

## ANNEX 6: FUNDING CRITERIA

The selection of climate risk insurance concepts to be co-funded under the InsuResilience Solutions Fund (ISF) is conducted in a two-phased process:

### PHASE I: PREQUALIFICATION

In Phase I, applicants submit a Concept Note to the ISF. ISF Management undertakes a screening with respect to the compliance of Concept Notes with the Minimum Criteria as specified in Table 1 below.

**Table 1: Minimum criteria for Concept Notes**

Criterion	Fulfilled
• Completeness, causality and comprehensibility of application documents.	
• Focus on vulnerable households either directly or indirectly; tangible contribution to the quantitative target as specified under the InsuResilience Initiative and to the Pro-Poor-Principles of the InsuResilience Global Partnership.	
• (Each) Target country has ODA status. Legal entities or individuals on the UN, EU and / or German Sanctions List or projects that violate the UN, EU and / or German EU Sanctions List are not eligible and will be excluded.	
• The insurance product directly covers at least one of the following perils: wind/storm, excess rain, drought/ heat wave, cold spell. <sup>1</sup>	
• A risk-taking partner (e.g. (re)insurance company) is generally willing to underwrite the risk and is part of the consortium. <sup>2</sup>	
• Project Partners applying for co-funding consist of at least two partners willing and legally entitled to sign the potential Grant Agreement; at least one partner located and legally registered in the country of implementation and legally entitled to sign the potential Grant Agreement and at least one partner representing the demand and needs of vulnerable households. <sup>3</sup>	
• Project Partners are willing to co-fund at least 50% <sup>4</sup> of the total project costs, including funds from their own resources (“own contribution”) and cofinancing. <sup>5</sup>	
• Funding is requested for product development, improvement and implementation related costs; infrastructure (e.g. weather stations), services (e.g. data collection, legal costs, actuarial services) and equipment (e.g. IT systems).	
• The project has a duration of up to 24 months / product is ready for market placement within 24 months for micro- and meso-level approaches, and 36 months for macro-level approaches.	
• The financing envelope requested from InsuResilience Solutions Fund has a size of less than 2.5 m EUR.	
• Advanced stage of the concept (e.g. scale up of successfully piloted products, a feasibility study or similar exists, etc.).	
• Relevant experience of implementing partners, reference projects exist.	

[1] A combination with other perils is possible.

[2] A potential risk-taker should be part of the consortium wherever it does not conflict with other (local) provisions (e.g. official tendering process).

[3] Further parties, e.g. other implementing partners such as risk modeling agencies, brokers, can additionally be involved.

[4] A lower percentage may apply if a local Project Partner or a non-profit organization is being responsible for the project management.

[5] Co-financing can be sourced from other public donors, but may not include any resources from funders of the InsuResilience Solutions Fund.

Criterion	Fulfilled
<ul style="list-style-type: none"> <li>• Optional for individual calls and according to guidance by the Strategic Committee:                             <ul style="list-style-type: none"> <li>◦ geographical focus</li> <li>◦ targeted level of insurance provided (micro, meso, macro)</li> </ul> </li> </ul>	

Concept Notes that generally meet the Minimum Criteria, are thus being screened to the general compliance with the selection criteria as specified in Table 2 below. Concept Notes that fail to meet the Minimum Criteria are excluded from participation in the second phase and applicants are informed accordingly. Applicants, whose Concept Notes generally meet the Minimum Criteria and the pre-assessment with respect to the selection criteria, are qualified to participate in the second phase of the selection process. Applicants are informed accordingly and invited to submit a Full Proposal (Phase II).

## PHASE II: SUBMISSION AND EVALUATION OF FULL PROPOSALS

In Phase II, the ISF Management undertakes a comprehensive assessment of Full Proposals submitted by prequalified applicants. The assessment is guided by the selection criteria for Full Proposals as specified in Table 2 below.

**Table 2: Selection criteria for Full Proposals**

Category	Criteria
A. Objectives	
a) Target Group	<ul style="list-style-type: none"> <li>• Number of beneficiaries / households</li> <li>• Number of vulnerable households (reached by 2020 and beyond)</li> <li>• 2017 gross national income (GNI) per capita calculated according to the Atlas Method as used by the World Bank for national income classification (low income, lower middle income, upper middle income, high income)</li> <li>• Extent to which the concept targets the most vulnerable people and incorporates the dimension of social vulnerability (e.g. gender, age, disability)</li> <li>• Contribution to local economic development</li> <li>• Duration until product is ready for market placement / product development completed</li> </ul>
b) Risk exposure and market development	<ul style="list-style-type: none"> <li>• Contribution to local insurance market development</li> <li>• Consideration of/ and contribution to InsuResilience Pro-PoorPrinciples</li> <li>• Linkage and synergies with other measures in the field of climate and disaster risk management (especially risk reduction)</li> <li>• Vulnerability and exposure of target country(ies) / region(s) / group with respect to extreme weather events/ natural catastrophes</li> <li>• Expected contribution of the product based on target values from the Project Results Matrix (including insurance product characteristics)</li> <li>• Time until tangible outputs (related to target values as specified in the Project Results Matrix provided by the applicants) can be expected</li> </ul>
B. Quality of application	
	<ul style="list-style-type: none"> <li>• Completeness, causality and comprehensibility of application documents:                             <ul style="list-style-type: none"> <li>◦ Concept</li> <li>◦ Work plan</li> <li>◦ Cost projections and timetable</li> </ul> </li> </ul>

Category	Criteria
<b>C. Expertise and capability</b>	
	<ul style="list-style-type: none"> <li>• Experience of implementing organisations <ul style="list-style-type: none"> <li>◦ with similar projects</li> <li>◦ in proposed geographic project area</li> <li>◦ with projects in developing and emerging countries</li> <li>◦ in working together</li> </ul> </li> <li>• Composition of the Project Partners <ul style="list-style-type: none"> <li>◦ Sufficient number of qualified expert staff</li> <li>◦ Clear definition of partners’ respective roles, responsibilities and clear attribution of accountability</li> <li>◦ Appropriate operational plan</li> </ul> </li> <li>• Level and extent of preliminary work (e.g. feasibility studies)</li> <li>• Financial stability of implementing organisations</li> </ul>
<b>D. Methodology</b>	
	<ul style="list-style-type: none"> <li>• Appropriate approach and measures to reach envisioned goals</li> <li>• Adequate monitoring mechanism</li> <li>• Convincing methodology to ensure the sustainable operation after the project ends</li> <li>• Screening and evaluation of project risks</li> <li>• Potential for innovation / innovative character</li> <li>• Definition of appropriate milestones</li> <li>• Convincing methodology to ensure inclusion and active participation of local stakeholders in disaster risk management</li> <li>• Building on successful pilot activities that have already been implemented</li> <li>• Assessment and consideration of legal, institutional and regulatory framework conditions</li> </ul>
<b>E. Financial &amp; sustainability</b>	
	<ul style="list-style-type: none"> <li>• Adequacy of cost estimates (compliance with usual market costs / rates)</li> <li>• Cost effectiveness with respect to envisioned outcomes (target group / local conditions / complexity)</li> <li>• Willingness and ability of target group to pay (premiums)</li> <li>• Dependence on premium subsidies</li> <li>• Conformity with demand and needs of target group</li> <li>• Credible verification of clients’ understanding regarding the respective insurance product</li> <li>• Government support (esp. for macro-schemes)</li> <li>• Share of own contribution</li> <li>• Alignment with policies and programmes of other donors active in the field of climate risk management</li> </ul>