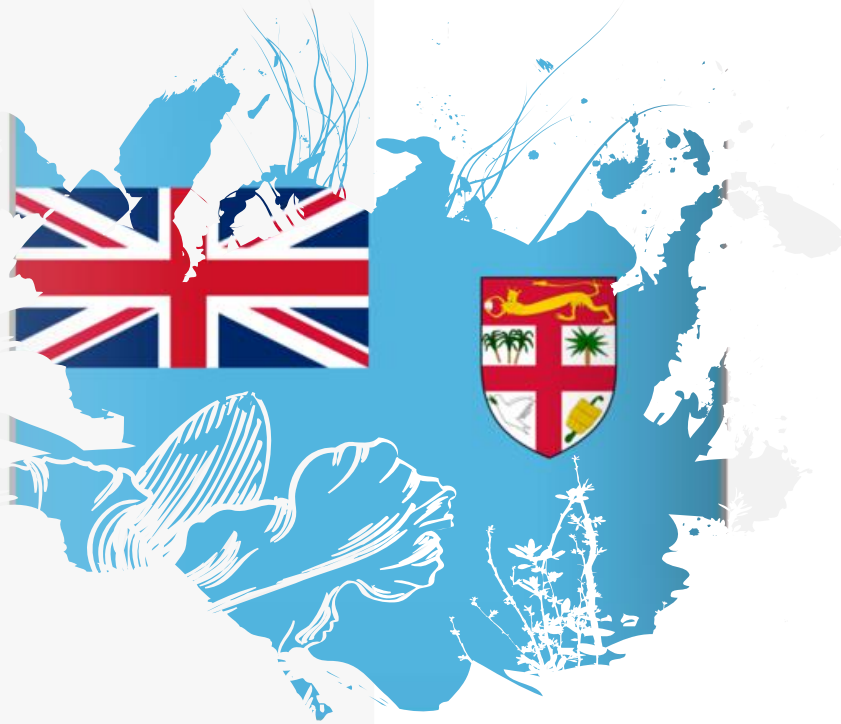
Ministry of Finance, Strategic Planning, National Development and Statistics

Climate and Disaster Risk – Informed Investment



Fiji

Fiji in the Region

Climate and Disaster Risk – Informed Investment

Fiji

Translating Climate and Disaster Risk Information into Public Investment Decision–Making through new PSIP Process

Understanding Climate and Disaster Risk

- Climate change is altering the frequency and intensity of extreme weather events, such as hurricanes, droughts and floods.

- These events have profound socio-economic implications, including damage to infrastructure, disruption of livelihoods, displacement of communities, and loss of lives.

- Risk assessments provide critical insights into the potential impacts of climate-related hazards, enabling informed decision-making and targeted investments.

- This is particularly important for places like Fiji that are prone to natural disasters and heavily impacted by climate change.

Introduction

- To understand the aspects of new Public Sector Investment Programme (PSIP) through Climate and Disaster Risk Information into Public Investment Decision – Making.

- The Project Appraisal Framework for climate change mitigation, climate and Disaster Resilience Considerations of the new Public Sector Investment Programme [PSIP] was done by:
  - Introducing risk-informed decision making for Government Investments;
  - Focusing on integrating climate change and disaster resilience and climate mitigation sections of the PSIP guidelines;
  - Integrating supporting manual on response to the need to strengthen consideration of the climate and disaster components of the budget process.

Background

- Previously the Fiji Budget submission template had a brief question on the impact of climate change on the project which was inadequate into public investment decision making.

- Fiji acknowledges Asian Development Bank for supporting Fiji Government –Ministry of Finance, Strategic Planning, National Development and Statistics for training and piloting Project Appraisal Framework in:
    - Strengthening the processes for appraisal of public sector investments;
    - And providing specific guidance on assessing climate and disaster risk
    - Producing overview PSIP Guidelines and Supporting User Manual to guide the new budget process.

- In addition, the Climate and Disaster Risk Assessment (CDRA) tool was also designed to assist ministries and agencies screen potential climate risks and hazards.

Key Outcomes

The Guidelines and the User Manual for the climate change mitigation and climate and disaster resilience aspects of the new Public Sector Investment Programme (PSIP) has now been approved in the Cabinet.

The guidelines will now be operationalized through the capacity development plan with the support of the PFM reform efforts through ADB.

The Budget Division with the newly activated Strategic Planning Office in the Ministry of Finance, Strategic Planning, National Development and Statistics are working with piloting entities in educating the process in order to implement the guidelines.

Overview of PSIP

- The launch and replacement of existing PSIP guidelines are planned with the reforms to be phased in over time.

- The new system will be fully phased in by FY 2024-2025 budget.

- The PSIP Reform working group that was established will be working with the Budget and Strategic Planning Office to aid the implementation.

- **The focus is on front end preparation, appraisal and approval stages of the PSIP**. Back end stages of procurement, implementation, monitoring and evaluation are however not covered in the guideline.

Overview of PSIP

- Legal Status – the Ministry of Finance, Strategic Planning, National Development and Statistics will issue the guidelines under the Financial Management Act 2004 and Financial Instruction 2010.

- The PSIP Guidelines and Manual now provides guidance on domestically and externally funded projects and programmes.

- The Ministry of Finance, Strategic Planning, National Development and Statistic has also prepared National Infrastructure Investment Plan identify and consolidates a pipeline of infrastructure projects across all sectors into a single plan that shelters annual PSIP publications.

Roles and Responsibilities – Climate Change Mitigation and Climate and Disaster Resilience

The Budget Entities are required to

- Develop and maintain internal strategies, plans and project pipelines;
- Develop screening, appraisal and budget submissions;
- Maintain a list of approved projects for each stage (screening, appraisal, & budget approved).

- The Budget and Strategic Planning Office of Ministry of Finance, Strategic Planning, National Development and Statistics is responsible for
  - Issuing budget ceilings;
  - Reviewing and approving screening notes and detailed appraisals;
  - Approving and prioritizing final budget submissions, and determining the budget allocations

Key Elements for Prone Countries like Fiji

Risk Assessment - All such investments start with an understanding of the climate and disaster risks that Fiji faces. This includes a careful assessment of how climate change might impact different parts of the country and different sectors of the economy, as well as an evaluation of the types of natural disasters the country is prone to. A large and increasing Fiji population lives in flood prone areas, driving the increase in disaster vulnerability and risk.

Inclusion of Vulnerable Communities - One key element of these investments is to consider the needs of the most vulnerable communities, ensuring that they benefit from these initiatives and are more resilient to the impacts of climate change and disasters. An estimated 12 percent of the urban population and 6 percent of the rural population of Fiji (amounting to 143,000 people) live in low-elevation coastal zones that are 10 m or lower and adjacent to the coastline.

Resilient Infrastructure - This includes investing in infrastructure projects that are designed to withstand extreme weather events and other climate impacts. This might involve, for example, building schools that can serve as hurricane shelters, designing roads and bridges that can withstand flooding, or constructing seawalls to protect against sea-level rise.

Key Elements for Prone Countries like Fiji

Ecosystem-based Adaptation - Investments often include initiatives to protect and restore natural ecosystems, which can play a vital role in mitigating climate change impacts and reducing disaster risks.

Capacity Building - These investments often involve training for local communities, government officials, and other stakeholders to better understand climate and disaster risks and how to manage them. This can involve anything from training farmers in climate-smart agriculture techniques to training government officials in climate change policy.

Policy Development - Investments in climate and disaster risk often involve supporting the development of policies and legislation that will help the country manage these risks more effectively. This can also involve mainstreaming climate and disaster risk into all aspects of government policy.

Key Elements for Prone Countries like Fiji

Innovative Financing - Developing new ways of financing these investments is also a key element. This might involve mechanisms like green bonds, climate insurance, and other forms of innovative financing.

Monitoring and Evaluation - Finally, all of these investments need to be monitored and evaluated to ensure they are effective. This can involve developing new data collection and analysis methods, and might also involve using new technologies like remote sensing and GIS mapping.

Key Note

Emphasis should also be made on the risk informing government investments through national budget in addition to climate financed projects.

Direct Impact of Major Disasters, 1970–2016

DISASTER	NUMBER OF EVENTS[a]	NUMBER OF PEOPLE AFFECTED[b]	NUMBER OF PEOPLE KILLED
Drought	6	840,860	0
Tropical cyclone	66	1,888,490	355
Flood	44	563,310	103
Severe local storm	2	8,370	17
Earthquake	10	0	5
Tsunami	2	0	0
TOTAL	**130**	**3,299,030**	**480**

Sources: Lal, Singh, and Holland (2009), using figures compiled from EM-DAT, Glide, the Fiji Meteorological Service, and the National Disaster Management Office, and updated to include January 2009, January 2012, and March 2012 flood events. Tropical cyclone data are as reported by the Government of Fiji and include TC Tomas (2010), TC Evan (2012), and TC Winston (2016).

Climate Vulnerability Assessment

The Fijian Government led the preparation of Fiji's first ever Climate Vulnerability Assessment ('CVA'), with support from the World Bank, to put facts and numbers behind the climate experiences of the Fijian people.

The CVA shows us that vulnerable nations will need much greater access to financing to properly adapt to a changing climate.

The CVA will inform Fiji's development planning and investment decisions for years to come, and provides a specific blueprint that quantifies the resources necessary to climate-proof Fiji.

it will help government and development partners such as ADB and World Bank, work together to better understand the climate risks, identify priorities for adaptation and resilience.

"Most importantly to integrate climate change into development planning and financing"

Importance of Risk – Informed Investments

- Enhancing Resilience: Climate and disaster risk-informed investments focus on strengthening the resilience of communities, economies, and ecosystems. By integrating climate change projections, vulnerability assessments, and disaster risk reduction strategies, investments can effectively mitigate risks, reduce vulnerabilities, and enhance adaptive capacities.

- Cost-effective Approaches: Investing in risk reduction and resilience-building measures is a cost-effective approach in the long run. Proactive investments in early warning systems, climate-proof infrastructure, and nature-based solutions can prevent or reduce the severity of damages and associated recovery costs. This preventive approach saves lives, protects assets, and reduces the burden on post-disaster reconstruction and recovery efforts.

Importance of Risk – Informed Investments

- Socio-economic Stability: Climate-related disasters can disrupt economic activities and undermine socio-economic stability. By investing in climate and disaster risk reduction, governments, businesses, and communities can safeguard their investments, protect livelihoods, and ensure sustainable economic growth. Moreover, risk-informed investments also have the potential to unlock new economic opportunities, such as the development of renewable energy, green technologies, and resilient infrastructure.

- Addressing Equity and Vulnerability: Vulnerable populations, including marginalized communities, are disproportionately affected by climate-related disasters. Climate and disaster risk-informed investments can prioritize the needs and capacities of these communities, ensuring their participation in decision-making processes and equitable access to resources. This approach promotes social justice, reduces inequality, and strengthens the overall resilience of society.

Risk – Informed Investments in Fiji

Climate-Resilient Infrastructure: Investments in climate-proof infrastructure, such as flood-resistant buildings, storm water management systems, and resilient transportation networks, help mitigate climate-related risks. These investments enhances community safety, minimize damages, and enable faster recovery after disasters.

Ecosystem-based Adaptation: Investing in the restoration and conservation of natural ecosystems, such as mangroves, forests, and wetlands, provides multiple benefits. These ecosystems act as natural buffers against hazards, regulating water flows, preventing coastal erosion, and protecting biodiversity. Such investments not only enhance resilience but also provide additional ecosystem services, such as carbon sequestration and improved water quality.

National Adaptation Plan (NAP): Fiji launched its NAP in 2018, laying out its medium- and long-term strategies for adapting to climate change, with a particular focus on the sectors most vulnerable to climate impacts.

Risk – Informed Investments in Fiji

Early Warning Systems and Preparedness: Strengthening early warning systems and preparedness measures is crucial for timely evacuation, effective response, and reduced loss of lives during disasters. Investments in early warning technologies, community-based preparedness programs, and capacity building contribute to risk reduction and enhance overall resilience.

Fiji Climate Vulnerability Assessment: Funded by the World Bank, this assessment was carried out in 2017 to help Fiji better understand and prioritize investments to reduce vulnerability to climate change and build resilience.

Building Safety and Resilience in the Pacific Project: Funded by the European Union, this project aimed to reduce the vulnerability of Pacific Island countries, including Fiji, to natural disasters and climate change.

Risk – Informed Investments in Fiji

The Fiji Rural Electrification Fund: Launched in partnership with the Leonardo DiCaprio Foundation, this fund aimed to bring clean, renewable energy to rural communities in Fiji.

Enhancing Climate Resilience of the Central Division Project (ECRCD): This project, funded by the Green Climate Fund and the Asian Development Bank, aimed to improve the resilience of transport infrastructure and school buildings in Fiji's Central Division.

Conclusion

Climate and disaster risk-informed investments are essential for building resilience, safeguarding economies, and ensuring sustainable development in the face of climate change. By integrating risk assessments, scientific knowledge, and community engagement, investments can effectively reduce vulnerabilities, minimize damages, and enhance adaptive capacities.

Governments, businesses, and communities must prioritize these investments by additional resources towards building resilience in investments to navigate the increasing challenges posed by climate-related hazards and foster a resilient and sustainable future for all.

FIJI GOVERNMENT

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