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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

## 2<sup>nd</sup> QUARTER REPORT

April - June 2019



## Table of Contents

Acronyms	1
Introduction	3
The Current Environment for Implementation	
Philippines	3
Vietnam	11
Proposed Approaches to the Existing Situation	12
Initial Agreements with Key Actors	15
Initial Agreements with GIZ Projects and Other International Projects	16
Applying Capacity WORKS in RFPI Asia III	17
Value for Money	21
Annexes	24

## Acronyms

A2ii	Global Initiative for Access to Insurance
ASEAN	Association of Southeast Asian Nations
AON	Aon plc
BBK	Buhay, Bahay, Kabuhayan
BMZ	Federal Ministry of Economic Cooperation and Development
CBMS	Community Based Management System
CC	Climate Change
CCC	Climate Change Commission
CD	Capacity Development
CDRRMO	City Disaster Risk Reduction Management Office
CLIS	Cebuana Lhuillier Insurance Solutions
COA	Commission on Audit
CRI	Climate Risk Insurance
CW	Capacity Works
DBM	Department of Budget Management
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
DRI	Disaster Risk Insurance
DRRM	Disaster Risk Reduction Management
DRRMPs	Disaster Risk Reduction Management Plans
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
FinLit	Financial Literacy
FMB	Sectoral Department
GeoRISKS	GeoRISKS Philippines
GIDRM	Global Initiative Disaster Risk Management
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HHs	Households
HMCCC	Sustainable Management of Human Mobility in the Context of Climate Change (HMCCC)
IC	Insurance Commission
IDA	International Development Association
INKOPDIT	Induk Koperasi Kredit
InsuResilience	InsuResilience Global Partnership
Insurtech	Insurance Technology
IVA	Insurance Association of Vietnam
LCCAPs	Local Climate Change Action Plans
LGUs	Local Government Units
MARD	Ministry of Agriculture and Rural Development
MEFIN	Mutual Exchange Forum for Inclusive Insurance
MI	Microinsurance
MicroDRI	Micro Disaster Risk Insurance for MSMEs Project
MOA	Memorandum of Agreement
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

NCCAP	National Climate Change Action Plan
NEDA	National Economic Development Authority
NH	National Household Targeting System
OCD	Office of Civil Defense
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PLIA	Philippine Life Insurance Association
PIRA	Philippine Insurers and Reinsurers Association
RFPI Asia III	Regulatory 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
ROI	Return on Investment
RSBA	Registry System for Basic Sectors in Agriculture
SPP	Social Protection Program
ToR	Terms of Reference
ToT	Training of Trainers
TWGs	Technical Working Groups
ULAP	Union of Local Authorities in the Philippines
VDMA	Vietnam Disaster Management Authority
VFU	Vietnam Farmers' Union
VIP	Vietnam, Indonesia, Philippines
VWU	Vietnam Women's Union

## I. Introduction

After the successful Operational Planning Workshops last February in Manila and Hanoi, the Regulatory Framework Promotion of Pro-Poor Insurance in Asia Phase III (RFPI Asia III) program further geared to develop its framework and work plan for implementing projects and activities that will contribute to the realization of the over-all goal of “ The strategic and technical prerequisites of high-quality climate risk insurance for extremely poor, poor and at-risk people have been created”. On the objective level indicator, this would translate to:

Objective Indicator 1	Objective Indicator 2	Objective Indicator 3	Objective Indicator 4
<b>3 partner governments have included CRI explicitly targeting the poor, the extremely poor, and most at-risk in their national resilience strategies.</b>	<b>4 million (50% women) of the poorest and most at-risk populations in three partner countries are covered by new CRI products offered by governments.</b>	<b>3 new digitally supported business models, 1 of which focuses on payment modalities, have been introduced with insurers</b>	<b>2 international standard implementation plans for the regulation of CRI solutions have been developed by insurance supervisors of the partner countries.</b>

Given the broad coverage of Climate Risk Insurance (CRI), its relation to other thematic areas such as Disaster Risk Reduction Management (DRRM), Climate Change (CC) among others, the focus of the program on the poor, extremely poor, and at-risk sectors, and its’ deliverables, the operationalization of RFPI Asia III will require involving numerous stakeholders/actors from both the public and private sectors which have a strong involvement or responsibility over the aforementioned areas. As such, the second quarter saw the program focus its efforts on the following:

- The formation of the National Task Force (NTF) and the supporting Technical Working Groups (TWGs) as the Steering Committee to operationalize RFPI Asia III;
- Fine-tuning of the strategies and framework for implementation,
- Development and implementation of studies, developPPP projects, and similar undertakings which could, directly or indirectly, support the implementation of RFPI Asia III.

This 2<sup>nd</sup> Quarter Report shall cover the details of the abovementioned undertakings, including the progress/status of implementation in both the Philippines and Vietnam. The program implementation in Indonesia, as agreed with the GIZ Social Protection Program (SPP), shall start in the 3<sup>rd</sup> quarter.

## II. The Current Environment for Implementation

### Philippines

#### A. The Formation of the National Task Force (NTF) and Technical Working Groups

As RFPI Asia III does not have a political partner, the formation of the National Task Force is critical as it provides for the strategic steering of the program. Given the numerous stakeholders involved in the program, the NTF provides the over-all direction to ensure that the objective and deliverables of the program are effectively and efficiently met. On the operational level are the Technical Working Groups which are tasked with the development of workplan of RFPI Asia III - the projects, activities, and initiatives - which are subject to approval of the NTF. There are 3 TWGs which corresponds to the three main components of the program: Policy and Regulation, Business Models, and Use of Technology. Both the NTF and the TWGs are headed by a Chairperson, with RFPI Asia III acting as co-chairperson in both in order provide advice and ensure that all activities and initiatives are within the framework of the program.

The Philippines had its first NTF and TWG Meeting last 20 May 2019, with National Treasurer Rosalia De Leon representing the Department of Finance (DoF) as the Chairperson. A total of fourteen (14) organizations, 12 from government and 2 from the private sector, comprise the NTF. These are the following:

▪ Composition of the National Task Force, Philippines	
1. Department of Finance (DoF) - chairperson	8. Philippine Insurers and Reinsurers Association (PIRA)
2. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - co-chairperson	9. Department of the Interior and Local Government (DILG)
3. Insurance Commission (IC)	10. Department of Social Welfare and Development (DSWD)
4. Climate Change Commission (CCC)	11. National Economic Development Authority (NEDA)
5. National Disaster Risk Reduction and Management Council/Office of Civil Defense (NDRRMC/OCD)	12. Department of Environment and Natural Resources (DENR)
6. Department of Science and Technology (DOST)	13. Department of Trade and Industry (DTI)
7. National Anti-Poverty Commission (NAPC)	14. Philippine Life Insurance Association (PLIA)

The inclusion of six (6) new members in the NTF is justified for the following reasons:

- Four of them are prominent and influential members of the NDRRMC. The DILG heads the NDRRMC thematic area of Disaster Preparedness, DSWD for Disaster Response, and NEDA for Disaster Rehabilitation and Recovery (the 4<sup>th</sup> thematic area, Disaster Prevention and Mitigation, is headed by the DOST which is an existing member of the NTF). Thus, they could play key roles in the program.
- The DENR, by virtue of its mandate of governing and supervising the exploration, development, utilization, and conservation of the country's natural resources, is very much involved in climate change and DRRM initiatives. It is also a member of the NDRMMC.
- DTI is the main government agency responsible for the promotion and development of MSMEs. It has recognized that the business resiliency of MSMEs against extreme weather conditions is critical to their sustainability. It has included, as a thrust for the development of MSMEs, Business Continuity Planning (BCP) wherein insurance plays an important role. It is also the partner agency of GIZ in the "Micro Disaster Risk Insurance for MSMEs Project (MicroDRI)", a developPPP which includes the development of a disaster risk insurance product designed specifically for MSMEs. Its inclusion is also in preparation for the expected approval of RFPI's component 2 which focuses on MSMEs.
- PLIA - CRI is not only about protection of non-life items such as property. When extreme weather events take place, the lives of people are also at stake and as such the need to include it.

While the chairmanship has been accepted by DoF, the approval of the Terms of Reference and Work Plans for 2019 of both the NTF and the TWGs were deferred pending the formalization of both bodies through approved representatives of each institution/organization which will come from their respective heads. The same holds true for the proposed Criteria for Selection of Project Areas and the Joint CRI Monitoring and Evaluation. However, in recognition of the need to already get activities going, given RFPI Asia III objectives and deliverables, the body agreed on the following main activities/issues:

Activities	Agreement
1. <b>Chairpersons and Composition of the TWGs</b>	<i>No objection to the proposed chairpersons of the TWGs as follows: TWG Policy and Regulation, DoF; TWG Business Model, IC; TWG Use of Technology, DOST, and to the proposed TWG members that are listed in the TWG meeting agenda. The body was asked to also</i>

Activities	Agreement
	<p>consider in the TWGs the newly added organizations (PLIA, DENR, DTI).</p> <p>Once formalized, the chairpersons of the TWG should appoint a secretariat in order to facilitate better communication among the members</p>
2. TWG Work Plans	Once formalized, each TWG shall submit a workplan and timelines to the NTF for approval and easier monitoring. Instructed the TWG to review the proposed 2019 and for <u>granularities in terms of timelines.</u>
3. Formation of E-groups	The NTF and TWGs shall form e-groups to facilitate continuous discussions before the next meeting in and in between scheduled meetings.
4. The Parametric Initiative of WB as a basis for business models.	<p>The information from the initiative as a starting point for business models and for identifying gaps. Data sets could be used for developing business solutions for HHs, MSMEs.</p> <p>Progressive LGUs could also be identified in order to replicate approaches/experiences on the national level to their local jurisdictions.</p>
5. Indicators on the LGUs for profiling	The 25 provinces under the existing Parametric framework would be a good starting point. Any addition would depend on the criteria developed for RFPI

The details of the other agreements can be seen in **Annex A**.

## **B. Policy and Regulation**

As CRI is still a relatively new concept in the Philippines, its integration into the existing laws, policies, and regulations of the country is a crucial step and will have an impact on the components of Business Modeling and Use of Technology. The TWG on Policy and Regulation, in the proposed workplan, focused on the following;

Milestone	Key Activity
1. Access to public fund sources for CRI is clarified	Confirmation of existing fiscal policies and public fund sources that can support CRI for households and MSMEs and clarifying access to them for such purpose
2. Partner LGUs are selected	Selection of partner-local government units based on approved criteria for the development and implementation of CRI solutions
3. National Disaster Risk Insurance concept paper is developed	Development of concept paper for the integration on DRI/CRI into the LCCAPs and DRRMPs of LGUs

Noting that data and information are still insufficient to further work on the milestones, it was agreed that a **stocktaking/scoping study** be done to create the framework of the CRI Program. This includes the approaches relevant to policy and regulation aspects and likewise, the framework will feed into the DRI/CRI concept paper to be developed. The stocktaking/scoping exercise should look into the following:

- Political level at which program will focus - national or local and the financing mechanism (e.g. sourced through the national budget, Internal Revenue Allocations of LGUs, the Peoples Survival Fund)

- Government programs into which CRI components could be tacked on
- Government agencies' respective DRRM focus and activities;
- Definitions of target groups -poor, poorest and at-risk. For the at-risk sector, it should also define from what they are at risk at (e.g. farmers, fisherfolks, MSMEs) and to what extent.
- Current insurance market, (including microinsurance, CRI), products available, risks, sectors and groups covered. This could have an overlap with the TWG on Business Models.
- Compliance of LGUs with DRRM mandates (e.g. LCCAP, LDRRM);
- How to reflect CRI indicators in LCCAPs and NCCAP.

For activities and outputs on policy and regulation, it was stressed that government funds should not be used to protect private assets as this is already the domain of microinsurance. Relative to this, it was also emphasized that expenses in connection with financing mechanisms should be in compliance to Commission on Audit (COA) rules, regulations, and guidelines.

As a further effort to effectively perform its roles and responsibilities and to facilitate the realization of RFPI Asia III's objectives and deliverables, agreements were reached to raise the following for consideration of the NTF:

<ul style="list-style-type: none"> <li>• Compliance to National Laws and Policies</li> </ul>	<p><i>Program should ensure that its components and approaches are anchored on national laws and policies.</i></p>
<ul style="list-style-type: none"> <li>• Use of MOAs</li> </ul>	<p><i>In working with the LGUs, Memoranda of Agreements could potentially be signed and based on national policy issuance (for ex. From the DILG)</i></p>
<ul style="list-style-type: none"> <li>• Need for New Data for a Potential Market for CRI Products</li> </ul>	<p><i>The Registry System for Basic Sectors in Agriculture (RSBA) and the National Household Targeting System (NHTS) collect data on the ultra-poor who might not be able to afford insurance products. <u>New data should be developed to target the population segment in between the poor and the enterprising poor which potentially are financially equipped to purchase insurance.</u></i></p>
<ul style="list-style-type: none"> <li>• Integration of CRI in Existing Initiatives for LGUs</li> </ul>	<p><i>Explore possible integration of CRI into the Build Back Better Operations Manual released by the DILG.</i></p>
<ul style="list-style-type: none"> <li>• On Criteria Setting for Project Areas</li> </ul>	<p><i>1) look into DENR Roadmaps and their DRRM criteria for vulnerable provinces used; 2) NAPC prioritizes the 40 poorest provinces, of these, 23 provinces are prioritized under its Human Poverty Cluster; 3) identify municipals classified between class 4-6; 4) examine beneficiaries of previous disaster programs (proportion of insurance beneficiaries); 5) DBM's Risk Resiliency Program focuses on 8 climate risk provinces</i></p>
	<p><i>In outputs, it should be clarified how CRI will drive national or local strategies. For example, CRI could be related in the Human Security Pillar of the NCCAP.</i></p>
<ul style="list-style-type: none"> <li>• Financing Mechanisms</li> </ul>	<p><i>Consider the use of pooled funds</i></p>

Given the above, the inclusion of DENR in this TWG is considered important. The presence of the Union of Local Authorities in the Philippines (ULAP), which is the umbrella organization of all leagues of local government units and locally elected government officials, is strongly recommended as it can facilitate partner building with the LGUs and support their buy-in in CRI.

### C. Business Models and Use of Technology

Initiatives in the area of Business Models were very much linked to those of in the Use of Technology for the reason that product development for CRI requires climate data such as hazards, vulnerability, exposure, losses which are supposed to be provided by technology through climate risk and financial modelling software. Given this, the TWGs responsible for the said components have to work closely together.

Business Modelling looks at two directions in the development of CRI solutions; one is with the state purchasing insurance products for the affected sectors, thereby making the state as the policy holder. The other is through insurance providers offering the products directly to the target markets. One product in particular, *the Buhay, Bahay, Kabuhayan (BBK)*, is considered as a potential model.

In order to craft the appropriate approaches, scenario building with regard to the CRI solutions in the country was necessary. This is to enable the TWGs to acquire a better understanding and come up with measures that will eventually lead to the development of appropriate CRI products. The scenario was based on the following:

- Climate Risk Management and Disaster Risk Insurance: 5 Years After Typhoon Haiyan in the Philippines
- The Insurtech Study
- NatRe Initiatives on Disaster Risk Assessment and Risk Modelling (OASIS)

Based on the above, the scenario for CRI products was reached as follows:

<ul style="list-style-type: none"> <li>• Landscape for Non-Life Insurers, Products</li> </ul>	<ul style="list-style-type: none"> <li>• With an average claims ratio of 156.4% in 2014 after Yolanda, many providers most likely revised their products and decided to reduce or cancel their exposure to disaster risks. This is validated by data provided by the IC data showing a decrease in non-life coverage in 2015 and 2016.</li> <li>• There are no big improvements in business models: products, distribution and claims settlement. Index-linked/based insurance products did not take off.</li> </ul>
<ul style="list-style-type: none"> <li>• Points to Ponder for Insurance Providers on Managing a Disaster-Prone Market</li> </ul>	<ul style="list-style-type: none"> <li>• Speed in determining accurate losses</li> <li>• Satisfaction with claims process after recent catastrophes (both internal and external - customers). For external, this includes measurement, effect on retention rate, and possible further improvements.</li> <li>• Preparedness for reputational risks</li> <li>• “Surprises” in the underwriting process and pricing models.</li> <li>• disaster’s expected impact on rates and how it influences underwriting strategy and financial targets.</li> <li>• Transforming from “payer” to “partner” of clients and the new services, capabilities, and organizational change to do this.</li> <li>• Capacity of the industry, including Insurtech, to reduce insurance gaps be it on risks for homeowners and small businesses or by developing new products dedicated to poor people.</li> </ul>

	<ul style="list-style-type: none"> <li>• The industry acting together more effectively to propose a new paradigm for private-public risk sharing.</li> <li>• Engage our governing board more proactively on these topics.</li> </ul>
<ul style="list-style-type: none"> <li>• Stocktaking of CRI Products</li> </ul>	<ul style="list-style-type: none"> <li>• Currently very few insurers provide a scalable calamity (Typhoon/Flood) cover</li> <li>• Currently no international company provides a MI-Climate Risk Insurance product</li> <li>• The limit of liability for Typhoon or Flood protect ranges between PHP 1000-PHP 5000</li> <li>• The premium rate for the largest selling product with Typhoon and Flood is PHP 2000</li> </ul>
<ul style="list-style-type: none"> <li>• Challenges to Developing CRI Products</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Missing Data</u> - <i>Limited data is one of the major challenges in expediting and scaling product development. This pertains to the discrepancies in the required and available data</i></li> <li>• <u>High Taxes</u> - <i>Compared to the 2% tax on Life Insurance the 25% tax on non-life makes it extremely challenging and at times impossible to price products at rates which would enable mass adoption especially among the most vulnerable.</i></li> <li>• <u>Complicated Product Information</u> - <i>Informing and explaining product details specially to underserved agricultural communities continues to restrict access; especially for index-based insurance.</i></li> <li>• <u>Low ROI</u> - <i>Private sector appetite for CRI and MI products remains low. 3-year break even timelines and the 3-5% profit margin dissuade most private sector players from entering the sector.</i></li> <li>• <u>Poor Geographical Connectivity</u>: <i>Scaling up operations to serve rural areas continues to remain a challenge for private sector.</i></li> </ul>
<ul style="list-style-type: none"> <li>• Recommended Measures to Create Opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Explore Partnerships between Cooperatives, Private Companies and LGUs to significantly boost policy volumes thus reducing the financial risks for providers.</li> <li>• Use of digital channels to enhance capacity among stakeholders would significantly reduce costs and increase learning efficiencies</li> <li>• Increased participation of local and international reinsurers</li> <li>• More effective risk and vulnerability assessment or utilization of digital technology to efficiently assess losses and thereby reduce basis risk.</li> <li>• Providing instalment terms and increasing awareness initiatives could make increased premiums feasible.</li> </ul>

	<ul style="list-style-type: none"> <li>• Mandatory CRI for groups is an option, a group incentivization scheme should be explored</li> <li>• Get the buy-in from regulators of cooperatives, financial institutions, and associations for CRI products</li> </ul>
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The insurance association PIRA also raised issues which validated and further expounded the challenges faced by the non-life insurance industry, given its experience in the areas of microinsurance and CRI.

- Cost
  - *Catastrophic Perils such as Typhoons and related phenomena like storm surges, floods, wind damage, tornados, excessive rain, drought, wildfires, hail, frost, and the like are very hard to asses - referring to data on the aforementioned. They could be either prohibited risks or exceptions to usual policies and would make it expensive.*
- Target Market
  - *The program envisions the low-income sector who may not have the capacity to purchase such protection. This is further compounded by low/lack of awareness on financial/insurance literacy, lack of access to mainstream insurance and are unbanked.*
- Reinsurance
  - *Few direct insurers are interested to cover loss leading classes of insurance. Buying protection through reinsurance can or is expected to be expensive. Local insurance companies will need the support of global insurers to take on such risks.*
- Structural and Administration Issues
  - *The Philippines has one of the highest levied on Insurance programs. For this type of coverage, taxes will reach a whopping 27.5%, meaning, for every peso in premiums, 27.5 cents are comprised of taxes.*
  - *Expensive to distribute for insurance providers to the target market in far-flung provinces. Aggregators, cooperatives, and associations that already have a system to handle sachet products are key.*
- Agree to Use an Authority to Declare a Parametric Trigger has Occurred
  - *PAGASA has information on the provincial level but more granularity is needed than that. Why not accredit private weather stations (i.e. Aboitiz, Manila Observatory Satellites, etc.) that follow International Standards.*

In the area of technology, the following provided information which could be useful in responding to the data needs for CRI product development, including 2 platforms:

InsurTech Study	DOST's GeoRisks Philippines	OASIS Project
<p><b>Recommendations on where Technology can be used for CRI:</b></p> <ul style="list-style-type: none"> <li>• <b><u>Index-based/Algorithmic-based CRI Products</u></b>, which is in line with GIZ's thrust towards enhancing "customer journey"</li> <li>• <b><u>Learning Management Systems</u></b> to enhance capacities of institutions and their personnel in CRI It would involve collaboration with universities and other learning institutes for the co-creation of modules</li> </ul>	<ul style="list-style-type: none"> <li>• A web-based platform in risk assessment.</li> <li>• It tracks, analyse data on hazards, exposure and vulnerability of LGUs and it automatically generates report. GeoRisk is capable of providing granular data such as elevation and soil type. The platform will be launched in July 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the first open-access catastrophe model for flood (for property risks) in the Philippines and aims to build long-term capacity among stakeholders to help them understand, sustain, use, and develop catastrophe models.</li> <li>• Funded by the German government from 2018-2020, with a launching of a "dummy" model in 2020. Bangladesh and the Philippines are the pilot countries.</li> </ul>

InsurTech Study	DOST's GeoRisks Philippines	OASIS Project
<p>(on-line or blended learning) and issuance of certificates.</p> <ul style="list-style-type: none"> <li>• <u>Risk and Vulnerability Platforms</u> that will generate the data needed for CRI product development. Data integration would be the challenge for this given the experience of other platforms. Decision point for the program is either to have its own or use existing platforms; if the latter, then addressing the gaps based on the data needs of the industry would be needed.</li> </ul>		<ul style="list-style-type: none"> <li>• Composed of 4 modules: <ul style="list-style-type: none"> <li>○ <i>Stochastic</i> - defines the hazard phenomena (simulated and historical events)</li> <li>○ <i>Hazard</i> - assesses the level of physical hazard to a specific area</li> <li>○ <i>Vulnerability</i> - assesses the degree to which structures are likely to be damaged</li> <li>○ <i>Financial</i> - calculates the monetary loss</li> </ul> </li> <li>• It needs different sets of data on generate hazard, vulnerability and exposure, loss.</li> <li>• The Oasis platform is applicable for homeowners' insurers, commercial insurers, industrial insurers, reinsurers and brokers for modelling the risk from natural disasters to any type of insurance policy. <u>It is not designed for use directly</u> by householders, SMEs or bodies such as trade associations to purchase insurance, or to get price estimates for their insurance policies</li> </ul>

The need for a risk and vulnerability platform is recognized by the program, especially one that could provide granular data that would critical to the development of appropriate CRI products. The decision point to be reached is whether the RFPI Asia III would want to have its own platform or use existing platforms. If the former, the challenge would be integrating the data needed to come up with a model. If the latter, then identifying gaps between the platform offers and what the program needs would be key.

Based on the landscape for CRI in the country and technology applications that could be used for CRI product development, the following recommendations were reached by both TWGs:

1. Data	<ul style="list-style-type: none"> <li>• Provide information on the components of product pricing and coverages.</li> <li>• Pre-Haiyan analysis of loss ratio before 2014 (Pre-Haiyan)</li> </ul>
2. Strategies for Access and Pricing of Affordable CRI Products	<ul style="list-style-type: none"> <li>• A study by RIMANSI to develop a product for sari-sari stores (small variety stores) against</li> </ul>

	<p>flood and typhoon where pricing was based on pre and post Haiyan situation.:</p> <ul style="list-style-type: none"> <li>○ Collection of premiums is made more feasible if it is tied to savings or loan products.</li> <li>○ Buying power of MSME clients (sari-sari/variety stores) ranges between Php 500.00 - 1,000.00, with an expected coverage of Php 10,000.00. Enough to re-start business.</li> </ul>
3. CRI Products	<ul style="list-style-type: none"> <li>• Not to limit product development to the BBK model</li> <li>• Unbundling and separate packages for Indemnity and Parametric based products</li> <li>• Look into sustainability of products</li> <li>• Explore use of government funds for the poor, poorest, at risk sectors. Knowing what public financing mechanisms for insurance are allowable by COA is critical. <i>(a link to Component 1 on Policy and Regulation)</i></li> </ul>
4. Risk Modelling Platforms in Relation to Project Area Selection	<ul style="list-style-type: none"> <li>• Find LGUs that have advanced data and risk assessment system.</li> <li>• Balance the selection of LGUs that will implement CRI according to its risk exposure.</li> <li>• Check with the LGUs that have participated in the FinLit of IC since they could have better awareness about risk protection. <i>(all are linked to Component 1 on Policy and Regulation)</i></li> </ul>

## Vietnam

### A. Formation of the National Task Force

Vietnam has had two (2) NTF and TWG meetings and in the process has already formalized the National Task Force. The Ministry of Finance (MoF) has accepted the leadership for this. Vietnam's NTF, in terms of membership, is smaller compared to the Philippines but already represents the critical stakeholders as far as CRI/Insurance is concerned. The composition is as follows:

Composition of the National Task Force (NTF) Vietnam	
1. Ministry of Finance (MoF) - chairperson	4. Vietnam Women's Union (VWU), as representative of the Microinsurance Fund
2. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - co-chairperson	5. Insurance Association of Vietnam (IVA)
3. Vietnam Farmers Union (VFU), as representative of the Economic Department	6. Ministry of Agriculture and Rural Development (MARD)
	7. Vietnam Disaster Management Authority (VDMA)

The VWU and VFU are two of the biggest organized associations in Vietnam and given their respective mandate, membership, and outreach, will play important roles in advocating CRI, including product development. It was decided to have 2 Technical Working Groups for Vietnam. One combines Policy and Business Model and the second on Technology. The schedules for regular meetings and the composition of the TWGs are not yet fixed. Additional members for such as providers of technology payments shall be invited to expand the membership.

The NTF has also reached an agreement as to the selection of project areas. Basis will be the 18 provinces that participated in the National Government Insurance Scheme. Profiles of these provinces could be put together to narrow down to 3 or 4 provinces. Likewise, it has signified no objection to the proposed Joint Monitoring and Evaluation system of RFPI Asia III which take into account the National SDG Monitoring and Community-Based Monitoring Systems instituted through the relevant government agencies.

### **B. Policy and Business Model**

From the onset of the program, the Agriculture sector was already recognized as the priority for CRI. This is largely due to large agricultural sector of the country which is very vulnerable to climate change. Likewise, government support in agriculture is considerably substantial which could be instrumental in the development of CRI products.

Decree 58 on Agricultural Insurance has been approved. What is critical at the moment is the implementing guidelines for Decree 58 which would, among others, specify geographical areas and the support levels of premium for each group. Agricultural insurance is a high-risk sector for farmers and as such the Government has issued a decree to pave the way for voluntary and subsidized insurance. In this context, co-insurance and pooling could be considered. Decree 58 allows for the co-insurance model and with this legal basis, it should be appropriate for Vietnam. Further studies on the co-insurance could facilitate the development of a model most suitable for Vietnam. Likewise, models on voluntary pooling and index insurance could be explored and the corresponding legal framework to support them.

Given the thrust on Policy, then agriculture insurance products are understandably the focus under business models. Under this, there is a proposal to support studies distribution studies, namely: (a) Model for insurance enterprises and product suppliers to farmers via Cooperatives (b) Model of insurance enterprises, banks and farmers/cooperatives and state management agencies. Lessons learned from two successful models, health insurance and voluntary social insurance in the rural areas, could be used for developing approaches to the aforementioned studies. Likewise, for developing agricultural insurance products, experiences of other countries in the said area could prove to be useful as models by which Vietnam could learn from.

### **C. Technology**

The application of technology in the various aspects of agricultural insurance is a potential area, particularly for promotion through smart phones and also for payments using providers such as Viettel Pay, Momo. However, to develop the CRI products needed for agriculture, the following data related concerns should be addressed:

- What is available database for agricultural insurance in terms of loss and damage, vulnerability and risk exposure to select the project location.
- What are the risk assessment and prediction platform and if we require to involve the reinsurance company, who has data to assess and mapping risks.

Details of the NTF and TWG meetings for both the Philippines and Vietnam can be seen at <http://www.mefin.org/rfpi3-cri.html>

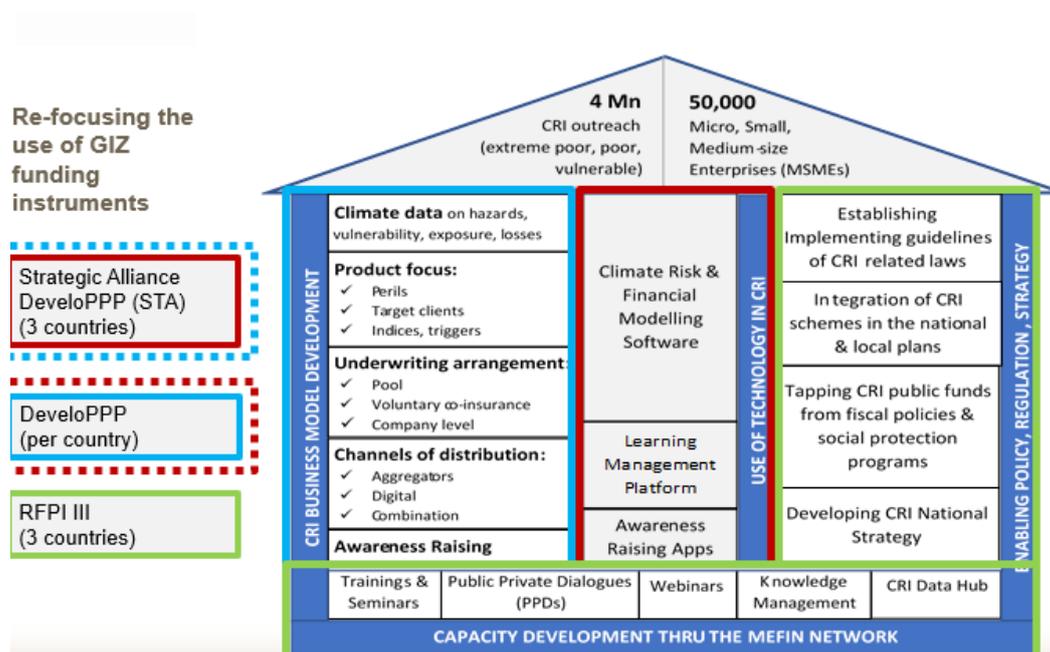
## **III. Proposed Approaches to the Current Situation**

Given the coverage of CRI and the need to align activities/initiatives of RFPI Asia III to the national interests and priorities in the countries where it operates, it is necessary for the program (through the NTF and TWGs) to prioritize and focus on those which will more effectively contribute to its components and deliverables. While leadership in the Philippine NTF has been accepted by the DoF, the formalization of the NTF and TWG is still deferred pending acceptance of the representatives from the members. Vietnam, which has a functioning NTF, still has to finalize its work plans based

on the interests of the stakeholders. Nevertheless, priorities have been identified in both cases which need to be addressed in order to further the implementation of the program.

In recognition of this, RFPI Asia III has refined the framework of the program’s implementation and have used the GIZ funding instruments to support the realization of these priorities primarily through the conduct of studies, researches, and develoPPP projects. This section shall dwell on highlighting these priorities and the supporting measures to achieve them.

Figure 1: Use of GIZ Funding Instruments in RFPI Asia III



1. Conduct of Stocktaking/Scoping Studies

- 
- Stocktaking/Scoping Study for Policy and Regulation

As mentioned in a separate section of this report, the intention of this study is to create the framework of the CRI Program, including the approaches relevant to policy and regulation aspect. The framework shall also feed into the DRI/CRI concept paper to be developed that will lead into the integration of CRI on a national and localized levels, provide guidelines for CRI related laws, crafting a national strategy on CRI and use of public funds for CRI in social protection programs.

Support Activity/Initiative from RFPI	Description
<ul style="list-style-type: none"> <li>• Study of CRI in the Philippines, Vietnam, and Indonesia</li> <li>▪</li> </ul>	<p><i>A study on the current situation of CRI in the 3 countries, it was recently expanded to cover concerns raised by the TWG on Policy and Regulation.</i></p> <p><i>Status: On-going</i></p>
<ul style="list-style-type: none"> <li>• Landscape study of CRI in Southeast Asia, South Asia, and Oceania</li> </ul>	<p><i>To document status of CRI development in the regions, document partnership opportunities with international platforms e.g. MEFIN, InsuResilience V20 Group of Ministers.</i></p> <p><i>Status: For contract signing, study to begin 2<sup>nd</sup> week July.</i></p>

- Climate Risk and Financial Modelling Software for Business Modelling and Use of Technology

The PHL TWGs on Business Modeling and Use of Technology have jointly identified the need of a platform in response to the issues of data gaps including granularity of data and the engine to appropriately assess risks, hazards, vulnerability, and exposure which are critical elements in coming up with CRI products. In Vietnam,

Support Activity/Initiative from RFPI	Description
<ul style="list-style-type: none"> <li>• <b>The VIP (Vietnam, Indonesia, Philippines) Engine</b> <ul style="list-style-type: none"> <li>▪</li> </ul> </li> </ul>	<p><i>A climate risk and financial modeling software that will process all needed data and come up scenarios that are critical to developing CRI products. This is also in line with the regional program’s digital component.</i></p> <p><i>Status: Tender process on-going. Expected start date 1<sup>st</sup> of August.</i></p>

- CRI for MSMEs

RFPI Asia III’s proposed component on CRI for MSMEs has received favorable feedback from BMZ. In preparation for the eventual approval of the said component, the program has commissioned a study on “Promoting CRI for the MSME Sector of the Philippines, Vietnam and Indonesia”. The purpose of the study is to align CRI development in the 3 countries to their respective MSME development plans, disaster risk reduction and the over-all CRI agenda. Tender process is on-going.

## 2. DeveloPPP Projects

<ul style="list-style-type: none"> <li>• Promoting Risk Transfer Protection and Insurance Solutions in the Philippine Agricultural Sector</li> </ul>	<p><i>This will be done through the use of block-chain technology. Partners are AON and the DoF. Its results can be applied to the Agri-insurance sector of Vietnam.</i></p> <p><i>Status: AON has reviewed proposal and submitted to GIZ HQ for informal review. Expecting approval by 3<sup>rd</sup> quarter of 2019.</i></p>
<ul style="list-style-type: none"> <li>• Micro Disaster Risk Insurance for MSMEs (Philippines)</li> </ul>	<p><i>The experiences of the project in developing the Microbe Protek, an insurance product designed for Philippine MSMEs against disasters could be beneficial to the program especially with the expected MSME component. Partners are CLIS, AXA Charter Ping An, and the DTI.</i></p> <p><i>Status: On-going</i></p>
<ul style="list-style-type: none"> <li>• Formalization of Microinsurance (Indonesia)</li> </ul>	<p><i>A develoPPP wherein MI will be formalized in Inkopdit, one of the largest cooperatives in Indonesia. The experiences in the project could be useful especially in offering CRI-MI products through organized groups such as cooperatives. AXA is the other partner in the project.</i></p> <p><i>Status: On-going</i></p>

## 3. Pilot Approaches for Advocating CRI in LGUs (Philippines)

An integrated approach involving LGU of Butuan, its CDRMO, and DTI Agusan del Norte provincial office. The approach involves incorporating aspects of CRI into the Business Continuity program of

DTI and DRRM initiatives of Butuan City, thus giving it making it more comprehensive and likewise creating more understanding on CRI. Lessons and experiences from this pilot approach can replicated not only in the Philippines but also in Vietnam and Indonesia.

#### IV. Initial Agreements with Key Actors

By the end of the second quarter, the following agreements have been reached with key actors/stakeholders both in the Philippines and Vietnam.

##### Philippines

- Capacity Development Plan on CRI for the Insurance Commission - as the main regulator for insurance in the Philippines, it is critical that institution be able to integrate CRI in promulgating regulations, orders, and policies. Furthermore, the IC is the chair of the TWG on Business Models and as such it is important that it is able to bring in CRI perspectives from a regulatory standpoint which in turn influences the development of products particularly from the private sector.

The initiative includes the development of a training package consisting of 4 modules specifically designed to enhance the capacities of IC in CRI. And since the implementation of CRI requires the support of other institutions as well, other members of the NTF are targeted to participate in specific modules. The modules under the capacity development plan including the target participants are provided below:

Module Title	Target Participants
<b>Module 1: Orientation on Climate Risk Insurance</b>	IC and DoF. (a 2 <sup>nd</sup> run involving other agencies will be scheduled)
<b>Module 2: Financing Climate Risk Insurance</b>	IC, DoF and other relevant agencies
<b>Module 3: Product Development</b>	IC and insurance providers
<b>Module 4: Financial Modeling for Climate Risk Insurance*</b>	IC, DoF, relevant government agencies, and insurance providers

- \*to be conducted ideally after the VIP engine is completed
- Organization of a Session Between the Insurance Industry and the DOST for Data Needs and Requirements - the issue of data is a critical one given that it is the critical component for business model development and the creation of the VIP engine, especially with so much fragmentation and the need for granularity. This is to enable industry (represented by PIRA and PLIA) to discuss with the DOST as chair of the TWG on Use of Technology what are the data currently existing and what they need in order to develop the CRI appropriate products based on the risk and financial scenarios that would be generated by the VIP engine.

##### Vietnam

- Memorandum of Understanding with the Vietnam Women's Union - the main objective of this MOU is to support VWU in developing and delivering insurance solutions under the network of VWU and the Micro Insurance Fund for its women members. It shall basically cover the following:
  - - Capacity building for VWU staff based on the specific requirements of financial literacy campaigns in microinsurance and digital technologies into insurance activities.
    - Support the VWU in developing and improving (micro) insurance products for their members, especially the poor who are vulnerable to disasters and climate change.
    - Monitoring of the progress of implementation and assessment of the activities in attaining the objective of the cooperation.
- Support to the Vietnam Farmers Union for the Promotion of Agricultural Insurance - this will involve ToT trainings and a market assessment in product development for 3 pilot provinces, as

an input for developing a DeveloPPP project in Vietnam. These components have been agreed upon and the Partnership Agreement covering this is being finalized.

### MEFIN as the CRI Hub for Knowledge Management and Exchange

At the moment, the MEFIN members exposure to CRI is primarily through the Tuesdays with MEFIN activity of RFPI Asia III. A Public-Private Dialogue is planned in the 4<sup>th</sup> Quarter with the MEFIN members in attendance together with key actors of the regional program. If this pushes through, then this will be the first intensive exposure of MEFIN to the RFPI Asia III program.

To prepare the network for its role as a CRI Hub, its current capacities should be assessed and its needs properly addressed. Furthermore, to really function as a CRI Hub, it would need special technical expertise and personnel such as data scientist, data engineer, business owner, and AI product manager. This could have implications on its operationalization and sustainability.

## V. Agreements with Other GIZ and International Projects

The approved offer of the RFPI Asia III program strongly recommends establishing linkages with various GIZ and international projects which operate the areas of CRI, DRRM, climate change adaptation, and other related topics. Through such linkages, synergies could be created which in turn leads to potential collaboration that could feed into the achievement of the program's objective and indicators.

By the 2<sup>nd</sup> quarter of 2019, the following cooperation has been achieved with the following projects:

- BMZ Sector Project "Global Initiative for Access to Insurance" (A2ii) - the development of a case study focusing on the Regulatory Aspects of CRI in the Philippines. The case was presented during the training in Bangkok last 7 May jointly organized by the A2ii, the Toronto Center, and the ASEAN Insurance Training and Research Institute (AITRI). The case now forms part of RFPI's knowledge products and will be used in the 1<sup>st</sup> module of earlier mentioned Capacity Development Plan for the Insurance Commission this July.
- InsuResilience Global Partnership - A joint study on CRI Landscape to provide RFPI III stakeholders an understanding on how CRI is done in 23 countries in Asia and the Pacific. The study is expected to start by the 2<sup>nd</sup> week of July.
- Sustainable Management of Human Mobility in the Context of Climate Change (HMCCC) - RFPI Asia III is looking to explore synergies on the effect of insurance on migratory mobility patterns which could be a new market for CRI products. For the study that HMCCC commissioned on a "*Comparative Study on the Effects of Disaster Risk Financing on Internal Migration Decision-Making in the Philippines*", agreements were reached to change the coverage from CRI to disaster risk financing, thereby broadening the scope of the study. Likewise, it was agreed to add a section identifying the study's results' audience and the use of the findings.

The Matrix on GIZ Projects can be seen as Annex "A".

In addition to these, RFPI Asia III initiated and organized a webinar on GIZ Programs Synergies on CRI last 28 June. The purpose of the webinar to facilitate the exchange of knowledge and learnings on CRI and related thematic areas within GIZ which could lead to potential collaboration among the projects for the development of appropriate solutions. Representatives from 5 GIZ Projects/offices, namely: (1) A2ii (2) GIZ-FMB (3) GIDRM (4) RIICE (5) RFPI Asia III. From the exchanges, the following potential collaboration/activities were raised:

- A2ii - a peer-to-peer exchange among regulators in order to have clarity on their roles in CRI. In a follow-up communication, A2ii also signified interest to cooperate with RFPI Asia III in their forthcoming annual consultative forum this coming November in Bangladesh (together with MIN and the IAIS).

- GIDRM - through its CDRA tool, the project helps LGUs generate robust climate and data risk assessments. Collaboration would be on the data generated particularly on DRRM that could be used by RFPI for designing insurance products for LGUs. Likewise, the data could also be used by LGUs as inputs for deciding what insurance products they would want to have as part of their Local Disaster Risk Reduction Management Plan.
- RIICE - as it also operates in the agricultural sector of Vietnam, collaboration shall be the following areas: (a) weather data from RIICE can be used by RFPI for CRI product development, (b) financial literacy and the conduct of awareness campaigns on CRI (c) as 1GIZ, work with the Ministry of Agriculture and Rural Development (MARD) on the operationalization of the Agricultural Decree and assist MARD in drafting the implementing guidelines.

RFPI Asia III was likewise advised by the GIZ-FMB to check on Agri-insurance initiatives in Sri Lanka, Myanmar, and Nepal as these have components of CRI, and could possibly serve as inputs or references for the program's initiatives in the sector (particularly in Vietnam). Of special interest here would also be the role of state reinsurers in covering local reinsurance commitments. It also supported RFPI's participation in the regular global jour fixe format coordinated by FMB on IDA.

Given the appreciation of the projects for this initiative, the webinar will be a regular bi-monthly event with the next one scheduled in August. The documentation of the webinar is hereby included as Annex "B".

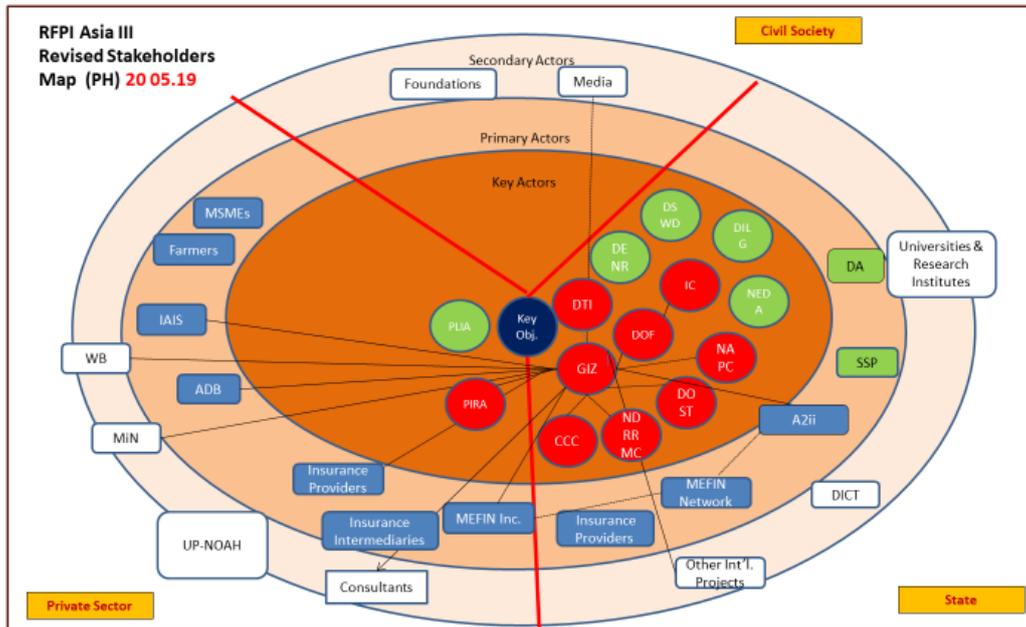
## VI. Applying Capacity Works (CW) in RFPI Asia III

As GIZ's management model for international cooperation, RFPI Asia has crafted a Capacity Works framework to enable it to effectively operate in its 3 partner countries, especially given the 3 countries it given the differences in culture, bureaucratic and levels of development in the area of CRI/insurance. As such, differences do exist in the CW frameworks developed for the Philippines and Vietnam as far as actors, strategies, activities, and capacity needs are concerned. But the Steering, given the use of the NTF and TWGs, and subsequent decision-making process are the same. This section shall dwell into developments and changes (if any) regarding the CW frameworks for each country given developments in the implementation of the program.

### 1. Cooperation

Given the rather extensive coverage of CRI, the program took into consideration 3 main areas for creating its Map of Actors - DRRM, CCA policies, and the insurance industry of each country in relation to the target markets of the poor, poorest, and at-risk sectors. Initially in the Philippines, there were eight (8) key actors identified (which eventually were members of the NTF) and all of them represented particular thematic areas linked to CRI and were in position to influence policy. These were the DoF, CCC, NAPC, DOST, IC, NDRRMC/OCD which were all from government, the PIRA as the representative of the insurance industry, and of course GIZ. This number rose to 14 during the 1<sup>st</sup> NTF meeting with the addition of the DSWD, DILG, NEDA (as Vice-chairpersons of the thematic areas of the NDRRMC), the DTI (to represent the MSME sector), the DENR (with its mandate on the environment and natural resources) and the PLIA (representing the life sector of insurance). Below is the new Map of Actors given this development (those in green are the new ones).

Figure 2. Map of Actors, Philippines (as of 30 June 2019)

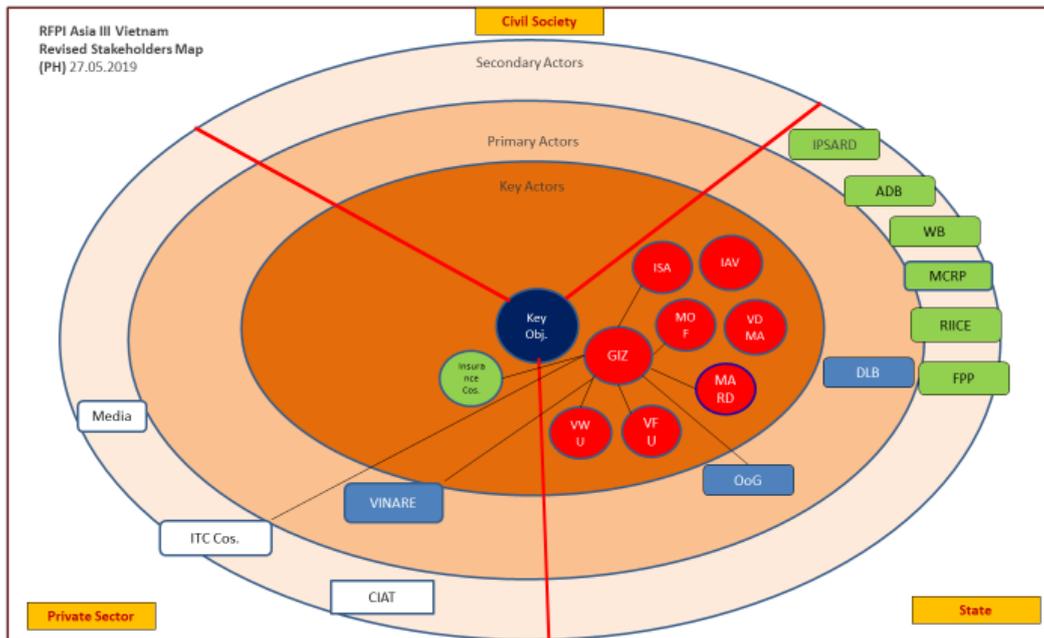


It would like to be mentioned that that DTI, DILG, DSWD were placed as secondary actors in the original map. NEDA, DENR, and PLIA are really new to the group. Their classification as key actors and therefore a part of the NTF was made once their roles in the thematic areas that affect CRI was clearly defined as very important and thus should be part of the decision-making process.

Given that the NTF and TWGs in the Philippines still needs to be formalized, an important task is to define the roles of each key actor and how they can contribute to the over-all objective. Case in point is the NAPC, whose Community-Based Management System (CBMS) was initially planned to be one of the bases for the proposed Joint Monitoring and Evaluation of the program. However, it was found out that NAPC does not have ownership of the CBMS but rather a private university does and its usage has a fee attached it. Therefore, it may be necessary to see what else can the NAPC provide which would still make it a part of the key actors. It's national mandate of *“coordinating poverty reduction programs by national and local governments and ensures that marginalized sectors participate in government decision-making processes. coordinates poverty reduction programs by national and local governments and ensures that marginalized sectors participate in government decision-making processes”* still justifies its inclusion but then its specific role within the NTF should defined.

For Vietnam, there was not really any major movements except for the MoF officially becoming the chairperson of NTF. Practically everything is the same as far as the key actors are and their roles apparently are more defined compared to the Philippines. Still, with memberships in the TWGs still open, the need to select additional ones based not only on mandate but what they can bring to the table should be the norm.

Figure 3. Map of Actors, Vietnam (as of 30 June 2019)

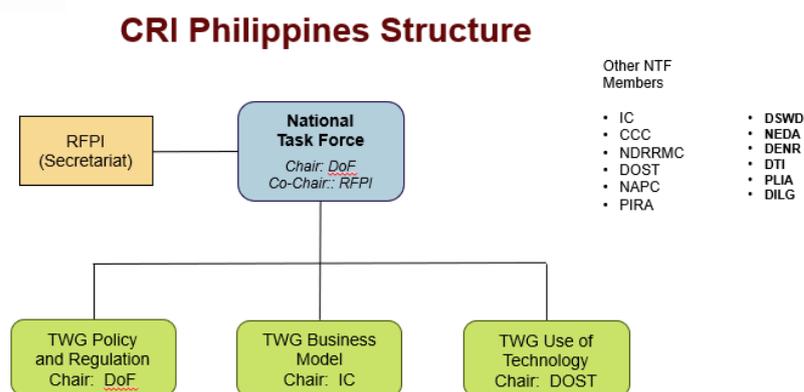


## 2. Steering Structure

As already mentioned in the previous Inception Report, a National Task Force provides the strategic leadership for the program and on the operational level, the Technical Working Groups. Each country is to have its own NTF and TWGs in order to take into consideration the local conditions existing and the context of CRI when providing leadership in direction.

The Philippine steering structure experienced an increase in memberships given the necessities of covering all important aspects of CRI. This is the basic change as far as steering is concerned together with the acceptance of the DoF of the chairmanship.

Figure 4. Steering Structure, Philippines

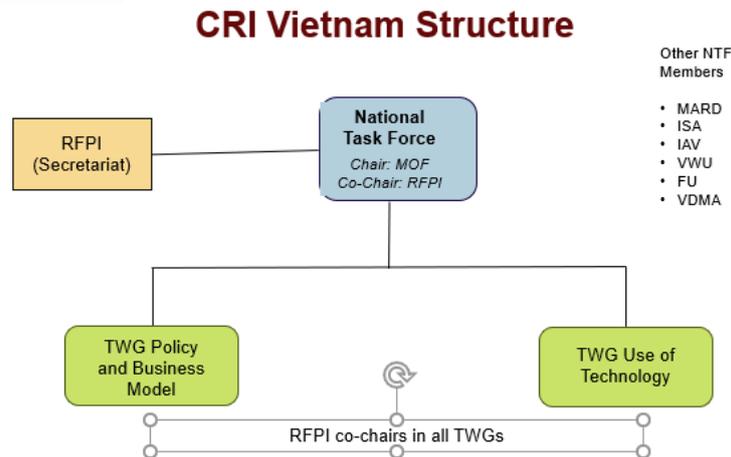


Given that the NTF and TWGs are still to be formalized, then it is important that the ToRs for both are also accepted. In this way, the decision-making process is clearer. Likewise, given this early stage of the program there appears to be a need for both the NTF and TWGs to meet more regularly than planned in order to reach decisions on important aspects such as work plans. The measure to have e-groups for the TWGs is also commendable so that communications and further work could

continue even without the need for physical meetings. This could also lead to more decisions made on the part of the NTF as far as the program/activities for RFPI Asia III is concerned.

As for Vietnam, the Steering Structure is still the same with the MoF accepting leadership of the NTF.

Figure 5. Steering Structure for Vietnam



It should be noted that for the implementation in Vietnam, the TWGs on Policy and Regulation has been merged with Business Models. The TWG on Technology on the other hand, still needs to be strengthened with memberships and a chair to lead it. It may be noteworthy for the Vietnam to establish agreed timelines for the meetings of the NTF and TWGs to ensure commitment.

### 3. Process in Decision Making

The decision-making process remains the same, with the NTF arriving at strategic decisions on a consensual basis. Same holds true on the operational level for the TWGs.

### 4. Strategies

Given that the NTF and TWGs in the Philippines still need to be formalized, the strategies developed by RFPI are still in place. Revisions could happen once formalization takes place.

For Vietnam which has formalized its NTF, the strategies apparently are holding up at this early stage. This could be evidenced by its continuous focus on implementing CRI/DRI in Decree 58 (under policy), and the MOU signing with the VWU for awareness raising and other capacity development needs on Microinsurance. As in the case of the Philippines, there may be a need to review the strategies of Vietnam based on developments.

### 5. Learning and Innovation

The Philippines in its initial effort did not specify anything for this element again given that the NTF and TWGs are not yet formalized. Only then can the CD need of the stakeholders be done. However, RFPI Asia III has developed a Capacity Development Plan for the Insurance Commission to help the institution integrate CRI into its policies, regulations, and orders. Said plan also involves the DoF and other stakeholders. Based on this, it appears that having a common definition, understanding of CRI could be a strategy to enhance the stakeholders' competence and enable them to perform their role vis-à-vis CRI advocacy. As for the one initially developed for MEFIN, further action still needs to be done and should also include enhancing its capacities to be the CRI Hub of the program. At the moment, MEFIN's capacity development on CRI is mainly through the Tuesdays with MEFIN activity.

An MOU between GIZ and the VWU has been signed which includes the conduct of trainings for VWU staff for financial literacy trainings and digital technologies on microinsurance which. And this in line with the CD Strategy that has adopted under CW. For future activities, it might be noteworthy to consider the following which they have initially identified (if still applicable to their current needs).

- 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.

### VII. Value for Money: Monitoring and Forecasting Costs

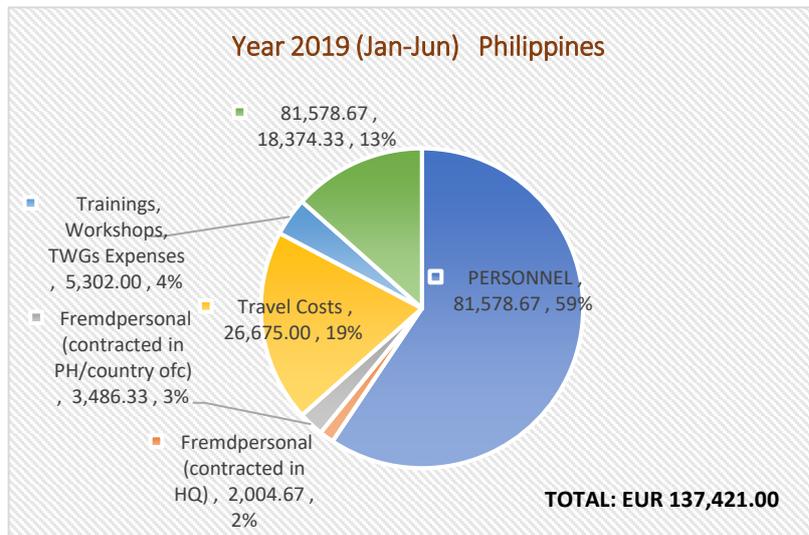
Cost efficiency is one of the four strategic fields of activities of the corporate strategy and a crucial prerequisite for the performance and sustainability of GIZ. It is the goal of GIZ to achieve optimal cost-benefit ratio in everything it does. In support to this goal, RFPI III continues what it started during RFPI II to document value-for-money in implementing its activities (see RFPI III Inception Report for the 1<sup>st</sup> Quarter of 2019 for the value-for-money in 7 countries 2016-2018).

From January to June 2019, the project has spent a total of EUR 375,705.00 in the three focus-countries - Indonesia, Philippines and Vietnam. The pie charts below reflect the expenses incurred for each country in terms of personnel, trainings and workshops, and others during the said period.

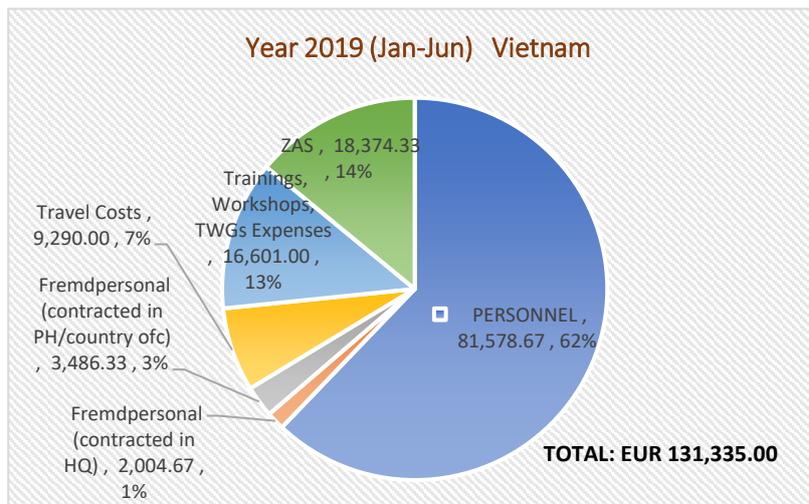
**Figure 6 Expenditures in Indonesia, January to June 2019**



**Figure 7 Expenditures in the Philippines, January to June 2019**

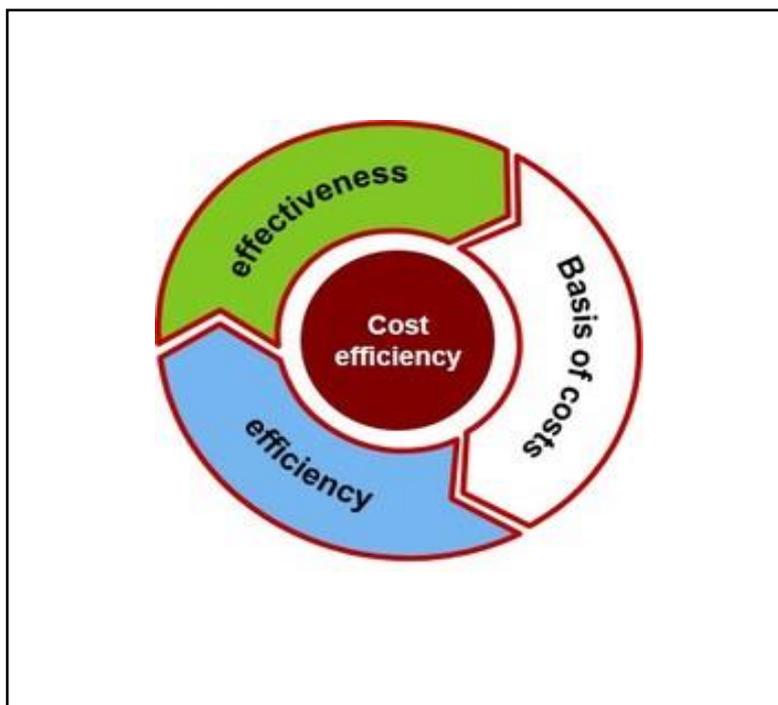


**Figure 8 Expenditures in Vietnam, January to June 2019**



Starting this year, a shift from documenting expenses per country to monitoring and forecasting of the actual costs per output shall be done as agreed by the Federal Ministry for Economic Cooperation and Development (BMZ) and GIZ in May 2018. For this purpose, the project will be using a digitally-assisted template which has been developed by GIZ HQ in accordance with the principles of cost effectiveness and cost - efficiency. Called **Costs per Output Monitoring and Forecast (KOMP)**, this method aims to improve cost transparency and optimize financial management in technical cooperation projects (see illustration below). GIZ has a particular obligation to ensure a cost-effective and responsible handling of the resources entrusted to it especially tax funds.

**Figure 9.** Cost efficiency at GIZ



As a project, RFPI III has four essential outputs to deliver until December 2021, namely: (1) National CRI concept papers; (2) Improved capacities to develop quality CRI products; (3) CRI-related customer-oriented digital technologies; and (4) MEFIN network as a CRI knowledge hub (see RFPI III draft Results Model in Annex “C”).

Following the principle of cost-effectiveness, the project will work closely with partners in the three countries through the National Task Forces and relevant Technical Working Groups in ensuring that the outputs developed are used by the latter (partners) to achieve outcomes, and much more, to create impacts on governments, industry players and the poor and at-risk populations.

Annex A  
[GIZ Project Matrix](#)

Annex B  
[Documentation of the GIZ Programs Synergies on Climate Risk Insurance](#)

Annex C  
[RFPI Results Model](#)