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REGULATORY FRAMEWORK PROMOTION OF PRO-POOR INSURANCE IN ASIA PHASE III (RFPI ASIA III)

Climate Risk Insurance in Indonesia, Philippines and Vietnam

IMPACT, SUSTAINABILITY, & VALUE FOR MONEY

3rd QUARTER REPORT

July -September 2019



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Acronyms

ADB	Asian Development Bank
ASP	Adaptive Social Protection
CCA	Climate Change Action
CCC	Climate Change Commission
CD	Capacity Development
CDP	Comprehensive Development Plan
CLIMBS	CLIMBS Life and General Insurance Cooperative
CLUP	Comprehensive Land Use Plan
CRI	Climate Risk Insurance
CW	Capacity Works
DBM	Department of Budget Management
Decision 22	Decision to Support Policy to Agriculture Insurance, 28 June 2019
develoPPP	Develop Public-Private Partnerships
DILG	Department of the Interior and Local Government
DENR	Department of Environment and Natural Resources
DoF	Department of Finance
DOST	Department of Science and Technology
DRFI	Disaster Risk Finance and Insurance
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
FLiCK	Financial Literacy Campaign Kit
GeoRiskPH	GeoRisk Philippines Initiative
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IC	Insurance Commission
ISA	Insurance Supervisory Authority
Insurtech	Insurance Technology
LCCAPs	Local Climate Change Action Plans
LDRRMOs	Local Disaster Risk Reduction Management Offices
LDRRMPs	Local Disaster Risk Reduction Management Plans
LGUs	Local Government Units
MARD	Ministry of Agriculture and Rural Development
MBA	Mutual Benefit Associations
MDRRMOs	Municipal Disaster Risk Reduction Management Offices
MEFIN	Mutual Exchange Forum for Inclusive Insurance
M&E	Monitoring and Evaluation
MI	Microinsurance
MicroDRI	Micro Disaster Risk Insurance for MSMEs Project
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MSMEs	Micro, Small, and Medium Enterprises
NAPC	National Anti-Poverty Commission
NatRE	National Reinsurance Corporation of the Philippines
NEDA	National Economic Development Authority
NTF	National Task Force
OCD	Office of Civil Defense
OM	Organizational Management
PDRRMOs	Provincial Disaster Risk Reduction Management Offices
PIRA	Philippine Insurers and Reinsurers Association
PLIA	Philippine Life Insurance Association
RFPI Asia III	Regulatory Framework Promotion of Pro-Poor Insurance in Asia III
PPD	Public Private Dialogue
PPP	Public Private Partnership
RCG	Resilience Core Group
RFPI Asia III	Regional Framework Promotion of Pro Poor Insurance in Asia III

RIICE	Remote Sensing Based Information and Insurance for Crops in Emerging Economies
RIMANSI	RIMANSI MI-MBA Association of the Philippines
RSC	Regional Steering Committee
SPP	Social Protection Program
TBM	Technical Working Group on Business Models
ToR	Terms of Reference
ToT	Training of Trainers
TPR	Technical Working Group on Policy and Regulation
TUT	Technical Working Group on the Use of Technology
TWGs	Technical Working Groups
VFU	Vietnam Farmers' Union
VinaRE	Vietnam National Reinsurance Corporation
VIP	Vietnam, Indonesia, Philippines
VN	Vietnam
VWU	Vietnam Women's Union
WB	World Bank

I. Introduction

The 3rd quarter of 2019 saw the operationalization of RFPI Asia III gather more momentum given the developments in the 2 countries it operates in. In the Philippines, the 2nd National Task Force (NTF) and Technical Working Groups (TWGs) Meeting last August saw the formal approval of its Work Program, thus paving the way for the TWGs to already pursue the activities they had planned for the year. In Vietnam, the promulgation of the Decision to Support Policy to Agriculture Insurance last 28 June 2019 (Decision 22) paved the way for the implementation of the national agriculture insurance scheme and concrete support for each product and each group. This provided the clarity and direction needed by its actors to re-align their efforts and come up with other activities to support the integration of CRI in the field of agriculture insurance.

This 3rd quarter RFPI Asia III report shall dwell on the advancements made in the implementation of the regional project in the abovementioned countries. Specifically, this report shall focus on:

- Agreements to fine tune the operationalization of RFPI Asia III;
- Development and implementation of activities to support the implementation of the regional program;
- Linking the activities to the indicators of RFPI.

The report covers the developments in the Philippines and Vietnam. In the case of Indonesia, RFPI Asia III has initiated engagement with the MOF during the MEFIN PPD7 to highlight the Indonesian government's Disaster Risk Financing and Insurance strategy and priorities. A Roundtable Discussion will be conducted on October 24 to convene relevant stakeholders who will play important roles in promoting climate risk insurance align with the DRFI priorities.

II. The Current Environment for Implementation

PHILIPPINES

A. Approval of the Terms of Reference of the Technical Working Groups (TWGs)

The Philippines had its 2nd NTF and TWG Meeting last 15 August. During this meeting, the body gave its approval to the Terms of Reference (ToR) of the three (3) Technical Working Groups (TWGs) which shall provide the direction and guidance at an operational level of the program. The approval included the chairpersons and members for each TWG as follows:

Technical Working Group	Composition
1. Policy and Regulation (TPR)	DoF (Chair), GIZ (Co-chair), CCC, DBM, DILG, DOST, DSWD, DTI, IC, NAPC, NEDA, OCD, L PLIA, PIRA
2. Business Models (TBM)	DOST (Chair), GIZ, CCC, CLIMBS, DOST, IC, NATRE, PLIA,
3. Use of Technology (TUT)	PIRA, RIMANSI

As already stated in the 2nd Quarter Report, the TBM and TUT are working closely together given that the development of an appropriate CRI product will require data such as hazards, vulnerability, exposure and losses which will be provided by technology using a climate risk and financial modelling software. Thus, the 2 TWGs have a common set of members.

B. The LGU Profiling

In the 1st NTF meeting last May, the body agreed that LGUs are key entry points for the promotion of CRI. To do so, the program needs to generate the necessary data and information on an LGU level which would in turn provide the proper indicators to facilitate the integration of CRI on a local level. This would also require the identification of suitable partner LGUs from where such data and information would be collected, and eventually act as the pilot areas for the promotion of CRI on a local level.

Given this, GIZ RFPI Asia III undertook a pilot activity for the LGU profiling with the following objectives:

- To understand how national agendas on disaster risk reduction and management (DRRM) and climate change adaptation (CCA) are translated by local government units
- To understand the barriers and opportunities in abovementioned translation
- To identify possible option for promoting climate risk insurance in local government plans and financing mechanisms

The pilot profiling involved selected LGUs the provinces of Northern Samar (Catarman and Lope de Vega), Saranggani (Malungon and Kiamba), and Sorsogon (Irosin and Pilar). The 3 provinces were chosen for this based on the following criteria:

- | | |
|---|---|
| 1. Coverage by WB or ADB Project (25 provinces and 10 cities) | 6. Disaster Risk Management governance (presence of champion) |
| 2. Inclusion in priority areas of NAPC and CCC | 7. Risk exposure to typhoon and flood |
| 3. Demographic and economic size | 8. Support of local champion |
| 4. Geographic location | 9. Presence and reach of distribution channels (e.g. MFIs, pawnshops) |
| 5. Hazards data availability | 10. Concentration of MSMEs* |

*included in view of the expected MSME component of RFPI Asia III

The guide questions used for the profiling is attached as Annex "A".

The pilot profiling provided a better understanding of how DRRM and CCA national plans are localized, what barriers and drivers exist, and opportunities for CRI inclusion in the areas it covered. To sum, the following were the key issues that surfaced from the exercise:

- | | |
|---|--|
| • High prioritization of LDRRMPs | • Need to raise awareness and understanding on CRI |
| • Uncertainty on the process of review and quality control of the LDRRMPs | • Engagement already but not on CRI for households |
| • LGUs have varied capacities on risk assessments | • Would want to integrate CRI but least expressed |
| • An appreciation on the value of insurance | |

Given their good mix of vulnerability and exposure plus the existence of needed data, the NTF was asked to approve the implementation of the LGU profiling/pilot testing in the 3 areas covered. Isabela and Agusan del Norte was likewise recommended to be included also for the same reasons. Likewise, and based on the profiling experience, developing the capacities of the PDRRMOs/LDRRMOs in the integration of CRI was likewise recommended.

C. Actions and Agreements on the Recommendations of the TWGs and the 2019 Work Program

Policy and Regulation

The TPR recommendations centered mainly on the following:

- An Inventory of all insurance-related initiatives in the Philippines.
- Pilot Testing CRI integration in CDP, CLUP.
 - Creation of guidelines on the LGU integration of CRI in CDP, CLUP (LDRRMPs, LCCAP) building-up on existing Government Policies and programs.
 - Use results of Pilot Tests as one of the inputs in the creation of a CRI Concept Paper (Policy Framework).
- Capacitation of PDRRMO/MDRRMO personnel in Pilot Areas on integrating CRI into CDP, CLUP (LDRRMPs, LCCAP).
- CRI Data Hub: CRI design will depend on available data. Scope of data and users need to be defined.
- Translation of CRI data is important to enable LGUs and MSMEs to decide and address the issue of Quantum Losses, including to consider access to CRI.

Moving forward, the body agreed to the following:

Issues/Concerns	Clarifications	Agreements
<p>1. <i>On capacity development of key personnel in pilot areas with quality check as the role of NEDA (provincial level), OCD review committee, and CCC.</i></p>	<ul style="list-style-type: none"> • NEDA already provides guidance on planning processes for LDRRMP and LCCAP completion at the provincial level. But there was no agreement on NEDA doing the quality check. • Review of the LDRRMP and LCCAP is done by the LGUs' provincial planning team. OCD, CCC can provide guidance through a review team. • DRI/CRI integration should also target the CDP/CLUP of the Province, Municipality, to consolidate intervention at the highest planning instrument/s of LGUs. • NAPC would like to be involved in the capacity development of LGUs given its involvement in the drafting of the Magna Carta for the Poor and the forthcoming National Poverty Reduction Plan. 	<ul style="list-style-type: none"> • Remove the quality check aspect in the recommendation as the core issue is capacity development. As such, the activity shall be re-worded as follows: “Capacity building of PDRRMO/MDRRMO personnel in pilot areas on integrating CRI into CDP, CLUP, LDRRMPs, LCCAPs.”
<p>2. <i>On Pilot Testing in LGUs, there is a need to differentiate between CRI and the other initiatives of government with regard to disaster risk mitigation. It could be confusing on a market level.</i></p>	<ul style="list-style-type: none"> • RFPI's focus is on a household level and how it will be done needs to be defined. • Education/awareness is important to make the market/s understand CRI. 	<ul style="list-style-type: none"> • “Do an inventory of all existing CRI and DRI initiatives and products in order to determine synergies and avoid overlaps.” This will be included as an output of TWG P&R with timelines provided.
<p>3. <i>On the hazards to be included in the CRI Data Hub.</i></p>	<ul style="list-style-type: none"> • TWG BM & UT clarified that their recommendation is to cover only 3 hazards - strong wind, flood, and drought thru DOST's GeoRiskPH platform. 	

Issues/Concerns	Clarifications	Agreements
	Decision on this to be made after the presentation of the TWG on BM and UT. <ul style="list-style-type: none"> Also clarified that strong winds referred to “severe” winds, not typhoons. 	

Business Model and Use of Technology

Given the strong link between developing a CRI product for the poor, poorest, and at-risk sectors, and the use of technology for doing such, the TBM-TUT recommendations dwelled on prioritizing the initial actions to bring about the necessary platform to do this and the data needed.

- Use of DOST’s GeoRiskPH platform to collect and analyze data. Fields that may be needed for product development and the responsible member/s are the following:

Vulnerability	NAPC
Hazards	DOST, MGB
Exposure, Loss, and Claims	NatRE
Inventory of existing insurance models	GIZ

Hazard Coverage - Strong Winds, Floods, and Drought

- LGU Pilot Sites for Profiling - should meet the following criteria*
 - One municipality with the most data available
 - Exposure and vulnerability to hazards must be mixed
 - Determine from existing NAPC data of the most vulnerable groups in the Province
 - Proposed sites* - Agusan del Norte and Isabela in addition to Saranggani, Northern Samar, and Sorsogon. The 2 additional provinces meet the above proposed criteria.

The recommendations also highlighted the needed contributions/roles of GIZ and the private sector, including the required funding from the former since the collection and analysis of for insurance product development will require additional personnel.

Based on the ensuing discussions on the TBM-TUT recommendations the body agreed on the following:

Issues/Concerns	Clarifications	Agreements
1. On the data that will be provided by PIRA on losses, claims, and exposure to the GeoRisk Ph platform	<ul style="list-style-type: none"> Individual company data are confidential 	<ul style="list-style-type: none"> Aggregated data will be provided by PIRA Confidentiality agreement have to be signed by parties
2. Ownership of data	<ul style="list-style-type: none"> NEDA clarified that technically the main partner of GIZ shall have ownership of the data 	
3. On LGUs for pilot testing	<ul style="list-style-type: none"> Agusan del Norte and Isabela were recommended to be added given their good mix of vulnerability and exposure Consider adding a major city as it could represent areas where risks are highest. A city in Metro 	<ul style="list-style-type: none"> Pilot testing will cover 5 provinces (Northern Samar, Sarangani, Agusan del Norte, Sorsogon and Isabela). One municipality per province will be identified as pilots. Get commitments from LGUs for the pilot testing

Issues/Concerns	Clarifications	Agreements
	<p>Manila was proposed to be included.</p> <ul style="list-style-type: none"> Consider sea level rise as it affects flooding. PIRA clarified that the peace and order situation in an LGU will not affect the premiums since the product does not cover terrorism, violence. It will however affect delivery of claims and identification of beneficiaries. 	<p>including provision of more granular data from them.</p> <ul style="list-style-type: none"> NAPC central office will provide CBMS data of the 5 provinces and 5 municipalities.

The 2019 Over-all Work Plan

From the deliberations arising from the TWGs recommendations and further inputs from the NTF chairperson, the 2019 (May to December) Workplan of the NTF was approved.

Milestone	Explanation/Status	Activities	Responsibility	Time Frame
1. DRI/CRI concept paper/policy framework developed	Findings and recommendations of the Stocktaking exercise shall be inputs into the development of the concept paper/policy framework.	<ul style="list-style-type: none"> Hiring of consultant to draft CRI papers Bilateral consultations with TWG & PR members Provide consultant with feedback from TWG & PR Draft CRI concept papers Present CRI concept paper outline in November NTF Publish CRI concept papers 	TPR, NTF	<i>Until December 2019</i>
2. Partner LGUs selected and commitment secured	Crafting of MoUs between GIZ and the selected LGUs to secure commitment and cooperation.	<ul style="list-style-type: none"> Profile Agusan del Norte and Isabela Reconnect with Sarangani, N. Samar, Sorsogon Draft LGU implementation concept and MoU Circulate implementation concept to partners Finalize implementation design 	TPR, TBM, TUT, RFPI Asia III	<i>Until December 2019</i>
3. Implementation initiated in 5 provinces	Recommendations on pilot areas presented (5 provinces and 5 municipalities). Data gathering and analysis through GeoRiskPH and complemented by other	<ul style="list-style-type: none"> Partner LGUs commitment secured Start of implementation 	TPR, TBM, TUT, RFPI Asia III	<i>2019 and continuing</i>

Milestone	Explanation/Status	Activities	Responsibility	Time Frame
	systems such as CIDRA, CBMS			
4. Technology platform for CRI solutions and advocacy developed	Through DOST's GeoRiskPH and in cooperation with the industry, the LGUs and NAPC for data. Will need additional staff to do this since this is a spin-off of GeoRisk initiatives.	<ul style="list-style-type: none"> • Draft MoU • Initiate VIP Engine assignment • MoU consultations for finalization • Implement approved MoU Action Plan 	TBM, TUT	<i>2019 and continuing</i>
5. Capacities of public and private stakeholders, community-based organizations (ex. cooperatives), LGUs developed	Broadened the scope to include communities, cooperatives.	<ul style="list-style-type: none"> • Develop capacity development design • Include capacity development activities in pilot-testing design • Implement capacity development activities 	GIZ-RFPI Asia III	<i>2019 and continuing</i>
6. Role of reinsurers in the promotion and expansion of CRI considered	Reinsurers are one of the major providers of advice for designing portfolios. They could also design products for CRI. Development of a PPP involving reinsurers and reinsurance brokers is in the pipeline.	<ul style="list-style-type: none"> • Draft PPP proposal • Submit PPP proposal to GIZ HQ for review • Implement PPP with partners 	TBM, TUT, RFPI Asia III	<i>2019 and continuing</i>
7. Concept for joint monitoring of the CRI Program implemented	Looking into SDGs as a realistic data for joint monitoring together with CBMS. An additional field for this in the GeoMapper.	<ul style="list-style-type: none"> • Identify M&E measurement variables, data types and sources • Design joint M&E framework 	GIZ-RFPI Asia III	<i>2019 and continuing</i>

In further agreement by the NTF, MoUs shall be executed as requirements for the following milestones:

- #3, Partner LGUs selected and piloting conducted - between GIZ and the selected LGUs to ensure commitment and cooperation on the part of the LGUs
- #4, Technology platform for CRI solutions and advocacy developed - between GIZ and the DOST to cover resources needed, roles, and contributions of partners.

VIETNAM

The implementation of RFPI Asia III got a strong push with the recent approval of Vietnam's Agriculture Insurance Law and the subsequent Prime Minister Decision # 22. The law, which includes subsidies for insurance premiums, covers the rice, livestock, and aquaculture sectors, and is to benefit those classified under the poor and near-poor households. These are the very sectors of society that the regional program aims to cover.

It would mean, however, that implementation in Vietnam would have to undergo some adaptations given that the law has very specific provisions that should be complied to.

A. Policy and Regulation

The Decision on Support Policy to Agriculture Insurance paves the way for the implementation of the national agriculture insurance scheme and concrete support for each product and each group. It will be the legal basis for the insurance industry to develop the products and the supervisory framework for ISA to fulfill their role.

GIZ RFPI Asia III (together with other related projects of GIZ such as RIICE), will work closely with the Ministry of Finance (MoF) in the implementation guidelines of the agriculture insurance law. Creating a framework integrating CRI in the law. As in the case of the Philippines, awareness of concerned stakeholders is necessary in order for everyone to have a common understanding on what is CRI and what needs to be done under the context of the regional program and existing laws, policies. To this RFPI Asia III has committed to provide logistics support the efforts of the MoF and the Ministry of Agriculture and Rural Development (MARD) which will complement the on-going awareness events done by the Vietnamese Women's Union (VWU) and the Vietnamese Farmers' Union (VFU). The regional program has also committed to support the development of the Agricultural Handbook in order to disseminate the legal framework and good practices for practitioners as requested by Insurance Association of Supervisors (ISA).

B. The Technical Working Groups

With the approval of the Agriculture Insurance law, there is a need to re-align the structure of the TWGs in Vietnam. Under the law, MARD and ISA will each separately organize and managed a TWG with the TWG of MARD mandated to develop guidelines/circular on agriculture technical production that will covered by premium subsidies. The one from ISA on the other hand will be responsible for 3 deliverables: standard products, co-insurance arrangements, and delivery channels/mechanisms. Both TWGs will involve the insurance industry. RFPI could support these TWGs by hiring experts to support their respective workstreams. Likewise, given this development, RFPI will use the results/developments from these 2 TWGS and discuss them in the NTF to ensure alignment and complementation to the Agriculture Insurance law.

C. Business Models

In line with the Insurance Law, the ISA announced that there will a uniform product for each of the sectors (rice, livestock, aquaculture) so as to avoid conflict and discrepancy in budget allocation, subsidy and management among provinces. The insurer will define the product scale, format and distribution channel with ISA in a supervisory role. Already 2 reinsurance companies, VinaRe and AXA, are interested in the national scheme. The price and condition will mainly be decided by the reinsurers; therefore, the loss assessment methodology depends on which reinsurance company the insurers decide choose to go with.

As far as insurance companies are concerned, the Insurance Association of Vietnam indicated 10 non-life companies have shown interest in the agriculture insurance and around half of them expressed interest to join the national scheme.

D. Technology

The insurers and reinsurers on the accuracy and reliability of the data collection methods. With reference to data collection (yield, area, etc.), this needs to be by commune; at present, official statistics is on district level. As far as loss assessment methodology is concerned, insurers have signified interest to use the GIZ-RIICE technology in at least 2 provinces. GIZ RFPI Asia has links to RIICE and are actually working together to have a common representation in assisting MARD in the implementation of the Agriculture Insurance law.

Details of the Philippine and Vietnam NTF & TWGs meeting can be found at <http://www.mefin.org/rfpi3-cri.html>

III. Activities in Support of Implementation

With the formal approval of the workplan of the Philippines and the implementation of the Agriculture Insurance Law in Vietnam, much of the work in the 3rd quarter focused on activities that lay the foundation for achieving the deliverables under the four (4) work components of RFPI Asia III. The approaches or activities are either national in nature in order to address the respective country work programs or regional in view of the commonalities in both countries.

Philippines

- LGU Program Implementation Testing - as stated in a separate part of this report, this is intended to provide a better understanding of how DRRM and CCA national plans are localized, what barriers and drivers exist, and opportunities for CRI inclusion in the areas covered. This exercise are initial inputs to conceptualizing the activities to be conducted in selected project sites. To date, 3 provinces (Saranggani, Northern Samar, and Sorsogon) have been profiled and 2 provinces (Isabela and Agusan del Norte) were added by the NTF.

Status/Next Steps:

- Profiling of Isabela and Agusan del Norte
- Crafting of MoUs between GIZ and the 5 provinces to secure commitment and establish roles.

Vietnam

- Agri Insurance Value Chain Market Assessment in Vietnam - in support of the Agriculture Insurance law, is intended to identify potentials for climate risk insurance coverage along the agriculture value chain.
- Status/Next Steps:
 - Review of the scope of study, tools to be used and format design before proceeding to field visits.
- ToT Training Courses in 3 Provinces - to capacitate VFU staff in financial literacy and agriculture insurance
- Status/Next Steps:
 - Provision of support to consultant for the design of modules and training curriculum
- Introduction of Agriculture Insurance to VFU Leaders in 41 provinces
 - Status/Next Steps: Completed

- Support for the Development of the Agriculture Handbook - to provide guidance on the legal frameworks and good practices for practitioners in the insurance sector
- Status/Next Steps:
 - First draft for comments by RFPI Asia III and ISA; final version by 20 November 2019.

Landscape and Scoping Studies

CRI is a relatively new concept in all 3 program countries of RFPI Asia III. Its successful implementation hinges a lot being on being able to provide from the onset, substantial and fact-based information which would in turn contribute to the proper decision making, strategy formulation, and activity development. Such is the underlying reason RFPI Asia III has so far commissioned four (4) such studies. Three (3) of these studies are intended to provide not only an accurate state of CRI - policies, laws, practices - but likewise recommendations as a way forward to integrating CRI given the situations prevailing in each program country. Another one, the VIP Engine, is for designing a climate risk and financial modelling software necessary for developing CRI products.

This section will provide a description of these studies and how it contributes to specific milestones of RFPI Asia III.

Table 1. Status of Landscape and Scoping Studies

Title	Description	Status	Milestone Addressed
▪ CRI Landscape Study	A study of the current situation of CRI in 22 vulnerable countries.	Consulting firm (MicroSave) has submitted the interim report and has started primary data collection in Vietnam, and soon to do so in Indonesia and Philippines	• Milestone 1 - CRI concept papers developed
▪ CRI Concept Papers	To document status of CRI development in the 3 program countries, clarify relevant terminologies, scope and way forward for multi-stakeholder partnerships	The procurement of a consultant has been initiated with GIZ HQ for work to be initiated in mid-October	• Milestone 1 - CRI concept papers developed
▪ VIP Engine	A climate risk and financial modeling software that will process all needed data and come up with scenarios that are critical to developing CRI products. This is also in line with the regional program's digital component.	Consulting firm (WTW) in final contract negotiations. MOU with DOST and PIRA drafted and consultation is on-going.	• Milestone 4 - Technology platform developed
▪ MSME Insurance	To align CRI development in the 3 countries to their respective MSME development plans, disaster risk reduction and the over-all CRI agenda.	Consulting firm (MCII) is finishing up with the desk review and is preparing for primary data collection in Philippines, Vietnam, Indonesia in October to inform the workshops for conduct in November	• Milestone 1 - CRI concept papers developed

IV. Agreements with Key Actors

At 3rd quarter's end, the following agreements have been reached by RFPI Asia III with key stakeholders in the Philippines and Vietnam to support the implementation of their respective work programs:

Philippines

- The use of DOST's GeoRiskPH as a source of data towards the creation of a technology platform for CRI solutions and advocacy. An MoU shall be executed to identify resources needed, roles, and contributions of partners.

Vietnam

- Support to MARD for the review of literature review and implementing guidelines under the Agriculture Insurance law. Terms of Reference finalized.
- Support to MoF for the development of the Agriculture Insurance handbook that provides guidance on the legal frameworks and good practices for practitioners in the insurance sector
- Agri Insurance Value Chain Market Assessment in Vietnam with VFU to identify potential CRI products in the agriculture sector.
- Training of Trainers (ToT) for VFU staff in financial literacy and agriculture insurance in 3 provinces - Ha Noi, Ha Tinh and Bac Lieu.
- Actuarial Training for insurance companies in the agriculture sector together with IAV. ToR has been finalized and will be for implementation in the 4th quarter.
- A review of a study on disaster and risk management policies, and DRFI in Vietnam together with MoF. It is projected to start and be completed in the 4th quarter.

V. Linking the Activities to RFPI Asia III's Indicators

The preceding two sections of this report presented the approaches and activities that RFPI Asia III has undertaken in the 3rd quarter, all of which are designed to contribute to the realization of the regional program's goal of *"The strategic and technical prerequisites for high-quality climate risk insurance for the poor, the extremely poor, and most at-risk people have been created"*.

These activities also serve as direct inputs towards the achievement of deliverables at specific indicators (see Table 2). This section categorizes the activities into their specific program components and shows the outputs to which these same activities serve as inputs. More specifically, the matrix that follows are organized in the following sequence:

- *Component* - refers to the four program components
- *Activities* - categorizes activities conducted in the 3rd quarter based on the component they belong to
- *Output* - deliverables expected for each of the components
- *RFPI Indicator Supported* - deliverables at the Results level which serve as evidence that the Output has been produced/accomplished

It should be explained that some activities/approaches, such as the CRI Landscape Study and the VIP Engine, actually contribute to more than one indicator.

Table 2. Linkage of Activities to Program Components and Deliverables

Component	Approaches/Activities	Output	RFPI Indicator Supported
National CRI Concept	LGU Profiling (PHL)	Output 1 National CRI concept papers are made available	Indicator 1.1 3 CRI concept papers developed by the national task forces
	CRI Landscape Studies	Output 1 National CRI concept papers are made available	Indicator 1.1 3 CRI concept papers developed by the national task forces Indicator 2.1 Cross-border criteria for high-quality CRI products for the poorest, poor and poverty endangered population groups are coordinated interdisciplinarily by relevant actors (task forces, consortium, MEFIN members/insurance supervisors). Indicator 4.2 A roadmap for sustained support of insurance supervisors to inclusive insurance markets and the accompanying rebuilding process of MEFIN has been developed with the A2ii.
	CRI Concept Papers	Output 1 National CRI concept papers are made available	Indicator 1.1 3 CRI concept papers developed by the national task forces
	Support to MARD for the review of literature review and implementing guidelines under the Agriculture Insurance law. (VN) A review of a study on disaster and risk management policies, and DRFI in Vietnam	Output 1 National CRI concept papers are made available Output 1 National CRI concept papers are made available	Indicator 1.1 3 CRI concept papers developed by the national task forces Indicator 1.1 3 CRI concept papers developed by the national task forces
Business Models	Training of Trainers (ToT) for VFU staff in financial literacy and	Output 2 Capacities of public and private actors to	Indicator 2.2

Component	Approaches/Activities	Output	RFPI Indicator Supported
	<p>agriculture insurance in 3 provinces</p> <p>Actuarial Training for insurance companies in the agriculture sector</p> <p>VIP Engine</p> <p>MSME Insurance</p> <p>Development of the Agriculture Insurance handbook with MoF (VN)</p> <p>Agri Insurance Value Chain Market Assessment in Vietnam</p>	<p>develop high quality CRI products are improved</p> <p>Output 2 Capacities of public and private actors to develop high quality CRI products are improved</p> <p>Output 1 National CRI concept papers are made available</p> <p>Output 1 National CRI concept papers are made available</p> <p>Output 1 National CRI concept papers are made available</p>	<p>In 2 countries, members of 2 CRI insurance groups are qualified to develop high quality products</p> <p>Indicator 2.2 In 2 countries, members of 2 CRI insurance groups are qualified to develop high quality products</p> <p>Indicator 2.1 Cross-border criteria for high-quality CRI products for the poorest, poor and poverty endangered population groups are coordinated interdisciplinarity by relevant actors</p> <p>Indicator 2.2 In 2 countries, members of 2 CRI insurance groups are qualified to develop high quality products</p> <p>Indicator 1.1 3 CRI concept papers developed by the national task forces</p> <p>Indicator 1.1 3 CRI concept papers developed by the national task forces</p> <p>Indicator 1.1 3 CRI concept papers developed by the national task forces</p>
Use of Technologies	VIP Engine		<p>Indicator 2.1 Cross-border criteria for high-quality CRI products for the poorest, poor and poverty endangered population groups are coordinated interdisciplinarity by relevant actors</p> <p>Indicator 2.2 In 2 countries, members of 2 CRI insurance groups are qualified to develop high quality products.</p>

Component	Approaches/Activities	Output	RFPI Indicator Supported
MEFIN as a CRI Hub	Public-Private Dialogue Tuesdays with MEFIN webinars		<p>Indicator 4.2 A roadmap for sustained support of insurance supervisors to inclusive insurance markets and the accompanying rebuilding process of MEFIN has been developed with the A2ii.</p> <p>Indicator 4.1 5 out of 7 MEFIN-affiliated insurance supervisors in the region agree that the project-supported events and knowledge products of the three insurance regulators in three partner countries are useful in implementing CRI and other A2ii-related topics for the implementation of regulations.</p>

It can be seen from the matrix that majority of the approaches and activities done so far support Component 1, National CRI Concept Paper, and Indicator 1.1. This is understandably so as CRI concept papers will provide the overview and scope of work that needs to be addressed in the promotion of CRI in both the policy and the market spheres. As RFPI Asia III progresses, the learnings gained from creating these concept papers will inform other activities of the program components.

A MEFIN Organizational Management Meeting was held last 18 September in Ulaanbaatar, Mongolia where component 4 was tackled. This will be expounded in the succeeding section dedicated to MEFIN.

VI. MEFIN

MEFIN had its 1st Organizational Management Meeting under RFPI Asia III last 18 September in Ulaanbaatar, Mongolia. The purpose of the meeting was to review pending activities and discussion of their implementation or cancellation, and the recognition of the accomplishments of the Regional Steering Committee and Technical Working Groups and planning of the next steps. As such discussions centered on the accomplishments of:

- The four (4) TWGs, namely (1) Regulation and Supervision, (2) Business Models, (3) Capacity Building, (4) Knowledge Management, (5) Disaster Risk Insurance
- The Regional Steering Committee (RSC), which reported All activities accomplished including the study conducted by MicroSave on the long-term strategy for MEFIN.

For 2019, workplans had not yet been set against which accomplishments can be measured. The accomplishments reported by the country-members were therefore general updates for each of the TWGs and the RSC.

The OM was also the venue for discussing the role of MEFIN in RFPI Asia III, which is actually the 4th component of the regional program and calls for MEFIN as a CRI Hub. The following are the agreements/next steps which could help facilitate the transformation of MEFIN into a CRI Hub.

- More frequent sharing among the members especially on CRI would be very helpful, especially since CRI is a relatively new topic among the members. This includes best practices and lessons learned in other countries on various themes which could be collected by the Secretariat and shared among the members.
- Adoption of the approach in the Philippines of working with steering structures such as the National Task Force and Technical Working Groups comprised of government agencies and private insurers on data and modelling issues.
- Developing a CRI toolkit for awareness-raising which could be customized for different countries.
- Submission of developPPP proposals by insurers from MEFIN member countries which could contribute to the sustainability of the network.

VII. Agreements with GIZ and other International Projects

RFPI Asia III continues to build linkages with similar projects from GIZ and other organizations in order to establish synergies which could contribute to the achievement of its objectives and deliverables. The following are updates on these synergies:

- *InsuResilience Global Partnership* - InsuResilience is working closely with RFPI Asia III on the CRI Landscape Study. It provided data to the consulting firm on country risk profiles, and together with RFPI, provides feedback to reports submitted by the consulting firm.
- *Social Security Program, Indonesia* - the contract for the Adaptive Social Protection (ASP) approach has been awarded to the Madiba team. RFPI Asia will work closely with the consulting team and SSP in relation to the development and implementation of ASP, including possible introduction of the approach for the Philippine component.

The 2nd GIZ Programs Synergies on CRI webinar was conducted last 30 August which featured the “Agricultural Insurance in Contract Farming systems - Experience from implementation in Zambia” of InsuResilience Global Partnership as the main topic. Given the growing interest in agriculture insurance, the October webinar will focus on Climate Change and Agricultural Risk Insurance in Vietnam.

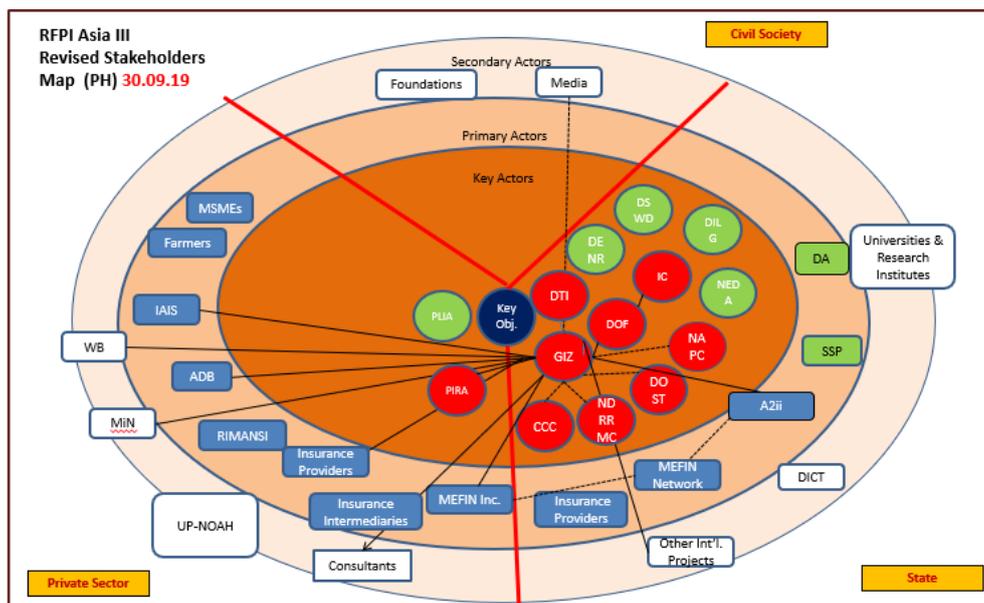
VIII. Applying Capacity Works (CW) in RFPI Asia III

Capacity Works, as a management model for international cooperation, is especially important when addressing trans-boundary issues. And this makes its application in RFPI Asia III important not only because of its regional coverage but likewise because of the growing global concern for CRI. This section will dwell on developments and recommendations on the 5 Success Factors of CW which the regional program has adopted.

1. Cooperation

With the approval of the ToR and composition of the NTF and its TWGs, the Map of Actors for the Philippines has largely stayed intact as far as the official membership in the NTF is concerned. For the combined TWGs on Business Development and Use of Technology, a new member was included; the RIMANSI Mi-MBA Association of the Philippines (RIMANSI). The inclusion of RIMANSI is deemed important as it represents not only microinsurance providers but Mutual Benefit Associations (MBAs)

as well which is an important distribution channel for reaching the target markets of RFPI Asia III. RIMANSI is classified as primary actor in the revised Map of Actors below.



A recommended inclusion as a primary actor once the component of MSMEs is concerned is the Resiliency Core Group (RCG) formed by Department of Trade and Industry. The RCG is a vital actor in the DTI’s thrust towards improving the resiliency of MSMEs through the implementation of the SME Resilience Road Map. The MicroDRI project of RFPI Asia III has interacted with the RCG on several occasions and with it, the recognition that insurance would be critical in the Business Continuity Planning of MSMEs.

As for Vietnam, its Map of Actors has likewise stayed intact. The key actors for Vietnam may increase once the MSME component of the regional program is formally approved. Among those already being considered are the Ministry of Planning and Investment and the Department of SMEs.

2. Steering Structure

The Steering Structure for the Philippines has also been basically intact, with the NTF for strategic steering and the TWGs on the operational level. However, it should be noted that the TWGs on Business Models and Use of Technology have been for some time now operating as a combined one given the very close link between the development of business models and the technological platform required to process all data for financial and risk assessment. It remains to be seen whether these 2 groups will remain separate or be merged in the future given their overlaps.

For Vietnam, it was already stated in an earlier part of the report that its TWGs would need to re-align to support the TWGs that MARD and ISA will separately manage under the Agriculture Insurance Law of Vietnam.

3. Process in Decision Making

With the Steering Structure in place, there is no need to revise the decision-making process in both the Philippines and Vietnam. The NTF for strategic decisions and the TWGs for operational ones.

4. Strategies

The strategies formulated at the onset of the program are still very much valid for both countries, especially given the fact that implementation of activities have just started.

Strategies for the Philippines

Policy and Regulation	Use of Technology	Products	Partnerships
<ul style="list-style-type: none"> • Institutionalization of CRI policies • Tapping public funds for CRI • Closer interaction between government, DRI-DRM authorities, and private sector 	<ul style="list-style-type: none"> • Learning Management Platform • Risk assessment for CRI • Payment Systems for Insurance solutions • Awareness raising and Advocacy 	<ul style="list-style-type: none"> • Strengthening MI products with Calamity Coverage • Developing and Scaling-up of CRI products • Development of technology-based solutions 	<ul style="list-style-type: none"> • Active engagement in CRI Working Groups • Partnerships among commercial companies, cooperative societies, MBAs, reinsurers • Developing Public-Private Partnerships for technical support • Data sharing MOUs

Strategies for Vietnam

Policy and Regulation	Use of Technology	Products	Capacity Development
<ul style="list-style-type: none"> • Integrate CRI/DRI in the implementing guidelines of Decree 58, working with MARD • Explore possibilities of integrating CRI/DRI in Microinsurance Development. • Integrate CRI/DRI in the climate change adaptation/disaster risk reduction and management action plans at the local level. 	<ul style="list-style-type: none"> • Introduce the use of technology in product development through e-learning of staff of insurance companies, distribution channels, and other related organizations. • Partner with the academe on Risk and Vulnerability Mapping. The accompanying module, once certified by the academe, can be used for the continuing professional development the technical staff of concerned stakeholders. 	<ul style="list-style-type: none"> • Work closely and complement measures of RIICE in order to determine next steps for a potential CRI on the Agriculture sector (rice) • Integrate CRI and DRI into existing insurance products. 	<ul style="list-style-type: none"> • Integrate Gender Sensitivity (risks to women) issues in CRI awareness courses. • In cooperation with MARD, develop and implement curriculum on CRI including Training of Trainers (ToT) component • Develop and implement a multi-stakeholder awareness raising course on CRI. • VWU to be the responsible stakeholder for awareness raising and other capacity development events on Microinsurance.

A very minor revision under Capacity Development of Vietnam would be the inclusion of the VFU as another stakeholder for awareness raising and capacity development. The VFU, with its MoU with GIZ, has been active in this area over the past months. And even with the approval of the Agriculture Insurance Law, the above strategies still represent how CRI can be implemented in Vietnam.

5. Learning and Innovation

Capacity Development plays a prominent role in the recently approved work program of the Philippines. Under the said work program, Milestone 5 explicitly states “Capacities of public and private stakeholders, community-based organizations (ex. cooperatives), LGUs developed”. The approved work program actually expanded coverage of capacity development to include the PDRRMOs and C/MDRRMOs in the pilot areas to enable them to effectively integrate CRI into the various local plans such as the CDP, CLUP, LDRRMPs, LCCAPs. The capacitation of these groups is to be expected

to be started once the MoUs with the selected pilot LGUs are signed, paving the way for the LGU Program Implementation.

RFPI Asia III is still currently implementing its Capacity Development Plan for the Insurance Commission which started during the 2nd Qtr. This CD activity has been expanded to include other members of the NTF in order for them to have common understanding of CRI and enable them to play their role more effectively.

Capacity development activities have also become more visible in Vietnam to support the implementation of the regional program. To date, RFPI Asia III has agreed to support in the implementation of the following trainings in relation to agriculture insurance:

- Training of Trainers (ToT) for VNFU staff in financial literacy and agriculture insurance in 3 provinces - Ha Noi, Ha Tinh and Bac Lieu.
- Actuarial Training for insurance companies in the agriculture sector together with IAV. ToR has been finalized and will be for implementation in the 4th quarter.

And as far as MEFIN is concerned, the recently concluded OM meeting in Mongolia also resulted in the formulation of steps for further capacitating the network with its given role as a hub for CRI, namely:

- Conduct of the FLiCk (Financial Literacy Campaign Kit) for Mongolia. The tools under the said kit still need to be adjusted to the Mongolian context and to climate risk insurance.
- Development of a CRI toolkit for awareness-raising which could be customized for different countries.
- Further assessment of the Capacity Development survey which revealed a consistent interest among MEFIN countries on the topics of InsurTech and Distribution Channels.