

Risk Profile, Policy and Climate and Disaster Risk Finance Insurance



Republic of the Marshall Islands

Risk Profile

Basic Country Statistics

Population: 42,000 (2021)

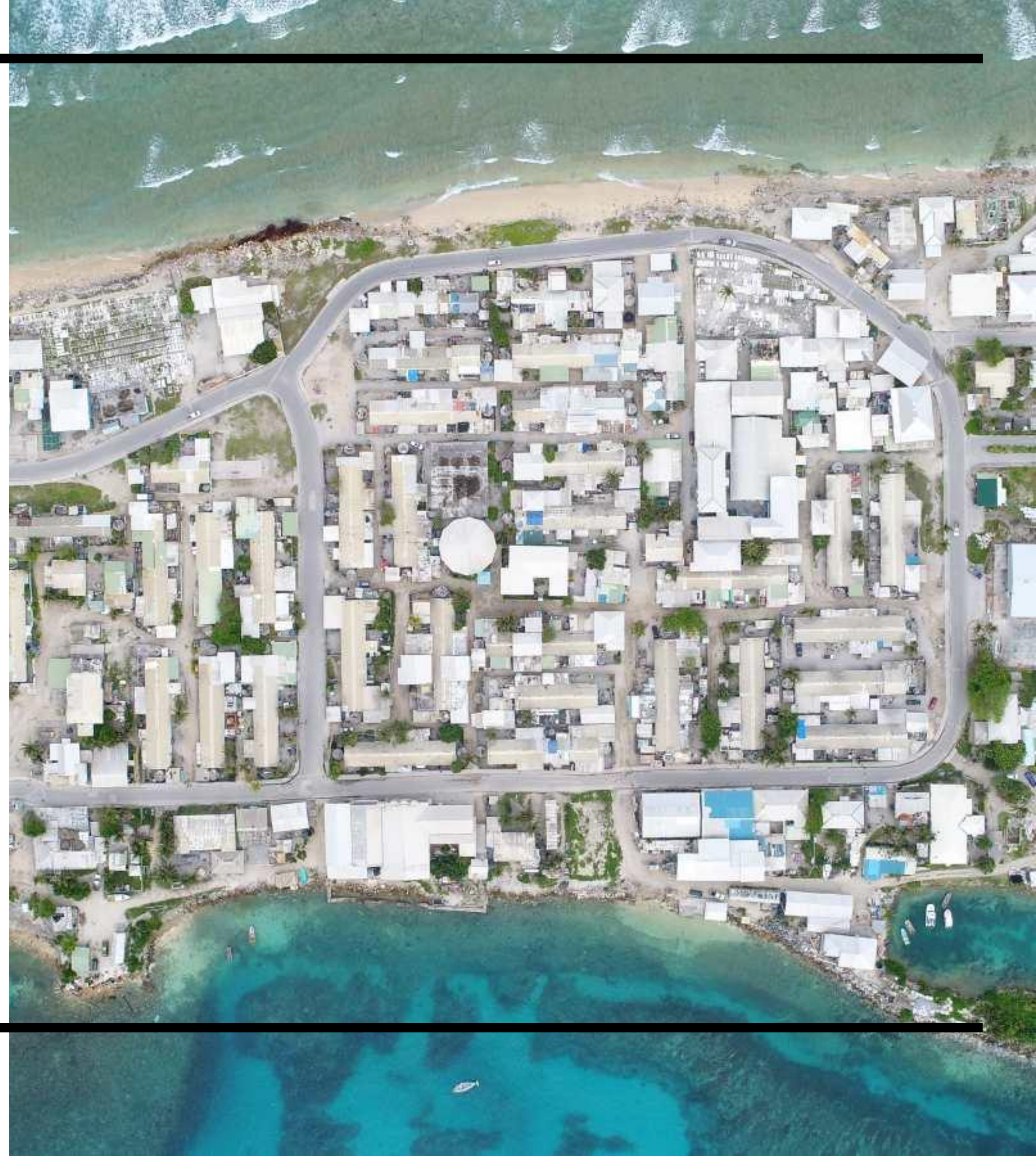
Percent of Urban Population: 74%

Percent of Children Youth and Elderly

38% Children (<14)

22% Youth (15-24)

6% Elderly (60+)



Risk Profile

Maximum Height Above Sea-level: 10m

Land Area: 181 km

Percent of Coastal Population

- 100% people live within 1km of the coast
- 100% people live within 5km of the coast
 - 100% people live within 10km of the coast



P.C Chewy Lin

Risk Profile

Hazard Likelihood

Drought: High Likelihood

Flood/Inundation: High Likelihood

Tropical Typhoon: Medium likelihood

Tsunami: Medium Likelihood

Major Disasters 2011-2020

Drought

Flood/Inundation

Tropical Storms

Economic Loss Due to Disasters

Total Average Annual Loss (AAL): US\$7.45 million (UNESCAP 2020)

AAL as a Percentage of GDP: 4.06%

Adaptation Costs for Coastal Protection: \$16-54 million per year

Risk Index

Between 1999 and 2018, Marshall Islands was the 172nd country most affected by extreme weather events

Risk Profile

El Nino in 2015-2016

Between 2015 and 2016, extremely low precipitation and an intense El Nino Southern Oscillation (ENSO) resulted in a severe Drought. By May 2016, 21,000 people in RMI were affected.



1,257 Households affected on the outer islands



Govt identified US\$8.99 million in emergency response needs



US\$4.9 million estimated economic impact of drought for FY16; 3.4% of RMI's GDP for FY15



Percent of Economic Damage and Loss by Sectors 32% Infrastructure, 24% Social Sector, 43% Productive Sector

Policy

Disaster Risk Management (DRM) Act; set to replace our Emergencies Act of 1979 and Disaster Assistance Act of 1987;

Aims to reduce vulnerability of people and communities to disasters. It also serves to provide for the roles and powers of Cabinet, National govt agencies, Local govt and other parties in the reduction of, preparation for, response to and recovery from disaster events.

Authorize and provide for coordination between agencies and financing of activities related to disaster reduction preparedness, response and recovery and for related purposes.

Establishment of a **Disaster Contingency Fund through our recently revised Public Financial Management Act and DRM Act**



Policy

National Adaptation Plan (NAP), endorsed by Cabinet on October 2023

- It envisioned as a dynamic and adaptable blueprint for resilience for the next 120 year, this adaptation plan aligns with the DRM initiatives combining both scientific research with traditional indigenous knowledge
- “All of Government” and “All of Society Model”
- Three key elements i) Supportive Policy and legal foundation ii) Effective Governance Structure and iii) Resource Mobilization aligned with Good Governance
- Significant Cost to Implement Nap (>\$5 billion)



Policy

Sea-level Rise Policy, recognizes the need to address current & future financial barriers to achieve NAP

PURPOSES

- Acknowledge that we are facing fundamental threats to our lands and seeking to identify a progressive practicable pathway to a nation-state protected to 6.5 ft (2m) of SLR,
- To formalise findings and key issues to date
- Set a clear framework to provide for development policy directive to guide the ways forward for the RMI govt in responding to impact of sea level rise and provide for continuity of activity which contributes to a progressive long term outcome
- Ensure a monitoring regime in place to inform and adjust the policy directives
- Provide the basis for defining a practicable pathway to a safe nation state under a 6.5ft (2m) SLR scenario projected beyond 2150





Climate and Disaster Risk Finance Insurance



In 2016 RMI purchased for the first time insurance **Protection from Pacific Catastrophe Insurance Company**

Discontinued in 2019 due to limited products (Tropical Cyclones and Earthquakes)

Currently working with PCRIC's Drought Modeling Partner **Willis Tower Watson(WTW)** to develop **drought insurance products**

Requested Technical Assistance From the World Bank to **evaluate RMI's Drought Risk for a parametric insurance policy**

Compact Agreement: **Disaster Assistance Emergency Fund (DAEF), \$500,000 for Disaster Preparedness and Response**



Climate and Disaster Risk Finance Insurance

*Enhancing Fiscal Management and Building Disaster and Climate Resilience Development Policy
Operations with a Catastrophe Deferred Drawdown Option*

Approved in July of 2024
\$9 million Budget Support
\$12 million Cat-DDO

Pillar 1: Strengthen Fiscal Sustainability

Pillar 2: Enhance Climate and Disaster Resilience



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Climate and Disaster Risk Finance Insurance

Pillar 1: Strengthen Fiscal Sustainability

Action 1: Enacted the Public Finance Management Act, 2023

Action 2: Enacted the Procurement Code Act, 2023

Pillar 2: Enhance Climate and Disaster Resilience

Action 3: Enacted the Disaster Risk Management (DRM) Act

Action 4: Cabinet Approval of the Sea Level Rise Policy

Action 5: Cabinet approval and submission to Nitijela of the National Building Act 2024



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ASIAN DEVELOPMENT BANK

Pacific Disaster Resilience Program- Phase 5
Approved August 2024
\$6 million

Objective: Strengthen Resilience to climate and disaster related shocks and threats/stresses and health emergencies

Drawdowns upon Declaration of State of Emergency by President in accordance with the Disaster Risk Management Act of 2023 or Equivalent

Key Challenges

- Lack of Funding
 - Lack of Resources
 - Donor Mechanism
 - Difficulty Accessing the Funds
 - Capacity Building
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Future Plans

- Implementation National Adaptation Plan (NAP) Policy
- PCRIC to Include Drought
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