Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility
(Version 5)

STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: September 29, 2015 Screener: Guadalupe Duron

Panel member validation by: Anand Patwardhan; Annette Cowie
Consultant(s):

I. PIF Information *(Copied from the PIF)*
FULL SIZE PROJECT SPECIAL CLIMATE CHANGE FUND
GEF PROJECT ID: 6915
PROJECT DURATION : 4
COUNTRIES : Kazakhstan
PROJECT TITLE: Southeast Europe and Central Asia Catastrophe Risk Insurance Facility
GEF AGENCIES: World Bank
OTHER EXECUTING PARTNERS: Europa Re
GEF FOCAL AREA: Climate Change

II. STAP Advisory Response *(see table below for explanation)*

Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies): **Concur**

III. Further guidance from STAP

STAP welcomes the World Bank's proposal on "Southeast Europe and Central Asia Catastrophe Risk Insurance Facility". In the full proposal, STAP would welcome a complete description of the components and adaptation benefits, so the contributions of the SCCF grant to the World Bank weather risk insurance program are better understood. STAP notes that this project is intended to complement the Bank's on-going TA related to disaster / catastrophe insurance by focusing on climate-related risks. In this regard, STAP notes that there are a variety of climate-related risks for which insurance products may be appropriate as risk management measures. At the present moment, the proposal seems to consider a rather wide range of target segments, including catastrophe insurance and weather insurance. Clarity on the different approaches for the different segments would be helpful.

In addition, STAP suggests addressing the following points during the development of the project:

1. STAP notes that there are a number of approaches for designing weather insurance products, including index-based insurance and yield-based insurance. During the course of project development, STAP recommends consideration of the evidence regarding the effectiveness and design of these products. See, for example: Bokusheva, Raushan, and Gunnar Breustedt. "The effectiveness of weather-based index insurance and area-yield crop insurance: How reliable are ex post predictions for yield risk reduction?." Quarterly Journal of International Agriculture 51.2 (2012): 135.

2. Along the same lines, STAP suggests evaluation of the use of plant growth stages for insurance period determination, rather than fixed dates. For example, a study based in Kazakhstan indicates that including plant growth stages, and accounting for the differences in plant growth throughout different phases, can strengthen the protection of weather insurance, and reduce financial risks for farmers. (Refer to Conradt, S., Finger, R., Sporri, M. "Flexible weather index-based insurance design". Climate Risk Management. In press.)

3. STAP also recommends consideration of the ability of farmers to adopt insurance products, for example, through a demand analysis for the insurance for each type of recipient, and how the proposed insurance will meet their needs. This analysis should take into account farmers' awareness (and other insurance recipients) of crop insurance, and their experiences with it, so that the development of the insurance market in Kazakshstan reflects their priorities and experiences. The following paper can provide a source of information on the factors affecting farmers' perceptions on their use of weather insurance: Ghazanfar, S., et al. "Farmers' perceptions and awareness and factors affecting awareness of crop insurance as a risk coping

mechanism evidence in Pakistan". Journal of Northeast Agricultural University. Volume 22, Issue 1, January 2015, Pages 76-82.

4. Given the interest in insurance as an adaptation measure, the project could consider contributing to the evidence base in this regard.

STAP advisory response	*Brief explanation of advisory response and action proposed*
1. Concur	In cases where STAP is satisfied with the scientific and technical quality of the proposal, a simple "Concur" response will be provided; the STAP may flag specific issues that should be pursued rigorously as the proposal is developed into a full project document. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design prior to submission for CEO endorsement.
2. Minor issues to be considered during project design	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: (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, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review. 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.
3. Major issues to be considered during project design	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: (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 GEF Secretariat may, based on this screening outcome, delay the proposal and refer the proposal back to the proponents with STAP's concerns. 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.