Financing ASP
Fiji’s Case – TC Winston in 2016

Financial Tools and Approaches for Shock-responsive Safety Nets

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Outline

• **Country Overview**
• Economic Overview
• Tropical Cyclones in Fiji & Implication of TC Winston
• Policy Responses to TC Winston
• Lessons Learnt
Country Overview

- Has a well-educated (literacy rates > 90%) & mobile population of around 885,000
- Main sources of foreign exchange inflow are tourism, agriculture and mining
- Serves as an important hub of the South Pacific
- Major trading partners include Aust., NZ, US, Eurozone, Japan and China
- GDP per capita around US$6,300

Fiji is an archipelago of around 330 islands in the South Pacific, approximately 2,700km east of Australia.
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Economic Overview

- Stable and Sustainable Growth
- Accommodative Foreign Reserves
- Low inflation
- Increased Investment
- Increased Fiscal Discipline
- Improving BOP
- Low levels of external debt
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Tropical Cyclones In Fiji

- Fiji is highly exposed and vulnerable to natural disasters
- It has weathered over 20 tropical cyclones since 1990
- The average annual loss is around US$80 million
- The most recent and most devastated being TC Winston in 2016 with following disaster effects, equivalent to around 1/3 of national GDP

<table>
<thead>
<tr>
<th>Disaster Effects</th>
<th>Damage (USD)</th>
<th>Production Losses (USD)</th>
<th>Total (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productive</td>
<td>241.28</td>
<td>580.37</td>
<td>821.65</td>
</tr>
<tr>
<td>Agriculture</td>
<td>30.29</td>
<td>285.03</td>
<td>315.32</td>
</tr>
<tr>
<td>Livestock</td>
<td>9.24</td>
<td>5.08</td>
<td>14.31</td>
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<tr>
<td>Fishery</td>
<td>40.66</td>
<td>131.47</td>
<td>172.13</td>
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<tr>
<td>Forestry</td>
<td>1.09</td>
<td>28.23</td>
<td>29.32</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>70.37</td>
<td>61.94</td>
<td>132.31</td>
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<tr>
<td>Commerce</td>
<td>2.45</td>
<td>7.98</td>
<td>10.43</td>
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<tr>
<td>Mining</td>
<td>11.00</td>
<td>16.69</td>
<td>27.69</td>
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<tr>
<td>Tourism</td>
<td>76.19</td>
<td>43.95</td>
<td>120.14</td>
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<tr>
<td>Social</td>
<td>834.80</td>
<td>39.95</td>
<td>874.75</td>
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<tr>
<td>Education</td>
<td>69.21</td>
<td>7.37</td>
<td>76.58</td>
</tr>
<tr>
<td>Health</td>
<td>7.69</td>
<td>6.24</td>
<td>13.93</td>
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<tr>
<td>Housing, inc shelter</td>
<td>757.90</td>
<td>26.34</td>
<td>784.24</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>207.71</td>
<td>39.70</td>
<td>247.41</td>
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<tr>
<td>Electricity</td>
<td>32.57</td>
<td>7.54</td>
<td>40.11</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td>16.91</td>
<td>7.79</td>
<td>24.70</td>
</tr>
<tr>
<td>Transport</td>
<td>127.00</td>
<td>2.40</td>
<td>129.40</td>
</tr>
<tr>
<td>Communications</td>
<td>31.23</td>
<td>21.97</td>
<td>53.20</td>
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<tr>
<td>Cross-Cutting</td>
<td>239.65</td>
<td>626.15</td>
<td>865.80</td>
</tr>
<tr>
<td>Culture</td>
<td>5.10</td>
<td>0.84</td>
<td>5.94</td>
</tr>
<tr>
<td>Disaster Risk Management</td>
<td>2.02</td>
<td>29.49</td>
<td>31.51</td>
</tr>
<tr>
<td>Environment</td>
<td>232.52</td>
<td>595.82</td>
<td>828.34</td>
</tr>
<tr>
<td>Total</td>
<td>1,523.44</td>
<td>1,286.17</td>
<td>2,809.60</td>
</tr>
</tbody>
</table>

TC Winston - 2016

- JTWC Storm Track Data (max 1-min wind speed in knots)
- Modeled Ground-Up Losses by Tikina (million USD)
- Note: 1. Modeled information based on application of the FEICP Protocol using the PCRA’s Catastrophe Risk Model developed by AIR Worldwide.
2. Storm track and wind speed data taken from JTWC-issued advisories obtained from the ATCJ system on February 24, 2016 at 1800 UTC.
3. Modeled data is based on only one representation of the storm’s information given the above limitations on source data and analysis process. Observed impacts can vary.
TC Winston Social Effects

- **62 percent** of the national population were affected
- **48.8%** (263,000) women were affected by the disaster
- those whose livelihoods were affected account for **90 percent** of the affected
  - 57 percent relate to the agricultural sector,
  - 17 percent to commerce
  - 10 percent manufacturing
  - 8 percent to tourism
  - 8 percent transportation
- those whose lives were lost, the injured, ill - together accounted for **0.03 percent**
- Displaced - those whose homes were totally destroyed accounted for **10 percent**
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TC Winston Policy Responses

Existing Fiscal Policies

• Around $10m allocated annually in the Government Budget for disaster relief, contingency, and disaster risk and climate change adaptation.

• A 150% tax deduction for voluntary contribution of cash donation by businesses towards the Disaster Relief Fund with threshold ranging from $10,000 to $100,000.

• A 200% tax deduction for voluntary contribution of cash donation by taxpayers towards the Farmers Emergency Fund Account for disaster relief with minimum contribution of $10,000.

Specific Policies for TC Winston

• Duty free on donated goods from families etc abroad for a specified period.

• Duty free on timber, roofing iron, electric products for a specified time to assist with residential reconstruction.

• Transfer of funds to top up social protection initiatives ($20m).

• Transfer of funds to cater for rations ($16m)

• Redeployment of funds to cover the Help for Homes Initiative - affected residential ($70m).

• Allowable withdrawal of $1,000 or $5,000 from national superannuation fund (FNPF).

• Adopt a School Programme - foreign governments, multilateral organisations, donor organisations, etc
TC Winston Response Timeline

February 20th
- TC Winston

March 18th
- PBS, C&P, SPS payments disbursed

April 18th
- 75% of HHs have accessed top up payments

May 24th – June 30th
- Help for Homes Vouchers Issued

February 29th – April 29th
- FNPF Drawdowns permitted for a period of 60 days

June 7th – July 1st
- Impact Evaluation Surveys Conducted
Social Protection Initiatives

• **Poverty Benefit Scheme (PBS):** Currently 25,259 people benefit from the scheme which targets financial support to low-income households. $38.1 million allocated in the Budget. Increased budget stems from an upward adjustment in the monthly household allowance from $30-$110 per household to $35-$127 per household, as well as the absorption of an additional 544 new recipients under the scheme. PBS recipients, however, will continue to receive the monthly food voucher of $50.

• **Social Pension Scheme:** This programme provides a social safety-net for elderly citizens that are currently not receiving any form of Government assistance or pension support. Budget allocation increased from $14.0 million to $37.2 million to accommodate an increase in the monthly allowance from $50 to $100 as well as an increase in the number of recipients from 25,998 to 34,002 due to a reduction in the eligibility age from 66 years to 65 years.

• **Food Voucher Programme for Rural Pregnant Mothers:** to help prevent complications during pregnancy and infant malnutrition. Allowance increased from $30 to $50 per recipient, and also the number of recipients expected to increase from 1,548 to 2,076. These changes will be funded through an allocation of $1.7 million.

• **Child Protection Allowance:** allowances for children from low-income families, single-parent families and prisoner dependents. Increase monthly allowance from $25-$60 per child to $29-$69 per child and also increase the intake of child recipients from 4,152 to 4,696 in the upcoming financial year with a budget allocation of $6.8 million.
# Social Protection Interventions and Cash flow post-TC Winston

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of beneficiaries (households)</th>
<th>Duration</th>
<th>Budget (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social welfare top-up payments</td>
<td>43,897</td>
<td>3 months (March-May 2016)</td>
<td>F$19.9</td>
</tr>
<tr>
<td>Food Voucher Program</td>
<td>44,169</td>
<td>2 months (May-June 2016)</td>
<td>F$4.6</td>
</tr>
<tr>
<td>Housing Program</td>
<td></td>
<td>April 2016 - onwards</td>
<td>F$70</td>
</tr>
<tr>
<td>Fiji National Provident Fund (FNPF)</td>
<td>170,000</td>
<td>2 months (March-April 2016)</td>
<td>F$250.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>F$344.7</strong></td>
</tr>
</tbody>
</table>
Impact Evaluation of PBS Response overwhelmingly positive

Percentage of PBS Households in Fiji that had recovered from various shocks 3 months after TC Winston vs. non-beneficiary households

- Serious sickness, injury, or disability
- Conflict/Violence/Insecurity
- Loss of food stocks
- Damage to roof of dwelling
- Damage to village/neighborhood infrastructure
- Damage to walls of dwelling
- Damage to agricultural land
- Loss of livestock
- Loss of crops/harvest
- Total loss of dwelling
- Loss of employment or inability to work

Source: Fiji Bureau of Statistics/World Bank TC Winston Impact Evaluation
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Lessons Learnt

i. Need to update and improve existing Department of Social Welfare beneficiary database, so that near-poor households can be reached.

ii. Need for an improved communication strategy, so that households are aware that the top-up payments are coming.

iii. Development of Standardized Operating Procedures to improve the coordination of disaster response.

iv. Introduction of affordable home insurance schemes in the future to assist the poor.


vi. Adequate provision of disaster contingency funds to cater for swift and immediate relief.

vii. Explore more options in financing such unexpected events – negotiations on soft loans with reasonable interest rates with ADB or World Bank.
Thank you.