GOVERNMENT OF SAMOA

Ministry of Finance

Disaster Risk Financing Policy
2022 - 2025

Acknowledgment

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Executive Summary

Samoa is a remote small island economy with a population of approximately 197,000 people. Due to its geographical location and physical environment, Samoa is exposed and vulnerable to several natural hazards. It is highly vulnerable and impacted by climate change and climate-related hazards (such as tropical cyclones, floods, storm surge and seasonal droughts) and geological hazards (such as earthquakes and tsunamis). It is also vulnerable to other shocks including global financial crises as well as health-related epidemics and pandemics.

Given this risk profile, modelling shows that the liability to the Government of Samoa (GoS) is approximately USD 25 million with 50 percent chance of experiencing a loss exceeding USD 130 million and casualties (fatalities and injuries) of up to 325 people in any 50-year period. Of this, approximately USD 25 million is expected to fall as emergency losses, the immediate cost to Government of responding following disasters. These estimates are within the range of the damage and losses suffered from the tsunami in 2009 (22 percent of the 2009 GDP or USD 124 million equivalent with 148 deaths and 325 people seriously injured) and tropical cyclone (TC) Evan in 2012 (28 percent of the 2011 GDP or USD 100 million equivalent). Modelling suggests that Samoa could incur on average an annual average loss of about USD 10 million due to earthquakes (including tsunamis from earthquakes) and tropical cyclone events, with the cyclones causing about 70 percent of the total estimated loss. Average annual losses from tropical cyclones to buildings and infrastructure are projected to increase by around 30 percent by 2100 compared to the current climate along with the proportion of the population being affected.

The Disaster Risk Financing Policy (the Policy) has been developed to assist in understanding, assessing, and planning for the natural disasters. The Policy provides a framework to protect and safeguard the people and the economy from adverse impacts of disasters through the use a set of disaster risk financing instruments. Collectively, these instruments provide liquidity and budgetary support in the event of a natural disaster. They contribute to the anticipated progress to an improved Climate and Disaster Resilience response as highlighted in the Pathway for the Development of Samoa FY2021/22-FY2025/26 (PDS). Building on the existing legal and institutional frameworks for disaster and disaster-related financial risk management, the Policy brings together ongoing and planned efforts to quantify, reduce, and manage disaster-related financial risk. The Policy has been developed to facilitate such decision-making underpinned by existing legislation and institutional frameworks including in the aftermath of a disaster and emergency conditions.

The Policy has been developed through a consultative process to ensure engagement and shared responsibility for use of financing instruments. From 2013 to 2022, GoS has accessed five major instruments ranging from contingent financing to risk transfer to meet post-disaster needs. These include: (i) the Catastrophe-Deferred Drawdown Option (Cat-DDO) through the World Bank; (ii) Pacific Disaster Resilience Program through the Asian Development Bank (ADB); (iii) sovereign catastrophe risk insurance through the Pacific Catastrophe Risk Insurance Company (PCRIC); (iv) Contingency Emergency Response

Component (CERC) included in several International Development Association (IDA) funded projects through the World Bank; and (v) GoS' own contingency financing included in the budget and the ability to reallocate budget for response and recovery.

The Policy emphasizes the need to base decisions on four key principles to help GoS' preparedness and response in the event of a disaster: (i) rapid mobilization of funds; (ii) effective delivery channels; (iii) a risk layering approach by which different instruments are combined to ensure cost-effectiveness; and (iv)data and analytics. The Policy includes five strategic priorities to protect and safeguard the people and the economy : (i) identify and quantify disaster-related economic and fiscal risks; (ii) contribute to the National Budget and Planning to be informed by climate and disaster risk analysis; (iii) explore options to transfer disaster risks to the private sector; (iv) identify a cost-efficient combination of disaster risk financing instruments each year and report on these to the Cabinet and Parliament annually; and (v) build institutional capacity on disaster risk financing. These strategic priorities are reflected in the three year implementation plan. The implementation plan includes two key outcome oriented results: (i) strengthened planning and oversight with the inclusion of post disaster expenditure and the use of one or more instruments after a disaster to be reflected in budget documents including the costs to restore basic services and planned expenditure (if known) for repair/rebuild of major assets; and (ii) enhancement of the asset register housed in MoF which includes risk and vulnerability assessment of public assets including schools and health facilities to help inform and prioritize decisions on maintenance and repair/rebuild in the event of a disaster.

1. Introduction

1.1. Country Context and Vulnerability

1. **Samoa is a remote small island economy with a population of approximately 197,000 people**.[1] It is composed of two large volcanic islands (Upolu and Savai'i) and several smaller islands with a total land area of approximately 2,935 square kilometers. It is remote from major markets and is located approximately 3,000km from New Zealand and 4,000km from Australia. The small size of the domestic economy (GDP of USD 830 million in 2020[2]) and its extreme remoteness from major markets result in high costs of economic activity, as economies of scale cannot be realized in domestic production due to its small population. In addition, transport costs significantly increase the cost of trade and limit export opportunities, while also contributing to high per capita costs of public service delivery.

2. **Samoa is being impacted by climate change and increasing the risk of disasters**. Like other Pacific countries, Samoa is extremely vulnerable to climate-related risks such as floods, cyclones, seasonal droughts and geological hazards such as earthquakes and tsunami.[3] Climate change is affecting rainfall patterns including intensity of heavy rains and seasonal droughts. These are causing frequent floods and affecting water supply, shoreline, coastal areas and agriculture. Other impacts of climate change include changes to the frequency and intensity of tropical cyclones, storm surges, and sea level rise, which is driving salt-water intrusion into the fresh water and affecting potable water.

3. **Samoa's remoteness and narrowly based economy also makes it particularly vulnerable to external shocks.** Its economy is highly dependent on tourism and remittances from abroad equivalent to around 22 and 17 percent of 2018 GDP, respectively.[4] In 2009, the Samoan economy contracted by about 5 percent as a result of the cumulative effects of the 2008 food and fuel price spikes, the global financial crisis and a devastating tsunami (causing an estimated damages of around USD124 million or 22 percent of 2008 GDP). The December 2019 measles epidemic, which claimed at least 80 lives, and the ongoing COVID-19 pandemic represent shocks which may surpass those experienced in 2008-09. These public health disasters further increase the vulnerability of the economy and people to potential natural disasters, such as cyclones or earthquakes.

1.2. Disaster Risk Financing Policy and its Objectives

4. **Given Samoa's vulnerability to climate change and natural disasters, the government has developed this Disaster Risk Financing Policy**. The Vision is "*An improved disaster resilient Samoa*". The Goal is "*Prioritized disaster risk financing to reduce socio-economic and fiscal vulnerability of the economy*". The objectives are to provide strategic guidance and direction for the GoS and its institutions to reduce the socio-

[1] https://databank.worldbank.org/reports.aspx?source=2&country=WSM
[2] Samoa Bureau of Statistics, Gross Domestic Product, December 2020
[3] World Bank. 2017. Climate change and disaster management. Pacific Possible Background Paper No. 6. Washington, D.C. World Bank Group. http://documents.worldbank.org/curated/en/655081503691935252/Climate-change-and-disaster-management
[4] Ibid

economic and fiscal effects of disasters through prioritizing and combining specific financial instruments in the aftermath of a disaster. This is done whilst taking into consideration the legal and institutional context for public financial management, disaster risk management, and insurance markets. This Policy is a living document and forms the basis for the management of disaster-related contingent liabilities. The development of the DRF policy also draws on lessons from the instruments and tools activated since late 2019 for the measles epidemic and July 2020 for the Covid-19 pandemic, including the Cat-DDO, the CERC, the ADB contingent financing and the Government's own funds, as well as those from the Hunga Tonga – Hunga Ha'apai underwater volcanic eruption in 2022.

2. Samoa's Disaster Risk Profile

5. **Due to its geographical location and physical environment, Samoa is exposed and vulnerable to multiple natural hazards**. The primary hazards are tropical cyclones with destructive winds and storm surge generally between November and April, which usually trigger coastal and riverine floods, and landslides. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)[5] concludes that due to climate change, countries in the Pacific may experience more hot days, unpredictable and more intense rainfall, increased sea levels and storm surges, fewer cyclones but of greater intensity, and increased ocean acidification. On a global index, Samoa has a vulnerability index of 0.496, on range of 0.267 (for the least vulnerable country) to 0.675 to the most vulnerable, placing it in the top third of the vulnerable countries.[6]

6. **In the past 30 years, Samoa has been affected by three Category 5 and several Category 2-3 tropical cyclones as well as heavy rain, floods and seasonal droughts causing extensive damage to the people's livelihoods and economy**. Samoa was hit by TC Ofa (1990) and Val (1991) which affected 160,000 and 88,000 people, respectively. TC Evan (2012) was the worst since 1991, and caused about USD 204 million in damages and losses, or 28 percent of 2011 GDP.[7] Transport, electricity, and agriculture were the most affected sectors. The public assets accounted for 55 percent of the damages and losses. The increased frequency of heavy rainfall events due to changing climate are adding to the risks; heavy rainfall in December 2020 affected the Apia area and caused damage to businesses, government buildings, houses and roads, estimated to be around USD 28 million (SAT 70 million) (The current average annual loss due to tropical cyclones are estimated to be about 1.2 percent of the country's GDP[8] or USD 9 million based on 2020 GDP.

[5] IPCC Sixth Assessment Report (AR6) - Working Group (WG) I: Regional Fact Sheet, Small Islands - https://www.ipcc.ch/report/ar6/wg1/downloads/factsheets/IPCC_AR6_WGI_Regional_Fact_Sheet_Small_Islands.pdf; IPCC AR6 WGI Summary for Policy Makers (SPM) - https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM_final.pdf; and IPCC AR6 WGII SPM - https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

[6] ND-GAIN index - https://gain-new.crc.nd.edu/ranking/vulnerability

[7] Samoa Post Disaster Needs Assessment Cyclone Evan

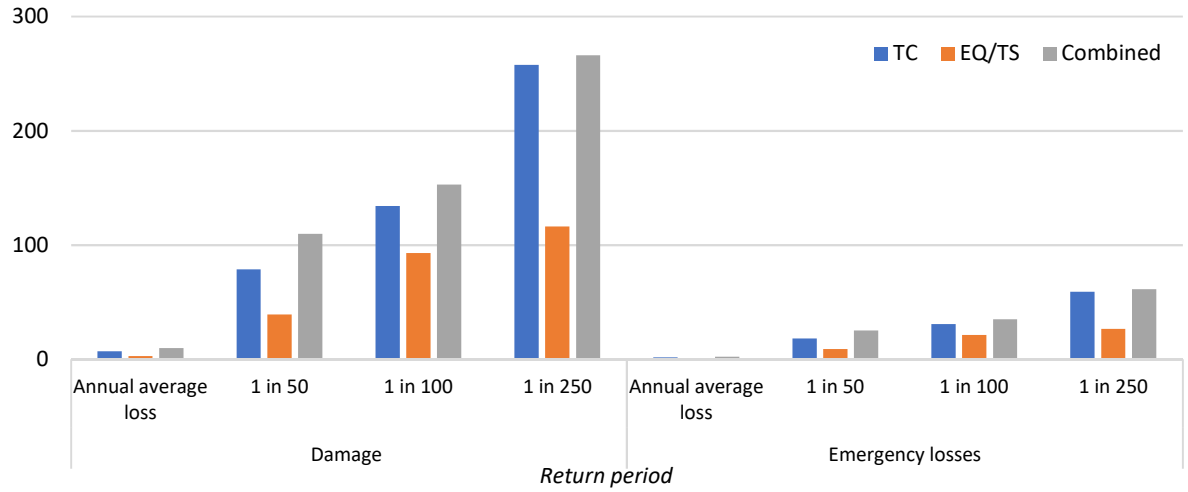
[8] This is consistent with the current PCRAFI modeled losses compared with 2018 GDP

7. **Samoa is also vulnerable to earthquakes and tsunami**. Earthquakes and tsunamis have impacted the islands given a combination of local volcanism and proximity to the Tonga trench, a seismic area located 200 km south of Samoa. The strongest recorded earthquake that affected Samoa occurred in the Tonga trench in 1917 with an 8.7-magnitude. In 2009, an 8-magnitude earthquake struck the country with its epicenter 190 km south of Apia. The event was followed by two tsunami waves, with swells of up to 11 meters. An estimated 2.5 percent (2,000 people) of the population in the country was affected, mainly on the southern, eastern, and southwestern coast of Upolu Island. The impacts hampered the efforts to recover from the 2008 financial crisis. The physical damages and economic losses were estimated at USD 124 million, equivalent to 22 percent of the 2008 GDP, of which 42 percent fell in the public sector.[9] Sadly 148 people lost their lives and 310 were seriously injured.

8. **The risks from tropical cyclones surpass those from earthquakes.** The Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) conducted risk assessments to estimate impacts of simulated future events. The PCRAFI modelling suggests that Samoa could incur on average an annual GDP loss of about USD 10 million due to earthquakes and tropical cyclones.[10] The modelling also estimates the average return period of different categories of tropical cyclones, e.g., tropical cyclones of Category 2 and 3 have average return periods of 13 and 35 years, respectively,[11] and that of Category 4 and 5 have average return periods of 185 and 3,333 years respectively. In the PCRAFI modelling, direct damages were calculated as the replacement value of buildings, infrastructure assets, and significant crops. The emergency losses were modeled to provide an estimate of financial needs to cover emergency activities, assumed as a percentage of direct damages (see Figure 1). On average, the modelling indicates the annual direct damages of USD 6.9 million due to tropical cyclones, USD 2.9 million due to earthquakes and tsunami. By the end-of-century, increases in losses are projected across all categories of tropical cyclones, including about 30 percent increase in losses for 1-in-50 year events, and about 38 percent increase in losses for 1-in-100 year events. Average annual losses from tropical cyclones to buildings and infrastructure are projected to increase by around 30 percent by 2100 compared to the current climate along with the proportion of the population being affected. For all disasters combined, in any given year, there is a 2 percent probability that direct damages will exceed USD 110 million and a 1 percent probability that they will exceed USD 150 million. Annual emergency costs, on average, are expected at USD 2.3 million for tropical cyclones, earthquakes and tsunami combined.

[9] Samoa Post Disaster Needs Assessment Following the Earthquake and Tsunami of 29th September 2009
[10] https://www.pacificclimatechange.net/sites/default/files/PCRAFI_country-risk-profile_Samoa.pdf
[11] This is based on the Saffir-Simpson hurricane scale (SSHS) and the Samoa PDNA 2009

Figure 1: *Expected annual damages and emergency costs under different years of return periods (USD million)*



Note. Tropical cyclone (TC), earthquake and tsunami (EQ/TS). The return period is the estimated time between damages of a specific size occurring. For example, a 1-in-50-year return period refers to damage that occurs on average once every 50 years—i.e., in any given year there is a 2 percent probability of such damages. The estimates do not mean these disasters will occur only once every 10 (50 or 100) years.
Source. Country risk assessment under World Bank Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) June 2013 (https://www.pacificclimatechange.net/sites/default/files/PCRAFI_country-risk-profile_Samoa.pdf)

9. Given this risk profile, the liability to the government is approximately USD 25 million with 50 percent chance of experiencing a loss exceeding USD 130 million and casualties (fatalities and injuries) of up to 325 people in any 50-year period.[12] Of this, approximately USD 25 million is expected to fall as emergency losses, the immediate cost to Government of responding following disasters.

3. Institutional and Legal Framework

10. **The Policy is anchored on various institutional and legal frameworks** administered by various agencies. The most relevant being the Public Finance Management Act 2001 and Treasury Instructions, and the Fixed Asset Policy and Framework (draft).

3.1. Public Financial Management

11. **The Public Finance Management Act 2001 (PFMA) governs the financial management processes of Government.** The Ministry of Finance (MoF) is the legal custodian of the Act and administers the implementation of the requirements of the same. One of the key responsibilities of MoF (under specific responsibilities of the Chief Executive Officer (CEO) MoF in the PFMA 2001 and Treasury Instructions – Asset Management 2013) is to provide financial and economic advice, set accounting policies, practices and procedures for all financial management practices such as asset

[12] Samoa Risk Profile September 2011, PCRAFI

management. Section 29 of the PFMA stipulates that the annual budget estimates presented to the Legislative Assembly shall contain a vote for Unforeseen Expenditure, with an appropriation not exceeding 3% of the total expenditure programs in the Appropriation Bill.

12. **The Government during emergencies or disasters uses the unforeseen allocation for any immediate relief or emergency expenditures**. The Disaster Advisory Committee (DAC) (through the MoF as a member) determines the financing options (GoS' own financial resources, contingent financing instruments, insurance and development partner support) for financing post disaster needs associated with emergency relief, rehabilitation, and reconstruction of public infrastructure, agriculture and fisheries and socio-economic costs.

13. **Natural disasters make heavy demands on government's limited capability, especially for procurement related to disaster response**. The principal Act that guides public procurement is the PFMA in which, section 87 requires those responsible for government procurement to comply with procedures and processes prescribed by the Act, its subsidiary regulations, Treasury Instructions (Section 6 Part K: Amendment 2020) and Procurement Operating Manual 2020 (Operating Manual). This includes emergency and disaster-related procurements. The Treasury Instructions and Operating Manuals guide the procurement of post-disaster goods, services and works procured through the disaster risk financing instruments. In the past few years, effort has been to assemble resources which include annually updated rosters of suppliers, contractors and service providers who could be mobilized at short notice; prequalified suppliers and contractors; standardized bidding documents for repairs to buildings and infrastructure (such as type plans, designs, drawings, bills of quantities, technical specifications, cost estimate templates). Bulk Procurement, Framework Agreements / Arrangements (FA) and indefinite delivery contracts have also been used (for example for COVID-19 pandemic response).

3.2 Other Relevant Legislations, Plans and Strategies

14. **The Pathway for the Development of Samoa FY2021/22-FY2025/26 (PDS) launched in February 2022 provides the strategic context for the DRF policy**. The Pathway has solidified the Government's position in terms of strengthening its support for the community to drive development and empowering the people to pursue economic opportunities. It is in this light that the Government will approach development in Samoa and also ensure that the people are well equipped and well prepared in times of disaster and health crises. The realization of the priorities in the national plan is bringing together the sector wide approach/ district planning processes and infrastructure to help mainstream disaster resilience and preparedness, as well as ensuring implementation. The theme of the PDS is 'Empowering communities, building resilience, and inspiring growth'. It includes five Key Strategic Outcome pillars of development: Social, Economic, Governance, Environment and Infrastructure. Under the secured environment and climate change pillar, the priorities include efforts to address the impacts of climate

change and disasters (integrating risk and resilience into development planning). Under the structured public works and infrastructure pillar, priorities include focus on safety, quality, climate resilience, maintenance and sustainability of infrastructure.

15. The policy also draws on other plans and strategies as part of the legal and institutional framework. These include:

- PDS, Sector and Corporate Plans include strategic objectives, development needs and financial projections for infrastructure and assets.
- Asset Management Policy (AMP) include guiding principles for Asset Management, Commitments and Responsibilities. The AMP is the regulatory document endorsed by Cabinet (June 2017) to direct government ministries/ agencies to improve the whole–of-life management and total cost of ownership of critical infrastructure assets.
- Asset Management Strategy (AMS) include Current State of Asset Management Practice, Requirement Improvements, Action Plans, Timeframes and Responsibilities.
- Asset Management Plans include management practices, levels of service, Long Term Funding Requirements, Annual Capital Renewal Requirement, Annual Maintenance Requirement.

16. **The insurance acts are also relevant for the Policy**. These include the International Insurance Act (IIA) 1988 and the Insurance Act (IA) 2007, which are administered by the Central Bank of Samoa. The IA 2007 mandates the licensing of insurance businesses and the supervision of the insurance industry in Samoa. Part II, Sections 3 – 8, stipulates the requirement for the establishment of the Office of the Insurance Commissioner including the person to hold office, his/her functions, powers, protection, and reporting requirements. The Insurance Commissioner is the Governor of the Central Bank of Samoa. Insurance licenses are issued only to (a) a company registered in Samoa or (b) a body established by Act of Parliament which is entitled to undertake insurance business in Samoa.

17. **Community Integrated Management (CIM) Plans provide spatial risk information**.[13] The CIM Plans were updated in 2017-2019 The CIM Plans for all districts include planning for environment, biological resources, infrastructure, and identify the priority investments including those that will improve the climate and disaster resilience of people, their livelihood and the economy. The CIM Strategy, revised in 2015 reflects the expanded approach (beyond the infrastructure included in 2000s Coastal Infrastructure Management Plans) and emphasize the whole of government approach for planning

[13] CIM plans for all districts were updated through support of Pilot Program for Climate Resilience – Enhancing the Resilience of Coastal Resources and Communities, administered through the World Bank and a parallel project funded by the Adaptation Fund administered through United Nations Development Program. The CIM Plans can be from: https://www.mnre.gov.ws/publications/

and implementation, taking into consideration an integrated ecosystem based adaptation approach and the ridge to reef concept.

18. **GoS has also developed District Development Plans (DDP)** which brings together the priorities of the different Districts and are aligned with the five key strategic outcome pillars of the PDS. The DDP allows the Districts to discuss their focus and actions on how they will contribute to improving social priorities, economic opportunities, secured environment and safety in their communities. The Government's vision is to use the DDPs to link its support and engagement to the communities and this includes the focus on climate resilience and disaster risk management.

4. Strategic Framework for Disaster Risk Financing

4.1. Disaster Risk Financing

19. **A Disaster Risk Financing framework aims to protect and safeguard the people and the economy from the adverse impacts of disasters through the use of a layered approach and a set of disaster risk financing instruments** available and accessed by GoS. Pre-arranging finance to respond to disasters more quickly and cost-effectively using a range of financial instruments, both risk retention and risk transfer instruments, is core to meeting the goal of safeguarding the people and the economy. Risk retention instruments refer to those where stakeholders such as national or sub-national governments have financial responsibility for risk, using efficient financial planning and structuring to increase effectiveness and efficiency, whilst risk transfer instruments refer to those for which the risks are transferred to a third party such as the private sector (e.g., as in insurance). Collectively, disaster risk financing instruments provide liquidity and budgetary support in the event of major hazards that affect Samoa. They contribute to the anticipated progress to an improved Climate and Disaster Resilience response as highlighted in the PDS.

20. **This policy provides an overview of the DRF framework and sets out possible disaster risk financing instruments for GoS to consider**. Starting with the objectives and risk tolerance of GoS, combinations of instruments can be structured to cost-effectively provide financial protection to Samoa after a disaster. As part of the implementation of the Policy, Strategic Priorities 4 and 6 will include assessment of possible funding gaps to the GoS and the cost-benefit tradeoffs of different combinations of instruments (see Section 6).

4.2. Core Principles of DRF

21. **There are four key principles of DRF that look to strength financial resilience against disasters include**: (i) rapid mobilization of funds; (ii) effective delivery channels; (iii) a risk

layering approach by which different instruments are combined to ensure cost-effectiveness; and (iv) data and analytics.[14]

22. **Rapid mobilization of funds to support disaster response activities is crucial from two perspectives**. From the perspective of the affected population, the timeliness of disaster response is important to limit the negative impacts of disasters. From the GoS' perspective, the speed of disaster response is important to limit the overall response costs and provide much needed support to the population in the aftermath of a disaster. Pre-arranged financing can provide quick liquidity after disasters strike to support relief and early recovery efforts. GoS will have more time to mobilize the resources required for the reconstruction (see Figure 2) or have development partners support repairs and contribute to early recovery through bilateral efforts. Different financing instruments have corresponding costs associated with having them in place, therefore there are implications for the design of cost-effective financial strategies to finance disaster response.[15] Thus, whilst speed matters for relief and early recovery, it is important to note that not all financial resources are needed all at once or have to be pre-arranged.

***Figure 2**: Resource requirements during the different phases of post-disaster actions*

Source: Disaster Risk Finance: A Primer Core Principles and Operational Framework. World Bank DRIF (2018).

23. **Delivery channels which ensure transparency and accountability are essential for timely disbursement of funds**. How money reaches beneficiaries is as important as where the money comes from. In disbursing funds, governments require dedicated mechanisms and expertise to effectively allocate, disburse, and monitor relief, recovery, and reconstruction funds. Strong collaboration between MoF and other government ministries and/or agencies tasked with spending post-disaster funds (such as state-owned enterprises) that maintain public infrastructure is crucial. Furthermore, the disbursement system must take into consideration timeliness, transparency and the accountability requirement of public and donors/development partners providing the funds.

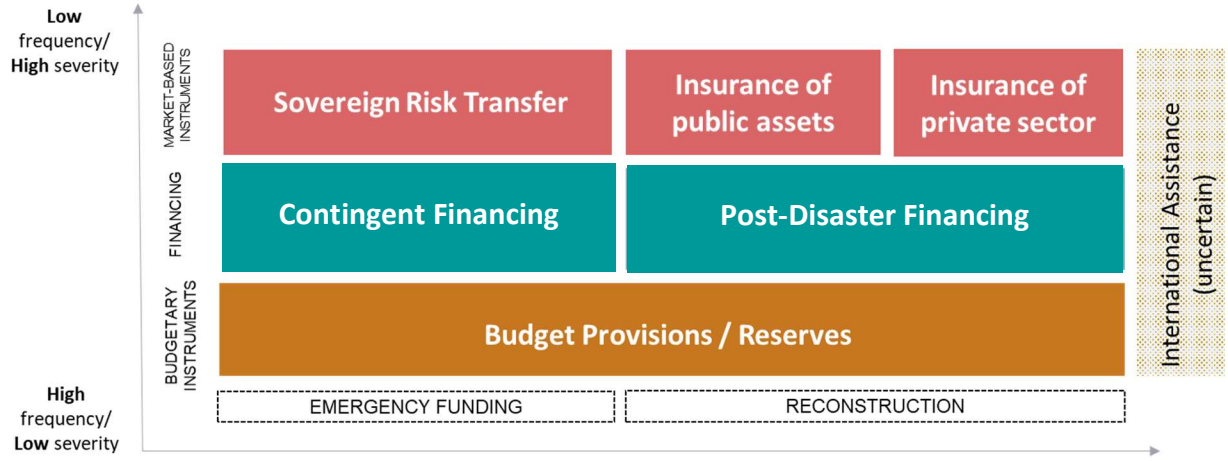
[14] World Bank Group. 2018. Disaster Risk Finance: A Primer: Core Principles and Operational Framework. Washington, DC. © World Bank

[15] Samoa is eligible for grant financing under World Bank/IDA and ADB, and hence cost implications for most of the instruments may be low during the timeframe of the Policy; should this change in the future to a mix of grant and concessional credit, this would have to be taken into consideration when making decisions on which financial instruments to access based on their cost-effectiveness amongst other criteria.

Development of post disaster budget execution, mobilization and reporting in the budget documents is an action in Strategic Priority 5 (see Section 6).

24. **Risk layering refers to the combination of instruments to ensure cost-effective financing for emergency response and long-term recovery**. A risk layering approach is an approach which uses various types of instruments cover events of different magnitude. Different instruments are not equally cost-effective in covering events of different magnitude. For recurrent events (relatively small events), a disaster reserve fund can typically provide quick liquidity to finance preparedness and emergency response most cost-effectively. For medium-sized events, contingent credits and grants can complement reserves if needed, and post disaster credit can finance long-term reconstruction. For more extreme but rare shocks, risk transfer instruments can provide additional protection to the government and private sector (business, households, farmers) most cost-effectively**.** Figure 3 provides a general overview of financial tools for disaster response for different layers and response phases. Section 5 looks into details of the various types of instruments, characteristics and advantages and disadvantages.

***Figure 3**: Financial Tools for Disaster Response: A Framework*



Source: Adapted from Mahul et al. 2014.

25. **Data and Analytics involves the financial analysis of risk data, which empowers governments to take risk-informed decisions regarding their financial protection against disasters**. Sound decision-making requires having the right information and tools that will assist in undertaking better quantitative analysis that would help governments understand and evaluate alternative financial instruments and strategies. In Samoa, such data may include, inter alia: PCRAFI risk modeling, PacRis exposure information, Government expenditure data, DMO records, historical disaster loss information and meteorological data. Strategic Priority 1 details some ways in which data can be improved and obtained in order to quantify contingent liabilities to the GoS.

5. Disaster risk financing instruments

26. The main disaster risk financing instruments available to the GoS include are summarised in this section and are classified using the Framework presented above (see Figure 3).

5.1. Sovereign Risk Transfer

27. **The GoS has purchased a Sovereign Parametric Insurance cover from the PCRIC** and serves as a rapid-response financing instrument when a specified trigger is met. This insurance cover has been in place since 2013 (and initially funded through multiple development partners through the World Bank and since 2015 under the IDA funded PREP project (that included payment for annual insurance premiums for Samoa, Tonga, Republic of Marshall Islands and Vanuatu). For Samoa, the insurance premium has been funded under the PREP project and currently is set to continue until 31 October 2023; Government of Samoa contribute directly to this premium with component of US$100,000 in 2021-22 which increases by US$10,000 each year. The cover runs from 1 November (i.e. start of cyclone season) of a year to 31 October year after. The sovereign risk insurance covers tropical cyclones, earthquakes, and tsunamis induced by earthquakes. Its parametric policies are designed to make a payout within 10 days of a triggering event. Important to note is that the policy is not designed to payout following all events, nor to cover all costs, but rather targets payouts to support immediate emergency response following severe disasters. Based on the selected coverage, the maximum possible payout is US$11 million for any year. However, the GoS has not qualified for a payout (as the triggering event has not been met) since the start of the risk insurance cover in 2013.

5.2. Insurance of Public Assets

28. **Historically the GoS purchased insurance for public assets however as of 2020, this insurance was not renewed**. GoS has paid insurance premiums of approximately $14 million SAT over a three-year period (2017-2020) to cover a number of government-owned assets namely health, education assets and public buildings. During this period the MoF has spent considerable staff time and costs for legal advice on significant losses and payouts were not received. This resulted in an external review of the public assets insurance which was conducted in 2019[16]. As a result of this review, it was decided to not renew the insurance purchased to cover some of these assets. At present, should a disaster occur, the government will be liable for the full cost of any damage to these government assets. It is an action point as part of Strategic Priority 1, to review different options for the GoS for the protection of public assets to disasters, with the aim of determining a cost-effective way forward for public asset protection.

29. **Coverage for public roads, bridges and wharves is not locally obtainable**. While GoS' budget policy encourages that all major assets are insured, not every government ministry or SoE is allocated adequate budget resource to finance insurance cover and if an allocation is made it is usually not sufficient to cover premium payments. Insurance

[16] Review of Government Policies and Practices Insurance of Government Assets - Final Summary Report

products on offer do not include cover for major infrastructure assets such as roads, bridges and wharves.

5.3. Private Sector Insurance

30. **Markets for property catastrophe insurance, agricultural insurance, and disaster micro insurance are currently not well developed in Samoa** but they could play a role in reducing the Government's disaster related contingently liability if appropriate products are offered and taken up by the population, businesses, and Government. Challenges exist on the supply side such as product development, limited delivery channels, lack of technical capacity and on the demand side such as low insurance education, low awareness on exposure to disaster risks. There is also a need to strengthen legal and regulatory systems to increase the resilience of private insurers and therefore the trust that policy holders have in the purchase of insurance.

31. **Insurance products currently available in Samoa include personal property insurance, public liability insurance, vehicle insurance, medical insurance, travel insurance, business insurance and funeral insurance**. The insurance industry in Samoa consists of four (4) local general insurance companies. Each of the companies is licensed to operate under the 2007 insurance Act that is regulated by the CBS. Insurance can be purchased by the population to cover many risks such that Samoa is more resilient to climate related catastrophes. Insurance can also be structured in different ways to best meet the needs of the country. For example, insurance can be set up to cover certain peril events or losses in total.

5.4. Contingent and Post Disaster Financing

32. **Samoa has had access to some contingent financing since 2015**. They are listed in the order when they became available. Table 1 also shows the contingent financing that has been accessed.

33. **Contingency Emergency Response Component (CERC) included in IDA funded projects through the World Bank.** The CERC is a financing instrument which is integrated into World Bank investment project financing to ensure that funds are available for urgent recovery needs in the aftermath of a disaster without the need for formal project restructuring. The CERC was first included under the IDA funded Pacific Resilience Program (PREP) Project approved in 2015. Consistent with the PREP's objectives, the CERC in the PREP project finances procurement of emergency response and relief critical goods and services, to quickly restore livelihoods, lifeline infrastructure and services following natural disasters or health-related outbreaks/emergencies. The CERC can also finance emergency recovery and reconstruction works and associated supporting consulting services. In consultation with GoS and to ensure the government capacity was not stretched or funds used before the end of the cyclone season, the CERC under the PREP project was accessed for USD 500,000 for personal protective equipment and

medical goods for COVID-19 in April 2020. A number of IDA funded projects (The Samoa Agriculture and Fisheries Productivity and Marketing Project, Samoa Climate Resilient Transport Project, and Samoa Aviation and Road Investment Project) all have CERCs in place to be triggered in an eligible crisis or emergency.

34. **World Bank Development Policy Operation with Catastrophe Draw-Down Option (Cat-DDO).** Samoa was the first Pacific Island country to have the Development Policy Operation with a Cat-DDO approved in October 2018 after the instrument became available to IDA countries. Cat-DDOs enhance countries' capacity to plan for and manage crises by securing access to financing before disaster strikes. It is approved prior to the disaster and disburses quickly once the event occurs, and the drawdown trigger (Proclamation of State of Emergency for natural disasters) is met. It is most effective as part of a broader risk management strategy in countries highly exposed to natural disasters, including health related events. Using a DPO with Cat-DDO has enabled Samoa to access both instruments using the Joint Policy Action matrix of policy reforms, making it efficient for a small island country with limited human capacity. As the Cat-DDO is pre-approved, GoS can get immediate liquidity by submitting a withdrawal application to the World Bank/IDA to address shocks related to natural disasters and/or health-related events. The first Cat-DDO (of a total grant amount of USD8.7 million equivalent including the national allocation matched through a global IDA allocation) was partially drawn-down for the measles epidemic in December 2019 and the remainder in April 2020 for the COVID-19 pandemic (see Table 1). In December 2020, a second Cat-DDO as a grant of USD 10 million equivalent and as part of the Development Policy Operation was approved and has not been drawn-down as of March 2022.

35. **Pacific Disaster Resilience Program Contingent Disaster Financing through the Asian Development Bank**. The contingent disaster financing (CDF) is a financing option under ADB's policy-based lending and like the Cat-DDO is a quick-disbursing and flexible source of financing for countries. The GoS has access to the ADB CDF, amounting to USD10 million (which gets topped up as needed during the program). A key feature of CDF is that it enables processing and essential policy dialogue and reforms to be completed before a natural hazard occurs, with disbursements made upon satisfaction of pre-agreed disbursement condition(s) the COVID-19 Pandemic in August 2020. (See Error! Reference source not found.).

Table 1: *Contingent financing accessed between December 2019 to August 2020*

Event	Period	Instrument	Supported by	Amount
Measles epidemic	Dec 2019	Cat-DDO	World Bank	USD3.5 million
Covid-19	March 2020	Cat-DDO	World Bank	USD5.1 million
Covid-19	March 2020	Contingent financing	ADB	USD2.9 million

Event	Period	Instrument	Supported by	Amount
		(Regional Pacific Resilience Program)		
Covid-19	April 2020	Pacific Resilience Program (PREP) Project Contingency Emergency Response Component (CERC)	World Bank	USD0.5 million
Covid-19	August 2020	Contingent financing (Asia Pacific Disaster Response Fund)	ADB	USD1.5 million

36. **Post disaster financing**. If there is a major disaster, GoS has the ability to access disaster/emergency financing. Post disaster borrowing: Government can both domestically and internationally finance post disaster related programs but runs the risk of increasing the national debt burden. In the aftermath of disasters, GoS provides a standard food basket to affected households to support their livelihoods. For farmers, Government, Non-Governmental Organizations and humanitarian organizations assist with agricultural inputs as was done after the 2009 tsunami. Nonetheless, the support does not fully meet households' livelihood needs. Development partners play an important role in financing disaster mitigation, response and recovery activities, although that might be slow to be approved. ADB and the World Bank can process emergency operations quickly as additional financing for a project that supports the major sector damaged and/or through budget support. Samoa had accessed funds through these type of operations after the 2009 tsunami and TC Evan.

5.5. Budget Provisions/Reserves

37. **National Emergency Response Operational Costs** - To ensure Samoa's readiness for disasters including health emergencies, the Government has included annual budgetary provisions for Emergency Response Operations under Ministries and Government agencies with frontline responsibilities, beginning in the FY2022/23. This funding is specifically allocated for disaster or emergency response operations upon declaration of a "State of Emergency".

38. **Unforeseen Expenditure** - Section 29 of the PFMA 2001 stipulates that the annual estimates presented to the Legislative Assembly shall contain a vote for Unforeseen Expenditure, with an appropriation equivalent to 3% of the total expenditure program per annum. The Government during emergencies or disasters can use the unforeseen allocation for any immediate relief or emergency expenditures. Section 30 stipulates that under a proclamation of emergency situation, expenditure may be approved from the

Treasury Fund. Table 2 summarises the unforeseen budgets and allocation after a disaster/extreme event from FY2015-16 to FY2020-21.

Table 2: *Use of Unforeseen Budget and Actual Expenditure FY2015-16 to FY2020-21*

Financial Year	Expenditure Program (SAT)	Unforeseen Budget Estimate (SAT)	Unforeseen Actual (SAT)
2015-16	**478,223,687**	**14,346,710**	**11,492,876**
2016-17	**492,306,167**	**14,769,185**	**9,806,238**
2017-18	**509,896,272**	**15,296,888**	**12,783,996**
2018-19	**546,890,252**	**16,406,708**	**9,620,112**
2019-20	**583,115,543**	**17,493,466**	**13,274,298**
2020-21	**688,694,610**	**20,660,838**	**7,501,058**

39. **Budget reallocations.** In the event of a disaster, Government can reallocate funds from other programs and activities to disaster response activities. However, such funds can then not be used for their originally intended purpose which can imply an economic cost, due to foregone investments and ultimately growth.

6. Strategic Priorities

40. **To help the government achieve its national outcome as defined in the PDS, key strategic outcome 4: secured environment and climate change, the DRF policy has defined five strategic priorities** to understand and reduce the economic and financial costs associated with disasters in Samoa:

i) Identify and quantify disaster-related economic and fiscal risks
ii) National Budget and Planning to be informed by Climate and Disaster Risk analysis
iii) Explore options to transfer disaster risks to the private sector
iv) Identify a cost-efficient combination of disaster risk financing instruments each year and report on these to the Cabinet and Parliament annually
v) Build institutional capacity on disaster risk financing

The first action towards achieving these strategic priorities is to develop a detailed implementation plan with timings to provide a road map on each of these strategic priorities. Such a draft implementation Plan is presented in Section 7.

6.1. Priority 1. Identify and quantify disaster-related economic and fiscal risks

41. **GoS will work with partners in the identification and quantification of economic and fiscal risks associated with disasters is the critical first step to manage its potential impacts**. According to the Disaster and Emergency Management Act 2007, the DMO is in charge of conducting hazards assessment and vulnerability analysis to inform appropriate prevention, mitigation, preparedness, and response measures.

42. **GoS will draw on the PacRIS information and CIM Plans for Samoa's hazard, exposure and risk**. PacRIS includes the most comprehensive regional historical catalog and historical loss database for major disasters, as well as country-specific hazard maps for earthquakes (ground shaking) and cyclones (wind). It is also one of the region's largest collections of geospatial information. Based on the collected information, a simulation model was constructed to quantify the potential damage to assets from cyclones and earthquakes (ground shaking and tsunami). These estimations approximate the financial cost that the GoS will face with different probabilities of realization and is reflected in this Policy. There are current efforts to strengthen and update the 10-year-old exposure mapping. GoS will work with SPC in collecting and sharing data from its public asset database. Risk maps provide information on the potential impact of a hazard, such as potential casualties and damages, normally for a given measure of probability/return period. Based on information from CIM plans, high risk areas have been identified in both of the main island, and there is an understanding of the level of risks in these areas within the villages and the government entities. There is a need to develop local expertise in the assessment of risk for specific hazards through a dedicated technical assistance program or part of an investment project to enhance local expertise in Samoa.

43. **Asset registers developed by GoS and SOEs will support robust risk management processes around the protection of public assets but need to include information on risk and vulnerability to climate change and disasters.** All ministries/agencies of government maintain their own asset registers. It is a record of all assets they procured and it is mainly done to assist with internal control and auditing purposes. The MoF keeps a register of all the major buildings that are owned by government. Land Transport Authority keeps a register of all public assets (ie. roads, bridges etc).

44. **Work with development partners to update the asset register to incorporate climate and disaster risk and vulnerability assessment**. With the support of the World Bank and Australian Government, GoS has completed a risk, vulnerability assessment, geo-mapped location, condition of the buildings and maintenance needs and the number of students registered for all public primary schools[17]. It is in the process of completing such risk and vulnerability assessment for secondary public schools and

[17] This was completed under the Strengthening the Resilience of Public Facilities in Samoa and as part of WB supported regional technical assistance

health clinics. Such data will be critical in prioritizing decisions on maintenance prior to cyclone season and repair in the event of damage during a disaster.

45. **Review government protection of public assets**. A review of various ways the government can protect their public assets against natural disasters is to be conducted. This will include a review of possible insurance options with the most cost-effective presented and discussed with the GoS.

46. As part of this policy, the following activities will be implemented to improve disaster related economic and fiscal risk information:

- Enhance the public asset database to improve information on the exposure of public assets to disasters, including infrastructure, public buildings;
- Build capacity to understand fiscal and economic risk to inform policy decisions on retention and risk transfer to the market;
- Improve the understanding of the country's disaster related contingent liability, including of outputs of available probabilistic catastrophe risk models;
- Incorporate updated disaster risk information into economic, fiscal, and investment planning. This will support decision making regarding investments in disaster risk management.
- Review options for insurance of public assets including the feasibility of a self-insurance scheme for public assets. This should feed into the government's overall risk management strategy to protect public infrastructure in the event of a disaster.
- Consider other risk products such as drought and heavy rainfall, securing support from regional partners.

6.2. Priority 2. National Budget and Planning to be informed by Climate and Disaster Risk analysis

47. **Strengthen reporting on sources and use of disaster financing.** Samoa has made considerable progress with reforming its PFM systems in recent years. The 2019 Public Expenditure and Financial Accountability Assessment (PEFA) confirmed these PFM improvements relative to the 2014 PEFA. Notable improvements included: (i) significant improvement in accounting practices, recording and reporting; and (ii) significant improvement in the quality and timeliness of annual financial reporting. The PEFA pilot climate assessment[18] stressed the need for reporting on all sources of disaster financing, to strengthen planning and oversight and to integrate these in public financial management and budget documents. As part of strengthening of the reporting on disaster risk financing, this priority will support the inclusion of such

[18] Samoa – PEFA Assessment of Climate Responsive Public Financial Management, February 2021. Available from https://www.pefa.org/sites/pefa/files/2021-03/WS-Feb21-CRPFM-Public%20with%20PEFA%20Check_0.pdf

information (along with analysis of the disaster related economic and fiscal risks covered under Strategic Priority 1) in budget documents.

48. **Include risk and vulnerability assessment in planning.** There are a number of climate and disaster risk assessments that are either underway or have been recently completed. Currently, this information is not fully integrated into national planning (e.g., on investment priorities or decisions on urban development). In addition, the national priorities identified in the PDS if they are relevant for climate and disaster risk to assets or planning, then they must be included in the planning process through the Sector Wide Approach, and ultimately down to the relevant individual stakeholders to ensure implementation. This priority will thus support use of such information, especially planning of major investments or maintenance of assets such as public schools, buildings and health facilities. The Government has started developing an asset register, this can be further developed and the risk and vulnerability information included in such an asset during the implementation period of the DRF Policy.

6.3. Priority 3. Explore Options to transfer disaster risks to the private sector

49. **Further development by the insurance supervisor to improve its capacity and supervisors could help in the development of insurance products** by private insurers. The quality of insurance supervision in Samoa will be further improved when the supervisor introduces a full risk-based assessment of insurers' retention capacity and reinsurance strategies based on catastrophe risk modelling and actuarial tools. This would include the development of an actuarial model to further refine the commercial cyclone premium rates and to assess the impact of natural disasters on the insurers' portfolio. A scoring tool to assess the quality and adequacy of the insurers' reinsurance strategies could also be developed to ensure that the quality and capacity of reinsurers used by the local companies is strong to meet potential claims.

50. **Develop options to increase risk transfer to the private sector**. Specific actions would include:

- An analysis of the current constraints, including legal, regulatory and capacity gaps, in the insurance sector. This should involve discussions with the insurance regulator and key private sector insurers to understand what is viewed as key issues in increasing insurance penetration.
- ***Identify ways to increase demand for insurance***, i.e. via increased insurance education, packaging insurance in a cost-effective way with other products
- ***Build roadmap on how to increase the capacity for private insurers in Samoa***. This will be done in close collaboration between the MoF and the Insurance Supervisor and consider relevant regional experience with catastrophe insurance.
- ***Explore specific options to reduce liability to the Government, whilst increasing participation by households and businesses***. Uninsured households are a contingent liability for the Government given the obligation to provide relief and

reconstruction support to households with properties damaged in disasters. In addition, given the economic conditions, commercial property owners would also look to the Government for support after disasters. Exploring, promoting and piloting property catastrophe insurance is a way to reduce this contingent liability, as private insurers would (at least partially) assume the risk in exchange for payment of a premium. In addition, the Government would also explore insurance options for public assets (linked to strategic priority 1). Engagement with PCRIC to assess if it could offer additional sovereign insurance products, for example for drought or excess rainfall. Further dialogue and affordability can be explored for such products. In addition, assess the feasibility of public asset catastrophe insurance schemes and develop options to design such schemes

- ***Identify key insurance products* which target specific beneficiaries**. For example this may be agriculture and fisheries insurance for smallholder farmers and fishers. Various crop insurance instruments have been piloted in Samoa, with mixed experiences. The greatest challenge has been to design sound insurance products that meet the requirements of farmers while ensuring effective demand. However, international experience shows that well-designed schemes can be developed to offer effective protection to farmers against extreme events. Experience also shows the need for regulatory frameworks to both promote the private sector to provide the insurance, but also to protect the farmers and businesses in Samoa who purchase such insurance.

6.4. Priority 4. Identify a cost-efficient combination of disaster risk financing instruments each year and report on these to the Cabinet and Parliament annually

51. **GoS has adopted several disaster risk financing instruments**, which are described in Section 5. It will review this portfolio of instruments on an annual basis and report to the Cabinet and Parliament to ensure that Government objectives are met in a cost-effective manner. The objective of this priority is to reduce costs of the financial instruments which are used for relief, initial response and early recovery, while increasing the speed of funds for relief response efforts. To this end, GoS will review the use of instrument in any given year and, in the case of use, provide recommendations for approval consideration. It will also consider any new risk finance instruments if and when it becomes available (such as drought products) and assess whether their adoption would contribute to Government objectives.

52. To increase the (cost-)effectiveness of Samoa's disaster risk finance portfolio, the following activities will be undertaken in the initial phase of the implementation of this Disaster Risk Finance Policy

- ***Set risk finance objectives***, including to determine for what type of event and to cover what type of cost (emergency/recovery/reconstruction) pre-arranged finance will be put in place.

- ***Annually conduct an economic and financial analysis of all of the GoS's risk financing instruments***, including an assessment of funding gaps and various strategies, to ensure their size and coverage are adequate, given Government objectives through the PDS, Sector Plans and available funds from local budget. Such analysis will be developed with inputs from the MoF.
- ***Assess the relative cost-efficiency of different instruments*** to ensure best value for money, based on identified financial gaps for different events and development priorities. The Government will annually review all the risk financing instruments it has in place to ensure that the portfolio of instruments remains relevant and meets Government needs in the most cost-effective way possible.
- ***Reform existing instruments or develop/adopt new instruments***, based on the annual review of existing instruments. E.g. new insurance products offered by PCRIC.

6.5. Priority 5: Build Institutional capacity on disaster risk financing

53. This priority includes a programme of activities designed to strengthen the institutional capacity of national organisations as well as the Ministry of Finance. The WB will provide national-level technical assistance for the Ministry of Finance, in coordination with those ministries and agencies responsible for disaster risk management, of the activities related to two bank-executed activities, namely: (i) the development of disaster risk financing tools; and (ii) the development of fiscal and actuarial models to help assess the fiscal exposures of natural disasters. This will be complemented by technical assistance from the World Bank and supported through the PREP project which includes the development of national disaster risk financing policies; and (ii) post disaster public financial management including post disaster budget execution, mobilization and reporting, as described below:

- ***Strengthen capacity for post-disaster public financial management (contingency planning)*** With support from the PCRAFI program, improve capacity on public financial management of natural disasters and in implementing disaster risk financing solutions. Additional post disaster public financial management strengthening may include reinforcing the legal environment to support the development of risk financing and insurance solutions, strengthening of risk information and risk analytics for evidence-based decision making. In addition, improving Government's capacity for dedicated mechanisms to effectively allocate, disburse, and monitor post-disaster financing can also be included.
- ***Develop capacity for fiscal and actuarial models*** to assess the fiscal exposure to natural disasters. It aims to articulate contingent liabilities from natural and climatic disasters by establishing what disaster events have cost the government in the past and how much they are expected to cost the government in the future. Being able to identify the fiscal impact of disasters in this way helps establish how much funding is required and at what point in time and what tools are best suited to ensure rapid budget mobilization and execution.

- ***Strengthen capacity through regional partnership and collaboration, and the Development of disaster risk financing tools,*** aims to integrate the promotion of innovative thinking, knowledge sharing and producing analytical tools to develop new products and human capacity, to create an enabling environment for the transfer and application of DRFI approaches in disaster risk management, national planning and public financial management in PICs to ensure that funds can be accessed and disbursed as quickly and efficiently as possible in the immediate aftermath of a disaster. For example, participating PICs can receive each year a bespoke decision-making tool to help them understand how the choices they make on their insurance policy will impact their potential payouts.

7. Implementing the Policy

54. **Policy implementation plan**. The policy will be implemented over a three-year period. The implementation plan includes two key outcome oriented results: (i) strengthened planning and oversight with the inclusion of post-disaster expenditure and the use of one or more instruments after a disaster to be reflected in budget documents including the costs to restore basic services and planned expenditure (if known) for repair/rebuild of major assets; and (ii) enhancement of the asset register housed in MoF which includes risk and vulnerability assessment of public assets including schools and health facilities to help inform prioritization of decisions on maintenance and repair/rebuild in the event of a disaster.

55. **Institutional Arrangement for implementation of the Policy**. MoF (to be led jointly by the Economic Planning and Policy Division, Public Finance Management Sector Coordination Division, and the Climate Resilience Investment Coordination Division) will be responsible for administering the Disaster Risk Financing Policy to be implemented across all key ministries/agencies of the Government under the oversight of the Climate Resilience Steering Committee (CRSC), chaired by MoF and with CEOs as members of various sectoral ministries/agencies.

56. **The implementation plan captures the Priorities identified above** providing a target date (See Table 3). Some of these target dates would need flexibility with the ongoing border closure and uncertainty to get technical in-country support as well as uncertainty surrounding the impacts of the COVID-19 pandemic. The institutional arrangement summarised above will also help in monitoring and reporting of the progress. Some activities included below will provide the indicator that will be included in the Joint Policy Action Matrix (JPAM) which underpins the dialogue with development partners, thus decreasing the burden on the reporting by officials.

Table 3: **Disaster Risk Financing Policy Implementation Plan 2022-2025**

Priority Areas / Term of Implementation		Y1	Y2	Y3
Key Result: Enhancement of the asset register housed in MoF which includes risk and vulnerability assessment of public assets including schools and health facilities to help inform prioritization of decisions on maintenance and repair/rebuild in the event of a disasters				
Priority 1. Identify and quantify disaster related economic and fiscal risks				
1.	Enhance the Public Asset database to improve information on the exposure of public assets to disasters, including infrastructure, public buildings.			x
2.	Build capacity to understand fiscal and economic risk to inform policy decisions on retention and risk transfer to the market.	x	x	x
3.	Improve understanding of the country's disaster-related contingent liability, including of outputs of available probabilistic catastrophe risk models.	x	x	x
4.	Incorporate updated disaster risk information into economic, fiscal, and investment planning.	x	x	x
5.	Review options for insurance of public assets including the feasibility of a self-insurance scheme for public assets.		x	x
6.	Consider other risk products such as drought and heavy rainfall securing support from regional partners.	Medium to Long Term		
Key Result: Strengthened planning and oversight with the inclusion of post-disaster expenditure and the use of one or more instruments after a disaster to be reflected in budget documents including the costs to restore basic services and planned expenditure (if known) for repair/rebuild of major assets				
Priority 2. National Budget and Planning informed by Climate and Disaster Risk analysis				
1.	Strengthen reporting of all sources of disaster financing and their use, to strengthen planning and oversight.	x	x	x
2.	Include risk and vulnerability assessment in planning.	x	x	x
Key Result: Conducting an analysis and review, including the exploration of ways to increase demand for insurance and building a roadmap to increase capacity of private insurers to assess favourable insurance products that would ultimately reduce contingent liability to Government.				
Priority 3. Explore Options to transfer disaster risks to the private sector				
1.	Conduct an analysis of the current constraints, including legal, regulatory and capacity gaps, in the insurance sector in collaboration with insurance regulator and key private sector.		x	x

Priority Areas / Term of Implementation		Y1	Y2	Y3
2.	Identify ways to increase demand for insurance, e.g., via increased insurance education, packaging insurance in a cost-effective way with other products.	Medium to Long Term		
3.	Build roadmap on how to increase the capacity for private insurers in Samoa through collaboration between MoF and the Insurance Supervisor and considering relevant regional experience.	Medium to Long Term		
4.	Explore specific options to reduce liability to the Government, whilst increasing participation by household and businesses	Medium to Long Term		
5.	Identify key insurance products which target key beneficiaries e.g., households and businesses) or sectors (e.g., agriculture)	Medium to Long Term		
Key Result: Setting risk financing objectives determining the type of event and cost, including annual reviews on the use of sovereign risk financing instruments and looking into new beneficial financing instruments for Government.				
Priority 4. Identify a cost-efficient combination of disaster risk financing instruments each year and report on these to the Cabinet				
1.	Set risk financing objectives, including the determination for what type of event and to cover what type of cost (emergency/recovery) contingent financing will be put in place.	x		
2.	Conduct annual review on the use of sovereign risk financing instruments	x	x	x
3.	Explore new sovereign risk financing instruments if and when they become available and assess whether their adoption would contribute to Government objectives.	Medium to Long Term		
Key Result: Strengthened capacity in assessing cost efficient instruments, fiscal and actuarial modelling including mutual beneficial partnership and collaboration in the region and developing fit for purpose risk financing tools in the future.				
Priority 5: Build institutional capacity on disaster risk financing				
1.	Strengthen capacity for assessing the relative cost-efficiency of different instruments	x		
2.	Develop capacity for fiscal and actuarial modelling		x	x
3.	Strengthen capacity through regional partnership and collaboration.	x	x	x

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