

Global Shield against Climate Risks

First workshop to mark the start of the Global Shield Process in Fiji

Suva, 5-6 August, 2024

Mana Coffee Events Space

1. Background

Launched at COP27 by the Vulnerable Twenty Group (V20) and the Group of Seven (G7), the Global Shield against Climate Risks aims to increase protection for climate vulnerable economies and communities by providing and facilitating substantially more and better pre-arranged finance against disasters and climate risks. Greater financial protection and faster and more reliable disaster preparedness and response will contribute to effectively addressing losses and damages exacerbated by climate change. The Global Shield promotes a demand-driven process, which is owned by the countries' governments. The initiative aims to provide timely financial support for vulnerable communities affected by climate-related disasters.

The Government of Fiji formally requested support from the Global Shield as part of the Pacific Islands Countries Regional approach, to strengthen locally owned risk insight and access to a choice of financial instruments that would provide rapid funds when disasters hit.

To identify gaps in financial protection and inform subsequent implementation efforts in the Pacific, the Global Shield deploys an inclusive process that entails national and regional dialogues, priority setting, evidence gathering, and multi-stakeholder consultations. The Government of Fiji through the Ministry of Finance together with the Global Shield Secretariat with the support from the World Food Programme (WFP) hosted the first national workshop as part of the Pacific Regional Process from 5-6 August 2024 in Suva, Fiji.

2. Objectives and Framing

The objective of the first workshop was to engage key actors in Fiji through a multi-stakeholder process, informing them about the Global Shield Initiative, its objectives, and the support available, and to discuss ways how to strengthen the financial resilience in Fiji. The workshop entailed a high-level launch of the Global Shield work in Fiji and deep-dive sessions to identify protection gaps and opportunities to establish more and better financial protection in the Fijian context.

The workshop had four (4) main objectives to frame key outputs:

- Initiate the Process of the Global Shield in Fiji;
- Engage with key stakeholders in Fiji and deepen their understanding of Climate and Disaster Risk Finance and Insurance (CDRFI) through a dedicated training session;
- Understand Fiji's strategies and priorities on CDRFI, coordination mechanisms and interlinkages between ongoing activities; and
- Identify gaps in existing CDRFI interventions.

The key proceedings are encapsulated as key messages and under three workshop outputs.

3. Key Messages

- It is imperative to address climate change and complement adaptation efforts by strengthening CDRFI. This will strengthen the local economy, build resilient communities, and safeguard sustainable development for vulnerable communities, ensuring a sustainable and livable future for Fijians.
- Climate risk insurance, at sovereign and household levels, needs to be scaled up.
- The Government of Fiji is committed to further strengthen its CDRFI mechanisms, drawing lessons from previous support received from the World Bank (Catastrophe Deferred Drawdown Option risks and Development Policy Operations), and from the Japan International Cooperation Agency (Stand-by Loan for Disaster Recovery and Rehabilitation).
- Recognizing country-specific vulnerabilities through risk assessments and risk profiling of regions and vulnerable communities are the cornerstones to improving the CDRFI ecosystem.
- Collaborating and coordinating with relevant agencies is crucial to assist the country in closing the financial protection gap and making infrastructure more resilient; accumulating more debt is not an option. Improved coordination between these various agencies is crucial in order to present a comprehensive approach to DRM, Climate adaptation, and CDRFI.
- Fiji needs prearranged solutions to financially protect its strategic assets and critical infrastructure, thus cost-effectively managing the risks of climate change. Adherence to building standard codes will further help in safeguarding the communities
- Provision of timely financial assistance when climate impacts materialize is essential (need to build contingency funds/resources).
- Gender equality, disability equity and social inclusion dimensions need to be incorporated in the analysis of protection gaps and the corresponding design of solutions.
- Strategic partnerships are vital to bridge the gaps between financial protection needs.
- There is a need to further build the legal and regulatory framework that supports CDRFI. The periodic review of the National Disaster Management Act and other related policies in Fiji is a move in this direction.
- Employing of digital mobile wallets for the effective disbursement during disasters can be highly beneficial. Technology also facilitates the provision of financial support with higher efficiency and a swift response to target beneficiaries' needs.
- Significantly, there was emphasis in the workshop on transitioning from a reactive approach to a proactive one. One of the most efficient methods to reduce the negative impact of disasters and reduce overall vulnerability is the enhancement of early warning systems and the development of anticipatory action plans.
- There is a need to reduce the risks of climate change impacts but it is equally important to create infrastructure that can withstand the impacts.

Output 1: Conceptualizing Fiji's current CDRFI landscape and climate risk profile

- **Output 1.1 Fiji's Risk Profile**

Fiji is ranked 15th among the countries with high disaster risk¹ and has been among the top 13 countries in the world most affected by a range of climatic hazards², including floods, tropical cyclones, rising sea levels, and coastal erosion. National annual air temperature has increased by 1 degree between 1959 et 2023; Sea level raised by 4-5 mm/year between 1992-2023.

The assessment of current and future climate for Fiji is based on historical information and modeled climate projections which factor in the trajectory of climate change. The country's climate projection indicates that; i.) annual and daily average temperatures are likely to increase; ii.) Rainfall and tropical cyclone events are likely to increase in intensity; and iii.) Sea level rise is expected to continue, increasing ocean acidification and coral bleaching risk. These climatic projections coupled with geological hazards such as earthquake, tsunami, landslide, and volcanic activity increase Fiji's risk exposure and vulnerability. Creating public knowledge; Ongoing education about cyclones helps ensure that the public remains informed about the latest risks, existing early warning systems, and best practices for cyclone preparedness.

- **Output 1.2 CDRFI Policy landscape**

The country's financing landscape for CDRFI is emerging despite the stresses of slow and ad-hoc financial assistance through loans and reallocations on unfavorable terms, including challenges on legislative and regulatory environment, gaps in risk data and modelling, and institutional capacity gaps related to addressing climate impacts and disaster risks.

Fiji is currently developing its National Disaster Risk Financing Policy with technical support from the World Bank. The Ministry of Finance highlighted six CDRFI Instruments that are currently being utilized to strengthen Fiji's resilience to climate risks. This includes sovereign insurance by the Pacific Catastrophe Risk Insurance Company (PCRIC), a World Bank Catastrophe Deferred Drawdown Option, Budget reallocation mechanisms, Bonds and Domestic Markets, Standby Loan(s) for the Disaster Recovery and Rehabilitation Facility, and the Pacific Insurance and Climate Adaptation Programme.

It was also noted that the National Disaster Management Act 1998, the National Disaster Risk Reduction Policy 2018-2030, and the National Climate Change Policy 2018-2030 will help frame and bolster the legislative and regulatory environment for CDRFI. In addition, the National Disaster Management Office identified the following key areas for strengthening the CDRFI landscape:

¹ <https://reliefweb.int/sites/reliefweb.int/files/resources/WorldRiskReport-2020.pdf>

² [Global Climate Risk Index 2020 | Germanwatch e.V.](#)

- Village-level disaster risk information system
- Anticipatory Action Framework, including strengthening early warning systems through a partnership with United Nations Office for Disaster Risk Reduction

A bill (National Disaster Risk Management Bill 2024) to revise the National Disaster Management Act 1998 is currently before Parliament. Once approved by Parliament of Fiji, the Act will repeal the Natural Disaster Management Act 1998 and provide for disaster risk governance, disaster risk reduction, disaster risk management and disaster management, among other things.

- **Output 1.3. Gender and Social inclusion dimensions for CDRFI**

The policies related to CDRFI recognize the impacts of climate change and disasters on vulnerable groups, i.e. low-income earners and otherwise disadvantaged and at-risk groups such as the disabled, women, children, youth, elderly, people living in poverty, people of diverse sexual orientation and gender identity and expression and sex characteristic, and the landless who are most severely affected due to pre-existing exclusion.

The National Gender Policy promotes increased regard for climate change impacts and disaster risks and the role of men and women at all levels³. However, it was mentioned by the Fiji Council of Social Services during the discussions that much of the work on CDRFI is run by various agencies within communities where little gender sensitization has taken place, and where awareness and understanding of gender dimensions is low.

It was further highlighted that Fiji has a Social Protection Strategy which reaffirms the Government's commitment in providing social assistance and strengthening resilience in all aspects of disaster management: preparation, response and recovery by strengthening resilience system to reduce impacts at the community, household and individual levels. This Social Protection Strategy emphasizes the importance of financial inclusion regardless of gender and social disparities.

Output 2: Gathering of relevant stakeholders for Fiji's Global Shield process to provide views and reflections on Fiji's financial protection needs

- **Output 2.1 Reflection from Partners working in Fiji**

Partners including PCRIC, WFP, World Bank, Pacific Islands Forum Secretariat, Global Risk Modelling Alliance (GRMA), United Nations Office of Disaster Risk Reduction (UNDRR), and United Nations Capital Development Fund (UNCDF) presented their work on CDRFI in Fiji.

PCRIC: presented their existing parametric insurance product for Tropical Cyclone and Rainfall in Fiji. PCRIC also highlighted that they have requested funding from the Global Shield Solutions

³ Fiji National Gender Policy

Platform (GSSP)⁴ to develop parametric insurance products for public entities managing critical infrastructure (e.g. water, electricity, telecommunications) and key economic sectors (e.g. sugar & rice industries, or tourism). Through this support, PCRIC hopes to work with these sectors to develop policies for issuance in 2025.

Pacific Islands Forum Secretariat: presented their existing disaster risk financing programme in the region that is focused on promoting resilient development. The emphasis was on regional and country-level approaches at the higher policy and governance level to capture the synergies across development, disaster risk management and resilient financing mechanisms.

WFP: shared their experiences on CDRFI through the existing partnership with PCRIC on sovereign insurance. The partnership forges a way to provide capacity building and strengthening the ‘money out’ aspect of the product, i.e. how insurance payouts are used and disbursed to support vulnerable communities affected by climate impacts. WFP also shared their experiences on an Adaptive Social Protection approach in Fiji, such as the post-disaster cash top-ups through the Ministry of Women, Children & Social Protection in 2016 and 2020, a parametric microinsurance pilot to social welfare recipients in 2022. WFP is keen to support an Anticipatory Action pilot for social welfare recipients and undertake training/capacity strengthening initiatives for the country.

GRMA: stressed the importance of calculating risk to inform investments in resilience—risk modeling is a pillar for the design and implementation of risk transfer and corresponding budgetary decisions by the government. Risk modelling is hence key to understanding physical and climate risk and to enable decision making. GRMA is thus a key partner of Global Shield.

UNDRR: presented their approach on using better data to address the increasing need for funding related to pre- and post-disaster events. It was highlighted that comprehensive sovereign disaster risk financing strategies can address risks in different layers in the most cost-effective manner. The presentation was based on a case study of UNDRR’s existing work in Fiji.

UNCDF: shared their experiences on developing micro- and meso-level parametric insurance solutions in the Pacific. This builds on technologies promoting digital access for financial services and other digital wallet products. A case study of parametric microinsurance payment via digital wallets and bank payments for rainfall recovery in Fiji was presented as an example.

- **Output 2.2. Global Shield Financing Vehicles**

The three financing vehicles of the Global Shield were presented: (i) GSSP, (ii) the Global Shield Financing Facility (GSFF) and (iii) the Climate Vulnerable Forum & Vulnerable Twenty Group Joint Multi Donor Fund (CVF-V20 JMDF). These vehicles will be deployed once the regional request for CDRFI support has been submitted, which will include the financial protection gaps and priorities identified in Fiji, considering the findings from this workshop. The financing vehicles

⁴ GSSP is one of the Financing Vehicles under the Global Shield. It is currently implementing a thematic window for Regional Risk Pools, through which the pools can request tailored support to improve operations, scale products, and expand coverage.

can channel funding either directly to governments or to implementing partners and private sector actors to deliver the support and solutions included in the request for support.

- **Output 2.3 Strategizing on key thematic areas for the Request for CDRFI Support**

Based on the outcomes of the workshop, and in a consultative approach, the Government of Fiji requested for a strong commitment and tangible outcomes from the Global Shield in the following areas:

- a. Assistance in Risk Assessment and Modelling at a regional and national level.
- b. Multi-year premium support (at least 3-5 years) to enable take-up of PCRIC's Tropical Cyclone and Excess rainfall product, starting with the 2023/2024 risk period.
- c. Financial support for market-based micro-level parametric insurance products, leveraging the existing work by PCRIC, UNCDF and PICAP.
- d. Support in setting up a contingency fund for disaster response and to provide immediate liquidity for Micro, Small and Medium Enterprises.
- e. Strengthen funding mechanisms to the "Climate relocation of communities' trust fund".
- f. Support a stronger engagement of communities in community-based CDRFI approaches.
- g. Capacity building and technical assistance to strengthen Fiji's long-term CDRFI capabilities.
- h. Gender-sensitive CDRFI.

4. Conclusion and Next Steps

Following this Workshop, the Global Shield Secretariat together with the Ministry of Finance will advance the discussion with the different stakeholders to:

- Finalize the stock take;
- Deliver a first draft of the gap analysis to identify protection gaps and provide a basis for priority needs to be included in the Request for Support; and
- Tailor financial support packages, technical and capacity building assistance according to Fiji's requirements to the Global Shield as per the Request for Support.