



InsuResilience

Solutions Fund

Grant Procedures Manual

InsuResilience Solutions Fund (Pillar III)

February, 2024

Version 1.2

About this Grant Procedures Manual

The Grant Procedures Manual (“The Manual”) for the InsuResilience Solutions Fund (ISF) sets out the key steps and related documents for the grant-making process under Pillar III. Furthermore, it describes the key elements for the grant-receiving organisations and entities regarding project implementation and monitoring.

The Manual will be reviewed regularly and amended to reflect new and/or updated requirements and incorporate feedback provided by the users. Users are invited to offer feedback (for contact details please refer to chapter 3.3) on the appropriateness and usability of the manual, related documents, and forms.

The purpose of the manual is to provide grant applicants with a sufficiently detailed description of the grant application and selection process. However, its content is not legally binding and does not form part of any contractual arrangement within the context of the ISF.

Glossary

APPLICANTS

Refer to the organisations or entities that join forces to work on the preparation and submission of a grant application (Concept Note and Full Proposal) to the Fund to obtain for co-funding in form of grant for the envisaged project.

CONCEPT NOTE

Document mandatorily to be submitted to the ISF to successfully enter the first application stage.

DEMAND-SIDE

Refers to the member(s) of the applicants (see below) representing the demand and needs of end beneficiaries or acting on their behalf. Indicators are direct access/contact to and/or acting as policy holder on behalf of end-beneficiaries as well as local entities (government, organisations) acting on behalf of end-beneficiaries without becoming a policy holder.

END BENEFICIARIES

Vulnerable people earning below USD 15 PPP/day who are covered by direct or indirect insurance schemes supported under InsuResilience.

FULL PROPOSAL

Refers to the Application Template and the additional documents (Annexes) that are mandatorily to be submitted to the ISF to successfully enter the second application stage to be considered for a potential co-funding by the ISF.

FUND

Refers to InsuResilience Solutions Fund.

GRANTEE

Refers to Partnerships that will enjoy grants under the ISF.

INSUREILIENCE SOLUTIONS FUND

InsuResilience Solutions Fund (ISF) promotes the development of innovative and financially sustainable climate risk insurance products in developing and emerging countries; it is sponsored by the German Federal Ministry for Economic Cooperation and Development (BMZ) and KfW Development Bank and implemented by Frankfurt School of Finance and Management (FS).

POWER OF ATTORNEY

Refers to Annex E of the Full Proposal as one of the mandatory application documents to be submitted to the ISF. The Power of Attorney identifies the representative(s) authorised to act for and on behalf of the temporary association formed between the Project Partners in the case of a successful application and co-financing of the project by the ISF. Said representative(s) will be contact point(s) for the ISF and responsible for reporting on the project's advances and developments.

PROJECT PARTNERS

The designated members of the consortium of applicants jointly prepare and submit a Full Proposal to the Fund in order to apply for co-funding. The consortium is considered established with signing a Grant Agreement. The consortium is an unincorporated and temporary association.

PROJECT

Refers to the scheme of developing and/or upscaling of a climate risk insurance product/solution submitted for co-funding under Pillar III of the Fund.

OWN CONTRIBUTION

Refers to the contribution provided by the applicant's member(s) which may include own resources (in-kind), own funds (financially) or co-financing from other donor(s). The own contribution must sum up to ≥ 50 per cent of total ISF project funding.

SELECTION AND EVALUATION PROCESS

Combination of qualification steps required from the initial expression of interest to receive grant funding from ISF, until final selection and approval.

SUPPLY SIDE

Refers to the member(s) of the applicants representing the supply side; more specifically it refers to organisations, which will be mainly involved in the implementation of the project co-funded by the ISF as well as to potential risk takers, e.g. insurance companies, reinsurance companies, risk modelling companies, humanitarian organisations, and brokers.

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List of Abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development
EHS	Environmental, Health and Safety
EUR	Euro
FS	Frankfurt School of Finance and Management
IGP	InsuResilience Global Partnership
ISF	InsuResilience Solutions Fund
KfW	Kreditanstalt für Wiederaufbau
MFI	Microfinance Institution
NGO	Non-governmental Organisation
ODA	Official Development Assistance
USD	US Dollar

1. About the InsuResilience Solutions Fund

1.1 PURPOSE

Emerging and developing countries, while poorly equipped with the needed coping capacities, are most affected by the increasing frequency and severity of extreme weather events. This makes them particularly vulnerable with respect to their socio-economic development, in particular poverty alleviation and improvement of livelihoods. Relying on ad hoc donor support creates uncertainties with respect to timing, size, and frequency of support which is urgently needed for mitigating the negative repercussions of weather extremes. Consequently, new sustainable approaches and strategies to manage climate and disaster risks are needed.

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), KfW is funding the InsuResilience Solutions Fund (ISF). The ISF promotes the development of innovative and financially sustainable climate risk insurance products in developing and emerging countries. The ISF intends to increase the resilience of poor and vulnerable people against extreme weather events such as floods, wind/storm, heavy rainfall, drought or cold spells.

Disaster risk financing instruments like climate risk insurance products need to be part of a broader set of climate and disaster risk management activities including adaptation measures.

This is a necessary prerequisite to improve for preparedness and early action. However, developing and emerging countries are in most cases insufficiently prepared and often lack the necessary capacities to define appropriate strategies to manage climate and disaster risks holistically. In parts, this is due to a lack of awareness, vulnerability and risk assessment practices. However, missing data and a lack of detailed forward-looking risk information have been identified as additional limiting factors faced by developing and emerging countries. Comprehensive hazard, exposure and vulnerability assessments as well as the respective mapping is not employed systematically.

The ISF is part of the Programme Alliance of the InsuResilience Global Partnership (IGP). The IGP has the central objective to enable more timely and reliable post-disaster response, and to better prepare for climate and disaster risk through the use of climate and disaster risk finance and insurance solutions. With this, the IGP aims to reduce humanitarian impacts, help poor and vulnerable people recover more quickly, increase local adaptive capacity and strengthen local resilience.

1.2 STRUCTURE OF THE PROGRAMME

To promote the development of innovative and financially sustainable climate risk insurance products in developing and emerging countries, the ISF provides financial and technical assistance following a three-pillar approach:

PILLAR I

Comprehensive climate risk analysis for selected geographic areas (municipalities, agglomerations or regions);

PILLAR II

Funding to support (pre-)feasibility studies as well as targeted expert advisory and consultancy support required to address existing deficiencies in concept notes or full proposals submitted to the ISF under Pillar III (see below). Pillar II serves to assist applicants in developing and improving proposals eligible for funding under Pillar III;

PILLAR III

Grant-based co-funding for the development and market introduction of climate risk insurance products.

Thereby, the InsuResilience Solutions Fund will concentrate on the partner regions for international development cooperation in accordance with the policies of the donor(s) of the funds.¹

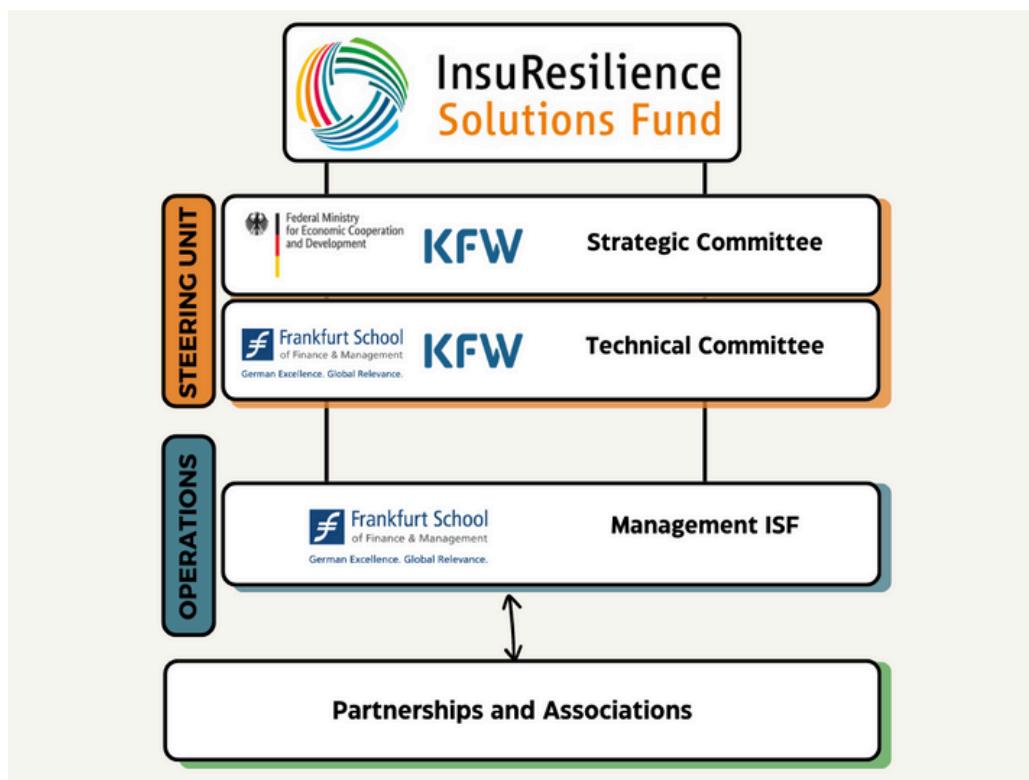
In 2022 ISF added a fourth Pillar (Pillar IV) of its activities which is the explicit support of premium subsidies for successfully developed climate risk insurance approaches developed under Pillar III. Premium subsidies are provided according to the SMART premium principles as issued by the InsuResilience Global Partnership Secretariat.

1.3 SET-UP OF THE ISF

The InsuResilience Solutions Fund is financed with public funds. Frankfurt School of Finance & Management gGmbH (FS) has been commissioned by KfW to manage the ISF and to support and coordinate its research and advisory activities. To assure proper use of funds, respective governance arrangements are in place. Key element is the Steering Unit of the ISF consisting of the Strategic and Technical Committee (see the organisation's chart below). The two committees are responsible for the strategic and technical oversight of all operations of the ISF. This includes all relevant steps in the selection and grant funding process under Pillar III, beginning with the decision on applicable eligibility criteria, the organisation of calls for proposals, screening of proposals, monitoring of project implementation and up to the official closing of the projects.

[1] This is at the current point in time the Federal Republic of Germany, represented by the Ministry of Economic Development and Cooperation (BMZ).

Figure 1: The main organisational bodies of the InsuResilience Solutions Fund



In the following section, the organisational bodies of the ISF are summarised as „the Fund“. The ISF itself has no separate legal personality. FS as the manager of the ISF acts as the point of contact and legal counterpart for applicants and grantees within the context of the ISF.

Within the context of the ISF, consortia of applicants² are selected to receive grants from the InsuResilience Solutions Fund. The applicants assume full responsibility for the project application and its implementation, including the proper use of funds and the financial and administrative management of the project. Consortia of applicants shall consist of at least a member representing the demand side (e.g. National Government Bodies, Regional Government Bodies, NGOs, Local Insurers and Local MFIs) and a member representing the supply side (Insurance Company, Reinsurance Company, Alternative Risk Taker, Risk Modelling Company and Broker). For administrative and operational aspects within the scope of the application and its implementation, the applicants shall nominate a Project Lead, who acts on behalf of the applicants.

[2] Throughout this manual, the terms “Applicant” and “Project Partners” are used for the organisations that join forces to work on the envisaged project. Prior to submitting a Full Proposal, the term “Applicant” is used. Once the Full Proposal is presented to the Fund, the term “Project Partners” is used.

2. Grants under Pillar III

Under Pillar III, the ISF provides grant-based co-funding to:

- transform existing and advanced climate risk insurance concepts into products which are ready for market placement, and
- bring successfully piloted climate risk insurance products to scale.

Pillar III of the InsuResilience Solutions Fund operates as a programme of grants to partnerships with local actors to develop and scale climate risk insurance projects.

Grants under Pillar III are the subject matter of this manual.

2.1 BASIC FUNDING PRINCIPLES

The ISF under Pillar III aims to support concepts for the development and market introduction of climate risk insurance products that satisfy the basic funding principles specified below along the following three dimensions: i) the project content (“what”), ii) the project approach (“how”), and iii) the project implementing organisation (“who”).

WHAT: Concepts that...

- follow a convincing approach to increase the resilience of poor and vulnerable people against extreme weather events;
- are or will be implemented in an area/areas prone to extreme weather events (e.g. drought, flood, wind/storm, extreme rainfall);
- are located in countries eligible to receive official development assistance (ODA)³;
- contribute to the goals of the InsuResilience Global Partnership as outlined under www.insuresilience.org;
- are aligned with regional structures and policies;
- are built on sound needs-assessments and are already at an advanced stage in terms of research and conceptual design;
- are leading to scalable products with a viable demand;
- are suitable to lead to a sustainable product after the project and support end.

[3] A list of ODA countries can be found [here](#).

HOW: Concepts that...

- lead to a market-ready product within 24 months;
- demonstrate a sound and comprehensible implementation concept;
- demonstrate cooperation with relevant governmental organisations⁴;
- contribute to capacity building of local partners;
- ensure inclusion and active participation of local stakeholders in the field of disaster risk management
- seek funding for the development of new or the scale-up of already piloted insurance products / contemplate an InsuResilience Solutions Fund contribution of up to EUR 2.5 million;
- include a component to establish long-term financing mechanism that supports the climate risk insurance product beyond the duration of the project itself, or foresees strong cooperation with an existing financing mechanism that can provide such support.

WHO: Consortia of Project Partners...

- of (local) public entities (e.g. national or regional government bodies), private companies in the insurance sector, or NGOs consisting of at least one member representing the demand side and one member representing the supply side (for details see section 1.3), respectively;
- that have sufficient implementing capacity and experience, as well as networks to allow for professional and timely implementation;
- that are willing and able to fund at least 50 per cent of the total project costs (“own contribution”⁵). The own contribution may include own resources or co-financing from other donors. Resources received from contributing parties to the ISF (currently the Federal Republic of Germany only) do not qualify as a party’s own contribution;
- that demonstrate clear task sharing and synergies between Project Partners;
- that submit a signed Power of Attorney designating the lead of the Project Partners, who acts on behalf of the consortium for administrative and operational aspects within the scope of the application and its implementation.

These basic funding principles are reflected in Annex 6.

[4] In some cases (e.g. nationwide insurance concepts) the project must have the endorsement of the appropriate authority/ authorised body of the country or region. A signed letter of consent indicating such endorsement must be presented to InsuResilience Solutions Fund by Full Proposal stage at latest.

[5] “Own contributions” include cash and in-kind contributions from headquarters and regional/local offices such as direct financial co-funding and/or no-cost contributions through human resources seconded to the project and/or no-cost provision of operational facilities such as project specific IT solutions and data, etc. They can, for example, be provided by local offices, through private donations, including foundations, or through sponsorship.

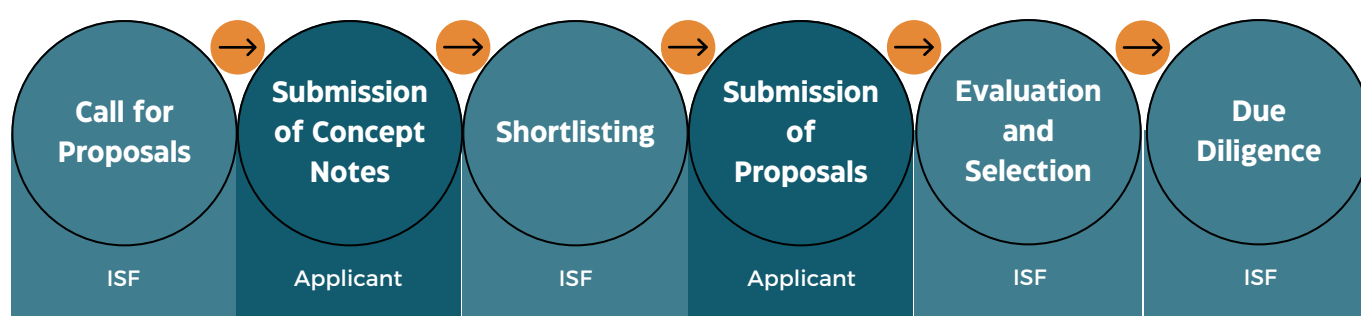
2.2 GRANT PROCEDURE

The grant procedure consists of the Application and Selection Process and the required procedures regarding the implementation, monitoring and evaluation of the project.

2.2.1 APPLICATION AND SELECTION PROCESS

The Application and Selection Process consists of the following components:

Figure 2: Components of the Application and Selection Process



CALL FOR PROPOSALS

The InsuResilience Solutions Fund’s grant-making process is based on an open call for proposals. Unless otherwise stated on ISF’s [website](#), a call for proposals does not set a strategic or geographic focus.

SUBMISSION OF CONCEPT NOTES

Applicants can submit their Concept Notes using the Concept Note Template (Annex 2) until the deadline specified on the InsuResilience Solutions Fund’s website. The documents shall be submitted via email to info@insuresilience-solutions-fund.org (except where otherwise specified).

SUBMISSION OF FULL PROPOSALS

The applicants of shortlisted projects who are interested to proceed with their application will be required to elaborate Full Proposals using the template attached to this Manual (Annex 3). In addition to the concept, signed Power of Attorney⁶, which are – amongst others - specifying and confirming the cooperation and co-funding of the project, must be submitted as attachments to the Full Proposal (an overview of documents is given in Annex 3).

Depending on the specific concept proposed, additional supporting documents must be provided together with the Full Proposals, e.g. the endorsement of the appropriate authority/ authorised body of the country or region in case of sovereign or sub-sovereign insurance concepts.

[6] A Power of Attorney is a precondition for grant provision.

The timeframe for elaborating the Full Proposals is set to a minimum of six weeks. During the elaboration process, applicants can submit questions. The questions and the respective answers that are considered relevant for the other applicants are sent to all applicants invited to submit Full Proposals.

The documents shall be submitted via email to info@insuresilience-solutions-fund.org (if not specified otherwise).

SELECTION OF FULL PROPOSALS

The Full Proposals will be evaluated by the Fund based on a predefined evaluation grid that reflects the basic funding principles as set out in section 2.1. The evaluation includes amongst others a thorough assessment of the Project Partners and the project's governance structure as well as the assessment of the project concept, the Project's Result Matrix, its coherence with the ISF's objectives and the InsuResilience Global Partnership goals respectively, the project work plan and the mechanisms implemented to assure that the results of the project are obtained. Furthermore, the financial feasibility of the project as to be presented in the project budget is included in the evaluation.

The Technical Committee of the Fund will make the final selection among the submitted proposals to be co-funded under the ISF.

DUE DILIGENCE

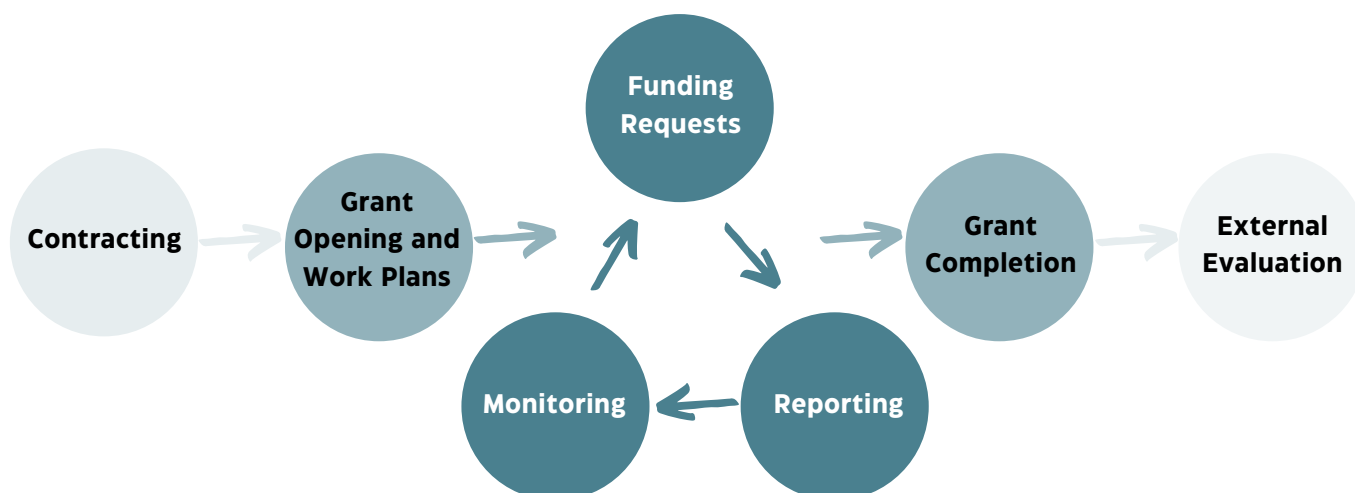
Prior to the conclusion of the contract, an off-site due diligence directed towards general KnowYour-Customer and compliance requirements will be conducted. Subject matter of the due diligence are amongst others the identification of beneficial owners of the organisations of the Project Partners, the collection and the review of related legal documents as well as US and EU sanctions screening with regard to members of the Project Partners' organisations and the main persons acting on behalf of the project.

The scope of the due diligence will depend on the specific structure of the project as well as on the domicile and legal and/or regulatory status of the bodies that are involved in the proposed project.

2.2.2 IMPLEMENTATION, MONITORING AND EVALUATION

After the final selection of the project and the successful completion of the due diligence, the following activities will be conducted:

Figure 3: Sequence of activities



CONTRACTING

The Fund will conclude a Grant Agreement with the Project Partners. The Full Proposal will be annexed to and form an integral part of the Grant Agreement. Any major modifications to the project that are leading to deviations from the project proposal must be discussed and receive approval from the Fund.

GRANT OPENING AND WORK PLANS

After the conclusion of the contract, the Project Partners may begin to work on the grant project and payments can be made as outlined in the Grant Agreement. At the beginning of the project, the Project Partners are required to submit a detailed project work plan covering the terms of the project and dividing work streams into actions and deliverables on a quarterly work schedule. Every three months the Project Partners shall update the project work plan to reflect actions and deliverables achieved, highlight changes, and the updated work plan shall be submitted to the Fund. The work plan and its updated versions will be the basis for Funding Advance Requests (see next section).

For the grants to be received by the Project Partners, a suitable bank account to receive funding from ISF needs to be identified. This is to ensure transparency regarding financial transactions. Except when otherwise agreed, grant funds must be kept in Euro or USD bank accounts in order to avoid losses from currency devaluations.

FUNDING REQUESTS

On a needs basis and at maximum once per quarter, grantees can submit Funding Requests in relation to the realised work as defined in the work plan to request replenishment of up to 50 per cent of spent project costs. Such funding requests will include: the budget; the initial or updated project work plan; and, for all periods after the first working period, a progress report that references to the work plan and the budget for the previous working period (including amounts spent, any unspent funds and a comparison / reconciliation). Funding is realised in the form of reimbursements only, i.e. there is no upfront payment of ISF funding.

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.

2.2.3 REPORTING

PROGRESS REPORTS

On a quarterly basis, the Project Partners must submit a progress report, normally within the scope of submitting requests for replenishment (see previous section).

The structure and the required content of the progress reports will be defined as an annex to the Grant Agreement.

ANNUAL REPORTS

The Project Partners shall submit a comprehensive annual report (the first and last of such reports may cover a period of less than one year, depending on project commencement date and overall duration of the project). The Annual Report shall, among other things, include information and data to assess progress towards the agreed project work plan and the Project Results Matrix. In addition, the financial part of the report shall detail expenses actually incurred during the reporting period, total project expenses to date and the remaining grant balance.

The structure and the required content of the annual reports will be defined as an annex to the Grant Agreement.

FINAL REPORT

The final report will consist of a final narrative and a final financial report and has to be submitted at the end of the project, and includes the content as required for the annual report and a financial report covering the entire implementation period.

The structure and the required content of the final report will be defined as an annex to the Grant Agreement.

MONITORING & EVALUATION

To assure a proper use of the grants, monitoring and evaluation activities are crucial. Within the scope of the grant programme, the following monitoring and evaluation activities were defined:

- Internal controls of the Project Partners
- Monitoring activities by the Fund based on reporting and on-site visits
- Project audits
 - Financial audits (mid-term and at the end of the project)
 - Technical audits (mid-term and at the end of the project)

INTERNAL CONTROLS OF THE PROJECT PARTNERS

The project organisation itself as well as the relevant parts or functions of the individual organisations of the Project Partners must be designed in a way that the project's assets are safeguarded, the reporting relating to the project is reliable and that the activities are in compliance with applicable laws and regulations. The design of the Project Partners' Internal Control Systems is the sole responsibility of the Project Partners. However, the Fund can at its discretion review the Project Partners' project-related Internal Control System in case that a partner organisation is not regulated by a supervisory authority or if the partner organisation is not subject to statutory audits that are covering the Internal Control System.

MONITORING ACTIVITIES BY THE FUND

The Fund itself will conduct regular off-site monitoring activities based on the reports provided by the Project Partners. The Fund can at its discretion decide to conduct on-site monitoring.

FINANCIAL AUDITS

Annual financial audits of the project accounts and a financial audit at the end of the project are to be conducted by an external auditor.

EVALUATION

Approximately six months after the grant completion (see chapter 2.2.2.6 below), an on-site evaluation of the project may be conducted by the Fund.

GRANT COMPLETION

The grant can only be closed once all required documents have been submitted and verified. This includes the submission of the Final Report (see above) The Fund will verify that all deliverables have been completed and all progress, financial, and audit reports have been reviewed and approved, and that the total grant amount has been reconciled. Reconciliation includes verification that all advances have been accounted for, the final payment has been issued, and any unspent funds have been returned and credited back to the Fund. The Fund will notify the Project Partners about the approval of all deliverables and the completion of the grant.

3. Other Stipulations

3.1 COMMUNICATION AND VISIBILITY REQUIREMENTS

The Project Partners should acknowledge the InsuResilience Solutions Fund on all publications, reports, banners, press materials and all other products that the grants help produce (including its logo and full name). The InsuResilience Solutions Fund should also be acknowledged on the Project Partners' social media posts and respective websites. However, the InsuResilience Solutions Fund's logo and name shall only be used with the approval of the Fund.

The Project Partners shall provide the Fund with electronic copies of any articles, reports, media interviews or other publication directly relating to activities covered under the Grant Agreement.

In addition, Project Partners are asked to grant the Fund Management and Donors the rights to copy, distribute and publish derivatives of the work, in particular photos, for non-commercial use.

3.2 FEEDBACK AND COMPLAINTS

At project level, Project Partners shall have a process for handling feedback and complaints, which will consist of effective, accessible, and transparent procedures to receive and resolve complaints. Feedback/complaints shall be encouraged among all stakeholders throughout the project and resolved without undue delay. Any stakeholder of the project (project staff, beneficiaries, partners) can file feedback or complaints.

Feedback should be reported on in progress reports to the Fund. In addition, Project Partners are encouraged to provide constructive feedback and complaints to the Fund, which can be submitted at any time. If issues cannot be resolved at project level, stakeholders can file a complaint to info@insuresilience-solutions-fund.org. In the case that the complaints are not submitted anonymously, complainants' identities will be kept confidential by the Fund.

3.3 ENVIRONMENT AND SOCIAL SAFEGUARDS

The Project Partners shall at all times comply with all applicable national laws and regulations, in particular in the areas of the environment, occupational health and safety and social matters.

The Project Partners, once selected for funding from the Fund, will be required to periodically review the project for environmental and social risks and impacts and promptly inform the Fund if the situation worsens; furthermore, the Project Partners are required to suggest necessary measures in order to properly manage the project.

The Project Partners shall further ensure that the implementation of the project is in accordance with the applicable health and safety provisions of the World Bank Group Environmental Health and Safety Guidelines (known as the “EHS Guidelines”).

3.4 COSTS

The Project Partners shall at all times comply with all applicable national laws and regulations, in particular in the areas of the environment, occupational health and safety and social matters.

The Project Partners, once selected for funding from the Fund, will be required to periodically review the project for environmental and social risks and impacts and promptly inform the Fund if the situation worsens; furthermore, the Project Partners are required to suggest necessary measures in order to properly manage the project.

3.5 CONTACT

Within the Fund, a designated staff member will coordinate the work and will be the main point of contact for the Project Partners.