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Parametric Insurance Boosts Farmer Confidence for Quicker Cyclone Recovery

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Copra farming has been the way of life for Tamari Bulabalavu's family for more than a century.

Ms Bulabalavu's coconut plantation is located about an hour's drive inland from the Savusavu town centre in Vunilagi Settlement, on Fiji's second largest island, Vanua Levu. Her home is surrounded by swaying coconut trees, resting just a stone's throw away from the pristine Savusavu coastline.



Tamari Bulabalavu in her coconut plantation, Savusavu, Fiji.

Earnings from the farm have sustained her family for three generations.

“Through copra farming, we managed to get fencing for our dairy farm, open a store and also put food on the table,” she said.

Copra comes from dried and processed coconut meat, and in Fiji is primarily used to extract coconut oil.

Ms Bulabalavu dries and processes the coconuts on her plantation and sells it to the Fiji Coconut Millers Limited, which then extracts oil from the supply at its colonial-era built mill in Savusavu.

Like much of the agriculture sector, copra farming is highly vulnerable to cyclones and floods. The damage to crops has a direct impact on farmer livelihoods because it can take many months or years to grow back.

“Before a cyclone, we can supply copra twice a week; But after a cyclone we usually take our copra down to the mill about once a month,” Ms Bulabalavu said.

Besides reduced copra supply, additional financial demands are placed on farmers to repair damaged homes and equipment.

In its heyday, copra was Fiji’s principal export commodity, with the country exporting 4372 tons per year in the late 1800s. While a shadow of its former self, the industry still directly or indirectly supports 100,000 farmers and is an important component of Fiji’s economy.

But cyclones and flooding remain a constant threat, and the farmers have few financial options to manage the risks or cope with the losses. Ms Bulabalavu hopes this will change with the introduction of Fiji’s first climate and disaster risk parametric micro-insurance product in August 2021.

The product was developed by the UN Capital Development Fund working in close collaboration with the Government of Fiji and other private and public sector stakeholders.

The “Developing Climate Disaster Risk Financing framework and parametric insurance in Fiji” project is funded by the Indian Government through the India-UN Development Partnership Fund administered by the UN Office for South-South Cooperation (UNOSSC).

The product was designed to improve the financial preparedness of Fiji against natural hazards and give farmers like Ms Bulabalavu and their families some

protection against cyclone damage.

It offers a maximum pay-out of FJ\$1000 (US\$500) for cyclonic storms for a premium of \$FJ100 (US\$50), with payments processed based on pre-defined triggers and without need for verification.

“The reason I signed up is because I know that this parametric insurance will benefit us a lot now and in the future after a cyclone occurs,” she said.

Timoci Tawake, Copra farmer

Timoci Tawake lives in Tacilevu Village, Savusavu, a few kilometres up the road from Ms Bulabalavu and, like her, was introduced to copra farming from an early age.

Mr Tawake’s father was a copra farmer before him, using rudimentary equipment to collect, dry and sell coconut flesh to meet the family’s everyday needs.



Timoci Tawake with his copra drying shed

He has chosen to continue the family tradition and supplies copra to the Fiji Coconut Millers Limited. It has helped him renovate his home, put his six children through school and diversify the farm.

His livelihood, however, is threatened by cyclones and floods nearly every year.

“Tropical cyclones damage a lot of coconut trees and this affected us because a lot of coconuts fell from the tree so we cannot not take coconuts to the mill for a long period of time,” Mr Tawake said.

He has been looking for a way to financially shield his investments from the impact of cyclones for some time with limited success. Without this protection, recovery can be a long and slow process.

When Fiji Coconut Millers, as a UNCDF partner, reached out to its suppliers about the parametric micro-insurance product, Mr Tawake was one of the first to sign up. He hopes that it will benefit his family for generations to come.

“Parametric Insurance is something great and it will benefit my family,” he said. “I will continue paying for this and pass it down to my children so that they can continue paying and using the insurance as well.”

Dewan Chand, Sugarcane farmer

The risks from cyclones cuts across the agriculture sector.

Every year Dewan Chand bunkers down for a cyclone by securing his home and property and ensuring enough money is kept aside for the financial losses that inevitably follow.

The latter is not always easy, with a UNCDF demand study for Fiji showing that farmers relied heavily on savings, bank loans or financial support from family and friends for disaster recovery.

Mr Chand is a sugarcane farmer in Labasa town, the economic hub of Vanua Levu.

As a subscriber of the parametric micro-insurance product, he plans to use the payout to recover losses in essential areas first. Insurance cover has given him the kind of freedom to choose and prioritise post-disaster recovery spending that did not always exist.





Labasa sugarcane farmer Dewan Chand (right) receiving his parametric microinsurance certificate from PICAP's Climate Risk Insurance Associate, Johan Nyqvist.

“The damage will first have to be assessed before determining how the money can be spent. I will first see if my family has any urgent health needs or cyclone-related injuries before repairing any damages to my house or farm,” he said.

Farmers are a target group under PICAP, given their acute vulnerability to cyclones and floods coupled with the importance of the agriculture sector to Fiji’s economy.

The programmes aims to empower farmers to bounce back quicker after a disaster through innovative use of climate and disaster risk financing.

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