



CLIMATE AND DISASTER RISK FINANCING AND INSURANCE STATE OF PLAY IN MALAWI

Study Report

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Climate and Disaster Risk Financing and Insurance State of Play in Malawi

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Acronyms and Abbreviations

ACRE	Agriculture and Climate Risk Enterprise
ACRI+	Climate Risk Insurance Plus
ARC	African Risk Capacity
ARS	Assurance Récolte Sahel
AU	Africa Union
BMZ	German Ministry for Economic Cooperation and Development
CARD	Agricultural Research and Development
CCA	Climate Change Adaptation
CDEA	Community Development and Environment Association
CDRFI	Climate and Disaster Risk Financing and Insurance
CISONECC	Civil Society Network on Climate Change
CoP	Conference of Parties
CPDC	Caribbean Policy Development Centre
CRS	Climate Resilient Solutions
CSOs	Civil Society Organizations
CTA	Technical Centre for Agricultural and Rural Cooperation
CUMO	Concern Universal Microfinance Operations
DoDMA	Department of Disaster Management Affairs
DRF	Disaster Risk Financing
DRFS	Disaster Risk Financing Strategy
DRM	Disaster Risk Management
EAD	Environmental Affairs Department
EbA	Ecosystem-based Adaptation
ENDA	Energy Environment Development
EU	European Union
FAO	Food and Agriculture Organisation
FISD	Foundation for Irrigation and Sustainable Development
GCF	Green Climate Fund
GIIF	Global Index Insurance Facility
HARITA	Horn of Africa Risk Transfer for Adaptation
IAIS	International Association of Insurance Supervisors
IAM	Insurance Association of Malawi
ICPs	Insurance Core Principles
IGP	InsuResilience Global Partnership
ILO	International Labour Organisation
LUANAR	Lilongwe University of Agriculture and Natural Resources
MIS	Management Information System
MCII	Munich Climate Insurance
MFIs	Microfinance Institutions
MGDS	the Malawi Growth and Development Strategy
MoFEPD	Ministry of Finance, Economic Planning and Development
MUSCCO	Malawi Union of Savings and Credit Cooperatives
MYDRIF	Myanmar Disaster Risk Financing
NAMA	Nationally Appropriate Mitigation Actions
NAP	National Adaptation Plans
NAPA	National Adaptation Programmes of Action

NASFAM	National Association of Smallholder Farmers in Malawi
NCCDRM	National Climate Change and Disaster Risk Management
NDA	National Designated Authority
NDC	Nationally Determined Contributions
NGO	Non-Governmental Organisations
PG	PlaNet Guarantee
RBM	Reserve Bank of Malawi
REST	Relief Society of Tigray
RFP	Requests for Proposals
RPG	Replanting Guarantee
SACCO	Savings and Credit Cooperative
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise
SFDRR	Sendai Framework for Disaster Risk Reduction
UK	United Kingdom
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nation Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNU-EHS	United Nations University Institute for Environment and Human Security
USA	United States of America
USSD	United States Dollars
WBCIS	Weather-Based Crop Insurance Scheme
WFP	World Food Programme
WMO	World Meteorological Organization

EXECUTIVE SUMMARY

I. INTRODUCTION

The Civil Society Network on Climate Change (CISONECC) in partnership with CARE Malawi commissioned this study on “Climate and Disaster Risk Financing and Insurance (CDRFI) state of play in Malawi” to take stock of Climate and Disaster Risk Financing and Insurance (CDRFI) activities in Malawi to document the status and trend of CDRFI interventions including institutional frameworks, implementation approaches and products in Malawi and globally. The report also discusses implementation challenges and explores opportunities for Civil Society intervention considering the need for making such interventions pro-poor and gender responsive. As disaster risk reduction is the responsibility of everyone, it is envisaged that the report will be a useful tool for information, dialogue and advocacy not only for Civil Society Organizations (CSOs) but also all stakeholders in climate and disaster risk financing and insurance including Government, non-governmental organizations, the private sector, development partners and community members in Malawi.

II. STUDY APPROACH

The study approach included systematic review and interviews using a standard data collection tool - the “Assessment Framework of the CDRFI State of Play in the Project focus Countries” designed by CISONECC and CARE Malawi in collaboration with the InsuResilience Global Partnership (IGP). The key themes covered through the interview process were: policies, processes and activities; key players; CSO interactions with other CDRFI stakeholders; and CDRFI networks, initiatives and partnerships globally, regionally and in Malawi.

III. CDRFI POLICIES, PROCESSES AND ACTIVITIES

The study has shown that policies and institutions supporting the development of CDRFI initiatives exist at the global, regional and national levels. At the global level, CDRFI is anchored in the United Nations Framework Convention on Climate Change (UNFCCC) and its implementation tool, the Kyoto Protocol, the Paris Agreement, the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda of the third International Conference on Financing for Development and the Sendai Framework for Disaster Risk Reduction (SFDRR). All these policies call for coordinated effort towards rethinking future adaptation finance, in order to determine climate and disaster related risks and explore risk reduction measures.

At the regional level, framework policies include the Africa Regional Strategy for Disaster Risk Reduction, African Union Strategy on Climate Change and the Southern African Development Community (SADC) policies (protocols) on climate change (mitigation and adaptation). SADC also has the Regional Water Policy and a number of protocols not directly tackling CDRFI but relevant to disaster risk management such the Protocol on politics, defence and security; and the Protocol on health. Nationally, CDRFI is provided for in the Constitution and is anchored in the Malawi Growth and Development Strategy (MGDS) III and in most key policies within agriculture, environment and natural resources management, climate change and disaster risk management sectors. A number of sector specific regulations also exist that guide the establishment and management of CDRFI related funds and risk transfer solutions.

The global and regional level policies are developed through highly consultative processes involving national governments, research and academic institutions, think tanks, international organizations and civil society organizations. At the national level, the national Disaster Risk Financing Strategy and Implementation Plan have been developed with lesser engagement of the civil society, academia and

private sector compared with previous policies within the climate change and disaster risk management sectors in Malawi.

- These global policies are broad enough and adequate to address the current needs of national governments and international organizations to initiate and advance CDRFI policies, strategies and activities in a broad manner. However, the changing and complex nature of climate related disasters and the complex social, economic and environmental characteristics of regions and nations leaves no room for complacency.
- CDRFI issues are not adequately addressed in the regional (especially SADC) and national framework policies and strategies (especially DRM Policy and National DRF Strategy and Implementation Plan).
- National regulations are disjointed to effectively provide guidance on CDRFI operations. The regulations tend to address the administrative needs of an institution or a sector thereby creating a narrow scope for cross-sector collaborative management of CDRFI.

IV. CDRFI KEY PLAYERS

- a) The global players are mostly UN, and World Bank entities as resource mobilizers and governments of developed nations as donors of CDRFI interventions. The Global resource mobilizers have often collaborated with regional institutions (mostly private) as agents, and national governments as premium buyers and local NGOs as service providers in implementation. The work being done is commendable although much of it has been on pilot basis, but expanding in terms of thematic scope and spatially. The workload is big considering the number of people that have not been reached in all the most vulnerable parts of the world. Moreover, the role played by CSOs has not been significant at this level apart from appearing in forums as supporters of CDRFI interventions, unless they have often been camouflaged as other “stakeholders”.
- b) At the regional level, the African Union (AU) and SADC have performed similar policy guidance, advocacy, research and educational functions as those played by the UN and other international organizations but with much focus on contextualizing the concerns and interventions to their jurisdictions. Whereas AU has advanced risk transfer through establishment of the African Risk Capacity (ARC) Insurance facility, SADC does not operate any insurance policy but has policies that support the development of innovative climate change and disaster risk management approaches including risk financing and risk transfer through national efforts, regional collaboration and international cooperation. SADC has continuously engaged national governments to raise awareness, advocate and discuss matters of regional importance including and those meaning from insurance as operated by the ARC. However, it is not clear whether (and how) these regional bodies coordinate the operations of regional CDRFI institutions that are not embedded in their institution such as Agriculture and Climate Risk Enterprise (ACRE) Africa, World Food Programme (WFP) and Climate Investor One. In general terms, the regional institutions do not have strong operational checks and balances to guard against the exploitation of resources meant for the region in the name of development compared with other regions such as the European Union (EU) that have strict rules and regulations for the operation and conduct of public and private entities in business.
- c) In Malawi, the discourse and implementation of CDRFI interventions is generally low, emerging and mostly done on pilot basis propagated by a few institutions especially the World Bank, WFP and Africa Union’s ARC working with Government institutions and a handful NGOs. Although the conversation on CDRFI started around 2011 through World Bank, the issues only

started gaining recognition around 2015 when Malawi was hit by one of the greatest flood disasters in decades that was followed by a massive drought in 2016. WFP and ARC also stepped up their activities to support government and smallholder farmers with pilot CDRFI solutions from that time. This is clearly demonstrated in the tone in policies (considering that Malawi has just developed its Disaster Risk Financing Strategy and Action Plan in 2019), strategies, programmes and plans developed and executed by government through which climate and disaster risk financing and insurance started to emerge as priority and exploratory areas for investment in pursuit of national sustainable development goals.

- d) The role of NGOs/CSOs has mainly been that of mobilizing smallholder farmer groups for ease of access and insurance institutions, coordinating payment of premiums and pay-outs, supporting awareness-raising and the management of grievances surrounding pay-outs.
- e) Microfinance institutions, including insurance companies face a myriad of operational challenges in Malawi including director Government and donor funding to the intended clientele; poor infrastructure to aid rural extension services provision, and low literacy levels on micro finance including insurance.
- f) The academia has not been proactive on CDRFI mostly because the industry has not called for their services in this field since they respond to the needs of the industry.

V. CDRFI INTERVENTIONS AND PRODUCTS

- a) There are several CDRFI interventions worldwide operating at global, regional and national scales. Key platforms include but are not limited to the InsuResilience Global Partnership, World Bank's Disaster Risk Financing and Insurance Program (DRFIP), the Green Climate Fund, Munich Climate Insurance Initiative, R4 Rural Resilience Initiative (R4), ACRE Africa, and ACRI+ Advancing Climate Risk Insurance Plus.
- b) The Government of India operates the National Agricultural Insurance Scheme.
- c) In Malawi, NICO General Insurance designed and rolled out a special insurance product called "Mtetezi" for tobacco value chain protection whereas Africa Risk Capacity and World Bank are advancing weather-based Index Insurance facilities and products in Malawi and other parts of Africa. World Food Programme (WFP) is implementing R4 Rural Resilience Initiative that is advancing an integrated approach to climate and disaster risk management - that combines improved natural resource management (risk reduction), insurance (risk transfer), the promotion of investment including better access to micro-credit (prudent risk taking) and savings (risk reserves). National Association of Smallholder Farmers in Malawi (NASFAM) is implementing the scaling up Climate Resilient Solutions (CRS) for smallholder farmers in Malawi
- d) The CDRFI interventions, approaches and products have evolved and increased over the last three decades and are continuously being modified to fit the needs of beneficiary governments and populations. The focus has shifted from yield-based interventions and products majorly applied in the 1990's to early 2000, to more predictive weather-based crop insurance products that trigger based on a short-fall in pre-agreed rainfall margin accelerated over the last decade. There has also been an increase in the development of guidelines for delivering effective and innovative solutions to the most vulnerable nations and populations in a gender-responsive manner. Ownership and self-drive are some of the core principles propagated by not only the Green Climate Fund (GCF), but also several other emerging CDRFI platforms.
- e) The CDRFI interventions have revolved around provision of sovereign disaster risk finance (mostly by World Bank), market development, analytics, knowledge management including

awareness-raising, partnerships development, and capacity building including on matters of enabling framework (e.g. policy development and revision) for CDRFI. CDRFI products include weather-based crop insurance (including against germination failure), value chain based insurance for crops (e.g. for the tobacco value chain in Malawi), and for livestock (e.g. for livestock and livestock products such as milk). Bundling of crop insurance with other services such as inputs and loans has emerged in recent decades as a promising strategy for incentivizing farmers towards uptake of weather-based crop insurance. Improvements in satellite and mobile technologies have accelerated the development of innovative CDRFI solutions and products over the last decade.

- f) In terms of purchases and pay-outs, Malawi purchased an insurance policy with ARC for its 2015/16 crop season for which it got a pay-out of US\$8.1 million. In 2018, poor rainfall in parts of Africa triggered the largest insurance pay-out so far for vulnerable farmers under the R4 Rural Resilience Initiative (R4). In Malawi, more than 7,000 drought-affected families received an insurance payment worth US\$ 400,000 – making it an all-time largest pay-out for Malawi at that time.
 - The growing concern on the plight of poor nations and populations to the ever-increasing risks posed by climate change and disasters is evidenced in the increase of global CDRFI interventions and the growing focus on integrated interventions that address the root causes of vulnerability in using contextualized solutions.
 - However, these interventions are never adequate to effectively address current and emerging climate and disaster management challenges due in part to the huge number of nations and populations still struggling with poverty, where disasters are exacerbating existing challenges and the complexities associated with design of the interventions to effectively address the needs of poor beneficiaries.
 - This takes cognizance that most of the interventions undertaken so far have been on pilot basis and the lessons are yet to be learnt and imbedded in the programming of future interventions.
 - Analyzing the extent and adequacy of the interventions against the four basic criteria for evaluating and improving financial resilience as developed by the World Bank (World Bank, 2018), it is evident that a lot more is required to improve the **timeliness of funding, funding sources and disbursement modalities, disaster risk layering** since no single financial instrument can address all risk; and **data and analytics** for effective decision-making on CDRFI matters.

VI. CIVIL SOCIETY AND CITIZEN ENGAGEMENT IN CDRFI INTERVENTIONS

- a) Civil Society Organizations have generally played a low profile in the design, execution and monitoring and evaluation of CDRFI interventions in Malawi. Where engaged, their role has mainly been that of agency for farmer mobilization and delivery of insurance products. The insurance companies recognize the need for working with CSOs/NGOs as the link to the buyers of their insurance products but their association with the CSOs has not been concretized, creating gaps in understanding and appreciation of the roles and responsibilities of the various actors in CDRFI implementation. Basically, the main CDRFI activities, processes and policies in the country are not well known by the civil society community and/or by the population and citizens but there is emerging interest in CDRFI with CSOs commenting on the national insurance schemes like the ARC. Limited knowledge is a function of limited engagement and

dissemination considering that the CDRFI concept is not only relatively new in the country and the region but that it also perceived as complex.

- b) Integration of the five InsuResilience Global Partnership (IGP) core principles namely, impact, quality, ownership, complementarity and equity in the CDRFI discourse in Malawi is low because CDRFI is a relatively new and emerging concept in Malawi. Partial integration of these principles is observed in some policies, strategies and programmes but only as a result of application of other pro poor policies or principles such as the Sustainable Development Goals (SDGs) and not necessarily as propagated by the IGP. Although the extent of integration of gender equality aspects as part of the conversation on CDRFI in the country is high, practical application of gender equality considerations is generally low demonstrating a gap between policy or theory and implementation.
- c) Progressing on pro-poor aspects in CDRFI matters in the country calls for reinforcing the understanding and appreciation that the majority of Malawians, typically smallholder farmers are inherently poor due to their dependency on weather-based income that is increasingly becoming less predictable due to climate change. When disasters strike, they also affect the same category of people, destroying their assets and making them more poor and vulnerable. The resultant loss and burden is felt not only by them, but by the entire nation as resources meant for development are channeled towards response, recovery and reconstruction. However, investments in risk reduction interventions including through insurance can assist in eradicating poverty among the most vulnerable groups and gender categories in the country and there are certain preconditions including progressive institutional frameworks that must be met to attain the desired progression.
- d) To progress on the integration of pro-poor aspects in CDRFI matters in Malawi CSOs should:
 - Review the adequacy and robustness of the legal framework (policies, regulations and institutions) guiding and/regulating the design and implementation of pro poor CDRFI interventions in the country.
 - Examine the long-term commitment of public champions such as the ministries responsible climate change, disaster risk reduction, gender, agriculture and food security, fiscal and monetary matters on advancing pro poor principles;
 - Advocate clear roles of the different public and private actors in CDRFI.
 - Assess and advocate cost-effectiveness of distribution channels, access to data, appropriate back-up mechanisms, and investment in risk management education and capacity building of key stakeholders
- e) To progress on gender equality in CDRFI matters in the country, CSOs should reinforce the understanding and appreciation that gender is a critical component of climate change and disaster risk management policies and programmes in the country but there exists a gender gap in the apportionment of costs and benefits with females incurring more costs and less benefits in the agriculture sector. Closing this gap would return social and economic benefits not only to females, but also to the entire country – and reduce poverty. As such, CSOs should:
 - Lobby for quality engagement of CSOs in the design and implementation of CDRFI interventions where they should advocate systematic mainstreaming of gender in the design, programming and implementation of CDRFI interventions as this can facilitate effective development planning and coordination, budgeting, implementation and monitoring.
 - Advocacy should be extended to equitable distribution of costs and benefits between men and women in agriculture production and other CDRFI interventions.

VII. CDRFI NETWORKS, INITIATIVES AND PARTNERSHIPS

- a) Currently, CSOs are struggling for space and support to make meaningful contribution to the discourse of CDRFI in Malawi. For instance, they are receiving little (if any) support from the public and private institutions as well as the academia to advance their roles and participation within the local CDRFI state of play in the country. CSO engagement in policy development and preparation of technical documentation, advocacy, community engagement and actual implementation is only emerging but could be accelerated. So far, CSO interaction with CDRFI actors in Malawi occurs through CISONTECC's participation in designated technical committees on agriculture, climate change and disaster risk management, and in Technical Working Groups (TWGs) of the ARC and GCF where the agenda for discussions is set by the host institutions, usually government. Gaps still exist for CSOs to engage government, the private sector, the academia and other stakeholders in meaningful discourse beyond the confines of these platforms.
- b) Nevertheless, advancing the role of CSOs is not without challenges as their operation is mostly via networks that experience a myriad of management challenges including the lack of specific management tools, governance problems, and asymmetries in institutional and donor policies and objectives. In Malawi, the impact of CSOs networks is further constrained by their small voice (low numbers) and funding uncertainties. Networks, therefore, should be founded on a solid governance structure (e.g. within a highly trusted institution with good policies) and implemented with an acceptance of continuous experiential learning and the focus for a unifying agenda.
- c) This study has found that the level of civil society influence on the CDRFI national processes in the country is existing but limited (estimated at 20%) as CSOs do not have the unified voice to steer the course of CDRFI policy development and implementation in the country. CSOs are mostly followers of initiatives even in areas where they should have advanced different trajectories in design and implementation of CDRFI interventions.

VIII. GAPS FOR BETTER MONITORING THE PROJECT IMPACTS

The level of civil engagement with the CDRFI debates, activities and processes in the country from a civil society point of view is as follows:

1. CSO Participation in CDRFI thematic area

- a. The level of policy participation of national CSOs, including CISONTECC in the CDRFI processes at the moment of this reporting period is limited. Apart from CISONTECC and CARE, there are no known National CSOs that are fully engaged in the CDRFI policies in a critical and constructive manner at present within the country or at the regional, and international levels.
- b. The level of public information and awareness about the CDRFI processes and activities among civil society in the country at present is Low. The country has had very few CDRFI activities implemented by a handful CSOs, mostly on pilot basis.
- c. The results and experiences in terms of successes and challenges have not been shared widely to allow for a balanced appreciation of such interventions.
- d. Other NGOs are reluctant to join the initiatives as the CDRFI approaches appear complex and not compelling for institutions that run on project resources.
- e. With the insurance institutions not willing to engage directly with the local communities (premium buyers), and government's limitation to set aside funds for

such interventions (insurance or funds for development) there is limited enthusiasm for the few CSOs that demonstrate awareness on these matters.

- f. Vulnerable populations are not well organized and capacitated to understand and appreciate the CDRFI concept, and to willingly participate in the intervention.
- g. The collaborations and partnerships among national CSOs around the CDRFI processes and activities in the country at present is limited, it is only emerging.
- h. Peer-learning and experience sharing around the CDRFI processes and activities among national or regional CSOs at this time of reporting is existent but low. Under the GCF readiness project CISONECC trained other CSOs on how they can access funds from the GCF. The level of technical/advisory or institutional support received by CSOs from other regional or national CSOs to develop or improve their knowledge, skills and understanding about the CDRFI modalities is also low.

2. Public Information and Awareness

- a) The level of public information and awareness about the CDRFI processes and activities among civil society in the country at present is Low. The country has had very few CDRFI activities implemented by a few CSOs, mostly on pilot basis.
- b) The results and experiences in terms of successes and challenges have not been shared widely to allow for a balanced appreciation of such interventions. Other NGOs are reluctant to join the initiatives as the CDRFI approaches appear complex and not compelling for institutions that run on project resources.
- c) With the insurance institutions not willing to engage directly with the local communities (premium buyers), and government's limitation to set aside funds for such interventions (insurance or funds for development) there is limited enthusiasm for the few CSOs that demonstrate awareness on these matters.
- d) Vulnerable populations are not well organized and capacitated to understand and appreciate the concept, and to willingly participate in the intervention.
- e) Citizens in general and national CSOs in particular are not well informed and aware about the CDRFI activities in the country at present. Most CSOs, are not aware of the existence of the National DRF Strategy and Implementation Plan that was developed by Government.

3. Collaborations and Partnerships with Other Civil Society Organizations

- Collaborations and partnerships among national CSOs around the CDRFI processes and activities in the country at present is low but emerging.
- The focus of collaboration so far has been on implementation of measures that do not include risk funding and risk transfer as key thematic areas for collaboration and partnership.

4. Learning and Experience Sharing

- Peer-learning and experience sharing around the CDRFI processes and activities among national or regional CSOs at this time of reporting is existent but low. Under the GCF readiness project CISONECC trained other CSOs on how they can access funds from the GCF.
- The level of technical/advisory or institutional support received by CSOs from other regional or national CSOs to develop or improve their knowledge, skills and understanding about the CDRFI modalities is also low.

IX. RECOMMENDATIONS

It is recommended that CSOs should advance the integration of IGP pro poor and gender considerations in the design and implementation of CDRFI interventions in the country. Progression of pro-poor aspects in CDRFI matters should reinforce the understanding and appreciation of the social and economic equity challenges experienced by the majority of Malawians, typically smallholder farmers. Specifically, advocate practical integration of gender considerations in programmes and projects including review of gender equality related successes and challenges. Key actions should include:

- i. Review the adequacy and robustness of the legal framework (policies, regulations and institutions) guiding and/regulating the design and implementation of pro poor CDRFI interventions in the country. Specifically:
 - advocate revision of the 2019 National Disaster Risk Financing Strategy and Implementation Plan to integrate pro poor and gender inclusive CDRFI considerations;
 - advocate development of integrated guidelines for the management of Climate and Disaster Risk Funds and risk transfer operations.
- ii. Examine the long-term commitment of public champions such as the ministries responsible climate change, disaster risk reduction, gender, agriculture and food security, fiscal and monetary matters on advancing pro poor principles.
- iii. Advocate clear roles of the different public and private actors in CDRFI.
- iv. Assess and advocate cost-effectiveness of distribution channels.
- v. Assess and advocate access to data, appropriate back-up mechanisms, and investment in risk management education and capacity building of key stakeholders.
- vi. Lobby for quality engagement of CSOs in the design and implementation of CDRFI interventions where they should advocate systematic mainstreaming of gender in the design, programming and implementation of CDRFI interventions as this can facilitate effective development planning and coordination, budgeting, implementation and monitoring.
- vii. Initiate partnership arrangements with the academia and/or research institutions in collaboration with Government and the private sector towards proactive research and review, design and exploration of contextualized and customized risk financing and risk transfer solutions for Malawi incorporating social, economic and environmental factors in specific value chains.

1 INTRODUCTION

1.1 BACKGROUND

The Civil Society Network on Climate Change (CISONECC) in partnership with CARE Malawi is implementing a project called 'Multi-stakeholder Partnership on Climate and Disaster Risk Financing and Preparedness in the context of the InsuResilience Global Partnership' with support from the Government of Germany and CARE Germany. The InsuResilience Global Partnership is a partnership of over 70 partners consisting of countries, Civil Society Organizations (CSOs), international organizations, the private sector and academia which aims at strengthening the resilience of developing countries and protecting the lives and livelihood of poor and vulnerable populations from the consequences of disasters by enabling faster, more reliable and more cost-effective responses to disaster. To this effect the project aims to reduce the negative consequences of disaster and climate change on the development opportunities and living conditions of vulnerable Malawians through the establishment and/or strengthening of a multi-actor dialogue platform at national level in order to promote the development and implementation of gender-equitable, poverty-oriented and human rights based approaches to climate risk financing.

CISONECC engaged Bigpot Consulting to conduct an assessment on Climate and Disaster Risk Financing and Insurance (CDRFI) state of play in Malawi. The study documents the current environment around CDRFI globally, regionally, and nationally by looking at policies that guide and processes that are followed in CDRFI; analyzing the extent of stakeholders' involvement in CDRFI in Malawi; recording CDRFI activities that are currently being implemented nationally and analyzing the extent to which the processes are pro-poor and gender responsive.

1.2 RATIONALE

Climate change increases the frequency and intensity of extreme weather events worldwide. Its impacts on lives, livelihoods, and assets are not evenly distributed and threaten efforts to sustainably reduce poverty. Disasters force 26 million people into poverty each year (GIZ, 2019; World Bank, 2018). The cost of responding to disasters will continue to increase and force countries to frequently divert longer-term development finance into short-term response measures. Hence, there is a need to shift from reactive crisis management to investing in prevention, early preparedness and action.

Disaster risk finance and insurance solutions, when used as part of a comprehensive disaster risk management approach, can enable more resilient economic development and help protect lives, livelihoods, businesses, infrastructure, and public finances by strengthening disaster preparedness, rapid response, and recovery. The Sendai Framework calls upon national Governments to promote mechanisms for disaster risk transfer and insurance, risk sharing and retention and financial protection, as appropriate, for both public and private investment in order to reduce the financial impact of disasters on governments and societies, in urban and rural areas (UNDRR, 2015).

Malawi is among the most vulnerable countries to climate change because its economy is predominantly agro-based and largely rain-dependent. Considering that the rural population, which is in majority, is poor and directly depends on natural resources for its livelihood, the bulk of this population lacks the capacity to proactively finance Climate Change Adaptation (CCA), mitigation and climate proofing activities. This underscores the importance of more predictable and reliable financing mechanisms from local and international sources (Ministry of Natural Resources, Energy and Mining, 2016; Ministry of Finance, Economic Planning and Development, 2017). The MGDS III recognizes that improving access to multilateral and bilateral international climate financing and private sector investments is among the strategies for enhancing community resilience to the impacts of climate

change, and other socio-economic and environmental shocks (Ministry of Finance, Economic Planning and Development, 2017). Similarly, the National Climate Change Management Policy (2016) prioritizes enhanced financing for implementation and coordination of climate change management activities through increased national budgetary allocation, establishment of a Climate Change Management Fund, improved access to international climate financing (both multilateral and bilateral) and private sector investments (Ministry of Natural Resources, Energy and Mining, 2016).

The Sendai Framework recognizes that the State has the primary role to reduce disaster risk but that responsibility should be shared with other stakeholders including local government, the private sector, and other stakeholders including communities, development partners and civil society organisations).

This state of play study, therefore, acts as a tool for identifying the policy, regulatory and administrative framework, operational activities and products on CDRFI in the country. It will help CDRFI stakeholders to understand the strides that have been made, challenges encountered and pathways for exploring and pursuing the progression of pro poor and gender sensitive CDRFI approaches and interventions across the country. This is important to ensure that the efforts to be undertaken by the CISON ECC, government, development partners and the private sector do not constitute a duplication of efforts but leverage existing efforts and structures as much as possible.

1.3 OBJECTIVE

The objective of the assignment is to take stock of Climate and Disaster Risk Financing and Insurance (CDRFI) activities in Malawi to act as a baseline for the CDRFI project in Malawi. Specifically:

- a) Get an overview and understanding of the processes of CDRFI at a global, regional and national level;
- b) Identify existing CSOs, governmental institutions and private sector institutions that are actively engaged in or are interested in CDRFI in the country;
- c) Draw a list of CDRFI activities, projects, and interventions being implemented by various stakeholders in the country; and
- d) Sensitize the general public on CDRFI.

1.4 USERS OF THE REPORT

As disaster risk reduction is the responsibility of everyone, the state of play report may be used by all stakeholders in climate and disaster risk financing and insurance including Government, non-governmental organizations, CSOs, the private sector, development partners and community members. The study results will provide guidance and assist CDRFI stakeholders with information for designing and rolling out CDRFI in Malawi with an objective of building resilience of vulnerable communities and assets to climate related disasters. The report will also act as a tool for dialogue with policy makers and other stakeholders on matters of CDRFI in Malawi, in Africa and globally.

2 APPROACH

The study approach included systematic reviews and interviews using a predesigned standard data collection tool - the "Assessment Framework of the CDRFI State of Play in the Project focus Countries" (The list of participants is included as Annex 2 whereas the study tool is included as Annex 3). The data collected was mostly qualitative and was analysed thematically with a special focus on policies, processes and activities around CDRFI globally, regionally and nationally. The other themes included: key players, CSO interactions with other CDRFI stakeholders, and CDRFI networks, initiatives and partnerships. As the research was done during a period of restricted movements due to COVID-19, the

questionnaire was mostly administered online or via phone and Skype calls. Although this delayed the delivery, the responses received were quite informative and fulfilling of the needs of the investigation.

3 KEY FINDINGS

3.1 CDRFI POLICIES

3.1.1 *Global Policies*

Climate and Disaster Risk Financing and Insurance can play a meaningful role in managing climate and disaster risks if appropriate policies and regulations are in place and enforced. CDRFI is conceptualized from the global policies and institutions within climate change and disaster risk management such as the UN Framework Convention on Climate Change (UNFCCC)¹ and its implementation tool, the Kyoto Protocol, the 2030 Agenda for Sustainable Development (Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda of the third International Conference on Financing for Development and the Sendai Framework for Disaster Risk Reduction (SFDRR). The uniting force from these policies is that climate change and disasters are a growing threat and deterrent to sustainable development, hitting poor nations and populations the hardest and that climate and disaster risk finance and insurance solutions, when used as part of a comprehensive risk management approach, can enable more resilient economic development and help protect lives, livelihoods, businesses, infrastructure, and public finances by strengthening preparedness, rapid response, and recovery.

The Kyoto Protocol confirms that all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances shall cooperate in the promotion of effective modalities for the development, application and diffusion of, and take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies, know-how, practices and processes pertinent to climate change. This includes the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain and the creation of an enabling environment for the private sector, to promote and enhance the transfer of, and access to, environmentally sound technologies, especially to developing countries (UNFCCC, 1998). Article 8 of the Paris Agreement of the UNFCCC confirms that parties recognize the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events, and the role of sustainable development in reducing the risk of loss and damage. The Agreement therefore calls upon parties to enhance understanding, action and support in such areas as risk insurance facilities, climate risk pooling and other insurance solutions with the objective of reducing loss and damage associated with the adverse effects of climate change (UNFCCC, 2016). Similarly, the Sendai Framework for Disaster Risk Reduction, calls upon national governments to promote mechanisms for disaster risk transfer and insurance, risk sharing and retention and financial protection, as appropriate, for both public and private investment in order to reduce the financial impact of disasters on governments and societies, in urban and rural areas (UNDRR, 2015). The Addis Ababa Action Agenda of the third International Conference on Financing for Development specifically propagates the adoption of strategies for addressing longer-term financing needs through development of domestic capital markets, particularly long-term bond and insurance markets where appropriate, including crop insurance on non-distortive terms (UN DESA, 2015). The policies are summarized in Table 1.

¹ The United Nations Framework Convention on Climate Change is an international environmental treaty adopted on 9 May 1992 and opened for signature at the Earth Summit in Rio de Janeiro from 3 to 14 June 1992. It then entered into force on 21 March 1994

Table 1. Global CDRFI Policies

#	Name of Policy	Year Adopted	Thematic Focus in Relation to CDRFI
1	United Nations Framework Convention on Climate Change (UNFCCC)	1992	Calls for financial assistance (climate finance) from Parties with more financial resources (developed countries) to those that are less endowed and more vulnerable for mitigation and adaptation
2	Kyoto Protocol of the UNFCCC	1997	Calls for financial assistance (climate finance) from Parties with more financial resources (developed countries) to those that are less endowed and more vulnerable for mitigation and adaptation
3	Paris Agreement of the UNFCCC	2015	Calls for financial assistance (climate finance) from Parties with more financial resources (developed countries) to those that are less endowed and more vulnerable for mitigation and adaptation
4	2030 Agenda for Sustainable Development	2015	This Agenda is a plan of action for people, planet and prosperity. Calls upon rigorous mobilization of finance for addressing climate and disaster risks and
5	Sendai Framework for Disaster Risk Reduction	2015	Promotes disaster risk transfer as a mechanism for disaster risk reduction and resilience building.

These global policies are broad enough and adequate to address the current needs of national governments and international organizations to initiate and advance CDRFI policies, strategies and activities in a broad manner. However, the changing and complex nature of climate related disasters and the complex social, economic and environmental characteristics of regions and nations leaves no room for complacency. For example, the fact that a specific policy or approach is working in Asia, does not guarantee that it would equally work in Africa due to different in social, political, economic and environmental contexts. This gap is so challenging to address and that is why global policies are mostly there to guide and compel national governments to act in the spirit international development within their sovereign needs, mandates and obligations taking into account their resources. Civil society organizations working at the global need to enlist the investigative prowess of research organizations and the resourcefulness of international NGOs and private institutions to research and test solutions, and disseminate these to national CDRFI partners including CSOs and national governments for application.

3.1.2 Regional Policies

Regionally (in Africa), the Africa Union (AU) is the key policy setting body that articulates a unified agenda to addressing the effects climate change and disasters as they affect African states. Two notable policies developed by the AU are the Africa Regional Strategy for Disaster Risk Reduction (2004) and the African Union Strategy on Climate Change (2004), the summaries of which are presented in Table 2. Launched in 2004, the Africa Regional Strategy for Disaster Risk Reduction is aimed at contributing to the attainment of sustainable development and poverty eradication by

facilitating the integration of disaster risk reduction into development (African Union, 2004). Similarly, in 2014, AU developed and advanced the adoption of the African Union Strategy on Climate Change (still in draft) that calls upon African states to take direct and urgent responsibility in mobilizing climate finance to implement climate change programmes in all sectors of the economy. Its focus is on establishing financing mechanisms that should clearly spell out what Africa is able to do from its own resources, even as it has to be given new, additional, and massive complimentary support from external sources, especially Annex 1 countries² (African Union, 2014).

As Southern Africa is particularly vulnerable to the impacts of climate change, SADC has enacted policies aimed at climate change adaptation, and also participating in efforts to turn back the effects of rising global temperatures and reducing their potential harm to the region (SADC, 2020). Member States including Malawi subscribe to these policies (protocols). Relevant to the CDRFI discourse are the SADC Climate Change Adaptation for the Water Sector (2011), SADC REDD Programme (2012 - 2015), SADC Protocol on Health, SADC Protocol on Politics, Defence and Cooperation, SADC Water Policy and SADC REDD Programme (2012 - 2015) (Table 2).

Table 2. Regional CDRFI Policies

#	Name of Policy	Year Adopted	Thematic Focus in Relation to CDRFI
1	SADC Water Policy	1995	Includes policy provisions covering people's protection from water related disasters, including personal security and property protection; disaster prediction, and management and mitigation.
2	SADC Protocol on Health	1999	Promulgates regional co-ordination and management of disaster and emergency situations through developing awareness, risk reduction, preparedness and management plans for natural and man-made disasters; and developing mechanisms for co-operation and assistance with emergency services.
3	SADC Protocol on Politics, Defence and Cooperation	2001	Advocates regional capacity and cooperation on disaster risk management. Calls for enhancement of regional capacity in respect of disaster management and co-ordination of international humanitarian assistance
4	Africa Regional Strategy for Disaster Risk Reduction	2004	Advocates the integration of disaster risk reduction into development as a strategy for accelerating sustainable development and poverty eradication
5	African Union Strategy on Climate Change	2014	Advocates sustainable climate financing mechanisms for African governments through domestic mobilization

² Annex I countries are developed countries and countries undergoing the process of transition to market economy. All Annex I countries have specific limitation targets for greenhouse gas emissions.

#	Name of Policy	Year Adopted	Thematic Focus in Relation to CDRFI
6	SADC REDD Programme (2012 - 2015)	2011	Explores the development of sustainable funding mechanisms for Reducing Emissions from Deforestation and forest Degradation (REDD)
7	SADC Climate Change Adaptation for the Water Sector	2011	Advocates the development of mechanisms to mobilize resources (using several financing sources, such as public and private investments and insurance arrangements) for climate change adaptation in the water sector.

The policy related challenges at the global level are often transferred to the regional level, as regional bodies do not necessarily enforce policies since this obligation lies with the national government in accordance with the political requirements of sovereignty. In some cases, for example in Africa, regional bodies tend to be weaker than international bodies on matters of policy advancement as in some cases neighboring nations or nations have political differences that jeopardize cross country and/or regional integration and development. Evidently, collaboration and cooperation in matters of regional development has been the thrust of the SADC protocols where the emphasis on risk funding and risk transfer have not been emphasized. For example, SADC has not developed a protocol on disaster risk reduction or management, arguing that the multi-disciplinary nature of disaster risk management means that several existing SADC protocols are relevant. Examples of how these protocols address disaster management are provided as follows (SADC, 2020):

- a) The Protocol on Politics, Defence and Security Cooperation – Article 2 states that a specific objective of the Organ on Politics, Defence and Security Cooperation shall be to “enhance regional capacity in respect of disaster management and co-ordination of international humanitarian assistance.”
- b) Protocol on Health (1999) - Article 25 on Emergency Health Services and Disaster Management states that Parties shall: (i) co-operate and assist each other in the co-ordination and management of disaster and emergency situations; (ii) collaborate and facilitate regional efforts in developing awareness, risk reduction, preparedness and management plans for natural and man-made disasters; and (iii) develop mechanisms for co-operation and assistance with emergency services.

Notwithstanding, there is some national allegiance to regional goals and aspirations and this is reflected in the framing of national policies, strategies and guidelines that tend to nationalize regional strategies by means of recognition and/or adoption.

3.1.3 National Policies

Malawi has several policies and strategies that provide the platform for CDRFI but key ones include the Constitution of the Republic of Malawi (1994), National Disaster Risk Management Policy (2015), the National Agriculture Policy (2016), the National Climate Change Management Policy (2016), the Malawi Growth and Development Strategy (MGDS) III (2017 – 2022) (2017), the Malawi Financial Sector Development Strategy II (2017 – 2022), the National Resilience Strategy (2018 – 2030) (2018), and the most recent (Disaster Risk Financing Strategy and Implementation Plan (2019-2024) (2019) (Table 3).

The National Disaster Risk Management Policy (2015) is the framework policy for disaster risk management in the country that strives to sustainably reduce disaster losses in lives and in the social,

economic and environmental assets of individuals, communities and the nation. Although not explicit on disaster risk financing and insurance, the National DRM Policy seeks to promote a culture of safety and resilience amongst disaster risk management stakeholders, including communities, among other objectives (Department of Disaster Management Affairs, 2015).

Similarly, the National Climate Change Management Policy (2016) prioritizes enhanced financing for implementation and coordination of climate change management activities through increased national budgetary allocation, establishment of a Climate Change Management Fund, improved access to international climate financing (both multilateral and bilateral) and private sector investments (Ministry of Natural Resources, Energy and Mining, 2016).

The DRF strategy serves as a tool for guiding stakeholders such as the Department of Climate Change and Meteorological Services; and ministries responsible for agriculture, disaster management, homeland security and internal affairs, defense, transport, insurance companies; Reserve Bank of Malawi and local authorities in understanding the fiscal risks of disasters as well as financial instruments that the country will employ in the next five years to anticipate, prepare and better respond to natural disasters (MoFEPD, 2019).

Table 3. National CDRFI Policies

#	Name of Policy	Year Adopted	Thematic Focus in Relation to CDRFI
1	The Constitution of the Republic of Malawi	1994	Framework policy that provides for the establishment of special funds and trust moneys to address national needs. It asserts that an Act of Parliament may make provision for the creation of special funds or investments which shall be accounted, regulated or managed within the accounts of the Consolidated Fund.
2	National Disaster Risk Management Policy	2015	Framework policy that promotes a culture of safety and resilience amongst disaster risk management stakeholders, including communities.
3	National Agriculture Policy	2016	Promotes the use of agricultural insurance such as weather-index crop and livestock insurance and livestock health insurance, as a risk mitigation measure.
4	National Climate Change Management Policy	2016	Prioritizes enhanced financing for implementation and coordination of climate change management activities through increased national budgetary allocation, establishment of a Climate Change Management Fund, improved access to international climate financing (both multilateral and bilateral) and private sector investments.
5	Malawi Growth and Development Strategy (MGDS) III (2017 – 2022)	2017	Recognizes that improving access to multilateral and bilateral international climate financing and private sector investments is among the strategies for enhancing community resilience to

#	Name of Policy	Year Adopted	Thematic Focus in Relation to CDRFI
			the impacts of climate change, and other socio-economic and environmental shocks
	Malawi Financial Sector Development Strategy II (2017 – 2022)	2017	The objective of the FSDS II is to develop a more resilient, competitive and dynamic financial system that will be able to help strengthen domestic financial institutions making them technologically driven and meet the growing needs of Malawi's businesses, industry and the general population.
6	National Resilience Strategy 2018 – 2030	2018	Propagates an integrated approach to building resilience including through financing for ecosystems payments, risk financing at the national and commercial levels as well as through investment in micro-insurance plans for smallholder crops and livestock as strategy for building resilient communities.
7	Disaster Risk Financing Strategy and Implementation Plan (2019-2024)	2019	Tool for guiding DRM stakeholders in understanding the fiscal risks of disasters and financial instruments available for anticipating, preparing and responding to natural disasters.

The key message in all these framework documents is that “Malawi’s economy is predominantly agro-based and largely rain-dependent. Considering that the rural population, which is in majority, is poor and directly depends on agriculture and natural resources for its livelihood, the bulk of this population lacks the capacity to proactively finance climate and disaster risk management interventions. Hence, the need for more predictable and reliable risk financing and risk transfer mechanisms from local and international sources (Ministry of Agriculture, Irrigation and Water Development, 2016; Ministry of Finance, Economic Planning and Development, 2017; MoFEPD, 2019).

The major weakness with the national policies is that they are not very elaborate on CDRFI. Considering that CDRFI goes further than climate and/or disaster risk management, there lacks the urgency to factor-in the critical elements of risk funding and risk transfer in the 2015 National DRM Policy, compared with the financing arrangements pronounced in the 2016 National Climate Change Management Policy. The major weakness with the most recent National DRF Policy (2019) is that it is not elaborate on advancing pro poor requirements especially within the perspective of gender equality in CDRFI implementation. Most troubling is the gender equality gap in the most recent National DRF Strategy and Implementation Plan (2019) considering that it has been formulated at a time when the pro poor and gender equality calls in CDRFI are at their peak.

3.1.4 National Regulations

The Sendai Framework calls upon states, regional and international organizations and other relevant stakeholders to conduct disaster risk management activities in line with national laws and regulations (UNDRR, 2015). It propagates the review and promotion of coherence and further development, as appropriate, of national and local frameworks of laws, regulations and public policies, which, by

defining roles and responsibilities, guide the public and private sectors to: promote and provide incentives, as relevant, for actions by persons, households, communities and businesses; and enhance relevant mechanisms and initiatives for disaster risk transparency, which may include financial incentives, public awareness-raising and training initiatives, reporting requirements and legal and administrative measures among other objectives.

There are a number of regulations scattered across the environment, natural resources management, financial and insurance sectors that offer from generalized to sector-specific guidance on the establishment of public funds, and risk transfer operations. Key amongst these regulations are the Disaster Preparedness and Relief Act, 1991, the Constitution of the Republic of Malawi, the Forest Act, 1997, the Public Finance Management Act, 2003, the Insurance Act, 2009, the Financial Services Act, 2010, the Environment Management Act, 2016 and the pipeline Disaster Risk Management Bill, 2019. The relevant statements to the CDRFI agenda from each of these regulations are summarized in Table 4.

Table 4. National CDRFI Regulations in Malawi

#	Name of Regulation	Year Enacted	Thematic Focus in Relation to CDRFI
1	The Constitution of the Republic of Malawi	1994	Section 181 of the Constitution of the Republic of Malawi provides for the establishment of special funds and trust moneys to address national needs. It asserts that an Act of Parliament may make provision for the creation of special funds or investments which shall be accounted for, regulated or managed within the accounts of the Consolidated Fund.
2	Disaster Preparedness and Relief Act, 1991	1991	Establishes the National Disaster Preparedness and Relief Fund as a fund for the development, promotion, management and administration of civil protection. The Fund is managed by the Minister responsible for disaster management.
3	Forest Act, 1997	1997	Establishes the Forest Development and Management Fund (FDMF) for the conservation, augmentation and management of forest resources and forest lands in Malawi. The Fund is operational and is managed by the Minister responsible for forestry development.
4	Public Finance Management Act, 2003	2003	Provides basic guidelines for fiscal discipline in the management of public funds.
5	Insurance Act, 2009	2009	Propagates the safety, soundness, and prudent management of insurers and other persons involved in the insurance industry in Malawi with the aim of protecting the interests of insurance policy holders and ensuring the highest standard of conduct of business of insurance companies, brokers and agents

#	Name of Regulation	Year Enacted	Thematic Focus in Relation to CDRFI
6	Financial Services Act, 2010	2010	Establishes the Reserve Bank of Malawi as the Registrar of Financial Institutions responsible for regulation and supervision of the financial services industry.
7	Environment Management Act, 2016	2016	Provides for the establishment of the Environment Management Fund, and the Malawi Environment Protection Authority (MEPA), which shall be the Fund Manager, and principal agency for the protection and management of the environment and sustainable utilization of natural resources in Malawi.
8	Disaster Risk Management Bill, 2019	2019, Draft	Proposes establishment of the National Disaster Risk Management Fund for supporting the costs of disaster risk management, response and recovery operations; Proposes (a) identification of an optimal combination of financial instruments for disaster risk management, including national and local level disaster risk management funds, budget processes and incentives for the integration of risk management measures into sectoral and local investment and risk transfer mechanisms; and (b) development of a Disaster Risk Financing Strategy for comprehensive management of financial risks and impacts of disasters by integrating and articulating the different financial instruments. It proposes the Minister as the Manager of the Fund.

Table 4 shows that there are a number of regulations tackling various aspects of environment, natural resources management, finance management and financial risk transfer. The major improvement in the Disaster Risk Management Bill (2019, Draft) over the Disaster Preparedness and Relief Act, 1991 is the propagation of sustainable financing and risk transfer solutions for comprehensive management of the DRM cycle effects compared to the previous emphasis on response and recovery only. However, the regulations advocate different management modalities which signifies a disjointed approach to the management of climate and disaster risks. In some cases, the regulations provide for the establishment of dedicated fund managers such as the Environment Protection Agency but in some cases, fund administration is vested in the minister. As in most cases the funds are also dedicated for ministerial operations, consolidation of the funds towards a common purpose without proper regulations and guidelines for such consolidation would be challenging.

3.2 CDRFI INTERVENTIONS

There are several CDRFI interventions worldwide operating on global, regional and national scales that may be categorized into funds, insurance facilities, and programs/projects.

3.2.1 Global Funds, Insurance Facilities and Programs/Projects

There are several CDRFI interventions but the majority of them are either programs/projects and insurance facilities initiated by the World Bank and the UN, and in some cases, national governments especially the Federal Government of Germany. National governments have also been the major donors of CDRI initiatives either through the international financing institutions or international NGOs.

Key CDRF interventions operating at the global level include: Munich Climate Insurance Initiative, Advancing Climate Risk Insurance Plus (ACRI+), Global Index Insurance Facility (GIIF), Disaster Risk Financing and Insurance Program (DRFIP), the Green Climate Fund (GCF) and InsuResilience Solutions Fund (Table 5).

Table 5. Global Funds, Insurance Facilities and Programs/Projects

#	Intervention or Product	Year Launched	Key Features/ Thematic Focus	Achievements/Remarks
1	Munich Climate Insurance Initiative	2005	Focuses on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries	One of the feature projects is Myanmar Disaster Risk Financing (MYDRIF), a research project that seeks to support the Government of Myanmar to develop a disaster risk financing (DRF) strategy for Myanmar and in the Ayeyarwady region; and to increase the country's/region's capacity, especially focusing on government agents, to deal with all kinds of DRF aspects in an efficient and effective way.
2	Advancing Climate Risk Insurance Plus (ACRI+)	2005	An integrated climate risk management project implemented by MCII and GIZ hosted at the UNU-EHS, ACRI+ focuses on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.	ACRI+ is supporting capacity building, awareness-raising and institutional-strengthening in the diverse settings of the renewable sector in Barbados, the Small and Medium Enterprise (SME) sector in Morocco, the agricultural sector in Ghana and in the urban development context in China.
3	Global Index Insurance Facility (GIIF)	2009	A dedicated World Bank Group's program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. In Africa, ACRE Africa works with local insurers and other stakeholders in the agricultural insurance value chain. The company is registered as an insurance surveyor in Kenya, and an insurance agent in Rwanda and Tanzania	GIIF has facilitated approximately 7.6 million contracts, covering close to 38 million people, primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean. In Sub Saharan Africa, GIIF is implemented by ACRE Africa in Kenya, Rwanda and Tanzania. Cumulatively, by 2018, over 1,700,000 farmers in Kenya, Tanzania and Rwanda insured over 181 Million USD against a variety of weather risks underwritten by UAP Insurance Kenya, CIC Insurance Group Limited, APA Insurance, Heritage Insurance, UAP Insurance Tanzania and SORAS Insurance Rwanda. Crops insured include maize, sorghum, coffee, sun -flower, wheat, cashew nuts and potato, with coverage against drought, excess rain and storms. One of GIIF's implementing partners in Sub-Saharan Africa.
4	Disaster Risk Financing and Insurance Program (DRFIP)	2010	Supports governments to implement comprehensive financial protection strategies, and brings together sovereign disaster risk financing, agricultural insurance, property catastrophe risk insurance, and scalable social protection programs.	No update available.

#	Intervention or Product	Year Launched	Key Features/ Thematic Focus	Achievements/Remarks
5	Green Climate Fund (GCF)	2015	Taps public and private finance flows, seeking to engage across sectors to unlock high impact and paradigm shifting climate investments. Offers and combine a full range of financing instruments, including loans, equity, guarantees and grants to design tailored solutions that tackle specific investment barriers.	GCF has approved 102 public sector projects and 27 private sector projects, globally. Malawi has 2 projects approved: Climate Investor One and Scaling up the use of Modernized Climate information and Early Warning Systems in Malawi (M-CLIMES)
6	InsuResilience Solutions Fund	2017	A grant-based co-funding of up to 2,5m EUR only to Partnerships consisting of public and/ or private organisations for developing new climate risk insurance products, especially for governments or scale-up already existing products, or introduce innovative technological solutions to improve and scale-up insurance operations.	The Fund has provided funding in three calls, and will be issuing a 4 th Call for Applications in 2020.
7	Global Risk Financing Facility (GRiF)	2018	A joint Germany-UK Fund with over US\$250 million for grants to support pro poor safeguard initiatives against financial impacts of climate shocks, disasters and crises.	The grants are given to overcome financial barriers for testing, scaling up, and improving financial protection mechanisms whereas technical assistance is meant to enable the implementation of innovative financial protection mechanisms. Countries that have benefited from the grants include Burkina Faso and Vietnam.

The interventions are explained in detail in the following sections.

3.2.1.1 *Munich Climate Insurance Initiative*

Initiated as a charitable organisation by representatives of insurers, research institutes and NGOs in April 2005, Munich Climate Insurance Initiative (MCII) is a leading think tank on climate change and insurance, focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries. The initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS), in Bonn (Germany) (Munich Climate Insurance Initiative, 2020).

UNU-EHS is implementing the MCII: Myanmar Disaster Risk Financing (MYDRIF), which is a research project that seeks to support the Government of Myanmar to develop a disaster risk financing (DRF) strategy for Myanmar and in the Ayeyarwady region and to increase the country's/region's capacity, especially focusing on government agents, to deal with all kinds of DRF aspects in an efficient and effective way. The project team will conduct three major tasks during the assignment: (1) Development of a risk layered approach; providing a suitable blend of financing instruments and structures with a particular focus on risk transfer through insurance schemes. (2) Review of the enabling environment and provision of recommendations to address challenges for DRM on the

regulatory and policy level. (3) Provision of capacity building and awareness raising activities on DRF to public and private actors in the financial and insurance sector (UNU-EHS, 2020).

3.2.1.2 Advancing Climate Risk Insurance Plus (ACRI+)

Advancing Climate Risk Insurance Plus (ACRI+) is an integrated climate risk management project implemented by the Munich Climate Insurance Initiative (MCII) under the framework of a larger programme entitled Promoting Integrated Climate Risk Management and Transfer, which is funded through the International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) (Le Quesne, et al., 2017). The MCII was initiated as a charitable organisation by representatives of insurers, research institutes and NGOs in April 2005, in response to the growing realization that insurance solutions can play a role in adaptation to climate change, as suggested in the UN Framework Convention on Climate Change and the Kyoto Protocol. This initiative is hosted at the United Nations University Institute for Environment and Human Security (UNU-EHS). It is focused on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries. MCII provides a forum and gathering place for insurance-related expertise applied to climate change issues.

ACRI+ is premised on the notion that agricultural insurance is not a stand-alone solution and should build on existing measures and frameworks – and that comprehensive climate risk management approaches are urgently needed to reduce, transfer and manage risks posed by climate change. Thus, the integrated climate risk management approach is a conceptual framework that advances the framework of the German Federal Ministry for Economic Cooperation and Development (BMZ). This ICRM approach offers a risk-oriented and comprehensive conceptual framework which incorporates climate change adaptation measures into disaster risk management policies in order to achieve national development goals (Ramm, Balogun, Souvignet, & Range, 2018).

ACRI+ advances the notion that insurance is a tool that holds the potential to incentivize people to start adapting to climate change and develop strategies to reduce their own risk. However, to deal with these climate risks proactively, a high degree of self-responsibility is needed to strengthen the community. By being prudent and planning with a long-term perspective in mind, the costs of insurance premiums can go down, thus easing the financial burden on the policyholders (Range & Bohl, 2017). Innovative insurance solutions, which are integrated into the individual phases of climate risk management (respond, recover, prevent, prepare, and residual risk), help strengthen people's resilience before an extreme weather event hits. By investing in (re-)construction measures to protect the land and property, a household can keep future damage to a minimum and will enable themselves to recover more quickly after a flood disaster (Range & Bohl, 2017).

3.2.1.3 Global Index Insurance Facility (GIIF)

The Global Index Insurance Facility (GIIF) is a dedicated World Bank Group's program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. Funded by the European Union, the governments of Germany, Japan, and the Netherlands, GIIF has facilitated approximately 7.6 million contracts, covering close to 38 million people, primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean. The facility is part of the World Bank Group's Finance, Competitiveness, and Innovation Global Practice (GIIF, 2020).

GIIF works both with the private sector and public sector players in order to build index insurance markets. On the private sector side, the GIIF International Finance Corporation (IFC)³ Team funds implementing partners comprised of an intermediary “broker/agent” who develops index insurance products with local and regional insurance companies who then sell the products. The index insurance products are often bundled with loans or credit and distributed mostly through portfolio-level aggregators such as agribusinesses, banks and microfinance institutions, and cooperatives (GIIF, 2020).

On the public sector side, the GIIF WB Team works closely with governments at the regional and national level on policy issues to create an enabling legal and regulatory environment for index insurance. The GIIF WB Team also carries out feasibility studies and index insurance pilots to test the feasibility of index insurance markets.

In East and Southern Africa, GIIF has funded private sector implementing “broker” partners to build index insurance markets in six countries:

- [Mayfair Insurance - Zambia](#) (Active Project) – see case study below
- [Hollard Mozambique Project - Mozambique](#) (Active Project)
- [ACRE Africa - Kenya/Rwanda/Tanzania](#)
- [International Livestock Research Institute \(ILRI\) - Kenya](#)
- [Guy Carpenter & Company, LLC - Mozambique](#)
- [MicroEnsure - Rwanda](#)

To address legal and regulatory issues, GIIF was, as of January 2020 working with governments and regulatory authorities in Uganda and Kenya:

- [WB - Legal and Regulatory Assistance - Uganda](#)
- [WB - Legal and Regulatory Assistance - Kenya](#)

Fast Facts: Mayfair Insurance Zambia

Country: Zambia

Market launch: 2016

Clients: 1,059,214

Partners: Insurers: Mayfair Insurance

Products: Weather index insurance based on satellite data

Insured Crops/Livestock: Maize, soya beans, groundnuts, cowpeas, pigeon peas, beans and cotton

Insured Perils: Drought and excess rainfall

Development Impact: By January 2018, Mayfair had covered about 1,059,214 farmers, which is the largest number insured in one season by any GIIF grantee.

Source: [GIIF Web site](#) (2020)

Case Study of Mayfair Insurance, Zambia

Project Description:

Smallholder farmers in Zambia are vulnerable to weather-related shocks such as drought, flooding, and irregular rainfall. Insurance can be a good risk management tool for these farmers, but the traditional insurance market largely fails to meet their demand for affordable insurance. Index

³ IFC is a distinct but complimentary entity of the World Bank Group. The other entities are International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).

insurance provides an innovative and more efficient solution for them to protect their crops against losses and encourage investment.

In March 2016, the Global Index Insurance Facility signed a capacity building grant with Mayfair Insurance, a private insurer registered in Zambia. The grant enabled them to build their capacity to develop and sell weather-based insurance products that would be used to cover vulnerable farmers against weather-related crop losses. Mayfair has demonstrated the effective use of a distribution strategy to deliver sustainable premium volumes by working with select aggregators (NWK Agri-services, the Zambia National Farmers Union, and the World Food Programme).

Following a competitive bidding process in November 2017, Mayfair was contracted by the government of Zambia to develop insurance products that would be bundled together with the government input subsidy package under the Farmer Input Subsidy Program (FISP). This way, farmers benefiting from FISP would receive compensation equal to the value of the inputs in case of drought, thereby improving their resilience. GIIF extended support to Mayfair for additional product development, training, and awareness-raising activities.

3.2.1.4 Green Climate Fund

The Green Climate Fund (GCF) is a multilateral climate finance actor that became fully operational in 2015, approving USD 168 million for its first eight projects just weeks before COP 21 as an operating entity of the Financial Mechanism of the UNFCCC. A legally independent institution hosted by South Korea, it has its own secretariat and the World Bank as its interim trustee but functions under the guidance of, and is accountable to, the UNFCCC COP (Schalatek, Nakhooda, & Watson, 2015). Country ownership and a country-driven approach are the core principles of the Fund. A National Designated Authority (NDA), or a focal point acts as the main point of contact for the Fund, develop and propose individual country work programmes for GCF consideration and ensure the consistency of all funding proposals that the Secretariat receives with national climate and development plans and preferences (Schalatek, Nakhooda, & Watson, 2015).

3.2.1.4.1 Beneficiaries

A total of 154 nations are eligible to receive funding from GCF of which 147 developing countries including Malawi had designated a National Designated Authority (NDA) or Focal Point, paving the way towards unlocking GCF resources for climate solutions (Green Climate Fund, 2020). Environmental Affairs Department (EAD) is the GCF dedicated NDA for Malawi.

So far, GCF has approved 102 public sector projects and 27 private sector projects, globally (Green Climate Fund, 2020). Out of this, Malawi has benefited two projects namely, Climate Investor One and Scaling up the use of Modernized Climate information and Early Warning Systems in Malawi (M-CLIMES), the details of which are provided in section 3.2.3.

A defining feature of GCF in the world of climate finance is its unique ability to tap both public and private finance flows, seeking to engage across sectors to unlock high impact and paradigm shifting climate investments. GCF is able to offer and combine a full range of financing instruments, including loans, equity, guarantees and grants to design tailored solutions that tackle specific investment barriers.

3.2.1.4.2 Project Process

GCF does not implement projects directly, but through partnerships with Accredited Entities. Accredited Entities are independent institutions that partner with GCF to implement projects. Guided by GCF's investment framework and the priorities of developing country governments, Accredited

Entities convert concepts into action working alongside countries to come up with project ideas, and submit funding proposals for the GCF Board to approve.

Accredited Entities can be private or public, non-governmental, sub-national, national, regional or international, as long as they meet the standards of the Fund (Further details on the accreditation process are provided on the [GCF Web site](#)). Accredited Entities carry out a range of activities that usually include the development of funding proposals and the management and monitoring of projects and programmes. Countries may access GCF resources through multiple entities simultaneously.

Accredited Entities comprise the core of GCF's funding proposal cycle. They are responsible for presenting funding applications to GCF, and then overseeing, supervising, managing and monitoring the overall GCF-approved projects and programmes.

It is not necessary for Accredited Entities to act as the direct implementer of funding proposals. Executing Entities can also do this on behalf of Accredited Entities by channelling funds and carrying out the funded activity. In these cases, Accredited Entities will continue to be important as they maintain oversight of Executive Entities' GCF-related activities.

Accredited Entities develop funding proposals, in close consultation with NDAs or focal points, based on the differing climate finance needs of individual developing countries. Accredited Entities can also respond to Requests for Proposals issued by GCF to fill current gaps in climate financing. In issuing some Requests for Proposals (RFP), GCF may accept proposals from entities it has not yet accredited. However, non-accredited entities will have to team-up with Accredited Entities when formally submitting funding proposals to GCF. Entities that submit proposals through the RFP can be prioritized when applying for accreditation (A step-by-step process for submitting a proposal to GCF is available on the [GCF Website](#)). There is no National Accredited Entity in Malawi. As such, proposals may be submitted to GCF with the support of International Accredited Entities such as AfDB, CGIAR, FAO, GIZ, JICA, UNDP, WFP and World Bank⁴.

3.2.1.5 InsuResilience Solutions Fund (ISF)

The InsuResilience Solutions Fund (ISF) is a grant-based co-funding facility launched at the 2017 UN Climate Conference in Bonn. It was created and is funded by KfW Development Bank on behalf of the German Ministry for Economic Cooperation and Development (BMZ) (InsuResilience Fund, 2019).

ISF supports the development of innovative and sustainable climate risk insurance products in developing and emerging countries to improve the resilience against extreme weather events of those living on less than 15 USD Purchasing Power Parity (PPP) a day. The ISF provides partial grant funding of up to EUR 2.5 m and advice: (a) to transform new climate risk insurance concepts into products ready for market placement; (b) to bring successfully piloted climate risk insurance products to scale; and (c) to improve and scale up insurance operations with technological solutions, e.g. through satellite technology.

The unique approach of the ISF It catalyses the formation of partnerships between public entities (e.g. national or regional government bodies), NGOs, humanitarian organisations and private companies in the insurance sector to ensure the demand and sustainability of products and to leverage private sector expertise as well as risk-taking capacities.

⁴This list is not exhaustive as there are several other regional and international Accredited Entities providing project proposal development and implementation support to national governments and interested parties.

The ISF only provides financing to partnerships which consist of at least (a) a user, representing the demand side (e.g. national or regional government bodies, NGOs, local insurers) and (b) an implementing partner and potential risk taker, representing the supply side (e.g. re/insurance company). Further parties, e.g. other product implementing partners such as risk modelling agencies, insurers and brokers, can additionally be involved (InsuResilience Fund, 2019).

3.2.1.6 Global Risk Financing Facility (GRiF)

Global Risk Financing Facility (GRiF) is a multi-donor trust Fund that was launched in October 2018 and is housed in the World Bank. It has over US\$250 Million in contributions from the governments of Germany and the United Kingdom (Global Risk Financing Facility, 2019; Rajput & Signer, 2020). The Fund is co-managed by the [Disaster Risk Financing and Insurance Program](#) and the [Global Facility for Disaster Reduction and Recovery](#) entities of the World Bank. Adopting the pro-poor principles propagated by the IGP, GRiF provides grants and technical expertise to help developing countries (first priority to Asia and Africa) safeguard development progress and recover more quickly from the financial impacts of climate shocks, disasters and crises. The grants are given to overcome financial barriers for testing, scaling up, and improving financial protection mechanisms whereas technical assistance is meant to enable the implementation of innovative financial protection mechanisms.

GRiF works with the IGP (development partners, international humanitarian organizations, the private sector, and civil society representatives) to support governments in implementing these risk financing solutions. GRiF will also bring good practices and lessons learned from climate and disaster risk financing to other types of emergency events. In particular, this would include support to fragile countries in collaboration with partners. By arranging shock responsive financing before the onset of a crisis, GRiF aims to help alleviate the otherwise inevitable strain on humanitarian funding. For example, one short-term grant is financing an analytical framework, which is being piloted in several countries, including Burkina Faso and Vietnam, to assess the financial effects of COVID-19 and disaster shocks on SMEs in vulnerable countries (Rajput & Signer, 2020).

In Burkina Faso, the government is working with a World Bank team in exploring ways to protect SMEs from the compounding effects of drought during COVID-19 through a larger GRiF grant. To safeguard access to credit for SMEs, the government plans to expand its existing Partial Portfolio Credit Guarantee (PPCG) scheme to include an additional “crisis”-related window with a linked facility that encourages financial institutions to offer longer grace periods, as well as to maintain or even extend maturities during a crisis. This approach would guarantee restructured and short-term working capital for needed loans if borrowers run into difficulty resulting from either the COVID-19 pandemic or a drought. The project team is exploring the use of GRiF support for providing additional capital to the guarantee facility for this crisis window. The team is also looking at ways to invest in related reforms that will increase the use of digital payment systems and will reduce cash-contact for financial services. The PPCG is locally owned and managed and will continue beyond the pandemic to respond to future crises (Rajput & Signer, 2020).

GRiF will also aim to identify new entry points in the infrastructure and human development sectors to scale up financial planning for early action (Global Risk Financing Facility, 2019).

3.2.1.7 Disaster Risk Financing and Insurance Program (DRFIP)

Presently, the World Bank Group is implementing the Disaster Risk Financing and Insurance Program (DRFIP), a leading partner of developing countries seeking to develop and implement comprehensive financial protection strategies. A joint initiative of the World Bank Group’s Finance, Competitiveness, and Innovation Global Practice and the Global Facility for Disaster Reduction and Recovery (GFDRR),

DRFI was established in 2010 to improve the financial resilience of governments, businesses, and households against natural disasters. The initiative supports governments to implement comprehensive financial protection strategies, and brings together sovereign disaster risk financing, agricultural insurance, property catastrophe risk insurance, and scalable social protection programs. Often, it also helps governments work with the private sector to facilitate public-private partnerships (World Bank, 2020).

The DRFIP works through four main areas to help increase the ability of national and local governments, homeowners, businesses, agricultural producers, and low-income populations to respond more quickly and resiliently to disasters:

- a) Sovereign Disaster Risk Finance: Increases the financial response capacity of national and subnational governments to meet post-disaster funding needs without compromising fiscal balances and development objectives;
- b) Market Development: Strengthens governments' ability to implement policy measures for creating an enabling environment for private market development that contributes to greater financial resilience against disasters;
- c) Analytics: Strengthens the capacity of governments to take informed decisions on disaster risk finance, based on sound financial/actuarial analysis; and
- d) Knowledge Management & Global Partnerships: Supports stakeholders with information that will lead to and inform actions in support of building financial resilience.

3.2.1.8 Summary on CDRFI interventions, Programs and Projects

The growing concern on the plight of poor nations and populations to the ever-increasing risks posed by climate change and disasters is evidenced in the increase of global CDRFI interventions and the growing focus on integrated interventions that address the root causes of vulnerability in using contextualized solutions. However, these interventions are never adequate to effectively address current and emerging climate and disaster management challenges due in part to the huge number of nations and populations still struggling with poverty, where disasters are exacerbating existing challenges and the complexities associated with design of the interventions to effectively address the needs of poor beneficiaries. For example, natural disasters that affect countries already fighting COVID-19 may further overload health and civil protection systems, or even force actions that could drastically increase in virus cases, such as evacuations. Emergency funds are depleted, leaving public decision-makers less resources for responding to additional shocks. National economies are more vulnerable because the pandemic has left some groups less resilient to further shocks; these groups include firms that have suffered both asset and revenue losses, and poor households whose members have lost jobs and income (Garcia-Mora & Mahul, 2020).

This takes cognizance that most CDRFI interventions undertaken so far have been on pilot basis and the lessons are yet to be learnt and imbedded in the programming of future interventions. Analyzing the extent and adequacy of the interventions against the four basic for evaluating and improving financial resilience as developed by the World Bank (World Bank, 2018), it is evident that a lot more is required to improve the timeliness of funding, funding sources and disbursement modalities, disaster risk layering since no single financial instrument can address all risk; and data and analytics for effective decision-making on CDRFI matters.

3.2.2 Regional Funds, Insurance Facilities and Programs/Projects

There are several regional CDRFI interventions globally but the focus of this analysis is on Africa, which presents the most relevant framework of operations to Malawi. The regional interventions include:

Climate Investor One, R4 Rural Resilience Initiative, ARC Weather-based Index Insurance Facility and Assurance Récolte Sahel (ARS) as discussed hereafter.

3.2.2.1 Climate Investor One

Climate Investor One (CIO) is a blended finance facility. The first component of this programme is a development fund, which provides loans in the early stage of a project life cycle. The second component, a construction equity fund, will meet up to 75 percent of total construction costs in tandem with the project sponsor. Compared with conventional project financing, CIO removes the need for complex multi-party financing structures, with the potential to thereby reduce the time and cost associated with delivering renewable energy projects.

Under the framework of GCF, the CIO is a climate change mitigation project approved in October 2018 that seeks to provide financing to develop renewable energy projects in regions with power deficits to reduce energy costs and CO₂ emissions. The project is being executed by a consortium of four Netherlands-based institutions namely Coöperatief Climate Fund Managers U.A. (CFM), Stichting Development Fund (Stiching), Coöperatief Construction Equity Fund U.A., and Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V.(FMO) in collaboration the national governments of 11 African countries namely Burundi, Cameroon, Djibouti, Indonesia, Uganda, Kenya, Malawi, Madagascar, Mongolia, Morocco, Nigeria. In Malawi, the funding is towards supporting a solar project (Green Climate Fund, 2018). The programme/project is valued at US\$821.5m and has an estimated lifespan of 20 years (Green Climate Fund, 2018).

3.2.2.2 R4 Rural Resilience Initiative (R4)

The WFP is implementing R4 Rural Resilience Initiative to help communities build resilience, incomes and wellbeing in the face of increasing climate variability and shocks. The R4 Rural Resilience Initiative (R4), established in 2011, is a strategic partnership between the UN World Food Programme (WFP) and Oxfam America. Its aim is to improve the resilience and food security of vulnerable rural households in the face of increasing climate risks. Protected by insurance, households have no need to sell their assets or take their children out of school in case the rains fail. They are able to invest in labour, new seeds and fertilizer to guarantee food is on the table all year long (WFP, 2019).

The scheme is helping the poorest farmers to access weather insurance by investing their time in building assets or working on improving their agricultural practices. When a drought hits, compensation for weather-related losses prevents farmers from selling productive assets and stimulates faster recovery. Insurance is built into either existing government social safety nets or WFP's Food Assistance for Assets programmes. Assets built promote resilience by steadily reducing farmers' vulnerability to shocks over time.

R4 refers to the four integrated risk management strategies implemented by the program. The first is **Risk Reduction**. This is the access to improved climate risk management, for example natural resource rehabilitation or new agricultural extension techniques. It is designed so that a drought year might have less of an impact on farmers. Second, **Risk Reserves** involves access to individual or group savings, so that farmers can build a financial base for investing in their livelihoods. Savings can also provide a buffer for short-term needs, increasing a household's ability to cope with shocks. Individual participants with particular needs can borrow from group savings, providing a self-insurance mechanism for the community, or targeted at particular groups such as savings for women in Oxfam's Savings for Change program. Index-based insurance falls under the third strategy, **Risk Transfer**, and aims to transfer the component of risk (e.g., a major regional drought) that cannot be reduced in any other way. Finally, Prudent **Risk Taking** involves access to micro-credit. MFIs are often reluctant to

offer credit to farmers because of the perceived high risk of default in bad seasons. The other R4 strategies allow farmers to have a stronger asset base and an ability to pay back a loan in a drought year, thus improving access to credit to allow investment in productive assets such as seeds, fertilizers and new technologies (Adegoke, et al., 2017).

The R4 initiative was initially called the Horn of Africa Risk Transfer for Adaptation (HARITA) project, developed in Ethiopia 2009 as a partnership between Oxfam America, the Relief Society of Tigray (REST), Ethiopian farmers, and several other national and global partners. HARITA transitioned into the R4 Initiative in 2011, and expanded its partnerships to include the World Food Programme, with the aim of adapting lessons learnt in Ethiopia to other countries. The program has scaled solidly, from 200 Ethiopian farmers in the original 2009 HARITA pilot in Tigray, to over 43,000 farmers (about 200,000 people) in Ethiopia, Senegal, Malawi, Zambia and Kenya. Between 2015 and 2016, about US\$ 450,000 in pay-outs were distributed through the initiative in Ethiopia, Senegal and Malawi. In Malawi, and most parts of Africa the R4 combination integrates improved natural resource management (risk reduction), insurance (risk transfer), the promotion of investment including better access to micro-credit (prudent risk taking) and savings (risk reserves). The initiative reaches over 57,000 farmers in Africa who are vulnerable to climate risk (WFP, 2018). Other researchers have observed that WFP has been capable of reaching a relatively large (29%) of the population on average, and up to 38% in some villages with the R4 insurance product (Adegoke, et al., 2017).

The following lessons have been documented for learning from the R4 Rural Resilience Initiative:

- a) Protected by insurance, households can invest in riskier but more remunerative enterprises, as well as in seeds, fertilizers and new technologies to increase their agricultural productivity. Participants establish small-scale savings, which are used to build 'risk reserves'. Savings help build a stronger financial base for investing – but also act as a buffer against short-term needs and idiosyncratic shocks, such as illness and death.
- b) To ensure long-term sustainability and eventual phase-out of WFP's premium contribution, R4 promotes inclusion of insurance into government safety nets and contributes to the creation of rural financial markets, by building local capacity and gradually transitioning farmers to pay for insurance in cash. To support the scale-up of insurance, the products that are developed through R4 can be distributed to clients through additional channels such as government social protection systems, other donor-funded programmes or commercial schemes.
- c) Insurance is not a standalone tool, but a part of an integrated risk management strategy, where components mutually reinforce each other. Its impact is increased when integrated with risk reduction measures, improvement of farming practices and better access to climate services, adapted seeds and inputs, financial services including credit and savings, and markets (WFP, 2019).

3.2.2.3 African Risk Capacity Insurance

The African Risk Capacity (ARC) Insurance is an index-based weather risk insurance pool for African Union countries, currently only drought that was launched by the African Union (AU) in 2012. ARC is comprised of two entities: The African Risk Capacity Agency and the ARC Insurance Company Limited. Together, they provide ARC Member States with capacity building services and access to state-of-the-art early warning technology, contingency planning, and risk pooling and transfer facilities (African Risk Capacity, 2020).

Countries who wish to join the ARC risk pool must become signatories of the ARC Treaty and then acquire a Certificate of Good Standing that confirms their completion of certain pre-requisites for the

risk pool, including a capacity-building programme, customisation of the risk model (Africa RiskView) and preparation of a contingency plan which elaborates the strategies, guidelines and activities that will guide the usage of a potential ARC pay-out. Importantly, the plan must show how funds reach vulnerable populations within a specific timeframe, so as to constitute early response (MCII & GIZ, 2019).

Members of the ARC risk pool receive a pay-out when the rainfall deviation is sufficiently severe such that the estimated response costs cross a certain pre-defined threshold. When that threshold is crossed, qualified risk pool members receive a pay-out within 2 - 4 weeks of the end of the rainy season, once their final implementation plan is approved by the ARC Agency Board. The final implementation plans articulate how a government will spend a pay-out. This approach allows the affected governments to begin early and targeted intervention programmes to support vulnerable households before they begin engaging in negative coping actions (African Risk Capacity, 2018). Insurance purchases and pay-outs in Malawi are explained in detail under [Insurance Purchases and Pay-outs](#).

As of 2018, 8 countries in Africa, including Malawi had subscribed to this facility. The other countries are: Senegal, Niger, Mauritania, Burkina faso, Mali and The Gambia.

3.2.2.4 *Extreme Climate facility*

Another product by ARC is the Extreme Climate facility (XCf) that is envisioned as a data-driven, multi-year financial vehicle that tracks the frequency and magnitude of extreme climate shocks in Africa, and provides additional financing for countries already managing their current weather risks through the African Risk Capacity Insurance Company Limited (ARC Ltd) (African Risk Capacity, 2018).

3.2.2.5 *Assurance Récolte Sahel*

Assurance Récolte Sahel (ARS) is a climate insurance project that was rolled out and coordinated by PlaNet Guarantee (PG) that was initiated as a pilot project in 2011 in West Africa (initially, Mali and Burkina Faso and then rolled out in Senegal (2012) and Benin (2013). In 2017, there were a cumulative 52,228 farmers subscribing to the weather index insurance initiative (Adegoke, et al., 2017).

The regional interventions are summarized in Table 6.

Table 6. Regional Funds, Insurance Facilities and Programs/Projects

#	Intervention or Product	Year Launched	Key Features /Thematic Focus	Achievements/Remarks
1	Climate Investor One	2018	A climate change mitigation project financed by GCF consisting of a development fund and construction equity fund that seeks to provide financing to develop renewable energy projects in regions with power deficits to reduce energy costs and CO ₂ emissions.	No updates available.
2	R4 Rural Resilience Initiative	2011	Operates an integrated climate risk management approach that enables the poorest farmers to	US\$ 2.4 million distributed in pay-outs to R4 participants in

#	Intervention or Product	Year Launched	Key Features /Thematic Focus	Achievements/Remarks
			access crop insurance by participating in risk reduction activities. Assets built through such activities – including WFP’s Food Assistance for Assets programmes – promote the resilience of farmers and their families by steadily decreasing vulnerability to disaster risks over time.	Ethiopia, Kenya, Malawi, Senegal and Zambia since 2011 as compensation for weather-related losses; US\$ 10.3 million provided in micro-insurance protection to R4 participants through 2019 87,000 farmers (benefiting 435,000 people) reached through R4 in Ethiopia, Kenya, Malawi, Senegal, Zambia and Zimbabwe
3	ARC Weather-based Index Insurance Facility	2012	A Weather-based Index Insurance Facility that insures national governments against the risk of drought coverage for their agricultural seasons.	As of 2018, 8 countries in Africa, including Malawi had subscribed to this facility. The other countries are: Senegal, Niger, Mauritania, Burkina Faso, Mali and The Gambia. Members of the ARC risk pool receive a pay-out when the rainfall deviation is sufficiently severe such that the estimated response costs cross a certain pre-defined threshold.
4	Assurance Récolte Sahel (ARS)	2011	A climate insurance project that was rolled out and coordinated by PlaNet Guarantee (PG) that was initiated as a pilot project in 2011 in West Africa (initially, Mali and Burkina Faso and then rolled out in Senegal (2012) and Benin (2013).	As of 2017, there were a cumulative 52,228 farmers subscribing to the weather index insurance initiative.

3.2.2.6 Climate Risk Financing and Insurance – Ecosystem-based Adaptation (CRFI-EbA) Projects

There are a growing number of pilot projects that aim to combine elements of financing and insurance mechanisms with Ecosystem-based Adaptation (EbA) at regional level. These include, but are not limited to the Caribbean Oceans and Aquaculture Sustainability Facility (COAST) in the Caribbean, Restoration Insurance Service Company (RISCO) implemented globally but potentially in Philippines, and Global Ecosystem Resilience Facility (GERF) in 7 sites in Mexico, Belize, Guatemala and Honduras in the Mesoamerican Reef Region (AR). All these projects are exploring risk financing and insurance solutions to develop and implement projects that use biodiversity conservation and restoration to

measurably reduce society's vulnerabilities and exposure to climate change impacts and other hazards (Beck, Quast, & Pfliegner, 2019).

3.2.2.7 Analysis of Regional CDRFI Interventions

Most CDRFI institutions in Africa have developed solutions focusing on smallholder farmers who are often poor and their revenue mainly depends on agriculture. Hence, inherently vulnerable to climate variations. Consequently, banks and microfinance institutions (MFIs) consider them as risk-prone clients. By subscribing to crop index insurance, vulnerable farmers are offered some form of security and have increased opportunity to access loans from banks and agricultural financing institutions (Adegoke, et al., 2017). Recently, with the launch of the GCF, there is an emergence of climate mitigation and adaptation solutions being piloted in selected parts of Africa whose success is yet to be evaluated and lessons to be learned. Notable, however, is that the number of insurance products is increasing with advances in Information and Communication Technology (ICT) that is enhancing satellite data capture and information and money transmission through mobile phones.

Africa is among the regions that are experiencing the blunt of climate change associated with floods and droughts as the worst perils. Therefore, these interventions are not adequate and a lot more needs to be done to design products that will increase resilience and address gender-based inequalities that exacerbate vulnerability. This calls for extra resources including expertise to build regional capacity in the design of customized products for the region.

3.2.3 Funds, Insurance Facilities and Programs/Projects in Malawi

Malawi's penetration of insurance products is regarded as one of the lowest in Africa, estimated at two percent in 2014, down from three percent in 2008 (Ministry of Finance, Economic Planning and Development, 2017). What are considered innovative and pro-poor products include funeral insurance. Otherwise, the most commonly used products are motor vehicle insurance, life insurance and medical insurance. Nonetheless, motor vehicle insurance and life insurance, specifically group life insurance, are compulsory. Introduction of new insurance products is often constrained by low financial literacy, low income, inefficient distribution channels, and scarcity of underwriting skills. Nonexistence of early warning systems for monitoring climatic events hinders launching of crop insurance types of insurance products (Ministry of Finance, Economic Planning and Development, 2017).

Through the National Financial Development Strategy II, Government promises to provide an appropriate environment to enable the insurance industry to introduce new products such as weather index insurance and help to scale-up the use of available products in order to deepen the insurance market. Plans include formulation of a strategy for the insurance sector to ensure sustainable growth and development of the sector. Notwithstanding, there are a few CDRFI interventions and products that have been tested or are being developed for piloting in Malawi. Key among these are: World Bank Weather Index-based Crop Insurance, Mtetezi⁵, Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi (M-CLIMES), Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi, National Climate Change Fund, Climate Investor One, R4 Rural Resilience Initiative and ARC Weather-based Index Insurance Facility. Some of these products, such as Climate Investor One, R4 Rural Resilience Initiative and ARC Weather-based Index Insurance Facility have already been described in the previous section as they are regional products that are also applicable in Malawi. The other products are described hereafter and summarized in Table 6.

⁵ Literally meaning protector

3.2.3.1 *Weather Index-based Crop Insurance*

Prior to 2005, only 50,000 of the millions of smallholder farming households in Malawi secured credit from formal financial institutions as banks were unwilling, to lend to smallholder farmers, primarily because of the risk that they would not pay back their loans in case of a drought. Without access to loans, farmers could not purchase high quality seeds that would increase productivity and raise their living standards. The World Bank worked with the National Association of Smallholder Farmers in Malawi (NASFAM) to develop an index-based crop insurance contract that is more efficient and cost-effective than traditional crop insurance and can easily be distributed to individual smallholder farmers to increase their access to finance and to protect farmers and loan providers from weather risk. The program was piloted in 2005 (World Bank, 2012). The weather-based crop insurance contracts were initially offered to farmers as a pilot program in Kasungu, Nkhosokota, Lilongwe North, and Chitedze.

The contracts were designed to provide compensation when rainfall during a crop growing cycle was insufficient for farmers to grow and to optimize their yields. Weather index insurance does not measure changes in yields; instead, it measures changes in rainfall, assuming that if rainfall is low, then farmers' yields will also be poor. The Malawi index-based crop insurance measures the amount of rain recorded at local meteorological stations. In case of severe drought, it is assumed that all farmers within a 20-30 kilometre radius will be similarly affected. The insurance contract is bundled with loans to farmers that cover the cost of high-quality seeds. The insurance pays off part or the entire loan in case of severe drought. The sum insured is the loan amount and interest payable. Pay-outs are automatically made to the bank if the index hits the specified contract threshold at the end of the contract (World Bank, 2012).

The outcome was that in 2005, 892 groundnut farmers purchased weather-based crop insurance policies for a total premium of US\$36,600. As the crop insurance contracts mitigated the weather risk associated with lending, local banks came forward to offer loans to insured farmers. The farmers used these loans to purchase certified groundnut seed. This arrangement — lending coupled with crop insurance — allowed farmers in the pilot areas to access finance that would not have been available to them otherwise. Credit, in turn, allowed them to invest in higher yield, higher return activities. In 2007, the pilot was expanded to cash crops. By 2008, the number of participants had increased significantly, with 2,600 farmers buying policies worth US\$2.5 million (World Bank, 2012).

Four lessons were documented from this initiative:

- i. Index-based weather insurance is not a magic bullet. It is necessary to raise awareness of the limited role that weather insurance has in managing the larger spectrum of risks farmers face and to control these risks as much as possible within the program. The two pilot phases in Malawi illustrated that problems related to production, marketing, and sale of crops can undermine credit repayment. Insurance programs must be integrated into supply chains so that other risks related to agricultural production can be managed.
- ii. Effective index-based weather insurance contracts require reliable, timely, and high quality data weather station networks. A committed meteorological services authority is essential to ensure adherence to strict quality requirements, including trustworthy ongoing daily collection and reporting procedures, daily quality control and cleaning, and an independent source of data for verification. Also required is a long, clean, and internally consistent historical record to allow for a proper actuarial analysis of the weather risks involved.
- iii. An enabling legal and regulatory framework is necessary for the expansion of the program. Nine insurance companies worked together to underwrite the risk from the program in Malawi. If the private sector is interested in expanding the program, it will need to engage

regulatory authorities in revising the existing legal and regulatory insurance framework to explicitly reference weather-based index insurance.

- iv. Client/stakeholder education and outreach is essential to establish successful micro-level insurance programs. Lack of understanding of insurance can lead to dissatisfaction with the program and resistance to insurance purchase. In Malawi, monthly meetings are held with smallholder farmer groups to disseminate financial education and technical agricultural knowledge.

3.2.3.2 Mtetezi

Mtetezi is NICO's insurance product that is specifically designed and packaged for tobacco farmers against loss or damage to tobacco leaf whilst growing in the field because of hail, windstorm, floods and physical action of excessive rainfall; whilst in the process of picking, stringing, curing, bulking, grading, re-ordering and in transit until finally delivered to auction floors, because of fire, malicious damage, lightning, strikes, riots, theft and many more risks (NICO General Insurance Company, 2020). This preferential treatment on tobacco is premised on the appreciation of the economic benefits tobacco brings to the national economy (as the single major foreign exchange earner and backbone of the Malawi economy) and its inherent risks across the value chain. Every year, tobacco farmers must constantly worry about their ability to repay debt, meet overhead costs, leaf damage and in many cases, their inability to meet living costs of their families (NICO General Insurance Company, 2020). The insurance facility is implemented in collaboration with private tobacco companies such as JTI and Alliance One that provide technical guidance, facilitate advocacy and client engagement, facilitate packaging of products, and discharge pay-outs.

3.2.3.3 Scaling up the use of Modernized Climate Information and Early Warning Systems in Malawi

Valued at US\$16.3 Million, the Scaling up the use of Modernized Climate Information and Early Warning Systems in Malawi (M-CLIMES) Project is an adaptation project in Malawi executed by Department of Disaster Management Affairs (DoDMA) with funding from GCF through UNDP (GCF, 2015). The project was approved by the GCF in November 2015 and is currently under implementation, scheduled to end in 2023. It is aimed at protecting lives and livelihoods in Malawi from climate-related disasters by providing early warning weather and climate information systems and improving the resilience of vulnerable communities.

With an estimated life-span of six years, the project plans to expand the meteorological network, install automatic weather stations, hydrological monitoring stations, and lake-based weather buoys, as well as increase the capacity to identify risks and forecast impacts. Resulting information will be disseminated through mobile, ICT, and radio channels targeting vulnerable farming communities, as well as fishing communities around Lake Malawi. Flood modelling for river systems will be improved, increasing warning times from 6 hours to 24- 48 hours. The private sector, including telecoms and micro and small enterprises will be engaged.

3.2.3.4 Scaling up Climate Resilient Solutions (CRS) for smallholder farmers in Malawi

NASFAM in partnership with Technical Centre for Agricultural and Rural Cooperation (CTA) is implementing a project titled Scaling up Climate Resilient Solutions (CRS) for smallholder farmers in Malawi with funding from the European Union. The project's main goal is to contribute towards the enhancement of productivity and adaptation of agriculture for smallholder farmers in Malawi under a changing climate through a) improving awareness and level of insurance of farmers in Malawi; improved access to weather information by farmers through Information Communication Technology; and promoting farmers access to stress tolerant seeds as an adaptation strategy to climate change and promote crop diversification. The project targeted 50,000 beneficiaries drawn from five districts

of Malawi namely, Zomba, Mchinji, Ntchisi, Nkhosakota and Mzimba. The first phase of the CRS project commenced in November 2017 and phased out in November 2018 (NASFAM, 2019).

3.2.3.5 National Climate Change Fund

With technical and financial support from the United Nations Development Programme (UNDP), the Ministry of Forestry and Natural Resources⁶ has initiated the process of operationalising the National Climate Change Fund that was effected in 2018. The overall objective of the Fund is to harmonize and rationalize climate change funding both from domestic and external sources for implementation of priorities outlined in the National Climate Change Investment Plan, the National Climate Change Management Policy and related adaptation and mitigation priorities such as the Nationally Appropriate Mitigation Actions (NAMA), National Adaptation Programmes of Action (NAPA), National Adaptation Plans (NAP) and Nationally Determined Contributions (NDC). The fund is envisioned to provide predictable and reliable financing for climate change management in the country. As of March 2020, Government of Malawi had advertised for a consultant to support the development of operational guidelines for the Fund (UNDP, 2020).

Table 7. Funds, Insurance Facilities and Programs/Projects in Malawi

#	Intervention or Product	Year Launched	Key Features /Thematic Focus	Achievements/Remarks
1	National Disaster Relief and Preparedness Fund	1991	Established to support the development, promotion, management and administration of civil protection by the Disaster Preparedness and Relief Act, 1991	Fund is normally empty. Funds are only appropriated by Parliament through revision of sector budgets upon declaration of a national disaster by the President of the Republic. The Fund is managed by the Minister.
2	Forestry Development and Management Fund	1997	Established under Section 55 of the Forest Act of 1997 for the conservation, augmentation and management of forest resources and forest lands in Malawi.	The fund is operational. Funding sources include the Tobacco Levy, which is a percentage realized from tobacco sales by different tobacco companies within the country and submitted to Government through the Tobacco Control Commission (TCC). The Fund is managed by the Minister responsible for forestry development.
3	World Bank Weather Index-based Crop Insurance	2005	The contracts were designed as a pilot program in Kasungu, Nkhosakota, Lilongwe North, and Chitedze to provide compensation when rainfall during a	By 2008, the number of participants had increased significantly, with 2,600 farmers buying policies worth US\$2.5 million

⁶ Previously, Ministry of Environment, Tourism and Wildlife. The name was changed in July, 2020.

#	Intervention or Product	Year Launched	Key Features /Thematic Focus	Achievements/Remarks
			crop growing cycle was insufficient for farmers to grow and to optimize their yields	
4	Mtetezi	2012	Designed and packaged for tobacco farmers against loss or damage to tobacco leaf whilst growing in the field because of hail, windstorm, floods and physical action of excessive rainfall	Mtetezi Insurance has boosted NICO General's profits and market share.
5	Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi (M-CLIMES)	2015	A GCF-financed climate change adaptation project aimed at protecting lives and livelihoods in Malawi from climate-related disasters by providing early warning weather and climate information systems and improving the resilience of vulnerable communities.	Project is making use of strategic and innovative channels like weather and water monitoring technologies, mobile phones, ICT, radio, and scaling up community-based groups to ensure that they provide reliable, timely and accessible data to communities affected by the extreme weather events.
6	Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi	2017	An integrated awareness-raising project on insurance to Malawian farmers, combined with improving access to weather information by farmers through Information Communication Technology; and promoting farmers access to stress tolerant seeds as a climate change adaptation strategy, and to promote crop diversification.	Zomba, Mchinji, Ntchisi, Nkhotakota and Mzimba targeted in the first phase of the project implemented from 2017 to 2018.
7	National Climate Change Fund	2018	A Fund to harmonize and rationalize climate change funding from domestic and external sources for implementation of the National Climate Change Investment Plan, the National Climate Change	Operationalization in progress.

#	Intervention or Product	Year Launched	Key Features /Thematic Focus	Achievements/Remarks
			Management Policy and related adaptation and mitigation priorities (NAMAs, NAPAs and NDCs).	
8	Environment Fund		Fund for the protection and management of the environment and the conservation and sustainable utilization of natural resources, among other functions established by the Environment Management Act, 2016.	This is in the pipeline and it will be managed by the Environmental Protection Agency (EPA), which is yet to be operationalized.

3.2.3.6 Government of India National Agricultural Insurance Scheme

Presented here as an example of other sovereign CDRFI efforts, is the Government of India's transformative approach to agricultural risk insurance. The Government of India launched the National Agricultural Insurance Scheme in 1999 to address the operational problems of area-yield insurance approaches covering cereals, legumes and oilseeds that was linked to agricultural credit borrowers. A national-level Weather-Based Crop Insurance Scheme (WBCIS) was launched in 2007. Under this scheme, claim payments to farmers are an explicit function of specific triggers related to thresholds of rainfall, temperature or humidity as recorded at a local reference weather station. The scheme also works on an area approach. The introduction of WBCIS gave stakeholders an option of rainfall/temperature index in addition to yield index of previous schemes. As of 2014, the National Agricultural Insurance Scheme had insured nearly 30 million farmers, of which almost 14 million farmers had their crops insured by weather index-based schemes (Adegoke, et al., 2017).

3.2.3.7 Climate Risk Financing and Insurance – Ecosystem-based Adaptation (CRFI-EbA) Projects

There are also a number of CRFI-EbA projects that are being piloted in different countries especially in the Americas from which important lessons in terms of opportunities and challenges of incorporating CDRFI in EbA could be learned. These include: Forest Resilience Bond in Yuba River Watershed, California, USA, Louisiana Impact Bond in Louisiana, USA; California SB30: Insurance and Ecosystems in California, USA, MesoAmerican Reef Insurance in Coastline of Quintana Roo, Mexico, Washington D.C. Stormwater Retention Credit Trading Programme in Washington D.C., USA, Mangrove Plantation and Disaster Risk Reduction Project in Coastal provinces of Vietnam, United States Federal Emergency Management Agency (US FEMA): Community Rating System (CRS) and Benefit Cost Analysis (BCA) in 1,000+ communities across the USA (for CRS) (Beck, Quast, & Pflieger, 2019).

3.2.3.8 Analysis of National Funds, Insurance Facilities and Programmes and Projects

There have been a few CDRFI interventions in Malawi, and national scale efforts in other countries mostly on pilot basis. For Malawi, national climate and disaster funds mentioned in policies and plans are yet to be operationalized and this demonstrates the emerging nature of the discourse of CDRFI in the country. The results of the tried and tested interventions have been mixed: culminating into

excitement and frustrations as design and/or effectiveness challenges have been acknowledged both in Malawi and in other countries. Efforts are also being scaled up to develop and implement projects that use biodiversity conservation and restoration to measurably reduce society's vulnerabilities and exposure to climate change impacts and other hazards (Beck, Quast, & Pfliegner, 2019). All these efforts are commendable but as observed in the sections above, the challenges to be addressed are colossal and a lot more effort is required especially at the national level to improve the design and execution of CDRFI interventions in such a way that they address the needs of the populations most in need of such interventions. An important lesson is that there is no one-size-fits-all when it comes in CDRFI and that complicates the comprehension, design and execution of CDRFI such interventions.

3.2.4 Insurance Purchases and Pay-outs in Malawi

Malawi has the experience of purchasing climate and/or disaster risk insurance products and receiving pay-outs from the ARC, and R4 Rural Resilience Initiative.

3.2.4.1 Pay-outs from African Union's ARC Insurance Facility

Malawi purchased drought insurance policy with ARC for its 2015/16 crop season, during which time the country faced a severe drought. Although funding through ARC is designed to be delivered swiftly in such cases, a pay-out was not immediately triggered due to erroneous data capture and associated output based on Africa RiskView, the open risk modelling platform developed by ARC and customized specifically for each country and crop season in close cooperation with an in-country government team. In the case of Malawi, the customized Africa RiskView model indicated far lower numbers of drought-affected people compared with the actual impact of the drought on the ground. Immediately recognizing that there was an issue, ARC initiated a technical review process to identify the causes and subsequently rectified the input data that triggered a pay-out of US\$8.1 million that was instrumental in plugging a gap in the response activities already being implemented by the Government of Malawi. This included cash transfers to affected households and replenishment of the country's strategic grain reserves, impacting an estimated 810,000 people (African Risk Capacity, 2017).

Malawi Government-purchased drought insurance policy of 2015/16 is probably the most controversial insurance policy the country has ever bought for its citizens. Among the several individuals and institutions that expressed discontent at ARC's Insurance failure to trigger amidst grueling drought in Malawi was ActionAid that published a report (Reeves, 2017) with three recommendations to national governments and development partners and global CDRFI players as follows:

- a) The G7, World Bank, Insurance Development Forum, ARC and others promoting the expansion of climate risk insurance markets for the poor and vulnerable should pause and reconsider this quest in the face of a lack of evidence of its equity and effectiveness and indications that it may be exacerbating inequality and vulnerability. ARC's African members should be recognized for their solidarity and leadership in stepping up to fill a gap in international support for adaptation and DRR, but encouraged to hold inclusive, evidence-based discussions to design a more appropriate African model for building resilience and addressing loss and damage.
- b) Governments and development partners should instead promote a rights-based, equitable, effective and empowering alternative model for climate risk financing: namely, supporting development of cooperatives, backstopped by adaptive, scalable social protection systems plus an equitably and predictably financed global mechanism for social protection and early response to crises². Social protection and agricultural support should be adapted and aligned to help rural people living in poverty, particularly women, organize themselves into cooperatives and use these to foster climate-resilient, sustainable, diversified agriculture and

livelihoods, including through member-owned savings, loans and, after attaining sufficient capacity, insurance schemes.

- c) The Global Platform on Disaster Risk Reduction, the UNFCCC, and the G7 and G20 Summits should send a strong signal that insurance is not a quick fix for the broken development, adaptation and humanitarian finance systems. Instead, rich nations should prioritize provision of grants to enable poor and climate vulnerable countries to deliver integrated national plans for implementation of the Paris climate agreement, Sendai Framework for DRR, and Sustainable Development Goals (SDGs). Such plans must transform agricultural, rural finance, social protection, early warning and crisis response systems, hence reducing loss and damage.

This discourse on CDFRI approaches is an indication of the complexities that exist in the realm of CDRFI, especially as it relates to addressing the underlying complexities of insurance product design to equitably address the financing and investment risks and needs of vulnerable nations and populations.

3.2.4.2 Pay-outs from WFP's R4 Rural Resilience Initiative

In 2018, poor rainfall in parts of Africa triggered the largest insurance pay-out so far for vulnerable farmers under the R4 Rural Resilience Initiative (R4). Farmers participating in R4 – launched by the United Nations World Food Programme (WFP) and Oxfam America in 2011 – were tipped to receive insurance payments totaling US\$ 1.5 million to compensate for weather-related crop losses in Ethiopia, Kenya, Malawi, Senegal and Zambia (WFP, 2018). In Malawi, more than 7,000 drought-affected families were to receive an insurance payment worth US\$ 400,000 and this was marked as the first time that a weather index insurance programme had delivered pay-outs at such a large scale in Malawi, according to Benoit Thiry, Country Director for WFP Malawi (WFP, 2018). Many smallholders would also invest a portion of the pay-out in seeds or fertilizers, or in starting small-scale family businesses (WFP, 2018). Insurance payments are based on an index of rainfall, vegetation or yield estimates determining the extent of the loss incurred by participating farmers. Compensation is paid if the index falls below a pre-determined threshold – in this most recent instance, it was because of drought during the growing seasons in the five countries (WFP, 2018).

3.2.4.3 Challenges encountered by the Lessons on Insurance Purchases and Products

Echoing the findings by other researchers such as Le Quesne, et al. (2017), the following are the key lessons on climate and disaster risk financing and insurance products summarized from this study:

- i. Insurance has an important role to play in disaster and climate risk management. This role is well-recognised in terms of response and recovery, where the rapid and predictable pay-out and resulting effect of smoothing of the fiscal impacts of shocks can be highly valuable.
- ii. Insurance is not the magic bullet to climate change and disaster risks. Its contribution to risk reduction and resilience depends upon the quality of the insurance tool and whether it has been designed to respond efficiently to the needs of the policyholder(s) or final beneficiaries. It is not a cost-effective approach for managing all types of risk. If designed poorly or targeted inappropriately, insurance may not contribute meaningfully to risk reduction or greater resilience in all cases. In some cases, poorly-thought-through insurance schemes may result in increasing vulnerability and/or exposure.
- iii. Therefore, it is essential that insurance is incorporated within an integrated approach to disaster and climate risk management, where its role in relation to each element of risk management is determined through risk assessment and identification of risk layers.
- iv. Strategies to manage risk such as insurance should be combined with efforts to reduce the drivers of risk; this is particularly important for building resilience among the poor.

3.2.5 Civil Society Organizations' Engagement in CDRFI Projects

Civil Society Organizations have generally played a low profile in the design, execution and monitoring and evaluation of CDRFI interventions in Malawi. Where engaged, their role has mainly been that of agency for mobilization and delivery of insurance products. While most CSOs are aware of and implementing climate and/or disaster risk management interventions, most are not necessarily using risk financing and transfer solutions as propagated by the CDRFI concept. This is an emerging concept that is yet to be mastered and adopted by many CDRFI players including government, private institutions (including insurers), NGOs/CSOs and citizens. Some have CSOs/NGOs have observed that while insurance companies recognize the need for working with CSOs/NGOs as the link to (or aggregators of) the premium buyers, their association with the CSOs has not been concretized into a win-win scenario, creating gaps in understanding and trust and hence appreciating the roles of the various partners in the CDRFI agenda.

At the policy level, only a handful of CSOs such as CISONTEC report to have been engaged (as an umbrella body for climate change and disaster risk management CSOs) in the formulation of the Disaster Risk Financing Strategy and Implementation Plan (2019) and in the design and implementation of the other weather index-based crop insurance facilities discussed in this report. CISONTEC was actively engaged in the early stages of the implementation and proposal development of CDRFI Projects including climate risk insurance products, and it implemented the GCF-CSO readiness project where CSOs in Malawi were capacitated with information on how they can access funds from GCF. Government notes that CSOs have started participating in CDRFI activities of the ARC Technical Working Group (TWG) through CISONTEC that has been lobbying for expedited adoption of the CDRFI agenda and implementing associated activities as part of the climate adaptation and/or disaster risk reduction efforts for resilience building and attainment of national development goals.

Generally, the main CDRFI activities, processes and policies in the country are not well known by the civil society community and/or by the population and citizens but there is emerging interest in CDRFI with NGOs/CSOs commenting on the national insurance schemes like the ARC. Limited knowledge is a function of limited engagement and dissemination considering that the CDRFI concept is not only relatively new in the country and the region, but it also appears complex as it integrates social, financial and ICT elements that most stakeholders including researchers are yet to master.

3.2.6 Extent of Integration of IGP Pro Poor Principles in the CDRFI Discourse in Malawi

CDRFI is a relatively new concept and area of operation in Malawi. As such, there has not been much discussion around its five core principles namely, impact, quality, ownership, complementarity and equity as propagated by the IGP. As such, some previous products integrated some of the principles based on the requirement to fulfil other gender requirements such those propagated by global and national framework policies such as the SDGs and MGDSIII. The challenge with this is that the principles are not adequately addressed and other vulnerable populations are obviously left behind. For example, the Disaster Risk Financing Strategy (DRFS) has very well integrated the core principles for disaster risk financing as propagated by the World Bank but it fails short of addressing the core principles for addressing the pro poor requirements associated with risk financing and insurance. The other core values advanced by the strategy are transparency, accountability, inclusiveness, innovativeness, Integrity, honesty and shared responsibility, professionalism and comprehensiveness that may not necessarily provide the same depth in meaning and urgency in action as that contained in the IGP Pro Poor Principles.

3.2.7 Key entry points for progressing on pro-poor aspects in CDRFI matters in the country

Progressing on pro-poor aspects in CDRFI matters in the country should reinforce the understanding and appreciation that the majority of Malawians, typically smallholder farmers are inherently poor due to their dependency on weather-based income that is increasingly becoming less predictable due to climate change. When disasters strike, they also affect the same category of people, destroying their assets and making them more vulnerable. The resultant loss is felt by the entire nation as resources meant for development are channeled towards response, recovery and reconstruction. However, investments in risk reduction interventions including through insurance can assist in eradicating poverty among the most vulnerable groups and gender categories in the country and there are certain preconditions that must be met to attain the desired progression. CSOs can thus advance the following actions:

- i. Review the adequacy and robustness of the legal framework (policies, regulations and institutions) guiding and/regulating the design and implementation of pro poor CDRFI interventions in the country.
- ii. Examine the long-term commitment of public champions such as the ministries responsible climate change, disaster risk reduction, gender, agriculture and food security, fiscal and monetary matters on advancing pro poor principles.
- iii. Examine and advocate clear roles of the different public and private actors in CDRFI
- iv. Assess and advocate cost-effectiveness of distribution channels
- v. Assess and advocate access to data, appropriate back-up mechanisms, and investment in risk management education and capacity building of key stakeholders

3.2.8 Extent of Integration of Gender equality aspects as part of the conversation on CDRFI in the country

Globally, and more so in Malawi, there appears to be limited research that specifically explores gendered dynamics of insurance and risk reduction. However, the available evidence suggests that women could play a key role in maximising the risk reduction outcomes of insurance –but emphasises that schemes will need to be carefully designed to enable this. Without specific gender targeting there is a risk that insurance schemes could shift the balance of decision-making power and resources towards the male head of the household. This is likely given that insurance policies tend to be taken out in a single individual's name (with costs for adding additional people), and that some insurance schemes require land ownership or bank accounts, to which women disproportionately lack access (Le Quesne, et al., 2017).

The CDRFI discourse is relatively young in Malawi but there is good integration of gender equality aspects in the MGDS III including in climate change and disaster risk management and agriculture policies. There is undoubtedly fair documentation and understanding among the population of the relevance of gender in climate action and there are calls to promoting gender responsive climate and disaster risk financing strategies and programs in the country including in the design and implementation of insurance initiatives and products. For example, a study commissioned by UN Women and UN Environment in 2015 confirmed the presence of a gender gap in agricultural productivity in rural Malawi. It confirms that women are unable to obtain adequate quantities of male family labour to work on their plots, but also that women's ability to work on their plots is constrained by social expectations that they perform significant quantities of unpaid care and domestic work and contribute unpaid labour on their husband's plots while not controlling the output of that work. Together, these factors lead to a reduced ability of women plot operators to allocate adequate amounts of time to work on the plots of land they control (Akram-Lodhi, 2018). This shows that cases of violence and bias against females are still high in the country necessitating an enquiry and action

towards implementation and transformation towards gender responsive CDRFI interventions and outcomes.

3.2.9 Key entry points for progressing on gender equality in CDRFI matters in the country

Gender is a critical component of climate change and disaster risk management policies and programmes in the country but there exists a gender gap in the apportionment of costs and benefits with females incurring more costs and less benefits in the agriculture sector. Closing this gap would return social and economic benefits not only to females but also to the entire country – and reduce poverty. Evidently, the success of MGDSIII is entrenched in designing effective sectoral and social protection programmes that mitigate root causes of challenges of growth and development, including social and gender inequalities, among other interventions (Ministry of Finance, Economic Planning and Development, 2017). Therefore, progressing on gender equality in CDRFI matters calls for undertaking a gender lens especially in the design and implementation of CDRFI interventions. However, the integration of gender in the National DRF Strategy is evidently weak to forge proactive and innovative gender-responsive risk funding and transfer solutions. As such, the entry points are:

- i. Lobby for review and revision of the National DRF Strategy to clearly integrate gender issues and considerations as they relate to CDRFI in the Malawi context.
- ii. Lobby for quality engagement of CSOs in the design and implementation of CDRFI interventions where they should advocate systematic mainstreaming of gender in the design, programming and implementation of CDRFI interventions as this can facilitate effective development planning and coordination, budgeting, implementation and monitoring (Ministry of Finance, Economic Planning and Development, 2017).
- iii. Advocate equitable distribution of costs and benefits between men and women in agriculture production and other CDRFI interventions considering the inherent resource constraints experienced by the majority of women in the country (such as those related to assets acquisition and ownership) despite their contribution to the agriculture sector and hence the national economy.

3.3 CDRFI KEY PLAYERS

Pro-active management of climate risks requires long-term commitment from public champions, e.g., relevant ministries and public climate and disaster risk management initiatives. This includes a sustained public engagement with relevant stakeholders like the private sector and civil society on building resilience and reducing exposure to climate-related risks. Public-private partnership approaches, also with international support, are particularly important for low-income countries where pure market-based solutions are often not feasible due to high startup costs, unavailability of data and limited access or low demand for standard insurance products from the low-income part of the society. Thus, a joint effort from the public and private sector with support from international development partners, or through international climate financing sources such as the Green Climate Fund, is needed to approach climate-risk management more effectively (Warner, et al., 2013).

There are several CDRFI players and activities going on at the global, regional and national levels, the trend and scope of which has been expanding rapidly, especially in developing countries, over the last decade (since 2010).

3.3.1 Global CDRFI Players

Globally, CDRFI has been the result of collaborative efforts by International organizations such as the UN (through its several specialized agencies such as UNEP, WFP, ILO, FAO, WMO), EU and World Bank Group; governments such as the Federal Government of Germany, governments of Japan, USA, UK,

Switzerland, Flanders, France, the Republic of Korea, Canada and Sweden and the Netherlands (WFP, 2018). Other players include academic and research institutions such as the United Nations University Institute for Environment and Human Security (UNU-EHS) and University of Columbia, Potsdam Institute for Climate Impact Research, Oasis; non-governmental organizations such as Mercy Corps, CARE, Oasis, The Nature Conservancy and many more. These institutions have dedicated their resources, technical know-how and advanced policies and programmes for designing and implementing effective climate and disaster risk management interventions including risk financing and insurance solutions.

At the global level, the focus has been on working with national governments, research institutions, think tanks and international NGOs in generating evidence, and advancing learning and the development and adoption of CDRFI policies and strategies in fulfilment of international protocols and agreements listed in section 3.1 above. Additionally, the International Association of Insurance Supervisors (IAIS) established a set of essential principles, called Insurance Core Principles (ICPs), to be adhered to for an insurance supervisory system to be effective and which gives guidance on how best principles for climate and disaster risk transfer can be applied in low-income countries (Warner, et al., 2013). Table 8 presents a sample of the key players at the global level.

Table 8. Global CDRFI Key Players

#	Key Players	Role	Intervention or Product
1	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)	Major donor of CDRFI interventions including the MCII	Munich Climate Insurance Initiative; InsuResilience Solutions Fund; InsuResilience Global Partnership Project
2	InsuResilience Global Partnership (IGP)	Promotes the international dissemination of market-oriented and poverty- and gender-sensitive solutions for climate risk insurance in developing countries. IGP works with public, private and civil society stakeholders to build capacity in CDRFI. Also provides advice on suitable financing solutions to national governments.	InsuResilience Global Partnership Project
3	KfW Development Bank / German Ministry for Economic Cooperation and Development (BMZ)	Funder of CDRFI interventions including climate risk insurance products, especially for governments or scale-up already existing products, or introduce innovative technological solutions to improve and scale-up insurance operations.	InsuResilience Solutions Fund
4	UNFCCC Secretariat	Consolidates global CDRFI policies and strategies. Taps public and private finance flows, engages	Green Climate Fund (GCF)

#	Key Players	Role	Intervention or Product
		various stakeholders seeking in the design and execution of climate investments. Offers and combine a full range of financing instruments, including loans, equity, guarantees and grants to design tailored solutions that tackle specific investment barriers.	
5	United Nations University Institute for Environment and Human Security (UNU-EHS)	Hosts CDRFI researchers and partnerships such as the MCII and ACRI+. Develops solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.	Advancing Climate Risk Insurance Plus (ACRI+)
6	World Bank Group	Works through its specialized entities such as the Finance, Competitiveness, and Innovation Global Practice (FCIGP), and the Global Facility for Disaster Reduction and Recovery (GFDRR) to support governments to implement comprehensive financial protection strategies, and mobilizes sovereign disaster risk financing, agricultural insurance, property catastrophe risk insurance, and scalable social protection programs.	Disaster Risk Financing and Insurance Program (DRFIP); Global Index Insurance Facility (GIIF)

3.3.2 Focus on InsuResilience Global Partnership

The InsuResilience Global Partnership (IGP) is an emerging project that promotes the international dissemination of market-oriented and poverty- and gender-sensitive solutions for climate risk insurance in developing countries that was launched in 2017. At the UN Climate Change Summit in 2019, the participants adopted Vision 2025, a six-year work plan with ambitious goals aimed at furthering national and international development by this global Partnership of climate risk finance and insurance instruments. The Partnership is supported by a Secretariat, whose role is to enhance the visibility of the IGP, to foster communication and cooperation among all relevant actors of the Partnership and to facilitate knowledge management (GIZ, 2020). IGP has developed a set of five core principles (voluntary) namely: impact, quality, ownership, complementarity and equity that its partners should strive to follow as described hereafter.

- i. **Impact:** Create positive and lasting change for poor and vulnerable people.
- ii. **Quality:** Implement adequate and high quality climate and disaster risk finance and insurance solutions that address the needs of poor and vulnerable people.
- iii. **Ownership:** Ensure demand-driven approaches through environments that are conducive to stakeholder action, with a focus on the agency of end users.

- iv. **Complementarity:** Develop a mix of synergistic climate and disaster risk finance and insurance solutions building from existing institutional frameworks.
- v. **Equity:** Climate and disaster risk finance and insurance solutions should provide inclusive and targeted support to promote equitable growth.

IGP works at national and international levels with public, private and civil society stakeholders to build the requisite capacity in CDRFI. In previous phases, the project worked on developing and coordinating a Secretariat that has managed the project since 2016. It was set up primarily to provide strategic and organizational support for the Partnership and its members and facilitate networking between the stakeholders. The project also supports decision-makers in developing countries by providing advice on suitable financing solutions (GIZ, 2020).

3.3.3 Analysis of Global Level Players

The global players are mostly UN, and World Bank entities as resource mobilizers and governments of developed nations as donors of CDRFI interventions. The Global resource mobilizers have often collaborated with regional institutions (mostly private) as agents, and national governments as premium buyers and local NGOs as service providers in implementation. The work being done is commendable although much of it has been on pilot basis, but expanding in terms of thematic scope and spatially. The workload is big considering the number of people that have not been reached in all the most vulnerable parts of the world. Moreover, the role played by CSOs has not been significant at this level apart from appearing in forums as supporters of CDRFI interventions, unless they have often been camouflaged as other “stakeholders”.

3.3.4 Regional CDRFI Players

There are several CDRFI players at the regional level (typically in Africa) and a few key ones that are operating in Sub Saharan Africa include ACRE Africa, Climate Investor One, UN World Food Programme (WFP) in collaboration with Oxfam America and African Risk Capacity hosted by the African Union. The CDRFI interventions and products developed and/or implemented by these actors have been elaborated in the previous sections. Table 9 is a summary of the roles played by these institutions.

Table 9. Regional CDRFI Players

#	Key Players	Role Played	Intervention or Product
1	ACRE Africa	A private insurance surveyor/agent that Collaborates with international organizations such as World Bank and works with local insurers and other stakeholders in the design and provision of risk insurance in the agricultural value chain.	Working with World Bank Group / in Sub Saharan Africa on Agricultural and Climate Risk Enterprise
2	Climate Investor One	An international implementing entity of the GCF. Works with national entities to source funds from the GCF for implementation of climate change (mitigation and adaptation projects.	Climate Investor One Insurance in Burundi, Cameroon, Djibouti, Indonesia, Uganda, Kenya, Malawi, Madagascar, Mongolia, Morocco, Nigeria

#	Key Players	Role Played	Intervention or Product
3	UN World Food Programme (WFP) and Oxfam America.	Collaborates with international and local organizations in mobilizing resources for implementation of CDRFI interventions. Collaborating with Oxfam America on implementation of the R4 Rural Resilience Initiative	R4 Rural Resilience Initiative in Ethiopia, Kenya, Malawi, Senegal and Zambia
4	African Risk Capacity hosted by the African Union	An entity of the African Union that develops and provides Weather-based Index Insurance Facility for drought customized to national governments that are members of the AU.	ARC Weather-based Index Insurance Facility in Senegal, Niger, Mauritania, Burkina Faso, Mali, The Gambia and Malawi

3.3.4.1 Focus on ACRE Africa Agriculture and Climate Risk Enterprise (ACRE) Africa (a Product of GILF

ACRE Africa is by far the largest and fastest growing micro insurance schemes in Africa. Started in 2009 as a pilot, it had reached 1.2 million clients by 2016 distributed across Kenya, Tanzania and Rwanda with a goal to reaching 10 countries covering 3 million farmers by 2018. As of 2017, the insured sum had reached \$56 Million across the three countries, while average premiums stood at \$100 (Adegoke, et al., 2017).

ACRE Africa introduced a successful signature Replanting Guarantee (RPG) Product –a seed replanting guarantee service that aims to provide an alternative solution to frequent poor rains at the start of the rainy season. It provides added value to good quality seed by providing a refund of the value of the seed via M-Pesa (a mobile phone service) in the event there are no rains twenty-one (21) days after planting the seed. The guarantee is against crop germination failure caused by drought. Any other contributing events such as poor farm management or seed related problems causing poor germination are NOT covered. The purchase of seed does not automatically register the farmer as a user of the Service. To utilize the Service, a farmer is required to purchase Agri Seed Co maize seed and – activate the service by sending a unique code found on the card inside seed bag on the planting day. Rainfall will be measured by a satellite of the National Atmospheric and Oceanic Administration which produces the Africa Rainfall Climatology product. The satellite data is publicly available. The measurements are made in a 10 by 10 kilometers grid and will be the only factor to determine if there was a germination failure as a result of drought.

Farmers are advised to activate their seed replanting guarantee by sending the unique code found on the card inside the bag of seeds once they are on the farm and about to plant because the point from where a person sends the valid code is assumed to be farm's location. The insurance cover will only be considered after the sender has received a USSD notification for successful registration (Acre Africa, 2020).

One of the biggest barriers to developing insurance products for smallholder farmers is the huge distribution costs albeit the small value of individual transactions. ACRE Africa was able to overcome this challenge through its innovative approach of working with farm aggregators (input providers, lending institutions, cooperatives and out-growers) and mobile network operators. Bundling the insurance with other services such as inputs or loans makes it attractive to farmers while mobile transactions ensure instantaneous premium collection and claim settlement (Adegoke, et al., 2017).

Livestock is another important income generating resource for a smallholder farmer. Not only it serves as a source of protein for the household, it's also an immediate source of cash be it through sell of livestock products, like milk or the animal itself. Cognizant of its importance to livelihood, ACRE Africa provides dairy insurance cover to manage loss due to accidental death of livestock that's beyond the control of the owner. The product comes with animal care package requiring proper vaccinations and animal husbandry practices. These type of tailored agricultural insurance products are essential to build household assets and improve their resilience to climatic shocks (Adegoke, et al., 2017).

3.3.4.2 Analysis of the regional players

The AU and SADC have performed similar policy guidance, advocacy, research and educational functions as those played by the UN and other international organizations but with much focus on contextualizing the concerns and interventions to their jurisdictions. Whereas AU has advanced risk transfer through establishment of the ARC Insurance facility, SADC does not operate any insurance policy but has policies that support the development of innovative climate change and disaster risk management approaches including risk financing and risk transfer through national efforts, regional collaboration and international cooperation. SADC has continuously engaged national governments to raise awareness, advocate and discuss matters of regional importance including and those meaning from insurance as operated by the ARC. However, it is not clear whether (and how) these regional bodies coordinate the operations of regional CDRFI institutions that are not embedded in their institution such as ACRE Africa, WFP and Climate Investor One. In general terms, the regional institutions do not have strong operational checks and balances to guard against the exploitation of resources meant for the region in the name of development compared with other regions such as the EU that have strict rules and regulations for the operation and conduct of public and private entities in business.

3.3.5 CDRFI Players in Malawi

In Malawi, the discourse and implementation of CDRFI interventions is generally low, emerging and mostly done on pilot basis propagated by a few institutions especially the World Bank, WFP and Africa Union's ARC working with Government institutions and a handful NGOs. Although the conversation on CDRFI started around 2011 through World Bank, the issues only started gaining recognition around 2015 when Malawi was hit by one of the greatest flood disasters in decades that was followed by a massive drought in 2016. WFP and ARC also stepped up their activities to support government and smallholder farmers with pilot CDRFI solutions from that time. This is clearly demonstrated in the tone in policies (considering that Malawi has just developed its Disaster Risk Financing Strategy and Action Plan in 2019), strategies, programmes and plans developed and executed by government through which climate and disaster risk financing and insurance started to emerge as priority and exploratory areas for investment in pursuit of national sustainable development goals. Other countries such as Ghana, Nigeria and India, Jamaica, Grenada and Saint Lucia started also started making changes in national regulatory frameworks to enable the development and delivery of micro insurance and other forms of insurance to poorer households from 2012 (Warner, et al., 2013).

3.3.5.1 Public Institutions

Key government institutions engaged in the CDRFI conversation include the Ministry of Finance, Economic Planning and Development (MoFEPD), the Ministry of Agriculture and Food Security⁷, the Ministry of Homeland Security and Internal Affairs⁸, the Department of Climate Change and

⁷ Previously, Ministry of Agriculture, Irrigation and Water Development. The name was changed in 2020.

⁸ Mostly the Department of Disaster Management Affairs (DoDMA)

Meteorological Services, and Environmental Affairs Department⁹. Monetary regulation of finance-related products and transactions have been provided by the Reserve Bank of Malawi, which has the legal mandate of reviewing and monitoring the consistency of fiscal developments with monetary developments like those propagated by the CDRFI agenda (Reserve Bank of Malawi, 2020).

3.3.5.2 *Micro-Finance Institutions*

Microfinance provides an important bridge between formal and informal financial markets. It uses innovative ways of delivering financial services to the poor including simpler delivery mechanisms and simpler forms of collateral. Where no collateral mechanism is utilized, the concept of peer group lending and joint liability is deployed. Microfinance offers credit, savings, insurance and other basic financial services within the reach of poor people providing them an opportunity to increase productivity as well as learn and set up small and medium-scale businesses (Ministry of Finance, Economic Planning and Development, 2017).

The Microfinance industry in Malawi comprises private and public deposit and non-deposit taking microfinance institutions, commercial banks with microfinance windows and financial cooperatives popularly known as Savings and Credit Cooperatives (SACCOs). Specific examples of the micro-finance institutions that have participated in CDRFI operations in Malawi (especially with WFP) are discussed in the next section. Worth mentioning are the myriad of challenges experienced by the microfinance sector including insurance companies in their operations that are also likely to hamper the progression of CDRFI interventions in the country:

- a) **Continued Direct Involvement of the State/Donors in Microfinance:** Government or donor-initiated programmes tend to weaken repayment culture. Particularly, the Government-sponsored loan programmes give an impression that they are free. Such programmes tend to die down after general elections;
- b) **Limited capacity for extension of services to rural areas and lack of Interoperability among sector players:** the cost of operating in rural areas is high resulting in very few micro-finance service providers willing to extend their services to remotest parts of the country. The sector also lacks appropriate Management Information System (MIS) to enable timely transactions and promote interoperability among players. Additionally, most players in the sector do not have adequate capital to enable them to extend their services to other places, particularly rural areas.
- c) **Low financial (including insurance) literacy levels and limited insurance training and awareness:** Knowledge gap on microfinance (including insurance) products and services is huge. As a result, many people do not realize opportunities being offered by MFIs. This is exacerbated by limited number of microfinance training institutions offering specialised courses in microfinance and insurance. As of 2017, there were no any academic institutions offering specialised courses in microfinance in Malawi (Ministry of Finance, Economic Planning and Development, 2017).

3.3.5.3 *NGOs/CSOs*

WFP has been working with a handful of NGOs in rolling out the R4 Rural Resilience facility including World Vision, Emmanuel International, Foundation for Irrigation and Sustainable Development (FISD), Plan International, CARE, Find Your Feet, Concern Worldwide, United Purpose and NASFAM. The role of NGOs/CSOs has mainly been that of mobilizing smallholder farmer groups for ease of access and

⁹ Especially on matters of climate investment funds

insurance institutions, coordinating payment of premiums and pay-outs, supporting awareness-raising and the management of grievances surrounding pay-outs.

3.3.5.4 Private Sector

The main private institutions include NICO General Insurance (as the main insurance company), Insurance Association of Malawi (IAM), PULA and Malawi Union of Savings and Credit Cooperatives (MUSCCO). A few micro finance institutions such as Concern Universal Microfinance Operations (CUMO), a micro finance agency of United Purpose, have been engaged but only as channels for delivery of insurance products to smallholder farmers and not in the design and implementation of CDRFI schemes such as those delivered by WFP.

The Insurance Association of Malawi (IAM) has supported insurance initiatives as an umbrella body of all general insurance companies in Malawi whose main responsibility is to self-regulate the industry in compliance with the requirements of the Registrar of Insurance and to draw up policy issues, ensuring that law and order prevail on the market (Insurance Association of Malawi, 2019).

3.3.5.5 Research Institutions/Academia

The academia hasn't been vibrant on matters of CDRFI either, save for a few activities undertaken by Centre for Agricultural Research and Development (CARD) at the Lilongwe University of Agriculture that was engaged by ARC to carry out an independent household survey and conduct farmer focus groups to determine potential sources of the discrepancy of the contested ARC's RiskView model results that had failed to trigger a pay-out, initially (African Risk Capacity, 2017).

Table 10. Key National (Malawi) CDRFI Players

#	Key Players	Role Played	Intervention Product or
1	Department of Climate Change and Meteorological Services (DCCMS)	A national entity responsible for coordinating climate change activities in the country. Coordinates the development and implementation of national DRM policies, strategies, legislation, guidelines, programmes/projects. Responsible for climate data capture, management and customization for risk insurance.	National Climate Change Fund
2	Department of Disaster Management Affairs (DoDMA)	A national entity responsible for coordinating disaster risk management activities in the country. Coordinates the development and implementation of national DRM policies, strategies, legislation, guidelines, programmes/projects.	Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi (M-CLIMES)
3	Environmental Affairs Department (EAD)	A national entity responsible for coordinating environment and natural resources management activities in the country. Coordinates the development and implementation of national ENRM policies, strategies, legislation, guidelines, programmes/projects.	National Climate Change Fund

#	Key Players	Role Played	Intervention or Product
4	Ministry of Finance, Economic Planning and Development (MoFEPD),	A national entity responsible for coordinating the planning, implementation and review of national monetary and development policies and programmes; overseer of public resources.	National Public Funds, World Bank Weather Index-based Crop Insurance; Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi
5	Ministry of Agriculture and Food Security	A national entity responsible for coordinating the design, planning and implementation of agriculture and agriculture related policies, strategies, legislation, guidelines, programmes/projects.	World Bank Weather Index-based Crop Insurance; Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi
6	National Smallholder Farmers Association of Malawi (NASFAM)	Aggregator and coordinator of smallholder farmers on CDRFI interventions. Implements agriculture-sector CDRI projects with smallholder farmer groups across the country.	World Bank Weather Index-based Crop Insurance; Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi
7	NGOs (World Vision, Emmanuel International, FISD, Plan International, CARE, Find Your Feet, Concern Worldwide, United Purpose and NASFAM)	Provide field level support services to WFP and Oxfam America towards implementing CDRFI projects in their areas of jurisdiction. This includes awareness raising and aggregation of beneficiaries for effective reach by the insurance companies. Collaborating with Oxfam America on implementation of the R4 Rural Resilience Initiative	R4 Rural Resilience Initiative
8	NICO General Insurance	An insurer that designs and packages local insurance products customized for Malawi.	Mtetezi

3.3.6 Actions taken by Key Players to support or advance the roles and participation of CSOs within the local CDRFI state of play

CSOs have received little support from the public and private institutions as well as the academia to advance the roles and participation of CSOs within the local CDRFI state of play in the country. Lately, government institutions in agriculture, climate and disaster risk management sectors have engaged CSOs as critical partners for review of policy and technical documents, advocacy, community engagement and actual implementation. For example, CISONECC has been incorporated in the ARC Programme Technical Working Group, which is a critical step towards integration of the CSOs in CDRFI activities that were previously spearheaded by government institutions only. Development partners have excited CSOs to consider insurance as part of resilience building interventions but have not prescribed mechanisms and/or products.

3.3.7 Factors affecting stakeholder participation in CDRFI

So far, CDRFI activities have been spearheaded by Government, World Bank, WFP and a few other NGOs and CSOs. Insurance related activities are discussed among these institutions with the private sector (mostly NICO) and the Reserve Bank of Malawi. Generally, the participation of various stakeholders in CDRFI is low but emerging because the CDRFI concept is relatively new and less understood. This further limits meaningful engagement and creativity. Additional constraints include limited funding, and allegiance to donor requirements.

3.4 CSO INTERACTIONS WITH CDRFI ACTORS IN MALAWI AND THE REGION

Stakeholder participation including the participation of CSOs is critical to the success of CDRFI initiatives at global, regional and national levels. This notion is upheld by all major policies and structures not only in CDRFI but also in most other development interventions. For example, the GCF governing instruments anticipates extensive stakeholder participation in the design, development and implementation of the strategies and activities financed by the GCF. Stakeholders are broadly defined as “private sector-actors, civil society organisations, vulnerable groups, women and indigenous peoples.” It specifically calls for integration of these stakeholders in country level programming and implementation of the fund for enhanced ownership (Schalatek, Nakhooda, & Watson, 2015). There is also a provision for civil society to observe the deliberations of the Fund, and to provide input at Board meetings (Schalatek, Nakhooda, & Watson, 2015).

However, CDRFI is an emerging field for the majority of CSOs in the country that is coordinated through the formally instituted national technical and steering committees the (National Climate Change and Disaster Risk Management (NCCDRM) Technical Committee and the National Climate Change and Disaster Risk Management (NCCDRM) Steering Committee (still under construction). The NDCCDRM Technical Committee comprises government Ministries, Departments and Agencies (MDAs), development partners, UN Agencies and CSOs involved in climate change adaptation or disaster risk management related programmes and activities and is responsible for providing technical guidance on various aspects of CCA and DRM. This is the appropriate structure that could be used to champion CDRFI initiatives in Malawi although the participation of CSOs through umbrella bodies, is generally low (mainly because of the limited number of seats for CSOs in such committees, low or intermittent attendance, and unqualified personnel to comprehend, articulate and advance pertinent agenda and arguments (including theories, concepts and evidence) for steering debate and action towards desired goals. Participation in regional activities such as those of SADC and ARC has also been limited to government save for events such as the UN Conference of Parties where CSOs join government to attend the meetings.

Over the past decade, interaction on CDRFI has mainly been between government and international institutions such World Bank and WFP, a few insurance companies notably NICO and a handful of CSOs/NGOs or associations such as NASFAM, World Vision, Emmanuel International, FISD, Plan International, CARE, Find Your Feet, Concern Worldwide, United Purpose that have collaborated with WFP, World Bank or other international organizations in product design and implementation in the country. Lately, CISONICC has increased its interactions with Government on policy and technical matters but there has not been any significant activities such as events, publications, or reports attributable to national CSOs interacting with other CDRFI stakeholders and processes in the country or regionally.

There is observable philosophical and technical (design and implementation) barrier in interaction of CSOs with other stakeholders in the country. In some cases, Government feels that it can deliver without CSOs, that CSOs are a hindrance to the views and aspirations of Government especially when

they take a critical stance to government approaches. In such cases, Government prefers working independently of CSOs and only take on board CSOs as an afterthought. Secondly, the private sector, such as insurance companies are not used to working with CSOs and rural communities in the field – this has mostly been the function of CSOs and government. As such, insurance companies are yet to break this philosophical barrier and redesign their working styles to accommodate the philosophies of their government and CSO counterparts and vice versa. Thirdly, CSOs mostly work on time-bound projects with donor resources for no profit, which is a challenge to implementing long-term interventions with rural communities especially amidst funding uncertainties. However, insurance interventions need to be implemented over long time scales if they are to offer resilience outcomes. Thus, in Malawi, the gap between the insurer and the customer is still wide to create lasting bond and trust.

3.5 CDRFI NETWORKS, INITIATIVES AND PARTNERSHIPS

Networks and partnerships are critical for advancement of CDRFI policies and initiatives at global, regional and national levels (Beck, Quast, & Pfliegner, 2019; Warner, et al., 2013; World Bank, 2017). The success of the GIZ supported Innovative Insurance Products for the Adaptation to Climate Change (IIPACC) project in Ghana was partly attributed to finding of cost-effective distribution channels by partnering with risk aggregators (e.g., banks) or actors with a wide network to keep transaction costs low (e.g. branch network of insurance companies) and reach large numbers at the same time; and taking advantage of technology such as the use of mobile phones (Warner, et al., 2013). Strategically, Brazil targets to facilitate the development of partnerships for an active engagement of the private sector in community climate resilience building in its Ecosystem-based Adaptation (EbA) and insurance programme (Beck, Quast, & Pfliegner, 2019). World Bank also concedes that concrowding in the private sector can help achieve scale, develop the local market, and generate demand but cautions that public-private partnerships need to follow clear pro-poor guidelines to be credible (World Bank, 2017).

In Malawi, the NDCCDRM Technical Committee is the formal structure or platform instituted by government to spearhead formal consultation and exchange on CDRFI projects/activities. Co-chaired by Environmental Affairs Department and the Department of Disaster Management Affairs, the committee meets quarterly and as the need arises mainly to deliberate on proposed and/or on-going developments in the climate change and disaster risk management sectors. The CDRFI discourse is only emerging in this forum. However, there no cooperation structures that work on the cooperative implementation of joint objectives in the CDRFI field. Joint planning and implementation across sectors and institutions is still weak in Malawi as institutions struggle for leadership and control over resources.

3.6 SUCCESS FACTORS AND CHALLENGES FOR NETWORKS

Networks are complex to manage successfully. Some of the difficulties pointed out by authors are associated with the lack of specific management tools, problems related to governance, as well as asymmetries in terms of policies and objectives. In Malawi, networking concerns are also attributed to limited number of players in the initiatives, different donor commitments and/or affiliations, uncertainty of funding (which affects sustainability of initiatives) and lack of binding frameworks for functioning of such networks. Studies have shown that governance structure of networks is a critical element that is influenced by the partners' experience, the types of knowledge and the context where the network is inserted (Milagres, 2014). Networks, therefore, should be founded on a solid governance structure (e.g. within a highly trusted institution with good policies) and implemented with an acceptance of continuous experiential learning and the focus for a unifying agenda.

3.7 IDENTIFYING GAPS FOR BETTER MONITORING OF THE PROJECT IMPACTS

The perceived level of civil society influence on the CDRFI national processes in the country is existing but limited (estimated at 20%)¹⁰ because CSOs do not have the unified voice to steer the course of CDRFI implementation (rather, they mostly act as followers even where they were required to provide alternative solutions for the benefit of the nation). For example, save for the discontent raised by ActionAid regarding the design of the ARC Insurance Policy, very little opinion and action was observed from the rest of the CSO community in Malawi.

Again, the engagement of CSOs in the design, programming and implementation of CDRFI interventions has been low and intermittent rendering knowledge and technical gaps for effective advancement of substantive agenda. Nevertheless, CSOs were engaged in preparations for the Green Climate Fund, and they are being involved in the initial stages of the Extreme Climate Facility, an insurance product being developed by ARC for the Ministry of Agriculture and Food Security. A summary of CSOs perception on engagement against the focal areas of IGP is presented hereafter.

3.7.1 *Focus area 1: Policy Participation*

The level of policy participation of national CSOs, including CISONICC in the CDRFI processes at the moment of this reporting period is limited. Apart from CISONICC and CARE Malawi, there are no known National CSOs that are fully engaged in the CDRFI policies in a critical and constructive manner at present within the country or at the regional, international levels. The participation of CSOs in matters of CDRFI policy at present is also considered low although increasing if observed from past trends (within the past 5 years). CSO participation in regional forums is also limited and the country does not have a CDRFI Board Member or an Alternate Board Member in regional groups such as those instituted under the GCF. The GCF Board has 24 members, composed of an equal number of members from developing and developed country Parties. Each Board member includes an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member.

3.7.2 *Focus area 2: Public Information and Awareness*

The level of public information and awareness about the CDRFI processes and activities among civil society in the country at present is Low. The country has had very few CDRFI activities implemented by a handful CSOs, mostly on pilot basis. The results and experiences in terms of successes and challenges have not been shared widely to allow for a balanced appreciation of such interventions. Other NGOs are reluctant to join the initiatives as the CDRFI approaches appear complex and not compelling for institutions that run on project resources. With the insurance institutions not willing to engage directly with the local communities (premium buyers), and government's limitation to set aside funds for such interventions (insurance or funds for development) there is limited enthusiasm for the few CSOs that demonstrate awareness on these matters. The other major hindrance is that the vulnerable populations are not well organized and capacitated to understand and appreciate the concept, and to willingly participate in the intervention.

Citizens in general and national CSOs in particular are not well informed and aware about the CDRFI activities in the country at present. For example, most CSOs, are not aware of the existence of the National DRF Strategy and Implementation Plan that was developed by Government (The Ministry of Finance, Economic Planning and Development in 2019). While others have argued that it is too early for citizens and CSOs to be aware of this new policy, we contend that government and the few CSOs

¹⁰ As perceived by the respondents.

that participated should have consulted widely during the conceptualization and strategy development processes as that should also have served as an awareness-raising and buy-in strategy.

3.7.3 Focus area 3: Collaborations and Partnerships with Other Civil Society Organizations

Collaborations and partnerships among national CSOs around the CDRFI processes and activities in the country at present is low but emerging. The focus of collaboration so far has been on implementation of measures that do not include risk funding and risk transfer as key thematic areas for collaboration and partnership.

3.7.4 Focus area 4: Learning and Experience Sharing

Peer-learning and experience sharing around the CDRFI processes and activities among national or regional CSOs at this time of reporting is existent but low. Under the GCF readiness project CISONECC trained other CSOs on how they can access funds from the GCF. The level of technical/advisory or institutional support received by CSOs from other regional or national CSOs to develop or improve their knowledge, skills and understanding about the CDRFI modalities is also low.

4 CONCLUSION AND RECOMMENDATIONS

4.1 CONCLUSION

This study has shown that there is growing evidence and appreciation that integrated climate and disaster risk financing and insurance is an innovative strategy for addressing poverty and other social and economic challenges induced and/or exacerbated by climate change and natural disasters. The following specific recommendations are drawn for each of the key thematic areas,

4.1.1 CDRFI Policies, Processes and Activities

- i. Adequate regulatory and supervisory framework is critical for ensuring effective implementation of CDRFI interventions. National governments, international development partners, research institutions and civil society groups are collaborating on the task of developing frameworks (including policies, programmes and products including climate and disaster risk financing and insurance products) for addressing the risks posed by climate change and disasters especially in developing countries.
- ii. These institutions are committing their resources including expertise towards policy direction, research, advocacy and design and implementation of insurance facilities and products for addressing the needs of vulnerable nations and populations.
- iii. Policies exist at the global, regional and national level that support the design, programming and implementation of CDRFI interventions. While the global policies are elaborate and broad enough to propagate CDRFI implementation, the policies at the regional and most importantly, national level show gaps in the identification of rigorous pro poor CDRFI measures integration of gender equality considerations as observed in the 2019 National Disaster Risk Financing Strategy and Implementation Plan.
- iv. National regulations are disjointed to effectively provide guidance on CDRFI operations. The regulations tend to address the administrative needs of an institution or a sector.

4.1.2 CDRFI Key Players

- i. The UN through its specialized agencies including the World Bank, UNDRR, UNEP, UNU-EHS, academic and research institutions, think tanks, regional institutions such as EU, AU and SADC, national governments and the private sector are all taking part in CDRFI activities around the globe.

- ii. In Malawi, Government, World Bank, WFP, NICO and the Reserve Bank of Malawi are the key players. These institutions are collaborating with NGOs and CSOs as needed mainly as aggregators of the insured.
- iii. Government of Malawi took insurance for its smallholder farmers and received a pay-out, albeit after experiencing challenges. WFP has facilitated pay-outs for the triggered insurance for thousands of insured communities through the R4 Insurance facility.
- iv. Government and donor's direct operation in micro-finance distorts the market for micro-financing institutions, preventing them from expanding their operations.
- v. Microfinance institutions, including insurance companies face a myriad of operational challenges in Malawi including director Government and donor funding to the intended clientele; poor infrastructure to aid rural extension services provision, and low literacy levels on micro finance including insurance.
- vi. A few CSOs have been taken on board the design and implementation of CDRFI interventions but have not been proactive in pursuing the critical pro-poor and gender equality concerns observed in policies and implementation strategies.
- vii. There is knowledge and action gap among CSOs and citizens on CDRFI policies, programmes and productions including uncertainty over their roles in CDRFI.

4.1.3 CSO Interactions with CDRFI in Malawi, the Region and Globally

- i. CDRFI interventions at the national and regional levels are generally reflective of the interventions at the global level mainly due to the cross-fertilization of concepts and ideas at these levels.
- ii. The trend of intervention has shifted from area/yield based products that have been found to contain complex and less adaptable parameters to weather-based index crop insurance products that are seen to be more reliable and transparent. Advancements in this area have been possible due to advances in technology such as satellite data capture and analytics, and mobile phone technology.
- iii. There is growing appreciation and uptake by governments and individuals of innovative financing and risk transfer mechanisms over the past decade. However, the discourse of CDRFI in Malawi is low but emerging as government is integrating CSOs and the private sector into the conversation creating room for debate and innovation.
- iv. As the CDRFI interventions are a relatively new concept, CSOs engagement at the global and regional levels has been limited, and especially in Malawi where CDRFI matters have mostly been a subject for conversation by government and a few international organizations and private sector institutions.
- v. Lately, CSOs in Malawi are being integrated into the CDRFI discourse, although only a few are actively and meaningfully contributing to the discussion including design, programming and implementation of CDRFI interventions with rural communities.

4.1.4 CDRFI Networks and Partnerships

- i. Partnerships are a crucial ingredient to effective design, implementation, monitoring and evaluation of CDRFI interventions.
- ii. The level of networking and partnerships is clearly observed at the global and regional levels where national governments are collaborating with international organizations, research institutions, private and civil society organizations on the task of designing and executing CDRFI policies and programmes. This trend is less observable at the regional and more so at the national level, where the roles of other players such as the academia and CSOs are less clarified and pronounced.

- iii. The level of support from government, the private sector and other entities towards CSOs entry and engagement in the CDRFI discourse has generally been low but is emerging.

4.1.5 Evaluation of the Assessment Activity

The assessment framework developed by the IGP is very relevant as a tool for providing guidance and information for systematic collection and analysis of CDRFI data. The choice and types of the targeted groups, actors and institutions by the assessment objectives was very good although participation and availability of targeted groups, actors and institutions to attend interviews was limited mainly due movement and work related restrictions associated with COVID-19 pandemic. Nevertheless, with persistence, others accepted to take online interviews via phone or through e-email. Only a few institutions especially those that have been engaged in CDRFI interventions provided relevant and high quality information and data. Otherwise, CDRFI is a relatively new concept in the country and the level of conversation is generally raw. Nevertheless, the assessment framework is a valuable tool to inform, guide and help CISONICC and its partners in the organization of a national workshop and other future project activities as it provides valuable baseline information on the status and trend of the CDRFI discourse and interventions in the country. The global and regional perspectives shared provide benchmarks for comparing the progress of CDRFI in Malawi and other parts of the world. Such an analysis also offers alternative sources of knowledge and support from which the national players can tap.

4.2 RECOMMENDATIONS

CSOs should advance the integration of IGP pro poor and gender considerations in the design and implementation of CDRFI interventions in the country. Progression of pro-poor aspects in CDRFI matters should reinforce the understanding and appreciation of the social and economic equity challenges experienced by the majority of Malawians, typically smallholder farmers. Emphasis should also be placed on practical integration of gender considerations considering the policy frameworks are awash with gender concerns but implementation, although actively advanced by government and CSO, demonstrates monstrous gaps that need closing. Key actions that could be taken are discussed in the document and are summarized below¹¹.

- i. Review the adequacy and robustness of the legal framework (policies, regulations and institutions) guiding and/regulating the design and implementation of pro poor CDRFI interventions in the country. Specifically, advocate revision of the 2019 National Disaster Risk Financing Strategy and Implementation Plan to integrate pro poor and gender inclusive CDRFI considerations.
- ii. Examine the long-term commitment of public champions such as the ministries responsible climate change, disaster risk reduction, gender, agriculture and food security, fiscal and monetary matters on advancing pro poor principles.
- iii. Advocate clear roles of the different public and private actors in CDRFI
- iv. Assess and advocate cost-effectiveness of distribution channels
- v. Assess and advocate access to data, appropriate back-up mechanisms, and investment in risk management education and capacity building of key stakeholders
- vi. Lobby for quality engagement of CSOs in the design and implementation of CDRFI interventions where they should advocate systematic mainstreaming of gender in the design, programming and implementation of CDRFI interventions as this can facilitate effective development planning and coordination, budgeting, implementation and monitoring.

¹¹ Some of these actions may be carried out programmatically (i.e. bundled based on complementarity and practicability of implementation by various CSOs)

- vii. Initiate partnerships with the academia and/or research institutions in collaboration with Government and the private sector towards proactive research and review, design and exploration of contextualized and customized risk financing and risk transfer solutions for Malawi incorporating social, economic and environmental factors in specific value chains.

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Annex 1. A Sample of CDRI Interventions and Players

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
1	Munich Climate Insurance Initiative	Project	United Nations University Institute for Environment and Human Security (UNU-EHS) / German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)	Private /Research /INGO /National Government	2005	Global	Focuses on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries	One of the feature projects is Myanmar Disaster Risk Financing (MYDRIF), a research project that seeks to support the Government of Myanmar to develop a disaster risk financing (DRF) strategy for Myanmar and in the Ayeyarwady region; and to increase the country's/region's capacity, especially focusing on government agents, to deal with all kinds of DRF aspects in an efficient and effective way.
2	Advancing Climate Risk Insurance Plus (ACRI+)	Project	United Nations University Institute for Environment and Human Security (UNU-EHS)	Project through Partnership (insurers, research institutes and NGOs)	2005	Global	An integrated climate risk management project implemented by MCII and GIZ hosted at the UNU-EHS, ACRI+ focuses on developing solutions for the risks posed by climate change for the poorest and most vulnerable people in developing countries.	ACRI+ is supporting capacity building, awareness-raising and institutional-strengthening in the diverse settings of the renewable sector in Barbados, the small and medium enterprise (SME) sector in Morocco, the agricultural sector in Ghana and in the urban development context in China.

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
3	Global Index Insurance Facility (GIIF)	Program	World Bank Group / in Sub Saharan Africa, working with Agricultural and Climate Risk Enterprise (ACRE) Africa, a private institution and others	INGO /National Governments / Private institutions	2009	Global	A dedicated World Bank Group's program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. In Africa, ACRE Africa works with local insurers and other stakeholders in the agricultural insurance value chain. The company is registered as an insurance surveyor in Kenya, and an insurance agent in Rwanda and Tanzania	GIIF has facilitated approximately 7.6 million contracts, covering close to 38 million people, primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean. In Sub Saharan Africa, GIIF is implemented by ACRE Africa in Kenya, Rwanda and Tanzania. Cumulatively, by 2018, over 1,700,000 farmers in Kenya, Tanzania and Rwanda insured over 181 Million USD against a variety of weather risks underwritten by UAP Insurance Kenya, CIC Insurance Group Limited, APA Insurance, Heritage Insurance, UAP Insurance Tanzania and SORAS Insurance Rwanda. Crops insured include maize, sorghum, coffee, sun - flower, wheat, cashew nuts and potato, with coverage against drought, excess rain and storms. One of GIIF's implementing partners in Sub-Saharan Africa.
4	Disaster Risk Financing and Insurance Program (DRFIP)	Program	World Bank Group (Finance, Competitiveness, and Innovation Global Practice and the Global Facility for Disaster Reduction and Recovery (GFDRR))	INGO / National Governments	2010	Global	Supports governments to implement comprehensive financial protection strategies, and brings together sovereign disaster risk financing, agricultural insurance, property catastrophe risk insurance, and scalable social protection programs.	

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
5	InsuResilience Global Partnership	Project	An emerging project that promotes the international dissemination of market-oriented and poverty- and gender-sensitive solutions for climate risk insurance in developing countries. IGP works with public, private and civil society stakeholders to build capacity in CDRFI. Also provides advice on suitable financing solutions to national governments.	Partnership	2017	Global	An emerging partnership that promotes the international dissemination of market-oriented and poverty- and gender-sensitive solutions for climate risk insurance in developing countries. IGP works with public, private and civil society stakeholders to build capacity in CDRFI. Also provides advice on suitable financing solutions to national governments (GIZ, 2020).	Since its launch, more than 75 members including CISONECC in Malawi have joined the Partnership.
6	Green Climate Fund (GCF)	Fund	UNFCCC	INGO /Private /Government	2015	Global	Taps public and private finance flows, seeking to engage across sectors to unlock high impact and paradigm shifting climate investments. Offers and combine a full range of financing instruments, including loans, equity, guarantees and grants to design tailored solutions that tackle specific investment barriers.	GCF has approved 102 public sector projects and 27 private sector projects, globally. Malawi has 2 projects approved: Climate Investor One and Scaling up the use of Modernized Climate information and Early Warning Systems in Malawi (M-CLIMES)
7	World Bank Weather Index-based Crop Insurance	Insurance	NASFAM	Private	2005	National	The contracts were designed as a pilot program in Kasungu, Nkhokotakota, Lilongwe North, and Chitedze to provide compensation when rainfall during a crop growing cycle was insufficient for farmers to grow and to optimize their yields	By 2008, the number of participants had increased significantly, with 2,600 farmers buying policies worth US\$2.5 million

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
8	Government of India National Agricultural Insurance Scheme	Government	Government of India	Government	2007	National	Operates Area-yield insurance and Weather-Based Crop Insurance Scheme (WBCIS). For Area-Yield Insurance, insurance is triggered if the actual average yield per hectare of the insured crop for the defined area (on the basis of requisite number of Crop Cutting Experiments) in the insured season, falls short of specified Threshold yield. The indemnity claims are worked out by the Implementing Agency i.e. Agriculture Insurance Company (AIC) of India Ltd. For WBCIS, claim payments to farmers are an explicit function of specific triggers related to thresholds of rainfall, temperature or humidity as recorded at a local reference weather station.	As of 2014, the National Agricultural Insurance Scheme had insured nearly 30 million farmers, of which almost 14 million farmers had their crops insured by weather index-based schemes.
9	Mtetezi	Insurance	NICO General Insurance	Private	2012	National	Designed and packaged for tobacco farmers against loss or damage to tobacco leaf whilst growing in the field because of hail, windstorm, floods and physical action of excessive rainfall	Mtetezi Insurance has boosted NICO General's profits and market share.
10	Scaling Up the Use of Modernized Climate Information and Early Warning	Project	Department of Disaster Management Affairs (DoDMA)	Project	2015	National	A GCF-financed climate change adaptation project aimed at protecting lives and livelihoods in Malawi from climate-related disasters by providing early warning weather and climate information systems and	Project is making use of strategic and innovative channels like weather and water monitoring technologies, mobile phones, ICT, radio, and scaling up community-based groups to ensure that they provide reliable, timely and accessible data to

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
	Systems in Malawi (M-CLIMES)						improving the resilience of vulnerable communities.	communities affected by the extreme weather events.
11	Scaling Up Climate Resilient Solutions (CRS) for Smallholder Farmers in Malawi	Project	National Smallholder Farmers Association of Malawi (NASFAM)	Project	2017	National	An integrated awareness-raising project on insurance to Malawian farmers, combined with improving access to weather information by farmers through Information Communication Technology; and promoting farmers access to stress tolerant seeds as a climate change adaptation strategy, and to promote crop diversification.	Zomba, Mchinji, Ntchisi, Nkhonkhotakota and Mzimba targeted in the first phase of the project implemented from 2017 to 2018.
12	National Climate Change Fund	Fund	Environmental Affairs Department, Department of Climate Change and Meteorological Services	Government /NGOs / Private	2018	National	A Fund to harmonize and rationalize climate change funding from domestic and external sources for implementation of the National Climate Change Investment Plan, the National Climate Change Management Policy and related adaptation and mitigation priorities (NAMAs, NAPAs and NDCs).	Operationalization in progress.

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
13	Climate Investor One	Project	Climate Investor One	Fund	2018	Regional (Burundi, Cameroon, Djibouti, Indonesia, Uganda, Kenya, Malawi, Madagascar, Mongolia, Morocco, Nigeria)	A climate change mitigation project financed by GCF consisting of a development fund and construction equity fund that seeks to provide financing to develop renewable energy projects in regions with power deficits to reduce energy costs and CO2 emissions.	No updates available.
14	R4 Rural Resilience Initiative	Project	UN World Food Programme (WFP) and Oxfam America. In Malawi WFP collaborating with local NGOs on rolling basis including World Vision, Emmanuel International, FISP, Plan International, CARE, Find Your Feet, Concern Worldwide, United Purpose and NASFAM	INGO /Local NGOs	2011	Regional (Ethiopia, Kenya, Malawi, Senegal and Zambia)	Operates an integrated climate risk management approach that enables the poorest farmers to access crop insurance by participating in risk reduction activities. Assets built through such activities – including WFP's Food Assistance for Assets programmes – promote the resilience of farmers and their families by steadily decreasing vulnerability to disaster risks over time.	US\$ 2.4 million distributed in pay-outs to R4 participants in Ethiopia, Kenya, Malawi, Senegal and Zambia since 2011 as compensation for weather-related losses; US\$ 10.3 million provided in micro-insurance protection to R4 participants through 2019 87,000 farmers (benefiting 435,000 people) reached through R4 in Ethiopia, Kenya, Malawi, Senegal, Zambia and Zimbabwe
15	InsuResilience Solutions Fund	Fund	KfW Development Bank / German Ministry for Economic Cooperation and Development (BMZ)	Private/ Government / INGOs /NGOs	2017	Global	A grant-based co-funding of up to 2,5m EUR only to Partnerships consisting of public and/ or private organisations for developing new climate risk insurance products, especially for governments or scale-up already existing products, or introduce innovative technological	The Fund has provided funding in three calls, and will be issuing a 4 th Call for Applications in 2020.

#	Intervention or Product	Nature of Intervention or Product	Key Players	Category of Key Players	Year Launched	Scope (Global, Regional, National)	Key Features /Thematic Focus	Achievements/Remarks
							solutions to improve and scale-up insurance operations.	
16	ARC Weather-based Index Insurance Facility	Insurance	African Risk Capacity hosted by the African Union	Private	2012	Regional (Senegal, Niger, Mauritania, Burkina Faso, Mali, The Gambia and Malawi).	A Weather-based Index Insurance Facility that insures national governments against the risk of drought coverage for their agricultural seasons.	As of 2018, 8 countries in Africa, including Malawi had subscribed to this facility. The other countries are: Senegal, Niger, Mauritania, Burkina Faso, Mali and The Gambia. Members of the ARC risk pool receive a pay-out when the rainfall deviation is sufficiently severe such that the estimated response costs cross a certain pre-defined threshold.

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Multi-stakeholder partnership on climate and disaster risk financing and preparedness in the context of the InsuResilience Global Partnership

Name of the Country:

Name of the Organisation:

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OBJECTIVES OF THE ASSESSMENT FRAMEWORK

This assessment framework has been **developed for civil society organisations** from countries participating in the project *Multi-stakeholder partnership on climate and disaster risk financing and preparedness in the context of the InsuResilience Global Partnership*. It builds on a similar framework developed for and applied by CSOs in the project GCF CSO readiness implemented by Germanwatch and CARE with partners. In order to evaluate how CSOs will benefit from and contribute to an increased civil society's capacity to know and understand the goals and modalities of the CDRFI, while also actively participating in the CDRFI processes at national, regional and global levels, this document will serve as a tool to support each of them within the five targeted countries to gather information and data necessary to understand the Climate and Disaster Risk Finance and Insurance (CDRFI) state of play nationally. CDRFI includes, for example, climate insurance in the agricultural sector, country risk pools, social security systems, new forecast-based finance approaches, etc.

As the first national activity of the project, the completion of this assessment framework by each country partners aims to:

1. Provide the country partners with an overview and understanding of the processes of CDRFI at the national level;
2. Enable the country partners to identify other key players of the CDRFI processes in their country excluding civil society, such as government institutions, national implementing actors/ institutions, private sector organisations, and other relevant stakeholders involved in the CDRFI;
3. Facilitate interactions between the country partners and the key players in their country around CDRFI related discussions, debates and activities;
4. Inform country partners about existing civil society organisations that are actively engaged in or interested about CDRFI processes in the country (i.e. CDRFI funding proposal development, project implementation, policy participation, interactions with implementing actors or Board members, etc.);
5. Gather relevant information and data which will help inform/ guide the discussions during the national stakeholder workshops and the regional workshops as well. These information and data can also help conduct the mid- and long-term evaluations of the project and monitoring its results.

The results of this assessment will primarily **help inform the discussions and guide the contents of the national activities** such as workshops in the focus countries, as well as serve for sharing experience among all partners. It is planned to take them up in specific consortium calls. It is also planned to update those towards the end of the project, including for informing the work plans for the multi-stakeholder platforms to be set up.

SECTION A: ABOUT THE PARTNER ORGANISATION

1	Name of National Partner Organisation	Click here to enter text.	
2	Country	Click here to enter text.	
3	Please indicate whether your organisation is already an active one within the CDRFI context or climate finance sphere or if you are engaging in this sector for the very first time .	Provide answer below and indicate for how long	
		New in the sector since...	Already actively involved since...
4	If your organisation is already actively involved in the CDRFI context, what were your main projects and activities in the past (~5 years) and what was your thematic focus?		
5	Name of main person conducting/coordinating this Activity	First Name	Family Name
		Click here to enter text.	Click here to enter text.
6	Gender of main person conducting/coordinating this Activity	Male	Female
		<input type="checkbox"/>	<input type="checkbox"/>
7	Contact Telephone	Add International Dialling Code & Tel-Number	
		Click here to enter text.	
8	Contact Mobile/Cellular Phone of the main person conducting/coordinating the Activity	Add International Dialling Code & Cell-Number	
		Click here to enter text.	
9	Contact Email	Click here to enter text.	

10	Alternative Contact Email (if available)	Click here to enter text.
11	Contact Skype Address of the main person conducting/coordinating the Activity	Click here to enter text.
12	Organisation Website Address (if relevant)	Click here to enter text.
13	Organisation Date of Creation	Click here to enter text.
14	Function of the main person conducting/coordinating the Activity	Click here to enter text.

SECTION B: CDRFI ACTIVITIES PROCESSES AND POLICIES

15	What are the main CDRFI Activities, Processes and Policies in The country?	Click here to enter text.
16	If there is a CDRFI Project/Activity (by the government, civil society or international organisations) currently been implemented in the country or being developed you are aware of , please provide a short summary about the Project (objectives, main activities, implementing actors and institutions, etc.)	Click here to enter text.
17	What is the current stage of the Project Implementation or Proposal Development of that CDRFI Project?	Click here to enter text.
18	What are the main climate risk insurance products and providers in the country?	

19	Has the country purchased an insurance policy by a regional insurance facility (e.g. ARC, CCRIF, PCRAFI). If yes, when? If yes, did the country already receive a pay-out and when?	
20	Do you think National Civil Society Organisations have been Involved in the early stages of the Implementation or Proposal Development of CDRFI Projects including climate risk insurance products?	Click here to enter text.
Provide answer below		
21	Has your own Organisation been involved in the early stages of the Proposal Development or Project Implementation?	<div> <div>Never <input type="checkbox"/></div> <div>Yes, several times <input type="checkbox"/></div> </div> <hr/> <div> <div>Randomly <input type="checkbox"/></div> <div>We are actively involved <input type="checkbox"/></div> </div>
22	If your own Organisation has been involved in any of the CDRFI Project Development or Implementation stages, in what way?	Click here to enter text.
23	Do you think that the main CDRFI Activities, Processes and Policies in the country are well known by the civil society community and/or by the population and citizens in general ?	<div> <div>Yes <input type="checkbox"/></div> <div>No <input type="checkbox"/></div> </div>
24	If Yes , How?	Click here to enter text.
25	If No , Why?	Click here to enter text.
26	In your observation: how much are pro-poor aspects (in line with the IGP pro-poor principles) part of the conversation on CDRFI in the country?	
27	What do you see as key entry points for progressing on pro-	

poor aspects in CDRFI matters in the country?

- 28 In your observation: how much are **gender equality aspects** part of the conversation on CDRF in the country?
- 29 What do you see as key entry points for **progressing on gender equality** in CDRFI matters in the country?

SECTION C: CDRFI KEY PLAYERS IN THE COUNTRY

30 Please provide a clear overview of who are the Key Players of the CDRFI of Play in the country (excluding civil society), based on your own knowledge and/or self-conducted research. This overview should enable a clear understanding of which governmental, private sector, public sector, para public sector organisations and institutions as well as science organisation are currently involved in the CDRFI discussions, policy debates, activities and processes in the country and are playing a part in those.

A **Key Players from the public sector within the CDRFI processes in the country** – List them below, including governmental institutions, etc.

Click here to enter text.

Briefly Name the Roles they do, Who they involve and some Activities and Achievement they have Realised in the Country on the CDRFI matters.

Click here to enter text.

B **Key Players from the private sector within the CDRFI processes in the country** – List them all below, including businesses, para-public groups, etc.

Click here to enter text.

Briefly Name the Roles they do, Who they involve and some Activities and Achievement they have Realised in the Country on the CDRFI matters.

Click here to enter text.

C **Key Players from the science within the CDRFI processes in the country** – List them all below, including universities, think tanks, etc.

Briefly Name the Roles they do, Who they involve and some Activities and Achievement they have Realised in the Country on the CDRFI matters.

[Click here to enter text.](#)

D Other key Players from the science within the CDRFI processes in the country – List them all below, i.e. media, etc.

Briefly Name the Roles they do, Who they involve and some Activities and Achievement they have Realised in the Country on the CDRFI matters.

31 Looking at the answers provided in the subsection 36 above, please share any known action that the various Key Players have taken to support or advance the roles and participation of CSOs within the local CDRFI state of play. If you are aware of any significant challenge/ limitation which are making these efforts difficult, please list them below as well.

You might consider conducting interviews or holding meetings with some of these relevant actors if necessary to gather needed information.

A List any action that the public sector Key Players have taken to Support or Advance the Roles and Participation of CSOs within the CDRFI locally

[Click here to enter text.](#)

Are there any Significant Challenges/ Limitations which are making the Efforts described above difficult, including any contextual realities?

Click here to enter text.

B List any action that the private sector Key Players have taken to Support or Advance the Roles and Participation of CSOs within the CDRFI locally

Click here to enter text.

Are there any Significant Challenges/ Limitations which are making the Efforts described above difficult, including any contextual realities?

Click here to enter text.

C List any action that the other Key Players from relevant sectors have taken to Support or Advance CSOs Roles and Participation within the CDRFI

Click here to enter text.

Are there any Significant Challenges/ Limitations which are making the Efforts described above difficult, including any contextual realities?

Click here to enter text.

SECTION D: CSO INTERACTIONS WITH CDRFI IN THE COUNTRY AND THE REGION

32 This section provides relevant information about how civil society is taking part in the CDRFI debates, activities and processes in The country and region. It helps understand the level of participation, the potential impacts made and facilitate the identification of those CSOs that are well advanced on the issue or not. Answers gathered in this section could help strengthen any existing relationship between your organisation and these other CSOs in the country, or enable a dialogue space with these actors to support your advocacy efforts following the national workshop.

A What are the main civil society organisations taking part in the CDRFI debates, activities and processes in the country?

Please include in your answer their contact persons and email addresses in addition to the organisation names.

Click here to enter text.

What types of participation and engagement are they part of? (CDRFI project implementation, proposal development, policy participation, etc.?)

Click here to enter text.

B Please list any significant activities (e.g. events, publications, reports, etc.) result or achievement national CSOs interacting with CDRFI processes in the country have realised so far. If available, please also provide online links.

Click here to enter text.

What are the key factors that contribute to these successes?

Click here to enter text.

C Please list any significant challenge/ limitation faced by national CSOs in interacting with the CDRFI processes in the country.

	Click here to enter text.
	What are the main stumbling blocks making these interactions difficult, including any contextual realities?
	Click here to enter text.

33 Now please provide answers about how your organisation engages with CDRFI debates, activities and processes at the regional and international level.

A **Is your organisation taking part in any CDRFI debates, activities and processes at the regional level?**

Click here to enter text.

How are the regional activities and processes organised? As there any formal space or structure to gather all active stakeholders?

Click here to enter text.

B

Click here to enter text.

SECTION E: CDRFI NETWORKS, INITIATIVES + PARTNERSHIPS

34 This section provides information about existing collaboration structures on CDRFI processes, projects and activities in the country. We distinguish between A) consultation and exchange structures on CDRFI projects/activities (e.g. regular or formalised consultations or dialogue/exchange platforms) or B) cooperation structures that work on the cooperative implementation of joint objectives in the CDRFI field (e.g. initiatives, implementation platforms, networks and partnerships).

A **What are important consultation and exchange structures on CDRFI processes/projects/activities in the country?** (e.g. one-time, regular or formalised consultation processes, dialogue or exchange platforms)

Click here to enter text.

For each consultation and exchange structure – please briefly describe the context and objective of the consultation, the organisation/institution who initiated the consultation and the key stakeholder groups involved.

Click here to enter text.

B **What are important cooperation structures that work on the cooperative implementation of joint objectives in the CDRFI field in the country?** (e.g. initiatives, implementation platforms, networks and partnerships)

For each cooperation structure, please note:

- **What are the key objective(s) of the cooperation?**
- **How is the cooperation formalised?**
- **Who initiated the cooperation and who is managing it?**
- **What are relevant stakeholder groups involved? If there are organisations/actors/institutions very active in this cooperation, please name them** (e.g. public sector, civil society, private sector, science)
- **If available, please also provide online links.**

1. Cooperation structure:

- What are the key objective(s) of the cooperation?
- How is the cooperation formalised?
- Who initiated the cooperation and who is managing it?
- What are relevant stakeholder groups involved? If there are organisations/actors/institutions very active in this cooperation, please name them.
- If available, please also provide online links.

2. Cooperation structure:

- What are the key objective(s) of the cooperation?
- How is the cooperation formalised?
- Who initiated the cooperation and who is managing it?
- What are relevant stakeholder groups involved? If there are organisations/actors/institutions very active in this cooperation, please name them.
- If available, please also provide online links.

[Click here to enter text.](#)

3. Cooperation structure:

- What are the key objective(s) of the cooperation?

- How is the cooperation formalised?
- Who initiated the cooperation and who is managing it?
- What are relevant stakeholder groups involved? If there are organisations/actors/institutions very active in this cooperation, please name them.
- If available, please also provide online links.

C	From your perspective, what are factors that contribute to the success of cooperation structures like networks?
	Click here to enter text.
	From your perspective, what are key challenges for cooperation structures a) in general, b) in the country?
	Click here to enter text.

SECTION F: IDENTIFYING GAPS FOR BETTER MONITORING THE PROJECT IMPACTS

This section has to be filled firstly by your own organisation, and preferably by at least three other national CSO in the country in order to gather relevant information about the level of civil engagement with the CDRFI debates, activities and processes in the country from a civil society point of view.

There is one overarching question and five focus areas questions in this section which should all be answered as they would provide key information to better assess the situation in the country at the beginning of the project's implementation. Answers should provide a good understanding on where the CDRFI state of play currently stands at the country-level and how national CSOs are influencing or not these processes. Gathered information will as well be relevant to ensure the monitoring of the project impacts/ results and to realise its mid- and long-term evaluation by comparing these information with those that will be collected later when a second assessment framework will be completed by the national partners at the end of the first project phase.

NB: Please use a separate form for every single organisation you interview when collecting responses on this section, and do not merge the answers.

Overarching Question: What is the level of civil society influence on the CDRFI national processes in the country?

35 How would you judge the influence of civil society organisations and actors in the country on CDRFI relevant national processes?

Inexistent (00%) ☐

Very Low (05%) ☐

Low (10%) ☐

Existing but Limited (20%) ☐

Good (45%) ☐

Very Good (70%) ☐

36 If you have rated the level of influence with ***Inexistent (00%)*** OR ***Very Low (05%)*** please use the space below to describe the reasons of your choice.

Click here to enter text.

- 37 If you have rated the level of influence with **Existing but Limited (20%)** could you please use the space below to describe the reasons of your choice?

Click here to enter text.

- 38 If you have rated the level of influence with **Good (45%)** OR **Very Good (70%)** please use the space below to describe the reasons of your choice.

Click here to enter text.

Focus area 1: Policy Participation

- 39 How will you rate the level of Policy Participation of national CSOs, including yours, in the CDRFI processes at the moment of this reporting period?

Low ☐

Limited ☐

Increasing ☐

Good ☐

- 40 If you have rated the question 50 with **less than 20%** please use the space below to describe the reasons of your choice

Click here to enter text.

- 41 If you have rated the question 50 with **less than 20%** please use the space below to describe the reasons of your choice

Click here to enter text.

42 If you have rated the question 50 with **60%** please use the space below to describe the reasons of your choice

Click here to enter text.

43 Do you know how many National CSOs are fully engaged in the CDRFI policies in a critical and constructive manner at present within the country or at the regional, international level (this could include national and regional policy meetings, CDRFI Board Meetings)?

Please ensure an approximate number is provided (and not a frequency). If not sure, write N/A

Click here to enter text.

44 Since your organisation is engaged in the CDRFI processes, do you think CSOs policy participation has been increased, decreased or stayed the same?

Increased

Decreased

Stayed the same

☐☐☐

45 Does the country have a CDRFI Board Member or an Alternate Board Member?

Yes

No

☐☐

46 If Yes, briefly describe how the interaction between national CSOs and that CDRFI Board Member or Alternate Board Member is organised, if any

Click here to enter text.

Focus area 2: Public Information and Awareness

47 How will you describe the level of public information and awareness about the CDRFI processes and activities among civil society in the country at present?

Click here to enter text.

48

Yes

No

Do you think that citizens in general and national CSOs in particular are well informed and aware about the CDRFI activities in the country in this reporting period?

☐
☐

49 If Yes, please use the space below to describe the reasons of your answer

Click here to enter text.

50 If No, please use the space below to describe the reasons of your answer

Click here to enter text.

51 Based on your organisation experience, do you know if **information and awareness of national CSOs on the CDRFI processes in the country** have increased or decreased?

Increased

Decreased

☐
☐

52 If you have chosen '**Increased**', please explain why and since when (if you know it).

Click here to enter text.

53 If you have chosen '**Decreased**', please explain why and since when (if you know it).

Click here to enter text.

Focus area 3: Collaborations and Partnerships with Other Civil Society Organisations

54 What is your appreciation of the collaborations and partnerships among national CSOs around the CDRFI processes and activities in the country at present? (*This excludes close collaboration around CDRFI policy meetings, project development or implementation, etc.*)

Click here to enter text.

55 Since your organisation is engaged in the CDRFI processes, do you think national CSOs have improved or not their collaborations and partnerships around CDRFI processes nationally?

Increased

Decreased

Stayed the same

☐
☐
☐

56	Is your organisation actively engaged with other national CSOs or other relevant non-state actors around the CDRFI activities and processes?	Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
57	If Yes, have these collaborations and partnerships benefited your organisation or other ones? If Yes, please explain below.	Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
<div>Click here to enter text.</div>			

Focus area 5: Learning and Experience Sharing			
58	Is your organisation aware of any existing peer-learning and experience sharing around the CDRFI processes and activities among national or regional CSOs <u>at this time of reporting</u> ? (<i>This includes held conferences; training workshops; reports or case studies publications; best practice; newsletters; social and online media; printed media; webinars, etc. organised recently or in the past to share learning and experience from CSOs</i>)	Yes	No
		<input type="checkbox"/>	<input type="checkbox"/>
59	If Yes, use the space below to describe any of these activities, and if your organisation has participated or contributed to them		
<div>Click here to enter text.</div>			
60		Yes	No

Has your organisation ever received any technical/advisory or institutional support from other regional or national CSOs to develop or improve their knowledge, skills and understanding about the CDRFI modalities, etc.?

☐
☐

61 If Yes, please indicate below what the nature of support/ advice it was, and the extent to which it addressed the organisation and its members' needs

[Click here to enter text.](#)

SECTION G: EVALUATION OF THE ASSESSMENT ACTIVITY

<p>62 Please use this last section to share an overview of how you evaluate this assessment activity. Highlight any challenge or limitation your organisation might have faced in completing this framework, or while engaging with relevant actors and stakeholders to gather answers and the necessary data from them. Only complete this section at the very end of your work!</p>	<table border="1"> <thead> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	A	B	C	D					<p>Rank the level of engagement and participation of the targeted groups and actors in the columns below so that we can understand any key challenge linked to the completion of this framework by your organisation. Note the following raking explanation please:</p> <p>A = Very Good B = Good C = Limited D = Not Relevant/ Necessary</p>
A	B	C	D							
<p>A Relevance of the assessment framework and all provided guidance and information for its use</p>	<table border="1"> <tbody> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Any comment/ suggestion? Click here to enter text.</p>				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
<p>B Choice and types of the targeted groups, actors and institutions by the assessment objectives</p>	<table border="1"> <tbody> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Any comment/ suggestion? Click here to enter text.</p>				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							

C	Participation and availability of targeted groups, actors and institutions to attend interviews, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Any comment/ suggestion?	Click here to enter text.
D	Relevance and quality of the information and data provided by and collected from targeted groups, actors and institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Any comment/ suggestion?	Click here to enter text.
E	Value of the assessment framework to inform, guide and help the organisation of the national workshop and other future project activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Any comment/ suggestion?	Click here to enter text.
F	If there any other relevant factor you would like to rank that has positively or not affected your work? If yes, please specify:_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Any comment/ suggestion?	Click here to enter text.

63

Overall evaluation of the completion of the assessment framework by your organisation and how will you rank this activity after:

Please indicate the overall status of your ranking of this activity by your organisation after the work has been completed:	Full satisfaction –completion of the framework was fully successful (80-100%)	Mid satisfaction –completion of the framework was not as fully successful as it could have been (40-50%)	Not satisfaction at all –completion of the framework was an at risk activity and was not successful at all despite our efforts (20-00%)
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>