

UNDP Insurance & Risk Finance Facility 2021 Status Report



Overview of the Insurance and Risk Finance Facility

Background

Global, country and family resilience in the face of crisis, hazard and shock remains fragile. Climate change continues to undermine development everywhere, especially in those countries that are vulnerable to its multi-faceted impact, and have less capacity to adapt. COVID-19 has devastated these countries and communities most at risk even further, penetrating almost every aspect of life and living. And conflict and insecurity continue for many families and countries, driven increasingly by that rising environmental and climate risk.

Insurance and risk finance have a critical role in building financial resilience and reducing vulnerabilities to socio-economic, health and disaster risks and shocks, providing a critical safety net for millions and protecting assets, lives and livelihoods. Increasing usage of risk transfer also incentivizes growth by reducing response and recovery financing and providing more resources for investment. And yet, these critical tools are under-utilized and under-developed in many developing context. As an indicator of this, barely three percent of people in developing countries have any insurance coverage, and the protection gap between insured and uninsured assets during disasters, is as much as 95 percent in developing countries.

The UNDP Insurance and Risk Finance Facility (IRFF) grew out of the increasing realization that much more was needed to be done to build financial resilience of communities and countries, tackle the protection gap, and sustain development in the face of rising risk. It was also fuelled by the leadership work that UNDP undertook alongside other key partners, to build the necessary partnership infrastructure to jointly tackle these risks, threats and shocks. The IRFF also drew inspiration from the [Tripartite Agreement](#) developed and agreed by UNDP, the German Government and the Insurance Development Forum.

Substantively, the IRFF was created with the express purpose of working with developing governments and partners to address these major challenges, around risk and resilience, financing, governance and development. To address the protection gap and build financial and socioeconomic resilience for countries, communities and individuals, the IRFF develops and deploys specific insurance and risk transfer products, tools and services, alongside significant investment in long-term market transformation and governance capacity. It also builds up the global evidence, through research, evidence and advocacy for the increasing usage of insurance and risk finance in tackling the many interconnected challenges, such as climate change, disaster, socio-economic crises and conflict. Moreover, through its technical leadership and that of the UNDP Administrator, it plays an influential role in many of the critical processes around financial risk and resilience, as the development of insurance continues to grow its influence and programming.

Structure

The first-ever corporate UNDP team dedicated to insurance and risk financing, the IRFF is not a project or initiative but a long-term commitment of the institution to provide country offices and through them partner countries, with the necessary technical assistance, networks, partners and financing opportunities for those countries to increasingly see and utilize insurance and risk financing as tools to build financial resilience and deliver sustainable development. More than that it is designed deliberately to leverage the scale and scope of the whole UNDP portfolio across its 170 countries of operation, and its substantial programmatic, policy and convening work.

Formally launched in [September 2021](#), with its first financing received in March 2020, the IRFF is a relatively new construction inside UNDP. It has nonetheless become a part of the UNDP infrastructure in relatively short order, evidenced in part by the more than 50 UNDP Country Offices that the IRFF team engaged with in 2021 alone. It is one of only four flagship initiatives within UNDP's [Sustainable Finance Hub](#) (SFH), one of the key enablers of the [UNDP Strategic Plan 2022-2025](#), which provides combined technical assistance and guidance on financing and investment to the whole UNDP network. The Sustainable Finance Hub itself is part of the wider UNDP [Global Policy Network](#) that draws upon resources and expertise across the globe to provide coherent policy and programmatic support for Country Offices and programme countries.

The work of the IRFF is structured through five workstreams – integration into development, inclusive insurance, sovereign risk financing, natural capital, insurance investors – underpinned by a set of supporting cross-cutting components: governance and institutional, convening and leadership, inclusion and empowerment, technology and innovation, advocacy, research and evidence.



Running through all of the workstreams are three interlocking areas of delivery: the enabling environment, both in terms of governance, legislation, regulation, institutions, as well as industry capacity and market development; product development with industry partners, both national and international, across a wide range of risks and threats posed to countries and communities; and finally, the integration

of insurance and risk financing into how countries take decisions, their public policy and frameworks.

A 2021 Overview

The year 2021 represented the first full year of implementation of the IRFF. The priority was firstly setting up of the external footprint of the IRFF, in particular the Tripartite Agreement in partnership with industry and government. Other priorities were necessary convening of partner meetings and stakeholder management, policy agreements and working practice with industry. Complementing this was the required investments in internal UNDP developments, including human resources, administrative and financial policy for Country Offices, and integration into and beyond UNDP Country Offices. In a year where COVID-19 had a significant impact on the all aspects of operational development and implementation, the IRFF has made progress across a wide and interconnected set of areas:

- The IRFF is increasingly recognized as a key element of the ecosystem of insurance and development, both internally in UNDP, and external as part of the wider community. It has, in a short period of time, become a key part of the infrastructure of the wider community.
- Moving from a dedicated team of three to 12 in 2021, with another three to be recruited in 2022, has drastically increased the technical capacity for insurance and risk financing across UNDP's country office programming.
- Preparatory and operational set-up work started in 17 countries with industry and government, with eight countries – [Algeria](#), [Colombia](#), [Ghana](#), [India](#), [Indonesia](#), [Uganda](#), [Uzbekistan](#), and [Tanzania](#) – having moved into full programming in early 2022. Mexico will commence soon after, bringing the total in full implementation to nine having started by mid-year 2020.
- Diagnostic work on national conditions for inclusive insurance and risk financing completed in seven countries and underway in another 11.
- The development of the administrative and operational programming structure for the IRFF, in areas largely new to UNDP, in particular such wide-scale work with industry.
- Technical assistance packages for much of UNDP's work in insurance and development have already been prepared, especially in inclusive insurance, with risk financing in advanced development. These will be rolled out in all countries that are moving into full implementation.
- Sustained leadership and engagement in many of the key insurance development forums, such as [Insurance Development Forum](#), [InsuResilience Global Partnership](#), [MicroInsurance Network](#), and [Ocean Risk and Resilience Action Alliance](#).

IRFF Implementation 2021: The Tripartite Agreement

Risk Financing and the Tripartite Agreement

The bulk of UNDP's work on insurance and risk finance in 2021 has been on the implementation and set up of the Tripartite Programme at global and regional levels. Signed at the United Nations Secretary-General's Climate Action Summit in 2021, the Tripartite Agreement has the ambition to work in 20 countries by 2025, and features commitments from the Insurance Development Forum and 10 of the largest insurance and reinsurance companies in the world, who have committed both \$5 billion of risk capital and technical assistance. This innovative and at-scale initiative, supported by significant financing from the German Government, blends together the expertise of the insurance industry with those of UNDP. Industry partners focus on the construction of risk finance solutions for key hazards, sectors and geographies, while UNDP focuses on convening, stakeholder and project management expertise, alongside its work in long term with institutions, governance and development. UNDP also works with both government and industry to help transform insurance markets, country by country.

UNDP and [Vision 2025](#)

All UNDP's work within the IRFF is geared towards delivering against the InsuResilience Vision 2025 commitments agreed at the UN Secretary-General's Climate Action Summit in 2019.

Five goals will be the key focus for UNDP's contribution towards delivering on this vision:

- 500 million poor and vulnerable people are protected against disaster and climate risk by pre-arranged risk financing and insurance mechanisms
- 150 million people are directly covered through microinsurance
- 350 million people are indirectly covered through state mechanisms
- 10 percent of average losses caused by climate change impacts and disasters in V20 and other vulnerable countries are covered by pre-arranged risk financing insurance mechanisms
- 80 countries have comprehensive disaster risk finance strategies in place

As of early 2022, UNDP convened industry and government in the development of Tripartite projects in 21 countries, with joint industry and UNDP teams subsequently being set up in 16 of those countries. Nine of those 16 are moving to full implementation in quarter one and two, 2022, with another two possibly joining in the middle of the year.

There are three broad country categories under financing from the Tripartite Agreement: Full Tripartite, Engagement Initiative, and Focus Country Financing.

Full Tripartite Countries

These countries are those where UNDP is working in full partnership with industry on the development of risk financing solutions, alongside longer-term governance development. In these cases, industry leads on risk finance solution, creation and development, and seeks co-financing from the InsuResilience Solutions Fund (ISF). UNDP supports this work in these countries by providing the platform for full engagement of all actors, through convening and management of project identification and development, the securing of government agreement and endorsement, and the supporting the development of the full proposal that industry will submit to the ISF. UNDP also supports through managing any institutional or regulatory issues with regards to the development of the risk financing solution. As part of UNDP's increasing collaboration on risk financing with industry, UNDP aligns its work on the risk financing support to that of industry with both parties signing an agreement to collaborate for the duration of the project implementation.

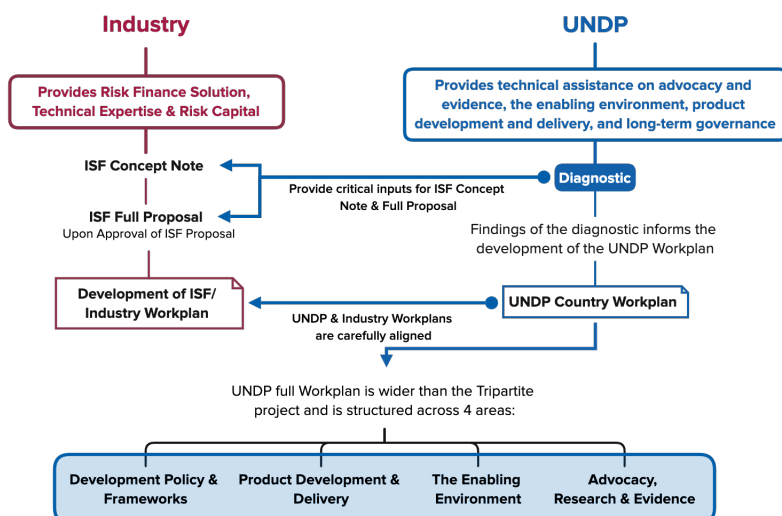
First Half of 2022: Nine Countries Move to Implementation

Nine countries are moving into full implementation by the end of Quarter Two, 2022:

- **Full Tripartite:** Algeria, Colombia, Ghana, Mexico, Uzbekistan
- **Engagement Initiative:** Tanzania, Uganda
- **Focus Countries:** India, Indonesia

Alongside the work of supporting industry, UNDP also works in these countries on the long-term governance of risk financing, developing government understanding of risk, structures for payout management, and long-term capacity for financially managing risk, including public financial management. (UNDP also works in these same countries in inclusive insurance and in the integration of insurance and risk finance into development).

This graphic below outlines the structure of work at the country level between industry and UNDP, and how UNDP's work both supports industry, and stretches into long-term governance, financing and development, including work in inclusive insurance and the integration into development policy and frameworks.



The Engagement Initiative

In response to industry's reluctance to work in the three Least-Developed Countries (LDCs) within the original Tripartite country selection list (Bangladesh, Tanzania and Uganda) UNDP developed a dedicated initiative targetted to support such countries, that may require more initial investment. The premise for this initiative is that on the one hand the insurance/development community cannot only focus on the countries that are less challenging to work due to underlying market and enabling conditions, and that significant efforts must be made in a wider group of countries, to expand the benefits of insurance and risk financing for building financial resilience and sustaining development well beyond the usual set of countries.

The nature of this initiative is therefore in part foundational, focusing on some of the core elements where investment is needed: informational development (such as research and evidence, private-sector mentoring and South-South learning) and technical developments (risk modelling and analysis, market transformation, integration into development financing and frameworks). There will still be a focus on risk financing solutions, similar to Tripartite countries, but in this case solutions will range from those that can be delivered without a sovereign all the way through countries that graduate to full-Tripartite status and can access the technical resources and risk financing industry can provide (with the help of UNDP).

The initiative has already started in both Tanzania and Uganda, with diagnostics starting in early 2022; the following three countries will be chosen in collaboration with the V20 and BMZ.

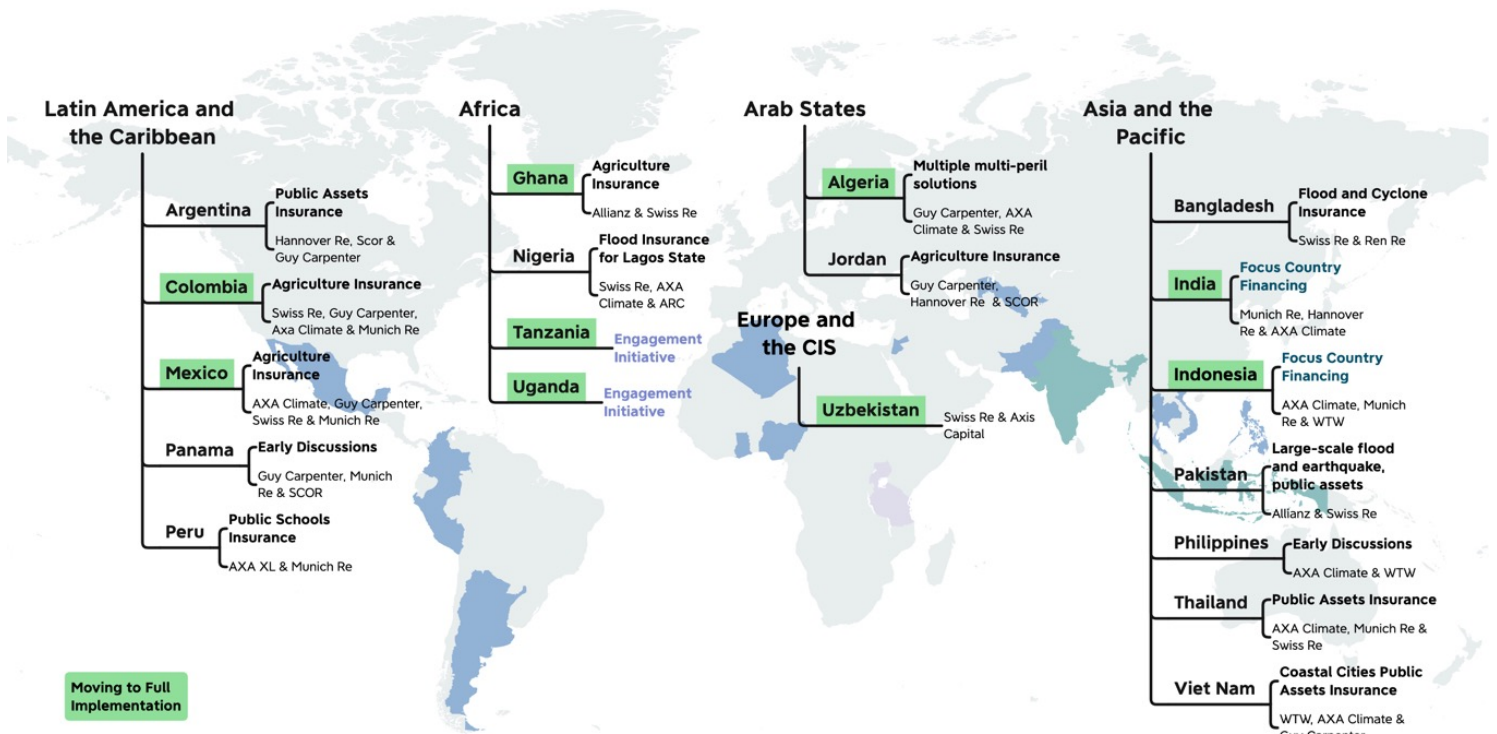
Focus Country Financing

Several other countries are also part of the financing from BMZ. These are the two large middle-income countries of India and Indonesia. While they were early Tripartite selected countries, industry interest was limited to early stages only, due largely to potential conflicts with other industry initiatives. However, in discussion with BMZ, it was agreed that UNDP would also finance work in disaster risk finance and insurance in both of these countries. In both cases the work is more bespoke than that of the Tripartite initiative, driven more by country priorities and the outline of key areas of development identified through a detailed diagnostic. (See country table for details of the work in both countries.)

In the below map can be found the full country footprint of this work, the partners and the current status. (See the table on page 8 for further details for all countries UNDP has worked in under the Tripartite since project commencement in mid-2020.)

Beyond Risk Financing

As noted in the previous section, Tripartite countries for UNDP are not limited to work in risk finance, and the work underway with financing from BMZ stretches into other substantive areas.

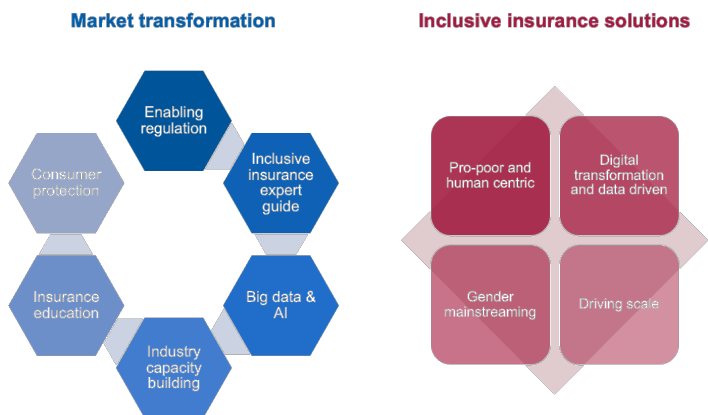


Two other components are as equally as important: multi-faceted work on inclusive insurance and the integration of risk finance into development policy and frameworks.

Inclusive Insurance

Substantively, along risk finance, inclusive insurance for UNDP carries equal weight of implementation at the country level. UNDP’s work is two-fold. On the one hand there is a strong focus on market transformation, on working with both government and industry to develop the long-term conditions for inclusive insurance, meeting the needs of underserved populations, building government capacity, working with industry to explore new ways of doing business etc. This is then mixed and matched with the development and roll-out of specific inclusive insurance products, tools and services, together with industry. The two components of this work are outlined in the below graphics.

With risk financing being the bulk of the Facility’s work in 2021, in order to set up the work with the risk financing industry at the country level, 2022 will see a strong component of inclusive insurance with an offer of training and capacity building as well as development of



microinsurance products in the full Tripartite countries. The technical assistance packages of work are already developed to deliver on the work as noted above. In addition, the inclusive insurance work of the IRFF already includes three significant partnerships:

- **International Labour Organization (ILO):** The impact insurance initiative of ILO will bring its more than 10 years of dedicated work in insurance to developing and delivering training on inclusive insurance for the industry in two key countries, that will then be extended to all countries under the Tripartite Agreement.
- **MicroInsurance Network (MiN):** The IRFF is partnering with the MIN in two ways. First, it is co-financing the IDF working-group coordinator’s post (housed at the MiN) supporting the development of practical inclusive insurance solutions at the country level. Second, UNDP is partnering with and co-financing the MiN to develop and deliver for the next three years the [Landscape of Microinsurance Report](#), one of the most significant reports on inclusive insurance from a development and commercial perspective.
- **Milliman:** This world-leading insurance actuarial and advisory service company, whose CEO sits on the steering committee, has, through negotiation with UNDP’s IRFF, pledged substantial actuarial support to UNDP’s work at the country level. While details are to be finalised, the financial value of Milliman’s risk and actuarial modelling advice is expected to be of the value of around \$1 million per year.

Integration into Development Processes

The final component of country programmatic work financed under existing funding from BMZ is the integration of insurance and risk financing into development more broadly.

The large objective of this work is to ensure insurance and risk financing are seen not only as tools to tackle individual hazards or risks but rather critical ways countries build financial resilience and deliver sustainably on their development commitments. UNDP focuses its integration work in two inter-related ways, both of which benefit from being directly connected to other existing work undertaken by UNDP:

- The first is through integration into key developmental frameworks, ways in which countries are already deciding how to deliver progress while tackling issues of risk and resilience. This work will be implemented primarily through Nationally Determined Contributions (NDCs, country commitments to the Paris Climate Agreement of 2015) and National Adaptation Plans (NAPs). The IRFF team will be working with both broad Nature, Climate and Energy cluster to deliver this work, starting in Q2, 2022, as well as the UNDP Climate Promise team.
- The second is through integration of insurance and risk financing into development financing, and here the IRFF is working with UNDP's Integrated National Financing Framework (INFF) team to integrate insurance, risk financing, into those relatively risk-blind financing approaches. This will commence with a pilot in Algeria in February 2022 and move out to all Tripartite countries as they come online with full financing.

Country Diagnostics: Setting the Foundation

For most of UNDP's programmatic work, a full diagnostic of country conditions is the starting point. With the objective of providing a clear direction for UNDP's work, diagnostics showcase the underlying developmental factors and risk dynamics, the enabling environment for insurance and risk financing, current market conditions and the products being delivered. This is complemented by a set of recommendations towards action.

The current model of diagnostics has been completed in seven countries with an additional 11 in development. All diagnostics will be available to the public with a 12 page summary of topline content. The first seven diagnostics will also be pulled together into a comparative analysis of core issues, to be finalised in Quarter 3 of 2022. The same diagnostic methodology has started to be used beyond Tripartite countries, in Burkino Faso with Global Environment Facility financing, Mali with USAID financing, Maldives and Rwanda through other UNDP resources.

UNDP Country Footprint: The Tripartite Agreement

In the following page a table can be found of all the countries that UNDP has commenced work in. This includes the three country typologies of Full Tripartite, Engagement Initiative and Focus Countries, as well as any other country where UNDP is playing a role or has done since the commencement of the Tripartite. This includes several country projects on hold. (All countries marked in green

have moved into full workplanning and implementation stage.)

Beyond the Tripartite: Other 2021 Implementation & Programme Development

UNDP's work in 2021 also started to broaden well beyond the Tripartite Agreement and the funding attached to that, with new work undertaken, and new areas of development as the IRFF expands its footprint across the whole UNDP network, and its partner countries.

Programmatic Delivery and Developments

In the page after next is a table serving as an outline of some of the work that is both under implementation and in development. This ranges from additional roll out of diagnostic work with further sets of donors and partners, the IRFF consultation during 2021 on UNDP's growing insurance and risk financing portfolio, and some of the non-Tripartite programmes that are under implementation, led or supported by the IRFF.

Further Workstream Developments

In addition to the work in development, two other workstreams of the IRFF – Natural Capital and Insurance Investments - will also receive focus in 2022 and through into 2023 as the work of UNDP in insurance and risk finance continues to mature.




Natural Capital

Working with the governments and industry partners, the UNDP IRFF is focusing on a number of key areas in 2022 and beyond.

Its work has a strong focus on coral reef protection through insurance in various countries in Asia, including Indonesia, the Philippines and Viet Nam, which together account for over 30 percent of the world's coral reefs. With financing provided by the Ocean Risk & Resilience Action Alliance (ORRAA), IRFF has also produced a first-of-its-kind knowledge product to help countries in developing reef insurance solutions. The report is in its final stages of publication. Work with Swiss Re in Indonesia is the most advanced and will likely be supported in part through financing from the German Government in 2022.

Together with the UNDP's Biodiversity Finance Initiative (BIOFIN) the IRFF is working to integrate insurance and risk finance into biodiversity initiatives. This includes the usage of insurance solutions for low-income farmers that suffer from the loss of their crops and property due to human-wildlife conflict. There are varied solutions in this portfolio. For instance, one that caters to low-income farmers in Sri Lanka impacted by their crops and property destroyed due to elephant trampling. Next, livestock farmers in Bhutan suffering the loss of livestock because of tiger attacks. Other countries include South Africa and Tanzania. The IRFF is supporting stakeholders in developing insurance products and creating enabling regulatory environment in such countries. The IRFF team is also providing training and

UNDP Country Footprint: The Tripartite Agreement

Country	Initiative type	Risk Financing Partnership with Industry			Diagnostic status	UNDP Additional Activities
		ISF Status of Project	Industry Partner	Indicative beneficiaries & Sector		UNDP workplan status
Algeria	Full Tripartite	Expecting Gov't feedback before providing a Concept Note, complex Gov't requirements	Guy Carpenter & AXA Climate (Swiss Re)	A multi-peril solution for the following risks, forest fires, earthquakes, drought, and flooding potential to cover up to two million beneficiaries	Completed	UNDP has commenced the development of its full workplan and technical assistance package. A national coordinator will be deployed
Argentina	Full Tripartite	ISF Concept note submitted	Hannover Re & SCOR (Guy Carpenter)	Public assets the municipalities of Tres Arroyos, La Paz, Negoya and San Jorge (potential expansion go up to nine municipalities)	Completed	Will be full Tripartite country for UNDP if ISF co-financing is agreed
Bangladesh	Full Tripartite	Full proposal being prepared	Swiss Re & Ren Re	Flood and cyclone risk. Industry estimates beneficiaries as 6.27 million households in 15 flood prone districts by 2023	To start Q1 2022	Will be full Tripartite country for UNDP if ISF co-financing is agreed
Colombia	Full Tripartite	Waiting for ISF response after one round of clarifications	Swiss Re I&G Guy Carpenter , (AXA Climate Munich Re)	Smallholder farmers in the departments of la Guajira, Choco, Cundinamarca and Meta. Industry estimates one million beneficiaries across the four provinces	 Completed	UNDP is engaging a national coordinator, and will be defining a country workplan both to support the industry as well as for the general insurance and risk finance work
Ghana	Full Tripartite	Concept agreed by the ISF in December 2021	Allianz & Swiss Re	Urban risk, household protection. Industry estimates two million beneficiaries by 2023	 Completed	UNDP has commenced the development of its full technical assistance package
India	Focus country	Started as early Tripartite selected country. Removed as Government already working on climate related insurance projects outside of IDF	N/A	N/A	Diagnostic commencing in April 2022	Will go forward by UNDP, with a potential focus on G20 presidency, and support to the fulfilment of the Indian Finance Commission's four insurance/risk finance objectives, prepared in 2021
Indonesia	Focus country	Started as early Tripartite selected country. Removed by the IDF as complicated existing industry work in Indonesia	AXA Climate, Munich Re & WTW ; SCOR but no team formed.	N/A	Diagnostic commencing in April 2022	Will go forward by UNDP, with focus on market transformation, and especially the blue economy/natural capital and enhancing risk analytic capacities through risk modelling
Jordan	Full Tripartite	ISF concept note under development	Guy Carpenter & Hannover Re (SCOR)	Agriculture is the priority risk being considered, in addition earthquake and flooding in urban areas are being examined to protect vulnerable communities	Work in progress	Will be full Tripartite country for UNDP if ISF co-financing is agreed
Mexico	Full Tripartite	Industry initiative agreed by ISF	AXA Climate & Guy Carpenter (Swiss Re, Munich Re)	Smallholder farmers in the states of Oaxaca, Tabasco and Chiapas. Industry estimates some 800,000 beneficiaries	Dedicated larger-scale diagnostic designed and being implemented.	UNDP moving to full implementation, with work planning to commence as soon as possible
Nigeria	Full Tripartite	Revised concept note submitted to ISF	Swiss Re and AXA Climate & (ARC)	Flood risk for Lagos. Industry estimates beneficiaries as 1.8 million households by 2023	Work in progress	Will be full Tripartite country for UNDP if ISF co-financing is agreed
Panama	Full Tripartite	Early discussions convened by UNDP. Initial progress delayed by ODA status. KfW investigating if sanction status of Panama will prevent development as a Tripartite country	Guy Carpenter & Munich Re (Scor)	N/A	On Hold	Beyond early convening and participation in early meetings with industry, no further work from UNDP at this stage
Pakistan	Full Tripartite	UNDP engaging government to endorse concept	Allianz & Swiss Re	Large-scale flood and earthquake, public assets	Work in progress	Will be full Tripartite country for UNDP if ISF co-financing is agreed. UNDP Head IRFF will travel to Pakistan in Q2 for week-long mission
Peru	Full Tripartite	Implementation commenced but paused due to political challenges	AXA XL & Munich Re	Education Facilities	None	Project initiated before Tripartite Agreement signed; UNDP supporting through guidance on recent political challenges
Philippines	Full Tripartite	Early discussions led to agricultural concept developed by industry. Gov't endorsed but also another similar ISF application. Awaiting ISF report on status of that submission before moving forward	AXA Climate & WTW	N/A	On Hold	Early convenings undertaken by UNDP; awaiting next step led by industry, in consultation with the ISF
Tanzania	Engagement Initiative	UNDP organised new industry call in early 2022 and it awaits follow-up from the IDF and the industry	Limited initial interest from industry. However, industry revived interest early 2022	N/A	Work in progress	Will go forward as UNDP Engagement Initiative with focus on foundation risk finance components. Potential to become a full Tripartite country if industry interest becomes more concrete and leads to selection of company project partners
Thailand	Full Tripartite	UNDP facilitating engagement to government	AXA Climate & Munich Re (Swiss Re)	Public assets have been discussed, but not finalised	Work in progress	Will be full Tripartite country for UNDP if ISF co-financing is agreed
Uganda	Engagement Initiative	N/A	N/A	N/A	Work in progress	It will go forward as UNDP Engagement Initiative with focus on foundation risk finance components. A national program officer will be deployed
Uzbekistan	Tripartite	Supported by ISF, a feasibility study on agriculture insurance is expected to be completed by 30 April 2022	Swiss Re & Axis Capital	Agriculture Insurance. Industry estimates beneficiaries as 100,000 households (73,000 poor and vulnerable people) in rural areas by 2024	 Completed	UNDP is in the process of the development of its full technical assistance package. A national program officer is expected to be hired by 30 April 2022

Programmatic Delivery and Development

Country	Sector or Type of Insurance/Risk Finance Work	Activity
Antigua and Barbuda	Insurance Market Development	Support on a market development policy for agricultural insurance as a climate change mitigation tool for farmers
Burkina Faso	Index-Based Agriculture insurance	Supporting the Country Office in the delivery of an index-based weather insurance (IBWI) project.
Chad	Index-Based Agriculture insurance	Supporting the Country Office in the delivery of an index-based weather insurance (IBWI) project.
Guatemala	Agricultural Insurance linked to Biodiversity	Support to the Country Office on the request from the Ministry of Agriculture for the development of an agricultural insurance product
Indonesia	Insurance for Coral Reefs	IRFF, in partnership with Swiss Re, is working in Indonesia to help the Ministry of Marine Affairs and Fisheries develop insurance and risk transfer solutions to protect coral reefs. Discussions are also underway to help the Indonesia Environmental Fund Agency on establishing an Insurance Pool for this purpose.
Iraq	Insurance Market Development	IRFF team consulted on the Terms of Reference for the development of broad insurance in Iraq.
Rwanda	Disaster Risk Financing	The Ministry of Finance has made a request for support in the establishment of a National Disaster Response Fund (NDRF) as part of broader Disaster Risk Management (DRM) framework. Discussions ongoing.
Syria & other conflict/ or post-conflict countries	Workers Health Insurance	Developing an insurance mechanism for protecting the health of hundreds of thousands of workers UNDP employs worldwide in conflict and post-conflict environments.
Yemen	Conflict Insurance	Working with key stakeholders including the City of London on the creation of a special purpose insurance vehicle to massively reduce the \$350 million a year conflict-related premium surcharge placed on the import of food into Yemen.
Regional/Multi-Country	Sector or Type of Insurance/Risk Finance Work	Activity
African Countries	Disaster Risk Financing	Training financing by and in collaboration with the Africa Adaptation Initiative, for all African countries. Will commence in four sub-regional groups, quarter two, 2022
African Fragile States	Diagnostic Investigations	Financed by USAID, and starting with Mali, UNDP will undertake diagnostic investigations of risk financing and insurance in three to four fragile central and east African countries in 2022, with a special focus the interconnections to social protection.
African Region	Disaster Risk Finance	Finalising the partnership with the African Development Bank on the ADRIFI initiative and rolling it out to a wider set of countries.
Asia (Sri Lanka and Bhutan)	Human Wildlife Conflict	In partnership with BIOFIN, IRFF is developing insurance schemes for low-income and vulnerable farmers against agriculture and livestock losses caused by wildlife (elephants in Sri Lanka, and tigers in Bhutan). The schemes are expected to contribute towards a reduction in conflict events, thus protecting animal biodiversity as well.
Three-African Countries	Takaful Insurance	Advanced discussions on the development and implementation of a takaful insurance initiative covering three countries with either majority or significant percentage of Muslim population.

technical support to staff in UNDP Country Offices around the globe for their better understanding of biodiversity risks and the implementation of insurance solutions. Together with BIOFIN, the IRFF has held four workshops for over 100 participants from Africa, Asia and Latin America.

By the end 2022, IRFF will be expanding its footprint in natural capital insurance by supporting more developing countries in Africa and the small island developing states in the Pacific.

Insurance Investment

The investment workstream focuses on insurers' assets under management (AUM), which includes how they can better align their investment capital with the SDGs and use their underwriting capacity to de-risk investments and incentivize investments in resilience through innovative resilience finance instruments, such as resilience bonds and insurance-linked loan packages. In 2021, there was limited progress in the investment workstream while the team focused on other priorities. In 2022, the investment workstream will focus on conducting investment diagnostics in Colombia and Viet Nam that map the current regulatory and policy investment landscape and proposing recommendations, in coordination with the IDF's Law, Regulations and Resilience Policies Working Group. One of the goals of this work is to enable national insurers to invest in local sustainable infrastructure projects that support countries' NDCs. The workstream will also focus on insurance can be used to de-risk energy projects and opportunities for insurance to incentivize resilient investment, in coordination with groups, such as the Coalition for Climate Resilient Infrastructure.

UNDP's IRFF team has written on the challenges and opportunities for financing climate resilient, risk-informed infrastructure within the global insurance investor community. (See [Mobilizing Insurance Investment in Sustainable Infrastructure](#), authored by IRFF Deputy and Investment Lead, Lauren Carter) A future publication, focusing on the potential for national insurers to invest in such infrastructure in their own regions and countries, is slated for development in early 2023.

Incoming Developments

The year of 2021 also saw the development of two critical additional areas of work that make good on the IRFF's commitment to work well beyond the Tripartite Agreement countries and leverage the full potential of UNDP's global country network.

The Challenge Fund

In 2022, and financed by BMZ, the IRFF will launch its Insurance Innovation Challenge, designed to drive market development and incentivize innovation. The Innovation Challenge will finance 15 insurance-related projects up to \$100,000 of which \$40,000 will go directly to support the development of insurance solutions and an additional \$60,000 will be offered in the form of technical assistance to support with the implementation and capture lessons learned through case studies. Several partnerships with

others working in this space are also being developed with a view to a wider impact of the challenge fund.

Global Training Initiative

To be launched in 2022 is a full package of training not only for Tripartite countries or the full range of countries where the IRFF is currently operating, but beyond to the whole UNDP's footprint of 170 countries. This training, which be structured along the five workstreams of the IRFF, will be provided to both UNDP Country Offices and Programme Countries, as well as through the soon to be launched Sustainable Finance Hub Academy platform, a one-stop shop training platform for all UNDP's financing and investment training and networking.

Integration Across UNDP

One of the core added-values of the IRFF is that it does not exist in an institutional vacuum but rather is a part of UNDP, the UN's development arm. It draws strength from both the wide programmatic and policy expertise of the organisation and especially how that expertise is provided to countries, through the UNDP Country Offices.

Integration across and through UNDP programming is therefore of significant importance. Beyond the areas of integration already articulated, several others will be key in 2023:

- **Policy and Programmatic Integration:** The IRFF is in the final stages of developing a strategy with the Nature, Climate and Energy team, which manages UNDP's work on NDCs, vertical funds, and core areas of climate, biodiversity, energy and environment. This will include working jointly on NDC and NAP frameworks at the country level, and the systematic review of vertical fund projects for the potential of adding insurance and risk financing components. The second priority for internal integration is with the disaster risk, resilience and recovery team, where there is a natural extension of risk reduction and management activities into disaster risk financing.
- **Regional Strategies:** In the first and second quarters of 2022, the IRFF will develop regional strategies for all five regions, working with UNDP Regional Bureaus to craft broad strategies to ground insurance and risk financing in the long-term governance and development work of the institution. In 2022, the IRFF will launch a programme of training and development (supported by appropriate networking) to all 170 UNDP Country Offices and Programme Countries, which will be a significant part of UNDP's capacity development programme

Leadership, Engagement & Advocacy

UNDP's work on insurance and risk financing is also focussed on increasing engagement of the wider development community on key topics. In future annual delivery reports, the IRFF will indicate how its work is helping driving growth of this engagement, and the practical impact. For this year's report, some key achievements and work in progress has been outlined.

Representation and Leadership

UNDP continues to play a leading role in the development and insurance ecosystem, both in the senior and technical leadership areas, which includes significant personal representation from the UNDP Administrator, Achim Steiner. UNDP continues to co-chair the Insurance Development Forum at both steering committee and operational committee levels. It works within the InsuResilience Global Partnership, as a core member of the operational core of the IGP, the Programme Alliance, as well as through the Administrator's representation on the High-Level Consultative Group. UNDP is also a co-founder of the Ocean Risk and Resilience Action Alliance, which has attracted significant attention in the last 18 months through its strong focus on innovative financing for coastal and ocean zones, communities and livelihoods. And UNDP's partnership with the MicroInsurance Network, which includes its co-financing of the IDF working-group coordinator for inclusive insurance, has now broadened to include co-financing and co-creating a new breed of landscape reports for inclusive insurance.

The impact of this leadership across the insurance/development system is difficult to measure precisely given the challenge of attribution, especially when leadership is shared across many different actors in diverse ways. However, it is clear that UNDP has played its part in many of the programmatic and policy developments, which have included in the last year more programming than ever before, new financing arriving to the ecosystem, and many new members.

In the next page a graphic can be seen some of the core ways in which UNDP's work on insurance and risk finance is connected to and helps drive efforts to deepen and widen the work of the insurance/development community. It also includes the latest addition to UNDP's work in the insurance space, UNEP's V20-led [Sustainable Insurance Facility](#) that brings together the world's regulators and supervisors to work on both climate and development issues.

Launch of the Insurance & Risk Finance Facility

On 27th September 2021 the IRFF was formally launched via a high-level virtual event, which was opened by [Queen Máxima of the Netherlands, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development \(UNSGSA\)](#), followed by two discussions. The first discussion was with senior industry and government decision-makers with the UNDP Administrator. It focused on the role of insurance and risk transfer solutions in delivering the SDGs and reducing the impact of climate change and other perils on development. The second discussion was a technical panel on IRFF's ambitions and how it will be delivered, alongside industry and partners, at the country level. Nearly 500 people attended the e-launch. Audiences were spread across 113 countries. The launch received attention from the media, and was featured in more than 20 publications writing about it. (See also the [press release](#).)

The [IRFF website](#) was also premiered during the launch event – with all five workstreams of the IRFF in focus and the [Facility's narrative video](#) shown to all participants.

The IRFF website will become over time the centrepiece of the Facility's engagement with both the expert community on insurance and risk financing as well as the wider family of stakeholders, decision-makers, media and interested people. This will include the regular IRFF newsletters (which currently has a subscriber base of just over a 1000 people drawn largely from the insurance/development community, and increasingly government representatives) High-level events, webinars, knowledge products will be released on the website and a promotional kit in terms of social media assets will be made available to relevant partners for cross promotion thus driving the digital advocacy and visibility of the project. All workstreams will have an accompanying animation film for greater uptake and awareness and the website will serve as the first-stop gateway for content engagement, knowledge, research and advocacy.

Research, Evidence and Knowledge

A core element of the IRFF is to research insurance for development topics and trends, share knowledge and recommendations with key decision makers at the global and country levels. Knowledge products scheduled to be released in Q2 of 2022, see the full list on the next page.

Future research and evidence includes a report targeted to the mobilization of national insurance investors for green finance, which the IRFF team expects to deliver by third quarter 2022. See the [report](#) targeting multi-national insurance investors.

UNDP Representation in Action

Below are some of the particularly critical events that the IRFF designed and delivered with partners, with a few of the interventions outlined.

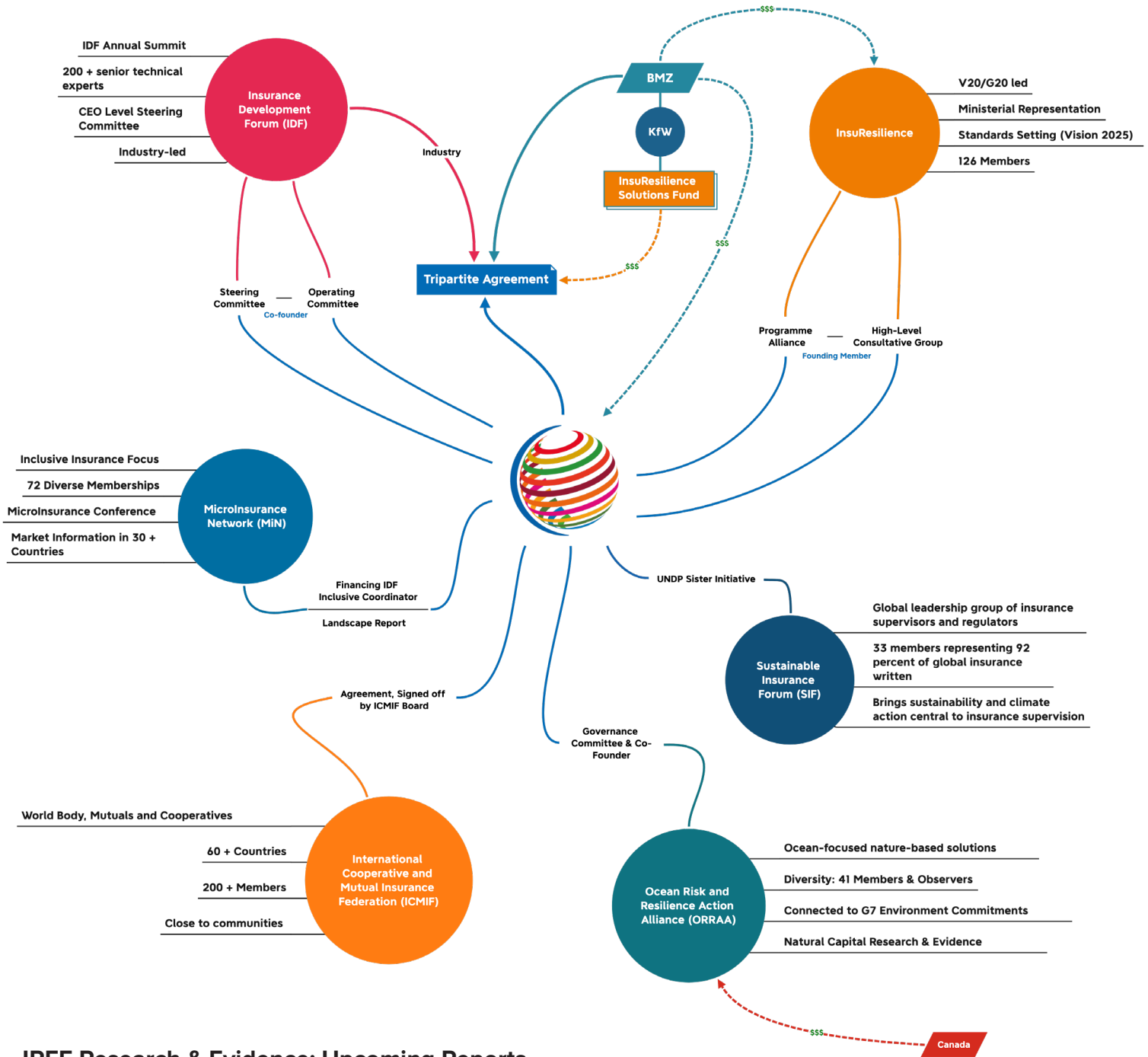
Insurance Development Forum (IDF) Summit, June 2021

UNDP worked with the IDF to organize the most high-profile IDF summit to date, which featured some of the most influential multilateral, civil society and government representatives working across the climate, finance and development space. This work also included the IRFF team working with the office of UN Secretary-General to send out a strong call to action on international and national, public and private actors to considerably scale up their work on insurance and risk financing, on scaling insurance protection, through his [closing comments](#).

The Insurance and Risk Finance Facility at COP26

On Finance Day of [COP26](#), Insurance Development Forum had an event with insurance industry partners, UN organizations, and governments on strengthening risk financing systems, including insurance systems as way of resilience building and adaptation. UNDP's Administrator, and co-chair of IDF Steering committee, Achim Steiner, [spoke](#) about the IRFF's aim to deliver on increasing

IRFF Ecosystem



IRFF Research & Evidence: Upcoming Reports

Title	Details	Release Date	Notes
Insuring Nature to Reduce Risk: Insurance and Alternative Risk-Transfer Solutions for Coral Reefs,	The report has case studies that talk about creating insurance and alternative risk-transfer solutions for natural capital, such as coral reefs and mangroves, to protect people and communities, safeguard biodiversity and support livelihoods.	APRIL 2022	This is financed by the Ocean Risk and Resilience Action Alliance
Insurance & Telemedicine in Africa: A Post-Covid Moonshot	COVID-19 pushed global health systems to the brink and created opportunities for us to reimagine how healthcare services will be delivered, especially to the world's most vulnerable population. This briefing paper explores how insurance and telemedicine services can dramatically improve health outcomes for 400 million plus people in the sub-Saharan Africa -- currently lacking insurance coverage.	APRIL 2022	A direct response to COVID, impact on climate-affected countries of Africa, and how insurance and telemedicine could mark a major step forward in addressing underlying health vulnerabilities.
Modelling Secondary Impacts of Health Outbreaks	COVID-19 has had serious secondary impacts such as interruption of education, declining economic growth and prosperity, especially for SMEs, and compromising gender equality. This briefing paper investigates these secondary impacts of pan/epidemics and gives recommendations on how governments and decision makers can model such impacts and plan for them in advance.	APRIL 2022	This work will support the development of the component of IRFF support to countries working to integrate risk and insurance/risk financing into country development financing.
Diagnostic Summary Reports from Seven Countries	A core feature of the IRFF's work is the diagnostic process which explores the current landscape of insurance and risk finance in each country where the facility works in. The IRFF will produce a minimum of 7 of these summaries in 2022	MAY 2022 – JULY 2022	A core research and evidence deliverable of the IRFF, making highly distinct and diverse insurance and risk finance diagnostics available for all.
Diagnostic Risk, Finance and Development: A Cumulative Report from Five Countries	This report will showcase common regional and global themes for insurance by identifying, analysing, and summarizing key trends that emerge from all the diagnostics.	JULY 2022	A core research and evidence deliverable of the IRFF, making highly distinct and diverse insurance and risk finance diagnostics available for all.

partnership on risk financing, analytics, modelling and more.

International Conference on Inclusive Insurance

Jan Kellett, Special Adviser and Lead of UNDP’s Insurance risk and finance facility spoke at the opening session of the [Inclusive insurance conference](#) organised by MuniRe Foundation and the [MicroInsurance Network](#) (MiN).

He [highlighted](#) UNDP’s work at the country-level to drive inclusive insurance solutions and the need for stronger data on disasters and better risk modelling. IRFF has entered a multi-year knowledge-partnership with MiN to study the [Landscape of Microinsurance](#). The 2021 study, launched at this conference, analyses data across 30 countries – evaluating trends and opportunities within inclusive insurance markets.

Operations and Administration

Human Resources

The development of the IRFF’s team has been of significant priority during 2021, with overall staffing during this period going from three to 11, with a full compliment to meet current programming to be finalized by April 2022 and likely to be 15 people. Seven of the eight technical experts in the team, including the whole regional and technical team, are new to UNDP, and bring decades of experience from industry and the insurance development sector that did not exist previously in the organization.

This central and regional IRFF team will be complimented by staffing at the country level, where in most cases there will be a minimum of one person leading the insurance and risk financing work as part of the country office structure, and connected closely to the IRFF and its technical leadership.

Actively Managing Risks

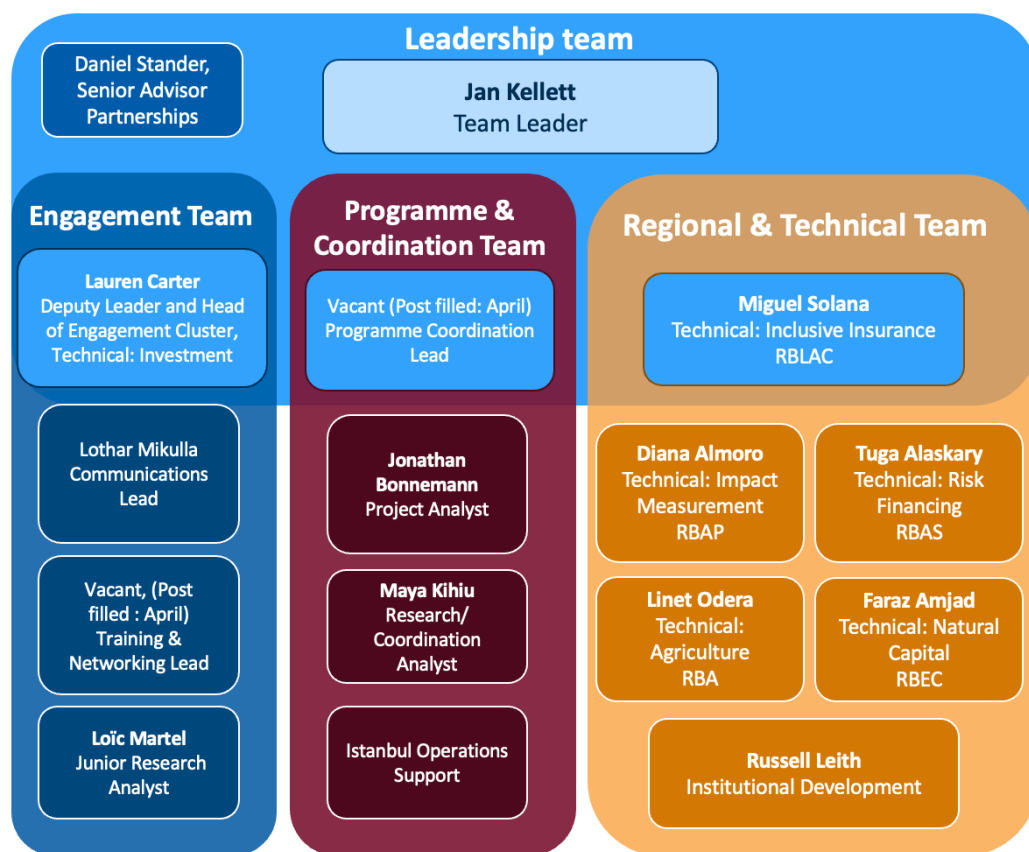
The nature of the Tripartite Agreement, its unique quality of scale and scope of partnership, and the close interdependence of actors means that the usual risks to deliver are in some ways amplified. Since the start of the operations, the IRFF team has been actively managing those risks, and finding ways to not only reduce the likeliness of issues developing, but also building more opportunities out of these challenges. On the next page is a selection of some of the most pertinent risks, UNDP’s approach to managing those risks and further consequences.

Assessing Impact:

UNDP’s Complete Integration of Vison 2025

As noted earlier, all of UNDP’s work undertaken by the Insurance and Risk Finance Facility is a contribution to the ambitious goals and targets of [Vision 2025](#). This is reinforced by a integration of into the monitoring and evaluation of Vision 2025 into that of the IRFF itself.

The IRFF Results Framework is part of its Project Document, that administratively guides and structures implementation. The framework maps expected delivery against six expected outputs and 41 output indicators (see Table next page) that have been completely redesigned and newly articulated in light of how the IRFF and its environment have developed in the last 18 months.



Programmatic progress against these six outputs are monitored by Regional Specialists and National Project Officers with reports being produced quarterly.

In addition to monitoring results as demonstrated by the indicators, evaluations of program implementation will be conducted twice, to assess mid-term (2023) and terminal (2025) implementation.

The Facility’s progress in meeting Vision 2025 will be measured based on the InsuResilience Global Partnership Monitoring and Evaluation Framework where in 19 indicators are grouped corresponding to six result areas. IRFF expected outputs will directly contribute to the six result areas of the InsuResilience monitoring and evaluation framework, and thereby to Vision 2025. For example,

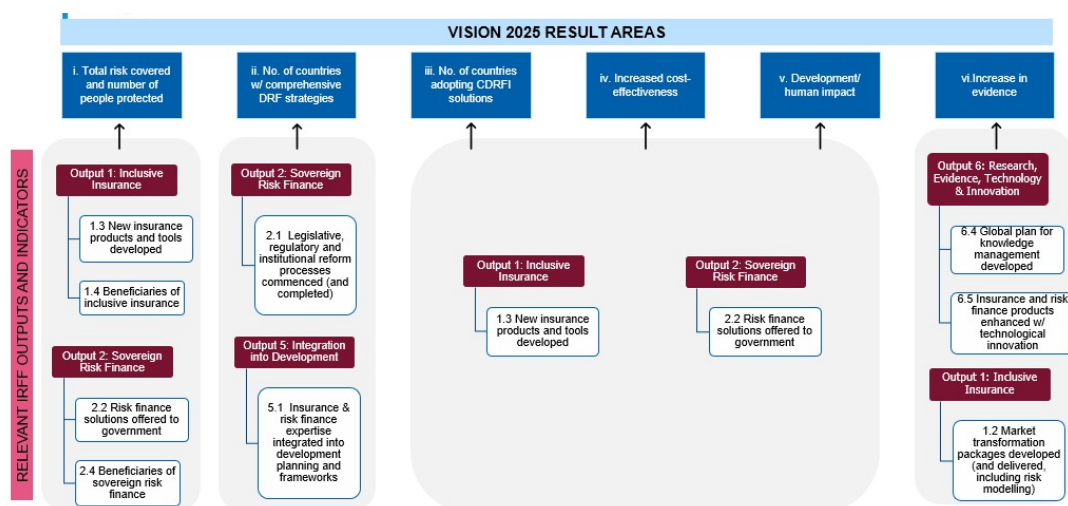
Risks

Risk	Impact on UNDP's Work	Mitigation	Further Consequences and Notes
Industry may take a significant amount of time to develop initiatives	A significant stretch to UNDP resources. A potential loss of support from government	UNDP has adapted its resources to country offices several times and, in future, will guarantee Country Offices resources at the start of each country discussions for at least a year. In addition, UNDP has been working with industry and now with the ISF to streamline processes - not only align UNDP's work closer to risk finance solutions led by industry but strengthen that work.	Extended UNDP resources will mean some outlay of financing may not develop into a full programme of work.
Industry may not secure co-financing	UNDP would not have a partner for the risk finance work. Potential reputational risk to UNDP and BMZ.	UNDP has been working with industry and now with the ISF to streamline processes, and not only align UNDP's work closer to risk finance solutions led by industry but strengthen that work.	
Government may not fully support the development of UNDP's work (including the Tripartite)	Could result in not only slowness of progress but potential failure in a particular country.	This has in part been actively mitigated by all parties through careful country selection. In addition, UNDP's very close working partnership with government in even the most challenging of contexts actively mitigates against this risk. Future mitigation could also involve the German and other embassies working in the insurance and risk finance space.	While engagement with the insurance and risk financing work has been at diverse levels, no Tripartite country has yet rejected the initiative, and progress continues everywhere. The impact of COVID on country decision-making has been very noticeable.
Industry interest certain countries is significantly less than earlier intended.	This would mean a whole set of countries, usually either LDCs or complex MIC would be excluded from support	This has been mitigated through the development of the Engagement Initiative, which will cover five LDC countries outside of the Tripartite, and dedicated financing for India and Indonesia, in part supporting their G20 presidency work on insurance and risk financing.	
COVID-19 continues to have a significant impact on partners ability to deliver	Already observed across all parties, and in particular a remaining issue with many partner countries and governments	All IRFF main team, even regional posted colleagues, has been virtual for more than 18 months. The presence of in-country UNDP teams actively mitigates this each day, allowing face-to-face discussions in many cases.	Almost certainly will remain an issue through most of 2022. Vigilance in terms of identifying further impacts and mitigating them will be needed. UNDP will need to convey to BMZ any impact to manage expectations accordingly.

IRFF Results Framework

Expected Outputs	Output Indicators
Output 1: Inclusive Insurance Increased access by vulnerable countries and communities to Inclusive Insurance solutions	<ul style="list-style-type: none"> 1.1 Number of processes undertaken to support public institutions and programmes to improve inclusive insurance regulation and public policies 1.2 Number of joint initiatives with the private sector to promote the development of inclusive insurance 1.3 Number of insurance products and solutions developed, improved or scaled up 1.4 Number of people that are the beneficiaries of insurance or risk transfer solutions
Output 2: Sovereign Risk Increased access by at-risk countries to Sovereign Risk Finance solutions	<ul style="list-style-type: none"> 2.1 Number of processes undertaken to support public institutions and programmes to improve risk finance regulation and public policies 2.2 Number of countries using risk modelling and analysis to develop risk financing strategies 2.3 Number of countries supported to develop Disaster Risk Financing strategies 2.4 Number of risk finance solutions developed 2.5 Number of people benefiting from sovereign risk financing 2.6 Number of innovative risk finance tools delivered (for fragile and conflict affected states)
Output 3: Natural Capital Insurance, risk financing and investment solutions are leveraged to protect natural capital to enhance resilience in countries and communities at risk	<ul style="list-style-type: none"> 3.1 Number of mappings of key natural capital hazards, potential solutions, and identification of country-stakeholders 3.2 Number of initiatives on creating enabling environment through identification of gaps in policies and regulatory framework, and recommending solutions 3.3 Number of new natural capital risk insurance and finance solutions developed with industry 3.4 Number of awareness and capacity building initiatives for stakeholders 3.5 Number of countries to benefit from capacity building on Disaster Risk Finance for Agriculture (DRFA) 3.6 Number of joint initiatives with the donors and private sector to promote the development of Agriculture insurance for farmers
Output 4: Investment and Financing Insurance investment in SDGs is scaled and insurance-linked financial instruments to crowd-in and de-risk investment are developed and deployed, and accessible to core stakeholders	<ul style="list-style-type: none"> 4.1 Analysis of insurance industry SDG investment potential 4.2 Number of baseline assessments of industry investment and national ecosystem and local regulations 4.3 Number of countries supported to develop new resilience finance mechanisms and structures that leverage insurance 4.4 Number of countries supported to develop energy projects benefiting from insurance 4.5 Number of countries supported to identify insurance investment opportunities
Output 5: Integration into Development: Industry expertise and analysis integrated into country development frameworks	<ul style="list-style-type: none"> 5.1 Number of UNDP Country Offices supported for utilising insurance and risk financing in their development support to governments 5.2 Number of countries where insurance/risk financing expertise integrated into development/financial planning and management 5.3 Number of countries where insurance/risk finance is integrated into critical national development frameworks
Output 6: Insurance and risk financing as sustainable development enablers deepened with research, evidence, technology, and innovation.	<ul style="list-style-type: none"> 6.1 Number of diagnostic reviews of insurance and risk financing 6.2 - 6.8 Indicators cover social media engagement, website visits, articles, blogs and case studies created 6.9 - 6.11 Indicators cover knowledge products 6.12 - 6.14 Indicators cover people trained and numbers of training modules developed 6.15 - 6.16 Indicators cover the Insurance Innovation Challenge 6.17 Number of new partnerships with donors, industry and the wider community for increasing the technical and financial resources of the IRFF

Alignment of IRFF Expected Outputs to Vision 2025 Result Areas



support to the development of inclusive insurance and sovereign risk finance solutions will enable IRFF to report on beneficiaries covered in countries and to contribute to reaching Vision 2025 objectives. In the graphic above is the mapping of Vision 2025 result areas against a set of IRFF Project Document output indicators.

The Way Forward

2022 will be the year when early implementation and diagnostic work, convening and stakeholder management, programmatic and policy development, will turn into full programming in 12 to 15 countries. As indicated this year the full complement of IRFF staff will also be in place, and UNDP's technical assistance support packages will be rolled out to programming countries, and made available to the wider UNDP network of Country Offices and Programme Countries, through the launch of the global training package. The Engagement Initiative and Challenge Fund will both be launched.

Challenges will remain, in part indicated through the table on risks earlier in this report, and strong efforts will be made to have them actively identified and mitigated. It is particularly likely that COVID-19 will continue to have an impact on all of the work, especially through the lengthening of typical timeframes for delivery.

There have been wins in the wider community of insurance/development that will provide further opportunities to UNDP. These include:

- BMZ's financing of the risk-modelling work of the IDF
- Canada's increase of financing to the Ocean Risk and Resilience and Action Alliance (ORRAA)
- The United States entry into the ecosystem of insurance and risk finance actors, joining both the IDF and InsuResilience, and its PREPARE initiative
- Continuing and deepening discussions around loss and damage as part of climate negotiations

Larger scale agreements, such as at COP26 to level up adaptation financing closer to that granted for mitigation, and continuing developments on loss and damage, are also welcome.

However, the real investment in insurance and risk financing by donors remains low compared to the increasing needs worldwide for a increasing number of diverse group of countries, noting that Germany is one of the few countries that have made it a significant priority. Clearly, greater buy-in and action is needed from all actors to fully meet the needs of the most vulnerable countries and communities. Germany's presidency of the G7 in 2022, and their push for a Global Shield for financing insurance and risk, both in terms of volumes and coordinated action, could provide the insurance/development community with the necessary urgency and agency to act further and act faster.

UNDP's 2022 priorities for insurance and risk financing reflect therefore not only the work done to date, but it examines the challenges ahead, the market potential within and beyond UNDP to deepen and widen delivery:

- **Work planning and Technical Assistance:** Roll out the full package of technical support to all fully resourced countries under the Tripartite Agreement and continue to deepen working relationships with both industry and government.
- **Product Development and Delivery:** Expand the product footprint of the Facility, especially through, but not limited to the inclusive insurance work financed by the German Government.
- **Finalise Programmatic and Partnership Priority Developments:** Work with the V20, German Government and others to finalise the selection of the next set of Tripartite countries, and those of the Engagement Initiative. Finalise the programmatic offer of the engagement initiative and commence its roll-out. Complete the development of and roll out the challenge fund. Finalise and launch a set of key in-development partnerships.
- **Global Training and Networking:** Roll out the global package of training to all UNDP Country Offices and Programme Countries, leveraging the full country office footprint of the institution.
- **Risk, Financing and Fragility:** Expand the IRFF's offer in more challenging contexts, especially LDCs and fragile states, in part through rolling out the Engagement initiative in more countries.
- **UNDP Integration:** Continue integrating insurance and risk financing across UNDP, within the Sustainable Finance Hub and beyond across the institution.
- **Ecosystem Leadership:** Continue to work at various levels of leadership to widen and deepen the role of insurance and risk financing in securing and sustaining development and driving economic growth, and actively play a leading role in drives to bring more financing, coherence and coordination to the work of the sector, especially in and around the G7.
- **Long-Term Facility Sustainability:** Widen the donor resource base for the IRFF, to secure wider support and engagement and leverage much more widely on the German Government's significant foundational support.

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