

STAP guidelines for screening GEF projects

Part I: Project Information	Response
GEF ID	11008
Project Title	African Climate Risk Insurance Facility-Derisking Adaptation to Climate Change in Africa
Date of Screening	June 6, 2022
STAP member screener	Ed Carr
STAP secretariat screener	Virginia Gorsevski
STAP Overall Assessment and Rating	<p>Minor.</p> <p>This ambitious project seeks to build the enabling environment around climate risk management and adaptation across the LDCs in sub-Saharan Africa. Specifically, it seeks to build capacity around the design, establishment, and durability of risk insurance as a vehicle for ex-post response to increasing climate risk.</p> <p>The project is of substantial scale, covering a region marked by variable climate risk and significant variability in social/political/economic/ecological context. As a result, this PIF does not specify much of what we might expect from a project proposal – for example, it specifies risks to the project, but not their probability or their impact. On one hand, this makes sense because risk, probability, and impact will vary by country and even regions within countries. On the other, this renders the PIF so vague as to be a broad concept note in support of index and other insurance products.</p> <p>By itself, this might not be a problem – insurance products have shown potential as tools for transformative adaptation – but the PIF makes no mention of any of the prior or ongoing work on index insurance and other related products across sub-Saharan Africa. As a result, it is not clear how this project builds on or complements those efforts, or what the value-add of this project is relative to those efforts. Further, it is not clear how this project has learned from</p>

	<p>those other efforts. In short, the PIF reads as if this is a completely novel concept and approach, when it is not.</p> <p>STAP recommends that project proponents undertake a comprehensive review of past and ongoing related efforts during PPG phase to ensure that the activities proposed build on and learn from prior efforts to avoid risk of duplication of effort, repetition of prior bad ideas, in order to move the field of insurance as a climate risk and adaptation product forward.</p>	
Part I: Project Information B. Indicative Project Description Summary	What STAP looks for	Response
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	The project aims to establish the African Climate Risk Insurance Facility (ACRIF) to promote climate risk insurance as a viable instrument of improving climate risk management, strengthening adaptation and addressing fragility on the African continent.
Project components	A brief description of the planned activities. Do these support the project's objectives?	The activities support the project's objectives, but the PIF does not address how this effort builds on or improves upon existing tools and resources that contribute to the project outcomes. For example, the World Bank's climate portal lays out the climate risk exposure of LDCs, as does each LDC's NAP. The project should clearly state how these activities complement and extend existing resources and initiatives to clarify additionality.
Outcomes	<p>A description of the expected short-term and medium-term effects of an intervention.</p> <p>Do the planned outcomes encompass important adaptation benefits?</p>	They do, but they have the same challenge as listed under components – it is not clear if these benefits are already, in whole or in part, being delivered by other initiatives.
	Are the global environmental benefits/adaptation benefits likely to be generated?	Yes, but their additionality is not clear.

Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	Yes, but the extent to which the outcomes are additional to existing conditions is not clear.
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	
1. Project description. Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	The problem statement is clear; however, it does not take into account past or ongoing efforts related to climate risk insurance in Africa. As a result, it is not clear how this project is additional to/an improvement on existing initiatives in this space.
	Are the barriers and threats well described, and substantiated by data and references?	In a general way, yes. While the PIF acknowledges that there is regional variation in African climate risk, the Project Description is very generalized and does not speak to how the proposed interventions might have different levels of efficacy across the continent, depending on the hazard faced. This is a challenging PIF to evaluate because of the scope and ambition of the project. It is framed at a continental level, which makes the very vague references to data about current and future climate risk understandable. At the same time, this means that the project description lacks concrete data and even clear statements of trend or expected future impact that would be mitigated by the proposed project.
	For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	n/a

2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	<p>In part. The PIF clearly lays out the current and likely future trends in climate-related disasters, as well as the current barriers to the uptake of more ex ante tools for addressing that risk. In that sense, the baseline scenario makes a very clear case for the proposed project.</p> <p>However, it does not lay out a scenario, per se. Instead, it simply says that risk is rising. This is true, but to what extent and where? That is, there is uncertainty around these projections, and risk could rise a lot or just a little. Do the proposed interventions work if risk rises a lot or a little? Does it work equally well for all possible risks? With the information in the PIF, it is difficult to assess the robustness of the proposed project.</p>
	Does it provide a feasible basis for quantifying the project's benefits?	Aside from some brief mentions of current payouts for insurance, it does not.
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	Conceptually, the baseline provides a robust justification for the project. However, it is very difficult to assess the magnitude of the value added by this project because 1) the project does not reference other, ongoing climate risk insurance efforts in African LDCs so it is difficult to assess additionality and 2) because the baseline is vague with regard to uncertainty and the efficacy of the proposed interventions.
	For multiple focal area projects:	
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	n/a
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	n/a
	how did these lessons inform the design of this project?	n/a
3) the proposed alternative scenario with a brief description of expected	What is the theory of change?	A formal theory of change (TOC) diagram or narrative is not presented but it is essentially that this project will promote adaptation and resilience to the negative impacts of climate through

<p>outcomes and components of the project</p>		<p>sovereign risk financing and risk transfer measures that provide cover against the financial impacts of climate related disasters as well as financing some of the post-disaster expenses. Specifically, the project will:</p> <ol style="list-style-type: none"> 1) Allow African LDCs to do their own risk modelling, create disaster finance policies and legislation, and therefore enable the uptake of climate risk financing instruments. 2) The uptake of these instruments will be able to better address the impacts of climatic events on vulnerable populations while incentivizing efforts to lower their exposure to extreme climate events. 3) Improve the overall foundation of resilience and risk financing in Africa.
	<p>What is the sequence of events (required or expected) that will lead to the desired outcomes?</p>	<p>See below</p>
	<p>What is the set of linked activities, outputs, and outcomes to address the project’s objectives?</p>	<p>Component 1: Setting the enabling environment for the adoption of climate risk financing instruments in African LDCs</p> <p>Output: Elaborated climate risk profiles and contingency plans</p> <p>Output: Establishing risk management processes and regulatory frameworks</p> <p>Output: Private-sector training and awareness-raising with regard to index-based insurance</p> <p>Outcome: increased uptake of financial instruments for managing climate-based risk</p> <p>Component 2: Improve uptake of climate and disaster risk financing, by supporting the establishment of a climate insurance guarantee facility</p> <p>Output: Establish a fund of about \$4.5 million to provide advance payments</p>

		<p>Output: Country-level disaster risk financing strategies Outcome: Smoothed payments to insurers by guaranteeing risk premium payments.</p> <p>Component 3: Strengthening Adaptation and Resilience of African LDCs against climate risks</p> <p>Output: Targeted investments in hard and soft hydromet data collection in African LDCs Output: Small-scale adaptation and DRR investments Outcome: Increased capacity to take effective action on climate risk</p>
	Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions?	The mechanisms are plausible.
	Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	Yes – but in the risks section of the PIF.
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?	n/a
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	Yes.
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits/adaptation benefits, and are they measurable?	They are truly adaptation benefits, but how they will be measured remains unclear in this PIF.
	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	The scale of the benefits is largely unmeasured and unstated, but implicitly they are very large given the continental scope of the project. In that sense, they are compelling.
	Are the global environmental benefits/adaptation benefits explicitly defined?	Yes.

	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits/adaptation benefits will be measured and monitored during project implementation?	No.
	What activities will be implemented to increase the project's resilience to climate change?	There is no discussion about making the project resilient to climate change. This links back to the baseline scenario – there is only one, somewhat implicit, scenario there, so the PIF does not identify the ways in which different scenarios (more or less extreme events, or different emphases in the occurrence of extreme events, like more droughts than floods, etc.) might lower or increase the efficacy of this project.
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	Yes.
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	No – the project does operate at a continental scale, so it may be that scale is inherent to the project. But the PIF has a glaring absence around scale-up: most index insurance programs suffer from risk pools that are both too small and insufficiently diversified. Scale-up is necessary to address these challenges. Yet this PIF makes no mention of how it will achieve this scale and diversification.
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	The project combines incremental and transformational adaptation – on one hand, risk management is about protecting oneself from risks to existing situations, which is an inherently incremental approach to adaptation. On the other, the project clearly aims to transform how risk is understood and managed across African LDCs, which is commendable.
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		There is a map. It identifies African LDCs.

<p>2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.</p>	<p>Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?</p>	<p>This is a high-level project working at an early stage. For where the project is in its development, the design has engaged the relevant stakeholders. However, the project recognizes the need to engage with beneficiaries directly as implementation moves forward.</p>
	<p>What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?</p>	<p>At this point, nearly all stakeholders have a consultative role in the project. The elaboration of stakeholder roles is to be addressed in the project formulation phase.</p>
<p>3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/tbd. If possible, indicate in which results area(s) the</p>	<p>Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?</p>	<p>The project seems aware of gender differentiated risks. However, it also makes some sweeping generalizations that are not borne out by evidence. For example, on page 24 of the PIF, it reads "However, being a social responsibility for women to provide food for their household, they end up bearing the biggest emotional weight at the scenes of their starving children. Moreover, although no sector of society is spared from the negative impacts of climate hazards, women bear the most brunt." Neither of these statements is accurate. In most agrarian societies found in African LDCs, men are responsible for providing food for the household, not women. Further, the literature on gender and climate vulnerability notes that it is bad practice to assume that women are the most vulnerable to climate impacts.</p>

<p>project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services.</p> <p>Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /td</p>		<p>Climate impacts exacerbate existing inequalities, which can make women more vulnerable, but not always. Further, there are many significant differences among women that may render some vulnerable to a particular climate impact while others are quite secure.</p> <p>The project does plan some gender-responsive interventions that seem well-targeted. The project should carefully consider differences among women (and men) in their beneficiary populations to ensure that both vulnerabilities and opportunities are well-identified and addressed.</p> <p>The project proposes to use the AfDB Gender Marker System to assess the extent to which it has adequately mainstreamed gender and achieved gender equality through the project.</p>
	<p>Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?</p>	<p>The PIF does not make this clear but seems to suggest this is could the case. The project will seek to identify such issues in the PPG stage.</p>
<p>5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design</p>	<p>Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control? Are there social and environmental risks which could affect the project?</p> <p>For climate risk, and climate resilience measures:</p> <ul style="list-style-type: none"> • How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately? • Has the sensitivity to climate change, and its impacts, been assessed? • Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? • What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures? 	<p>The risks are valid, but most have no assessment of their probability or impact. These will vary dramatically by country, so the lack of assessment is understandable overall, but the project should not read this as an endorsement of pushing the assessment of probability and impact of risk to the PPG stage.</p> <p>Surprisingly, there is no climate risk screen in this PIF. There is a general mention of the risks posed by variability and extreme weather. In particular, index insurance programs are very challenged by 1) early and frequent payoffs that render the program financially untenable or 2) many years of no payoffs, leading beneficiaries to abandon the program. Perhaps the project assumes that these risks are built into project design, but if so, they should be mentioned and this "solution" indicated.</p>

6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	No. The project is not tapping into the growing body of work on insurance for risk and vulnerability reduction.
	Is there adequate recognition of previous projects and the learning derived from them?	Yes, but in a very general way. It is true that the project aligns with a huge range of other projects and initiatives, but the lack of clear articulation of those alignments means such connections are notional at best. These will have to be clearly articulated at the country level in the PPG stage.
	Have specific lessons learned from previous projects been cited?	No. It is possible the project designers think this is because the proposed project is at too high a level of generalization for such lessons to make sense. However, there are likely specific lessons that cross these projects and would apply to this initiative, and other lessons that could inform the general approach of this project.
	How have these lessons informed the project's formulation?	See above
	Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	This is not clear.
8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.	What overall approach will be taken, and what knowledge management indicators and metrics will be used?	<p>The proposed project will use what they call results-based management starting at the design stage. Nearly all knowledge management remains vague and to be determined at the PPG stage. In addition, the PIF states that the TOC will be strengthened once countries have been identified; however, it is not clear that a TOC has been clearly (graphically) articulated in the first place.</p> <p>The project does commit to independent evaluations at the midpoint and at closure, along with relevant indicators, but pushing the entire KM plan to the PPG stage is a problem for reviewing.</p>
	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	See above.

Notes

STAP advisory response	Brief explanation of advisory response and action proposed
<p>1. Concur</p>	<p>STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.</p>
	<p>* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that <i>“STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design.”</i></p>
<p>2. Minor issues to be considered during project design</p>	<p>STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:</p>
	<p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;</p>
	<p>(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.</p>
	<p>The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>

<p>3. Major issues to be considered during project design</p>	<p>STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:</p>
	<p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>