



**UNITED NATIONS
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UNU-EHS
Institute for Environment
and Human Security



Building Disaster Risk
Resilience in the Pacific
through Finance,
Adaptation and Insurance



PROJECT DOCUMENT

Project Title: Leaving No One Behind in the Digital Era - Pacific Insurance and Climate Adaptation Programme

Project Number: 00123526

Implementing Partner: UNCDF

Start Date: 01 January 2021

End Date: 31 December 2025

PAC Meeting date: 30th July 2020

Inception phase Jan 2021-Dec 2022 (completed) Expansion phase Jan 2023-Dec 2025

Brief Description

Briefly describe the overall development challenge and the expected results of the project.

The Pacific Small Islands Developing States (PSIDS) are highly vulnerable to natural hazards. However, they have limited capacity to effectively manage the risks and overcome the significant economic losses after a disaster. Presently, there are limited ex-ante financial instruments (government reserve funds and contingent credit) available in most Pacific countries and the ex-post financial instruments deployed are usually reallocated from government budgets, acquired through external and internal borrowing or the result of donor assistance and international humanitarian aid.

While many PSIDS have developed national and sub-national Disaster Risk Management (DRM) plans, no country has an integrated Climate and Disaster Risk Financing and Insurance (CDRFI) strategy to better manage economic losses after a disaster. Although there is awareness on CDRFI learnings available globally, the capacity to access and accelerate its usage in the Pacific context remains a challenge among PSIDS.

With several innovative ex-ante CDRFI tools and instruments emerging in the global markets, there is opportunity to introduce, test and scale market based CDRFI instruments like parametric insurance targeting the vulnerable and low-income populations in PSIDS.

The United Nations Capital Development Fund (UNCDF), through a joint programme with the United Nations Development Programme (UNDP), the United Nations University Institute for Environment and Human Security (UNU-EHS), and in close collaboration with key stakeholders from the government, public, private sector, and other development partners, aims to address the challenge through the workstreams envisaged in the Pacific Insurance and Climate Adaptation Programme. The Programme is aligned to the United Nations Pacific Strategy, UNCDF global strategies and the respective country national development plans. The Programme will target women, youth, persons with disabilities (PWDs) and MSME segments as well as work across agriculture, fisheries, retail, and tourism sectors.

The programme in its inception phase covering Fiji, Tonga and Vanuatu has firmly established and validated the 'proof of concept' by developing an ecosystem of partners to pilot innovative parametric microinsurance products, digitally delivered at the last mile through local aggregation models and introducing digital payment solutions. The expansion of the programme will build on the strong foundations laid, draw from the lessons learned and strategically expand to cover additional Pacific SIDS.

The overall program objective is to improve the financial preparedness of **"Pacific households, communities, small businesses, organisations and governments towards climate change and natural hazards"** through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals. The expansion phase of the programme will also explore linking CDRFI solutions to social protection across the region, building on the pilot in Fiji, test insurance as an instrument for

anticipatory action and pre-arranged finance for humanitarian response. The programme will also build evidence on CDRFI to address 'loss and damage' and minimizing the impact of extreme weather events.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

United Nations Pacific Strategy 2018-2022

Outcome 1: Climate Change, Disaster Resilience, and Environmental Protection

Outcome 3: Sustainable and Inclusive Economic Empowerment

United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027

Planet Pillar Outcome 1: By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed, and restored.

Prosperity Pillar Outcome 3: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centered socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.

UNCDF Strategic Framework Outcomes:

Outcome 1: Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable population.

Outcome 2: Unlock public and private finance for the poor.

Contributing SDG Targets:

UNCDF Strategic Framework 2022-2025

Outcome 2: Increase flows of public and private finance.

Outcome 3: Strengthened market-systems and enhanced public and private financing mechanisms.

Indicative Output(s) with gender marker:

GEN2, Significant contributions to gender equality.

Total resources required: USD	\$21,500,000	
	UNCDF	129,186.63
	UNDP	\$100,000
	MFAT, NZ	\$11,000,000
	DFAT, Australia	6,527,963
	India-UN South-South Fund¹	\$1,550,000
	SIDA (Sweden)²	\$87,000
	France	117,221
	UN Women	75,000
	UK (FCDO)	\$380,979.00
	Government:	423,181.77
	Unfunded:	1,109,468.69

Contributing Outcome

UNDP Multi-Country Program Document 2023-2027

Outcome 2: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.

Output 2.1: Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.

¹ Through the India-UN Development Partnership Fund administered by UNOSSC as parallel funding. Separate Pro Doc covers that project.

² SIDA provided a fully funded UNV for the inception phase, France is providing a full-time resource to be based in Vanuatu for 2 years.

Agreed by (signatures):

DS
HD

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XM

UNCDF	UNDP	UNU
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Abbreviations

ADB	Asian Development Bank
BUILD	Bamboo-United Nations Capital Development Fund Initiative for the Least Developed
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company
CDRFI	Climate Disaster Risk Finance and Insurance/ Disaster Risk Financing
CDRM	Comprehensive Disaster and Climate Risk Management
CPD	Country Programme Document
CRAIC	Climate Risk Adaptation and Insurance in the Caribbean
CRI	Climate Resilience Initiative
CRIRC	Climate Risk Insurance Research Consortium
CROP	Council of Regional Organisations in the Pacific
DFAT	Department of Foreign Affairs and Trade
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
ESIA	Environmental and Social Impact Assessment
FAO	Food and Agriculture Organisation
FEMM	Forum Economic Ministers Meeting
FINTECH	Financial Technology
FPIC	Free, Prior and Informed Consent
FSP	Financial Service Provider
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IATI	International Aid Transparency Initiative
IC	Investment Committee
ICT	Information and Communication Technologies
IDE	Inclusive Digital Economy
IFAD	The International Fund for Agricultural Development
IFC	International Financial Corporation
IGO	Intergovernmental Organizations
ILO	International Labour Organization
INDC	Intended Nationally Determined Contributions
INSURTECH	Insurance Technology
IOM	International Organization for Migration
IPCC	Intergovernmental Panel on Climate Change
MCPD	Multi Country Program Document
MCII	Munich Climate Insurance Initiative
MEAL	Monitoring, Evaluation, Accountability and Learning
MFAT	Ministry of Foreign Affairs and Trade
MNO	Mobile Network Operators
MOU	Memorandum of Understanding
MPTF	Multi-Partner Trust Fund
MSME	Micro, Small & Medium Enterprises
NAP	National Adaption Plan
NAPA	National Adaption Programme for Action
NDP	National Development Plan
NGO	Non-Governmental Organisation
NZ	New Zealand
OAI	Office of Audit and Investigations
PAC	Project Appraisal Committee
PCB	Polychlorinated Biphenyl
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PCRIC	Pacific Catastrophe Risk Insurance Company
PDEP	Pacific Digital Economy Programme
PDNA	Post-Disaster Needs Assessment

PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries
PICAP	Pacific Insurance Climate Adaptation Programme
PIDF	Pacific Islands Development Forum
PIFS	Pacific Islands Forum Secretariat
PSIDS	Pacific Small Island Developing States
PNG	Papua New Guinea
PPP	Public Private Partnerships
PUNO	Participating United Nations Organizations
PWD	Persons with Disabilities
QA	Quality Assurance
RBAP	Regional Bureau for Asia and the Pacific
RESPAC	Disaster Resilience for Pacific Small Island Developing States
RMF	Results Measurement Framework
RMI	Republic of Marshall Islands
RR	Resident Representative
RRF	Recovery and Resilience Facility
SDGs	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
SES	Social and Environmental Standards
SESA	Strategic Environmental and Social Assessment
SESP	Social and Environmental Screening Procedure
SIDA	Swedish International Development Cooperation Agency
SIDS	Small Islands Developing States
SPC	The Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
TA	Technical Assistance
TC	Tropical Cyclones
TOC	Theory of Change
UN	United Nations
UNU-EHS	United Nations University – Institute for Environment and Human Security
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNIOM	United Nations International Organisation for Migration
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOPS	United Nations Office for Project Services
UNOSSC	United Nations Office for South-South Cooperation
UNSCDF	United Nations Sustainable Development Cooperation Framework
UNU-EHS	United Nations University’s Institute for Environment and Human Security
USD	United States Dollar
USP	University of the South Pacific
UWI	University of West Indies
VAT	Value Added Tax
WFP	World Food Programme
WRI	World Resources Institute

I. DEVELOPMENT CHALLENGE

Pacific Small Island Developing States (PSIDS) are highly vulnerable to natural hazards, including earthquakes, volcanic eruptions, tsunamis, tropical cyclones, storm surges, drought, and other such events. These types of events often require significant budget reallocations, diverting funds from other important programmes in health, education, and economic development. The World Bank estimates that the average annual total direct losses caused by disasters in the South Pacific are about US\$284 million³.

The challenges faced by most of the PSIDS are very similar in nature due to several shared characteristics: location, lack of resources, a narrow export base, vulnerability to economic shocks and slow or stagnant economic growth. The World Risk Index 2021 that measures risks for disasters and the resultant socio-economic vulnerabilities, ranks seven PSIDS among the top 20 most at-risk countries in the world⁴. PSIDS also have very small population sizes which are largely dispersed resulting in very low population densities. This contributes to the obstacles for businesses in reaching economies of scale, limiting their expansion throughout these countries.

The threats of mass displacement and forced migration resulting from climate change is also looming. Climate fuelled disasters were the number one driver of displacement within countries over the last decade, forcing more than 20 million people to leave their homes each year. PSIDS make up seven of the 10 countries facing the highest risk of internal displacement from extreme weather events.⁵

The frequency and severity of disasters in the Pacific region are accelerating due to climate change⁶, resulting in economic and social progress being increasingly disrupted and development gains negated over the years. Despite the high exposure to natural hazards, most people in this region do not have any type of financial protection such as insurance. Penetration rates for insurance are low, averaging only about 12% in countries of interest⁷. None of the Pacific governments currently has a strategy in place that outlines what financing options are available to them and how they can access them. Regarding the current climate and disaster risk financing (CDRF) tools available, most countries in the Pacific, including the larger ones such as PNG and Fiji, are not members of a regional risk pool, such as the one provided by the Pacific Catastrophe Risk Insurance Company (PCRIC)⁸, and thus do not have access to quick financial relief after disasters occur.

What the Programme intends to do is relevant in addressing this persisting gap and provide a solution that will cater at the macro, meso and micro level. The aim is to develop sustainable interventions; hence the focus would be on developing market-based meso and micro schemes. At the same time, there will be an option for the national and sub national governments to consider subscribing to a “macro to micro scheme” to cater for the vulnerable segments. PICAP by adopting the UNCDF market ecosystem development approach has amply demonstrated the significant role of the private sector to develop and deploy digitally enabled last-mile climate risk insurance solutions, evidenced by the nearly 5000 low-income households already protected during the inception phase.

Disasters have a negative distributional effect on low-income individuals and exacerbate the persistent hardships prevalent across societies. They underline the need for solutions not only at the macro level, but also for individuals, businesses, and communities. It is estimated that disasters cause 26 million people to become trapped in poverty every year⁹. Women are especially hard-hit during disasters as existing inequalities

³ World Bank (1 April, 2012). “Pacific Islands: Disaster Risk Reduction and Financing in the Pacific”, <https://www.worldbank.org/en/results/2012/04/01/pacific-islands-disaster-risk-reduction-and-financing-in-the-pacific>

⁴ Source: https://weltrisikobericht.de/wp-content/uploads/2021/09/WorldRiskReport_2021_Online.pdf

⁵Source: <https://www.news.com.au/technology/environment/climate-change/five-times-more-extreme-weather-disasters-reported-in-last-decade/news-story/6d75c6a9f87963e53c591ad71e91d3eb>

⁶ IPCC (6 October, 2018). *Special Report: Global Warming of 1.5°C – Summary for Policymakers*, <https://www.ipcc.ch/sr15/chapter/spm/>

⁷ Insurance penetration rates are estimated to be 12% in Fiji, 15% in Papua New Guinea, 21% in Samoa, 7% in Solomon Islands, 13% in Tonga, and 5% in Vanuatu. From: UNCDF “National Demand Side Surveys”, <http://www.pfip.org/our-work/work-streams/market-information/national-demand-side-surveys/>

⁸ Pacific Catastrophe Risk Insurance Company, <https://understandrisk.org/opportunity/ceo-pacific-catastrophe-risk-insurance-company/>

⁹ Marcelo Guigale (11 October, 2017). “Time to Insure Developing Countries Against Natural Disasters”, <https://www.worldbank.org/en/news/opinion/2017/10/11/time-to-insure-developing-countries-against-natural-disasters>

make them more vulnerable. Traditionally, women have fewer resources under their own control and have a limited place in decision-making systems¹⁰. Women's role in ensuring household food security, and the dependence of many on natural resources, makes women more likely to suffer loss of life and property in the face of disasters. In addition, women assume a greater share of responsibility for the care of their family which means that, in post disaster situations, women are often more vulnerable than men. Their care giving roles expand dramatically after a disaster and experience shows that their access to resources for recovery is constrained.

The Programme, from its conception has aligned itself to the **United Nations Sustainable Development Cooperation Framework 2023-2027 (UNSDCF)** contributing to two key pillars:

- i. **Planet Pillar Outcome 1:** *By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed, and restored.*
- ii. **Prosperity Pillar Outcome 3:** *By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.*

The Programme similarly aligns with the **UNDP Multi-Country Program Document 2023-2027 (MCPD)**. The MCPD guides UNDPs Pacific Office in Fiji and UNDP Samoa Office's development interventions in response to 14 countries and territories national priorities for the next five years. PICAP contributes to

- **MPCD Outcome 2:** *By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.*
- **MPCD Output 2.1:** *Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.*

The Programme specifically aligns with the regional priority of "Sustainable development that combines economic, social, and cultural development in ways that improve livelihoods and well-being and use the environment sustainably", which also props up SDGs 1, 5, 8, 10, and 17. Furthermore, the programme contributes towards the regional priority of, "Pacific people, societies, economies, cultures, and natural environments". The SDGs that complement this priority are 7, 13, 14, and 15. References on linkage to SDGs can be found on **Annex 4**.

The programme also links to UNCDF's wider strategic objectives, as laid out in the **UNCDF Strategic Framework 2018-2021**, specifically by contributing to the two main outcomes: **Outcome 1 "Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable populations"** and **Outcome 2 "Unlock public and private finance for the poor"**, especially with regards to its ambition in making new financial products in the insurance sector more widely accessible to Pacific Islanders. Under the **UNCDF 2022-2025 Strategic Framework**, PICAP contributes to both **Outcome 2: "Increase flows of public and private finance"** and **Outcome 3: "Strengthened market-systems and enhanced public and private financing mechanisms"**. It also sits firmly within UNCDF's ambition to "Leaving no one behind in the Digital Era", a document that lays out how UNCDF plans to leverage digital channels to enhance its contribution towards the achievement of the SDGs over the period 2019-2024. The Programme in this respect mimics the basic structure of UNCDF's recent financial inclusion programmes, by focusing on the policy and regulatory environment, the product development aspect (supply side), awareness raising and consumer empowerment (demand-side), all of which are needed for a holistic response to the challenges faced by PSIDS.

In addition to these regional and strategic frameworks, PSIDS have developed national development plans (NDP) as well as national adaptation plans or national strategic plans that are aligned with the 2030 Agenda for Sustainable Development, with terms ranging from 5 to 30 years. Climate change and disaster risk

¹⁰ Vasudha Gokhale (October 2008). Role of Women in Disaster Management: An Analytical Study with Reference to Indian Society https://www.iitk.ac.in/nicee/wcee/article/14_10-0049.PDF

resilience are over-arching themes that find a place in all the NDPs and are therefore at the forefront of government policy making and actions. References to some NDPs, INDCs, NAPs, and NAPAs from PSIDS are provided in the **Annex 5**. The activities, interventions, outputs, and outcomes proposed under the four workstreams, as well as the overall objectives of the programme, are fully aligned with the various NDPs.

II. STRATEGY

At the beginning of the Programme inception phase, there were no appropriate micro and meso level climate risk insurance or CDRFI instruments that individuals, businesses, organisations, cooperatives, sub-national governments, or others could access. As a result, the various stakeholders are left with few options - borrowing, drawing down savings, postponing investments or essential expenditure, or dependence on government assistance. Governments in turn often borrow domestically or externally, reallocate budgets, cancel investment projects or seek international aid assistance. In many instances, governments do not adequately provide for post disaster recovery, with affected communities suffering the consequences long after the disaster has happened, meaning that vulnerable sections of the population face the real possibility of being pushed into poverty. When the PICAP inception phase commenced, most of the high-level performance indicators had a baseline of ZERO/NIL reflecting the challenges on the supply, demand as well as the policy domains.

A situation analysis of several PSIDS reveals that while the countries have national DRM plans or policies, so far none of the countries have an integrated CDRF strategy. A typical CDRF strategy covers various tools and financing instruments that can be accessed post disaster, although “forecast-based financing” also considers deploying financing instruments pre and post disaster. A CDRF strategy will cover what financing instruments and tools are needed at the macro (government), meso (industry, MSMEs, cooperatives and communities), and the micro (household, individual) levels.

The Programme expansion phase (2023-2025) will build on the lessons learned during the first two years (2021 and 2022) inception phase, as well as the Pacific Financial Inclusion Programme’s (PFIP) decade-long engagement with the private and public sector, experience in financial innovation, country presence, and pioneering successful microinsurance deployments in the Pacific to meaningfully address the CDRFI challenges mentioned above. The mid-term review of the programme carried out at the end of 2022 points to the need for building on the initial foundations laid in the first two years, gaps to be addressed and capacities to be developed as part of expansion. The review also points to the case for regional and global expansion of CDRFI solutions to address the significant protection gaps that exists in the PSIDS. The programme through its continuous M&E and feedback loops has documented important lessons learned that have been published ([HERE](#)) as well shared it through a global webinar ([HERE](#)).

The case for introducing parametric microinsurance has been validated through the quick pay-out of claims in Fiji and Vanuatu, following extreme weather events in the first quarter of 2023- heavy rainfall resulting in over 900 beneficiaries in Fiji receiving payments directly into their mobile wallets or bank accounts and in Vanuatu 84 payments following two Category 4 tropical cyclones in March 2023. Based on the beneficiary and aggregator partner feedback, it is understood that these payments were the first financial responses and benefits that affected households received, proof that market mechanisms work and have a big role in closing the protection gap and insurance as a tool to address “loss and damage” at household and community level.

In the expansion phase, the programme strategy will be anchored on the workstreams described in the Theory of change, implemented through the activities, resulting in outputs and outcomes described therein and tracked through the programme results measurement framework. Evidence based approaches to developing CDRFI solutions, fit for purpose in the context of each country, capacitating the market players to build the ecosystem, leverage digital interventions for last-mile and building the financial capacity and skills of consumers while continuing to engage Government and regulators for creating the enabling environment will be central to the programme strategy.

Theory of Change

To address the significant financing and protection gap that exists at the micro, meso and macro levels, the UNCDF and the UNDP, in partnership with UNU-EHS hosted MCII, have designed the Programme to address PSIDS vulnerability and lack of access to climate and disaster risk financing and insurance (CDRFI). Equipping governments and communities with tailored CDRF strategies and solutions that will help them address the growing impacts of climate change, the Programme will build resilience via four workstreams:

- 1) **Enabling Policy and Regulation:** Under this workstream, PICAP intends to improve risk awareness and understanding that will support policy makers and regulators create an enabling environment for the introduction of CDRF tools, including parametric (index based) insurance, and the creation of CDRF strategies.
- 2) **Digital Ecosystem:** Under the digital ecosystem workstream, PICAP will work with mobile network operators and FinTechs to create digital linkages for client onboarding, customer relations management by providers and for collections and payments.
- 3) **Inclusive Innovation:** This workstream focusses on supporting financial markets and the insurance industry develop and deploy inclusive market-based insurance and disaster risk financing instruments for the micro and meso levels using mobile and other digital technologies.
- 4) **Empowered Customers:** The empowered customers workstream focusses on improving the knowledge and skills to meaningfully access and use CDRFI instruments and tools by educating individuals and consumers on the benefits of using insurance and other risk financing tools as part of a DRM strategy.

The overall objective is to improve the financial preparedness and resilience of Pacific governments and communities to deal effectively with climate induced disasters. Being financially prepared would result in faster post disaster recovery, rebuilding of livelihoods and improved levels of resilience. The Programmes theory of change is reflected in figure 1 below.

Figure 1: Theory of Change

Goal	Box 16: Pacific households, communities, small businesses, organisations, and governments are financially prepared and more resilient against climate change and natural hazards.			
Sector Outcomes	Box 15c: Enabling regulatory and policy environment created for sustainable deployment of inclusive CDRFI instruments and digital technologies			
	Box 15b: Financial markets in the Pacific deploy inclusive CDRFI products while leveraging digital technologies.			
	Box 15a: Insurance industry and other market players set global best practice benchmarks in CDRFI.			
Customer* Outcomes	Box 14b: Pacific households, communities and MSMEs are covered by affordable and appropriate digitally enabled customer centric CDRFI instruments.			
	Special focus on: Women, Youth, PWD and MSME segments, Agriculture, Fisheries, Retail and Tourism sectors.			
	Box 14a: Customers have improved knowledge and skills to meaningfully access and use digitally enabled customer centric CDRFI instruments and tools.			
Stakeholder Outcomes	Box 10 Governments and regulators put in place market based inclusive CDRFI policies, legislations, regulations, strategies, tools and guidelines that promotes financial preparedness to disasters at the micro, meso and macro levels	Box 11 FinTechs, InsurTech, MNOs and other digital service providers offer a range of relevant digital services that promotes CDRFI take up by targeted segments.	Box 12 Financial service providers, FinTechs and partners adopt successful CDRFI innovations and build robust and sustainable business models	Box 13 Programme partners and community beneficiaries (with a focus on women, youth, MSMEs and PWD) have improved understanding of market based digitally enabled CDRFI instruments.
Outputs	Box 6 Enhanced understanding and increased 'buy-in' support of national governments towards market based, customer centric, climate	Box 7 Digital linkages for collections and payments delivery enabled in consideration of the needs of targeted segments.	Box 8 Customer centric inclusive and Innovative market-based disaster risk financing instruments	Box 9 Capabilities and capacities of programme partners and customers on inclusive disaster risk financing and digitally

	disaster risk financing and insurance instruments		tested, piloted and scaled-up	enabled CDRFI, is enhanced
Activities	<p>Box 2</p> <p>Act 1.1 Support the design, development, and implementation of policies, strategies, regulations, and frameworks supporting customer centric CDRFI.</p> <p><i>(Includes joint PICAP/PDEP support to the development and implementation of the national financial inclusion strategy having focus on customer centric CDRFI)</i></p> <p>Act 1.2 Facilitate awareness workshops, training and regional events, strengthening partnerships and networking amongst women and men policy makers and regulators to create a CDRFI enabling environment across the Pacific</p> <p>Act 1.3 Support the development of CDRFI guidelines, glossary and other resource materials to strengthen information and awareness amongst policy makers and regulators</p> <p>Act 1.4 Support industry players in the regulatory process to pilot CDRFI solutions</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 3</p> <p>Act 2.1. Identify suitable FinTech/InsurTech providers including start-ups to develop digital interfaces for client onboarding</p> <p>Act 2.2 Development, testing and scaling of digital solutions for <u>premium collection</u> by individuals, cooperatives and MSMEs using offline and online channels</p> <p>Act 2.3 Establish and expansion of digital linkage for last mile delivery of CDRFI solutions and <u>beneficiary payments</u> especially with targeted support for women, youth and PWD</p> <p>Act 2.4 Strengthen digital innovations and the use of advanced digital technologies in partnership with PDEP to promote the uptake of CDRFI solutions</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 4</p> <p>Act 3.1 Innovative solutions hub resourced to support the identification, design and testing of new customer centric solutions</p> <p>Act 3.2 Market based CDRFI and digital products and services developed for pilot testing, improvement, and scale up</p> <p>Act 3.3 Support product and service variations to geographical context and population segments including vulnerable and underserved segments</p> <p>Act 3.4 Social protection CDRFI solution: Support development of social protection macro to micro framework and enhance engagement on social protection and CDRFI</p> <p>Act 3.5 Develop gender smart CDRFI solutions</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 5</p> <p>Act 4.1 Conduct training and capacity building for partners on digitally enabled CDRFI solutions and gender</p> <p>Act 4.2 Development of information, education, and communication materials with a focus on women, youth, PWD and MSMEs</p> <p>Act 4.3 DRF and CDRFI campaigns in communities with a focus on women, youth, PWD and MSME. (Includes Joint PICAP/PDEP digital and financial literacy activities)</p> <p>Act 4.4 Women needs assessment to understand CDRFI access and usage barriers by women; and use findings to design activities in 4.1, 4.2 and 4.3.</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>
Ecosystem and programme management activities	<p>Box 1: Research & Publication, Learning & Knowledge Sharing, South-South Collaboration, Regional and Global Networking, Public-Private Partnerships, Community of Practice, Donor Development Partner Coordination, Gender, Youth and Customer Centric Interventions, Events (Training, Workshop, Exposure Visits etc), Capacity Development and Sustainability Plans</p>			
	Workstream 1	Workstream 2	Workstream 3	Workstream 4
	Enabling Policy and Regulation	Digital Ecosystem	Inclusive Innovation	Empowered Customers *

* Partners are considered customers as they are also beneficiaries of CDRFI solutions and related awareness and training activities.

Anticipatory action, social protection, and loss & damage

In partnership with UNDRR, the programme has already commenced work on piloting an index-based insurance response linked to anticipatory action for fast onset events (tropical cyclones) in Fiji and Tonga. Till date, insurance for anticipatory action was largely confined to slow onset (drought) events in sub-Saharan Africa and while index based financial transfers have been experimented for typhoons in Philippines, index insurance as an instrument for anticipatory action and more particularly deployed through the private sector has never been trialled. The Programme will pilot this product under development in Fiji and if accepted, replicate in other countries.

Climate risk insurance to cover social welfare recipients in Fiji has already been well received and since the pilot in 2021 covering 274 households, the specific product developed for the Department of Social welfare now covers 2000 households, giving them insurance coverage against tropical cyclones. The Programme has submitted a proposal to the Government of Fiji to scale this further to cover 10,000 welfare participants in 2023 and over a period of 3 to 5 years, cover the entire group of nearly 90,000 households through budgetary support. This 'macro to micro' scheme is a way of addressing the protection gap of the most vulnerable groups while market-based mechanisms will address the same for population segments that can afford premiums.

The PICAP expansion phase would work with country stakeholders to strengthen the resilience of vulnerable communities by minimizing and addressing loss and damage in the Pacific. It will be done through policy actions and financing local L&D solutions anchored in a robust conceptual framework and informed by locally gathered evidence.

The Programme will support partner countries in developing a comprehensive climate risk finance strategy integrated into the national disaster risk reduction (DRR) and national adaptation plans (NAPs). The work will include assessing the impact and risks associated with ongoing and anticipated loss and damage to vulnerable communities that depend on national social protection systems. Climate risk data models developed under PICAP will be made available to national stakeholders, including NDMOs and Met offices, to strengthen their data capacities. Additionally, PICAP will support country stakeholders through regional & global information sharing to contribute to global discussions on loss and damage.

The Programme will further expand its investments – through blended finance instruments – into community-based and private-sector solutions that minimize and address L&D. In particular, the Programme will promote community-based solutions for climate-smart livelihood activities, microinsurance and climate risk insurance and local credit markets for green investments.

Geographical coverage

Fiji, Tonga, and Vanuatu were the first three Pacific countries covered in the inception phase. Following country gap analysis, demand and supply studies, pilot parametric microinsurance products were introduced in three countries with the active involvement of the private sector insurers and other local stakeholders. The Governments and Central Banks were also very supportive. Following the successful pilots, based on feedback received from stakeholders, particularly from the covered beneficiaries, the programme has developed the scale and expansion phase (2023-2025) plans and aims to cover at the minimum 4 and possibly up to 7 additional Pacific countries. Gap analysis and demand, supply side studies are now underway in Samoa, Solomon Islands, Papua New Guinea, Kiribati, and Timor-Leste. Tuvalu and Republic of Marshall Islands may also be included in these studies as part of expansion.

Phased approach

The Climate Disaster Risk Financing and Insurance domain in the Pacific is still in its nascent stage with limited instruments and tools available to governments and communities. However, through the work of the Pacific Resilience Partnership- Disaster Financing Working Group, greater awareness on CDRFI instruments at the macro, meso and micro levels is being shared with countries through national workshops and virtual learning sessions.

PICAP was designed to be implemented in a phased manner with an initial inception phase of two years, followed by a scale, expansion phase of three years (2023-2025). Lessons learned from the initial countries of implementation will be documented, applied in the expansion phase. From the mid-term review of the programme completed at the end of the inception phase and feedback from many stakeholders through workshops and discussions, a programme lessons learned document has been developed and will guide the implementation in the new countries as well as the initial countries. The Programme will build on the solid foundations of the initial two years and make market based parametric insurance and other CDRF instruments more widely available in the Pacific, to assist communities and governments to be better prepared to face economic impacts of natural hazards. Parametric insurance is still a new and developing topic within the insurance domain globally although recent deployments, backed by robust data and refined modelling, point to greater adaption and acceptance by international development banks and governments.

The inception phase has provided the programme management team and Investment Committee (IC) to gain valuable insights, and provide inputs on the Theory of Change, the workstream outputs, activities, and results measurement framework (RMF). The updated and revised Theory of Change and the RMF have been developed based on the initial two years of implementation and endorsed by the Investment Committee.

The programme will continue to use a cascading approach, where the activities that were conducted in the initial two years are subsequently carried out in other countries during the expansion phase while tweaking the approach and connected activities at the same time. This approach has the advantage of allowing the project to capture the lessons learnt at each stage of the project and transfer this acquired knowledge to the next country for a more efficient and effective implementation.

The Programme is cognisant of the needs of all Pacific countries and will respond to their requests for support after conducting appropriate assessments and resource planning. With the support of the existing donors (Australia, New Zealand, India-UN Fund, and the Government of Luxembourg through the Drua Incubator), the expansion phase of the programme is fully resourced. Discussions are underway with other funders (example UK FCDO, Germany, Denmark) for further support as the scale phase progresses.

III. RESULTS AND PARTNERSHIPS

Expected Results

To design well-targeted and relevant CDRFI approaches, it is crucial that the Programme undertakes risk appraisal and research. Before any solutions are proposed and developed, a thorough understanding of risks and vulnerabilities is critical. Building on existing extreme weather/natural hazards, vulnerability, and socio-economic research and data collected by national governments, the PCRAFI, World Bank, UN agencies, NGOs, and others, and supplemented with primary research as necessary, the Programme will identify how disasters are affecting different sectors and segments of society located in specific geographic areas, with a particular focus on those populations whose livelihoods depend on agriculture, fisheries, tourism and retail activities. Such diagnostics were undertaken in Fiji, Vanuatu and Tonga that informed activities and interventions in the inception phase and besides continuing such studies, creating evidence through research for exploring frontier CDRFI solutions will be specifically undertaken.

To create a CDRFI **enabling and supportive policy and regulatory environment**, the Programme will support the development of customised country CDRFI strategies by first identifying and presenting a comprehensive overview of the various CDRFI instruments available and deployed globally and their relevance and applicability to the Pacific. This will lay the foundation for the development of country-specific strategies, policies, and related guidelines. This includes the integration of CDRFI into National Financial Inclusion Strategies – a joint initiative between PICAP and its sister programme – The Pacific Digital Economy Programme (PDEP). The programme has already supported the Risk Financing Working group under the Pacific Resilience Partnership in developing DRF strategy guidelines as an addendum to the DRF roadmap to be submitted to the Forum Economic Ministers meeting in August 2023 for endorsement as a regional policy paper.

The Programme will engage all relevant country stakeholders in consultations, conduct familiarisation workshops on potential CDRFI instruments, discuss and identify the ones that are most suitable for the country context, and through the creation or the support of an existing technical working group, collaboratively develop an inclusive CDRFI strategy for the country in close collaboration with other members of the Risk Financing Working Group. The Programme will conduct CDRFI strategy training workshops for national and sub-national level government stakeholders including regulators, as well as insurance and financial services industry stakeholders.

Climate risk insurance and parametric products are relatively new, and many countries' regulations have not evolved to facilitate the development of these types of products. The Programme will therefore engage regional Central Banks and insurance regulators to collaboratively develop a common regional regulatory framework to allow market based CDRFI instruments to be deployed in different markets. During 2022, UNCDF in partnership with the access to insurance initiative (a2ii) developed the index insurance best practices guidelines for regulators and industry practitioners that has gained acceptance by several regional Central Banks as an important regulatory tool for index insurance.

In addressing the existing policy and regulatory gaps, the Programme can help improve government preparedness to disasters and create an enabling environment for the deployment of market based CDRFI instruments. To allow individuals, communities, organisations and MSMEs to better prepare for and recover more quickly from disasters, the Programme will also support market-based product development and conduct pilot testing through **Inclusive Innovation** in the new countries of expansion while building capacities for scaling in countries where pilots have successfully been completed. Through the socio-economic data that is available on the different groups, the Programme will create a priority list of groups that could benefit from and afford market-based financial solutions. The Programme will work with these groups to design products that will meet their needs while also creating an enabling environment for CDRFI products by strengthening the capacity of insurers and distribution channels. For the most vulnerable groups within each country, programme will explore whether CDRFI solutions linked to social welfare schemes can be introduced as was experiment with success in Fiji. These initiatives will be supported through the Programmes Innovative Solutions Hub, a platform for stakeholders to discuss, design and test new customer centric CDRFI and digital solutions.

Because many Pacific Islanders live in remote areas, reaching out to these customers has historically been too costly for financial service providers and insurers. In recent years, however, there have been numerous innovations in the area of financial technologies, allowing insurers, and other financial service providers to reach and serve a greater number of customers. The Programme will work with the Pacific Digital Economy Programme, as part of UNCDF's global strategy, *Leaving No One Behind in the Digital Era* to create digital and interoperable payment solutions through **Digital Ecosystem**. The Programme will also partner with FinTech/InsurTech and start-ups to develop digital interfaces for client onboarding as well as digital solutions to facilitate premium collection and payments.

To facilitate the efficient supply of post-event assistance to vulnerable individuals, households, and communities, through **Inclusive Innovation**, the Programme will work with stakeholders—as part of the CDRF strategy development process—to development a macro-to-micro scheme and then train government officials on the proposed macro-to-micro plan. The Programme's work on product development through Inclusive Innovation will allow individuals, communities, organisations, and MSMEs to respond and recover quicker with the help of CDRF instruments as well as through digital linkages.

The Programme's work on **consumer empowerment** aims at ensuring that individuals and communities have a better understanding of, access to, and usage of market based CDRFI instruments. It focuses on establishing a solid base for consumer empowerment by partnering with relevant CDRFI and DRM organisations who already have extensive work experience in this area and who habitually work with cooperatives, communities, and individuals. The Programme will also use research (discussed above) as a baseline to ensure consumer empowerment activities are built on an understanding of target beneficiaries' current awareness and needs with regards to CDRFI. In addition to this, targeted gender needs assessment will also be carried out to

strengthen understanding of CDRFI barriers to access and usage faced by women. These findings will not only help inform more targeted literacy interventions but also support product and service design.

To support awareness, the Programme will produce relevant and targeted communication materials. It will train and educate insurers and distribution channel partners on the different CDRFI products, including consumer protection aspects. Training events will include distribution channel partners to facilitate and ensure their understanding of the products, and to enable them to reach out to their customers. Furthermore, a marketing strategy for products will be jointly developed with the distribution channel partners. This will be further complemented by a 'Lessons Learned' document analysing the strategy, methods of implementation and impacts. The awareness campaigns will be developed with DRM partners and structured with a view to effectively reach and empower the target groups.

Taken together these consumer empowerment activities, will provide individuals and communities with a better understanding of, access to, and usage of market based CDRFI instruments. It will also improve their awareness of CDRFI solutions through digital tools and e-learning interfaces.

Resources Required to Achieve the Expected Results

The Programme will achieve the expected results through the usage of a unique mix of key strategic instruments:

- Assessments and research
- Technical advisory
- De-risking financial instruments such as loans, guarantees, and performance-based grants.
- Capacity building and training
- Implementation and Partnerships
- Education and Awareness Raising
- Data and Insights
- Customer Centricity
- Performance Measurement

These are further explained in **Annex 6**.

Partnerships

Pacific Insurance and Climate Adaptation Programme will be jointly administered by the UNCDF, the UNDP and the UNU-EHS. The **governance and organisational structure** of the Programme is shown in Section VIII (Figure 2). UNCDF will be the convening and lead implementing agency, UNDP the administrative agency and UNU-EHS, providing technical support.

Strategic partnerships will be established as required with other UN agencies, CROP¹¹ agencies and development partners such as International Finance Corporation (IFC)/World Bank during the implementation of the programme. The Programme has already established partnerships with other UN agencies- UNDRR, UN Women, WFP, ILO with joint projects under implementation. This scope of engagement will be expanded and strategic partnerships with other UN agencies explored. Regional agencies such as the Pacific Community (SPC), Secretariat of the Pacific Regional Environment Programme (SPREP), Pacific Islands Development Forum (PIDF), University of the South Pacific (USP), and Pacific Islands Forum Secretariat (PIFS) have already been engaged through workshops, global conferences on climate change and DRR (COP 28) while many other regional, global and multilateral agencies have expressed interest in partnering on one or more of the workstream activities and forging more alliances as the implementation progresses. Several rounds of consultations with the private sector including insurance and digital financial service providers have been completed in all countries scoped. There is a recognition that the introduction of CDRFI solutions could greatly help in complementing existing DRR/DRM efforts by giving communities, organisations and individuals the

¹¹ (2018). *Council of Regional Organizations of the Pacific*, <https://www.forumsec.org/council-of-regional-organisations-of-the-pacific/>

extra level of support needed after a disaster to quickly respond and initiate recovery. To ensure the sustainability of any CDRFI products that are developed, the Programme will work in close cooperation with the private sector and target groups to make sure that their needs and requirements are met.

The Programme has been engaging with PCRIC during the consultation process and will continue the discussions to explore areas for mutual collaboration. The technical advisory committee set up during the programme inception has been providing sound advisory and reviewing project proposals, terms of reference and strategic documents and the chief executive of PCRIC has recently been included as member of the committee.

The Programme, being a joint initiative of UNCDF, UNDP and UNU, provides the right blend of relevant expertise and experience that is required to address the market gaps and challenges in climate and CDRFI in the Pacific. It represents a unique combination of parties that can deliver the objectives. The various experiences and expertise are listed hereafter.

UNCDF

UNCDF, through its global strategy, Leaving No One Behind in the Digital Era, is focused on assisting millions of people to use innovative digital services in their daily lives to achieve the SDGs. UNCDF, through PFIP, has been at the forefront of increasing access to and usage of appropriate and affordable mass market financial products and services in the Pacific for over a decade, engaging with financial services providers in developing, piloting, and scaling innovative products and services like mobile and branchless banking, remittances, microinsurance, micro pensions, savings and credit. Use of digital technologies has facilitated overcoming the region's geographical and operational challenges and has resulted in over two million Pacific Islanders gaining access to formal financial services. Through its work with the regional Central Banks, PFIP has also placed financial inclusion at the forefront of policy making. These strong relationships with the regulators and private sector actors will be leveraged during implementation. They will also be instrumental in creating an enabling environment and ecosystem for market-based climate risk insurance and CDRF instruments.

UNU - EHS

The UNU is the academic arm of the United Nations and acts as a global think tank. The mission of the UNU-EHS is to carry out cutting edge research on risks and adaptation related to environmental hazards and global change. The institute's research promotes policies and programmes to reduce these risks, while considering the interplay between environmental and societal factors.

Research areas include climate change adaptation incorporating insurance-related approaches, environmentally induced migration and social vulnerability, ecosystem services and environmental deterioration processes, models, and tools to analyse vulnerability and risks linked to natural hazards, with a focus on urban space and rural-urban interfaces. Research is always conducted with the underlying goal of connecting solutions to development pathways.

UNDP

UNDP has a robust resilience and sustainable development programme portfolio that includes several disaster risk resilience projects covering all PSIDS. UNDP's presence, government relationships, and networks in all the PSIDS will be leveraged by the Programme throughout its implementation and expansion. UNDP Fiji multi country office will continue to provide administrative and operations support to the programme covering finance, human resources, procurement, and other related functions.

Risk and Assumptions:

Key: L- Low | M-Medium | H-High

No	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
1	Global pandemics, wars, conflicts with economic impacts	M	H	There are no Covid-19 related restrictions, both local and global. However, the programme will continue to monitor the situation, follow Government guidelines, UN advisories. The ongoing war Russia-Ukraine war is affecting global supply chains, putting inflationary pressures across continents and this may affect funding support from some donor. Management will continue to engage donors and stakeholders in addressing these issues
2	Other parametric insurance or CDRFI initiatives	M	M	In the last year, several agencies have announced plans of commencing parametric insurance initiatives in the Pacific, these are potentially conflicting with PICAP. Proactively it is planned to engage with these agencies to develop collaborative approaches and complementarities. As a member of the DRFTWG under PRP, PICAP will continue to engage all stakeholders in this space and position itself strategically
3	Implementation Support from Pacific governments is delayed	L	L	Through direct engagement with Pacific governments as well as through FEMM, PICAP has received good support country stakeholders and will continue to build relationships as implementation progresses
4	Limited technical knowledge and capacity of regulators/governments on parametric insurance and other CDRFI tools	M	L	Several capacity enhancement workshops have been completed for government, regulators, and other stakeholders and this will be ongoing during the expansion phase as well
5	Limited private sector support or buy-in for implementation partnerships	L	L	There is excellent support and participation from the private sector-insurers and reinsurers besides FinTech/InsurTech partners as well as cooperatives and aggregators
6	Low levels of insurance awareness	H	M	Programme has identified this as a priority area for intervention and ongoing support will be provided to partners for continuing awareness and literacy campaigns. PICAP will also work with PDEP in rolling out financial and digital literacy training and awareness for partners. It should be recognized that insurance awareness and financial competency development will be an ongoing activity
7	Poor market response to parametric insurance and other CDRFI instruments	M	M	Globally parametric insurance has either been government or donor driven or supported. Developing/deploying market-based solutions is bound to be challenging, however, it is proposed to address this challenge through a combination of community engagement, co-creation of solutions for acceptance and sustainability, regular awareness campaigns, innovative financing options, use of digital linkages for cost efficiency as well as concentration on meso level players for market outreach. Initial responses in 2021 and 2022 is encouraging with over 4000 households already covered showing good market response
8	Sustainability of market interventions and projects	H	M	Based on the findings and observers from the mid-term review, a sustainability and exit plan will be developed by the programme to look at phased transfer of capacities to national/ regional stakeholders during the expansion phase from 2023 to 2025. Given the limited local capacities, it will be some time before national or regional ownership of the programme can be fully ensured
9	Technical capacity and implementation experience of the Programme team	L	L	Team technical capacity has vastly improved with exposure to appropriate training. Need based recruitment has been carried out and will be continued as the programme enters the expansion phase. Services of technical experts have also been enlisted through contractual services
10	Donor/funder support to the programme for the expansion phase	L	M	Programme has delivered excellent results during the inception phase, reaching targets on all counts. Present major donors Australia/New Zealand have confirmed their support for the expansion phase. Programme management is also engaging with other funders to expand the pool and seek further support as expansion is underway.

No	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
11	Key person risk	M	H	The Programme management team is small and has been spearheading the implementation. Most staff are young/new. Programme management has been developing the skills and next level of leadership to take on responsibilities as the expansion gets underway.

Building on lessons learned

The programme has a well-structured monitoring, evaluation and learning agenda built into the design that provides for continuous capturing of lessons that have since been well documented and recently published [here](#). The programme team has framed the expansion phase activities building on the lessons learned with additional areas of intervention included to address the gaps identified as well as act on the recommendations of the mid-term review. Details of the actions and activities proposed in the expansion phase as specific responses to the mid-term review recommendations are provided in Annex 10.

Stakeholder Engagement

Whilst the programme aims to broadly improve individuals' and communities' ability to bounce back after a disaster, the Programme will specifically target those beneficiary segments that are most adversely affected by disasters and more vulnerable during the post disaster phase. These are: women, youth, MSMEs, vulnerable social protection recipients.

PICAPs Gender and Social Inclusion Strategy

Gender and social inclusion mainstreaming will be guided by [PICAPs Gender and Social Inclusion Strategy](#). PICAP received technical support from the Technical Advisory Facility under the InsuResilience Centre of Excellence on Gender Smart Solutions to revise their Theory of Change and Results Framework to ensure these were gender sensitive and that the collection of granular data was prioritised. The programme has also supported the recruitment of a Gender Specialist and support staff to guide gender mainstreaming into programme initiatives. PICAP will be conducting gender needs assessment to support the design of gender centric solutions.

Women

The Post-Disaster Needs Assessment (PDNA) reports indicate that women are disproportionately affected, disadvantaged and, along with men, face the onerous task of rebuilding their homes, helping their families, and providing some financial support. Government and other agencies do not provide targeted support to women specifically post disaster, and this further leads to their marginalisation. Working with relevant ministries, the Programme will identify the specific and unique risk perceptions and needs of women, and develop tailor-made insurance and other CDRF solutions, that are more suitable and more accessible to women. Meso level aggregation of data, through women groups (for example savings clubs, and women's church groups), and strengthening partnerships with UN Women and other agencies targeting women will be continued to better address this target group's needs.

Persons with disabilities

PICAP will work with the Pacific Disability Forum (PDF) to raise awareness and pilot parametric insurance and CDRFI products in Fiji, Tonga, and Vanuatu. PDF through its grant agreement with PICAP, will conduct outreaches to different branches of umbrella Organization of Persons with Disabilities (OPDs) across the three countries to get maximum reach to persons with disabilities to be part of insurance scheme.

Youth

Across the PSIDS, youth are more vulnerable to hazards due to the lack of employment opportunities that precludes many from building up a financial cushion or otherwise access tools that could increase their resilience (better skills, education, and formal employment). Employment opportunities of young people are

especially sensitive to economic cycles. Youths are generally the first to lose their jobs in times of economic contraction and the last to gain employment when the economy rebounds.¹² Furthermore, education needs further prioritisation in a disaster response.

The Programme will work with youth-based organisations and development agencies to build greater understanding of the broad-based challenges that youth face during disasters. We will help to develop innovative and comprehensive approaches that will factor into national CDRFI and DRM strategies. The Programme will also engage youth-based organisations and leverage their capacities and networks to bring about meaningful change in social behaviour and attitudes in Pacific communities, to build disaster awareness thus attenuating the risks and impacts of disasters.

MSMEs

Among PSIDS, MSMEs are a significant contributor to the Gross Domestic Product (GDP) and a significant driver of the labour market. In Fiji, the MSME segment contributes 18% to GDP¹³ and roughly 60% to labour market¹⁴. There is strong evidence that underpins the importance of MSMEs in PSIDS, especially for women and the informal sector. Any direct or indirect impact of disasters can be devastating to MSMEs and to their financial viability and continuity. Catastrophic events have had a significant impact on MSMEs in PSIDS during recent years. MSMEs can be considered as highly vulnerable segments of Pacific economies and they are relatively resource constrained and less resilient.

The Programme will build entrepreneurial resilience by working with MSMEs in the Pacific to identify their specific disaster challenges and tailor make CDRF solutions that meet their needs. The Programme will develop MSME resilience through a collaborative partnership with the private sector, NGOs and national governments to tackle the socio-economic drivers of risk at the pre-disaster stage, and further build up the provision of swift and adequate support to MSMEs shortly after disasters strike.

Vulnerable groups and social protection recipients

The Programme will investigate how governments can best protect the most vulnerable individuals and groups, including people living with disabilities and vulnerable migrant populations, that do not have their own resources or access to funding after disasters, and who are often the hardest hit after these events occur. This will be further supported through the framework on “macro to micro” scheme. “Macro to micro” refers to the practice of governments investing in CDRFI instruments that would pay out directly to individual beneficiaries. One way for governments to implement this scheme, is through adaptive social protection schemes in which those who are part of such schemes would receive extra financial support after a disaster. Alternatively, government could also work to register those individuals who are not part of the social protection scheme but would suffer greatly from a specific disaster. The programme has already established a case for linking climate risk insurance to social protection schemes, evidenced by the 2000 welfare recipient households covered in Fiji. This work will continue by engaging other Pacific governments where social protection schemes are already established or emerging. Alternatively, the programme will also explore delivering inclusive insurance solutions through the National provident funds as vehicles to reach the informal sectors.

South-South and Triangular Cooperation¹⁵

The introduction of CDRFI instruments into new markets needs a considerable amount of knowledge. It requires extensive market research, a revised regulatory framework, and new approach to market engagement. . Small islands states are particularly difficult to understand and service from a parametric

¹² Government of Vanuatu (March 2015). *Post-Disaster Needs Assessment*, https://cop23.com.fj/wp-content/uploads/2017/06/vanuatu_pdna_cyclone_pam_2015.pdf

¹³ MicroSave (July, 2018). *In-depth Assessment of MSME Landscape in Fiji*.

¹⁴ Reserve Bank of Fiji (28 May 2018). “Welcome Remarks by the Reserve Bank of Fiji Governor and Chairman of the National Financial Inclusion Taskforce”, https://www.rbf.gov.fj/getattachment/64c8a5e7-227f-4932-abfd-1f43bb2dc5b2/National-Microfinance-Award-Address-by-Governor_28

¹⁵ <https://www.unsouthsouth.org/about/about-sstc/>

insurance standpoint, as most insurance companies are often reluctant to work in these markets due to their small market size and perceived lack of commercial viability. The Programme has addressed some of these challenges and moved the needle ahead for replicating its early successes.

Global and regional partnerships as part of South-South and triangular cooperation as well as North-South engagement will continue through the expansion phase. The research partnerships established with the University of the South Pacific (USP) and the opportunity to engage the University of the West Indies (UWI) through UNU-EHS and the CRAIC will be pursued to deepen the South-South learning agenda.

Knowledge Management

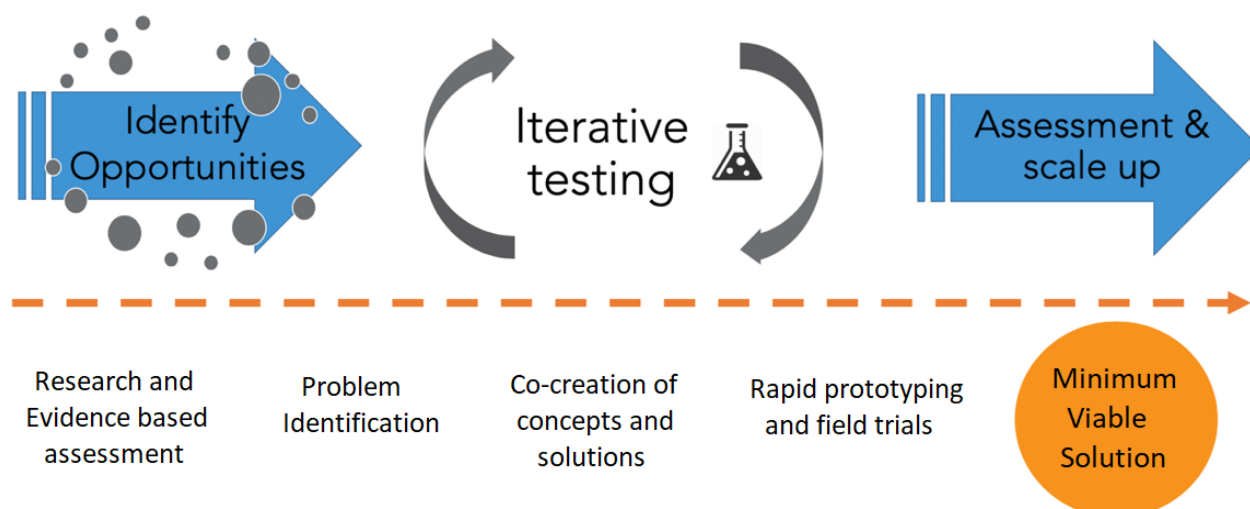
The Programme is committed to communicating findings from research and analyses widely, ensuring all stakeholders have access to programme knowledge and learning. The Programme will communicate programme results and information gleaned from underlying assessments to target communities and groups (clients and potential clients), vulnerable communities including those targeted by “macro to micro” schemes, and to all relevant ministries within partner governments. To ensure broader learning, information will also be shared (as appropriate) with other governments and stakeholders in the region, taking advantage of regional platforms and conferences, as well as internally.

The communications focus of the Programme will be to share knowledge and information in a creative, consistent, and concerted manner, with mainstream and social media and events being the key mediums to reach target audiences. Knowledge-sharing will also support another goal: to position the Programme as a thought leader on all matters related to climate and disaster risk finance and insurance in the Pacific. The Programme will host regular events to announce major developments, update stakeholders, garner media attention, promote greater understanding of UNCDF’s work and continue building its wide network of partners.

The mediums for internal knowledge sharing will include webinars, publications, ideation workshops and guest lectures. To ensure wider dissemination of knowledge, it is proposed to publish policy briefs and learnings directly on the programme website. External and internal outputs will focus on solutions with an aim to inspire behavioural change, build the Programme and agency’s credibility, and secure the long-term buy-in of key stakeholders. Customer empowerment is a key component in PICAP’s aim to strengthen the financial resilience and preparedness of ‘Pacific households, communities, small businesses, organisations and governments against climate change.’ Empowering these groups with correct, relevant, and timely information to aid decision-making and inspire behavioural change is a critical element of the endeavour.

Sustainability and Scaling Up

In collaboration with government and private sector stakeholders the programme designs activities in such a way that successful market-based products are scaled. Using the experience and learnings from the inception phase, , each of the programme work streams will be implemented through specific activities with the clear intention to scale uptake and usage of relevant CDRFI instruments to bring about the intended outcome of increased financial preparedness and resilience of Pacific households, communities, small businesses, organisations, and governments to disasters.

Figure 1: Ideation and Scaling Approach

The Programme will do this by following a standard implementation approach from ideation to scaling as depicted above. A pilot means the test of products and services within certain conditions (geography and market segment) on a smaller scale to determine the success factors for a larger scale roll-out. Once pilot milestones are met, scaling follows. The learn, test and scale model has been successfully validated during the inception phase and will continue to be the part of the Inclusive Insurance solutions hub approach in the expansion phase as well.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The Theory of Change aims at addressing market constraints, gaps, and challenges by targeting various stakeholders within the ecosystem at the same time. By stacking interventions that are interlinked, the programme expects to deliver the maximum results with the available resources. This approach builds on lessons learned from the inception phase.

Furthermore, in order to ensure cost efficiency and value for investments, pilot projects are always set up with a cost sharing modality with the implementing partner. This also increases the ownership of the project, crucial for the success of the pilot, and further safeguards the efficient and effective roll-out of projects. The establishment of a project steering committee allows all partners to continuously monitor the project performance, guaranteeing that the project stays on course.

The programme will also aim to deploy new blended finance instruments (e.g. loans and guarantees) to de-risk opportunities that would otherwise go unfunded and enable the market to transition towards a more inclusive one that effectively addresses the needs of un- or under-served populations. While UNCDF will only take on risks that commercial or development financial institutions are not willing to absorb, these instruments will allow for more efficient use of resources as they can be reinvested in other projects once repaid, ensuring maximum results with the available resources.

V. RESULTS FRAMEWORK¹⁶

<p>Intended Outcome as stated in the United Nations Pacific Strategy:</p> <p>UNSDCF Outcome 1: Planet Pillar</p> <p>By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed and restored.</p> <p>UNSDCF Outcome 3: Prosperity Pillar</p> <p>By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centered socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.</p>
<p>Outcome indicators as stated in the United Nations Pacific Strategy Results and Resources Framework, including baseline and targets:</p> <p>UNSDCF Sub-Outcome Indicator 2: Expansion of blue, green creative economy</p> <p>SDG Indicator 8.10.2: Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money service provider</p> <p>Regional Indicator: Number of countries with adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider</p>
<p>Applicable Output(s) from the UNDP Strategic Plan:</p> <p>UNDP MCPD Outcome 2: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.</p> <p>UNDP MPCD Output 2.1: Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.</p>
<p>Project title and Atlas Project Number: 00123526</p>

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS				DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2023	Year 2024	Year 2025	FINAL EPE Targets	
OUTPUT 1 Enabling Policy and Regulation Enhanced understanding and increased 'buy-in' support of national	1. Number of partners supported by PICAP.	Signed Agreement	19	2022	11	28	77	Cumulative	Data Collection: Project Records Risks: Changing partner priorities
	2. Number of people taking part in capacity building activities.	Registration Sheet	451	2022	249 30% women	150 30% women	150 30% women	Cumulative	Data Collection: Project Records Risks: Changing partner priorities
	3. Number of capacity building activities.	Activity Report	61	2022	39	30	10	Cumulative	Data Collection: Project Records

¹⁶ UNDP publishes its project information (indicators, baselines, targets, and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS				DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2023	Year 2024	Year 2025	FINAL EPE Targets	
governments towards market based, customer centric, climate disaster risk financing and insurance instruments.									Risks: Changing partner priorities
	4. Value of PICAP investments	Signed Agreements	\$4,040,066	2022	\$1,959,935	\$2,000,000	\$1,000,000	Cumulative	Data Collection: Project Records Risks: Changing donor priorities
OUTPUT 2 Digital Ecosystem Digital linkages for collections and payments delivery enabled in consideration of the needs of targeted segments.	5. Value of partner investments due to PICAPs support.	Signed Agreements	\$2,447,518	2022	\$1,175,961	\$1,500,000	\$800,000	Cumulative	Data Collection: Project Records Risks: Changing partner priorities
	6. Number of people reached through partner financial competency development activities.	Activity Report Registration Sheet	22,186	2022	224,014 30% women	26,800 30% women	27,000 30% women	Cumulative	Data Collection: Project Records Risks: Changing partner priorities
	7. Number of partners showing increased commitment in improving their business models	Partner Reporting Interviews	19	2022	11	8	7	Cumulative	Data Collection: Project Records Risks: Changing partner priorities
OUTPUT 3 Inclusive Innovation Customer centric inclusive and innovative market- based disaster risk financing instruments tested, piloted and scaled-up.	8. Number of new and improved products and services piloted with UNCDF support	Programme Records	15	2022	2	3	2	Cumulative	Data Collection: Project Records Risks: Low private sector buy in and engagement
	9. Number of policies, regulations and standards introduced or improved that support expansion of inclusive insurance products and services	Programme Records	4	2022	2	2	2	Cumulative	Data Collection: Project Records Risks: Low private sector buy in and engagement
	10. Number of new or improved CDRFI business models scaled by PICAP-supported partner	Programme Records	2	2022	2	1	1	Cumulative	Data Collection: Project Records Risks: Low private sector buy in and engagement
	11. Number of partners indicating they have applied the knowledge gained in the PICAP delivered capacity building activity 6-12 months following date of the activity.	Surveys Interviews Observation	13	2022	7	5	5	Cumulative	Data Collection: Project Records Risks: Changing partner priorities

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS				DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2023	Year 2024	Year 2025	FINAL EPE Targets	
	12. Percentage of customers that perceive that new products and practices will help them in recovering quicker after extreme events	Research	58.5%	2022	60%	62%	65%	Non-Cumulative	Data Collection: Project Records Risks: Changing partner priorities
OUTPUT 4 Empowered Customers Capabilities and capacities of programme partners and customers on inclusive disaster risk financing and digitally enabled CDRFI, is enhanced.	13. Number of registered clients of new or improved CDRFI products and services supported by PICAP (access)	iOnboard Partner Reporting	5,287	2022	16,000 30% women 5% PWD	40,000 30% women 5% PWD	75,000 30% women 5% PWD	Non-Cumulative	Data Collection: Project Records Risks: Changing partner priorities
	14. Number of active clients of new or improved CDRFI products and services supported by PICAP (usage)	iOnboard Partner Reporting	4,799	2022	14,560 30% women 5% PWD	36,400 30% women 5% PWD	68,250 30% women 5% PWD	Non-Cumulative	Data Collection: Project Records Risks: Changing partner priorities and low engagement
	15. Percentage use of digitally enabled CDRFI products and services	Programme Records World Bank Population Data	0.59%	2022	1.80%	2.75%	0.88%	Non-Cumulative	
OUTPUT 5 Ecosystem and Programme Management Activities CDRFI learnings and knowledge are shared across regional and global level.	16. The number of PICs that achieve crowd in. i.e The extent that market actors crowd-in and respond to inclusive insurance and digital business model innovation with new or improved practices, products, services, and policies.	Programme Records Interviews	Achieved	2022	1	1	1	Cumulative	Data Collection: Project Records Risks: Private sector buy-in
	17. Value of financial loss or risk averted from climate induced disasters and natural hazards	Partner Reporting	TBC	2022	TBC	TBC	TBC	TBC	Data Collection: Partner Reports Risks: No peril and therefore no data

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans. PICAP follows a market systems development approach to M&E whereby the following measurement principles will be observed:

- Tracking of systematic change across stakeholders, sectoral change, and changes at the individual level. This includes tracking changes in capacities, processes, institutional changes, structural change, and change in relationships amongst key actors. The inclusion of such KPIs in the RMF ensures the collection and reporting of such qualitative data.
- Programme M&E as well as independent assessments will ensure the identification of positive and negative externalities as well as use an outcome harvesting approach to identify all possible players contributing to observed results.
- Ongoing internal and external learning and reflection events will be prioritised to track programme progress, identify bottlenecks, areas for improvement as well as reflect on what can be done better. PICAP in its inception included donors in their MEAL missions and will continue to adopt such approaches whereby independent third parties will support programme MEAL efforts.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any) USD
Track Results Progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, from data collected by IPs	Slower than expected progress will be addressed by the project steering committee and the project management.	Implementing partners and UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Learn	Knowledge, good practices, and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the programme.	Continuously	Relevant lessons are captured by the programme team and used to inform management decisions.	UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Impact Assessment	Identify to what extent the programme has changed the lives of the intended beneficiaries	Continuously	Measuring the impact of specific programme interventions and use	UNCDF UNDP	Refer to Section VII: Multi Year Workplan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any) USD
			the lessons to inform design of future interventions		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Bi-annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNCDF UNDP	
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly, led by project steering committee meetings	Performance data, risks, lessons, and quality will be discussed by the project board and used to make course corrections.	UNCDF UNDP	
Project Report	A progress report will be presented to the Steering Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined project targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any assessment/evaluation or review reports prepared over the period.	6 Monthly and at the end of the project (final closure report)		UNCDF UNDP	
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialise project results and lessons learned with relevant audiences.	At least twice per year	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	UNCDF UNDP	

Evaluation Plan

Joint evaluation frameworks will be developed to suit the needs of all the programme donors. The programme completed a mid-term review in the last quarter of 2022. The recommendations have been included in this updated Pro Doc for action in the expansion phase. During the project implementation, impact assessments targeting the beneficiaries will be carried out periodically. The end term evaluation (budgeted at USD 120,000) will be managed by UNCDF Evaluation Unit.

VII. MULTI-YEAR WORK PLAN

Countries of Implementation: *Fiji, Vanuatu, Tonga, Samoa, Kiribati, Solomon Islands, Timor Leste, PNG and other PSIDs.*

Planned Activities	Funder	TA, grant, loan, guarantee, etc.	2021-2022 Actual	2023 Budget	2024 Estimate	2025 Estimate	2021-2025 Estimate	2023-2025 Estimate
			Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)
1. Enabling Policy & Regulation			USD	USD	USD	USD	USD	USD
Workshops with Government Department and Ministries (linking to National and Strategic Plans)	TA/ Grant	MFAT/DFAT/Drua/GOI	165,141	111,144	197,789	161,827	635,900	470,759
On-Demand TA on CDRFI Regulations	TA/ Grant	MFAT/DFAT/Drua/GOI	190,846	128,444	228,575	187,016	734,881	544,035
Awareness workshop on CDRFI strategies and enabling environment	TA/ Grant	MFAT/DFAT/Drua/GOI	188,697	126,998	226,002	184,911	726,608	537,911
Workstream Sub-total			544,684	366,585	652,366	533,754	2,097,389	1,552,705
2. Digital Ecosystems								
Targeted support for strengthening digital ecosystems	TA/Grant	MFAT/DFAT/Drua/GOI	475,828	295,849	526,486	430,761	1,728,923	1,253,095
Testing and Scaling digital payment solutions for CDRFI, and pilot interventions for Women, Youth, Persons with Disabilities, and MSMEs	TA/Grant	MFAT/DFAT/Drua/GOI	459,744	285,849	508,690	416,201	1,670,484	1,210,739
Expansion of last mile digital payment solutions for insurance benefits transfers including testing for Women, Youth, Persons with Disabilities, and MSMEs	TA/Grant	MFAT/DFAT/Drua/GOI	179,805	111,795	198,948	162,775	653,323	473,518
Workstream Sub-total			1,115,377	693,492	1,234,124	1,009,737	4,052,730	2,937,353
3. Inclusive Innovation								

Planned Activities	TA, grant, loan, guarantee, etc.	Funder	2021-2022 Actual	2023 Budget	2024 Estimate	2025 Estimate	2021-2025 Estimate	2023-2025 Estimate
			Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)
Controlled Pilots and Targeted support for further scaling of CDRFI products and solutions	TA/Grant	MFAT/DFAT/Drua/GOI	702,646	459,939	818,498	669,680	2,650,764	1,948,118
Enhanced engagement on linking social protection with CDRFI and scaling	TA/Grant	MFAT/DFAT/Drua/GOI	163,669	107,135	190,655	155,990	617,449	453,780
Inclusive Insurance Solutions Hub Activities	TA/Grant	MFAT/DFAT/Drua/GOI	419,183	274,389	488,297	399,516	1,581,385	1,162,203
Workstream Sub-total			1,285,498	841,464	1,497,450	1,225,187	4,849,599	3,564,101
4. Empowered Customers								
Technical capacity enhancement for Programme Partners	TA/Grant	MFAT/DFAT/Drua/GOI	308,340	149,312	265,712	217,401	940,764	632,424
CDRFI product awareness material development-targeted for Women, Youth, Persons with Disabilities, and MSMEs	TA/Grant	MFAT/DFAT/Drua/GOI	304,210	147,312	262,153	214,489	928,163	623,953
DRM and CDRFI campaigns in communities with specific focus on Women, Youth, Persons with Disabilities, and MSMEs	TA/Grant	MFAT/DFAT/Drua/GOI	492,132	238,312	424,094	346,986	1,501,524	1,009,392
Workstream Sub-total			1,104,682	534,935	951,959	778,875	3,370,452	2,265,770
5. Communication and Knowledge Sharing								
South-South Collaboration, Global and Regional Networking (COP, ICII, A2ii, MIN, IGP, DRFTWG, PRP)	TA/Grant	MFAT/DFAT/Drua/GOI	190,724	207,755	369,717	302,495	1,070,692	879,967
Communications, research, publications, events, and conferences	TA/Grant	MFAT/DFAT/Drua/GOI	250,396	272,755	485,389	397,137	1,405,677	1,155,281
All MEAL Activities, including impact assessments, and learnings, including end term evaluation (budgeted at USD 120,000)	TA/Grant	MFAT/DFAT/Drua/GOI	182,462	198,755	353,700	289,391	1,024,309	841,847
Workstream Sub-total			623,583	679,266	1,208,806	989,023	3,500,678	2,877,096
6. Team management								
Program Implementation and Support	TA	MFAT/DFAT/Drua/GOI	598,596	339,495	604,158	494,311	2,036,559	1,437,964

Planned Activities	Funder TA, grant, loan, guarantee, etc.	2021- 2022 Actual	2023 Budget	2024 Estimate	2025 Estimate	2021-2025 Estimate	2023-2025 Estimate
		Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)
Programmable Total		5,272,419	3,455,237	6,148,863	5,030,888	19,907,407	14,634,988
GMS (7%)		369,069	241,867	430,420	352,162	1,393,519	1,024,449
Multi Party Trust Fund (MPTF) - Fund Administration Cost (1%)		52,724	34,552	61,489	50,309	199,074	146,350
Grand Total		5,694,213	3,731,656	6,640,773	5,433,359	21,500,000	15,805,787
Legend:							
MFAT - New Zealand							
DFAT - Australia							
Drua - Government of Luxembourg							
GOI- India UN Development Partnership Fund (UNOSSC)							

UN Agency Budgets	2023	2024	2025	2023-2025
UNDP	1,149,264	2,914,161	1,942,774	6,006,199
UNCDF	1,905,510	4,072,604	2,715,069	8,693,183
UNU	676,882	295,014	196,676	1,168,572
Total	3,731,656	6,640,773	5,433,359	15,805,787

The 5-year budget is highlighted. The Budget converted in the UNDG format is attached as Annex 9.

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Governance

The programme will be a joint programme, designed around the guidelines provided in the UN guidance note on joint programmes¹⁷. In accordance with these guidelines, UNCDF will be the convening agency, responsible for the implementation of the programme, UNDP the administrative agency and other partnering UN agencies, such as UNU-EHS will operate as participating UN organisations (PUNOs). Funds will be managed by a combination of pass-through and parallel modalities. However, for final decision making on all proposals, investment decisions, workplans, etc. the Programme will have a dedicated sub-IC.

The programme will be governed by the IC, comprised of representatives of contributing donor partners, UNCDF, UNDP and PUNOs, as well as a representative of the PIFS and potentially other stakeholders.

The IC shall act as the Programme Board. The three primary governance and management roles of the IC are reflected below:

- UNCDF, UNDP and UNU-MCII: take on an executive role to ultimately ensure accountability for the project.
- PIFS: the senior user role is to ensure that the outputs produced meet the needs of the end-user, in this case the PSIDS; and
- Donor partners: to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost, and time parameters.

The IC is responsible for providing guidance and strategic direction to the Programme, and for approving the annual work plan (including budgets). It is also tasked with recommending for approval to the UNCDF Executive Secretary all projects and investments, through grants, loans and guarantees, and ensuring efficient use of all resources. In addition, it will make allocation decisions while UNCDF as the Convening agency will sign Fund Transfer Requests on behalf of the Steering Committee.

In terms of approval process, all initiatives and investments are generated at the country level through a open competitive process covered by the UNCDF operating procedures. Projects and other proposals are reviewed by the regional team in Suva, Fiji, and is peer reviewed by a technical advisory committee already setup to support the implementation. Then these proposals are sent for endorsement to the IC. The IC shall meet no less than twice per calendar year and shall meet more frequently if necessary. Once endorsed, the associated project documents and agreements are sent to the UNCDF's Executive Secretary through the practice Deputy Director/Director for approval and signing of the financing agreements with the selected partner. The latter may also include the procurement of expertise (e.g., consultants, climate risk modelling, and data service providers) for the implementation of projects and re other initiatives. More detailed information on the Investment Committee's Terms of Reference can be found in **Annex 7**.

At the level of project activities, there will be a project management team responsible for the day-to-day management and implementation of the project and to drive the overall performance of the project. This is typically made up of a team of key resource people from all project implementing partners. The project team reports to the project steering committee, which governs/oversees project in terms of scope, budget,

¹⁷ UNDG (2014). *UNDG Guidance Note on Joint Programmes*, <https://undg.org/document/guidance-note-on-joint-programmes/>

and timelines. In most cases, the project steering committee is composed of senior leadership from all project implementing organisations and the UNCDF country technical specialist.

The Programme management team will be assisted by a technical advisory committee, made up of independent, technical experts drawn from various organisations in topical areas directly relevant. The terms of reference for this technical advisory committee has already been approved by the IC and the TAC is already in place offering technical guidance to the programme.

Management arrangements

The programme will be implemented by a team of experts from UNCDF, UNDP and UNU, managed from the regional UN Multi-Country Office in Suva, Fiji, with financial and administrative management support provided by UNDP. This approach signifies a continuation of the successful working arrangements and the experience gained during the inception phase and earlier under the PFIP. The technical expertise component is further strengthened by the inclusion of a team of experts from UNU.

To avoid duplication of roles and optimise costs, the Programme will share some resources with its sister programme (Pacific Digital Economy Programme), both of which implemented in parallel. This is reflected in the colour coding of each of the roles in the detailed organogram that is provided in **Annex 11**. It also includes a detailed summary of the workstreams and activities where both programmes will leverage each other through a shared approach and use of resources. The organisation chart includes in-country based staff with programme implementation expertise, combined with a management support team and various specialists based in the regional office in Suva. These will bring a mix of specific expertise and experience derived from the public as well as the private sectors.

The Programme will be overseen by the UNCDF Lead Specialist (CDRFI) and supported by a team of technical staff and resources for Operations and Finance, Monitoring, Evaluation, Analysis and Learning (MEAL), and Communications.

On a case-by-case basis, the programme will also seek support from and collaborate with UNCDF experts from other regions (e.g. Asia, Africa) and UNCDF headquarters on key topics such as policy, digital innovation, knowledge management, skills development, investment and fund management. The programme will also be supported by experts from UNU-EHS across all workstreams.

The Lead Specialist supported by the Regional Technical specialist will manage the entire programme team and regional implementation. The scope of the role and responsibilities include, but is not limited to:

- Overall programme management;
- Program strategy and governance;
- Stakeholder management (e.g. governments, donors, private sector, other UN and development agencies);
- Programme planning, budgeting and reporting;
- Knowledge, learning and communications;
- Administration and operations; and
- Results measurement and monitoring and evaluation.

For the in-country implementations, the Programme Manager/Lead Specialist is supported by the various country leads, who could be shared resources with the sister programme. The Programme Manager's role is primarily to oversee and support programme implementation in the various countries and ensure alignment on initiatives across the region. Where needed, additional technical expertise from the regional team will be drawn. These country technical specialists will be shared resources, however, based on the progress and results, the Programme can hire its own dedicated country specialists on a needs basis. and these will report to the Lead specialist or the regional technical specialist. To support the Programme Manager for regional implementation, the team will be complemented by a Regional Technical Specialist, climate risk and insurance analyst, Inclusive Insurance solutions hub coordinator, a GESI specialist, a partnerships specialist and a Research Associate, based in Suva. UNU-EHS, as the technical partner of the project, will play an active role in all the workstreams and coordinate its activities through the Programme Manager.

At country level, UNCDF employs several expert level resources¹⁸, capable of providing the required guidance and technical assistance to implementing partners in terms of project design and implementation. The country leads work closely with the project partners and their designated project manager/team to ensure business alignment and project performance. In cases where the project partner does not have a dedicated staff for the project, UNCDF may require the partner to dedicate some of the project funding to recruit such a resource.

Experience from a similar staffing arrangement during the inception phase and under PFIP Phase II has shown to be effective in ensuring the right level and mix of on-ground local presence, combined with technical, functional, and administrative support from the regional office.

The detailed programme organogram is provided in Annex 11. It is to be noted that the global CDRFI programme is under development and the studies presently underway in four African countries are funded by UNCDF core as are the limited technical staff attached to this expansion.

Fund Management

The programme will be using a combination of parallel and pass-through fund management modality, for the latter UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the programme through the AA. Each participating UN organization receiving funds through the pass-through would have to sign a standardized Memorandum of Understanding with the AA.

The Administrative Agent will:

- Establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from the donor(s) pursuant to the Administrative Arrangement. This Joint Programme Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest;
- Make disbursements to Participating UN Organizations from the Joint Programme Account based on instructions from the Steering Committee, in line with the budget set forth in the Joint Programme Document.

¹⁸ Depending on the size and complexity of the country portfolio and the availability of expertise in the country, these resources may be international staff, local staff, or international/national UNV's.

The Participating UN Organizations will:

- Assume full programmatic and financial responsibility and accountability for the funds disbursed by the AA.
- Establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.
- Each UN organization is entitled to deduct their indirect costs on contributions received according to their own regulation and rules, considering the size and complexity of the programme. Each UN organization will deduct 7% as overhead costs of the total allocation received for the agency.

The MPTF Office will charge administrative agent fee of one per cent (1%) of the total contributions made to the Joint Programme.

The Convening Agency will consolidate narrative reports provided by the Participating United Nations Organizations. As per the MoU:

- Annual narrative progress report and the final narrative report, to be provided no later than three months (31 March) after the end of the calendar year.

The MPTF Office will:

- Prepare consolidated narrative and financial progress reports, based on the narrative consolidated report prepared by the Convening Agency and the financial statements/ reports submitted by each of the Participating UN Organizations in accordance with the timetable established in the MoU;
- Provide those consolidated reports to each donor that has contributed to the Joint Programme Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.
- Provide the donors, Steering Committee and Participating Organizations with:
 - Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year;
 - Certified final financial statement ("Source and Use of Funds") to be provided no later than seven months (31 July) of the year following the financial closing of the Joint Programme.

Budget Preparation - The Convening Agency will prepare an aggregated/consolidated budget, showing the budget components of each participating UN organization.

Accounting - Each UN organization will account for the income received to fund its programme components in accordance with its financial regulations and rules.

Admin Fees and Indirect Costs

- **Administrative Agent:** The AA (UNDP) shall be entitled to allocate one percent (1%) of the amount contributed by the donor, for its costs of performing the AA's functions.
- **Participating UN Organizations:** Each UN organization participating in the joint programme will recover indirect costs in accordance with its financial regulations and rules and as documented in the Memorandum of Understanding signed with the AA.

Interest on funds - Interest will be administered in accordance with the financial regulations and rules of each UN organization and as documented in the Standard Administrative Arrangement signed with donors.

IX. LEGAL CONTEXT

This regional project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAA for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNCDF (“Implementing Partner”) in accordance with its financial regulations, rules, practices, and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of UNCDF does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

UN Agency other than UNDP, and IGO with signed SBAA with UNDP

1. UNCDF as the Implementing Partner will comply with the policies, procedures, and practices of the United Nations Security Management System (UNSMS.)
2. In the implementation of the activities under this Project Document, UNCDF, as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies, and procedures. Notwithstanding the foregoing, UNCDF, as the Implementing Partner, will notify UNDP of any such allegations and investigations it may conduct further to such allegations.
3. UNCDF as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient that is not a UN entity:
 - a. Consistent with the Article III of the SBAA [or the Supplemental Provisions to the Project Document], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of [Name of UN Agency/IGO]’s property in such responsible party’s, subcontractor’s, and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, considering the security situation in the country where the project is being carried;

- ii. assume all risks and liabilities related to such responsible party's, subcontractor's, and sub-recipient's security, and the full implementation of the security plan.
 - b. UNCDF reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's, and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNCDF as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or handle SEA and SH.
4. UNCDF agrees to undertake all reasonable efforts to ensure that none of the [project funds]¹⁹ [UNDP funds received pursuant to the Project Document]²⁰ are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
 5. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
 6. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
 7. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
 8. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud, or corruption, by its officials, consultants, responsible parties, subcontractors, and sub-recipients in implementing the project or programme or using the UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
 9. The Implementing Partner and UNDP will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

¹⁹ To be used where UNDP is the Implementing Partner

²⁰ To be used where the UN, a UN fund/programme or a specialised agency is the Implementing Partner

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

10. The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors, and sub-recipients.

11. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
12. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
13. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management Standard Clauses" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management" are included, mutatis mutandis, in all sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

Annex 1 – Project Quality Assurance Report

Annex 2 – Social and Environment Screening Template

Annex 3 – Risk Analysis

Annex 4 – Linkage to SDGs

Annex 5 – Country Development Plans

Annex 6 – Key Strategic Instruments

Annex 7 – Investment Committee's Terms of Reference

Annex 8 – Shared Resources and Alignment

Annex 9 – Budget in UNDG format

Annex 10 - Mid-Term Review Recommendations: Planned 2023-2025 Activities

Annex 11 - Organogram

Annex 1: Project Quality Assurance Report

Placeholder for PQAR - <https://intranet-apps.undp.org/ProjectQA/Forms/Design?fid=3208&year=2020&ou=FJI&pid=00123916&ftr=PROJECT>

Annex 2: Social and Environmental Screening Template

<i>Project Information</i>	
1. Project Title	Pacific Insurance and Climate Adaption Programme
2. Project Number	00123526
3. Location (Global/Region/Country)	Fiji, Vanuatu, Tonga (Inception Phase) Kiribati, Papua New Guinea, Samoa, Solomon Islands, Timor Leste (Expansion Phase)

Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability




QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?
<p><i>Briefly describe in the space below how the Project mainstreams the human-rights based approach</i></p> <p>Access to climate disaster risk financing improves the resilience especially of the most vulnerable (women, small holder farmers, social welfare recipients, persons with disabilities etc.) to natural hazards thereby contributing to equality and equity. The project ensures that these groups</p> <ul style="list-style-type: none"> • Are included in the needs assessments and gap analysis research and studies. • Are Included in the product and service consultation and design processes. • Have solutions, products and services being tailored to their needs. • Are part of the cooperatives and umbrella associations that the programme works with eg the programme works with the Pacific Disability Forum, women's associations at the national and regional level, agri-agencies and cooperatives, and the department of social welfare etc. <p>PICAP is well aligned to UNCDFs global theme of “Leaving No One Behind in the Digital Era” and has strong linkages to the SDGs.</p>
<p><i>Briefly describe in the space below how the Project is likely to improve gender equality and women’s empowerment</i></p> <p>The project has a specific focus targeting women and has both tracking indicators and targets for increasing women’s access to CDRF instruments. Provision of appropriate insurance solutions for women improves their access to and usage of financial services and facilitates their participation in the real economy. The Project further proposes to co-create CDRF solutions with women. The project has a gender specialist and a gender and social inclusion strategy to ensure gender mainstreaming into project activities that will result in financial empowerment and resilience by women post disasters.</p>
<p><i>Briefly describe in the space below how the Project mainstreams environmental sustainability</i></p> <p>The project has a strong focus on climate adaption by developing and deploying market based CDRF instruments. There are no elements envisaged under the project that adversely affect environment sustainability.</p>

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks?	QUESTION 3: What is the level of significance of the potential social and environmental risks?			QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?
<i>Risk Description</i>	<i>Impact and Probability (1-5)</i>	<i>Significance (Low, Moderate, High)</i>	<i>Comments</i>	<i>Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.</i>
No Risk Identified.	I = P =			
[add additional rows as needed]				
	QUESTION 4: What is the overall Project risk categorization?			
	Select one (see SESP for guidance)			Comments
	Low Risk	<input checked="" type="checkbox"/>	Identified risks are not a direct result of the projects interventions but situational/contextual factors that the project will finetune their interventions to address to minimize exclusion of vulnerable groups.	
	Moderate Risk	<input type="checkbox"/>		
	High Risk	<input type="checkbox"/>		
	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?			
	Check all that apply			Comments
	Principle 1: Human Rights	<input type="checkbox"/>		
	Principle 2: Gender Equality and Women's Empowerment	<input checked="" type="checkbox"/>	Exclusion due to	

			<p>Income Barriers: Some women do not have a steady income source and rely on their husbands for financial support and may not be able to afford CDRFI solutions.</p> <p>Information Barriers: Exclusion from participating in the financial literacy sessions as typically the husbands would participate.</p>
	1. <i>Biodiversity Conservation and Natural Resource Management</i>	<input type="checkbox"/>	
	2. <i>Climate Change Mitigation and Adaptation</i>	<input type="checkbox"/>	
	3. <i>Community Health, Safety and Working Conditions</i>	<input type="checkbox"/>	
	4. <i>Cultural Heritage</i>	<input type="checkbox"/>	
	5. <i>Displacement and Resettlement</i>	<input type="checkbox"/>	
	6. <i>Indigenous Peoples</i>	<input type="checkbox"/>	
	7. <i>Pollution Prevention and Resource Efficiency</i>	<input type="checkbox"/>	

Final Sign Off

Signature	Date	Description
QA Assessor  DocuSigned by: F66856263D46424...	29-Aug-2023	UNDP staff member responsible for the Project, typically a UNDP Programme Officer. Final signature confirms they have “checked” to ensure that the SESP is adequately conducted.
QA Approver  DocuSigned by: 8C8F516EB2014AG...	30-Aug-2023	UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have “cleared” the SESP prior to submittal to the PAC.
PAC Chair  DocuSigned by: B6C749D8032041E...	31-Aug-2023	UNDP chair of the PAC. In some cases, PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental <u>Risks</u>	Answer (Yes/No)
Principles 1: Human Rights	
1. Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2. Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? ²¹	No
3. Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4. Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalised groups, from fully participating in decisions that may affect them?	No
5. Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6. Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7. Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8. Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Principle 2: Gender Equality and Women's Empowerment	
1. Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2. Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3. Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4. Would the Project potentially limit women's ability to use, develop and protect natural resources, considering different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
Principle 3: Environmental Sustainability: Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below	
Standard 1: Biodiversity Conservation and Sustainable <u>Natural</u> Resource Management	
1.1 Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?	No

²¹ Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

Checklist Potential Social and Environmental <u>Risks</u>	Answer (Yes/No)
<i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	
1.2 Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3 Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4 Would Project activities pose risks to endangered species?	No
1.5 Would the Project pose a risk of introducing invasive alien species?	No
1.6 Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7 Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8 Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9 Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10 Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11 Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
Standard 2: Climate Change Mitigation and Adaptation	
2.1 Will the proposed Project result in significant ²² greenhouse gas emissions or may exacerbate climate change?	No
2.2 Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3 Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
Standard 3: Community Health, Safety and Working Conditions	

²² In regards to CO₂, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

Checklist Potential Social and Environmental <u>Risks</u>	Answer (Yes/No)
3.1 Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2 Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3 Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4 Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5 Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No
3.6 Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7 Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8 Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9 Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
Standard 4: Cultural Heritage	
4.1 Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2 Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement	
5.1 Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2 Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3 Is there a risk that the Project would lead to forced evictions? ²³	No
5.4 Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples	
6.1 Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2 Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No

²³ Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.

Checklist Potential Social and Environmental <u>Risks</u>	Answer (Yes/No)
<p>6.3 Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?</p> <p><i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i></p>	No
<p>6.4 Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?</p>	No
<p>6.5 Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?</p>	No
<p>6.6 Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?</p>	No
<p>6.7 Would the Project adversely affect the development priorities of indigenous peoples as defined by them?</p>	No
<p>6.8 Would the Project potentially affect the physical and cultural survival of indigenous peoples?</p>	No
<p>6.9 Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?</p>	No
<p>Standard 7: Pollution Prevention and Resource Efficiency</p>	
<p>7.1 Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?</p>	No
<p>7.2 Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?</p>	No
<p>7.3 Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs?</p> <p><i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i></p>	No
<p>7.4 Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?</p>	No
<p>7.5 Does the Project include activities that require significant consumption of raw materials, energy, and/or water?</p>	No

Annex 3: Risk Analysis**OFFLINE RISK LOG**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	A global pandemic resulting in lockdown, economic downturn, work disruptions, travel restrictions etc.	Mar 20	Operational Organizational Strategic	$3 \times 4 = 12$ P x I	There are no COVID-19 related restrictions, both local and global. However, the programme will continue to monitor the situation, follow Government guidelines, UN advisories. The ongoing war Russia-Ukraine war is affecting global supply chains, putting inflationary pressures across continents and this may affect funding support from some donor. Management will continue to engage donors and stakeholders in addressing these issues.	Programme Management	UNCDF	Jan 23	Reducing
2	Other parametric insurance or CDRF initiatives	Dec 19	Operational Organizational Political Strategic	$3 \times 3 = 9$ P x I	In the last year, several agencies have announced plans of commencing parametric insurance initiatives in the Pacific, these are potentially conflicting with PICAP. Proactively it is planned to engage with these agencies to develop collaborative approaches and complementarities. As a member of the DRFTWG under PRP, PICAP will continue to engage all stakeholders in this space and position itself strategically.	Programme Management	UNCDF	Jan 23	No Change
3	Implementation Support from Pacific governments is delayed.	Dec 19	Operational Organizational Political Regulatory Strategic	$2 \times 3 = 6$ P x I	Through direct engagement with Pacific governments as well as through FEMM. PICAP has received good support country stakeholders and will continue to build relationships as implementation progresses.	Programme Management	UNCDF	Jan 23	No Change
4	Limited technical knowledge and capacity of regulators/governments on parametric insurance and other CDRF tools	Dec 19	Operational Organizational Political Regulatory Strategic	$4 \times 3 = 12$ P x I	Several capacity enhancement workshops have been completed for government, regulators, and other stakeholders and this will be ongoing during the expansion phase as well.	Programme Management	UNCDF	Jan 23	No Change

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
5	Limited private sector support or buy-in for implementation partnerships	Dec 19	Operational Organizational Strategic	$3 \times 3 = 9$ P x I	There is excellent support and participation from the private sector insurers and reinsurers besides FinTech/InsurTech partners as well as cooperatives and aggregators.	Programme Management	UNCDF	Jan 23	Reducing
6	Low levels of insurance awareness	Dec 19	Operational Organizational Strategic	$4 \times 3 = 12$ P x I	Programme has identified this as a priority area for intervention and ongoing support will be provided to partners for continuing awareness and literacy campaigns. PICAP will also work with PDEP in rolling out financial and digital literacy training and awareness for partners. It should be recognized that insurance awareness and financial competency development will be an ongoing activity.	Programme Management	UNCDF	Jan 23	No Change
7	Poor market response to parametric insurance and other CDRF instruments	Dec 19	Financial Operational Organizational Strategic	$3 \times 3 = 9$ P x I	Globally parametric insurance has either been government or donor driven or supported. Developing/deploying market-based solutions is bound to be challenging, however, it is proposed to address this challenge through a combination of community engagement, co-creation of solutions for acceptance and sustainability, regular awareness campaigns, innovative financing options, use of digital linkages for cost efficiency as well as concentration on meso level players for market outreach. Initial responses in 2021 and 2022 is encouraging with over 4000 households already covered showing good market response.	Programme Management	UNCDF	Jan 23	No Change
8	Sustainability of market interventions and projects	Dec 19	Financial Operational Organizational	$4 \times 3 = 12$ P x I	Based on the findings and observers from the mid-term review, a sustainability and exit plan will be developed by the programme to look at phased transfer of capacities to national/regional stakeholders during the expansion phase from 2023 to 2025. Given the limited local capacities, it will be some time before national or regional ownership of the programme can be fully ensured.	Programme Management	UNCDF	Jan 23	Reducing

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
9	Technical capacity and implementation experience of the Programme team	Dec 19	Operational Organizational	$2 \times 2 = 4$ P x I	Team technical capacity has vastly improved with exposure to appropriate training. Need based recruitment has been carried out and will be continued as the programme enters the expansion phase. Services of technical experts have also been enlisted through contractual services.	Programme Management	UNCDF	Jan 23	Reducing
10	Donor/funder support to the programme for the expansion phase	Mar 20	Operational Organizational Strategic	$4 \times 3 = 12$ P x I	Programme has delivered excellent results during the inception phase, reaching targets on all counts. Present major donors Australia/New Zealand have confirmed their support for the expansion phase. Programme management is also engaging with other funders to expand the pool and seek further support as expansion is underway.	Programme Management	UNCDF	Jan 23	Reducing

Annex 4: Linkage to SDGs

In 2015, world leaders agreed to 17 goals, acknowledged as the Strategic Development Goals or SDGs, for a better world by 2030. These goals have the power to end poverty, reduce inequality, and help manage climate change. All Pacific Small Island Developing States (PSIDS) are also guided by the SDGs and are actively working towards achieving their targets.

Based on the Pacific Insurance and Climate Adaptation Programme logic framework and theory of change, we can determine that the Programme has relevance to all SDGs, however, this can be viewed at differing levels based on the impact on the policy outcomes and targets under specific SDG goals:

- **Tier 1** (Direct/high Impact to major policy outcomes): **SDGs 13 and 17**
- **Tier 2** (high to moderate impact to policy outcomes): **SDGs 1, 5, and 8**
- **Tier 3** (moderate impact to policy outcomes): **SDGs 2, 3, 4, 6, 7, 9, 10, 14, and 15.**

SDG 13: Climate Action: Take Urgent Action to Combat Climate Change and its Impacts.



At its core, the Programme will support PSIDS in their fight against the threats and impacts of climate change. The effects are already visible across the Pacific and will be catastrophic unless significant action is taken to mitigate the identified risks. Through the Programme, adequate education, innovation, and adherence will be provided to PSIDS for better implementation of their climate commitments and to make the necessary changes to better prepare, protect, and promote greater prosperity and disaster resilience within their countries and economies.

The Programme will directly address the following five targets to create action to combat climate change:



Target 13.1: Strengthen resilience and Adaptive Capacity to Climate Related Disasters:

Rationale: Through its 4 workstreams of 1) enabling policy and regulation 2) open digital payments ecosystem, 3) inclusive innovation and 4) Customer empowerment, the Programme will work with key state actors and the private sector in PSIDS to develop comprehensive CDRF strategies and innovative (digital) financial instruments that will strengthen each countries resilience and build adaptive capacity to climate-related hazards and disasters.



Target 13.2: Integrate Climate Change Measures into Policies and Planning

Rationale: Under the enabling policy and regulation workstream, the Programme will develop tailored CDRF strategies for each PSIDS through assessing and reviewing their current CDRF environment (mechanism, regulations, policies etc.) and creating a layered CDRF strategy to more efficiently finance the impacts of different natural hazards. To this effect, the Programme will jointly work with key Government ministries, DRM authorities, humanitarian agencies, civil society, and the private sector to consider all relevant perspectives when integrating climate change measures into national policies, strategies, and planning.



Target 13.3: Build Knowledge and Capacity to Meet Climate Change

Rationale: The Programme will promote awareness raising and education on natural hazards, disasters, and the role of different CDRF tools. Under the open digital payments ecosystem and inclusive innovation workstreams, the Programme will develop and enhance capacity for distribution channels for CDRF and insurance instruments. These interventions will assist in directly addressing target 13.3 which aims to improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.



Target 13A: Implement the UN Framework Convention on Climate Change

Rationale: The Programme will assist PSIDS to implement their commitments to the United Nations Framework Convention on Climate Change to reach a goal of jointly mobilizing \$100 billion annually

by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund.



Target 13B: Promote Mechanisms to Raise Capacity for Planning and Management

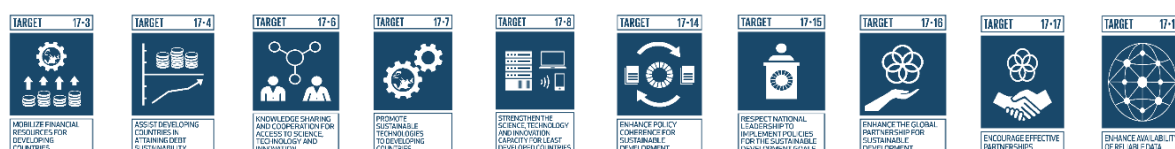
Rationale: Given the partnership of PFIP and MCII, lessons learned from the Caribbean will be transferred to the Pacific and tailored to the needs of PSIDS. The Programme will partner with local civil society organizations and NGOs to train people on disaster risk resilience and CDRF instruments, hence, promoting mechanisms for raising capacity for effective climate change-related planning and management in PSIDS, including focusing on assisting women, youth, and local and marginalized communities.

SDG 17: Partnerships for the Goals: Strengthen the means of Implementation and Revitalize the Global Partnership for Sustainable Development.



The Programme, as a joint programme of the UNDP and UNCDF, with key partnerships with the MCII, National Governments, NGOs, civil society, and the private sector will be an instrumental enabler or pillar for supporting 10 out of the 19 targets to create action for partnerships for the SDG 17 goal. With strategic interventions at the national level on building disaster risk resilience and CDRF/DRM capacity, the Programme is well placed to be a supportive, inventive, passionate, and cooperative partner in the Pacific.

The 10 targets under SDG 17 that the Programme links to is represented below:



Rationale: Under the enabling policy and regulation workstream, the Programme will undertake research on natural hazards and catastrophes and their impacts and provide a gap analysis on current DRM strategies in PSIDS. Additionally, a key objective is to conduct market research on possible CDRF and insurance solutions including identifying how Pacific Governments and communities can link their CDRF and insurance mechanisms to specific DRM activities to ensure quicker responses and recovery times. These interventions link to SDG targets **17.4, 17.6, 17.17, and 17.18**.

By developing CDRF strategies for PSIDS - through assessments and reviews of current CDRF environments and evaluation of CDRF instruments - to more efficiently finance managing the impacts of different natural hazards, the Programme acts an enabler for policy outcomes under targets **17.3, 17.4, and 17.7**. Through jointly working with PSIDS Governments, DRM authorities, humanitarian agencies, civil society, and the private sector to integrate all relevant perspectives, the Programme promotes and encourages effective partnerships – target **17.17**.

Moreover, by developing, testing and implementing localised insurance solutions for the PSIDS, solutions that will be distributed using digital and innovative mechanisms, not only are we promoting sustainable technologies and strengthening innovative capacities for these least developed countries (target **17.8**), we are enhancing (digital) efficiency in the economy (target **17.7**). Also, by helping to create the enabling environment for insurance protection to Pacific Islanders to cope with disasters, we create the opportunity for wealth accumulation by safeguarding Pacific households from using up savings or taking out credit whenever disaster strikes (target **17.4**).

The Programme will facilitate inter-regional, South-South learning, knowledge sharing and research and has established working relationships with the University of the South Pacific (USP), the University of the West Indies (UWI) and the UN University (UNU) Institute of Environment and Human Security. This team of academics, researchers, and technical specialists will be collectively known as the Climate Risk Insurance Research Consortium (CRIRC) and will ensure that all key findings (and data) are documented and shared for the benefit of global learning and knowledge development. This links with targets **17.6, 17.16, and 17.17**.

The Programme will also ensure that national Governments and local partners are at the forefront of all interventions and take ownership of the CDRF/DRM strategies. This will ensure sustainability of the initiatives and directly complements targets **17.14** and **17.15** of the SDG goals.

SDG 1: No Poverty: End Poverty in all its forms everywhere.



Rationale: The Programme's goal directly aligns with target **1.5** under SDG 1 as one of the key objectives of the project is to work at the national level with key implementers. We will build the resilience of the poor and those in vulnerable situations to reduce their exposure and vulnerability to climate-related extreme events and other economic, social, and environmental shocks and disasters.



With the deployment of insurance and other financial instruments to help households from falling back below the poverty line, the Programme would help to reach targets **1.2** and **1.4**. Moreover, after disasters happen, increased government support to vulnerable families, including those who depend on social protection schemes, will also decrease their chances of falling deeper into poverty. A disaster risk insurance scheme would also provide an economic protection mechanism for national Governments.

SDG 5: Gender Equality: Achieve Gender Equality and Empower all Women and Girls



Rationale: The Programme will work to see how women are affected differently from men after disasters, assess the coping mechanisms that they use, and understand what financial instruments would be useful for them. The Programme will also investigate how financial instruments for DRM can be better tailored to women and how they can better meet their needs. These interventions have a significant impact on targets **5.1**, **5.5**, **5.A** and **5.B**.



SDG 8: Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Rationale: Comprehensive CDRF strategies will help partner Governments and their citizens better cope with the aftermath of disasters, strengthening the post-disaster economy overall, helping to avoid losses to wellbeing, and maintain development trajectories. With a new CDRF product in the market, MSMEs could be protected from incurring loss during disasters and other catastrophes. Likewise, it would also help individuals protect their assets. The Programme's role in facilitating these initiatives will be instrumental in impacting target **8.10** of the SDGs.



Annex 5: Country Development Plans

PICAPs activities are aligned to the following national strategies, plans and development agenda.

Fiji

- Fiji 5-Year and 20-Year National Development Plan
- Republic of Fiji National Adaptation Plan – a pathway towards climate resilience
- National Financial Inclusion Strategy (NFIS) 2022-2030

Vanuatu

- Vanuatu 2023: The Peoples Plan
- Vanuatu's National Adaptation Programme for Action (NAPA)
- National Financial Inclusion Strategy 2018-2023

Solomon Islands

- National Development Strategy (2016-2035)
- National Adaptation Plan of Action 2008
- National Financial Inclusion Strategy (NFIS) 3

Samoa

- Strategy for the Development of Samoa 2016/2017 – 2019/2020
- National Adaptation Programme of Action (NAPA)
- Samoa Vision 2040
- National Financial Inclusion Strategy

Tonga

- Tonga Strategic Development Framework (TSDF) 2015-2025
- Intended Nationally Determined Contributions [tonga_indc.pdf \(spc.int\)](#)
- Joint National Action Plan on Climate Change Adaptation and Disaster Risk Management 2010-2015
[tonga_indc.pdf \(spc.int\)](#)

Kiribati

- Kiribati Development Plan 2016–2019 [Kiribati Development Plan 2016 - 19.pdf \(mfed.gov.ki\)](#)
- Kiribati Development Plan 2020-2023
- Kiribati 20-year (KV20)

Timor Leste

- National Strategic Development Plan 2011-2030
- National Financial Inclusion Strategy 2018-2022
- United Nations Sustainable Development Cooperation Framework 2021-2025

Annex 6: Key Strategic Instruments

Assessments and Research

Under the Enabling Policy and Regulation workstream, a series of activities will also cover risk analysis and research focusing on conducting need-based primary research and use all available secondary research inputs to identify specific risks that affect communities and countries. Data analytics and research support will be provided to policy makers and regulatory bodies in the region. The objective of this technical assistance is to strengthen the capacity of national statistical systems to produce better, more reliable, and internationally comparable data on disaster risk profiles and the corresponding financing needs for PSIDS.

Technical Advisory

The Programme will provide specialised technical advice through in-house specialists as well as specialised expertise through consultants to address specific programme objectives. The technical advisory will cover sectors like agriculture, fisheries, and tourism as well as the targeted vulnerable segments like women, youth, and MSMEs. Other technical expertise required in the areas of parametric Insurance, CDRF, human-centred design, data analytics, weather modelling, etc. will also be through a combination of staff and hired resources. The Programme will leverage on the pool of technical expertise available within MCII given their significant work done in the Caribbean and their strong relationships with reinsurers, modellers, and service providers.

De-Risking Financial Instruments

UNCDF's core financial instruments available to the Programme include grants, loans, guarantees and more increasingly blended finance instruments that use public and philanthropic funds to catalyse private and commercial investments.

Grants are used as seed capital to support insurers, FSPs, entrepreneurs, innovators and other service providers in developing and testing new & innovative solutions. They provide the necessary financial incentive for service providers to experiment and iterate new solutions.

To promote investment in digital technologies and speed up the rollout of CDRF products, the Programme will examine opportunities to deploy blended finance instruments to lower the up-front capital costs and/or reduce the investment risk for the private sector. Policies and investments, such as Public Private Partnerships (PPPs) and infrastructure sharing, that help reduce wholesale costs and facilitate investment, particularly in underserved areas, will be critical to driving the next wave of development and digital transformation for Pacific countries. Careful attention is needed to ensure that these investments are structured to maintain competitive neutrality and to minimise risks of distorting investment incentives for the private sector.

The Programme will leverage its partnership through UNCDF (for instance through the BUILD fund and the Last Mile Trust Fund) to enable Pacific insurers, FSPs, entrepreneurs, innovators and other service providers access funding through loans and guarantees. A dedicated blended financing facility where up to 15% of the total project budget will be allocated progressively is under consideration. Use of such instruments increases the leverage of funds, ensuring that projects funds are recycled through repayment of loans and redeployed to reach more partners, thereby increasing the efficiency of donor funding.

Capacity Building and Training

The Programme recognises the need to build the capacities of Governments and other stakeholders to deliver sustainable results, hence a lot of focus will be given to deliver relevant, appropriate training and other capacity building Interventions to project partners. All the four workstreams will have activities relating to capacity building of Implementing partners, communities, Individuals and MSMEs.

Implementation and Partnerships

The Programme will work with public and private sector stakeholders to encourage and support activities across the four workstreams. A strong country presence is crucial to provide the kind of continued support needed to build trust and create sustainable programme outcomes.

Stakeholder engagement is conducted through three main stages:

- Buy-in, i.e. engaging stakeholders through market research, workshops and face-to-face meetings to build strong relationships within the sector;
- Improve, i.e. working with service providers to expand and improve their current business and built credibility; and
- Innovate, i.e. by working with service providers to develop and launch innovative CDRF products and services and build partnership models to better reach rural areas and vulnerable segments.

Education and Awareness Raising

Currently the people of the Pacific cope with the impacts of natural hazards using different coping mechanisms such as borrowing money from friends and family, receiving remittances from family abroad, reducing their consumption, and receiving aid from churches, local or international NGO, and government. Knowledge of more formalised support from the private sector is often low due to individuals' lack of experience with formal banks and insurance companies. For this reason, education and awareness raising will be a crucial part of the introduction of new CDRF instruments, such specialised savings accounts, parametric insurance, of contingency loans. If individuals and communities start using these instruments with having received education on how they work, there is the chance that a misunderstanding, which can cause the people to lose trust in these instruments and the institutions that offer them.

Data and Insights

The collections and usage of data is crucial in evaluating natural hazards and the risk they pose to people, the economy, and society. Fortunately, much data on natural hazards and their Impacts has already been collected by met offices, governments, local NGOs, and international organizations. The Programme thus plans to first conduct a gap analysis of the existing data that is already available for the country. Based on the results of this gap analysis, a risk assessment will be done focusing on filling the existing gaps. This data collection will give governments, cooperatives, and communities better insights on how the different hazards that affect their livelihoods and should help in identifying the types of CDRF instruments that would be most appropriate in addressing these risks.

Customer Centricity

Customer centric design and innovation is a key instrument for ensuring that the Programme's projects create value for each segment of the targeted population (small holder farmers, women, MSMEs). It enables a better understanding of the specific needs of various customer segments at various stages in their life cycle and serves as a basis for developing tailored solutions for the target audience, considering their preferences in terms of products/ services, user interfaces and pricing.

To do this, the Programme will use a shared Innovation and Incubation Specialist with its sister programme, with expertise on design, data analytics and customer engagement and who will be deployed at the various stages in projects pertaining to development of products and services (prototyping, testing and scale-up).

Performance Measurement

The Programme plans to employ the MEAL to actively monitor the progress of the project, as well as to continuously evaluate the project work and incorporate lessons learned into the next phases. Simple, precise indicators will be used to transparently show the achievements of the project, as well as to highlight any challenges that arise and must be addressed. A biannual review on the progress that has made been on the project will be conducted to give the project partners the opportunity to evaluate what activities are successful and where improvements need to be made.

Annex 7: Investment Committee's Terms of Reference

Draft Sub - Investment Committee Policy

The purpose of the Sub Investment Committee (IC) Policy is to define the composition, authority, role, and responsibilities of the Sub-IC in order to guide Sub-IC members. This policy is grounded in the Project Document to be considered for approval by the proposed Sub-IC: This Policy document may be amended from time to time by decision of the Sub-IC and signed by the Sub-IC Chairperson. The Sub-IC will resort under the Pacific Investment Committee and may have overlap of in terms of its membership.

1. Role of Sub - Investment Committee

- 1.1. The Sub-IC shall oversee the implementation of the programme and to approve financial support under the Support Facility, a funding allocation under the Programme, in accordance with the Project Document.
 - 1.1.1. The Sub-IC shall act as the Management Board in accordance with "PRINCE 2" (Project in Controlled Environments), the project management and accountability methodology which has been adopted corporately by UNDP globally. The three primary management roles are:
 - 1.1.1.1. the executive role to ultimately ensure accountability for the project;
 - 1.1.1.2. the senior user role is to ensure that the outputs produced meet the needs of the end-user, in this case the Pacific Small Island Developing States (PSIDS); and
 - 1.1.1.3. the senior supplier role is to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost and time parameters.
 - 1.1.2. The IC shall also be the decision-making body over the Support Facility including:
 - 1.1.2.1. appraisal of proposals for financial and technical support;
 - 1.1.2.2. approval of financial support; and
 - 1.1.2.3. ensuring the Programme Management Team is appropriately monitoring funded partners.
- 1.2. The Sub-IC shall collectively discharge the responsibilities of each of the roles and shall determine the best means to do so.
- 1.3. The Sub-IC mechanism is in line with the Paris Declaration on Aid Effectiveness calling for donors' actions to be more harmonized transparent and collectively effective.

2. Composition of Sub - Investment Committee

- 2.1. The IC shall be composed of the Programme's main cost-sharing and policy advocacy partners.
- 2.2. The Sub-IC shall consist of members from the following organizations:

Founding Partners:

 - 2.2.1. UNCDF;
 - 2.2.2. UNDP (Fiji MCO);
 - 2.2.3. United Nations University, Bonn;
 - 2.2.4. Pacific Islands Forum Secretariat; and

Current Donor Partners

 - 2.2.5. One member each from donor partners providing financial support of minimum USD\$1 million per annum to the Programme.
- 2.3. Designated members may appoint an alternate from their organization to participate in the members' absence. Both members and alternates may participate in regular IC meetings.
- 2.4. New organizations may be added to the IC according to the following guidelines.
 - 2.4.1. Organizations providing more than USD \$1 million per annum in financial support to the Programme shall be entitled a seat on the IC.
 - 2.4.2. Other organizations with relevant policy advocacy or programme activities that reinforce the Programme's strategic objectives and/or contribute to disaster risk financing may be invited with the unanimous approval of the Sub-IC.

3. Decision-making

- 3.1. Sub-IC decisions should be made by unanimous consent.
- 3.2. If an IC member and his/her alternate are unable to attend meetings, may provide their input in advance to the Sub-IC Secretary or may delegate authority to another Sub-IC member.
- 3.3. If consensus cannot be reached, the Sub-IC may opt for a majority vote at the discretion of the Chairperson.
- 3.4. All organizations have a single vote, regardless of the number of members and alternates present at the Sub-IC meeting.

4. Term of Service and Meetings

- 4.1. The participating organizations of the IC shall appoint a member at their discretion to the Sub-IC for a term of no less than 18 months.
- 4.2. The Sub-IC shall meet no less than twice per calendar year and shall meet more frequently if necessary.
- 4.3. The Sub-IC may hold meetings either virtually with members providing comments via email, videoconference, teleconference, in person or, when necessary, a combination of each.
- 4.4. The Sub-IC may also agree, by special arrangement (e mail, telephone calls, when timely decisions are required).

5. Appointment, Role and Responsibilities of Chairperson

- 5.1. The Sub-IC shall unanimously appoint a Chairperson for an 18-month term, which is renewable.
- 5.2. The Chairperson is responsible for:
 - 5.2.1. conducting all Sub-IC meetings;
 - 5.2.2. managing voting, when necessary;
 - 5.2.3. requesting the UNDP and/or UNCDF to sign Support Agreements (grants, loans, or contracts);
 - 5.2.4. representing the IC; and
 - 5.2.5. monitoring programme compliance with Sub-IC decisions and recommendations.

6. Appointment, Role and Responsibilities of the Secretary

- 6.1. The Programme Advisor shall act as Secretary to the Sub-IC.
 - 6.1.1. The Secretary shall be assisted by other members of the Programme team forming the Secretariat.
 - 6.1.2. With the approval of the Chairperson, the Secretary may designate another staff member to act as the Secretary from time to time.
- 6.2. The Secretary does not have a vote in the Sub-IC.
- 6.3. The role of the Secretary is to ensure the smooth functioning of the Sub-IC, manage all preparation for Sub-IC meetings, document IC decisions, and respond to Sub-IC requests.
- 6.4. The Secretary is responsible for:
 - 6.4.1. scheduling and organizing all IC meetings;
 - 6.4.2. ensuring that all required documentation is available to facilitate decision-making;
 - 6.4.3. taking and disseminating minute of Sub-IC meetings;
 - 6.4.4. providing documents to the Chairperson for signature;
 - 6.4.5. responding to Sub-IC requests for information.

7. The Responsibilities of the Sub-IC

- 7.1. Provide guidance and strategic direction to the Programme
 - 7.1.1. Advise on and approve the strategy of the Programme;
 - 7.1.2. Approve strategic and programmatic policies, including the Programme Support Facility policy, particularly eligibility and selection criteria.
- 7.2. Approve annual work plan and budget
 - 7.2.1. The Programme Advisor shall present a draft annual work plan to the Sub-IC in no less than four weeks prior to the end of the fiscal year.
 - 7.2.2. The Sub-IC shall meet prior to the end of each fiscal year to review and comment on the annual work plan.
 - 7.2.3. The Programme Management Team shall make changes to the plan as necessary, and the

- Sub-IC shall approve the final plan in writing by signature of its Chairperson no later than four weeks after the start of the fiscal year.
- 7.2.4. The Programme Management Team must present budgets for approval to the Sub-IC prior the completion of the respective UNDP Country office plans. The Sub-ICs endorsement of the budget shall be included in the UNDP Country Offices request for approval by the UNDP Regional Bureau for Asia and Pacific (RBAP) during the fourth quarter of the calendar year.
- 7.2.5. However, budget modifications can be made during the fiscal year to accommodate recommendations and requests by the Sub-IC in accordance with UNDP Country office policies.
- 7.3. Contribute to the performance appraisal of the Programme Team.
- 7.3.1. The UNCDF member of the Sub-IC has primary responsibility for the annual performance evaluation of the Programme Advisor in accordance with UNDP personnel guidelines.
- 7.3.2. The Programme Advisor has primary responsibility for the appraisal of the Programme Pacific Team.
- 7.3.3. The UNCDF member, though shall solicit contributions from the other Sub-IC members as to their opinion of the performance of the Programme Management Team. He / She will incorporate these contributions into the appraisals of the Programme Advisor and the Programme Advisor will subsequently incorporate them into the appraisal of the Programme Team.
- 7.4. Appraise and approve financial support to partners from the Programme Support Facility.
- 7.4.1. The Sub-IC in its entirety may oversee the Programme Support Facility or it may appoint a subcommittee consisting of IC members to appraise and approve partners' applications.
- 7.4.2. The Sub-IC may establish approval authorities and delegate approvals less than a certain amount to the Programme Advisor, the Chairman of the Sub-IC, or some combination of the two. These authorities will be document in the Programme Support Facility Policy.
- 7.4.3. The Chairperson of the Sub-IC or his/her appointee must forward approvals of all support to the UNDP and/or UNCDF for processing.
- 7.5. Oversee monitoring and evaluation (M&E)
- 7.5.1. The M & E and Reporting Framework detailed in the project document will apply to the Programme. The Programme must consolidate its progress reports into the UNDP Fiji MCO reports and other UNCDF reporting
- 7.5.1.1. The M&E plan will be provided to the Sub-IC for comment. Additional M&E activities may be requested by the Sub-IC from time to time.
- 7.5.1.2. M&E plans will include the requirements for its other funders.
- 7.5.2. The Sub-IC shall review the regular Programme reports.
- 7.5.2.1. The Programme Management Team shall provide quarterly reports toward the completion of annual work plan results.
- 7.5.2.2. The Programme shall provide a semi-annual budget report including actual versus projected expenditures with an explanation of significant variance
- 7.5.2.3. The Sub-IC shall respond with questions to the reports directed to the Programme Management Team no less than 30 days after receipt of the reports and the team shall respond no less than 10 days.
- 7.5.3. The Sub-IC shall review the Programme's annual performance.
- 7.5.3.1. The Sub-IC shall conduct a mid-year project review during the third quarter of the calendar year to assess the performance of the project. It shall focus on the extent to which progress is being made towards annual work plan outputs and the extent to which these remain aligned to appropriate outcomes. It will also inform the next annual work plan.
- 7.5.3.2. The Programme management team shall complete an annual programme report no later than four weeks after the end of the calendar year.
- 7.5.4. The Sub-IC shall review, revise, and approve terms of reference and the evaluation team for the evaluation.
- 7.5.4.1. The programme is subject to evaluation managed by the UNCDF Evaluation Unit. The evaluation complies with the UNCDF mandatory evaluation requirements in the UNDP Evaluation Policy, to which UNCDF is party. Funding for the evaluation is included in

the programme's budget.

7.5.4.2. The evaluation will assess its overall performance, the outputs, and outcomes produced against its initial targets, the impact it has brought or would likely to bring.

7.5.4.3. The evaluation will provide mechanisms for the free and meaningful participation of local stakeholders – including women and targeted vulnerable groups.

7.5.4.4. The evaluation will be forward looking offering lessons learned and recommendations to improve programme performance. The results of the evaluation will feed into strategic, thematic and outcome evaluations carried out by UNCDF and UNDP. Success in carrying out development evaluation requires partnerships in evaluation with national and international actors. Opportunities will be sought for collaboration with programme partners in conducting the evaluation.

7.6. The Sub-IC shall provide reporting on an annual basis to the FEMM and other relevant regional ministerial meetings.

7.6.1. The Sub-IC may delegate some or all of this responsibility to the Programme Advisor.

8. Confidentiality and conflict of interest

8.1. Members of the Sub-IC undertake to keep in strict confidence all proprietary, commercial, or other sensitive information that it may come across in the course of their role and responsibility in the Sub-IC.

8.2. If a member of the Sub-IC believes he or she may have a conflict of interest in any matter being considered by the Sub-IC, this conflict of interest must be reported immediately to the Chairperson who, in consultation with other Sub-IC members, shall rule on the appropriate action to take: including, but not limited to, the member abstaining from contributing to a decision on the matter at hand.

Annex 8: Shared Resources and Alignment

The Pacific Digital Economy Programme and the Pacific Insurance and Climate Adaptation Programme will share resources for common services like finance, administration, office space, procurement, and HR management. Besides the two programmes will complement their activities, leveraging on the partnerships and networks already established and building on the decade long work by PFIP. A brief on the shared approach and thematic alignment is outlined below:

Workstream 1: Enabling Policy and Regulations:

This workstream will use UNCDF strategic instruments of Data and Research to develop Climate Disaster Risk financing baselines and tracking indicators. The activities will leverage the extensive work done under PFIP on conducting supply, demand and policy side market assessments while collaboratively engaging with the sister programme that will undertake parallel research relevant to its programmatic areas.

Also, the final programme evaluation of PFIP completed in 2019 clearly points to the efficiency, effectiveness, and impact of delivery of PFIP for policy and regulation initiatives, the engagement with the regional Central Banks in particular. Going forward, both programmes will complementarily continue the work with the Central Banks while increasing the levels of engagement with key Government Ministries- example Finance/Economy, ICT/Communications, Environment & Climate change, disaster management, agriculture etc. Both programmes will also leverage the UNCDF global technical expertise in the Policy space.

Workstream 2: Digital Ecosystem:

The objective of this workstream is to build an optimal ecosystem that enables digital services to reach the 'last mile' and deliver valuable and relevant services. In this regard, both programmes will explore innovative approaches to improve and expand last mile delivery of CDRF instruments; making digital payment services available, accessible, affordable, reliable and appropriate for customer needs. Therefore, the Programme will complement its sister programme to develop and pilot new and innovative digital solutions that will impact rural communities; including women, youth and MSMEs in the Agriculture, Fisheries and Tourism sectors.

Workstream 3: Inclusive Innovation:

Both programmes will continue engaging with existing partners of PFIP while establishing new relationships all aimed at building inclusive and innovative digital solutions that significantly improve/protect livelihoods. The Programme will aim to accelerate innovation in CDRF instruments with new or improved solutions that have a clear impact on the daily lives of low and moderate-income people in the Pacific.

Workstream 4: Consumer Empowerment:

At the core of both programmes is the end user, the consumer. Recognizing that empowering the end user is the key to sustainability of services, both programmes will continue investing in relevant financial, digital and risk/insurance literacy with a view to ensure greater adoption and usage of services. Both programmes will use shared resources, human and technical, for customer and community engagement.

More details can be found in Annex 11.

Annex 9: Budget in UNDG Format

	2021/2022	2023	2024	2025	2021-2025	2023-2025
Budget						
	Cost	Cost	Cost	Cost	Cost	Cost
	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
UNDG Harmonized Budget Categories						
1. Staff and other personnel Cost	\$ 478,876.57	\$ 271,595.96	\$ 483,326.21	\$ 395,448.72	\$ 1,629,247.45	\$ 1,150,370.88
2. Supplies, Commodities, Materials	\$ 552,341.13	\$ 267,467.60	\$ 475,979.47	\$ 389,437.75	\$ 1,685,225.94	\$ 1,132,884.82
3. Equipment, Vehicles and furniture including Depreciation	\$ 175,000.00	\$ 150,000.00	\$ 100,000.00	\$ 80,000.00	\$ 505,000.00	\$ 330,000.00
4. Contractual Services	\$ 1,476,277.32	\$ 967,466.27	\$ 1,721,681.76	\$ 1,408,648.72	\$ 5,574,074.07	\$ 4,097,796.75
5. Travel	\$ 294,555.83	\$ 190,154.08	\$ 338,394.03	\$ 276,867.84	\$ 1,099,971.78	\$ 805,415.95
6. Transfers & Grants	\$ 2,108,967.60	\$ 1,382,094.67	\$ 2,459,545.38	\$ 2,012,355.31	\$ 7,962,962.96	\$ 5,853,995.36
7. General Operating Expenses	\$ 186,400.56	\$ 226,458.11	\$ 569,936.59	\$ 468,129.94	\$ 1,450,925.20	\$ 1,264,524.64
8. Total Direct costs of the Actions	\$ 5,272,419.01	\$ 3,455,236.69	\$ 6,148,863.44	\$ 5,030,888.27	\$ 19,907,407.41	\$ 14,634,988.40
9. GMS (7%)	\$ 369,069.33	\$ 241,866.57	\$ 430,420.44	\$ 352,162.18	\$ 1,393,518.52	\$ 1,024,449.19
Total Programmatic Costs	\$ 5,641,488.34	\$ 3,697,103.25	\$ 6,579,283.88	\$ 5,383,050.45	\$ 21,300,925.93	\$ 15,659,437.59
10. Administrative Agent (1% of Contribution)	\$ 52,724.19	\$ 34,552.37	\$ 61,488.63	\$ 50,308.88	\$ 199,074.07	\$ 146,349.88
11. Total Contribution	\$ 5,694,212.53	\$ 3,731,655.62	\$ 6,640,772.52	\$ 5,433,359.33	\$ 21,500,000.00	\$ 15,805,787.47

Annex 10: Mid-Term Review Recommendations: Planned 2023-2025 Activities

The mid-term review recommendations and the action taken/proposed to be taken have been well covered in the MTR report. The below action items are included in the expansion phase and will form part of additional inputs to the annual work plans with respective budget allocations.

Focus Area	Recommendations	Link to AWP 2023-2025 Workstream Area / Activity	Additional Budget (USD) 2023-2025
1. Global Advocacy and Regional Alliance	1.1) To ensure that the issue of resilience-building, through insurance and other climate disaster risk finance mechanisms, continues to receive significant policy attention across all Pacific Islands Countries (PICs), PICAP should continue to leverage its existing relationships to become a member of regional and national policymaking, advocacy, and cooperation committees.	<ul style="list-style-type: none"> National stakeholder engagement workshops and TA support covering policy makers and regulators. 	AWPs
	1.2) Global/regional cross-learning summits should be held to ensure more capitalization of the learning experiences, but with the least negative consequences.	<ul style="list-style-type: none"> South-South Collaboration, Global and Regional Networking 	In AWP
	1.3) Given that CDRFI and parametric insurance is a fairly new concept for governments and policymakers in the region, PICAP should leverage its network across the globe to provide exposure to regulators and policymakers through participation in conferences, peer learning events, policy making discussions, etc.		
2. Global Programme Strategy	2.1) It is recommended that the UNCDF global strategy is suitably revised to include climate change as one of the focus sectors. This will mutually benefit PICAP as well as other country programmes. PICAP is likely to benefit by gaining access to larger, multilateral funding for expansion in the Pacific and other regions.	<ul style="list-style-type: none"> Climate and Disaster Risk Financing and Insurance global programme is under development and discussions are underway with several donors to support 	NA
3. Policy Design and Regulatory Intervention	3.1) Greater engagement on the part of PICAP to become a member of the government's committees would enable it to influence conducive policy-making by the governments and regulators. PICAP should continue to engage more proactively and closely with central banks to maintain a good handle on regulatory issues confronting these regulators and provide them with technical support on appropriate regulatory interventions from time to time.	<ul style="list-style-type: none"> Regional engagement through the RFWG/PRP is already firmly established. And all regional Central banks are included in country diagnostics and consultations 	Included in AWP
4. Regional Expansion	4.1) PICAP should consider assigning dedicated responsibilities to one of its core team members in Fiji to provide focused attention to Vanuatu and Tonga interventions. The institutional capacities and readiness of the stakeholders in these two countries are still limited when compared to their counterparts in Fiji. The interventions in Vanuatu and Tonga would likely proceed at a slower pace for the reasons mentioned above. Hence, a dedicated staff allocation from Fiji would make sure that delays are minimized. Likewise, as PICAP	Team is being strengthened with additional technical staff being hired to support the expansion	Included in AWP

Focus Area	Recommendations	Link to AWP 2023-2025 Workstream Area / Activity	Additional Budget (USD) 2023-2025
	expands to more countries in its scale-up phase, it should adopt a similar strategy for institutional capacity development.		
5. Customer-Centricity including Gender-Centricity	5.1) PICAP needs to adopt a customer journey-driven approach to identifying the needs, pain points, barriers, and experiences of different customer segments. This approach will help PICAP identify specific actionable areas that should be pursued under the four workstreams.	<ul style="list-style-type: none"> Studies and research and evidence-based approaches. UNU-EHS will lead this with proactive approaches to evidence building 	255,281
	5.2) The GESI strategy will need to be implemented by the Gender Lead in close alignment with programme partners.	<ul style="list-style-type: none"> Partner capacity building on GESI, GESI awareness, products and materials development and DRM and CDRFI campaigns with a focus on target segments 	165,770
	5.3) PICAP should conduct studies to identify specific needs, barriers, and challenges that women individuals and women MSMEs face in the wake of climate-induced disasters. These studies should inform the design of specific programmes tailored to individual grant partners in terms of outreach and awareness activities, financial and digital literacy campaigns, design of parametric insurance products, accessibility and onboarding processes, delivery channels, complaints resolution mechanism, etc.	<ul style="list-style-type: none"> Studies and research Qualitative surveys through MEAL activities 	<ul style="list-style-type: none"> 255,281
	5.4) Assessments that will provide useful insights to insurance providers, mobile money providers, and aggregator partners respectively to identify ways in which the challenges faced by target segments could be effectively addressed.	<ul style="list-style-type: none"> Building the evidence based for all future interventions. 	
6. Customer-Centric Financial Literacy Strategy	6.1) PICAP should undertake a comprehensive field-level review of the financial literacy needs of clients and develop an FL strategy that focuses on differentiated and innovative ways of developing the content and delivering the training. The strategy should include the course outline suited for different client segments, delivery medium (audio-visual, social media, story-based animation content, etc.), develop the financial literacy material (tailored for different categories of partners such as insurance companies, aggregators, government, etc.), provide TOT to the staff of partner institutions, develop an M&E plan to track not just the number of training and number of people trained (gender-disaggregated), but also its direct and indirect outcomes.	<ul style="list-style-type: none"> DFL survey already done by PDEP. Literacy activities and partner technical enhancement activities under 'Empowered Customers' workstream, 	265,770
7. Use of Gender-Disaggregated Data	7.1) With the gender function likely to be more pronounced in the scale-up phase, PICAP may consider building capacities of these players to analyze and use the gender-disaggregated data for their business operations, expansion, targeting, product design, proves streamlining, etc.	<ul style="list-style-type: none"> Technical capacity enhancement activities planned for programme partners. Recent the TA received from the InsuResilience 	<ul style="list-style-type: none"> 132,424

Focus Area	Recommendations	Link to AWP 2023-2025 Workstream Area / Activity	Additional Budget (USD) 2023-2025
		Center for gender smart M&E tools will be integrated	
8. Product Pricing	8.1) PICAP and its partners need to reconfigure the pricing of the product offered so that it is perceived to be more affordable for the segment, otherwise the larger objective of the Programme might collapse in the long run.	<ul style="list-style-type: none"> Product pricing is a factor of the market mechanisms, reinsurance markets etc. PICAP will engage insurers and reinsurers to offer competitive price 	<ul style="list-style-type: none"> NA
9. Product Communication	9.1) There is a need to devise innovative ways to convey nuances of the product to the segment, in a digestible format.	<ul style="list-style-type: none"> All 'Empowered Customers' activities. (Capacity building, awareness, materials development and campaigns) 	
10. Programme Management and Implementation	10.1) It is recommended that PICAP starts its RFA process further in advance (compared to the timeframe that is followed currently) to make sure that partners get at least a clear quarter to do their outreach and onboarding activities, before the onset of the cyclone season.	<ul style="list-style-type: none"> The 2023 RFA was launched on the 1st March 2023 with the first-round closing on the 15th May 2023. To ensure that the applicants have adequate time to make their submissions, the RFA will be open over the expansion years (2023-2025) which offers unsuccessful applicants the chance to work with programme staff in improving their submissions and technical capacity. The current RFA will build pipeline for the next 3 years and cover the expansion phase 	Covered under various workstreams AWP
	10.2) There is a critical need for the core PICAP team to continue to be involved in any replication effort (across partners/institutions and geographies) to avoid the loss of any information or learning from the experiences so far.	<ul style="list-style-type: none"> Current and new staff are being involved in the programming so that back-up capacities are built. Additional recruitment to support programming in new countries – Solomon Islands, PNG and Samoa. 	

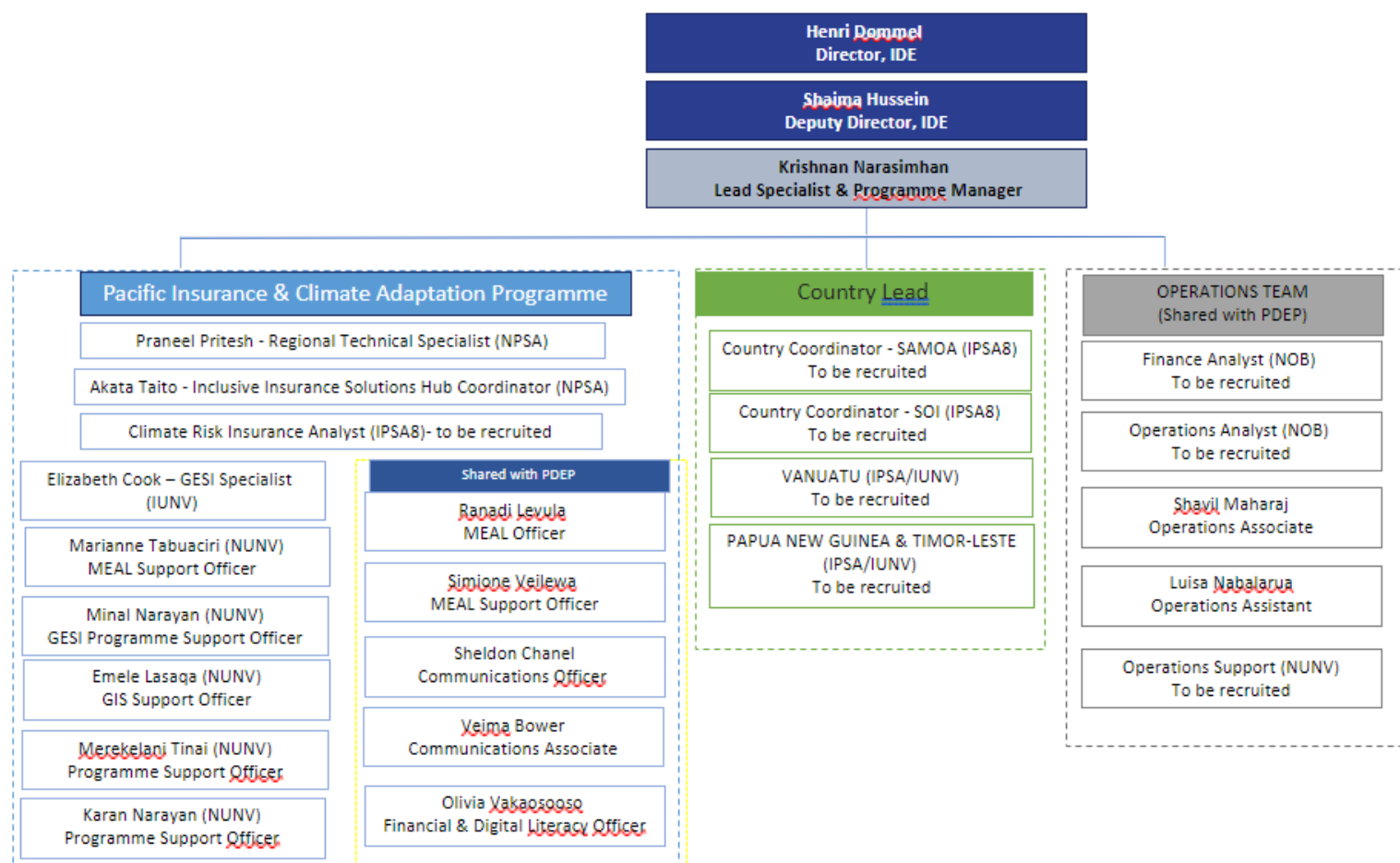
Focus Area	Recommendations	Link to AWP 2023-2025 Workstream Area / Activity	Additional Budget (USD) 2023-2025
11. Programme Documentation	11.1) Detailed learning documents/modules that could be digested easily across stakeholders such as the government, technical partners, and others should be developed so that there is no loss of information.	<ul style="list-style-type: none"> Communication and Knowledge Sharing activities 	AWP budget allocations
12. Data Management and Analysis	12.1) To bring further efficiency into data reporting and submission, PICAP could consider setting up a data portal through which partners can submit their data for the PICAP team to review and provide feedback. Having a consolidated data portal would also enable PICAP to generate meaningful insights for its use as well as for dissemination among stakeholders.	<ul style="list-style-type: none"> To be included under MEAL activities 	150,000
13. Institutional Strengthening (Capacity Building of aggregator partner institutions)	13.1) As part of its quarterly monitoring process, PICAP should review the institutional capability of each partner. Capacity gaps assessment of partner institution will help plan specific, tailored activities aimed at building each institution's capacity. This could be done in the form of more regular and hands-on training on the parametric insurance product, training of trainers for financial and digital literacy training, additional funding for specific capacity-building activities, training on gender issues/women's financial inclusion/women's economic empowerment, etc., The overall objective of these interventions is to 1) lead each partner to view parametric insurance and other financing instruments as a strategic initiative to support their own client/member base; 2) include these initiatives in their long-term, strategic plan; 3) identify ways to make the initiative sustainable within their overall programme.	<ul style="list-style-type: none"> Technical capacity enhancement for programme partners including gender activities. The programme will also utilize the services of its technical service providers (like Weather Risk management services) to transfer technical capacities on risk modelling, product development to the insurers (27 February – 8 March), some of this work has already been completed. 	MEAL budgets under AWP
14. Institutional Strengthening (Capacity Building of insurance providers)	14.1) Going forward, though, the insurance companies would need to own up to this product and see this as a viable business vertical. This would require them to build in-house capacities to design and manage complex products such as parametric insurance. They would also need to build expertise in strategic planning, risk modeling, and management, pricing, outreach activities, marketing and communication, new delivery channels, etc. to make this and other similar climate insurance products a viable and scalable business proposition. In the remaining term of the Programme, PICAP's focus should be on providing necessary technical assistance, de-risking finance, support of specialized service providers, etc. to the private sector players, especially insurance companies. Making performance-based agreements tied to such institutional capacity-building milestones would make sure insurance providers see this as a new line of viable business vertical, beyond the life of PICAP.	<p>PICAP intends to start discussions with the Fiji based partners and develop a sustainability (exit) plan that will build and transfer capacities to national stakeholders. For other countries, since we are still in an early market development stage, the partners will require a lot of support from PICAP for the next few years, this is also recognizing the underdeveloped markets in these countries.</p> <p>Integrated into the technical capacity enhancement activities for programme partners.</p>	232,424

Focus Area	Recommendations	Link to AWP 2023-2025 Workstream Area / Activity	Additional Budget (USD) 2023-2025
15. Programme Sustainability	15.1) The sustainability of PICAP beyond the funding commitment by UNCDF is the most critical issue that should require the attention of all stakeholders going forward. PICAP has responded to one of the most crucial needs of PICs in their efforts towards resilience building, disaster response, and sustainable development. Given the complexities involved in establishing an ecosystem that promotes sustainable CDRF in Pacific countries, continued and longer support is needed to help all stakeholders including governments, regulators, the private sector, delivery channel partners, and the customers, at large. To that extent, PICAP and its supporting partners including donors, funding agencies, governments, and regulators should explore the possibility of institutionalizing the PICAP beyond its defined life term.	<ul style="list-style-type: none"> Transfer of implementation responsibilities to national stakeholders will be the focus of the expansion phase starting with Fiji where the Reserve Bank of Fiji has expressed its commitment. PICAP will continue investing in capacity enhancements in all countries for a phased transfer to national ownership 	232,424
16. Donor Coordination and Co-operation	16.1) Since multiple programmes and initiatives are being undertaken by different agencies with some overlaps with PICAP, it would be beneficial for PICAP to take a lead in setting up and managing a joint forum of donors and like-minded funding agencies so that the resources, both financial and non-financial, could be optimally utilized and synergies can be drawn between different programmes.	<ul style="list-style-type: none"> UNCDF/PICAP is already very engaged with the DRFTWG under the PRP that comprises donors and other multilateral partners in the CDRFI space. Global networks are also being established. 	179,967
17. Donor Support	17.1) Considering PICAP's track record of achievements vis-à-vis targets, and its potential to outperform in the remaining activities, there appears to be a strong rationale for donors to consider further support for the next 3 to 5 years.	<ul style="list-style-type: none"> Programme management is also engaging other donors- India UN development partnership fund, Germany, Denmark, EU, Luxembourg- to seek additional support as the expansion progresses. A proposal for the UK Pacific Partnership Facility has been submitted in Q2 2023. 	N/A

Additional strategic focus areas in the expansion phase: These programming under these areas will be included under the Inclusive Insurance Solutions Hub already established and resourced.

Anticipatory action	Index based pre-arranged financing for extreme weather events as part of humanitarian response has already taken root in some markets. PICAP has been developing a concept with UNDRR to trial a parametric insurance solution linked to pre-arranged payments to communities 48 to 72 hours prior to the event to assist in their preparation and immediate relief efforts. After field level consultations in 3 communities in Fiji, the product that will pay up to 20% of the sum insured prior to an event will be piloted before 2023-2024 tropical cyclone season. Based on its acceptance in the market, plans will be developed to replicate in other Pacific countries and include slow onset events like drought as well	<ul style="list-style-type: none"> Partnership with UNDRR 	150,000
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Adaptive protection	social	Following the successful pilot in Fiji covering initially 274 social welfare participants in 2021 and scaling this to 2000 recipients in 2022, plans are underway for a phased scaling to eventually cover all the social welfare households- about 89,000. Discussions are ongoing with the Department of Social welfare under the Fiji Ministry of Women, Children and Poverty alleviation and the Ministry of Finance for premium support through budgetary allocations. Options are open for interested donors or multilateral agencies to contribute towards premium financing for these most vulnerable households	<ul style="list-style-type: none"> Partnership with WFP 	300,000
Loss and damage		PICAPs market ecosystem approach and hypotheses that the private sector insurers have a significant role to play in closing the protection gap, offer innovative risk transfer solutions was validated in Q1 2023 through the parametric insurance claims paid to nearly 1000 households in Fiji and Vanuatu within a short time after extreme events, almost all payments through mobile wallets. Deep dive studies into how these payments addressed or minimized the loss/damage suffered by the recipients and what else needs to be done will form an important part of the programme expansion phase, evidence building and collaboratively developing solutions in other Pacific countries.	<ul style="list-style-type: none"> Strategic in-country partnerships 	300,000

Annex 11: PICAP Programme Organogram (2023 – 2025²⁴)

²⁴ Some of these positions are shared with other ongoing/upcoming programmes such as the ongoing PDEP or the upcoming global programme on insurance.