

ABBREVIATIONS

ACliFF	Asia Pacific Climate Finance Facility
A2ii	Access to Insurance Initiative
CCF	Consumer Council of Fiji
CCSLA	Cane Farmer's Co-operative Savings & Loans Association Ltd
CDRFI	Climate Disaster Risk Financing and Insurance
DRF	Disaster Risk Financing
DFAT	Australia Department of Foreign Affairs and Trade
DSW	Department of Social Welfare
FCML	Fiji Coconut Millers Pte Limited
FijiCare	FijiCare Insurance Limited
FMCAF	Financial Management Counselors Association of Fiji
FRL	Fiji Rice Pte Limited
IC	Investment Committee
ITGalax	ITGalax Solutions (Fiji) Pte Limited
KIIs	Key Information Interviews
KPI	Key Performance Indicator
MCII	Munich Climate Insurance Initiative
MSMEs	Micro, Small, and Medium-sized Enterprises
PICAP	Pacific Insurance and Climate Adaptation Programme
RBF	Reserve Bank of Fiji
RFA	Request for Applications
RFWG	Regional Risk Financing Working Group
SCGC	Sugar Cane Growers Council
SMEs	Small and Medium-sized Enterprises
SUN Insurance	SUN Insurance Company Limited
TDFCAL	Tailevu Dairy Farmers Cooperative Association Limited
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNU-EHS	United Nations University Institute for Environment and Human Security
VAT	Value Added Taxes
WFP	World Food Programme
WRMS	Weather Risk Management Services

EXECUTIVE SUMMARY

The Pacific Insurance and Climate Adaptation Programme, jointly implemented by the United Nations Capital Development Fund (UNCDF), the United Nations Institute for Environment and Human Security (UNU-EHS) and the United Nations Development Programme (UNDP) achieved significant results during its first inception year despite the disruptions and constraints brought about by the covid-19 pandemic.

Implementation in 2021 was largely focused on Fiji, with initial discussions held with local partners in Tonga and Vanuatu with a planned programme expansion to these countries in 2022.

The following is a summary of programme achievements throughout 2021.

- i. Development and pilot launch of Fiji's and the Pacific's first market based parametric microinsurance product for extreme weather events (heavy rain/high windspeed) in Q3 of the year. The online virtual launch event was viewed by over 140 participants globally and was attended by senior officials from regional governments, implementation partners, donors, and the media. Through the event, the Pacific's first digital onboarding platform, the iOnboard, was also launched. Since launch, the parametric microinsurance cover has been extended to over 1,300 individuals in Fiji, 32 % of the beneficiaries being women.
- ii. At the policy level, the Programme developed a Climate and Disaster Risk Financing and Insurance Regulatory Practice Guidelines for regional regulators and other stakeholders, to enhance the enabling regulatory environment for CDRFI products across the Pacific. This was done in partnership with the Access to Insurance Initiative.
- iii. The Programme also developed a Climate and Disaster Risk Financing Instrument overview to strengthen the knowledge, understanding and capacity of government officials and other stakeholders on available disaster risk financing instruments, their strengths and weaknesses, and their appropriateness for different levels of risk.
- iv. Development and finalization of the Gender Equality and Social Inclusion (GESI) strategy.
- v. Another milestone achievement for the Programme has been the provision of VAT exemption for the parametric microinsurance premium by the Fijian Government through the 2021/2022 National Budget (July 2021) – this was a direct response to the submission made by the Programme to the Ministry of Economy and this is the first time such a provision was allowed even before the product was launched by any country globally. Moreover, significant progress towards the development of a Disaster Risk Financing Strategy for Fiji was made in 2021 in partnership with the Fijian Ministry of Economy.
- vi. The Programme delivered targeted capacity building and literacy trainings to partners through virtual zoom sessions, in-person workshops, and through educational videos. In total, over 37 trainings and workshops were conducted, with over 200 participants across the regional central banks, project partners, aggregators, NGOs, and UN partners. Training and awareness themes included, programme awareness, product awareness, CDRFI and general financial and insurance literacy. Implementation partners, in turn, conducted awareness, financial and insurance literacy campaigns and workshops covering 7,444 beneficiaries in Fiji.

I. Purpose

The objective of the programme is to improve the financial preparedness of Pacific households, communities, small businesses, organizations and governments towards climate change and natural hazards through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals. The Programme specifically targets women, youth and MSME segments across a variety of sectors including agriculture, fisheries, retail and tourism.

The programme is aligned to overarching UN strategies and frameworks including the

- i. United Nations Pacific Strategy (UNPS) Outcome 1: By 2022, people and ecosystems in the Pacific are more resilient to the impacts of climate change. Climate variability, and disasters; and environmental protection are strengthened.
- ii. Sub-Regional Program Document (SRPD) 2018-2022: The programme contributes to SRPD Outcomes 1.2 – Effective risk-informed development plans, disaster preparedness and recovery mechanisms in place at the national sector and sub-national levels and SRPD Output 3.2 – Green/Blue economic policies in place to support private sector initiative that create sustainable and environmentally friendly jobs and entrepreneurial opportunities for women and youth.
- iii. UNCDF Strategic framework 2018-2021, specifically contributing to two outcomes; Outcome 1 “Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable populations” and Outcome 2 “Unlock public and private finance for the poor”, especially with regards to the ambition of making available appropriate and affordable inclusive insurance products widely accessible to Pacific islanders”.

II. Assessment of Programme Results

i) Narrative reporting on results:

Stakeholder Outcomes

Introduction of national policies and regional guidelines that supports climate disaster risk financing

The programme was able to achieve its 2021 target with two significant policy level interventions- creating an enabling environment to introduce climate insurance into the Fiji market. The first relates to the Reserve Bank of Fiji’s (RBF) approval to pilot the parametric insurance products under their FinTech Regulatory Sandbox, based on a submission by the Joint Programme. The approval by RBF for the products are the first solutions to be admitted to the experimentation stage of the sandbox, marking a key milestone in Fiji’s enabling environment for FinTech and InsurTech solutions. The second relates to the approval by the Fiji Government in response to the Programmes submission for seeking VAT exemption on climate and disaster risk parametric microinsurance products. The policy announcement was included in the 2021/2022 national budget address, making Fiji the first country globally to allow VAT exemption on parametric insurance premiums even before product launch.

The programme also worked with the Access to Insurance Initiative (a2ii) to develop CDRFI Regulatory Best Practice Guidelines for regulators and other stakeholders with the objective of improving the regulatory enabling environment for CDRFI products across the Pacific. Regional regulators were consulted and actively involved in the development of the guidelines, which will be published in 2022.

Scale up of CDRFI business models by programme partners

None of the programme partners scaled up their CDRFI business models as 2021 was a year dedicated to product and service testing and piloting. Being a new and first of its kind market based parametric microinsurance product, compounded by the pandemic-related logistical challenges, the Programme team and its partners focused on piloting the product through group aggregators such as cooperatives and associations. 1,388 beneficiaries have been onboarded, 32% of them women, covered by the parametric microinsurance. There is keen interest from partners including the primary underwriters to improve the product offerings and scale the solutions in the coming years. The Programme is planning to lay the foundations for scaling from 2022 onwards. Discussions have also been held with programme partners for extending the iOnboard digital platform, a solution developed by ITGalax, a local Fiji based FinTech provider, for insurance and aggregator partners to capture and store client details and to seamlessly enroll their members to parametric insurance products. The platform also functions as a digital record keeping tool for these institutions and is available for access through the internet. The platform has been a game-changer given that not many companies and organizations, specifically SMEs in the region, have access to affordable cloud-based solutions. Based on

qualitative interviews from partners, it is envisaged that the programme would fully meet its target of product scale up by 2022, with programme partners already expressing keen interest to scale up on the use of this digital onboarding / data management tool within their organizations as well as extend the microinsurance product to a wide range of beneficiaries.

Partners changing their organizational practices with PICAP support

The programme exceeded its target here with 10 partners changing their organizational practices as a result of the programme's support.

- 8 partners are fully engaged in conducting training and awareness to increase the knowledge of community members on the relevance and concept of insurance (including CDRFI instruments) as well as practices that can strengthen product take-up through the use and adoption of the iOnboard digital platform. These 8 partners are CCF, CCSLA, FCML, FMCAF, FRL, SCGC, TDFCAL and ITGalax.
- 2 primary underwriting partners, FijiCare and Sun Insurance, are for the first-time offering climate disaster risk insurance products in the Fiji market, a solution hitherto unavailable to customers. Both insurers have entered into a co-insurance agreement, facilitated by PICAP, and are jointly undertaking the risk, aggregator partner engagement, marketing, and outreach activities. Reinsurance capacity has also been facilitated by PICAP using its global networks.

Client Outcomes

The number of clients that registered for CDRFI products in 2021 is evident of the change in attitudes at the community levels towards climate disaster risks, insurance, and financial preparedness. This would not have been possible without the ongoing advocacy and communication efforts at the community levels by the programmes implementing and advocacy partners.

The number of clients of new or improved CDRFI products and services supported by PICAP

- **Registered Clients (access):** The programme achieved 93% of its set target enrolling a total of 1,388 clients onto CDRFI products, with more than 1,000 beneficiaries being rural dwellers and 900 plus beneficiaries from the agricultural sector. 32% of these registered clients were women.
- **Active Clients (usage):** The programme achieved its target with 1,248 of the 1,388 registered clients being issued with certificates of insurance. 32% of these active clients were women.

People reached through partner financial competency development activities.

The number of people reached through training, advocacy and awareness by programme partners was 298% more than set targets, reaching 7,444 individuals in the first year of implementation.

Sector Outcomes

Financial sector policies, regulations and standards introduced or improved that support expansion of inclusive insurance products and services

Annual targets were reached with the two national policies highlighted in the stakeholder outcomes impacting the financial sector largely with the introduction of the new parametric insurance into the insurance market and related insurance products receiving VAT exemption by the Fiji Government.

Inclusive insurance products and services in the market

The programme introduced 3 inclusive parametric microinsurance products into the market in 2021

- Stand-alone high windspeed cover
- Cyclonic storm cover (high windspeed combined with heavy rainfall)
- Social protection microinsurance cover

Product development differentiation was enabled through partnership with the Weather Risk Management Services (WRMS) based in India, responsible for the modelling of the first parametric insurance product in

Fiji. WRMS provided the technical assistance to develop the climate risk model, trigger levels, index insurance product and continues to provide ongoing support to local insurance companies and aggregators for capacity building as well as claims intimation. The programme also partnered with World Food Programme (WFP) and the Department of Social Welfare (DSW) under the Fiji Ministry of Women, Children and Poverty Alleviation (MWCPA) to develop the first-of-its-kind social protection climate risk insurance cover for welfare recipients in high-risk areas in Fiji. The product was launched on November the 11th, 2021 and is being piloted with 274 beneficiaries.

Outputs

Value of partner investments due to PICAP's support (USD)

The programme underachieved on this indicator in 2021 with the target being USD 1,250,000 and the value of partner investments tallying USD 835,275. The year had started off with the launch of the “Inclusive Innovations for market-based climate disaster risk financing and insurance” Request for Applications (RFA) under the UNCDF “Apply” Plug and play e-investment platform. The RFA requested private sector companies to submit proposals for offering digital payment solutions for the proposed parametric and other index-based inclusive insurance products in Fiji and Vanuatu. A total 19 applications qualified for the grant. However due to pandemic related interruptions, not all projects were started within the year and therefore projects with greater chances of implementation were prioritized; these included grant projects with the insurers, aggregator partners, InsurTech provider, digital payment providers and advocacy partners. In total, 12 grants projects were developed and approved in 2021, with a total value of US\$1,708,676, with partner contribution of US\$ 875,682 (51%). Project partners included: CCF, CCSLA, Digicel, FCML, FijiCare, FMCAF, RFL, ITGalax, SCGC, Sun Insurance, TDFCAL and Vodafone

Strengthening knowledge (and the application of it) on CDRFI and enabling digital products

The programme achieved 71% against this indicator. The initial intention was to improve the knowledge and skills of partners across all 4 workstreams to access and use CDRFI products and digitally-enabled tools. The cross section of partners includes policymakers and regulators, private sector partners and development partners. Community level changes in knowledge is the responsibility of the programme advocacy and awareness raising partners and evidence of this knowledge change at the community level is reflected in the confidence and willingness to register for the insurance products offered.

In 2021, the programme through qualitative interviews, collected feedback from agri-agencies aggregator and insurance partners on knowledge change and the application of it as a result of PICAP supported training.

Cane Farmers’ Cooperative Savings and Loans Association

“Before the partnership, I didn’t know what parametric insurance was. After participating in the PICAP-facilitated workshops, I now understand that fully, and I am able to disseminate that information when we go to the field for our awareness sessions.” **Losana, Project Manager, CCSLA.**

Tailevu Dairy Farmers Cooperatives Association Limited

“My knowledge of how it works increased. I guess, because it is new and it is, that combination of disaster, climatic change, disaster, and insurance. For me, previously, I would know disaster. I have a fair understanding of how insurance works. This time around, it's a merger of that. I’m finding it excellent and I'm enjoying it. To share the message, across, and by doing so, each time I, I'd call it, increasing with not so much knowledge, but that skill to transfer that message across”. **Talei Rokotuibau, General Manager.**

Fiji Rice Limited

“Through this parametric insurance training, microinsurance training, even for myself, the knowledge has increased more. It's just not about the microinsurance product, we were able to learn about budgeting, how

to budget, how to save for future and the like, daily lives interactions. So, through this product, through the trainings, we got to know a lot about our daily life interactions. This helped me in delivering this knowledge to my communities too. Like before, agriculture farmers, there was not many benefits for them in terms of insurance and they had bigger cover for life insurance, housing insurance, but not for this product. So now, through the knowledge we're gaining, like the farmers now are interested too. Because they know if they're producing their things, they have the security. So, if something happens, so they know that there's little security provided through the insurance. So, they're happier to do or plant more agricultural produce". **Jotishma Chand, Accountant.**

Fiji Coconut Millers Limited

"We were all knowing about the basic insurance. We have business insurance or medical insurance and all, but it was quite knowledge broadening for us to know about crop insurance, parametric insurance, in terms of wind, strong wind and during the rain, the kind of damages that it can compensate. We attended a few of the virtual online workshops and face to face workshop that was organized at the GPH earlier this month, we had a whole day session there. Through the knowledge that we have gained, we can share that information in terms of financial literacy and parametric insurance with our farmers. **John Deo, General Manager.**

Sun Insurance

"We have incorporated the learnings from the PICAP workshops into the development of our strategic five-year plan where we've included a similar sort of product into our domestic homeowners policy, which is the natural disaster resilience cover. Trigger points are quite similar to this as well where pay-outs are given if there is a cyclone passing through 25 kilometres of your house". **Avikash Ram, Manager Underwriting.**

Number of partners showing increased commitment in improving their business models

The programme exceeded its target with all programme partners displaying commitment to increase capacity to develop and offer CDRFI business models.

- Partners changing their product offerings – Sun Insurance and FijiCare
- Partners changing their service offerings – Vodafone, Digicel, ITGalax, FMCAF
- Partners changing their business operations – All programme supported agri-agencies (aggregator and distribution partners) and MSMEs

Change in business operations includes the integration of CDRFI literary and advocacy programmes into business plans; the registration and sign up of agri-agencies as aggregators for the parametric microinsurance product; the willingness and commitment of agri-agencies to support their member's onboarding as well to support their payment of first year premiums by offering smart subsidies; and finally the adoption of iOnboard as the digital onboarding tool and to support their digital transformation efforts.

Products and services piloted with UNCDF support.

The programme achieved its 2021 target piloting 4 products consisting of both CDRFI and digital products

- CRDFI Products: High windspeed cover + cyclonic storm cover + social protection insurance cover
- Digital Products: iOnboard

Qualitative assessment

2021 was a year of both challenges and opportunities for the Programme. Through the concerted efforts of the programme team, the support from the Government of Fiji and the Reserve Bank of Fiji, and the implementation commitment from all programme partners (technical and implementing), the programme was able to successfully deliver on its 2021 targets with an overall average KPI achievements rate of 108% and workplan implementation rate of 91%, this is based on the joint programme results measurement framework linked to the annual work plan for 2021.

At programme level, the total amount of resources mobilized by December 2021 stood at 7.1million with UNCDF investments at 100K, UNDP investments at 200K and the rest being external donor funds mobilized as well as Fiji Government cost-sharing to the tune of US\$334,000. At the project level, grants projects were developed and approved in 2021, with a total value of US\$1,711,057, with partner contribution of US\$ 875,782 (**51%**).

The introduction of climate disaster risk financing and insurance (CRDFI) instruments into the Fiji market required a considerable amount of knowledge, a revised regulatory approach, extensive market research and new product development. In 2021, UNCDF worked with the United Nations University Institute for Environment and Human Security (UNU-EHS), the University of the South Pacific and the University of West Indies to create a research cooperation arrangement focusing on vulnerability and CDRFI solutions for Small Island Developing States (SIDS). This cooperation will produce high quality, peer reviewed research as well as more action-oriented policy briefs and reports which will support CRDFI product iteration in Fiji first, then to other pacific countries, and other markets. The Programme also brought these experiences and lessons to the regional and international community through hosting and participating at side events at EU Pavilion and Resilience Hub at the Conference of Parties(COP 26) in November 2021 as well as through several publications and web articles.

Overall, the joint UNCDF, UNDP, UNU programme has enabled all parties to leverage their strengths, networks and expertise, materializing results, and together with the partnerships with the private and public sector stakeholders established, a robust contribution to advancing SDG 17- Partnerships for Goals.

ii) Indicator Based Performance Assessment:

	<u>Achieved Indicator Targets</u>	Reasons for Variance with Planned Target (if any)	Source of Verification
Indicator 1 – Activity Level Indicator: Number of stakeholders supported by PICAP Baseline: NIL Planned Target: 10	12	Target achieved and exceeded	Partner Agreements PICAP Annual Report
Indicator 2 – Activity Level Indicator: Number of people taking part in capacity building activities Baseline: NIL Planned Target: 125	211	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report
Indicator 3 – Activity Level Indicator: Number of capacity building activities. Baseline: NIL Planned Target: 25	37	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report
Indicator 4 – Activity Level Indicator: Value of PICAP investments (USD). Baseline: NIL Planned Target: 1,250,000	1,708,676	Target achieved and exceeded 835,275 – Grant Value 873,401 – TA value	Partner and TA Agreements PICAP Annual Report
Indicator 5 – Output Level Indicator: Value of partner investments due to PICAPs support (USD) Baseline: NIL Planned Target: 1,250,000	875,682	19 applications qualified for the grant. However due to pandemic related interruptions, not all projects started within the year and projects with greater chances of implementation were prioritized.	Partner Agreements PICAP Annual Report
Indicator 6 - Output Indicator: Number of participants indicating that they have applied the knowledge gained in the PICAP delivered capacity building activity 6-12 months following date of the activity. Baseline: NIL Planned Target: 7	5	Monitoring visits and field missions were only made possible towards the end of 2021 with the relaxation of travel restrictions. Therefore, a minimum number of partner interviews were conducted and consequently impact stories / quotes collected	Interview Transcripts PICAP Annual Report
Indicator 7 - Output Indicator: Number of partners showing increased commitment in improving their business models Baseline: NIL Planned Target: 3	12	Target achieved and exceeded	Interview Transcripts PICAP Annual Report
Indicator 8 - Output Indicator: Number of products and services piloted with UNCDF support Baseline: NIL	4	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Planned Target: 3			
Indicator 9 – Stakeholder Outcomes Indicator: Number of national or regional strategies and policy measures introduced or implemented on CDRFI Baseline: NIL Planned Target: 1	2	Target achieved and exceeded	PICAP Annual Report Media Links
Indicator 10 – Stakeholder Outcomes Indicator: Number of new or improved CDRFI business models scaled by PICAP-supported partner Baseline: NIL Planned Target: 1	0	None of the programme partners scaled up their CDRFI business models as 2021 was a year dedicated to product and service testing and piloting.	Partner Quarterly Reports PICAP Annual Report
Indicator 11 – Stakeholder Outcomes Indicator: Number of partners that have changed their organizational practices with PICAP support Baseline: NIL Planned Target: 5	10	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report
Indicator 12 – Client Outcomes Indicator: Number of registered clients of new or improved CDRFI products and services supported by PICAP (access) Baseline: NIL Planned Target: 1,500	1,388	Covid-19 pandemic impacts on partner sign up, implementation and field outreach. Over 90% target achieved despite challenges	<ul style="list-style-type: none"> • Beneficiary data collection tool • iOnboard • PICAP Annual Report
Indicator 13 – Client Outcomes Indicator: Number of active clients of new or improved CDRFI products and services supported by PICAP (usage) Baseline: NIL Planned Target: 1,000	1,248	Target achieved and exceeded	<ul style="list-style-type: none"> • Beneficiary data collection tool • iOnboard • PICAP Annual Report
Indicator 14 – Client Outcomes Indicator: Number of people reached through partner financial competency development activities Baseline: NIL Planned Target: 2,500	7,444	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Indicator 15 – Client Outcomes Indicator: Number of financial sector policies, regulations and standards introduced or improved that support expansion of inclusive insurance products and services Baseline: NIL Planned Target: 1	2	Target achieved and exceeded	PICAP Annual Report Media Links
Indicator 16 – Client Outcomes Indicator: Number of different inclusive insurance products and services in the market. Baseline: NIL Planned Target: 1	3	Target achieved and exceeded	Partner Quarterly Reports PICAP Annual Report
Indicator 17 – Client Outcomes Indicator: The extent that market actors crowd-in and respond to inclusive insurance and digital business model innovation with new or improved practices, products, services, and policies Baseline: NIL Planned Target: TBD	0		
Indicator 18 – Client Outcomes Indicator: Percentage of individuals and MSMEs that have used one or a range of digitally enabled inclusive insurance products and services Baseline: NIL Planned Target: TBD	0		
Indicator 19 – Client Outcomes Indicator: Percentage of customers that perceive that new products and practices will help them in recovering quicker after extreme events. Baseline: NIL Planned Target: TBD	0		

i) Evaluation, Best Practices and Lessons Learned

Research and Studies

In quarter 4 2021, the programme conducted Key Information Interviews (KIIs) initiated with support from UNU-EHS/MCII. The KIIs captured inputs from the communities (including farmers and welfare recipients), and key stakeholders such as World Food Programme, DFAT, National Disaster Management Office and Department of Social Welfare. Findings from this exercise will feed into the main research marked for Q1 2022 which will focus on market needs and gaps etc. and support the Programme in the development of the next iteration of products.

During Q4 2021, demand survey research (DSR) was conducted for Tonga. To fit the context of Tonga, two sets of questionnaires were designed (for farmers and MSMEs). The Programme recruited a local consultant to conduct the survey in Tongatapu, Vava'u and Ha'apai. Findings of the research will be published in Q1 2022.

Key studies published in 2021:

The PICAP research team conducted a series of demand studies in Fiji and Vanuatu which got published in 2021. In Fiji, the study covered sugarcane, rice, copra, cash crops farmers in various in the western and northern division whereas the Vanuatu study gives an overview of farmers, fishermen, and MSMEs affected in the agricultural and service industry sectors which are important to the economy of Vanuatu.

These studies were conducted to aid the development of the Parametric Microinsurance product that was launched in Fiji. Likewise, the demand study report for Vanuatu will help in the development of CDRFI products in the country for the year 2022.

The reports can be accessed through the link: <https://www.unCDF.org/article/6817/demand-study-report-cdrfi-pacific>

Evaluation

An end of inception phase evaluation is earmarked to start towards the end of 2022 and most likely be completed early 2023.

Programming Challenges

Despite reasonably high KPI and programme implementation achievements, the programme still experienced a significant under-delivery in the Policy and Regulation Workstream with financial utilization sitting at only 24%. This was mainly attributed to the postponement of the DRF strategy work with the Government of Fiji to 2022. The delay in the finalization of the National Financial Inclusion Strategy by the Reserve Bank of Fiji also resulted in the push back of some activities to 2022. The programme intends providing direct grant support to RBF for implementing the new strategy (2022-2030). Under the Inclusive Innovation (54% delivery rate), the planned project with Tower Insurance will now start in quarter 1 of 2022 as per the decision of the Tower executive management, and therefore the underspend in 2021 will be rolled over through a grant project that was approved in November 2021 and scheduled to commence in early 2022. The expenditures under the other workstreams are as planned and anticipated and in line with the programme delivery.

Programme Risks

Key: L- Low | M-Medium | H-High

No	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
1	Covid-19 pandemic resulting in	M	H	The second wave of the pandemic in Fiji is seemingly at its end. The vaccination rates in Fiji are impressive with nearly 95% of the adult population fully vaccinated at the end of 2021, the curfew

No	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
	lockdown, economic downturn, work disruptions, travel restrictions etc.			hours removed, and local travel restrictions fully eased. The period from April until Sept 2021 did see disruptions to programme activities, especially those field related. However, shifting to virtual modes, most of the activities were continued and these procedures are in place for any future eventuality. The Programme team as well as partners fully adhere to Government protocols. Vanuatu and Tonga have gone into a lockdown recently and this may affect our programming in those countries in 2022, the situation will be closely monitored for appropriate action.
2	Other parametric insurance or CDRFI initiatives	M	M	At present, the products being developed by PICAP are the only market-based disaster risk financing and insurance solutions and has received full support of the Fijian Government. There are no other climate disaster risk insurance products offered at the micro and meso levels by any other agency.
3	Implementation Support from Pacific governments is delayed	L	L	Government of Fiji is an implementing partner and fully supports PICAP as evidenced by the participation of the Minister for Economy at the launch of the product, besides the VAT exemption. The Pacific Island Forum Secretariat (PIFS) is also part of the Investment Committee and through the Risk Finance Working Group (RFWG), other member countries are regularly updated, and their support is solicited. The programme will continue to engage other Governments to get their support.
4	Limited technical knowledge and capacity of regulators/governments on parametric insurance and other CDRFI tools	M	L	Reserve Bank of Fiji has already provided approval to the product that is now available in Fiji. The Programme has been regularly engaging regional regulators and in a consultative manner, developed a regional regulatory practice guideline for their use. Programme will continue to conduct targeted workshops for regulators and Government officials.
5	Limited private sector support or buy-in for implementation partnerships	L	L	Two local private sector insurers- FijiCare and Sun Insurance- are already partners in the implementation. Tower Insurance, a large insurance company with presence in 8 Pacific countries has agreed to join the implementation, a grant project with Tower has been finalized during Q4 2021, activities set to commence in early 2022. UNCDF tools and instruments will be deployed to ensure private sector support.
6	Low levels of insurance awareness	H	M	The financial services demand side surveys of 2015 and 2020 provide evidence that low levels of insurance awareness as one of the reasons for low insurance penetration in the region. The Programme has developed a comprehensive CDRFI literacy and training manual and other awareness material like informative videos to increase awareness. Investments in consumer empowerment through improved financial capacities will continue to be made throughout the programming.
7	Poor market response to parametric insurance and	M	M	Globally parametric insurance has either been government or donor driven or supported. Developing/deploying market-based solutions is bound to be challenging, however, it is proposed to address this challenge through a combination of community engagement, co-creation of solutions for acceptance and sustainability, persistent

No	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
	other CDRF instruments			awareness campaigns, innovative financing options, use of digital linkages for cost efficiency as well as concentration on meso level players for market outreach. The pilot results and follow-on research into consumer behaviours will also address this issue.
8	Sustainability of market interventions and projects	H	M	The inception phase of the Programme will establish proof of concept regarding the sustainability of the pilot solutions and pave way for potential replication and scale up. Programme has also piloted a ‘macro to micro’ scheme to cover social welfare recipients in Fiji in partnership with World Food Programme and the Department of Social Welfare/Ministry of Women, Children and Poverty Alleviation. This pilot is likely to lead to further support for expansion through budgetary or donor premium funding support that will facilitate scale and ensure sustainability.
9	Technical capacity and implementation experience of the Programme team	L	L	UNCDF has technical capacities in the areas of financial inclusion, financial literacy, digital finance and microinsurance. Besides UNU-EHS (MCII) provides technical support in all areas related to weather index solutions. Programme has access to other technical resources through contractors and the Technical Advisory Committee also provides support and guidance. The Learning and Development agenda of the Programme also envisages continuous capacity building for staff and in turn partners.

Lessons Learned

The programme is continuously making efforts to systematically integrate the ‘learning agenda’ into all UN facilitated / supported programme activities. The lessons learned from 2021 is captured in the table below.

<p>Enabling Policy and Regulation Workstream</p> <ul style="list-style-type: none"> • With the Fijian Government accepting UNCDF’s application for VAT exemption on premiums for CDRFI products, the Programme learned that there is strong interest and commitment by the Fiji Government towards building resilience of their people through the use of market based CDRFI instruments. • The RBF approved the Programme’s FinTech regulatory sandbox application, making the products developed by the Programme the first solutions to be piloted under the sandbox. This indicates that the Fijian Government and the Reserve Bank of Fiji is committed to enhancing the regulatory environment to spur the innovation of fintech and insurtech solutions in the country. • Following the CDRFI Regulatory Practice Guidelines workshop conducted together with a2ii, the Programme has been approached by several regulators expressing their interest in CDRFI products and associated regulations. There is strong demand and great appetite among Pacific regulators to expand their regulatory frameworks to include parametric and microinsurance products. <p>Open Digital Payment Ecosystem</p> <ul style="list-style-type: none"> • Feedback from aggregator partners suggests that many of their members are asking to pay the insurance premiums via their mobile money wallet. Based on this feedback, the Programme has learned that there is a strong demand for the mobile wallet payment channels and that the target populations seem to have gained trust in digital payment solutions during the Covid-19 pandemic.

Inclusive Innovation

- Feedback from the Programme's aggregator partners suggests that there is widespread positive response and acceptance of the parametric insurance products in the communities and that there is a great demand for additional product varieties. A standalone cover against heavy rainfall is particularly sought after.
- The Programme team has observed a strong interest in the products with people that are not members of the respective aggregator partners. The iOnboard will allow for individual sign ups.
- The aggregator partners of the Programme indicate that the iOnboard platform has revolutionized their data capturing and management by digitizing these processes. Based on qualitative interviews, the Programme has learned that the iOnboard platform has a great potential to scale up its use particularly amongst the agri-agencies.

Empowered Customers

- Based on partner feedback, the use of community leaders has been an effective approach in advocating for climate insurance. As such, the Programme has realized the importance of training these community leaders to carry out the advocacy work.
- Programme partners have identified people in rural areas as particularly skeptical towards both the products and insurance as a concept. This suggests more extensive outreach is needed in these areas.
- Aggregator partners report that their members are expressing interest in knowing what will happen to their insurance if they pass away. These inputs suggest that this needs to be communicated more clearly by the Programme and the partners.
- UNCDF realizes that targeting youth is key for the success of the Programme as they are generally easier to teach and more open minded about change. Based on this observation, widespread school advocacy on financial literacy is now being implemented by several of the Programme's implementing partners.
- Feedback from the Programme's aggregator partners suggests that the videos and distribution pieces have been highly useful in the process of educating their members and raising awareness on the parametric insurance products. Based on these inputs, the Programme has learnt that these tools serve their purpose well and will develop similar materials to improve understanding and raise awareness of future products and services.

Programme Management

- Constant communication with partners is required to ensure delivery of programme objectives. Regular interactions, feedback and quick remedial measures need to be adopted to cater for the challenges arising during on-ground deployment of the parametric product initiative, especially amidst the unpredictability of the COVID-19 situation
- To ensure successful and timely implementation, the programme recognizes that project activities need to be harmonized with the operational work of the grant partners. To also ensure sustainability, project activities should be integrated with key agenda and/or KPIs of partner organizations.
- It is critical to establish ownership by the partner towards the project, especially for projects with joint partners. The Programme team has learned that in projects where leadership and ownership towards project delivery is low or stagnated, it is better to take quick action and identify a workable and agile partner to take the project forward sustainably, even if there are initial administrative delays during the cross over.

iv) A Specific Story

Diversifying Product Offerings and Reaching New Customer Segments



Losana conducting parametric insurance awareness with farmers in Vunimoli Village, Labasa

Losana Kumar is the Parametric Microinsurance Project Manager for the Cane Farmers' Cooperative Savings & Loans Association (CCSLA) and over the years has been working to diversify the cooperative's product portfolio to include some sort of financial protection to help protect the CCSLA members against the impacts of natural disasters.

“The Cooperative is commonly referred to as ‘a poor farmer’s bank’, working to provide financial and advisory services to the cooperative members who are mostly cane farmers and other underprivileged grassroot level communities that are rejected by

financial institutions.”

Losana explains that CCSLA in past years has been unable to provide its members with financial protection against natural disasters due to the high insurance premiums and the lack of suitable insurance products for farmers. “About two-three years ago, I suggested to the board that we offer some sort of crop insurance for our members; however, the proposal was not taken very seriously due to the limited affordability of our members.”

With the majority of the CCSLA members being highly dependent on natural resources, they share the common threat of natural disasters – a threat that is exacerbated by their lack of access to formal financial services and financial protection.

By partnering up with UNCDF’s Pacific Insurance and Climate Adaptation Programme (PICAP), CCSLA has been able to expand its products offerings to include two parametric microinsurance products protecting the cooperative members against tropical cyclones which are the most prominent hazards in Fiji.

According to Mrs. Kumar, the insurance products have been positively received by the cooperative members and it is clear that the products were well awaited by the communities. “Since the launch of the parametric insurance products, we have been very busy. It seems like every day there are three or four people just coming in to sign up for the insurance. Some people even travel all the way from Tavua, Sigatoka, and Rakiraki to sign up.”

Losana also states that CCSLA has seen a significant increase of new members following the introduction of the parametric microinsurance and that the products have helped them reach new customer segments. “Initially, the cooperative was set up only to cater for the cane farmers, but over the years it has diversified to include other low-income communities as well. With the parametric insurance, we have been able to reach new customer segments including poultry and livestock farmers, fishers, and market vendors.”

With the rapid increase in members and the strong interest around the products during CCSLA’s parametric microinsurance awareness campaigns, the cooperative is now exploring the possibilities to expand its operations to new geographical areas next year. “If the membership keeps growing and our customer base keeps increasing, we could be looking at business expansion to new areas like Savusavu and newer service facilities for the North and Viti Levu. If everything goes well, we could also look at setting up an office in Rakiraki and one in Sigatoka to cater for the members from these areas.”

CCSLA has been identified as a grant partner by the joint UNCDF, UNDP, and UNU-EHS Pacific Insurance and Climate Adaptation Programme to help pilot the Pacific’s first parametric microinsurance products amongst the CCSLA members. The Programme receives funding support from the governments of Australia, New Zealand, India, Luxembourg, and Fiji.

Summary of Communications and Media Coverage for 2021

Social Media Reach

Facebook:	154,000 followers
Twitter:	18,800 followers
LinkedIn:	996 followers
Instagram:	6,975 followers
YouTube:	3,500 followers
Total	184,271

Publication and Distribution Pieces

Blogs:	06
Reports:	05
Press Releases:	08
Impact Stories:	21
Videos:	08
Other Promotional Materials:	04
Total	52

/end of report/