

A. ISF MANDATE & ELIGIBILITY CRITERIA

1 Is there any preference for macro, meso or micro insurance projects?

No, there is no preference, all three approaches are welcomed equally.

2 Can the insurance solutions be presented as a combination of meso and micro products?

Yes, the insurance solution can also be a combination of a meso and micro level approach. In this case, the Project Partners should reflect that all main tasks in implementing the ISF project are covered, e.g. who will be the policy holder.

3 Can supply-side partners join in more than one proposal?

Yes, organisations can join more than one proposal and be part of different projects. There is no limitation to the number of proposals for one organisation to be part of. Thus, one organisation can potentially be invited to submit Full Proposals for more than one project, and hence be awarded with co-funding for more than one project. In that case, the availability of staff of such organisations/institutions needs to be ensured and verified (at Full Proposal stage).

4 Is it possible for a non-governmental organisation to be part of the project?

Yes, a NGO can be part of the project and member of the Project Partners together with at least one other organisation (in order to fulfil the eligibility criteria).

5 In case the lead partner has no prior experience in insurance projects and a lower turnover value whereas other partners are more experienced insurance companies, technical service providers with a higher turnover, will this impact the evaluation process? Should the lead partner have a certain level of experience and financials or is the evaluation on the consortium based on all partners included?

In general the evaluation is based on all Project Partners, therefore there is no fixed level of experience for the lead partner to obtain. In case of little or no prior experience in managing similar project(s), e.g. funded by other donors, it should be clearly described why the respective organisation is chosen as part of and project lead and how proper management, reporting etc. will be ensured. With regard to the financial situation of Project Partners, this will be assessed with respect to the own contribution a Project Partner is providing.

6 Is it eligible for a government entity to apply directly to the fund?

A government entity may apply to the ISF together with at least one other project member. It is not possible for a government or any other entity to apply alone for co-funding.

7 How to deal with uncertainties regarding the Project Partners at the Concept Note stage with potential suppliers wanting to participate, yet cannot confirm at said stage?

As long as the eligibility criteria for Project Partners are fulfilled, additional potential suppliers may confirm their participation at a later stage; at Full Proposal stage at the latest.

8 With regard to the risk taking Project Partner, is it allowed to rely on a tender process after receiving the approval for co-funding from the ISF?

It is possible to uphold a tender process to select the risk taking Project Partner in the ISF project implementation phase (i.e. after receiving the approval for co-funding and successful contract negotiations with Frankfurt School of Finance & Management). However, a Letter of Interest or MoU should clearly indicate the interest of at least one potential risk taker already submitted with the Full Proposal.

9 Is an InsurTech company essential in addition to an insurance product developer?

There are no specific criteria to the type of organisations that form the consortium applying for co-funding other than all main tasks in implementing the ISF project are covered e.g. including risk taking and representing the demand and needs of end-beneficiaries.

10 How does one differentiate a pilot from a fully commercial product to determine what needs to be achieved by the end of the grant period?

A fully commercial product has usually been approved by an insurance regulator and introduced to a wider group. If starting with a new product or scaling-up an already existing pilot, the Project Partners need to describe how a self-sustained level will be achieved by the end of the ISF project, i.a. by providing detailed assumptions on take-up rates, distribution strategy, etc. E.g. it is unlikely to achieve such a status if a lot of groundwork still needs to be done and the aim is to reach 1,000 farmers (in case of micro-insurance) at the end.

11 For a new product development, what reach or number of policy holders is considered proof of concept for scaling?

The number of beneficiaries/policyholders depends on whether the insurance product is implemented as a macro-, meso- or micro-scheme. There are no fixed thresholds, as projects are evaluated individually. However, applicants need to demonstrate how self-sustained level will be reached or present an appropriate exit-strategy (e.g. be including additional donors, partners).

12 Is there a relationship between funding amount versus the number of beneficiaries covered?

There is no fixed ratio of funding and beneficiaries to be reached / covered by insurance. The targets (e.g. in terms of the number of beneficiaries) to be reached should reflect the requested funding amount.

13 In terms of providing assumptions based on a sound background analysis such as a feasibility study – does the research work / feasibility study have to be completed before applying to the ISF or can it be part of the project implementation for which funding is sought?

Ideally, an exhaustive background analysis should be completed before applying to the ISF. On an individual project basis, it can be assessed whether the ISF can co-fund part of it at the beginning of the ISF project to conclude the analysis. The overall concept should nevertheless seek the self-sustained status of the insurance product within the ISF project implementation phase (max. 24 months).

14 (How) Are emergency relief measures being considered for ISF funding?

Emergency relief measures can be considered as a potential insurable interest or asset. Eligible insurance products can cover emergency relief measures/costs if those are linked to natural catastrophes/extreme weather events, e.g. through index-based insurance, top-up of national disaster funds, etc.

Emergency relief measures (per se) cannot be funded by ISF (directly). ISF can only support the development and implementation or improvement of a risk transfer solution to do so.

15 Does a reinsurer need to be part of the Project Partners or is it eligible if a cooperation/ commitment can be confirmed?

At least a cooperation agreement/commitment with a risk-taker must be presented if no risk-taker is a member of the Project Partners. A reinsurer does not necessarily have to be member of the Project Partners or sign the grant agreement.

16 In case a risk taker will not be part of the applying Project Partners but willing to provide a MoU or Letter of Interest (as requested by the ISF), how should the latter be structured?

There is no specific wording requested from ISF, and no need for a legally binding commitment. However, the signed Letter should at least cover

- the intention of collaborating with [name of applying organisation(s)] applying for ISF funds on [reference to the ISF project proposal], and
- a statement expressing the willingness and intention to provide risk capacity, and / or quotation for the insurance product / cover in question (once ready for market placement), and / or provide assistance in the area of quality assurance (e.g. coverage design, relevant technical work).

17 In case of resubmitting a Concept Note which wasn't successful in the Call for Proposals before, can the title and some objectives be changed? Is it mandatory to maintain all last time partners?

In case a Concept Note is being rejected, the Project Partners may always resubmit it for the next/a future Call for Proposals. The title, objectives as well as the Project Partners may be restructured, and may well be recommended so by the ISF Management.

18 In case of a meso level solution, who is expected to be the contracted policy holder?

This is very project specific. What we have seen so far are agricultural input companies, cooperatives and MFIs acting as policyholder to the benefit of their clients.

19 In case of a macro level solution, should the threshold of USD 15 PPP/day apply to the individual beneficiary or the greater population?

In case of a macro level solution, it should be verified the majority of the beneficiaries, i.e. at least 50%, should fall under the ISF target group (= vulnerable households with less than USD 15 PPP/day).

20 Regarding the phase-out / long-term sustainability strategy, are additional Letters of Intents expected at the Concept Note stage?

In case of subsidised premiums, a Letter of Intent proving the concept for a phase-out/long-term sustainability strategy is appreciated though not mandatory. This however will be asked for at the Full Proposal stage (at the latest).

21 Does the EUR 2.5m mean maximum per applicant or is it the total basket for the Call?

The EUR 2.5m is the maximum funding each project can apply for.

22 If more than one country is covered (multiple Concept Notes), should these add up to max. EUR 2.5m?

For each Concept Note/project submitted, a maximum of EUR 2.5m can be applied for.

23 For a total budget of max. EUR 2.5m, are there projects considered too small to receive ISF funding?

Yes, though not primarily regarding the funding amount but in case the number of beneficiaries is very small. However, we would not recommend for Project Partners to apply for less than EUR 200,000, as the effort needed to go through the application process should not be underestimated.

B. NON-/ ELIGIBLE COSTS

1 Should the matching contribution be equal to the fund requested?

The own contribution should at least match the requested ISF funding, i.e. $\geq 50\%$ of the total ISF project funding. This means, the own contribution should be equal or more than the requested funding.

2 Is it mandatory to prove the own contribution is available by Concept Note submission? E.g. it is possible to leverage investments from investors showing interest but would be difficult to secure before submission of the Concept Note. Additionally, potentially receiving co-funding from the ISF would raise the chance of securing additional investments.

Proof of own contribution is not required at Concept Note stage, however the budget should be based on solid assumptions and analyses.

In case other investors would contribute part of a consortium's own contribution, this should ideally be secured by entering the second application stage (Full Proposal).

Status of discussions with investors or donors should be described as indicated in the templates. At the latest, it is required by signing the Grant Agreement in case of a positive evaluation result.

3 In case of a successful application, is it required for Project Partners to have their own contribution confirmed at the time of signing the Grant Agreement or is it acceptable to sign the Grant Agreement while e.g. fundraising for the own contribution is ongoing?

A Grant Agreement can only be signed if the Project Partners' own contribution matching the requested ISF funding volume is secured and available. In case financial support from a government (e.g. via subsidies) or other donor(s) is part of the own contribution, proof (e.g. confirmation letter) needs to be submitted confirming that funding is available specifically/earmarked for the ISF project/ Project Partners.

4 Can the own contribution include human resources? Is there any maximum percentage for human resources?

Yes, the own contribution may include human resources, e.g. staff implementing the project. There is no specified limit to the percentage for human resources.

5 Can the ISF funding be used to pay an initial premium on behalf of the beneficiaries for an insurance product?

The ISF funding may be used to pay an initial premium on behalf of the insurance product's end-beneficiaries (vulnerable people) if it is a minor share of the requested funding and a convincing phase-out strategy or a concept for a long-term subsidisation from other sources is provided.

6 Can insurance premium be considered as matching funds?

Insurance premium payments can be considered as matching funds if they are provided/paid by (local) public or non-private entities and there is a commitment the amount will be spend during the lifetime of the project.

7 Which proportion of the fund can be allocated to the premium?

For premium financing, the share should not exceed 30% of the requested ISF funding.

8 If premium financing requires support from other donor(s), does this have to be secured when submitting the Concept Note application, or may said securing of premium financing be an activity during the grant period?

If a Project Partner requires support from other donor(s) for premium financing, the support should be secured by submitting the Full Proposal application (second stage).

In case that other donors link their contribution to the success of the ISF proposal, a formal letter should be submitted (together with the Full Proposal) stating the funds will be made available for the purpose in question, provided the ISF also deems the project eligible for funding.

9 Which multilateral funds or funding may not be eligible for co-financing?

At the moment, the German Federal Ministry for Economic Cooperation and Development is the donor of the ISF. Hence, funding from other donors may not include said Ministry.

10 Regarding matching funds: Can they be calculated since project inception or are they meant to cover the period of the grant?

They are meant to cover the period of the grant.

11 Is there a direct vs. indirect cost ratio the Project Partners are expected to adhere?

There are no fixed ratios. It is recommend to provide an adequate budget. Disproportionate and excessive requests are likely to lead to a rejection of the proposal. You can include (eligible) costs as part of your own contribution or costs to be financed by ISF as long as evidence can be provided (format should be suitable for an external auditor), e.g. in form of invoices, (license) fees or service agreements for similar projects.

12 Is there a specific split to the cost items? If so, what is the maximum percentage of budget per item that is allowed?

There is no defined split to cost items (except funding to be spent on premium subsidies). In case that budget positions are not in lie with ISF experience from other projects, it may be necessary to provide further evidence or reduce items.

13 Can costs related to weather forecast data be covered in the investment cost for third party service providers?

Costs for the acquisition of data can be taken into account as long as the data is needed for the development or introduction of the insurance product. Costs not directly related to the latter are not eligible.

14 Are seed costs eligible considering costs for fertilisers are not eligible?

Seed costs are not eligible.

15 Does the ISF provide Indirect Cost Recovery? If yes, at which rate?

You can include (eligible) costs as part of your own contribution or costs to be financed by ISF as long as evidence can be provided (format should be suitable for an external auditor) e.g. in form of invoices, (license) fees or service agreements for similar projects. There are no fixed rates between indirect and direct costs.

16 **How to deal with uncertainties in costs at the Concept Note stage, specifically regarding the development of new risk models?**

At the Concept Note stage, you have to provide best estimates. These estimates can be revised (but should not differ significantly, i.a. more than 30 %) at Full Proposal stage.

17 **In relation to project management and daily rates, will it be a grant or service contract?**

The contract with the ISF / Frankfurt School of Finance & Management will be a grant agreement.

C. APPLICATION PROCESS

1 **Can multiple projects under one demand-partner be part of one proposal (all projects in one proposal)?**

Multiple projects (e.g. multi country approach) can be submitted under one proposal, only if the composition of the Project Partners does not change at all.

One demand-side partner can be part of different projects/several Concept Notes.

2 **Can a Project Partner of the initial stage be replaced later on with other supply-side partners?**

It is possible to replace a partner after submitting the Concept Note as long as the criteria for the Project Partners are fulfilled and the replacement has no significant implications on the approach itself. The Project Partners need to be finalised by entering the second/Full Proposal stage at latest.

3 **Should the application be led by the demand- or supply-side partner?**

There is no preference from ISF side whether the application and project is led by a demand- or a supply-side partner.

4 **Who owns the insurance product, e.g. in case a new actuarial model is developed during the ISF project timeline?**

The ISF aims to support local ownership, therefore the insurance product ownership lies with the Project Partners. It is important to ensure sustainable operations of assets created and processes initiated upon completion of the project.

5 **In case of a resubmission, are the Project Partners required to follow the same process, i.e. submit a Concept Note? Does such a proposal stand a higher chance of being invited to submit a Full Proposal than at initial submission?**

In case a Concept Note is rejected, the Project Partners may always resubmit it in a later Call for Proposals with the requirement to then submit a revised Concept Note following the same process. Such a proposal may potentially stand a higher chance of being invited to partake in the second application phase (=Full Proposal) due to the feedback received by the ISF Management and familiarity with the process. Nevertheless, all applications received will be evaluated and treated equally.

6 Given the final funding decision is expected to take place ~six months after submission of the Concept Note, should the earliest start date of the project fall in the same month of the final funding decision?

ISF projects should be calculated and structured with a starting date not earlier than the month of the final funding decision, keeping in mind that the funding decision is followed by contract negotiations with Frankfurt School of Finance and Management for which additional time is required. Please reserve at least four (4) additional weeks for the latter.

7 In case the ISF project (i.e. funding) joins an existing project, ISF funding would only apply from the joining date (i.e. by potential signing of the Grant Agreement)?

Yes, this is correct.

8 In case Project Partners are developing a new product now, but by the time of a potential signing of the Grant Agreement (~six months later) is planned to scale up, how should the project be framed: As a new product development or a product scale-up project (with the pilot details being submitted at this stage as planned numbers)?

The Project Partners should describe the current status of the project and the planned activities as well as the expected status by potential signing of the Grant Agreement (~six months later). The ISF Management will stay in close contact with the applicants so that updates on the progress can be monitored.

9 How often are Calls for Proposals planned? Are future Calls expected to have the same scope as the current Call?

On average, two Call for Proposals per year are envisioned. It is not expected for future Call for Proposals to have a different scope.

D. MISCELLANEOUS

1 In case of a positive decision on the application, successful signing of the Grant Agreement, and thus implementation of the ISF project: What are ISF's requirement on reporting and accounting? How is ISF funding transferred to the Project Partners?

In case an application is approved by the ISF Technical Committee and enters the project implementation phase, technical and financial reporting to ISF is required on a quarterly and annual basis. The reporting is based on and crosschecked with the approved Full Proposal documents, i.e. Annexes A & B Work and Budget Plan and Annex C Project Results Matrix.

Applicants should take into consideration that ISF funding is realised in the form of reimbursements only, i.e. there is no upfront payment of ISF funding. To this end, the liquidity of the contributing Project Partners needs to be ensured to cover the total costs for project activities for the respective (quarterly) reporting period. 50% of the project costs can be reimbursed up to four (4) times per calendar year based on the reporting of the project's progress.

In case of expenditures on activities (according to Annexes A & B Work and Budget Plan) fully or predominantly funded by the ISF grant, said expenditures need to be balanced by the Project Partners' financial and/or in-kind contributions before a reimbursement can be realised. This may lead to an extended period (more than three months) in which the Project Partners need to cover project costs upfront.

A financial audit is required twice during the implementation period for the account used to receive funding from ISF (not each signing Project Partner's institution), conducted by an external auditor.

All required documents for the reporting, disbursement requests and the Terms of Reference for the financial audit are provided at project start by ISF.

2 After 24 months of funding, can an entity reapply for funding or is it limited?

Project Partners are not limited to one (successful) application for funding once they have been awarded with ISF grants. However, the same Project Partners or the same project can only receive funding of a maximum of EUR 2.5 m (this amount can be split in different phases).

3 Can the ISF disburse grant funding to international Project Partners who will manage the fund and repatriate the budgeted funds to local and other Project Partners? Alternatively, would the ISF transfer the grant funding to each Project Partner separately?

The ISF funding is transferred to a bank account managed by the Lead Partner. It is possible to disburse ISF grant funding to an international Project Partner managing the fund via the project bank account and distributing the respective budget shares to local and other Project Partners. The ISF will not transfer the grant funding to each Project Partner individually. In case of services provided by a third party (non-signee of the Grant Agreement), the procurement rules as stipulated in the Grant Agreement have to be adhered.

4 How many proposals are being funded in a year?

There is no fixed number of proposals receiving funding per year / Call for Proposals, it depends on the submitted project concepts. Based on the experience of five concluded Calls thus far, on average 10-15% of the submitted project concepts successfully passed the first application phase, and ~80% passed the second application phase and were awarded with co-funding.

5 What have been the main reasons for the rejection of proposals along the complete process?

At the Concept Note stage, the main reasons for rejection of proposals are found in the non-fulfilment of eligibility criteria such as lacking an insurance aspect at all, a non-eligible or missing structure of the Project Partners (e.g. no local and/or demand-side partner, no risk taker involved), a non-eligible allocation of requested funding and own contribution and projects that are too early stage.

At the Full Proposal stage, the reasons for rejection or withdrawal vary, and are mostly found in unforeseeable political changes or unrests in the country of implementation.

6 What are the major Do's and Don'ts for potential applicants (Concept Note stage) to consider?

The major Do's and Don'ts are fulfilling respectively not fulfilling the eligibility criteria – climate risk insurance approach, Project Partners with both demand- and supply-side members, vulnerable households with less than USD 15 PPP/day benefit, ODA country of implementation, providing an own contribution at least matching the requested ISF funding of at most EUR 2.5m, and in case of the development of a new product, realistically reaching its market launch within 24 months.

7

Are there specific requirements on the gender outreach on access to insurance solutions for women, youth and disadvantaged groups?

At Concept Note and Full Proposal stage, the ISF will assess if and how the dimension of social vulnerability is incorporated into a project proposal. A justification is required in case it is deemed impossible to incorporate such a dimension (see further information on pages 12 and 13 of the [Concept Note template](#)).

8

After 24 months of funding, can an entity reapply for funding or is it limited?

Project Partners are not limited to one (successful) application for funding once they have been awarded with ISF grants. However, the same Project Partners or the same project can only receive funding of a maximum of EUR 2.5 m (this amount can be split in different phases).