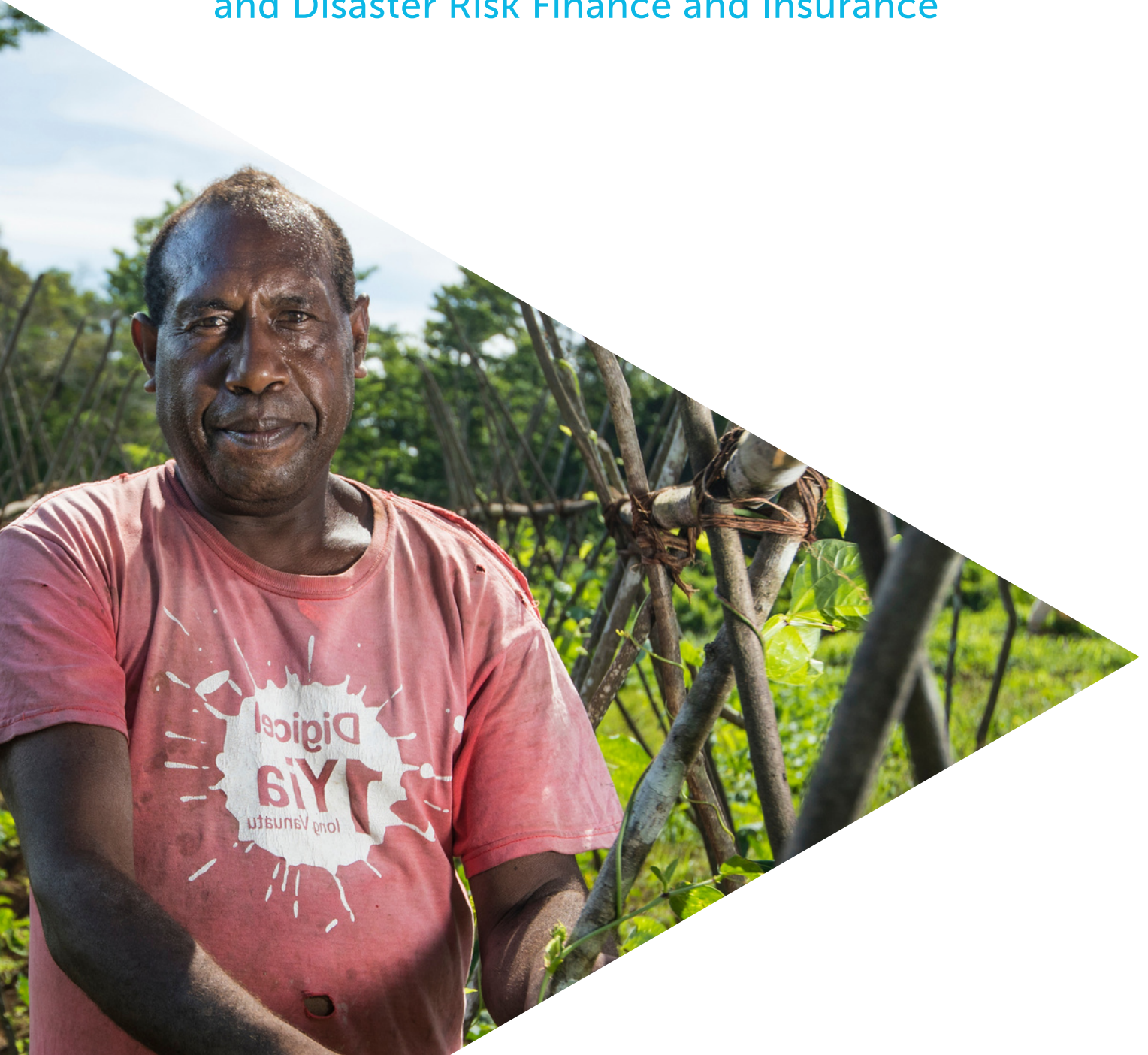




The Pacific Insurance and Climate Adaptation Programme

Building Resilience in the Pacific Through Climate and Disaster Risk Finance and Insurance



ABOUT PICAP

UNCDF, UNDP, and UNU-EHS are jointly implementing the Pacific Insurance and Climate Adaptation Programme (PICAP) that aims to develop, deploy, pilot, test, and scale market-based financial instruments, including parametric microinsurance. This new approach to offering insurance will provide Pacific Islanders with immediate cash relief after extreme weather events, thus improving the financial preparedness of Pacific households, communities, small businesses, organisations, and governments against climate change and natural hazards.

CHALLENGES FACED BY SMALL ISLAND DEVELOPING STATES:

Small Island Developing States (SIDS) are highly vulnerable to natural hazards like cyclones, floods, earthquakes, and droughts. Such events cause economic losses running into millions of dollars. As impacts of climate change intensify, the frequency and severity of natural disasters increase with it, worsening economic losses. With limited risk transfer options, many vulnerable groups in SIDS are pushed deeper into economic hardship and left with limited coping mechanisms or are dependent on external or government assistance. Processing these support payments can take weeks, making it even more challenging for affected populations to bounce back.

OUR SOLUTION:

To address the challenges, PICAP facilitated the launch of the Pacific's first parametric microinsurance product in Fiji in August 2021. A year later, the Programme launched a revised and improved product for Fiji. The current parametric insurance products are designed to facilitate payout within a few days of an extreme weather event, with little to no red tape. When a pre-determined wind speed or rainfall level is met, a payment is sent automatically to the policy holder's bank account, digital/mobile wallet, or by telegraphic money order (TMO) in approximately 7 to 10 days after the event. The insurance payments are made on pre-defined triggers and do not require assessment/verification of loss or damage to be processed.

The Programme has partnered with agri-agencies and cooperatives in Fiji to ensure wider coverage within underserved communities – also known as the 'last mile.' It has also pioneered the use of a host of digital solutions to increase access, effectiveness and last-mile reach. For instance, a digital client relations management (CRM) platform, iOnboard, uses cloud technology to connect members to their cooperatives. Similarly, mobile wallets allow clients to make or receive digital payments in a timely manner.

The Programme established an Inclusive Insurance Solutions Hub in 2022 to support the development of inclusive insurance markets in the Pacific region. The aim is to provide stakeholders in the region's growing insurance sector with a platform to discuss ecosystem development for multiple stakeholders to pitch ideas, experiment, learn and interact with others to bring them to fruition. The ultimate aim is to transform ideas into solutions that will strengthen Pacific Islanders' resilience against natural hazards. The Hub will leverage UNCDF's global platform, experience and reach in other markets for maximum impact.

HOW DOES THE INTERVENTION ADDRESS THE CHALLENGE:



AFFORDABILITY/REACH

The market-based parametric insurance scheme is financially affordable and available through convenient technology-based digital channels. Distribution is organised through groups such as cooperatives and agri-agencies.



FAST RECOVERY

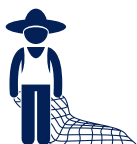
There will be no waiting for lengthy assessments post-disaster as pay-outs are linked to predefined triggers. Payments are quickly transferred digitally through mobile wallets and bank accounts.



RESILIENCE

By purchasing parametric insurance cover, the beneficiary will have financial protection against natural hazards.

TARGET SECTORS:



FISHERIES



AGRICULTURE



RETAIL



TOURISM

With a cross-cutting focus on women, youth, persons with disabilities and MSMEs.

WAY FORWARD:

Based on a joint research project completed with the University of the South Pacific's Pacific Centre for Environment and Sustainable Development, the Programme is gearing up to launch similar products in Tonga and Vanuatu later in 2022, thereby fulfilling its commitment to expand coverage to other Pacific SIDS in a phased manner based on lessons learnt in Fiji.

Insurance partners will soon be launching parametric microinsurance solutions for individual customers directly via digital channels, in addition to the present group aggregation model, ensuring availability of insurance coverage against extreme weather events to all Fijians.

MILESTONES & RESULTS

DISASTER RISK FINANCING (DRF) WORKSHOPS



Designed to create greater awareness and understanding on DRF. Collaboration with PIF

3 PICs benefitted: Solomon Islands | Vanuatu | Kiribati
92 beneficiaries across government, private sector and civil society

PARTNERSHIP WITH FIJI GOVERNMENT

- Ongoing engagement to integrate risk financing into national protection frameworks
- Established an agreement with Ministry of Trade, Cooperatives and MSMEs on MSME insurance. Studies currently underway in Fiji

DIGITAL PAYMENTS



FIJI
Payout via M Wallet: FJ 160,625
Payout via Bank Account: FJD 40,375
Total Digital Payouts: FJD 201,000

VANUATU
Payout via M Wallet: Nil
Payout via Bank Account: VT 620,000
Total Digital Payouts: VT 620,000

TRAINING OF REGULATORS



5 Pacific Island Countries (PICs) benefitted from Parametric Insurance Training. The training covered staff of Central Banks and government representatives

Fiji | Kiribati | Solomon Islands | Samoa | Vanuatu

DIGITAL ONBOARDING PLATFORM



iOnboard platform enable seamless onboarding to inclusive insurance solutions and to facilitate data collection and storage processes. Now available on playstore and apple store. Upgrades were made in Q1 to make platform more user friendly



ESTABLISHED INCLUSIVE INSURANCE SOLUTIONS HUB

with an Artificial Intelligence (AI) solution for loss and damage assessment in development stage

A2II-IAIS-UNCDF PUBLIC DIALOGUE

INDEX INSURANCE BEST PRACTICES

UNCDF and Access to Insurance Initiative (a2ii) jointly hosted a global public dialogue on index insurance best practices for regulators and practitioners on 1st March 2023



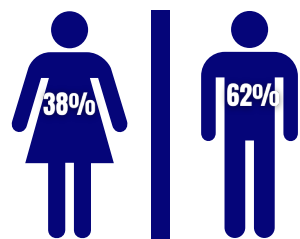
DRF ROADMAP & STRATEGY GUIDELINE

ENDORSED

UNCDF supported the drafting of both documents. These were endorsed at the 2023 Forum Economic Ministers Meeting in August



1,097 BENEFICIARIES RECEIVED PAYOUTS IN FIJI AND VANUATU



Fiji Payout Total Beneficiaries: 1,013
Fiji Total Payout Value: FJD 201,000



Vanuatu Payout Total Beneficiaries: 84
Vanuatu Total Payout Value: VT 2.8million

TOTAL NUMBER OF PEOPLE LIVING WITH DISABILITIES THAT RECEIVED A PAYOUT:

205 (102 WOMEN)



4 IMPROVED CDRFI PRODUCTS AND 1 AA PRODUCT



Combined windspeed & rainfall cover



AA product launched on 19th September in Fiji covering 3 communities and over 6,000 households



Tonga



High windspeed cover



Vanuatu



High windspeed cover



Samoa



High windspeed cover

20 ACTIVE PROJECTS

Ecosystem of 20 grant partners established to pilot and scale market-based parametric micro insurance in 5 countries: Fiji, Kiribati, Samoa, Tonga and Vanuatu

GENDER NEEDS ASSESMENT

Conducted in the Western and Northern Division of Fiji

108 Participants Interviewed



GENDER EQUALITY AND SOCIAL INCLUSION STRATEGY (GESI)

DEVELOPED & MAINSTREAMED

TESTIMONIES:

“

In the Western Division, we are badly affected by extreme weather events almost every year. Financially coping with the damage from floods and strong winds has become a significant challenge. We did not have any insurance cover to protect our investments against the damage caused by extreme weather. We are today extremely happy to sign up for the product. It is a ray of hope for farming communities throughout the country.



Salaseini Koroï
Sugarcane farmer/Policy holder
Lautoka, Fiji

“

Since the launch of the parametric microinsurance product in August 2021, Tailevu Dairy Farmers Cooperative Association Limited has embarked on an awareness and educational campaign about the product. It's important that we have this awareness on the parametric microinsurance product, not just financial literacy but the importance of preparing for disasters, and mitigating disaster risks



Talei Rokotuibau
Project Focal Lead
Tailevu Dairy Farmers Cooperative Association Limited

“

To support this groundbreaking initiative, VAT exemption will be provided to all climate and disaster risk micro-insurance products. By making these products more affordable, we extend them to low-income and vulnerable sectors previously beyond the reach of mainstream insurance.



Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Economy
Fijian Government

“

The development of microinsurance portfolio within the FijiCare group is directly attributed to the support we have received from the UNCDF Pacific Insurance and Climate Adaptation Programme- first with the bundled microinsurance and now the parametric insurance products. Our new business models, including the focus on digital, has been possible because of this partnership.



Avi Raju
Chairman and Executive Director
FijiCare Group

“

The expansion of our business portfolio to include parametric microinsurance would not have been possible without the support of the UNCDF Pacific Insurance and Climate Adaptation Programme. We now have the technical capacity and confidence to develop innovative products for the Fijian market.



Tarlochan Singh
Principal Officer
Sun Insurance

“

While we have a comprehensive cyclone insurance product in the market, the requirements are a barrier to most Fiji households. We are excited to be working with the UNCDF Pacific Insurance and Climate Adaptation Programme to develop a simple microinsurance cyclone product that will allow more households in Fiji to have some form of protection against the impact of extreme weather events.



Veilawa Rereiwasaliwa
Head of Pacific Digital Distribution
Tower Insurance

The Pacific Insurance and Climate Adaptation Programme is implemented by :



UNITED NATIONS
UNIVERSITY
UNU-EHS
Institute for Environment
and Human Security



About UNCDF:

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs). UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital financial inclusion in Africa, Asia and the Pacific. UNCDF leverages digital finance in support of the Sustainable Development Goals (SDGs) to achieve the vision of promoting digital economies that leave no one behind. The goal of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. To achieve this vision UNCDF uses a market development approach and continuously seeks to address underlying market dysfunctions that exclude people living in the last mile. <https://www.uncdf.org>

About UNU-EHS:

The United Nations University – Institute for Environment and Human Security is based in Bonn, Germany and conducts research on risks and adaptation related to environmental hazards and global change. The institute's research promotes policies and programmes to reduce these risks, while taking into account the interplay between environmental and societal factors. Research areas include climate change adaptation by incorporating insurance-related approaches, environmentally induced migration and social vulnerability, ecosystem-based solutions to adaptation and disaster risk reduction, and models and tools to analyse vulnerability and risks linked to natural hazards, with a focus on urban space and rural-urban interfaces. UNU-EHS also offers the joint Master of Science degree programme "Geography of Environmental Risks and Human Security" with the University of Bonn and hosts international PhD projects and courses on global issues of environmental risks and sustainable development. <http://ehs.unu.edu>

About UNDP:

UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. The UNDP Pacific Office in Fiji serves 14 countries and territories in the Pacific, as part of the 177-country office UNDP network, and offers global perspective and local insight to help empower lives and build resilient nations. www.pacific.undp.org

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