

Build Disaster Risk Resilience in the Pacific through Finance, Adaptation and Insurance



Project Title: Leaving No One Behind in the Digital Era - Pacific Insurance and Climate Adaptation Programme

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Implementing Partner: UNCDF, UNDP and UNU-EHS

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Inception Phase: Jan 2021-Dec 2022 (completed)

Expansion Phase: Jan 2023 - Dec 2025 | **No Cost Extension Phase:** Jan 2026 – Dec 2026

Brief Description

Briefly describe the overall development challenge and the expected results of the project.

The Pacific Small Islands Developing States (PSIDS) are highly vulnerable to natural hazards. However, they have limited capacity to effectively manage the risks and overcome the significant economic losses after a disaster. Presently, there are limited ex-ante financial instruments (government reserve funds and contingent credit) available in most Pacific countries and the ex-post financial instruments deployed are usually reallocated from government budgets, acquired through external and internal borrowing or the result of donor assistance and international humanitarian aid.

While many PSIDS have developed national and sub-national Disaster Risk Management (DRM) plans, no country has an integrated Climate and Disaster Risk Financing and Insurance (CDRFI) strategy to better manage economic losses after a disaster. Although there is awareness on CDRFI learnings available globally, the capacity to access and accelerate its usage in the Pacific context remains a challenge among PSIDS.

With several innovative ex-ante CDRFI tools and instruments emerging in the global markets, there is opportunity to introduce, test and scale market based CDRFI instruments like parametric insurance targeting the vulnerable and low-income populations in PSIDS.

The United Nations Capital Development Fund (UNCDF), through a joint programme with the United Nations Development Programme (UNDP), the United Nations University Institute for Environment and Human Security (UNU-EHS), and in close collaboration with key stakeholders from the government, public, private sector, and other development partners, aims to address the challenge through the workstreams envisaged in the Pacific Insurance and Climate Adaptation Programme. The Programme is aligned to the United Nations Pacific Strategy, UNCDF global strategies and the respective country national development plans. The Programme will target women, youth, persons with disabilities (PWDs) and MSME segments as well as work across agriculture, fisheries, retail, and tourism sectors.

The programme in its inception phase covering Fiji, Tonga and Vanuatu has firmly established and validated the ‘proof of concept’ by developing an ecosystem of partners to pilot innovative parametric microinsurance products, digitally delivered at the last mile through local aggregation models and introducing digital payment solutions. The expansion of the programme has built on the strong foundations laid, draw from the lessons learned and strategically expand to cover additional Pacific SIDS to scale up strategic interventions in 2025 and bring the programme to a close by end 2026.

The overall programme objective is to improve the financial preparedness of **“Pacific households, communities, small businesses, organisations and governments towards climate change and natural hazards”** through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals. The expansion phase of the programme will also explore linking CDRFI

solutions to social protection across the region, building on the pilot in Fiji, test insurance as an instrument for anticipatory action and pre-arranged finance for humanitarian response. The programme will also build evidence on CDRFI to address 'loss and damage' and minimizing the impact of extreme weather events.

Contributing Outcome (UNDAF/CPD, RPD or GPD):
United Nations Pacific Strategy 2018-2022
Outcome 1: Climate Change, Disaster Resilience, and Environmental Protection
Outcome 3: Sustainable and Inclusive Economic Empowerment
United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027
Planet Pillar Outcome 1: By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed, and restored.
Prosperity Pillar Outcome 3: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centered socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.
 UNCDF Strategic Framework Outcomes:
Outcome 1: Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable population.
Outcome 2: Unlock public and private finance for the poor.
Contributing SDG Targets: Refer to Annex 4
UNCDF Strategic Framework 2022-2025
Outcome 2: Increase flows of public and private finance.
Outcome 3: Strengthened market-systems and enhanced public and private financing mechanisms.
Indicative Output(s) with gender marker:
GEN2: Significant contributions to gender equality.

Total resources required: USD		\$21,500,000
	UNCDF	129,186.63
	UNDP	\$100,000
	MFAT, NZ	\$11,000,000
	DFAT, Australia	6,581,668
	India-UN South-South Fund¹	\$1,550,000
	SIDA (Sweden)²	\$87,000
	France	30,000
	Ireland	46,000
	UN Women	50,000
	UNDRR	160,500
	UK (FCDO)	\$380,979.00
	Fiji Government:	\$423,181.77
	ADB	950,000.00
	Total Funded	21,902,515.40
	Unfunded:	NIL

Contributing Outcome
UNDP Multi-Country Program Document 2023-2027
Outcome 2: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.
Output 2.1: Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.

¹ Through the India-UN Development Partnership Fund administered by UNOSSC as parallel funding. Separate Pro Doc covers that project.
² SIDA provided a fully funded UNV for the inception phase, France is providing a full-time resource to be based in Vanuatu for 2 years.

Agreed by (signatures):




UNCDF	UNDP	UNU-EHS
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Table of Contents

I.	Development Challenge	7
II.	Strategy	9
	<i>Theory of Change</i>	10
	<i>Anticipatory action, social protection, and loss & damage</i>	12
	<i>Geographical coverage</i>	12
	<i>Phased approach</i>	12
III.	Results and Partnerships	14
	<i>Expected Results</i>	14
	<i>Resources Required to Achieve the Expected Results</i>	16
	<i>Partnerships</i>	16
	<i>Risk and Assumptions:</i>	17
	<i>Building on lessons learned</i>	19
	<i>Stakeholder Engagement</i>	19
	<i>South-South and Triangular Cooperation</i>	20
	<i>Knowledge Management</i>	21
	<i>Sustainability and Scaling Up</i>	21
IV.	Project Management.....	22
	<i>Cost Efficiency and Effectiveness</i>	22
V.	Results Framework	23
VI.	Monitoring And Evaluation	26
VII.	Multi-Year Work Plan.....	28
VIII.	Governance and Management Arrangements	30
IX.	Legal Context	34
X.	Risk Management	34
XI.	ANNEXES.....	36

Abbreviations

ADB	Asian Development Bank
BUILD	Bamboo-United Nations Capital Development Fund Initiative for the Least Developed
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company
CDRFI	Climate Disaster Risk Finance and Insurance/ Disaster Risk Financing
CDRM	Comprehensive Disaster and Climate Risk Management
CPD	Country Programme Document
CRAIC	Climate Risk Adaptation and Insurance in the Caribbean
CRI	Climate Resilience Initiative
CRIRC	Climate Risk Insurance Research Consortium
CROP	Council of Regional Organisations in the Pacific
DFAT	Department of Foreign Affairs and Trade
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
ESIA	Environmental and Social Impact Assessment
FAO	Food and Agriculture Organisation
FEMM	Forum Economic Ministers Meeting
FINTECH	Financial Technology
FPIC	Free, Prior and Informed Consent
FSP	Financial Service Provider
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IATI	International Aid Transparency Initiative
ICT	Information and Communication Technologies
IDE	Inclusive Digital Economy
IFAD	The International Fund for Agricultural Development
IFC	International Financial Corporation
IGO	Intergovernmental Organizations
ILO	International Labour Organization
INDC	Intended Nationally Determined Contributions
INSURTECH	Insurance Technology
IOM	International Organization for Migration
IPCC	Intergovernmental Panel on Climate Change
MCPD	Multi Country Program Document
MCII	Munich Climate Insurance Initiative
MEAL	Monitoring, Evaluation, Accountability and Learning
MFAT	Ministry of Foreign Affairs and Trade
MNO	Mobile Network Operators
MOU	Memorandum of Understanding
MPTF	Multi-Partner Trust Fund
MSME	Micro, Small & Medium Enterprises
NAP	National Adaption Plan
NAPA	National Adaption Programme for Action
NDP	National Development Plan
NGO	Non-Governmental Organisation
NZ	New Zealand
OAI	Office of Audit and Investigations
PAC	Project Appraisal Committee
PCB	Polychlorinated Biphenyl
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PCRIC	Pacific Catastrophe Risk Insurance Company
PDEP	Pacific Digital Economy Programme
PDNA	Post-Disaster Needs Assessment
PFIP	Pacific Financial Inclusion Programme
PIC	Pacific Island Countries

PICAP	Pacific Insurance Climate Adaptation Programme
PIDF	Pacific Islands Development Forum
PIFS	Pacific Islands Forum Secretariat
PSIDS	Pacific Small Island Developing States
PNG	Papua New Guinea
PPP	Public Private Partnerships
PUNO	Participating United Nations Organizations
PWD	Persons with Disabilities
QA	Quality Assurance
RBAP	Regional Bureau for Asia and the Pacific
RESPAC	Disaster Resilience for Pacific Small Island Developing States
RMF	Results Measurement Framework
RMI	Republic of Marshall Islands
RR	Resident Representative
RRF	Recovery and Resilience Facility
SDGs	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
SES	Social and Environmental Standards
SESA	Strategic Environmental and Social Assessment
SESP	Social and Environmental Screening Procedure
SIDA	Swedish International Development Cooperation Agency
SIDS	Small Islands Developing States
SPC	The Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
TA	Technical Assistance
TC	Tropical Cyclones
TOC	Theory of Change
UN	United Nations
UNU-EHS	United Nations University – Institute for Environment and Human Security
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNIM	United Nations International Organisation for Migration
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOPS	United Nations Office for Project Services
UNOSSC	United Nations Office for South-South Cooperation
UNSCDF	United Nations Sustainable Development Cooperation Framework
UNU-EHS	United Nations University’s Institute for Environment and Human Security
USD	United States Dollar
USP	University of the South Pacific
UWI	University of West Indies
VAT	Value Added Tax
WFP	World Food Programme
WRI	World Resources Institute

I. DEVELOPMENT CHALLENGE

Pacific Small Island Developing States (PSIDS) are highly vulnerable to natural hazards, including earthquakes, volcanic eruptions, tsunamis, tropical cyclones, storm surges, drought, and other such events. These types of events often require significant budget reallocations, diverting funds from other important programmes in health, education, and economic development. The World Bank estimates that the average annual total direct losses caused by disasters in the South Pacific are about US\$284 million³.

The challenges faced by most of the PSIDS are very similar in nature due to several shared characteristics: location, lack of resources, a narrow export base, vulnerability to economic shocks and slow or stagnant economic growth. The World Risk Index 2021 that measures risks for disasters and the resultant socio-economic vulnerabilities, ranks seven PSIDS among the top 20 most at-risk countries in the world⁴. PSIDS also have very small population sizes which are largely dispersed resulting in very low population densities. This contributes to the obstacles for businesses in reaching economies of scale, limiting their expansion throughout these countries.

The threats of mass displacement and forced migration resulting from climate change is also looming. Climate fuelled disasters were the number one driver of displacement within countries over the last decade, forcing more than 20 million people to leave their homes each year. PSIDS make up seven of the 10 countries facing the highest risk of internal displacement from extreme weather events.⁵

The frequency and severity of disasters in the Pacific region are accelerating due to climate change⁶, resulting in economic and social progress being increasingly disrupted and development gains negated over the years. Despite the high exposure to natural hazards, most people in this region do not have any type of financial protection such as insurance. Penetration rates for insurance are low, averaging only about 12% in countries of interest⁷. None of the Pacific governments currently has a strategy in place that outlines what financing options are available to them and how they can access them. Regarding the current climate and disaster risk financing (CDRF) tools available, most countries in the Pacific, including the larger ones such as PNG and Fiji, are not members of a regional risk pool, such as the one provided by the Pacific Catastrophe Risk Insurance Company (PCRIC)⁸, and thus do not have access to quick financial relief after disasters occur.

What the Programme intends to do is relevant in addressing this persisting gap and provide a solution that will cater at the macro, meso and micro level. The aim is to develop sustainable interventions; hence the focus would be on developing market-based meso and micro schemes. At the same time, there will be an option for the national and sub national governments to consider subscribing to a “macro to micro scheme” to cater for the vulnerable segments. PICAP by adopting the UNCDF market ecosystem development approach has amply demonstrated the significant role of the private sector to develop and deploy digitally enabled last-mile climate risk insurance solutions, evidenced by the nearly 5000 low-income households already protected during the inception phase.

Disasters have a negative distributional effect on low-income individuals and exacerbate the persistent hardships prevalent across societies. They underline the need for solutions not only at the macro level, but also for individuals, businesses, and communities. It is estimated that disasters cause 26 million people to become trapped in poverty every year⁹. Women are especially hard-hit during disasters as existing inequalities make them more vulnerable. Traditionally, women have fewer resources under their own control and have a

³ World Bank (1 April, 2012). “Pacific Islands: Disaster Risk Reduction and Financing in the Pacific”, <https://www.worldbank.org/en/results/2012/04/01/pacific-islands-disaster-risk-reduction-and-financing-in-the-pacific>

⁴ Source: https://weltrisikobericht.de/wp-content/uploads/2021/09/WorldRiskReport_2021_Online.pdf

⁵ Source: <https://www.news.com.au/technology/environment/climate-change/five-times-more-extreme-weather-disasters-reported-in-last-decade/news-story/6d75c6a9f87963e53c591ad71e91d3eb>

⁶ IPCC (6 October, 2018). *Special Report: Global Warming of 1.5°C – Summary for Policymakers*, <https://www.ipcc.ch/sr15/chapter/spm/>

⁷ Insurance penetration rates are estimated to be 12% in Fiji, 15% in Papua New Guinea, 21% in Samoa, 7% in Solomon Islands, 13% in Tonga, and 5% in Vanuatu. From: UNCDF “National Demand Side Surveys”, <http://www.pfip.org/our-work/work-streams/market-information/national-demand-side-surveys/>

⁸ Pacific Catastrophe Risk Insurance Company, <https://understandrisk.org/opportunity/ceo-pacific-catastrophe-risk-insurance-company/>

⁹ Marcelo Guigale (11 October, 2017). “Time to Insure Developing Countries Against Natural Disasters”, <https://www.worldbank.org/en/news/opinion/2017/10/11/time-to-insure-developing-countries-against-natural-disasters>

limited place in decision-making systems¹⁰. Women's role in ensuring household food security, and the dependence of many on natural resources, makes women more likely to suffer loss of life and property in the face of disasters. In addition, women assume a greater share of responsibility for the care of their family which means that, in post disaster situations, women are often more vulnerable than men. Their care giving roles expand dramatically after a disaster and experience shows that their access to resources for recovery is constrained.

The Programme, from its conception has aligned itself to the **United Nations Sustainable Development Cooperation Framework 2023-2027 (UNSDCF)** contributing to two key pillars:

- i. **Planet Pillar Outcome 1:** *By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed, and restored.*
- ii. **Prosperity Pillar Outcome 3:** *By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.*

The Programme similarly aligns with the **UNDP Multi-Country Program Document 2023-2027 (MPCD)**. The MPCD guides UNDPs Pacific Office in Fiji and UNDP Samoa Office's development interventions in response to 14 countries and territories national priorities for the next five years. PICAP contributes to

- **MPCD Outcome 2:** *By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.*
- **MPCD Output 2.1:** *Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.*

The Programme specifically aligns with the regional priority of "Sustainable development that combines economic, social, and cultural development in ways that improve livelihoods and well-being and use the environment sustainably", which also props up SDGs 1, 5, 8, 10, and 17. Furthermore, the programme contributes towards the regional priority of, "Pacific people, societies, economies, cultures, and natural environments". The SDGs that complement this priority are 7, 13, 14, and 15. References on linkage to SDGs can be found on **Annex 4**.

The programme also links to UNCDF's wider strategic objectives, as laid out in the **UNCDF Strategic Framework 2018-2021**, specifically by contributing to the two main outcomes: **Outcome 1:** *Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable populations*, and **Outcome 2:** *Unlock public and private finance for the poor*, especially with regards to its ambition in making new financial products in the insurance sector more widely accessible to Pacific Islanders.

Under the **UNCDF 2022-2025 Strategic Framework**, PICAP contributes to both **Outcome 2:** *Increase flows of public and private finance*, and **Outcome 3:** *Strengthened market-systems and enhanced public and private financing mechanisms*. It also sits firmly within UNCDF's ambition to "Leaving no one behind in the Digital Era", a document that lays out how UNCDF plans to leverage digital channels to enhance its contribution towards the achievement of the SDGs over the period 2019-2024. The Programme in this respect mimics the basic structure of UNCDF's recent financial inclusion programmes, by focusing on the policy and regulatory environment, the product development aspect (supply side), awareness raising and consumer empowerment (demand-side), all of which are needed for a holistic response to the challenges faced by PSIDS.

In addition to these regional and strategic frameworks, PSIDS have developed national development plans (NDP) as well as national adaptation plans or national strategic plans that are aligned with the 2030 Agenda for Sustainable Development, with terms ranging from 5 to 30 years. Climate change and disaster risk resilience are over-arching themes that find a place in all the NDPs and are therefore at the forefront of government policy making and actions. References to some NDPs, INDCs, NAPs, and NAPAs from PSIDS are

¹⁰ Vasudha Gokhale (October 2008). Role of Women in Disaster Management: An Analytical Study with Reference to Indian Society https://www.iitk.ac.in/nicee/wcee/article/14_10-0049.PDF

provided in **Annex 5**. The activities, interventions, outputs, and outcomes proposed under the four workstreams, as well as the overall objectives of the programme, are fully aligned with the various NDPs.

II. STRATEGY

At the beginning of the Programme inception phase, there were no appropriate micro and meso level climate risk insurance or CDRFI instruments that individuals, businesses, organisations, cooperatives, sub-national governments, or others could access. As a result, the various stakeholders are left with few options - borrowing, drawing down savings, postponing investments or essential expenditure, or dependence on government assistance. Governments in turn often borrow domestically or externally, reallocate budgets, cancel investment projects or seek international aid assistance. In many instances, governments do not adequately provide for post disaster recovery, with affected communities suffering the consequences long after the disaster has happened, meaning that vulnerable sections of the population face the real possibility of being pushed into poverty. When the PICAP inception phase commenced, most of the high-level performance indicators had a baseline of ZERO/NIL reflecting the challenges on the supply, demand as well as the policy domains.

A situation analysis of several PSIDS reveals that while the countries have national DRM plans or policies, so far none of the countries have an integrated CDRF strategy. A typical CDRF strategy covers various tools and financing instruments that can be accessed post disaster, although “forecast-based financing” also considers deploying financing instruments pre and post disaster. A CDRF strategy will cover what financing instruments and tools are needed at the macro (government), meso (industry, MSMEs, cooperatives and communities), and the micro (household, individual) levels.

The Programme expansion phase (2023-2025) will build on the lessons learned during the first two years (2021 and 2022) inception phase, as well as the Pacific Financial Inclusion Programme’s (PFIP) decade-long engagement with the private and public sector, experience in financial innovation, country presence, and pioneering successful microinsurance deployments in the Pacific to meaningfully address the CDRFI challenges mentioned above. The mid-term review of the programme carried out at the end of 2022 points to the need for building on the initial foundations laid in the first two years, gaps to be addressed and capacities to be developed as part of expansion. The review also points to the case for regional and global expansion of CDRFI solutions to address the significant protection gaps that exists in the PSIDS. The programme through its continuous M&E and feedback loops has documented important lessons learned that have been published ([HERE](#)) as well shared it through a global webinar ([HERE](#)).

The case for introducing parametric microinsurance has been validated through the quick pay-out of claims in Fiji and Vanuatu, following extreme weather events in the first quarter of 2023- heavy rainfall resulting in over 900 beneficiaries in Fiji receiving payments directly into their mobile wallets or bank accounts and in Vanuatu 84 payments following two Category 4 tropical cyclones in March 2023. Based on the beneficiary and aggregator partner feedback, it is understood that these payments were the first financial responses and benefits that affected households received, proof that market mechanisms work and have a big role in closing the protection gap and insurance as a tool to address “loss and damage” at household and community level.

In the expansion phase, the programme strategy will be anchored on the workstreams described in the Theory of change, implemented through the activities, resulting in outputs and outcomes described therein and tracked through the programme results measurement framework. Evidence based approaches to developing CDRFI solutions, fit for purpose in the context of each country, capacitating the market players to build the ecosystem, leverage digital interventions for last-mile and building the financial capacity and skills of consumers while continuing to engage Government and regulators for creating the enabling environment will be central to the programme strategy. The deployment of financial instruments including grants, loans, and guarantees will adhere to the UNCDF supplementary guidelines to the UNDP Programme and Operations Policies and Procedures (POPP).

Theory of Change

To address the significant financing and protection gap that exists at the micro, meso and macro levels, the UNCDF and the UNDP, in partnership with UNU-EHS hosted MCII, have designed the Programme to address PSIDS vulnerability and lack of access to climate and disaster risk financing and insurance (CDRFI). Equipping governments and communities with tailored CDRF strategies and solutions that will help them address the growing impacts of climate change, the Programme will build resilience via four workstreams:

- 1) **Enabling Policy and Regulation:** Under this workstream, PICAP intends to improve risk awareness and understanding that will support policy makers and regulators create an enabling environment for the introduction of CDRF tools, including parametric (index based) insurance, and the creation of CDRF strategies.
- 2) **Digital Ecosystem:** Under the digital ecosystem workstream, PICAP works with mobile network operators and FinTechs to create digital linkages for client onboarding, customer relations management by providers and for collections and payments.
- 3) **Inclusive Innovation:** This workstream focuses on supporting financial markets and the insurance industry develop and deploy inclusive market-based insurance and disaster risk financing instruments for the micro and meso levels using mobile and other digital technologies.
- 4) **Empowered Customers:** The empowered customers workstream focuses on improving the knowledge and skills to meaningfully access and use CDRFI instruments and tools by educating individuals and consumers on the benefits of using insurance and other risk financing tools as part of a DRM strategy.

The overall objective is to improve the financial preparedness and resilience of Pacific governments and communities to deal effectively with climate induced disasters. Being financially prepared would result in faster post disaster recovery, rebuilding of livelihoods and improved levels of resilience. The Programme's theory of change is reflected in Figure 1 below.

Figure 1: Theory of Change

Goal	Box 16: Pacific households, communities, small businesses, organisations, and governments are financially prepared and more resilient against climate change and natural hazards.			
Sector Outcomes	Box 15c: Enabling regulatory and policy environment created for sustainable deployment of inclusive CDRFI instruments and digital technologies			
	Box 15b: Financial markets in the Pacific deploy inclusive CDRFI products while leveraging digital technologies.			
	Box 15a: Insurance industry and other market players set global best practice benchmarks in CDRFI.			
Customer* Outcomes	Box 14b: Pacific households, communities and MSMEs are covered by affordable and appropriate digitally enabled customer centric CDRFI instruments.			
	Special focus on: Women, Youth, PWD and MSME segments, Agriculture, Fisheries, Retail and Tourism sectors.			
	Box 14a: Customers have improved knowledge and skills to meaningfully access and use digitally enabled customer centric CDRFI instruments and tools.			
Stakeholder Outcomes	Box 10 Governments and regulators put in place market based inclusive CDRFI policies, legislations, regulations, strategies, tools and guidelines that promotes financial preparedness to disasters at the micro, meso and macro levels	Box 11 FinTechs, InsurTech, MNOs and other digital service providers offer a range of relevant digital services that promotes CDRFI take up by targeted segments.	Box 12 Financial service providers, FinTechs and partners adopt successful CDRFI innovations and build robust and sustainable business models	Box 13 Programme partners and community beneficiaries (with a focus on women, youth, MSMEs and PWD) have improved understanding of market based digitally enabled CDRFI instruments.
	Outputs	Box 6 Enhanced understanding and increased 'buy-in' support of national governments towards market based, customer centric, climate disaster risk financing and insurance instruments	Box 7 Digital linkages for collections and payments delivery enabled in consideration of the needs of targeted segments.	Box 8 Customer centric inclusive and Innovative market- based disaster risk financing instruments tested, piloted and scaled-up

Activities	<p>Box 2</p> <p>Act 1.1 Support the design, development, and implementation of policies, strategies, regulations, and frameworks supporting customer centric CDRFI.</p> <p><i>(Includes joint PICAP PDEP support to the development and implementation of the national financial inclusion strategy having focus on customer centric CDRFI)</i></p> <p>Act 1.2 Facilitate awareness workshops, training and regional events, strengthening partnerships and networking amongst women and men policy makers and regulators to create a CDRFI enabling environment across the Pacific</p> <p>Act 1.3 Support the development of CDRFI guidelines, glossary and other resource materials to strengthen information and awareness amongst policy makers and regulators</p> <p>Act 1.4 Support industry players in the regulatory process to pilot CDRFI solutions.</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 3</p> <p>Act 2.1. Identify suitable FinTech/InsurTech providers including start-ups to develop digital interfaces for client onboarding</p> <p>Act 2.2 Development, testing and scaling of digital solutions for <u>premium collection</u> by individuals, cooperatives and MSMEs using offline and online channels</p> <p>Act 2.3 Establish and expansion of digital linkage for last mile delivery of CDRFI solutions and <u>beneficiary payments</u> especially with targeted support for women, youth and PWD</p> <p>Act 2.4 Strengthen digital innovations and the use of advanced digital technologies in partnership with PDEP to promote the uptake of CDRFI solutions</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 4</p> <p>Act 3.1 Innovative solutions hub resourced to support the identification, design and testing of new customer centric solutions</p> <p>Act 3.2 Market based CDRFI and digital products and services developed for pilot testing, improvement, and scale up</p> <p>Act 3.3 Support product and service variations to geographical context and population segments including vulnerable and underserved segments</p> <p>Act 3.4 Social protection CDRFI solution: Support development of social protection macro to micro framework and enhance engagement on social protection and CDRFI</p> <p>Act 3.5 Develop gender smart CDRFI solutions</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>	<p>Box 5</p> <p>Act 4.1 Conduct training and capacity building for partners on digitally enabled CDRFI solutions and gender</p> <p>Act 4.2 Development of information, education, and communication materials with a focus on women, youth, PWD and MSMEs</p> <p>Act 4.3 DRF and CDRFI campaigns in communities with a focus on women, youth, PWD and MSME. (Includes Joint PICAP PDEP digital and financial literacy activities)</p> <p>Act 4.4 Women needs to understand CDRFI access and usage barriers by women; and use findings to assessment design activities in 4.1, 4.2 and 4.3.</p> <p><i>PICAP will provide TA, grants, and other blended financing as appropriate.</i></p>
	Ecosystem and programme management activities	<p>Box 1: Research & Publication, Learning & Knowledge Sharing, South-South Collaboration, Regional and Global Networking, Public-Private Partnerships, Community of Practice, Donor Development Partner Coordination, Gender, Youth and Customer Centric Interventions, Events (Training, Workshop, Exposure Visits etc), Capacity Development and Sustainability Plans</p>		
	Workstream 1	Workstream 2	Workstream 3	Workstream 4
	Enabling Policy and Regulation	Digital Ecosystem	Inclusive Innovation	Empowered Customers ¹¹

¹¹ Partners are considered customers as they are also beneficiaries of CDRFI solutions and related awareness and training activities.

Anticipatory action, social protection, and loss & damage

Insurance for anticipatory action was largely confined to slow onset (drought) events in sub-Saharan Africa and while index based financial transfers have been experimented for typhoons in Philippines, index insurance as an instrument for anticipatory action and more particularly deployed through the private sector has never been trialled.

In September 2023, UNCDF in partnership with the United Nations Officer for Disaster Risk Reduction (UNDRR), a market-driven anticipatory action (AA) insurance scheme was launched in Fiji. This meso-level insurance product was first piloted during the 2023-2024 cyclone period to four communities across the Northern, Western, and Central Divisions.

Climate risk insurance to cover social welfare recipients in Fiji has already been well received and since the pilot in 2021 covering 274 households, the specific product developed for the Department of Social welfare now covers 2000 households, giving them insurance coverage against tropical cyclones. The Programme has submitted a proposal to the Government of Fiji to scale this further to cover 10,000 welfare participants in 2023 and over a period of 3 to 5 years, cover the entire group of nearly 90,000 households through budgetary support. This 'macro to micro' scheme is a way of addressing the protection gap of the most vulnerable groups while market-based mechanisms will address the same for population segments that can afford premiums. At the end of 2024, over 44,000 households had registered to the parametric micro and meso-level insurance products.

The PICAP expansion phase would work with country stakeholders to strengthen the resilience of vulnerable communities by minimizing and addressing loss and damage in the Pacific. It will be done through policy actions and financing local L&D solutions anchored in a robust conceptual framework and informed by locally gathered evidence.

The Programme will support partner countries in developing a comprehensive climate risk finance strategy integrated into the national disaster risk reduction (DRR) and national adaptation plans (NAPs). The work will include assessing the impact and risks associated with ongoing and anticipated loss and damage to vulnerable communities that depend on national social protection systems. Climate risk data models developed under PICAP will be made available to national stakeholders, including NDMOs and Met offices, to strengthen their data capacities. Additionally, PICAP will support country stakeholders through regional & global information sharing to contribute to global discussions on loss and damage.

The Programme will further expand its investments – through blended finance instruments – into community-based and private-sector solutions that minimize and address L&D. In particular, the Programme will promote community-based solutions for climate-smart livelihood activities, microinsurance and climate risk insurance and local credit markets for green investments.

Geographical coverage

Fiji, Tonga, and Vanuatu were the first three Pacific countries covered in the inception phase. Following country gap analysis, demand and supply studies, pilot parametric microinsurance products were introduced in three countries with the active involvement of the private sector insurers and other local stakeholders. The Governments and Central Banks were also very supportive. Following the successful pilots, based on feedback received from stakeholders, particularly from the covered beneficiaries, the programme has developed the scale and expansion phase (2023-2025) plans covering at minimum 8 Pacific countries. Gap analysis and demand, supply side studies are now underway in Samoa, Solomon Islands, Papua New Guinea, Kiribati, Tuvalu. Republic of Marshall Islands and other countries in the Northern Pacific may also be included in these studies as part of expansion.

Phased approach

The Climate Disaster Risk Financing and Insurance domain in the Pacific is still in its nascent stage with limited instruments and tools available to governments and communities. However, through the work of the Pacific Resilience Partnership - Disaster Financing Working Group, greater awareness on CDRFI instruments at the macro, meso and micro levels is being shared with countries through national workshops and virtual learning sessions.

PICAP was designed to be implemented in a phased manner with an initial inception phase of two years, followed by a scale, expansion phase of four years (2023-2026).

PICAPs two-year inception phase concluded in December 2022 with a mid-term review conducted by an independent consultant. PICAPs market ecosystem development approach was validated with solid private sector engagement, changes to their business models, collaborative partnerships with cooperatives and associations, co-creation of evidence-based solutions, digital technologies and interfaces for last mile delivery, capacity enhancement of partners, and financial competency development knowledge and skills building at the community level. In 2021, UNCDF had received approval from the Reserve Bank of Fiji to pilot the first of its kind Pacific parametric insurance product under the FinTech Regulatory Sandbox followed by similar approvals and product pilots occurring in Vanuatu and Tonga. Fiji also became the first country globally to approve VAT exemption on parametric insurance premiums before the actual product launch. PICAP also supported the publication of the Index Insurance Best Practice Guidelines for Regulators and Practitioners. During the inception phase PICAP also launched the Pacific's first digital onboarding platform – iOnboard, which enables seamless onboarding to inclusive insurance solutions. PICAP also established its Inclusive Insurance Solutions Hub that is responsible for exploring frontier ideas and digital solutions to facilitate market development and support partner projects.

The programme used a cascading approach, where the activities that were conducted in the initial two years were subsequently carried out in other countries during the expansion phase while tweaking the approach and connected activities at the same time. This approach had the advantage of allowing the project to capture the lessons learned at each stage of the project, transferring the acquired knowledge to the next country for a more efficient and effective implementation.

In 2023-2024, PICAP scaled programming increasing its geographical coverage from three to eight Pacific countries including Fiji, Tonga, Tuvalu, Vanuatu, Samoa, Solomon Islands, Kiribati, and Papua New Guinea. Across the region, a more enabling regulatory and policy environment has been created with the endorsement and launch of 7 policies, standards and regulations that improve the expansion of inclusive insurance products and services. PICAP played a significant role in the regional Disaster Risk Financing (DRF) technical working group contributing regularly to the national workshops and virtual learning series, besides supporting the development of the DRF strategy guidance tool that was endorsed at the FEMM 2023. By the end of 2024, PICAP had conducted a total of 127 knowledge and skills enhancement interventions with 2,370 of its public and private sector partners to build their capabilities and capacities on inclusive disaster risk financing and parametric insurance.

Since the initial pilot in 2021, the programme supported 36 development projects investing over USD 3.3 million and leveraging total partner investments of around USD 3.1 million. Over 44K individuals have been registered onto and/or covered under parametric insurance of which over 19K (44%) of these are women beneficiaries, 2000 being social welfare recipients and 1,626 being persons with disabilities. A total of 37 new and improved CDRFI and digital products and services have been rolled out in the region to date. Over 44K people have been reached with financial competency development activities.

Payouts so far have been made in Fiji and Vanuatu. In the 2023-2024 period, 1,633 Fijians benefitted from climate insurance payouts of which 32 percent of the payouts were to women beneficiaries. These payouts have been valued at FJD 291,450. In Vanuatu, 84 payouts have been made to date totalling 2.8 million Vatu (around USD 23K). Majority of these payouts have been through digital means – mobile wallets and/or bank accounts.

In partnership with the access to insurance initiative (a2ii), the programme also launched an e-learning course on "Index insurance best practices". The e-learning course has two streams, one for regulators and insurance supervisors, and the other for industry practitioners. These self-paced courses are meant to increase awareness on index/parametric insurance and enhance technical capacities.

Under the support of PICAPs Inclusive Insurance Solutions Hub (HUB), the first of its kind climate risk insurance product linked to anticipatory action was developed. An ex-ante parametric insurance product with triggers linked to anticipatory payments was launched in Fiji on 19th September 2023 with the active participation of four community-based organizations covering several households and the cover underwritten by a local insurer- Sun Insurance. This is the first of its kind in the world for fast onset weather events like tropical cyclones and the lessons learned from this innovation will be used during further iterations of the product.

The market systems development approach and strategy of UNCDF and its application in building the ecosystem to deliver climate disaster risk financing at the meso and micro level and at the last mile is increasingly being recognized in global forums as truly differentiated, while being complimentary to macro, sovereign solutions. PICAP also works with other UN agencies including UNDRR, UN Women and WFP (World Food Programme) allowing the UN to “deliver as One” with synergetic and complimentary approaches, leveraging the potential and strengths of each agency.

The Programme is cognisant of the needs of all Pacific countries and will respond to their requests for support after conducting appropriate assessments and resource planning. With the support of the existing donors (Australia, New Zealand, ADB, India-UN Fund, UK FCDO and the Government of Luxembourg through the Drua Incubator), the expansion phase of the programme will be fully resourced.

III. RESULTS AND PARTNERSHIPS

Expected Results

To design well-targeted and relevant CDRFI approaches, it is crucial that the Programme undertakes risk appraisal and research. Before the solutions are proposed and developed, a thorough understanding of risks and vulnerabilities is critical. Building on existing extreme weather/natural hazards, vulnerability, and socio-economic research and data collected by national governments, the PCRAFI, World Bank, UN agencies, NGOs, and others, and supplemented with primary research as necessary, the Programme will identify how disasters are affecting different sectors and segments of society located in specific geographic areas, with a particular focus on those populations whose livelihoods depend on agriculture, fisheries, tourism and retail activities. Such diagnostics were undertaken in Fiji, Vanuatu, Tonga, Samoa, Kiribati, Solomon Islands and Papua New Guinea that informed activities and interventions in the inception phase and besides continuing such studies, creating evidence through research for exploring frontier CDRFI solutions will be specifically undertaken.

To create a CDRFI **enabling and supportive policy and regulatory environment**, the Programme will support the development of customised country CDRFI strategies by first identifying and presenting a comprehensive overview of the various CDRFI instruments available and deployed globally and their relevance and applicability to the Pacific. This will lay the foundation for the development of country-specific strategies, policies, and related guidelines. This includes the integration of CDRFI into National Financial Inclusion Strategies – a joint initiative between PICAP and its sister programme – The Pacific Digital Economy Programme (PDEP). The programme has already supported the Disaster Risk Financing Technical Working group under the Pacific Resilience Partnership in developing DRF policies and strategy guidelines as an addendum to the regional DRF roadmap submitted to the Forum Economic Ministers meeting in August 2023 and endorsement as a regional policy paper. The programme supported Solomon Islands and Vanuatu’s DRF policies endorsed in 2024 and the development of Fiji’s DRF policy. This ensures that CDRFI instruments offered at the meso and micro level are embedded in national DRF policies.

The Programme will engage all relevant country stakeholders in consultations, conduct familiarisation workshops on potential CDRFI instruments, discuss and identify the ones that are most suitable for the country context, and through the creation or the support of an existing technical working group, collaboratively develop an inclusive CDRFI strategy for the country in close collaboration with other members of the Risk Financing Working Group. The Programme will conduct CDRFI strategy training workshops for national and sub-national level government stakeholders including regulators, as well as insurance and financial services industry stakeholders.

Climate risk insurance and parametric products are relatively new, and many countries’ regulations have not evolved to facilitate the development of these types of products. The Programme will therefore engage regional Central Banks and insurance regulators to collaboratively develop a common regional regulatory framework to allow market based CDRFI instruments to be deployed in different markets. During 2022, UNCDF in partnership with the access to insurance initiative (a2ii) developed the index insurance best practices guidelines for regulators and industry practitioners that has gained acceptance by several regional Central Banks as an important regulatory tool for index insurance.

In addressing the existing policy and regulatory gaps, the Programme can help improve government preparedness to disasters and create an enabling environment for the deployment of market based CDRFI instruments. To allow individuals, communities, organisations and MSMEs to better prepare for and recover more quickly from disasters, the Programme will also support market-based product development and conduct pilot testing through **Inclusive Innovation** in the new countries of expansion while building capacities for scaling in countries where pilots have successfully been completed. Through the socio-economic data that is available on the different groups, the Programme will create a priority list of groups that could benefit from and afford market-based financial solutions. The Programme will work with these groups to design products that will meet their needs while also creating an enabling environment for CDRFI products by strengthening the capacity of insurers and distribution channels. For the most vulnerable groups within each country, programme will explore whether CDRFI solutions linked to social welfare schemes can be introduced as was experiment with success in Fiji. These initiatives will be supported through the Programmes Innovative Solutions Hub, a platform for stakeholders to discuss, design and test new customer centric CDRFI and digital solutions.

Because many Pacific Islanders live in remote areas, reaching out to these customers has historically been too costly for financial service providers and insurers. In recent years, however, there have been numerous innovations in the area of financial technologies, allowing insurers, and other financial service providers to reach and serve a greater number of customers. The Programme works with the Pacific Digital Economy Programme, as part of UNCDF's global strategy, *Leaving No One Behind in the Digital Era* to create digital and interoperable payment solutions through **Digital Ecosystem**. The Programme also partners with FinTech/InsurTech and start-ups to develop digital interfaces for client onboarding as well as digital solutions to facilitate premium collection and payments.

To facilitate the efficient supply of post-event assistance to vulnerable individuals, households, and communities, through **Inclusive Innovation**, the Programme works with stakeholders—as part of the CDRF strategy development process—to development a macro-to-micro scheme and then train government officials on the proposed macro-to-micro plan. The Programme's work on product development through Inclusive Innovation will allow individuals, communities, organisations, and MSMEs to respond and recover quicker with the help of CDRF instruments as well as through digital linkages.

The Programme's work on **consumer empowerment** aims at ensuring that individuals and communities have a better understanding of, access to, and usage of market based CDRFI instruments. It focuses on establishing a solid base for consumer empowerment by partnering with relevant CDRFI and DRM organisations who already have extensive work experience in this area and who habitually work with cooperatives, communities, and individuals. The Programme will also use research (discussed above) as a baseline to ensure consumer empowerment activities are built on an understanding of target beneficiaries' current awareness and needs with regards to CDRFI. In addition to this, targeted gender needs assessment will also be carried out to strengthen understanding of CDRFI barriers to access and usage faced by women. These findings will not only help inform more targeted literacy interventions but also support product and service design.

To support awareness, the Programme produces relevant and targeted communication materials. It trains and educates insurers and distribution channel partners on the different CDRFI products, including consumer protection aspects. Training events include distribution channel partners to facilitate and ensure their understanding of the products, and to enable them to reach out to their customers. The programmes marketing strategy for products is jointly developed with the distribution channel partners. After the completion of the pilot phase, the programme published a lessons learned document titled "Strengthening Financial Resilience in the Pacific: 16 Lessons Learned from Implementing Climate Risk Insurance Solutions". The publication outlines the lessons summarised under six thematic categories including

- Partnerships
- Innovative insurance product development
- Distribution
- Outreach and capacity-building
- Managing for impact and sustainability, and
- Evidence-base programming

Awareness campaigns are being developed with DRM partners and structured with a view to effectively reach and empower the target groups. Taken together these consumer empowerment activities, provide individuals and communities with a better understanding of, access to, and usage of market based CDRFI instruments. It also improves their awareness of CDRFI solutions through digital tools and e-learning interfaces.

Resources Required to Achieve the Expected Results

The Programme will achieve the expected results through the usage of a unique mix of key strategic instruments including:

- Assessments and research
- Technical advisory
- De-risking financial instruments such as loans, guarantees, and performance-based grants.
- Capacity building and training
- Implementation and Partnerships
- Education and Awareness Raising
- Data and Insights
- Customer Centricity
- Performance Measurement

These are further explained in Annex 6.

Partnerships

Pacific Insurance and Climate Adaptation Programme is jointly administered by the UNCDF, the UNDP and the UNU-EHS. The governance and organisational structure of the Programme is shown in Section VIII. UNCDF is the convening and lead implementing agency, UNDP the administrative agency and UNU-EHS, providing technical support.

Strategic partnerships will be established as required within thematic units and with other UN agencies, CROP¹² agencies and development partners such as International Finance Corporation (IFC)/World Bank during the implementation of the programme. The Programme has already established partnerships with other UN agencies- UNDRR, UN Women, WFP, ILO with joint projects under implementation and potential partnership with UNICEF. This scope of engagement will be expanded and strategic partnerships with other UN agencies explored. Regional agencies such as the Pacific Community (SPC), Secretariat of the Pacific Regional Environment Programme (SPREP), Pacific Islands Development Forum (PIDF), University of the South Pacific (USP), and Pacific Islands Forum Secretariat (PIFS) have already been engaged through workshops, global conferences on climate change and DRR (COP 28) while many other regional, global and multilateral agencies have expressed interest in partnering on one or more of the workstream activities and forging more alliances as the implementation progresses. Several rounds of consultations with the private sector including insurance and digital financial service providers have been completed in all countries scoped. There is a recognition that the introduction of CDRFI solutions could greatly help in complementing existing DRR/DRM efforts by giving communities, organisations and individuals the extra level of support needed after a disaster to quickly respond and initiate recovery. To ensure the sustainability of any CDRFI products that are developed, the Programme works in close cooperation with the private sector and target groups to make sure that their needs and priorities are addressed.

To enhance development impact and unlock new opportunities for resource mobilization, coordination and collaboration mechanisms will be strengthened for the implementation of the remaining activities under both PICAP and its sister programme, PDEP. The Programme is also actively pursuing synergies with thematically aligned initiatives within UNDP, including projects under the Inclusive Growth Unit (such as the Fiji Rural Electrification Fund (FREF) and Markets for Change (M4C)), the Effective Governance Unit (such as Gov4Res), and the Resilience and Climate Change Unit, particularly in the areas of maritime security and early warning systems. Engagement with other relevant initiatives across UNDP will continue to ensure coherence, avoid duplication, and maximise impact.

¹² (2018). *Council of Regional Organizations of the Pacific*, <https://www.forumsec.org/council-of-regional-organisations-of-the-pacific/>

The Programme has been engaging with PCRIC during the consultation process and will continue the discussions to explore areas for mutual collaboration. The technical advisory committee set up during the programme inception has been providing sound advisory and reviewing project proposals, terms of reference and strategic documents and the chief executive of PCRIC has recently been included as member of the committee.

The Programme, being a joint initiative of UNCDF, UNDP and UNU, provides the right blend of relevant expertise and experience that is required to address the market gaps and challenges in climate and CDRFI in the Pacific. It represents a unique combination of parties that can deliver the objectives. The various experiences and expertise are listed hereafter.

UNCDF

UNCDF, through its global strategy, Leaving No One Behind in the Digital Era, is focused on assisting millions of people to use innovative digital services in their daily lives to achieve the SDGs. UNCDF, through PFIP, has been at the forefront of increasing access to and usage of appropriate and affordable mass market financial products and services in the Pacific for over a decade, engaging with financial services providers in developing, piloting, and scaling innovative products and services like mobile and branchless banking, remittances, microinsurance, micro pensions, savings and credit. Use of digital technologies has facilitated overcoming the region's geographical and operational challenges and has resulted in over two million Pacific Islanders gaining access to formal financial services. Through its work with the regional Central Banks, PFIP has also placed financial inclusion at the forefront of policy making. These strong relationships with the regulators and private sector actors will be leveraged during implementation. They will also be instrumental in creating an enabling environment and ecosystem for market-based climate risk insurance and CDRF instruments.

UNCDF occupies a distinct position within the UN system as the only entity with a mandate to deploy concessional finance through grants, loans and guarantees in Least Developed Countries (LDCs) and frontier markets. Its approach enables the organization to go beyond traditional technical assistance and play a catalytic role in underdeveloped capital markets by blending development finance with market responsiveness. The deployment of financial instruments including grants, loans, and guarantees under PICAP will adhere to the UNCDF supplementary guidelines and to the [UNDP Programme and Operations Policies and Procedures \(POPP\)](#).

UNU – EHS

The UNU is the academic arm of the United Nations and acts as a global think tank. The mission of the UNU-EHS is to carry out cutting edge research on risks and adaptation related to environmental hazards and global change. The institute's research promotes policies and programmes to reduce these risks, while considering the interplay between environmental and societal factors.

Research areas include climate change adaptation incorporating insurance-related approaches, environmentally induced migration and social vulnerability, ecosystem services and environmental deterioration processes, models, and tools to analyse vulnerability and risks linked to natural hazards, with a focus on urban space and rural-urban interfaces. Research is always conducted with the underlying goal of connecting solutions to development pathways.

UNDP

UNDP has a robust resilience and sustainable development programme portfolio that includes several disaster risk resilience projects covering all PSIDS. UNDP's presence, government relationships, and networks in all the PSIDS will be leveraged by the Programme throughout its implementation and expansion. UNDP Fiji multi country office will continue to provide comprehensive support to the programme, including capacity building, policy advisory, strategic coordination, monitoring and evaluation, as well as administrative and operational services covering finance, human resources, procurement, and other related functions.

Risk and Assumptions:

Key: L- Low | M-Medium | H-High

No.	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
1	Global pandemics, wars, conflicts with economic impacts	M	H	There are no Covid-19 related restrictions, both local and global. However, the programme will continue to monitor the situation, follow Government guidelines, UN advisories. The ongoing war Russia-Ukraine war is affecting global supply chains, putting inflationary pressures across continents and this may affect funding support from some donor. Management will continue to engage donors and stakeholders in addressing these issues
2	Other parametric insurance or CDRFI initiatives	M	M	In the last year, several agencies have announced plans of commencing parametric insurance initiatives in the Pacific, these are potentially conflicting with PICAP. Proactively it is planned to engage with these agencies to develop collaborative approaches and complementarities. As a member of the DRFTWG under PRP, PICAP will continue to engage all stakeholders in this space and position itself strategically
3	Implementation Support from Pacific governments is delayed	L	L	Through direct engagement with Pacific governments as well as through FEMM, PICAP has received good support country stakeholders and will continue to build relationships as implementation progresses
4	Limited technical knowledge and capacity of regulators/governments on parametric insurance and other CDRFI tools	M	L	Several capacity enhancement workshops have been completed for government, regulators, and other stakeholders and this will be ongoing during the expansion phase as well
5	Limited private sector support or buy-in for implementation partnerships	L	L	There is excellent support and participation from the private sector-insurers and reinsurers besides FinTech/InsurTech partners as well as cooperatives and aggregators
6	Low levels of insurance awareness	H	M	Programme has identified this as a priority area for intervention and ongoing support will be provided to partners for continuing awareness and literacy campaigns. PICAP will also work with PDEP in rolling out financial and digital literacy training and awareness for partners. It should be recognized that insurance awareness and financial competency development will be an ongoing activity
7	Poor market response to parametric insurance and other CDRFI instruments	M	M	Globally parametric insurance has either been government or donor driven or supported. Developing/deploying market-based solutions is bound to be challenging; however, it is proposed to address this challenge through a combination of community engagement, co-creation of solutions for acceptance and sustainability, regular awareness campaigns, innovative financing options, use of digital linkages for cost efficiency as well as concentration on meso level players for market outreach. Initial responses in 2021 and 2022 is encouraging with over 4000 households already covered showing good market response
8	Sustainability of market interventions and projects	H	M	Based on the findings and observers from the mid-term review, a sustainability and exit plan will be developed by the programme to look at phased transfer of capacities to national/ regional stakeholders during the expansion phase from 2023 to 2025. Given the limited local capacities, it will be some time before national or regional ownership of the programme can be fully ensured
9	Technical capacity and implementation experience of the Programme team	L	L	Team technical capacity has vastly improved with exposure to appropriate training. Need based recruitment has been carried out and will be continued as the programme enters the expansion phase. Services of technical experts have also been enlisted through contractual services
10	Donor/funder support to the programme for the expansion phase	L	M	Programme has delivered excellent results during the inception phase, reaching targets on all counts. Present major donors Australia/New Zealand have confirmed their support for the expansion phase. Programme management is also engaging with other funders to expand the pool and seek further support as expansion is underway.
11	Key person risk	M	H	The Programme management team is small and has been spearheading the implementation. Most staff are young/new. Programme

No.	Risk Identified and description	Probability or Likelihood	Impact	Mitigation
				management has been developing the skills and next level of leadership to take on responsibilities as the expansion gets underway.
12	There is a risk of staff turnover due to Change Management Processes	L	M	Due to UNCDFs internal restructuring and changes in core management functions, uncertainty about job security could cause staff turnover. Change management process to include counselling and support services for staff which has already begun. Transparency in the change management process and support to those whose jobs may be affected.

Building on lessons learned

The programme has a well-structured monitoring, evaluation and learning agenda built into the design that provides for continuous capturing of lessons that have since been well documented and recently published [here](#). The programme team has framed the expansion phase activities building on the lessons learned with additional areas of intervention included to address the gaps identified as well as act on the recommendations of the mid-term review. Details of the actions and activities proposed in the expansion phase as specific responses to the mid-term review recommendations are provided in Annex 10.

Stakeholder Engagement

Whilst the programme aims to broadly improve individuals' and communities' ability to bounce back after a disaster, the Programme will specifically target those beneficiary segments that are most adversely affected by disasters and more vulnerable during the post disaster phase. These are: women, youth, MSMEs, vulnerable social protection recipients.

Gender and Social Inclusion

Gender and social inclusion mainstreaming will be guided by [PICAPs Gender and Social Inclusion Strategy](#). PICAP received technical support from the Technical Advisory Facility under the InsuResilience Centre of Excellence on Gender Smart Solutions to revise their Theory of Change and Results Framework to ensure these were gender sensitive and that the collection of granular data was prioritised. The programme has also supported the recruitment of a Gender Specialist and support staff to guide gender mainstreaming into programme initiatives. PICAP Conducted gender needs assessment in Fiji, Tonga and Vanuatu. The assessment findings have been used to inform the development of gender-centric products.

Women

The Post-Disaster Needs Assessment (PDNA) reports indicate that women are disproportionately affected, disadvantaged and, along with men, face the onerous task of rebuilding their homes, helping their families, and providing some financial support. Government and other agencies do not provide targeted support to women specifically post disaster, and this further leads to their marginalisation. Working with relevant ministries, the Programme has identified the specific and unique risk perceptions and needs of women, and is developing tailor-made insurance and other CDRF solutions, that are more suitable and more accessible to women. Meso level aggregation of data, through women groups (for example savings clubs, and women's church groups), and strengthening partnerships with UN Women and other agencies targeting women will be continued to better address this target group's needs.

Persons With Disabilities

PICAP has worked with the Pacific Disability Forum (PDF) to raise awareness and pilot parametric insurance and CDRFI products in Fiji, Tonga, and Vanuatu. PDF through its grant agreement with PICAP, has conduct outreaches to different branches of umbrella Organization of Persons with Disabilities (OPDs) across the three countries to get maximum reach to persons with disabilities to be part of insurance scheme.

Youth

Across the PSIDS, youth are more vulnerable to hazards due to the lack of employment opportunities that precludes many from building up a financial cushion or otherwise access tools that could increase their resilience (better skills, education, and formal employment). Employment opportunities of young people are especially sensitive to economic cycles. Youths are generally the first to lose their jobs in times of economic

contraction and the last to gain employment when the economy rebounds.¹³ Furthermore, education needs further prioritisation in a disaster response.

The Programme works with youth-based organisations and development agencies to build greater understanding of the broad-based challenges that youth face during disasters. We help to develop innovative and comprehensive approaches that will factor into national CDRFI and DRM strategies. The Programme will also engage youth-based organisations and leverage their capacities and networks to bring about meaningful change in social behaviour and attitudes in Pacific communities, to build disaster awareness thus attenuating the risks and impacts of disasters.

MSMEs

Among PSIDS, MSMEs are a significant contributor to the Gross Domestic Product (GDP) and a significant driver of the labour market. In Fiji, the MSME segment contributes 18% to GDP¹⁴ and roughly 60% to labour market¹⁵. There is strong evidence that underpins the importance of MSMEs in PSIDS, especially for women and the informal sector. Any direct or indirect impact of disasters can be devastating to MSMEs and to their financial viability and continuity. Catastrophic events have had a significant impact on MSMEs in PSIDS during recent years. MSMEs can be considered as highly vulnerable segments of Pacific economies, and they are relatively resource constrained and less resilient.

The Programme builds entrepreneurial resilience by working with MSMEs in the Pacific to identify their specific disaster challenges and tailor make CDRF solutions that meet their needs. The Programme develops MSME resilience through a collaborative partnership with the private sector, NGOs and national governments to tackle the socio-economic drivers of risk at the pre-disaster stage and further build up the provision of swift and adequate support to MSMEs shortly after disasters strike.

Vulnerable Groups and Social Protection Recipients

The Programme investigates how governments can best protect the most vulnerable individuals and groups, including people living with disabilities and vulnerable migrant populations, that do not have their own resources or access to funding after disasters, and who are often the hardest hit after these events occur. This will be further supported through the framework on “macro to micro” scheme. “Macro to micro” refers to the practice of governments investing in CDRFI instruments that would pay out directly to individual beneficiaries. One way for governments to implement this scheme, is through adaptive social protection schemes in which those who are part of such schemes would receive extra financial support after a disaster. Alternatively, government could also work to register those individuals who are not part of the social protection scheme but would suffer greatly from a specific disaster. The programme has already established a case for linking climate risk insurance to social protection schemes, evidenced by the 2000 welfare recipient households covered in Fiji. This work will continue by engaging other Pacific governments where social protection schemes are already established or emerging. Alternatively, the programme will also explore delivering inclusive insurance solutions through the National provident funds as vehicles to reach the informal sectors. By the end of 2024, the programme had extended the support to social welfare recipients in Solomon Islands as well as Samoa.

South-South and Triangular Cooperation¹⁶

The introduction of CDRFI instruments into new markets needs a considerable amount of knowledge. It requires extensive market research, a revised regulatory framework, and new approach to market engagement. Small islands states are particularly difficult to understand and service from a parametric insurance standpoint, as most insurance companies are often reluctant to work in these markets due to their small market size and perceived lack of commercial viability. The Programme has addressed some of these challenges and moved the needle ahead for replicating its early successes.

¹³ Government of Vanuatu (March 2015). *Post-Disaster Needs Assessment*, https://cop23.com.fj/wpcontent/uploads/2017/06/vanuatu_pdna_cyclone_pam_2015.pdf

¹⁴ MicroSave (July, 2018). *In-depth Assessment of MSME Landscape in Fiji*.

¹⁵ Reserve Bank of Fiji (28 May 2018). “Welcome Remarks by the Reserve Bank of Fiji Governor and Chairman of the National Financial Inclusion Taskforce”, https://www.rbf.gov.fj/getattachment/64c8a5e7-227f-4932-abfd-1f43bb2dc5b2/National-Microfinance-Award-Address-by-Governor_28

¹⁶ <https://www.unsouthsouth.org/about/about-sstc/>

Global and regional partnerships as part of South-South and triangular cooperation as well as North-South engagement will continue through the expansion phase. The research partnerships established with the University of the South Pacific (USP) and the opportunity to engage the University of the West Indies (UWI) through UNU-EHS and the CRAIC will be pursued to deepen the South-South learning agenda.

Knowledge Management

The Programme is committed to communicating findings from research and analyses widely, ensuring all stakeholders have access to programme knowledge and learning. The Programme regularly communicates programme results and information gleaned from underlying assessments to target communities and groups (clients and potential clients), vulnerable communities including those targeted by “macro to micro” schemes, and to all relevant ministries within partner governments. To ensure broader learning, information will also be shared (as appropriate) with other governments and stakeholders in the region, taking advantage of regional platforms and conferences, as well as internally.

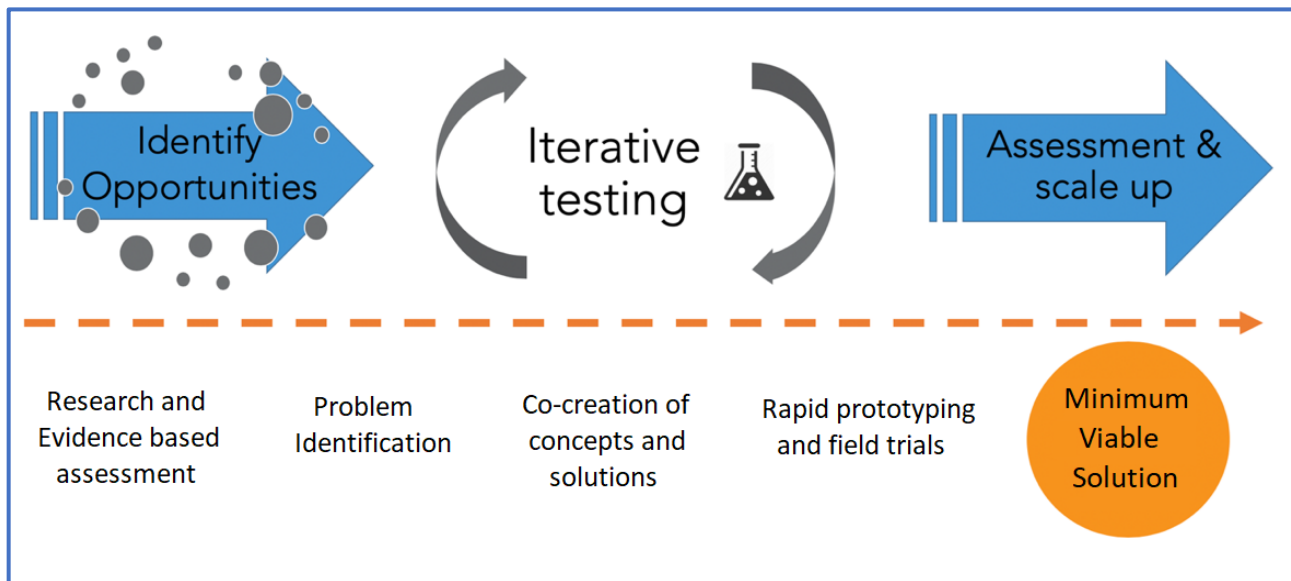
The communications focus of the Programme is to share knowledge and information in a creative, consistent, and concerted manner, with mainstream and social media and events being the key mediums to reach target audiences. Knowledge-sharing also supports another goal: to position the Programme as a thought leader on all matters related to climate and disaster risk finance and insurance in the Pacific. The Programme hosts regular events to announce major developments, update stakeholders, garner media attention, promote greater understanding of UNCDF’s work and continue building its wide network of partners.

The mediums for internal knowledge sharing include webinars, publications, ideation workshops and guest lectures. To ensure wider dissemination of knowledge, it is proposed to publish policy briefs and learnings directly on the programme website. External and internal outputs focus on solutions with an aim to inspire behavioural change, build the Programme and agency’s credibility, and secure the long-term buy-in of key stakeholders. Customer empowerment is a key component in PICAP’s aim to strengthen the financial resilience and preparedness of ‘Pacific households, communities, small businesses, organisations and governments against climate change.’ Empowering these groups with correct, relevant, and timely information to aid decision-making and inspire behavioural change is a critical element of the endeavour.

Sustainability and Scaling Up

In collaboration with government and private sector stakeholders the programme designs activities in such a way that successful market-based products are scaled. Using the experience and learnings from the inception phase, each of the programme work streams will be implemented through specific activities with the clear intention to scale uptake and usage of relevant CDRFI instruments to bring about the intended outcome of increased financial preparedness and resilience of Pacific households, communities, small businesses, organisations, and governments to disasters.

Figure 1: Ideation and Scaling Approach



The Programme will do this by following a standard implementation approach from ideation to scaling as depicted above. A pilot means the test of products and services within certain conditions (geography and market segment) on a smaller scale to determine the success factors for a larger scale roll-out. Once pilot milestones are met, scaling follows. The learn, test and scale model has been successfully validated during the inception phase and will continue to be the part of the Inclusive Insurance solutions hub approach in the expansion phase as well.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The Theory of Change aims at addressing market constraints, gaps, and challenges by targeting various stakeholders within the ecosystem at the same time. By stacking interventions that are interlinked, the programme expects to deliver the maximum results with the available resources. This approach builds on lessons learned from the inception phase.

Furthermore, in order to ensure cost efficiency and value for investments, pilot projects are always set up with a cost sharing modality with the implementing partner. This also increases the ownership of the project, crucial for the success of the pilot, and further safeguards the efficient and effective roll-out of projects. The establishment of a project steering committee allows all partners to continuously monitor the project performance, guaranteeing that the project stays on course.

In light of the recent launch of UNCDF's Supplementary Guidelines to the POPP, the programme also aims to deploy new blended finance instruments (e.g. grants, loans and guarantees) to support early innovations and de-risk opportunities that would otherwise go unfunded, enabling the market to transition towards a more inclusive one that effectively addresses the needs of un- or under-served populations. Selection of beneficiaries through competitive or market-based assessments ensures value for money, while compliance with due diligence, AML/CFT, and Social and Environmental Standards safeguards financial integrity and social impact. This approach enables risk-sharing with private and public sector partners and supports long-term sustainability by building local institutional capacity and fostering local ownership. While UNCDF will only take on risks that commercial or development financial institutions are not willing to absorb, the use of revolving instruments (such as repayable loans or guarantees) will allow for more efficient use of resources as they can be reinvested in other projects once repaid, ensuring maximum results and impact beyond the initial investment cycle. These measures support scalable, inclusive, and resilient insurance solutions for climate-vulnerable communities across the Pacific. Refer to Annex 6 on Key Strategic Instruments for further details on the deployment of financial instruments.

V. RESULTS FRAMEWORK¹⁷

<p>Intended Outcome as stated in the United Nations Pacific Strategy:</p> <p>UNSDCF Outcome 1: Planet Pillar</p> <p>By 2027, people, communities and institutions are more empowered and resilient to face diverse shocks and disasters, especially related to climate change, and ecosystems and biodiversity are better protected, managed and restored.</p> <p>UNSDCF Outcome 3: Prosperity Pillar</p> <p>By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centered socio-economic systems with decent work and equal livelihoods, opportunities, reducing inequalities and ensuring shared prosperity.</p>
<p>Outcome indicators as stated in the United Nations Pacific Strategy Results and Resources Framework, including baseline and targets:</p> <p>UNSDCF Sub-Outcome Indicator 2: Expansion of blue, green creative economy</p> <p>SDG Indicator 8.10.2: Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money service provider</p> <p>Regional Indicator: Number of countries with adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider</p>
<p>Applicable Output(s) from the UNDP Strategic Plan:</p> <p>UNDP MCPD Outcome 2: By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centred socio-economic systems with decent work and equal livelihoods opportunities, reducing inequalities and ensuring shared prosperity.</p> <p>UNDP MCPD Output 2.1: Policies and programmes in place to support the complimentary strategies of improving livelihoods opportunities and social protection for those at risk of being left behind.</p>
<p>Project title and Atlas Project Number: UNDP Project Number: 00123526 UNCDF Project Number: 00125879 UNU Project Number: 125271</p>

EXPECTED OUTPUTS	OUTPUT INDICATORS	IMPLEMEN TING AGENCY	DATA SOURCE	BASELINE		TARGETS				CUMULATIVE NON- CUMULATIVE	DATA COLLECTION METHODS & RISKS
				Value	Year	2021-2024 Results	2025 Target	2026 Target	End of Project Targets (2026)		
OUTPUT 1 Enabling Policy and Regulation Enhanced understanding and increased 'buy-in' support of national governments towards market	RMF KPI 9 Number of policies, regulations and standards introduced or improved that support expansion of inclusive insurance products and services (<i>IRRM OC 3.3</i>). <i>Disaggregation: Contribution to Outcome 3.3 a.4</i>	UNCDF UNDP UNU	Programme Records	4	2022	07	02	01	10	Non-Cumulative Annually	Data Collection: Document analysis Risks: Lack of national buy-in /ownership
	RMF KPI 2 Number of people taking part in capacity-building activities (<i>IRRM OP 4.2</i>). <i>Disaggregation: Contribution OP 4.2.a.1, 4.2.b.4</i>	UNCDF UNDP UNU	Registration Sheet	451	2022	2,370 30% women	150 30% women	150 30% women	2,670	Non-Cumulative Annually	Data Collection: Document analysis Risks: Lack of granular data collection and reporting

¹⁷ UNDP publishes its project information (indicators, baselines, targets, and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS	IMPLEMENTING AGENCY	DATA SOURCE	BASELINE		TARGETS				CUMULATIVE NON-CUMULATIVE	DATA COLLECTION METHODS & RISKS
				Value	Year	2021-2024 Results	2025 Target	2026 Target	End of Project Targets (2026)		
based, customer centric, climate disaster risk financing and insurance instruments	RMF KPI 3 Number of capacity-building activities	UNCDF UNDP UNU	Activity Report	61	2022	127	10	3	130	Non-Cumulative Annually	Data Collection: Document analysis Risks: CD activities not implemented as planned
OUTPUT 2 Digital Ecosystem Digital linkages for collections and payments delivery enabled in consideration of the needs of targeted segments.	RMF KPI 15 Percentage use of digitally enabled CDRFI products and services	UNCDF UNDP UNU	Programme Records World Bank Population Data	0.59 %	2022	0.35%	0.88%	0.88%	0.88%	Non-Cumulative Annually	Data Collection: Document analysis
	RMF KPI 13 Number of registered clients of new or improved CDRFI products and services supported by PICAP (access) <i>(IRRM OC 1.4). Disaggregation: Contribution to OC 1.4.a.1 and OC 1.4.b.2</i>	UNCDF UNDP UNU	iOnboard Partner Reporting	5,287	2022	44,813 30% women 5% PWD	75,000 30% women 5% PWD	75,000 30% women 5% PWD	75,000 30% women 5% PWD	Non-Cumulative Annually	Data Collection: Document analysis Risks: Slow onboarding and therefore client registration
	RMF KPI 14 Number of active clients of new or improved CDRFI products and services supported by PICAP (usage) <i>(IRRM OC 1.4). Disaggregation: Contribution to OC 1.4.a.1 and OC 1.4.b.2</i>	UNCDF UNDP UNU	iOnboard Partner Reporting	4,799	2022	43,753 30% women 5% PWD	68,250 30% women 5% PWD	68,250 30% women 5% PWD	68,250 30% women 5% PWD	Non-Cumulative Annually	Data Collection: Document analysis Risks: Premiums unpaid despite sign up
OUTPUT 3 Inclusive Innovation Customer centric and innovative market-based disaster risk financing instruments tested, piloted and scaled-up	RMF KPI 8 Number of new and improved products and services piloted with UNCDF support disaggregated by CDRFI <i>(IRRM OP 4.1). Disaggregation: Contribution OP 4.1 a.1, OP 4.1 a.2, and OP 4.1 b.2</i>	UNCDF UNDP UNU	Programme Records	15	2022	27	2	1	30	Non-Cumulative Annually	Data Collection: Document analysis
	RMF KPI 10 Number of new or improved CDRFI business models scaled by PICAP-supported partner	UNCDF UNDP UNU	Programme Records	4	2022	25	1	2	28	Non-Cumulative Annually	Data Collection: Document analysis
OUTPUT 4 Empowered Customers Capabilities and capacities of programme partners and customers on inclusive disaster risk	KPI 6 Number of people reached through partner financial competency development activities <i>(IRRM OP 4.2). Disaggregation: Contribution OP 4.2 a.1 and OP 4.2 b.4</i>	UNCDF UNDP UNU	Activity Report Registration Sheet	22,186	2022	44,576 30% women	27,000 30% women	28,424 30% women	100,000 30% women	Non-Cumulative Annually	Data Collection: Document analysis Risks: Lack of granular data
	KPI 11 Number of partners indicating they have applied the knowledge gained in the PICAP delivered capacity building activity 6-12 months following date of the activity	UNCDF UNDP UNU	Results Report	13	2022	68	5	-	73	Non-Cumulative Annually	Data Collection: Survey Interview

EXPECTED OUTPUTS	OUTPUT INDICATORS	IMPLEM NTING AGENCY	DATA SOURCE	BASELINE		TARGETS				CUMULATIVE NON- CUMULATIVE	DATA COLLECTION METHODS & RISKS
				Value	Year	2021-2024 Results	2025 Target	2026 Target	End of Project Targets (2026)		
financing and digitally enabled CDRFI is enhanced.	KPI 7 Number of partners showing increased commitment in improving their business models	UNCDF UNDP UNU	Results Report	19	2022	28	7	10	45	Non-Cumulative Annually	Data Collection: Document analysis
OUTPUT 5 Communication and Knowledge Sharing CDRFI learnings and knowledge are shared across regional and global level.	KPI 16 The number of PICs that achieve crowd-in. i.e. The extent that market actors crowd-in and respond to inclusive insurance and digital business model innovation with new or improved practices, products, services, and policies.	UNCDF UNDP UNU	Program me Records Interview s	1	2022	6	1	1	8	Non-Cumulative Annually	Data Collection: Document analysis
	KPI 17 Value of financial loss or risk adverted from climate-induced disasters and natural hazards	UNCDF UNDP UNU	Insuranc e Records	USD 124,182	2022	USD 5.1 million	No Target	No Target	No Target	Non-Cumulative Annually	Data Collection: Document analysis Risks: No peril and therefore no data
	KPI 12 Percentage of customers that perceive that new products and practices will help them in recovering quicker after extreme events	UNCDF UNDP UNU	Study	58%	2022	60%	65%	65%	65%	Non-Cumulative Annually	Data Collection: Survey Risks: Survey not implemented
Output 6 Operations and Management	KPI 1 Number of partners supported by PICAP	UNCDF UNDP UNU	Signed Agreeeme nt	19	2022	31	7	7	45	Non-Cumulative Annually	Data Collection: Document analysis Risks: Slow partner onboarding
	KPI 4 Value of PICAP investments (<i>IRRM OP 1.1</i>). <i>Disaggregation: Contribution to OP 1.1 a, OP 1.1.a.1, OP 1.1 b.1 (number, value), OP1.1 b.2 (number and value), OP 1.1 c 3 (number and value)</i>	UNCDF UNDP UNU	Signed Agreeeme nt	\$4,040,066 S	2022	\$3,366,304	\$1,000,000	\$4,633,696	\$9,000,000	Non-Cumulative Annually	Data Collection: Document analysis Risks: Slow partner onboarding
	KPI 5 Value of partner investments due to PICAPs support (<i>IRRM OC 2.1</i>) <i>Disaggregation: Contribution to OC 2.1.a, OC 2.1b and OC 2.1c</i>	UNCDF UNDP UNU	Signed Agreeeme nt	\$2,447,518	2022	\$3,147,928	\$800,000	\$1,975,551	\$5,923,479	Non-Cumulative Annually	Data Collection: Document analysis Risks: Slow partner onboarding

VI. MONITORING AND EVALUATION

In accordance with UNDP’s programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans. PICAP follows a market systems development approach to M&E whereby the following measurement principles will be observed:

- Tracking of systematic change across stakeholders, sectoral change, and changes at the individual level. This includes tracking changes in capacities, processes, institutional changes, structural change, and change in relationships amongst key actors. The inclusion of such KPIs in the RMF ensures the collection and reporting of such qualitative data.
- Programme M&E as well as independent assessments will ensure the identification of positive and negative externalities as well as use an outcome harvesting approach to identify all possible players contributing to observed results.
- Ongoing internal and external learning and reflection events will be prioritised to track programme progress, identify bottlenecks, areas for improvement as well as reflect on what can be done better. PICAP in its inception included donors in their MEAL missions and will continue to adopt such approaches whereby independent third parties will support programme MEAL efforts.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any) USD
Track Results Progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, from data collected by IPs	Slower than expected progress will be addressed by the project steering committee and the project management.	Implementing partners and UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP’s Social and Environmental Standards. Audits will be conducted in accordance with UNDP’s audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Learn	Knowledge, good practices, and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the programme.	Continuously	Relevant lessons are captured by the programme team and used to inform management decisions.	UNCDF UNDP	Refer to Section VII: Multi Year Workplan
Impact Assessment	Identify to what extent the programme has changed the lives of the intended beneficiaries	Continuously	Measuring the impact of specific programme interventions and use the lessons to inform design of future interventions	UNCDF UNDP and UNU-EHS	Refer to Section VII: Multi Year Workplan
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP’s quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Bi-annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNCDF UNDP	

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any) USD
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly, led by project steering committee meetings	Performance data, risks, lessons, and quality will be discussed by the project board and used to make course corrections.	UNCDF UNDP	
Project Report	A progress report will be presented to the Steering Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined project targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any assessment/evaluation or review reports prepared over the period.	6 Monthly and at the end of the project (final closure report)		UNCDF UNDP and UNU-EHS	
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialise project results and lessons learned with relevant audiences.	At least twice per year	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	UNCDF, UNDP AND UNU-EHS	

Evaluation Plan

Joint evaluation frameworks will be developed to suit the needs of all the programme donors. The programme completed a mid-term review in the last quarter of 2022. The recommendations have been included in this updated Pro Doc for action in the expansion phase. During the project implementation, impact assessments targeting the beneficiaries will be carried out periodically. The end term evaluation (budgeted at USD 150,000) will be managed by UNCDF Evaluation Unit and is planned to be conducted in 2025 and completed in 2026.

VII. MULTI-YEAR WORK PLAN

Countries of Implementation: *Fiji, Vanuatu, Tonga, Samoa, Kiribati, Solomon Islands, Tuvalu, PNG and other PSIDs.*

AWP 2021-2026	Technical Assistance, Grant, Guarantee, Loan, etc.	Implementer Agency	Funder (Donor)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)
				2021-2024 Actuals USD	2025 Budget USD	2026 Estimate USD	2021-2026 Estimate USD
Output 1. Enabling Policy & Regulation (GEN 2)							
Workshops with Government Department and Ministries (linking to National and Strategic Plans) and L&D agenda	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	675,614	195,000	436,967	1,307,581
On-Demand TA on CDRFI Regulations to regulators and policy makers	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	519,703	150,000	336,128	1,005,831
Awareness workshop on CDRFI strategies and enabling environment	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	692,938	200,000	448,171	1,341,109
Workstream Sub-Total			17%	1,888,255	545,000	1,221,266	3,654,521
Output 2. Digital Ecosystem (GEN 2)							
Targeted support for strengthening digital ecosystems and last mile reach	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	468,943	285,500	303,298	1,057,741
Scaling digital payment solutions for CDRFI, and targeted interventions for Women, Youth, Persons with Disabilities, and MSMEs	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	460,730	280,500	297,986	1,039,216
Expansion of last mile digital payment solutions for insurance benefits transfers incl for Women, Youth, Persons with Disabilities, and MSMEs	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	246,380	150,000	159,351	555,731
Workstream Sub-Total			12%	1,176,052	716,000	760,635	2,652,687
Output 3. Inclusive Innovation (GEN 2)							
Targeted support for expanding and scaling of CDRFI products and solutions	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	1,056,855	750,000	683,542	2,490,397
Enhanced engagement on linking social protection with CDRFI and scaling	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	253,645	180,000	164,050	597,695
Inclusive Insurance Solutions Hub Activities (Anticipatory action, blended financing)	TA/ Grant/RFP/ Guarantee/Loan	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	634,113	450,000	410,125	1,494,238
Workstream Sub-Total			21%	1,944,614	1,380,000	1,257,717	4,582,331
Output 4. Empowered customers (GEN 2)							
Technical capacity enhancement for Programme Partners	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	587,120	250,000	379,732	1,216,852
CDRFI product awareness material development-targeted for Women, Youth, Persons with Disabilities, and MSMEs	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	610,605	260,000	394,921	1,265,526
DRM and CDRFI campaigns in communities with specific focus on Women, Youth, Persons with Disabilities, and MSMEs	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	821,969	350,000	531,624	1,703,593
Workstream Sub-Total			19%	2,019,694	860,000	1,306,277	4,185,971

AWP 2021-2026	Technical Assistance, Grant, Guarantee, Loan, etc.	Implementer Agency	Funder (Donor)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)	Budget (grant, loan, guarantee)
				2021-2024	2025	2026	2021-2026
				Actuals	Budget	Estimate	Estimate
				USD	USD	USD	USD
Output 5. Communication and Knowledge Sharing (GEN 2)							
South-South Collaboration, Global and Regional Networking (COP, ICII, A2ii, MIN, IGP, DRFTWG, PRP)	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	319,995	280,000	206,963	806,958
Communications, research, publications, events, and conferences and staff capacity building	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	342,852	300,000	221,746	864,598
All MEAL Activities, including impact assessments, evaluation and learnings	TA/ Grant/RFP	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	399,994	350,000	258,704	1,008,698
Workstream Sub-Total			12%	1,062,840	930,000	687,413	2,680,254
Output 6. Team management (GEN 2)							
Program Implementation and operational support	TA	UNCDF/ UNDP/ UNU	MFAT/DFAT/GOI/FCDO/Drua/ADB	1,004,019	600,000	649,369	2,253,389
			10%				
Programmable Total				9,095,475	5,031,000	5,882,678	20,009,153
GMS (7%) and Multi Party Trust Fund (MPTF) - Fund Administration Cost (1%)				660,910	402,480	427,457	1,490,847
Grand Total				9,756,385	5,433,480	6,310,135	21,500,000

Total Programme Funding: **\$21,500,000**

Budget Distribution Agency Wise - 2021 to 2026

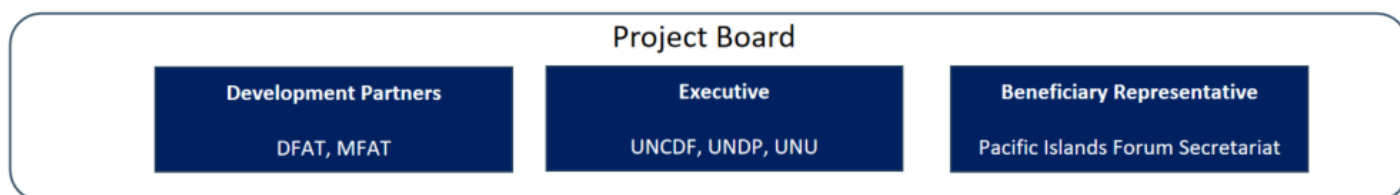
UNCDF	45%	\$9,744,236
UNDP	46%	\$9,848,280
UNU	9%	\$1,907,485
Total		\$21,500,000

Amount-Wise	2021 (A)	2022 (A)	2023 (A)
UNCDF	\$299,532	\$815,543	\$1,314,092
UNDP	\$334,248	\$1,210,510	\$1,335,241
UNU	\$213,208	\$302,890	\$259,888
Total	\$846,988	\$2,328,944	\$2,909,221
As % of Total	2021 (A)	2022 (A)	2023 (A)
UNCDF	35%	35%	45%
UNDP	39%	52%	46%
UNU	25%	13%	9%
Total	100%	100%	100%

Legend:
MFAT - New Zealand
GOI - Government of India
DFAT - Australia
ADB - Asian Development Bank (ACLIF)
FCDO - UK Government
Drua - Government of Luxembourg via the Fiji Drua Incubator

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Governance



The programme will be a joint programme, designed around the guidelines provided in the UN guidance note on joint programmes¹⁸. In accordance with these guidelines, UNCDF will be the convening agency, responsible for the implementation of the programme, UNDP will act as both the administrative agency and a participating UN organization (PUNO) for the implementation, and other partnering UN agencies, such as UNU-EHS will operate as participating UN organisations (PUNOs). Funds will be managed by a combination of pass-through and parallel modalities.

The programme will be governed by the Project Board, comprised of representatives of contributing donor partners, UNCDF, UNDP and PUNOs, as well as a representative of the PIFS and potentially other stakeholders.

The three primary roles of the Project Board members are reflected below:

- UNCDF, UNDP and UNU-MCII: take on an executive role to ultimately ensure accountability for the project.
- PIFS: the senior user role is to ensure that the outputs produced meet the needs of the end-user, in this case the PSIDS; and
- Donor partners: to commit resources to ensure that the outputs produced will achieve the intended objectives within design, cost, and time parameters.

The Project Board is responsible for providing guidance and strategic direction to the Programme, and for approving the annual work plan (including budgets). It is also tasked with ensuring the efficient use of resources and alignment with Programme objectives. While the Project Board may recommend projects and interventions for further consideration, all proposed projects and investments involving financial instruments—such as grants, loans, and guarantees—must be submitted to the UNCDF Investment and Disbursement Impact Committee (IDIC) for appraisal and recommendation. Final approval is granted by the UNCDF Executive Secretary based on IDIC’s recommendations, ensuring quality assurance, financial sustainability, and adherence to internal policies and risk frameworks. In addition, it will make allocation decisions while UNCDF as the Convening agency will sign Fund Transfer Requests on behalf of the Project Board. The UNDP Resident Representative (RR) shall serve as Chair of the Project Board and shall provide strategic oversight and guidance to ensure the effective implementation of the Project. The Project Board shall strive to reach decisions by consensus. In the event that the Project Board is unable to reach consensus on a critical decision, resulting in a stalemate or indecision, the UNDP Resident Representative, in their capacity as Chair, shall have the authority to make an executive decision in the best interest of the Project and in alignment with UNDP policies and procedures. In the absence of the Resident Representative, the RR may delegate this function to a designated senior UNDP or UNCDF official.

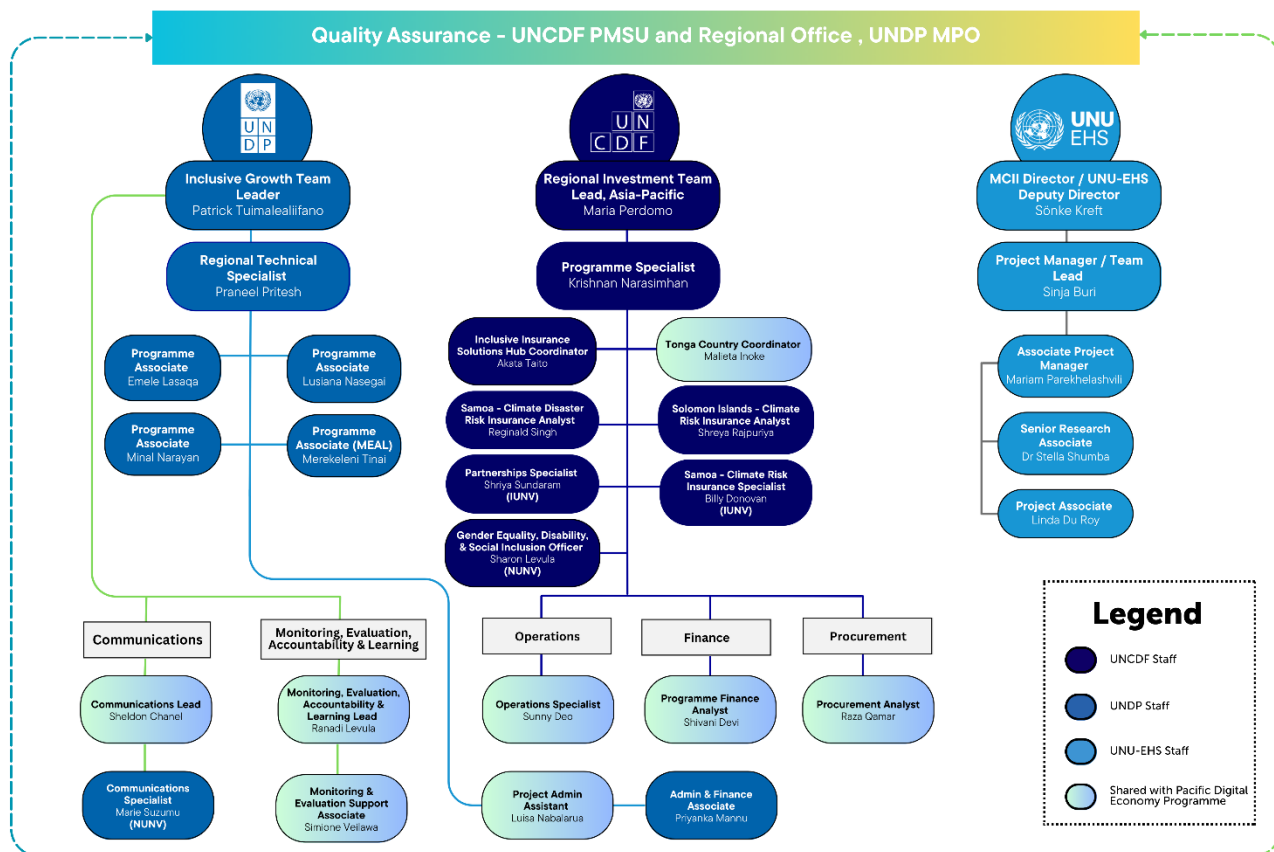
In terms of approval process, all initiatives and investments are generated at the country level through an open competitive process covered by the UNCDF operating procedures. Projects and other proposals are reviewed

¹⁸ UNDG (2014). *UNDG Guidance Note on Joint Programmes*, <https://undg.org/document/guidance-note-on-joint-programmes/>

by the regional team in Suva, Fiji, and is peer reviewed by a technical advisory committee already setup to support the implementation. Then these proposals are sent for endorsement to the Project Board. The Project Board shall meet no less than twice per calendar year and shall meet more frequently if necessary. Once endorsed, the associated project documents and agreements are sent to the UNCDF's Executive Secretary through the practice Deputy Director/Director for approval and signing of the financing agreements with the selected partner. The latter may also include the procurement of expertise (e.g., consultants, climate risk modelling, and data service providers) for the implementation of projects and re other initiatives. More detailed information on the Project B Boards Terms of Reference can be found in **Annex 7**.

At the level of project activities, there will be a project management team responsible for the day-to-day management and implementation of the project and to drive the overall performance of the project. This is typically made up of a team of key resource people from all project implementing partners. The project team reports to the project steering committee, which governs/oversees project in terms of scope, budget, and timelines. In most cases, the project steering committee is composed of senior leadership from all project implementing organisations and the UNCDF country technical specialist.

Management arrangements



The programme will be implemented by a team of experts from UNCDF, UNDP and UNU, managed from the regional UN Multi-Country Office in Suva, Fiji, with financial and administrative management support provided by UNDP. This approach signifies a continuation of the successful working arrangements, and the experience gained during the inception phase and earlier under the PFIP. The technical expertise component is further strengthened by the inclusion of a team of experts from UNU.

To avoid duplication of roles and optimise costs, the Programme will share some resources with other UNCDF programmes in the Pacific. This is reflected in the colour coding of each of the roles in the detailed organogram **reflected above**. It also includes a detailed summary of the workstreams and activities where both programmes will leverage each other through a shared approach and use of resources. The organisation chart includes in-country based staff with programme implementation expertise, combined with a management support team

and various specialists based in the regional office in Suva. These will bring a mix of specific expertise and experience derived from the public as well as the private sectors.

The Programme will be managed by a UNCDF Programme Specialist (P4) based in Suva supported by a team of technical staff and resources for Operations and Finance, Monitoring, Evaluation, Analysis and Learning (MEAL), and Communications. In addition, UNDP will each have their own Programme Managers and dedicated teams with expertise in programme implementation.

On a case-by-case basis, the programme will also seek support from and collaborate with UNCDF experts from other regions (e.g. Asia, Africa) and UNCDF headquarters on key topics such as policy, digital innovation, knowledge management, skills development, investment and fund management. The programme will also be supported by experts from UNU-EHS across all workstreams.

The Programme Specialist supported by UNCDF Investment Officer based in Suva will manage the entire programme team and regional implementation. The scope of the role and responsibilities include, but is not limited to:

- Overall programme management
- Program strategy and governance
- Stakeholder management (e.g. governments, donors, private sector, other UN and development agencies)
- Programme planning, budgeting and reporting.
- Knowledge, learning and communications.
- Administration and operations; and
- Results measurement and monitoring and evaluation.

For the in-country implementations, the Programme Specialist is supported by the various country leads, who could be shared resources with other UNCDF programmes. The Programme Specialist's role is primarily to oversee and support programme implementation in the various countries and ensure alignment on initiatives across the region. Where needed, additional technical expertise from the regional team will be drawn. These country technical specialists will be shared resources, however, based on the progress and results, the Programme can hire its own dedicated country specialists on a needs basis. and these will report to the Lead specialist or the regional technical specialist. To support the Programme Specialist for regional implementation, the team will be complemented by a UNDP Regional Technical Specialist, UNCDF Inclusive Insurance solutions hub coordinator, a GESI specialist, a partnerships specialist and a Research Associate, based in Suva. UNU-EHS, as the technical partner of the project, will play an active role in all the workstreams and coordinate its activities through the Programme Manager.

At country level, UNCDF employs several expert level resources¹⁹, capable of providing the required guidance and technical assistance to implementing partners in terms of project design and implementation. The country leads work closely with the project partners and their designated project manager/team to ensure business alignment and project performance. In cases where the project partner does not have a dedicated staff for the project, UNCDF may require the partner to dedicate some of the project funding to recruit such a resource.

Experience from a similar staffing arrangement during the inception phase and under PFIP Phase II has shown to be effective in ensuring the right level and mix of on-ground local presence, combined with technical, functional, and administrative support from the regional office.

The detailed programme organogram is provided in Annex 11. It is to be noted that the global CDRFI programme is under development and the studies presently underway in four African countries are funded by UNCDF core as are the limited technical staff attached to this expansion.

¹⁹ Depending on the size and complexity of the country portfolio and the availability of expertise in the country, these resources may be international staff, local staff, or international/national UNV's.

Fund Management

The programme will be using a combination of parallel and pass-through fund management modality, for the latter UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the programme through the AA. Each participating UN organization receiving funds through the pass-through would have to sign a standardized Memorandum of Understanding with the AA.

The Administrative Agent will:

- Establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds received from the donor(s) pursuant to the Administrative Arrangement. This Joint Programme Account will be administered by the Administrative Agent in accordance with the regulations, rules, directives and procedures applicable to it, including those relating to interest as outlined in the [POPP guidelines](#).
- Make disbursements to Participating UN Organizations from the Joint Programme Account based on instructions from the Steering Committee, in line with the budget set forth in the Joint Programme Document.

The Participating UN Organizations will:

- Assume full programmatic and financial responsibility and accountability for the funds disbursed by the AA.
- Establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.
- Each UN organization is entitled to deduct their indirect costs on contributions received according to their own regulation and rules, considering the size and complexity of the programme. Each UN organization will deduct 7% as overhead costs of the total allocation received for the agency.

The MPTF Office will charge administrative agent fee of one per cent (1%) of the total contributions made to the Joint Programme.

The Convening Agency will consolidate narrative reports provided by the Participating United Nations Organizations. As per the MoU:

- Annual narrative progress report and the final narrative report, to be provided no later than three months (31 March) after the end of the calendar year.

The MPTF Office will:

- Prepare consolidated narrative and financial progress reports, based on the narrative consolidated report prepared by the Convening Agency and the financial statements/ reports submitted by each of the Participating UN Organizations in accordance with the timetable established in the MoU.
- Provide those consolidated reports to each donor that has contributed to the Joint Programme Account, as well as the Steering Committee, in accordance with the timetable established in the Administrative Arrangement.
- Provide the donors, Steering Committee and Participating Organizations with:
 - Certified annual financial statement ("Source and Use of Funds" as defined by UNDG guidelines) to be provided no later than five months (31 May) after the end of the calendar year.
 - Certified final financial statement ("Source and Use of Funds") to be provided no later than seven months (31 July) of the year following the financial closing of the Joint Programme.

Budget Preparation - The Convening Agency will prepare an aggregated/consolidated budget, showing the budget components of each participating UN organization.

Accounting - Each UN organization will account for the income received to fund its programme components in accordance with its financial regulations and rules.

Admin Fees and Indirect Costs

- **Administrative Agent:** The AA (UNDP) shall be entitled to allocate one percent (1%) of the amount contributed by the donor, for its costs of performing the AA's functions.
- **Participating UN Organizations:** Each UN organization participating in the joint programme will recover indirect costs in accordance with its financial regulations and rules and as documented in the Memorandum of Understanding signed with the AA.

Interest on funds - Interest will be administered in accordance with the financial regulations and rules of each UN organization and as documented in the Standard Administrative Arrangement signed with donors.

IX. LEGAL CONTEXT

This regional project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this project to the associated country level activities, this document shall be the "Project Document" instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBA with UNDP, attached hereto and forming an integral part hereof. All references in the SBA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNCDF ("Implementing Partner") in accordance with its financial regulations, rules, practices, and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of UNCDF does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

UN Agency other than UNDP, and IGO with signed SBAA with UNDP

1. UNCDF as the Implementing Partner will comply with the policies, procedures, and practices of the United Nations Security Management System (UNSMS.)
2. In the implementation of the activities under this Project Document, UNCDF, as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies, and procedures. Notwithstanding the foregoing, UNCDF, as the Implementing Partner, will notify UNDP of any such allegations and investigations it may conduct further to such allegations.
3. UNCDF as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient that is not a UN entity:
 - a. Consistent with the Article III of the SBA [or the Supplemental Provisions to the Project Document], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of [Name of UN Agency/IGO]'s property in such responsible parties, subcontractors, and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

- i. put in place an appropriate security plan and maintain the security plan, considering the security situation in the country where the project is being carried.
 - ii. assume all risks and liabilities related to such responsible parties, subcontractors, and sub-recipient's security, and the full implementation of the security plan.
 - b. UNCDF reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible parties, subcontractors, and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNCDF as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or handle SEA and SH.
4. UNCDF agrees to undertake all reasonable efforts to ensure that none of the [project funds]²⁰ [UNDP funds received pursuant to the Project Document]²¹ are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aa_sanctions_list.shtml.
 5. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
 6. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
 7. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
 8. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud, or corruption, by its officials, consultants, responsible parties, subcontractors, and sub-recipients in implementing the project or programme or using the UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
 9. The Implementing Partner and UNDP will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI).

²⁰ To be used where UNDP is the Implementing Partner

²¹ To be used where the UN, a UN fund/programme or a specialised agency is the Implementing Partner

The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

10. The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term “Project Document” as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors, and sub-recipients.

11. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
12. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
13. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled “Risk Management Standard Clauses” are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled “Risk Management” are included, mutatis mutandis, in all sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

Annex 1 – Project Quality Assurance Report

Annex 2 – Social and Environment Screening Template

Annex 3 – Risk Analysis

Annex 4 – Linkage to SDGs

Annex 5 – Country Development Plans

Annex 6 – Key Strategic Instruments

Annex 7 – Project Board Terms of Reference

Annex 8 – Shared Resources and Alignment

Annex 9 – Budget in UNDG format

Annex 10 - Mid-Term Review Recommendations: Planned 2023-2025 Activities

Annex 11 - Organogram

Annex 12 – PICAP IC Meeting Minutes

Annex 13 – UNCDF Supplementary Guidelines 2025