

Promoting Nutritious Food Systems in Pacific Islands Weather Risk Insurance / Climate Resilience Regional Action Plan

Impact aims	Reduce risks to farmers and other value chain actors through the development and institutionalisation of a tested weather risk agricultural insurance product suitable for the Pacific Islands.
Key Innovations/ Critical Success Factors	<ul style="list-style-type: none"> ▶ Institutional support & systems: Learn from international good practice on weather index based insurance (WIBI); Build relationships with international insurers (and reinsurers); Sufficient and robust weather and crop data available to attract investments; Specific WIBI legislation and regulation; ▶ Capacity: Local and regional institutional capacity (private and public) to administer the product; Awareness, understanding and buy-in of governments, regional institutions, producers as well as insurers on WIBI; Education / Training of farmers and financiers on the advantages and limitations of WIBI (viable option) and their ability; ▶ Financing: Access to international support/ funding & government co-funding; ▶ Data Collection and Validation: Identify and promote through consultation(s) and implementation of pilot WIBI projects and other bundled insurance product(s) lessons that are well understood and accepted by Pacific farmers; ▶ Starting Point: Joint identification for the development and introduction of an insurance product(s). ▶ Extend WIBI for Fisheries & introduce Disease risks: Develop insurance products beyond weather based crop insurance, i.e. fisheries, and pests and diseases

Institutional support & systems					
Action	Partners Involved	Stakeholders Targeted	Resources Required	Time frame	Method of Verification
1. Engagement of regional bodies that can promote and enhance the insurance concept (Pacific Climate Finance and Insurance Incubator / Drua Incubator), Pacific Catastrophe Risk Insurance Company (PCRIC)	COP 23 Secretariat; Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI); Pacific Community (SPC); European Union (EU); World Bank;	Policy makers; Farmers; local government authorities	Opportunities to meet regional entities, current players and donor agencies; funding; experts.	1 – 3 years	➤ Increased political will, indicated through statements and acceptance to finance/ subsidize WIBI scheme.



	Pacific Financial Inclusion Programme (PFIP)				
2. Coordinated review of regional legislation for suitability for insurance	Government & Insurance regulatory bodies	Policy makers; Local government authorities; Insurers	Access to national legal officers and insurance regulators	1 – 2 years	<ul style="list-style-type: none"> ➤ Confirmation from regulators that WIBI fits within national legislation; ➤ Willingness to introduce specific WIBI policies.
3. Provide policy makers with information on successful & appropriate insurance systems	Farmer Organisations Insurers Reinsurers International and regional agencies (e.g. CTA, FAO, UNDP)	Government policy officers	Access to policy makers Case study evidence	1 – 3s year	<ul style="list-style-type: none"> ➤ WIBI success stories / evidence/ good practices from other regions (East Africa, Sri Lanka, Philippines) ➤ Developed business model Public-Private Partnerships (PPP's) established; ➤ Acceptance to finance WIBI as part of rehab.
4. Identify existing premium and claims Apps systems for small farmer WIBI insurance	ICT experts and telecom service providers USP CTA, IFAD, UNDP	Farmers Associations (e.g. FCLC, PIFON); ICT service Providers; Mobile operators	Opportunity to purchase, test or develop existing apps for regional use.	1 – 3 years	<ul style="list-style-type: none"> ➤ Insurance administration app, suitable for SMS system, available for Farmer Associations developed and endorsed by industry and users
Data Collection and Validation					
Actions	Partners Involved	Stakeholders Targeted	Resources Required	Time Frame	Methods of Verification
1. Define meteorological data for binary triggers. Agree with farmers	Meteorological Services (e.g. Fiji Met. Office) Governments; Local government authorities	Farmers Insurance Market	Access to country Met data. Technical Met Expertise Support for National meetings Presentation of data options to farmers.	Catastrophic loss – 1 year. Additional loss – 5 - 10 years	<ul style="list-style-type: none"> ➤ Binary triggers agreed by the stakeholders per country. ➤ Mechanism and competent authority identified to confirm the trigger has been surpassed per event.



2. Agreement with farmers on basis of calculating crop value for insurance (GM, Fully Costed, or Market Value)	Farmers' Associations Farmers MAF	Farmers Insurance companies	National Meetings with farm associations Presentation of Data options	6 months	➤ Agreement with farmers on basis of costings.
3. Calculate national total insurance value at risk per country	MAF Farm management staff, Farmer Organisations Farmers	Farmers Insurance companies	Agricultural economist Access to national crop costings Access to national Ag Census	1 year And ongoing process	➤ Total value at risk identified for each country
4. Validate \$1000 block concept for catastrophic risk	Insurance and reinsurance Companies	Farmer associations Farmers	Meetings with the insurance and re- insurance companies	3-6 months	➤ Concept is accepted by insurance companies and farmers
Starting Point for WIBI					
Action	Partners involved	Stakeholder Targeted	Resources Required	Timeframe	Method of Verification
1. Gain agreement of farmers on preferred policy option. Identify the right starting policy option	Farmers Farmer Associations Insurance Market	Farmers	Agricultural insurance expertise Farmer Association Meetings Other country experiences	1 Year	➤ Farmers are educated in and identify and understand the choice of policy type.
2. Identify innovative premium payment mechanisms	Third parties. Input providers Incentives Subsidies Fiji Ministry of Agriculture (MOA)	Farmers	Discussions with possible third party partners.	1 Year	➤ Premium payment options explored and best options per country identified.



3. Capacity building of delivery organisations	FSC Farmer Associations		Training in insurance, apps and financial transparency and audit.	1 Year	➤ Association staff trained in operation of insurance product
4. Identify opportunities for bundled insurance	PFIP Fiji Sugar Corporation (FSC); FCLC, Fiji Cooperative Dairy Company Limited (FCDCL) CTA	Farmers	Access and understanding of other insurance packages operating with farmers	1 year	➤ Identification of combined product offering
Extend WIBI for Fisheries & introduce Disease risks					
Action	Partners Involved	Stakeholder Targeted	Resources Required	Timeframe	Method of Verification
1. Farmed fish and wild catch—collate data for insurance. Past losses and causes. Calculate scale and value	Ministry of Fisheries, Fish Farmers, Fish Farmers Assoc. and Fishermen, SPC	Fish Farmers, Fish Farmers Assoc.	Staff to collate data, data analysis resources, support services etc. Tech input (SPC)	6 months	➤ Insurance product identified
2. Explore licensing as mechanism for compulsory scheme	Ministry of Fisheries Fisherman	Fishermen	Opportunities to hold meetings to discuss the concept	6 months	➤ Stakeholders agree to include insurance in License fee
3. Identify triggers for Fisheries loss and crop disease loss	Farmer and Fisheries associations	Fishermen and farmers	Opportunities to hold meetings to discuss. Necessary technical input and identification of competent authority	1 year	➤ Triggers agreed by stakeholders



NEXT STEPS

The way forward for introducing agricultural risk insurance initiatives in the Pacific Island States and for developing a plan of action, requires wider consultations at national and regional levels, including wider consultation with public and private sectors, and active engagement of the civil society including small holder farmers, urban and rural community leaders, women and youth.

It is part of the creative and realistic approach to help tailor made solutions that suit individual countries of the seven island nations (Fiji, Kiribati, Marshall Islands, Tonga, Samoa, Solomon Islands and Vanuatu) to address cross-cutting issues related to climate change impact, resilience and agriculture risk insurance in these countries.

Stakeholder Consultations (Initial Feedback)

Farmers: Expressed keen interest for agricultural insurance to become reality, however, it should be affordable and sustainable. Creating awareness and selecting the correct triggers are key prerequisite for higher adoption. Farmer need to be involved in the product design and data collection.

Private Sector: Interested but agree there is a need for subsidy. Regional approach might bring significant advantages. Agree with the need for initiatives on data collection and defining triggers. Concern expressed on the sustainability and reliability of Meteorological Data.

Finance: Identified possibility for linking agricultural insurance with loan finance (offered as a bundle). See other benefits of bundled insurance packages. Develop insurance product that is attractive to the (international) reinsurance market. Agree with the need and the value of subsidy, especially in the early stages of adoption. The use of ICT for distribution to reduce costs should be maximized.

Government: Willing to engage in creating the necessary enabling environment for index based insurance products but need to be fully convinced of its value to the sector and the Government.

NGO's: Concerned about the profit motive of insurance companies. Consider to set aside a budget to support the initiatives. Interested in understanding better the distribution mechanism.

Research: As a new concept, agree the need for farmer awareness before role out. Build confidence that the system will work and farmers will get paid when event occurs. Research could play a key role in data analysis to define accurate payout triggering events. Agree with the potential of bundling a range of insurance products together, including ones covering structural farms damage.

By Country

Samoa: Interested in sharing regionally the requirement for resources, assistance, risk and cost. See the need to scale the product across the region. This will build political will to engage in WIBI.

Kiribati: Like to see a working insurance product in the region to allow them to see and decide if appropriate.

Marshalls: Will initiate discussions, look at legislation for suitability and begin consultations.

Solomon Islands: Need for understanding of the feasibility given the current status and small scale of farming, the high weather risks in the islands, which may discourage insurers' involvement or make the product too expensive.

Fiji: Keen on developing and introducing such products. Looking for shortest possible distribution chain for efficiencies and building on existing initiatives expertise and systems (e.g. PFIP, PCRAFI, Drua Incubator). Interested in exploring bundled insurance, both in different products and across the region. Willing to



spearhead initiatives in the area and serve as good practice for others. Should build on the current Political will in Fiji and take advantage of its momentum. But, agree there is a pressing need to educate the farmers first.

Tonga: Agriculture insurance is a new concept. There is a need for initiating consultation with stakeholders to get the right policy in place.

Vanuatu: Need to understand the practicalities and modalities of operating weather index based insurance as it is not available in Vanuatu.

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