

## PRESS RELEASE

### Pacific Regional Climate Risk Adaptation and Insurance study underway

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**Suva, Fiji** – Climate change is a reality and progressing. As extreme weather events such as droughts, floods and tropical cyclones increase in frequency and intensity, they place significant stress on societies and natural systems.

Pacific Island Countries are particularly vulnerable to extreme weather. These events lead to loss of income and productive potential, forcing affected low-income individuals to use a variety of coping strategies that include: reducing food consumption, taking children out of school, borrowing money, taking money out of their retirement fund and selling assets. These strategies diminish their ability to cope with current and future climate change impacts. As a result, there is a growing need to explore meaningful options for managing and transferring risks associated with climate change.

One helpful measure to support adaptation to climate change is climate risk insurance. The Pacific Financial Inclusion Programme (PFIP) in partnership with the Munich Climate Insurance Initiative (MCII) hosted at the United Nations University, Institute for Environment and Humans Security (UNU-EHS), is conducting a three-country feasibility study to determine how weather-related events have impacted the livelihoods of Pacific Islanders. The study will also try to map vulnerable groups and communities.

Consultations are currently underway in Fiji, Vanuatu and Tonga with relevant stakeholders, including government ministries, meteorological departments, national disaster management agencies, local insurance companies, commercial banks, regulators, civil society organizations, donors, development partners and the private sector. In addition, experts are also learning from those most affected by natural hazards as they attend local meetings and visit farming cooperatives.

At the conclusion of the scoping mission and feasibility assessments, the goal is to develop appropriate disaster risk financing mechanisms and corresponding implementation plans, including: suitable index-based insurance products covering the risk profiles identified, reinsurance coverage, insurance distribution arrangements, etc.

“People in the Pacific are among the most vulnerable to climate change and they require new forms of protection”, says Sönke Kreft, Executive Director of MCII. “We are prepared to tackle the challenge of finding new forms of climate risk insurance solutions in what is considered an almost uninsurable context.”

“From fact-finding missions to implementation, this will be a proud UN inter-agency collaboration to help countries address new and pressing threats”, says Prof. Dirk Messner, Director of UNU-EHS.

“Pacific countries and its people are in dire need of suitable climate risk adaptation and financing models, market driven instruments like insurance at meso and micro levels offers a sustainable approach” says Krishnan Narasimhan, Deputy Program Manager and Project Lead, PFIP.

MCII brings to the project in the Pacific its expertise in climate risk adaptation and will draw on lessons learned and best practices developed as part of the *Climate Risk Adaptation and Insurance in the Caribbean (CRAIC)* project.

The scoping study underway has been supported by the Russian Federation funded UNDP Regional Disaster Resilience in the Pacific Small Island Developing States (RESPAC) Programme.

PFIP hopes to develop index-based insurance products to meet the needs of Pacific Islanders. By providing immediate relief for damages and losses of income caused by extreme weather events, climate risk insurance helps individuals break out of a vicious circle of poverty and vulnerability. Increasing people's ability to manage, as well as to mitigate their vulnerability to climate hazards through insurance can significantly reduce communities and individuals' recovery times, build resilience and contribute to long-term social and economic well-being.

### **About PFIP**

PFIP is a Pacific-wide programme that has helped over two million Pacific islanders gain access to financial services and financial education. It achieves these results by funding innovation with financial services and delivery channels, supports policy and regulatory initiatives, and the empowerment of consumers.

It is jointly administered by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government. PFIP operates from the UNDP Pacific Office in Suva, Fiji and has offices in Papua New Guinea, Samoa and Solomon Islands. [www.pfip.org](http://www.pfip.org)

### **About MCII**

The Munich Climate Insurance Initiative (MCII) was initiated as a charitable organization by representatives of insurers, research institutes and NGOs in April 2005 in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the Framework Convention and the Kyoto Protocol. This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS). It is focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries. MCII provides a forum and gathering place for insurance-related expertise applied to climate change issues.

**Website:** <http://www.climate-insurance.org>

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### **About RESPAC**

The Regional Disaster Resilience in the Pacific Small Island Developing States (RESPAC) is a UNDP-Russia funded partnership that works with partners, the private sector and governments to strengthen climate early warning systems and climate monitoring capacity, enhance preparedness and planning mechanisms and tools to manage disaster recovery processes, and increase the use of financial instruments to manage and share disaster related risk and fund post disaster recovery efforts. More information can be accessed on the weblink [RESPAC](#)

### **For more information or media inquiries please contact:**

Erica Lee - Communications Associate, UNDP

Phone: +679 3227538 Email: [erica.lee@undp.org](mailto:erica.lee@undp.org) Website: <http://www.pfip.org>

Janine Kandel, Media Officer, Munich Climate Insurance Initiative (MCII)

Phone: +49 228 815 0219 Email: [kandel@ehs.unu.edu](mailto:kandel@ehs.unu.edu)

