**UNDP INSURANCE AND RISK FINANCE FACILITY (IRFF)**

**FINAL EVALUATION REPORT**

Mid-Term Evaluation (MTE) of the Insurance and Risk Finance Facility (IRFF)

**Funded by a variety of partners, implemented by UNDP under Direct Implementation Modality with an indication of a total of US$ 110 million resources required**

**MTE commissioned by UNDP’s Sustainable Finance Hub (SFH)**

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Evaluation timeframe: 29th April to 28th October 2024

Data collection countries: Colombia and Tanzania (field trips), Ghana, India, Pakistan and Uzbekistan (remote collection) and Global Level (e.g. 28 remote interviews)

Acknowledgements: the evaluator is grateful to all respondents who agreed to participate in the interviews and share their insights. Special thanks to the National Project Officers(NPOs) who facilitated the agenda and meetings both in-country and virtually, as well as to the Global Team, and particularly to the IRFF evaluation focal point, for facilitating the interviews at global level and supporting the logistical arrangements for the field missions.

Table . Project information

|  |  |  |
| --- | --- | --- |
|  | **Project/outcome Information** |  |
| **Project/outcome title**  | Insurance and Risk Finance Facility |   |
| **Project Number**  | 00123759 (original prodoc) |   |
| **Corporate outcome and output**  | SP outcome 1 output: IRFF Tier 2 E.3 Public and private financing for the achievement of the SDGs expanded at global, regional and national levels (revised project document 2024) |
| **Country**  | 34 programme countries (see map next page) |   |
| **Region**  | Five regions (see map next page) |   |
| **Date project document signed**  | 11 October 2020 |   |
| **Project dates**  | **Start**  | **Planned end**  |
| 1st October 2020  | 31 December 2027 |
| **Total funding requirement**  | US$ 110 million (revised from US$ 60 million) of which US$ 54,831,171.—is unfunded as of 31.12.2023 |
| **Project expenditure at the time of evaluation**  | US$ 12,796,930 as of 31.12.2023 |
| **Funding sources**  | Federal Ministry for Economic Cooperation and Development (Germany) – BMZ-, Bill and Melinda Gates Foundation, Assicurazioni Generali, Howden Broking Group Limited, UNDP |
| **Implementing party[[1]](#footnote-2)**  | UNDP IRFF DIM(Direct Implementation) |
|  | **Evaluation information**  |  |
| **Evaluation type (project/ outcome**  | IRFF project evaluation |   |
| **Final/midterm review** | Mid-term |   |
| **Period under evaluation**  | **Start**  | **End**  |
|  1st October 2020 | June 2024 |
| **Evaluators**  | Christian Bugnion de Moreta |   |
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| **Evaluation dates**  | **Start**  | **Completion**  |
|  | 29 April 2024  | 28 October 2024 |



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**Acronyms and abbreviations**

BMZ: Federal Ministry for Economic Cooperation and Development (Germany)

BPPS: Bureau for Policy and Programme Support (UNDP)

CC: Climate Change

CCA: Climate Change Adaptation

CEO: Chief Executive Officer

CO: Country Office

DAC: Development Assistance Committee

DNA: Deoxyribonucleic Acid (used metaphorically in the text)

DRM: Disaster Risk Management

DRR: Disaster Risk Reduction

FGD: Focus Group Discussion

GE: Gender Equality

GEF: Global Environment Facility

GCF: Green Climate Fund

GS: Global Shield Against Climate Risks

HRGE: Human Rights and Gender Equality

IDF: Insurance Development Forum

ILO: International Labour Organization

IsDB: Islamic Development Bank

ISF: InsuResilience Solutions Fund

IRFF: Insurance and Risk Finance Facility

KII: Key Informant Interview

LNOB: Leave No One Behind

MPTF: Multi-Partner Trust Fund

MSC: Most Significant Change

MTE: Mid-Term Evaluation

M&E: Monitoring and Evaluation

NatCat: Natural Catastrophes

NPO: National Project Officer

N/A: Not Applicable

OECD: Organisation for Economic Cooperation and Development

PB: Project Board

RBM: Results-Based Management

RC: Resident Coordinator

RF: Results Framework

SFH: Sustainable Finance Hub

SDG: Sustainable Development Goals

ToC: Theory of Change

ToR : Terms of Reference

UN: United Nations

UNDG: United Nations Development Group

UNDP: United Nations Development Programme

UNEG: United Nations Evaluation Group

WFP: World Food Programme

# Executive Summary

## Description of the intervention

The UNDP has hired an independent consultant to undertake the Mid-Term Evaluation (MTE) of the “Insurance and Risk Finance Facility” hereafter referred to as “IRFF”. The project started on 1st October 2020 for an initial period of five years and three months until 31st December 2025. The IRFF obtained an extension of two years, until 31st December 2027. The initial budget as stated in the initial project document was US$ 60 million, solely financed by the German Federal Ministry for Economic Cooperation and Development (BMZ). The revised project document of March 2024 states total budget requirements of US$ 110 million to be funded by multiple partners.

This MTE has been contractually foreseen in the project document and has been included in the UNDP evaluation plan.

UNDP’s vision for its Insurance and Risk Finance Facility is “to work with governments and partners to develop and implement innovative, scalable insurance solutions to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty” .

UNDP partners with governments, development and commercial banks, financial institutions, and the private sector to achieve its US$1 trillion Finance Moonshot by promoting investment towards the SDGs, as outlined in UNDPs Strategic Plan 2022-2025.

Insurance is a critical enabler of investment and IRFF relates especially to the Strategic Plan’s Integrated results and resources framework enabler 3 "E.3 Public and private financing for the achievement of the SDGs expanded at global, regional, and national levels” and its two indicators:

- E.3.1 Amount (in US dollars) of public and private finance leveraged for the SDGs.

- E.3.2 Number of policies and regulatory and institutional frameworks developed and adopted by public and private actors to align public and private finance with the SDGs.

The IRFF is structured with six different outputs which contribute to the single outcome of the project: “Country and community long-term resilience improved by development and delivery of insurance and risk finance solutions”: Output 1. Resilient Households, Businesses and Food Systems, Output 2. Resilient countries and communities, Output 3. Resilient Nature, Output 4. Resilient Investments, Output 5. Safeguarding & incentivising development, Output 6. advocacy, partnerships and innovation. Because this outcome is not evaluable at the time of the MTE, an alternative outcome was suggested in the vetted inception report that was used during the MTE: “Increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risks, building financial resilience and combatting both vulnerability and long-term poverty”.[[2]](#footnote-3) The revised project document contains 32 output indicators to appraise the project’s progress according to the revised project Results Framework.

## Evaluation purpose, objectives, audience and uses

The main objective of this MTE is to “assess progress towards the achievement of the project objectives and outcomes as specified in the Project Document and assess early signs of project success or failure with the goal of identifying the necessary changes to be made in order to set the project on-track and achieve its intended results”[[3]](#footnote-4). The MTE also reviewed the project’s strategy and its risks to sustainability.

The criteria for the evaluation are standard evaluation criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and the United Nations Evaluation Group (UNEG): relevance, efficiency, effectiveness, and sustainability. The evaluation also assessed the cross-cutting normative principles of the United Nations namely regarding the Human Rights Based Approach and the inclusion of Gender Equality as a specific line of inquiry, following the UNEG guidance materials[[4]](#footnote-5). Specifically, the MTE assessed progress towards project outputs and outcomes as specified in the project document and its subsequent revision. The MTE is making recommendations on potential areas of improvement for the future and drawing lessons from the implementation of the IRFF to date.

The scope of the final evaluation is the entire implementation period of the IRFF since its start on 1st October 2020 until the time of the MTE.

This MTE is meant to provide evidence of results and accountability to UNDP, SFH, IRFF, the Project Board (PB), UNDP Management, project partners, participating countries. It may be published for dissemination and communication purposes and shared with development partners, UN agencies, civil society, and the private sector. In line with UNDP policy, it will be placed in the public domain on the website <https://erc.undp.org>.

## Key aspects of the evaluation methods and approach

This MTE used a utilization-focused evaluation approach that has been a reference for quality evaluations[[5]](#footnote-6). The MTE was essentially qualitative, drawing from perspectives leveraged from 93 Key Informant Interviews (KII) and using the monitoring data available from the IRFF. The MTE used a combination of methods (mixed methods) that included:

1. Desk review of available documentation, leading to the preparation of the inception report; additional documents were provided along with the audit trail and are included in the bibliographical annex;
2. 93 Individual Key Informant Interviews (KII) with key project stakeholders: 28 held at the global level, 65 held in the six purposively targeted project countries. A total of 116 persons were interviewed through the 93 KII (41 women, 75 men). Of the 93 interviews, 28 were conducted remotely with Global Level partners, while 65 were carried out across the six countries that had been selected for data collection. Total interview time was 5,135 minutes (e.g. almost 86 hours) with an average interview time of 55 minutes.
3. Field work was conducted in two countries (Colombia and Tanzania with a total of 29 KII), while remote data collection was conducted in Ghana, Pakistan, India and Uzbekistan (with a total of 36 KII). Originally it was planned to have 3 countries for physical data collection and 3 for remote data collection. But considering efficiency and budgetary requirements, field work was limited to two countries, while four countries underwent virtual data collection. Interviews in Colombia were held in Spanish (the evaluator is fully trilingual English-Spanish-French) and interpretation services were provided for Uzbekistan for four KII.
4. Content analysis and iteration was used for the notes taken on anonymised questionnaires which include the ratings and a qualitative explanation of the rating.

## Key findings

The Insurance and Risk Finance Facility is a visionary and innovative mechanism that allows UNDP to engage at a higher level at global, regional and country levels. IRFF has enormous potential to support resilience building for all citizens in most countries while also building government resilience to shocks and crises. It is a potential game-changer provided UNDP is willing to make the necessary adjustments and change its own rules and regulations to enable full and fruitful partnership with the private sector’s insurance industry. IRFF is a long-term mechanism which should not be expected to fully blossom over the short term. Its design was initially overly optimistic and ambitious, but most importantly did not reflect the reality of the times required to operationally engage with governments, UNDP, the Insurance Development Forum (IDF) and the InsuResilience Solutions Fund (ISF). It also adopted a results framework with some indicators set at the impact level, something that can only be achieved over a longer period. This indicates insufficient technical internal guidance on results-based management and is a lesson learnt for UNDP.

As an entirely new and innovative approach within the UNDP structure, IRFF has struggled to define a project document to support its activities, objectives and vision with limited success. Insufficient technical expertise from Results-Based Management (RBM) and Monitoring and Evaluation (M&E staff) were provided to frame the document in a coherent and consistent manner to support the work of the IRFF. The theory of change (ToC) in the original and even in the revised project document in 2024 falls technically short of the mark, as ToC is about transformational change, not output-level changes, for which attribution is possible and therefore no ToC is required.

As the operating environment of the IRFF is complex, a footnote is included to indicate UNDP’s role in/engagement with IDF, ISF and Global Shield.[[6]](#footnote-7)

### Effectiveness

Despite its design shortfalls, the effectiveness of IRFF has been highly valued by the different stakeholders interviewed during this Mid-Term Evaluation (MTE). From 93 Key Informant Interviews (KII) undertaken during the MTE, 47 donors, insurance industry and government partners have provided a rating regarding their level of satisfaction with IRFF. On a 1 (minimum) to 5 (maximum) rating scale, IRFF has leveraged an **average satisfaction rating of 4.08 out of 5** (high rating). No rating under the mathematical average of 3.0 was collected[[7]](#footnote-8). While there are some differences from the perspective from the insurance industry at the global level (e.g., IDF) and at country level (presented in the core report), the key results of the IRFF can be summarised as falling within four areas: a) awareness raising and capacity development of both insurance industry and government partners, b) brokering, facilitating and opening spaces for solutions by bringing together government and insurance industry actors, c) provision of technical support to the government partners to review/align the legal framework, including insurance regulations, and create enabling conditions for insurance and risk financing solutions; d) creation of communities of practice (both formal and informal) as well as international events (e.g. Goa, Jakarta) allowing for peer learning and sharing of good practices.

Regarding results achieved, it is important to note that **30 out of 39 partners at country level could not provide a rating on the results achieved, mostly because they considered that tangible results were not yet available (e.g. products or solutions not yet implemented).**

Since various partners were interviewed at country level, it needs to be specifically stated that for most of the government counterparts in the countries’ covered by the evaluation, results were considered as the practical products and solutions that could be rolled-out. While UNDP support at the policy level and in capacity development was strongly appreciated by the national counterparts, it was still not considered sufficient to stop the efforts at creating enabling conditions and working upstream at the policy level, as the practical roll-out of products and solutions were deemed to be the main objective of the IRFF support (and in most cases this was considered as a “result” for government counterparts). This is important as the governments’ views are reflected in the offer that UNDP is making. It is also important because of upcoming elections and the ability for the governments to pilot some solutions as a tangible model at a strategically important time.

In terms of methodology the question was “how would you rate the results of the IRFF to date”, without providing a definition of the term “results”, hence leaving room for interpretation from the KII. For 77% of the KII, the term “results” was akin to insurance solutions or products implemented, and went beyond the completed activities that IRFF had been supporting (such as reviewing the regulatory framework, legal aspects, designing of the solutions, holding workshops and trainings, etc.), so there was no rating on the effectiveness of the results to date for the majority of the in-country respondents. Noteworthy, the MTE took place at a time when concrete and tangible solutions are expected to be rolled out shortly, between September 2024 and the beginning of year 2025, so the evidence is not yet there to collect data on effectiveness of the results. At the Global Level six of eight partners (2 answers gave a Not Applicable mark) provided an average rating of **3.83 out of 5** regarding the results achieved), near the high mark of 4.

At country level, only in three countries were partners able to provide a rating, with a lower mark of **3.48 out of 5** from 9 respondents, somewhat lower than at global level but above the average rating of 3.0.

IRFF did succeed in bringing on board initially ten, which later grew to twenty, insurance industry partners who are part of the IDF and who support the solution development in programme countries. This shows good capacity to develop joint and collaborative approaches with the insurance industry partners.

**IRFF has established a strong partnership with the insurance industry and has contributed to raising awareness and capacity both at the global level through the learning-by-doing approach that has been followed in the roll-out of the different interventions and in the inclusive engagement that characterizes the approach of the IRFF at the country level. It has been instrumental at country level to enable the preparation of the groundwork so that relevant projects could be devised. It has also acted as facilitator between global and country level partners, and has significantly contributed to raising awareness and capacity development of in-country partners. For most government partners, the key expected results from IRFF are however not the many linkages and networks established, which are in themselves valuable, or the creation of enabling conditions and work at the policy level, also appreciated and seen as valuable, but rather the tangible products and solutions that will be rolled out as a result of the IRFF support. This is what governments have shown to have the keenest interest in when looking at IRFF’s expected results.**

### Relevance

IRFF is operating in a very complex environment, so to appraise its relevance, it is necessary to identify the different ecosystems it participates in to define who are its core “clients”, as shown on the figure hereunder:



Figure . IRFF: part of more than one ecosystem

As a UNDP facility, IRFF is fully relevant to the development mandate of the UNDP and the pursuit of the SDGs. It brings UNDP into a new area and opens several opportunities for engagement at global, regional, and country levels. For the country offices, IRFF is strengthening UNDP’s positioning and offer and can capture the attention of higher levels of government, while allowing UNDP to innovate in an area that wasn’t included as part of its traditional development mandate. Relationship and engagement with the rest of the UN system is not clear as there does not appear to be clear linkages or interaction with the UN Resident Coordinator’s system. IRFF supports directly donors’ strategies, although each donor has a different strategy.

IRFF started with a single donor and has now expanded to a wider donor base. IRFF is directly supportive of the government’s national priorities, as the support is directly responsive to governments’ needs. For the industry at global and country level, while there are different perceptions between the two levels, the IRFF is fully relevant to provide and facilitate a working relationship with the government(s) to implement projects (IDF) or facilitate a closer working relationship between the government and the industry, given an existing level of misgiving from the general population and governments towards private sector insurance companies.

As the global environment has been evolving with the development of the Global Shield Against Climate Risks (GS) and taking into consideration the high number of alliances, initiatives and fora on insurance and/or risk financing (GS and other actors) that have sprung since IRFF was launched, it is important for IRFF to determine how to engage with each actor. Therefore, a Global Ecosystem diagnostic report should be prepared to inform the engagement strategy of the IRFF with each key actor or network.[[8]](#footnote-9)

### Efficiency[[9]](#footnote-10)

IRFF has a small core team at the Global Level disseminated across various continents that manage this large and complex mechanism. Very good and normally timely technical support is given to the Country Offices from the Global Team staff, and the financial and administrative project management aspects are efficiently performed. KII confirmed that the Global Team provides very constructive, useful and timely support to the Country Offices. IRFF would benefit from more staff with insurance and risk finance technical expertise at country level[[10]](#footnote-11), RBM and M&E expertise, communications and fund-raising expertise (note that a communications expert has recently been recruited) at the global level. IRFF is rightly agile and opportunistic, capitalising on emerging issues. However, the project design has been significantly below technical RBM and M&E standards, and oblivious in its timeframe about the bureaucracy, timeline of procedures in UNDP and IDF/ISF, within governments (especially during election periods) and has developed unrealistic performance indicators which cannot be achieved in the project timeframe, as some are at the impact level, and IRFF is still in its first phase of development. As such, delivery has been slow and below expectations in relation to the project document outcome, but it is mostly due to an inappropriate project document which is not capturing the complexities and time needed at country level to develop the enabling conditions that allow the IRFF to move forward. When looking at delivery it is not about the UNDP financial delivery, but the actual progress towards the outcome statement of “country and community long-term resilience improved by development and delivery of insurance and risk finance solutions”, and in line with the key expected results from the government counterparts which are that tangible products and solutions be rolled-out at country level – since long-term resilience cannot be appraised four years into the project’s life. It took some time for IRFF to set up the team and develop the structure before becoming operational and be able to achieve progress towards the outputs at country level. As one example, in Colombia, the change in government and internal ISF procedures mean that the ISF project has not been able to start although efforts and discussions have been on-going for more than two years. The development of constructive relationships with key partners also required constant efforts and advocacy by the Country Office that took between 12 to 18 months to mature and bear fruits. Finally, not all methodological guides and support from the Global Level were readily available for the COs and some are still in the process of being developed[[11]](#footnote-12). Another factor which affected efficiency are the UNDP policies regarding private sector engagement (retention of Intellectual Property rights, interdiction for commercial purposes) which have created a strong barrier to efficient collaboration with private sector partners. The evaluator finds that an exceedingly high number of countries have been selected, giving priority to breadth over depth.

### Sustainability

As defined by the OECD/DAC, sustainability is the extent to which the net befits of the intervention continue, or are likely to continue. Sustainability answers the question: will the benefits last? The sustainability of the IRFF is linked to its own structure. As a self-denominated Facility, it is expected to exist over the long-term, and therefore requires a funding structure that allows it to provide continuous services in the future.

When looking at the IRFF structure and mechanism, it appears to the evaluator that it is insufficiently consolidated to be sustainable, although the focus of the MTE was not on an organisational analysis of the facility. Although GEF is an entirely different entity, it was used for the purpose of the argument about the structure of a facility[[12]](#footnote-13). Unlike the GEF in which the overall results are linked to six international conventions, IRFF has developed different partnerships with donors, the insurance industry, and other strategic partners (see figure 2 and 3 about the various ecosystems). But results seem to be linked to each partner’s specific interest, rather than bound together under an overarching framework. Insurance and risk financing can mean different things to different people, and KII show that the rationale for the different donors and partners to support IRFF is not necessarily to ensure its sustainability, but rather to test innovative approaches and see if it leads to creating the desired conditions to continue supporting projects and programmes – but not necessarily through the IRFF in the future. One donor recognized that if sufficient progress was made ideally there would not be a need to have IRFF as a partner as funding would be made directly at the country level.

The key challenge to sustainability is therefore the ability to obtain additional funds until the end of its first phase in December 2027, as commitments are being made but, reportedly, with a serious funding shortfall[[13]](#footnote-14). This will also negatively affect the human resource base of the Global Team and the National Project Officers recruited in the countries under IRFF funding. As always, having the proper staff in the right place at the right time is a key factor for the success of any project. There is further potential for leveraging funding, but the evaluator had not received the fund-raising strategy of the IRFF as part of the documentation to be reviewed during the MTE preparation phase, and therefore was unable to engage with donors and partners in addressing resource mobilisation aspects. A resource mobilisation overview was shared with the MTE along with the audit trail, but it falls short of what can be considered a “strategy” as it does not detail how and why engage with the different potential donors (e.g., it is not linked to a roadmap or strategic vision on how to resource the IRFF over the long-term). Note that the MTE mostly focused on country-level findings and results, and not on resource mobilisation aspects or the analysis of the IRFF global level structure and mechanism or its interaction with the different partners.

## Recurrent country level findings and findings about IRFF

IRFF has established strong and innovative partnerships at global, regional and country levels with donors, insurance industry, and some of the IRRF countries’ governments[[14]](#footnote-15). But there is insufficient visibility at all levels[[15]](#footnote-16) about the progress of the IRFF and understanding of how it leads to resilience building. There is a historical level of distrust from the public and governments towards the insurance industry which requires the testing of demonstrative models to change their attitude. A clear glossary is needed to ensure everyone speaks the same language, as different terms are understood differently by the various partners. More advocacy through leadership training is required for ministers to show the big picture of IRFF’s long-term objectives and leverage understanding and commitment. More insurance and risk finance technical expertise are needed at the country level, for example for complex initiatives like the NatCat (Natural Catastrophes) pool in India, one that requires a country-based subject matter expert.

Increase in the IRFF donor base and in the geographical scope of participating countries is creating high expectations, which need to be properly managed taking into consideration the financial commitments made to IRFF. Potential gains at country level have yet to be consolidated.

Regarding the positioning of the IRFF in UNDP, interaction across the different departments within SFH and BPPS could be more articulate and clearer. An organisational review would be useful to analyse the IRFF structure (roles and responsibilities, management system, division of labour, staffing, etc.), something that fell outside the scope of the MTE. Closer oversight from the SFH is needed to ensure harmonization of IRFF’s position within UNDP’s corporate system.

### Lessons Learnt

It is very useful to carry out an initial assessment of the situation when developing a new approach. The diagnostic study undertaken at country level by the IRFF was an eye-opener for many partners and a very useful product to inform how to engage and operate given the country-specific context.

Similarly, it is constructive to provide induction training to staff as they are not subject matter experts when they are recruited by the UNDP. All NPOs benefitted from an induction training from the technical lead and the Global Team which prepared them for their role, and this facilitated their interaction with the insurance industry, as well as with other partners. This is a very valuable and important aspect as UNDP does not always provide induction training to its new staff.

Risk taking for new approaches must be embedded in the project design. From the MTE analysis, IRFF design was excessively ambitious and not realistic. Resilience (which is used in four of the six output statements of the IRFF project document) requires not only a long-term time frame but an *ex-post* assessment since the assumption is that resilience is about withstanding shocks and crises. The UN definition of resilience is “the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions”. To provide evidence that these results have been achieved is therefore based on two premises: 1) that the enabling conditions are been created and tangible solutions are being provided at country level, and 2) that there is a mechanism to track the capacity to withstand the consequences of the effects generated by the hazard. The time frame of IRFF does not allow for such a long-term endeavour. Outputs statements should be worded to indicate what can be achieved within the remit of the project. Resilience is a transformational change at the outcome level and cannot be achieved in the first phase of the IRFF, hence an excessively ambitious and unrealistic design (again the outcome statement refers to the long-term, while the outcome is the level of results the project is expected to achieve by its completion date).

There should be a period of 3 to 5 years to learn and experiment new solutions when testing innovative approaches and a clearly acceptable rate of failure which can more than 50%, as learning comes from failure.

UNDP needs stronger in-house insurance and risk financing technical expertise[[16]](#footnote-17), linked to multi-hazard disaster risk solutions modelling and forecasting and scaled inclusive insurance solutions, so it can advocate with governments based on evidence and best practices and not from a conceptual perspective.[[17]](#footnote-18) Government counterparts highly value UNDP’s ability of bringing international good practices from different countries, so more concrete models are needed.

The Project Board (PB) composition should include more influential partners that support the IRFF and include insurance partners and additional high-level UNDP staff from SFH and BPPS given the oversight and strategic role of the PB, with participation of each of the IRFF team leads as observers providing the update on their concrete area of responsibility to the rest of the PB so there is a better understanding and more fluid communication with the rest of the PB members and information permeates across the project teams.

## Conclusions

IRFF is a brilliant innovation that comes, albeit somewhat late, to enable UNDP to develop a new level of partnerships. It is entirely relevant and needs based, at global level, regional and country levels. It has been and is still instrumental in changing the mindset of government and industry partners, but the change in attitudes must be pursued. A larger education campaign is also needed to change the attitudes of the people in the countries towards insurance. The MTE was undertaken at a time where limited evidence of results (in terms of rolling out of insurance solutions or risk financing solutions) have yet been leveraged, but the next few months will be critical for some project countries to put out and test tangible insurance products. These will be key, if successful, to use as demonstrative models and showcase the potential of these IRFF supported solutions.

IRFF is logically working with partners to create an enabling environment, including policy level changes and legislative changes, particularly in relation to insurance regulations (country regulators were interviewed in all six countries covered by the MTE), but it is not sufficient to create the desired outcome stated in the IRFF vision – IRFF should continue to support beyond the enabling conditions until the solutions are implemented, monitored and reported upon.

Partners have largely considered IRFF as a success, although it is too early to come up with evidence of transformational change at the outcome level. The project design and its timeframe remain unrealistic given the lead time to convince government partners, insurance companies, CO colleagues, and the global insurance industry of the long process that is required to navigate all political and technical challenges until the practical solutions can be implemented. The efforts to create communities of practices (both within and outside of UNDP) and regional events that share good practices and allow for peer exchange have been highly valued by all partners and help to create a common understanding.

## Recommendations Summary (see recommendations section 10. for the full list )

1. **IRFF should be upscaled with a higher profile, and established for a total of fifteen years** (e.g., three phases of 5 years each: 1) creating enabling conditions (year 1 to 5) b) product testing and concrete solutions implemented (years 6 to 10) 3) change in the number of insurance takers, population insured, change in mindsets and penetration of the insurance industry in each country (years 11 to 15). Each phase should have a specific target and results framework, highlighting the type of results and transformations undertaken under each phase.
2. **UNDP needs to give itself the means to efficiently engage with the private sector**. Creating long-term strategic partnerships with the industry requires a change of regulations and policies within UNDP on how it engages with the private sector. The current engagement mechanisms are not fit for purpose to work with the private sector as an implementation partner. This recommendation has already been made by the Independent Evaluation Office (IEO) in the private sector development and structural transformation evaluation of April 2024 (Recommendation 6) *which has been fully accepted* in the management response.
3. **Over the short-term and in view of the completion of the first phase of IRFF until December 2027, focus efforts on a more limited number of countries where tangible and practical solutions can be rolled out** to ensure that demonstration models can be implemented before the next phase of testing and upscaling the models (e.g. IRFF phase 2).
4. **Undertake an organisational management review of the IRFF and its structure. Decide whether the IRFF should be a Facility or a Fund** (for example under the MPTF model) including direct funding support from the industry Share responsibilities in IRFF management with specific roles and responsibilities with four separate but complementary teams 1) strategy, positioning and fund raising, 2) project management, RBM and M&E, 3) communications, 4) Insurance and Risk financing technical expertise, with each team having a delegated responsibility for the area of competency, so the project progress is not so heavily dependent on the approval of a single individual, hence supporting more efficient overall management. Ensure closer oversight by SFH management.
5. **Carry a global ecosystem diagnostic study to guide the engagement of the IRFF** vis-à-vis each partner as the international context has evolved since the start of the IRFF and new mechanisms such as the Global Shield have been created.
6. **Develop a concrete glossary of key terms that can be rolled out at all levels** (global partners, country level partners in government, industry and UNDP country offices) so there is a common understanding and no interpretation of the terms that are being used. Ideally, there should be an explanation of how UNDP is practically engaging with each key term, rather than giving only a conceptual definition.
7. **Leverage additional funding from donors and partners** to ensure it can continue its evolution as the potential long-term benefits are substantial for all stakeholders involved.

# Introduction

This MTE was conducted with the purpose of assessing progress towards the achievement of the project objectives and outcomes as specified in the Project Document and assess early signs of project success or failure with the goal of identifying the necessary changes to be made to set the project on-track and guide it in achieving its intended results. It is a formative mid-term evaluation focused on learning, undertaken almost four years after the innovative IRFF mechanism was officially launched as a project in October 2020. Given its nature, the fact that it operates in a very complex environment at global and country levels, and considering the evolving context, the Sustainable Finance Hub (SFH) where the IRFF is placed at the corporate level, has requested to undertake an external mid-term evaluation.

This MTE is meant to provide evidence of results and accountability to UNDP, SFH, IRFF, the Project Board (PB), UNDP Management, project partners, participating countries. It may be published for dissemination and communication purposes and shared with development partners, UN agencies, civil society, and the private sector. In line with UNDP policy, it will be placed in the public domain on the website <https://erc.undp.org>.

IRFF underlines that it is critical to note that it has always been structured as a long-term sustained and sustainable resource for countries and country offices, for putting risk transfer at the heart of development. This has been its articulation, from senior management such as the Administrator through to the Director of the Sustainable Finance Hub and Global Lead for Insurance and Risk Finance (who is also the Head of the Facility.) Note that although articulated in this way, the IRFF and its work, unlike some usually more long-standing teams in UNDP, has never received core financing for its team members/structure or programming and policy work. Relatedly, resource mobilization[[18]](#footnote-19) is attuned towards ensuring the IRFF retains and increases its ability to support countries into the long-term, rather than any short-term projectized objectives.

It is worthwhile understanding some of the background and context of the IRFF’s development, which have all affected the work to date:

* COVID-19: The country-level implementation of the IRFF started in the middle of the COVID-19 outbreak and much of the work was affected for a year, with severe impacts on UNDP, insurance industry partners and governments. This significantly impacted the early stages of work at the country level and is worthy of evaluation reflection.
* Private Sector Engagement: The IRFF’s work is heavily dependent on the private sector and, in part response to that, the Facility has a very significant programmatic private sector partnership footprint[[19]](#footnote-20). This has meant that at several points, the IRFF has been pushing the boundaries of the institution’s policy guidance on working with the private sector, and contributing to its improvement.
* UNDP Capacity: Before IRFF, UNDP did not have a long and substantial track record on insurance and risk financing, with little work at the country level and little corporate policy and practice experience. The IRFF, which has the role of being the policy and programmatic team for putting risk finance at the heart of development, is building up a cadre of expertise, which has taken time to develop. It is worth noting that of the seven technical team members at the global level, only one had UN experience before joining the IRFF, and none came from internal recruitment, an indicator of the limited pre-existing capacity of the institution for risk transfer.

The project document for IRFF was launched under UNDP’s Sustainable Finance Hub on 1st October 2020 and was established for a five-year and three months duration until 31st December 2025. It has been extended by two years until 31st December 2027 given the growing and continued needs, a higher interest from countries, and the agreement of the Project Board to that effect. The total budget was US$ 60.18 million. The extended total required resources until 2027 is now US$ 110 million. At the end of 2023 the total amount of financing committed by donors was US$ 55.1 million, as per details mentioned in the table hereunder:

Table . List of donors up to 31st December 2023

|  |  |
| --- | --- |
| **Donor commitment** | **Amount in US$** |
| BMZ | 39,236,524.-- |
| Bill and Melinda Gates Foundation | 13,861,386.-- |
| Assicurazioni Generali | 1,430,933.-- |
| Howden |  297,030.-- |
| UNDP |  342,957.-- |
| **Total** | **55,168,829.--** |

UNDP’s vision for its Insurance and Risk Finance Facility is “to work with governments and partners to develop and implement innovative, scalable insurance solutions to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty”[[20]](#footnote-21).

UNDP supports countries through four integrated services: Public finance for the SDGs; Private finance for the SDGs; Integrated National Financing Frameworks; and SDG Finance Academy. These services can be combined and tailored to meet the partners’ needs. IRFF is an integral part of the sustainable finance offer, both delivering financial protection and resilience, and enabling adaptation, growth and development.

UNDP partners with governments, development and commercial banks, financial institutions, and the private sector to achieve its US$ 1 trillion Finance Moonshot by promoting investment towards the SDGs, as outlined in UNDPs Strategic Plan 2022-2025.

Insurance is a critical enabler of investment and IRFF relates especially to the Strategic Plan’s Integrated results and resources framework enabler 3 "E.3 Public and private financing for the achievement of the SDGs expanded at global, regional, and national levels” and its two indicators:

- E.3.1 Amount (in US dollars) of public and private finance leveraged for the SDGs.

- E.3.2 Number of policies and regulatory and institutional frameworks developed and adopted by public and private actors to align public and private finance with the SDGs.

The IRFF is structured with six different outputs which contribute to the single outcome of the project: “Country and community long-term resilience improved by development and delivery of insurance and risk finance solutions”.[[21]](#footnote-22) As mentioned in the next section under the evaluability analysis, this outcome is not currently evaluable, so an alternative outcome formulation was suggested in the vetted inception report which reads as: “increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty”

Table . Results Framework from the revised project document (p. 35 to 41)

|  |  |  |
| --- | --- | --- |
| **Output 1** | **Indicator** | **End target** |
| Resilient Households, Businesses and Food Systems | 1.1 Number of processes commenced to support public institutions and programmes to improve inclusive insurance regulation and public policies  | 27 |
|  | 1.2. Number of joint initiatives with the private sector to promote the development of inclusive insurance | 27 |
|  | 1.3. Number of insurance products and solutions developed, improved or scaled up | 27 |
|  | 1.4. Number of people that are beneficiaries of inclusive insurance solutions | 10 million |
|  | 1.5. Number of countries to benefit from capacity building on Disaster Risk Finance for Agriculture (DRFA) to manage risks and improve livelihoods of poor rural households who depend on agriculture | 10 |
|  | 1.6. Number of joint initiatives with the donors and private sector to promote the development of agriculture insurance for farmers | 7 |
| **Output 2** |  |  |
| Resilient countries and communities | 2.1. Number of processes undertaken to support public institutions and programmes to improve risk finance regulation and public policies | 27 |
|  | 2.2. Number of countries using risk modelling and analysis to develop risk-financing strategies | 10 |
|  | 2.3. Number of countries supported to develop Disaster Risk Financing strategies | 27 |
|  | 2.4. Number of risk finance solutions developed | 27 |
|  | 2.5 Number of people benefiting from sovereign risk financing | 25 million |
|  | 2.6 Number of innovative risk finance tools delivered for LDC and fragile and conflict affected states | 7 |
| **Output 3** |  |  |
| Resilient Nature | 3.1. Number of mappings of key natural capital hazards, potential solutions, and identification of country-stakeholders | 7 |
|  | 3.2. Number of initiatives on creating enabling environment through identification of gaps in policies and regulatory framework, and recommending solutions | 8 |
|  | 3.3. Number of new natural capital risk insurance and finance solutions developed with industry | 8 |
|  | 3.4. Number of awareness and capacity building initiatives for stakeholders | 14 |
| **Output 4** |  |  |
| Resilient Investments | 4.1. Analysis of insurance industry SDG investment potential | 7 |
|  | 4.2. Number of baseline assessments of industry investment and national ecosystem and local regulations | 12 |
|  | 4.3. Number of countries supported to develop new resilience finance mechanisms and structures that leverage insurance | 8 |
|  | 4.4. Number of countries supported to develop energy projects benefiting from insurance | 5 |
|  | 4.5. Number of countries supported to identify insurance investment opportunities | 7 |
| **Output 5** |  |  |
| Safeguarding & incentivising development | 5.1. Number of UNDP CO supported for utilising insurance and risk-financing in their development support to governments | 7 |
|  | 5.2. Number of countries where Insurance/Risk financing expertise is integrated into development/financial planning and management | 27 |
|  | 5.3. Number of countries where guidance on integration of Insurance/risk Finance into critical national development frameworks is provided | 27 |
|  | 5.4. Number of regional strategies with implementation commenced | 5 |
| **Output 6** |  |  |
| Advocacy, partnerships and innovation | 6.1. Number of diagnostic reviews of insurance and risk financing | 28 |
|  | 6.2. Number of audience interactions[[22]](#footnote-23) | 1,014,572 |
|  | 6.3. number of events, for a and media products that give visibility to the IRFF | 828 |
|  | 6.4. Number of flagship reports and other knowledge products produced | 29 |
|  | 6.5. Level of uptake of insurance and risk financing training[[23]](#footnote-24) | 2044 |
|  | 6.6. Number of challenge Fund Applications funded | 24 |
|  | 6.7 Number of new partnerships with donors, industry and the wider community for increasing the technical and financial resources of the IRFF | 22 |

## Evaluability analysis

In line with the UNDP Independent Evaluation Office (IEO) Evaluation Guidelines, all evaluations must undertake an evaluability assessment (point 4.2.). An evaluability assessment examines the extent to which a project, programme or other intervention can be evaluated in a reliable and credible way. It calls for the early review of a proposed project, programme or intervention to ascertain whether its objectives are adequately defined and its results verifiable.

Since an evaluation is essentially meant to provide evidence of results, with a focus on outcome level results, it is important for the IRFF to have an outcome statement that is evaluable (e.g. for which evidence of progress can be found). At present the outcome statement is not evaluable, and therefore the evaluator suggested to use a tweaked vision of the IRFF as outcome statement: “increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty”, because evidence of progress and achievement of results are thereby more directly linked to the six outputs and also because it shows more clearly change at the institutional levels.

Output statements must be evaluable so the statements must clearly convey what results have been achieved at the output level during the project implementation. UNDP has several guidelines on how to write output statements. These should contain WHO is generating the change, HOW the change is being made, WHAT the change is, use verbs and write complete sentences.[[24]](#footnote-25) The project needs a revision of its outcome and output statements, of its ToC and of its results framework so that it is aligned with the UNDP and UNDG RBM principles for project management.

The IRFF also mentions a number of different programmatic modalities, (Tripartite Agreement – TPA-, Financial Resilience in Agriculture (FRA)-, LDC engagement initiative -LDC EI-, Tailored Delivery -TD-, Insurance Innovation Challenge Funds -IICF-, Global Actuarial Initiative -GAIN-, SME resilience -SMEs- Reef & Coastal Community Resilience -RCCR-) but they are not aligned with the different outputs as they are reported upon as separate programme modalities. Yet each programmatic modality should be supporting a specific output and reporting on all programming modalities should be made under the heading of the relevant output concerned to show which programmatic modalities support which output.

Because of the complexity and the size of the work, the IRFF needs a further review of its output and outcome statements, of its results framework, and needs to develop a theory of change that addresses the changes at the higher level, particularly in view of the required final evaluation that will take place at the end of this phase and which may be needed to inform the potential and necessary phase II of the IRFF .

Given the output statements made for the IRFF, all indicators under the results framework are proxy indicators (e.g. not a direct measure of the output), so there is limited level of attribution that is possible when evaluating the results obtained. Not all output indicators are self-explanatory. Indicator statements should be clear and cannot be subject to interpretation so that what is being measured is clearly defined. For example, for indicator 2.5. (Number of people benefiting from sovereign risk financing), it would be useful to provide an explanation about what is meant by that statement. Note that there are many terms from the insurance world and concepts which are not detailed in the project document and are understood differently by the different stakeholders at global and country levels. It feels sometimes as if the language used is only meant for subject matter experts, making it difficult for the laymen to understand the concrete results that will be achieved. For example, it would be useful to have a definition of sovereign risk financing. Risk financing is not widely known in some of the countries visited by the MTE. Too much of the reporting uses conceptual language that is not tied to RBM principles or concrete results, making it more difficult to be understood at the local levels.

Also, in absence of an overall ToC for the project, it is difficult to identify what is the value added of the IRFF/UNDP for some of the outputs, and indeed what their roles should be. For example, for output 4 (which has not received any financing to date) it is unclear to the evaluator where the comparative advantage provided by the IRFF to generate the results under each of the five output 4 indicators lies, considering the output formulation statement.

The evaluator understands that the IRFF is essentially bridging the gap by institutionalising within UNDP a function that enables to bring government, insurance sector and potential beneficiaries together by facilitating a common understanding of the needs and grasp opportunities by providing tailored solutions to the different risks in many countries. As such, it is both innovative and visionary. But because of its complexity and to reach its full potential it requires a stronger project design and better explanation of how changes are generated. Partly because of its rapid growth and transformation, the IRFF has not been able to incorporate the proper guidance in its design, particularly regarding the results framework and theory of change, when it comes to applying UNDP corporate guidance on RBM and M&E. As a result, although the project was revised in early 2024, there is an additional need to revise the project design particularly as regards to the hierarchy of results, the results framework and the theory of change.

Overall, the IRFF has limited evaluability except for the indicators that are being collected because its results framework remains to be better defined.

### Theory of change

There is a misunderstanding about the use and value of the theory of change in the revised project document, which has established a supposed ToC for each output. This is not aligned with the guidance and the essence of a ToC, which is supposed to provide a roadmap towards the final results of the project and not at the output level where attribution is possible. Since there is a single outcome that is supposed to bring all six outputs together (e.g., read that each output contributes in its achievement to the single project outcome), the ToC needs to be designed for the outcome level and explain how each output leads to the achievement of the outcome level result, including the risks and assumptions formulated for each output.

**This is important because the level at which the project must deliver by the end of its implementation timeline is the outcome level and not the output level**. As a reminder, UNDP defines an outcome-level result as “the intended changes in development conditions that result from the interventions of governments and other stakeholders, including international development agencies. They are medium-term development results created through the delivery of outputs and the contributions of various partners and non-partners. **Outcomes provide a clear vision of what has changed or will change in the country, a particular region, or community within a period of time**. They normally relate to **changes in institutional performance or behaviour among individuals or groups**”[[25]](#footnote-26) Similarly, the United Nations Development Group (UNDG) Results-Based Management Handbook, defines an **outcome as “changes in the institutional and behavioural capacities** for development conditions that occur between the completion of outputs and the achievement of goals.”[[26]](#footnote-27), while an output is “a completed service or activity”. The higher the level of result, the less attribution (e.g., the degree to which the project is responsible for these results) is possible as other factors (and actors) must be considered over which the project has no control.

The single outcome for the IRFF is “Country and community long-term resilience improved by development and delivery of insurance and risk finance solutions”. This statement may need to be revised as it contains different units of analysis and exceeds the timeframe of the project implementation, because: a) “country” and “community” are two different units of analysis. Either the governments are where the primary changes are supposed to take place (ownership and support to insurance) or it is the end beneficiaries, e.g. “communities” which are benefitting from risk insurance products. Both cannot be measured in one single statement as it is unclear which unit is being measured in each of the countries participating in the IRFF. B) “Long-term resilience” exceeds the project implementation timeframe and does not provide a target for which evidence can be generated since long-term is defined by UNDG as a period of over ten years. C) “Development” and “delivery” are two different actions, both looking at the supply side, but if the effect on communities (e.g. direct beneficiaries) is to be appraised, there needs to be some statement on the demand side (e.g., are beneficiaries subscribing to these products/solutions).

The MTE found that to date much progress has been made but there is yet little evidence related to the use/application of the various productions/solutions by the direct beneficiaries because the solutions are still in the development phase. The MTE used the alternative outcome statement as suggested in the vetted inception report of “increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty”. The thrust of the evaluation therefore focused on evidence of increased interaction between the governments and insurance partners to develop products and solutions and policies that fulfil the needs of the direct beneficiaries. Because IRFF is an evolving and dynamic mechanism, it should not be overly ambitious and attempt to assess outcome level results on direct beneficiaries in this MTE, as it not yet possible given that IRFF is still in the first phase of implementation.

It is not very clear for the evaluator why and how the six output statements were identified, or whether alternative statements could have been used. The evaluator notes that the labels for each output were changed in the revised project document as follows, but without providing a clear narrative to support or justify the changes made:

Table . Original and revised project output statements

|  |  |  |
| --- | --- | --- |
| Output | Original project output | Revised output formulation |
| 1 | Increased access by vulnerable countries and communities to inclusive insurance solutions | Resilient Households, Businesses and Food Systems |
| 2 | Increased access by at-risk countries to Sovereign Risk Finance Solutions | Resilient Countries and Communities |
| 3 | Insurance, risk financing and investment solutions are leveraged to protect natural capital to enhance resilience in countries and communities at risk | Resilient Nature |
| 4 | Insurance investment in SDGs is scaled and insurance-linked financial instruments to crow-in and de-risk investment are developed and deployed, and accessible to core stakeholders | Resilient Investments |
| 5 | Industry expertise and analysis integrated into country development frameworks | Safeguarding and incentivising development |
| 6 | Insurance and risk financing as sustainable development enables deepened with research, evidence, technology and innovation | Advocacy, partnership and innovation |

The revised project document contains 32 output indicators to appraise the project’s progress according to the revised project Results Framework. The project has evolved in size and complexity and has now a total budget need of US$ 110 million (partially unfunded) until 31st December 2027[[27]](#footnote-28). The high level of interest demonstrated for certain outputs as reflected by the large number of participating countries and the extended donor base for UNDP’s work in insurance and risk financing means that the design of the IRFF is necessarily complex and must be adapted to reflect the realities of the current project implementation. Technically targets should be estimates, ranges or benchmarks when developing a pilot approach (e.g., at least five, or between 20 and 30, rather than exact figures, as it is difficult to define a precise end of target number). Process indicators and intermediate benchmarks should also be identified for tracking progress.

### Structure of the report

The MTE report follows the template for evaluation reports which was annexed to the inception report. It starts with the Executive Summary, followed by an introduction (section 2.) and a description of the intervention. Section 3 presents the evaluation objectives and scope, while section 4 indicates the evaluation approach and methods. Data analysis is covered in section 5, while the mission agenda is presented in section 6. Evaluation findings are contained in section 7. To facilitate readability, the findings are structured according to the Key Evaluation Questions (KEQ) that were identified and approved in the inception report and slotted into each of the evaluation criteria. Conclusions are in section 8, followed by recommendations in section 9, and finally the lessons learnt appear in section 10.

# Evaluation objective, purpose and scope

The main objective of this MTE is to “assess progress towards the achievement of the project objectives and outcomes as specified in the Project Document and assess early signs of project success or failure with the goal of identifying the necessary changes to be made in order to set the project on-track and achieve its intended results”[[28]](#footnote-29). The MTE also reviewed the project’s strategy and its sustainability risks.

The criteria for the evaluation are standard evaluation criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and the United Nations Evaluation Group (UNEG): relevance, efficiency, effectiveness, and sustainability. The evaluation also assessed the cross-cutting normative principles of the United Nations namely regarding the Human Rights Based Approach and the inclusion of Gender Equality as a specific line of inquiry, following the UNEG guidance materials[[29]](#footnote-30). Specifically, the MTE assessed progress towards project outputs and outcomes as specified in the project document and subsequent revision. The MTE is also making recommendations on potential areas of improvement for the future and draw lessons from the implementation of the IRFF to date.

The scope of the MTE is the entire implementation period of the IRFF since its start on 1st October 2020 until 30 June 2024.

This MTE is undertaken under the oversight of UNDP’s Sustainable Finance Hub and IRFF Programme & Coordination Team. The UNDP evaluation manager is the SFH Strategy and Knowledge Specialist, who works in close collaboration with the IRFF team, especially the Project Analyst who is the project’s evaluation focal point. The evaluation manager’s role is to provide oversight of the whole evaluation process and ensure the quality of the evaluation. Together with the IRFF evaluation focal point, they ensure that the MTE remains on track with its work plan and submits the required deliverables prepared with adequate quality standards. The evaluation manager provides the evaluation consultant with the consolidated inputs to address the comments made on the deliverables and ensures that relevant stakeholders have been duly consulted.

# Approach and methodology

The evaluation follows the United Nations Evaluation Group (UNEG) evaluation norms and standards (2017 revision), and the UNDP “PME Handbook” established by the UNDP in 2009 and revised in 2011, the UNDP Outcome-level evaluation, a companion guide to the Handbook on Planning, Monitoring and evaluation for development results for programme units and evaluators, December 2011, the UNDG, Results-Based Management Handbook, Harmonizing RBM concepts and approaches for improved development results at country level, October 2011, as well as the updated UNDP evaluation guidelines of 2021[[30]](#footnote-31). It is carried out under the provisions of the revised UNDP Evaluation Policy of 2019[[31]](#footnote-32). The MTE also adheres to and is a signatory of the UNEG ethical guidelines for evaluation and the UNEG Code of Conduct both of 2008. The approach follows a “utilization-focused evaluation” approach that is described by M. Q. Patton in his book of the same name[[32]](#footnote-33) that continues to be a good practice reference material for the conduct of evaluations. It applies the UNEG HRGE guidance materials from 2011 and 2014 regarding Human-Rights and Gender Equality principles in evaluation[[33]](#footnote-34), as well as the UNEG Quality Checklist for Evaluation Terms of Reference and Inception Reports (2010)[[34]](#footnote-35).

The criteria for undertaking the assessment are mentioned in the ToR and are the standard criteria used for project evaluations: relevance, efficiency, effectiveness, and sustainability. Originally the definitions of each of the evaluation criteria had been given by the OECD/DAC in its glossary of key terms in evaluation and results-based management in 2002. In 2019 the evaluation criteria were revised and updated as follows[[35]](#footnote-36) :

“**Relevance:** The extent to which the intervention objectives and design respond to beneficiaries’, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change?

Relevance answers the question: Is the intervention doing the right things?

**Efﬁciency**: The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way. Note: “Economic” is the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes, and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. “Timely” delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context. This may include assessing operational efficiency (how well the intervention was managed).

Efficiency answers the question: how well are resources being used?

**Effectiveness**: The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. Note: Analysis of effectiveness involves taking account of the relative importance of the objectives or results.

Effectiveness answers the question: Is the intervention achieving its objectives?

**Sustainability:** The extent to which the net benefits of the intervention continue, or are likely to continue.

Sustainability answers the question: will the benefits last?”

The MTE had to address three cross-cutting issues: gender equity, human rights and localization (defined as leveraging relationships and partnerships below federal/central government level).

This is the first evaluation of the IRFF, and it is an important process to gather learning and evidence of progress to provide targeted and useful recommendations to reach the project objectives.

In line with the ToR the evaluation assessed progress towards the achievement of the outputs and of the likely outcome, using the suggested revised outcome statement mentioned above.

The evaluation has used the data and information shared by the IRFF team and has undertaken data collection through qualitative methods as described in the hereunder:

**Tools and methodology**

This MTE has applied a utilization-focused evaluation approach that has been a reference for quality evaluations[[36]](#footnote-37). The MTE was essentially qualitative, drawing from perspectives leveraged from Key Informant Interviews (KII) and using the monitoring data available from the IRFF. As discussed during the inception phase, a substantial part of the analysis is based on findings from the KII and documents shared by the IRFF Global Team. This approach is different from the traditional evaluations that are based on data and objective numerical evidence. The reason for the choice of qualitative analysis is essentially that the actual data and evidence are not yet available, as more time is necessary leverage that level of results. Therefore, the MTE focused on the likelihood of achieving transformational change as per the IRFF outcome statement.

The combination of methods used was:

1. Desk review of available documentation submitted by the IRFF team and visit to the global team and the evaluation manager in Geneva for two days, leading to the preparation of the inception report, including the Key Evaluation Questions (KEQ), the evaluation framework, the questionnaires, the agenda, and the list of interviewees;
2. 93 Individual Key Informant Interviews (KII) with key project stakeholders: of which 28 were undertaken at the global level and 65 collected from the six countries. A total of 75 men and 41 women were interviewed, as some KII were attended by more than one person, leading to a total of 116 people interviewed. The respondents´ table is presented hereafter, while the names and titles of the KI are included in the corresponding annex. The overall response rate from the total number of identified respondents was 93% (e.g. 93 out of 100).

Table . List of Key Informant Interviews undertaken for the MTE (source: evaluator’s notes)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Respondent categories** | **Number** | **% by respondent category**  | ***By group of******respondents*** | ***%*** |
| UNDP IRFF | 8 | 8,6% | *UNDP* | *41,9%* |
| UNDP Corporate | 5 | 5,38% | *Donor* | *3,2%* |
| UNDP Regional Bureau | 6 | 6,45% | *Insurance Industry* | *23,7%* |
| Country Office (CO) Technical staff | 14 | 15,05% | *Government* | *24,7%* |
| CO Management | 6 | 6,45% | *Academia* | *3,2%* |
| Donor | 3 | 3,23% | *UN*  | *2,2%* |
| Insurance Industry Global level | 6 | 6,45% | *NGO* | *1,1%* |
| Insurance Industry country level | 16 | 17,2% | *Total* | *100,0%* |
| Government (G) | 23 | 24,73% |  |  |
| Academia (A) | 3 | 3,23% |  |  |
| UN | 2 | 2,15% |  |  |
| NGO  | 1 | 1,08% |  |  |
| ***total*** | ***93*** | ***100,0%*** |  |  |

1. The list of respondents at the global level was prepared by the IRFF Global Team based on the requirements of the evaluation (e.g., learning value for IRFF based on the knowledge and involvement of the interviewee), while six countries were selected based on purposive sampling basis to provide learning about the IRFF. Of the six, two countries were subject to field visits (Colombia and Tanzania) with a total of 29 interviews, while 36 KII were held with respondents in Ghana, Pakistan, India and Uzbekistan. The rationale for the in-country physical data collection was based on the number and nature of the KII identified by the IRFF team, also considering travel cost and logistical efficiency aspects.
2. In each country the MTE interviewed government partners (including insurance regulators), insurance industry partners, and the UNDP CO (project and management levels). In some countries other partners such as academia, NGOs or UN agencies were interviewed, selected by the evaluator based on the learning value for the MTE.

The choice of the six countries was made after discussion with the IRFF project team, as follows:

Table . List of sample countries selected for the evaluation and KII for each country

|  |  |
| --- | --- |
| **In person data collection** | **Remote interviews** |
| Colombia (in Spanish) - 12 | Ghana - 11 |
| Pakistan - 8 |
| Tanzania – 17  | India – 9  |
| Uzbekistan (interpretation for partners)- 8  |

KII were conducted as semi-structured interviews using questionnaires (included as annex) to ensure consistency and coherence. The MTE used a five-point rating scale for two questions, regarding the level of satisfaction with UNDP IRFF and with the results of the IRFF to date. The rating scale is from 1 (minimum) to 5 (maximum), with 3.0 being the mathematical average[[37]](#footnote-38). Probing was used where necessary. The average interview time for each KII was 55 minutes. Questionnaires were anonymized and coded to undertake content analysis using iteration of key words.

All KII were assured of confidentiality in line with UNEG evaluation standards as filled questionnaires are not shared with UNDP.

Contribution analysis was used to infer the causality between the observed and analysed effects and the factors that led to such outcomes to the extent possible, taking into consideration that some of the effects are not yet visible because the implementation is still on-going and not all elements supporting the transformational changes are in place.

### Risks and limitations

The evaluator has thirty years of evaluation experience and has completed over 125 evaluations. He is a vetted expert in the GPN/Express roster for the UNDP and has trained over 500 government, UN, NGO, and private sector staff in M&E and RBM in several countries in the past ten years. He is an economist by training but not a subject matter expert (insurance and risk financing). He has not worked in all the sample countries selected (no previous experience in India and Pakistan). Interviews were held in Spanish (Colombia) and English (Ghana, Tanzania, Pakistan, India). In Uzbekistan, most of the interviews outside UNDP were done using interpretation, which was provided by the UNDP CO.

Limitations: the MTE is using mainly qualitative data which is by nature subjective and may change over time. It therefore provides a picture of the progress to date based on respondents’ perceptions. To cover the different levels of results (e.g. national, regional, and global/strategic), the list of KII comprise different types of stakeholders representing the different levels and constituencies of the IRFF partnerships. The MTE did not go into the internal management aspects of IRFF (related to how it fits into the UNDP corporate structure or within the structure of the IRFF itself) as this was not the primary purpose of the evaluation. When referring to UNDP corporate in the report, it excludes the IRFF global team and staff. An organisational management review focusing on the IRFF structure could be useful to provide information on the most appropriate composition of the IRFF staffing, management system and structure, particularly regarding the advantages and disadvantages of having it established as a Facility rather than a Fund.

# Data analysis

Data was analysed through content analysis using iteration of key words. Ratings provided were coded and entered into an Excel spreadsheet to present the results from the two questions that used a five-point scale rating. As data is qualitative there is no triangulation as findings are based on each KII’s perspective at the time of the interview. There is therefore no data validation, although there is always a level of subjectivity and bias in *soft* data (e.g. qualitative), as opposed to *hard* data (e.g. quantitative). Interpretation of the findings are the sole responsibility of the evaluator.

# Mission agenda

The agenda was discussed and revised with the IRFF global team during the meeting in Geneva on 13/14 June 2024, as follows:

1. *Data collection – May 2024 until 16th August 2024*
* 13-14 June 2024: Meetings in Geneva with the IRFF global team and evaluation manager – initial KII with IRFF Global team members and discussion and review of the inception report and MTE tools
* 17-19 June 2024: Individual discussions with National Project Officers (NPO) in each of the six sample countries to confirm logistical arrangements, dates and the lists of stakeholders to be interviewed during the country data collection.
* 20 June – 16 August 2024: 28 KII with respondents at the Global Level (response rate 85%, 28 of 33 identified KII, 5 Not Available -N/A)
* 8-12 July 2024: Data collection in Colombia, 12 KII (response rate 100%)
* 15-19 July 2024: Virtual data collection with Ghana, 11 KII (response rate 100%)
* 22-26 July 2024: Data collection in Tanzania, 17 KII (response rate 100%)
* 29 July – 2 August 2024: Virtual data collection with Pakistan, 8 KII (response rate 73%, from 11 KII, 3 N/A)
* 5-9 August 2024: Virtual data collection with India, 9 KII (response rate 69%, from 13 KII, 4 N/A)
* 12-16 August 2024: Virtual data collection with Uzbekistan, 8 KII (response rate 100%)

Overall response rate 93% (93 KII of 100 identified respondents). Note that the period for interviews at global level was extended on several occasions since it was a period of vacation for many KI and initially a high level of KIs were not available within the original deadlines for holding the interviews. Flexibility and adaptability were therefore a constant in the MTE as some KI were rescheduled or completed outside the initially allocated timeframe, including for the country data collection.

1. *Data analysis and interpretation – 19 August 2024 until 30th August 2024*
* 28th August 2024: presentation of the preliminary findings to the IRFF team and evaluation commissioner
* Friday 6th September 2024: submission of the draft evaluation report
* 28th October 2024: submission of the draft final evaluation report and audit trail.
* 28th November 2024 for the submission and approval of the final revised evaluation report

# Findings

This section is structured along the evaluation criteria used in the MTE and in the order of the Key Evaluation Questions (KEQ) as contained in the inception report.

## Relevance

Relevance is a complex criterion when analysing IRFF. It vets the question: whose needs is IRFF serving? Who are the primary “clients” of the IRFF?

IRFF is necessarily considering its essence linked to different stakeholders and systems. It does not fully fit into only one ecosystem, but participates in several different ecosystems, at the global level, but also at country level. A graphic representation of the IRFF interactions can be schematically seen in the figure below:



Figure . IRFF part of more than one ecosystem

The MTE considers IRFF to be part of several ecosystems, not a single ecosystem. This adds to the complexity of the analysis as the relevance of IRFF, as defined in the OECD/DAC criteria presented above, changes according to the different stakeholders’ perspectives. Before answering the Key Evaluation Questions (KEQ) it is therefore necessary to address the relevance of IRFF according to the different needs, strategies and priorities of the different stakeholders.

A summarized version of the relevance according to the stakeholder category is presented hereunder, based on the analysis of the notes taken during the 93 KII:

Table . Relevance of IRFF according to the different stakeholders’ perspectives

|  |  |  |
| --- | --- | --- |
| **Stakeholder** | **On the positive side** | **On the negative side** |
| UNDP Corporate (excluding IRFF Global team and staff) | * Brings UNDP into a new field and opens opportunities for new types of engagement.
* New, bold and innovating positioning.
* Justified from the perspective of SDG funding and the long-term development agenda
* Insurance solutions are part of risk management and resilience
 | * No in-house insurance and risk finance technical expertise outside the IRFF team
* Using conceptual jargon without a glossary of key terms
* Lack of core funding to support the initiative over the long term
* Lack of operational guidance on the internal articulation and support from SFH/BPPS
* UNDP policies create barriers to fully engage with the private sector (IP rights, non-commercial use)
 |
| Country Office (CO) | * Enhances UNDP positioning with wider offer to services.
* Can open dialogue at higher levels of government
* Allows UNDP to innovate
* Good value addition to the UNDP mandate
* Embedded in most Country Programme Documents (CPDs)
* Flexibility to adjust the Global Team offer to the country context
* Generally good staff profile (NPO) fitting the post
 | * Not all CO staff are receptive or supportive of IRFF
* Lack of clarity on the use of the key IRFF terms (glossary required) and objectives – which is the focus, Insurance, Risk or Financing?
* Little if any insurance and risk finance technical expertise in CO
* Political changes and government commitment and buy-in varies with the context – not all countries are similar and should not be compared
 |
| Regional Bureaus (RB) | * Widens opportunities for UNDP engagement and partnerships
* CO positioning enhanced
 | * No dedicated focal point for all RBs, no one in RBAS
* Develop region-specific offers
 |
| UN System | * UNDP could be an integrator of insurance and risk financing solutions as it already is the integrator for the SDGs
 | * No evidence of engagement with the UN system
* No apparent engagement with the UNRC and Resident Coordinators not aware of the potential value addition for the UN system
* ILO/WFP/UNICEF/FAO are also providing insurance solutions, seen by some governments partners as lack of integrated approach on insurance from UN
 |
| **NON-UN** | **On the positive side** | **On the negative side** |
| Donors | * Directly supporting donor strategies
* Allows use of the in-country knowledge of UNDP and its contacts with government
* Field presence in country
* Ability to develop multiple partnerships
* Impartial technical agency and trustworthy
* Raising awareness, advocacy and engagement with governments
 | * Bureaucratic procedures
* Lack of clarity on private sector engagement
* Excessive focus on tripartite
* No plan for financial sustainability
 |
| Insurance Industry Global Level | * Contacts and relationship with government, critical for project preparation (IDF)
* Broker space with government and helps understand the context for project design
* Facilitation, support and communication given in-country presence
* Facilitates government and private sector dialogue
* Trusted by private sector
 | * Staff changes and turn-over
* Bureaucracy
* Timeliness
 |
| Insurance Industry Country Level | * Convening power, facilitation
* Interaction with government
* Helps finding common ground to engage with multiple partners
* Raising awareness and capacity development
* Reaching out the private sector
* International experience
 | * Limited funding available
* Lack of subject matter knowledge (insurance and risk financing)
 |
| Governments | * Directly supporting national priorities
* Trusted, impartial
* Supporting capacity development and policy making
* Facilitates resource mobilization, convening power and work with private sector
* Understanding and responsive to government priorities and needs
* Committed and dedicated staff, good communications
* International experience and best practices
* Community of practice / international peer learning
 | * Limited funding
* Not always clear what the objectives are
* Limited in-house subject matter technical knowledge on insurance and risk financing at country level
 |
| Global Shield and other actors(evaluator’s view and analysis) | The recently created Global Shield initiative (October 2022) after the IRFF was launched in 2020, as well as several other insurance and risk financing mechanisms, alliances and fora exist in the Global Ecosystem. Unlike at country level where diagnostic reports have been prepared, providing a better understanding of the country’s ecosystem, IRFF should take the opportunity to undertake a mapping of the key actors now in the global ecosystem and define its engagement strategy with each with an up-to-date Global Ecosystem diagnostic report (which could be done collaboratively). It would be useful to explain more explicitly ecosystems interaction in the project document and have a more explicit engagement strategy with the different actors. |

### 7.1.1. Is the project responding to national priorities and SDGs?

IRFF is fully aligned with the national priorities in all countries where data collection has taken place. It is clearly supporting national priorities as described in the country’s respective national development plan, vision or in line with the different government programming frameworks. UNDP is being responsive to identified needs of the governments in its support through the IRFF. As each country has a different context, and a different enabling environment, a different insurance industry, a different UNDP Country Office, all with a specific set of knowledge and capacities, and a specific culture, it is logical that there are some differences in the responses that IRFF is bringing in support to the countries’ national priorities. IRFF is clearly supporting all data collection countries’ national priorities as determined by the government counterparts and in line with the type of support IRFF can provide.

National priorities and Sustainable Development Goals (SDG) are complementary. While the SDGs are the wider development framework within which governments establish their priorities, the UNDP IRFF plays a critical role in the funding of the SDGs: as mentioned in the revised project document, “without the engagement from the investment side of the insurance industry, meeting the financing needs of the SDGs will be impossible”[[38]](#footnote-39). IRFF has therefore the potential to play a catalytic role in supporting SDGs financing and enabling solutions that directly contribute to the SDGs.

### 7.1.2. Is the project in line with UNDP SP and mandate, including SFH strategy?

IRFF is fully within the strategic plan of the of UNDP. It is contributing to outcome 1 of the Strategic Plan and directly to output E.3. Public and private financing for the achievements of the SDGs expanded at global, regional and national levels as indicated in the revised project document. It is also fully within the development mandate of the UNDP, as IRFF has the potential to be a trigger towards SDG financing both in terms of investment from the insurance industry, but also with effective insurance solutions that are likely to be highly cost-effective for governments that have been tackling the socio-economic effects of climate change and natural disasters. The evaluator is not sufficiently aware of the Sustainable Finance Hub (SFH) strategy, but KII indicate that the IRFF sits at the core of the work of the SFH.

### 7.1.3. Is the project serving the needs of its potential end beneficiaries (e.g. insurance takers)?

IRFF has not yet reached its full development and in most countries, it remains work in progress without being able to reach out to the end users (insurance takers), because the efforts are still on-going, and the products and solutions have yet to be rolled out to be serving the needs of the final beneficiaries. As indicated earlier in the report, the MTE found that for governments even though an enabling environment and policy reviews are needed as pre-conditions to the roll out of products and solutions, the latter are in fact seen as the decisive results. As UNDP is not implementing solutions alone, but supporting the development of solutions, it is not directly serving yet in this phase the needs of the final insurance takers, but rather those of the countries’ government priorities and of the insurance industry at country level in line with the approach selected by the CO.

### 7.1.4. How can IRFF ensure its relevance in the future?

Future areas of involvement have been clearly identified by the MTE:

* Continue and strengthen advocacy, both at higher government levels, and within the insurance industry.
* Awareness raising, as most people are still ignorant of the potential gains from insurance solutions and are distrustful of insurance policies. Similarly, awareness raising and capacity development among partners both in governments and in the insurance industry also contribute to a common understanding and facilitates identification of joint solutions.
* Support the roll out of demonstrative, tangible solutions that can be used as models for replication/upscaling and use them for communication purposes through social networks.
* Current support to create an enabling environment (legislative framework, regulations, policy level support) is key but not enough to ensure future relevance. Tangible results are now needed to showcase the potential of IRFF.
* Communities of practice (CoP) both inside UNDP (e.g. regional monthly meetings with NPO) and outside (governments, insurance industry) should be continued and strengthened.
* Drive the IRFF agenda with multiple donor funding, not being limited by an insufficient number of donors with their own specific agenda.

### 7.1.5. Which programme areas are most relevant and strategic for UNDP to scale up?

The MTE found three key strategic entry points which UNDP very clearly should support develop and scale-up:

* Multi-hazard disaster insurance (if possible, using parametric approaches given its client friendliness in terms of accessing the compensation);
* Inclusive insurance (focusing on microfinance, i.e. those most vulnerable);
* Agricultural insurance (including crop insurance).

The first entry point is hugely strategic given the amount of economic and social losses that governments face each year due to climate change and the related natural disasters (many of which are directly linked to or caused by the effects of climate change). The development of a model that can ensure that natural disaster risks can be covered (normally through pooling or consortium of companies given the high financial costs associated with the amount of compensation claims for natural disasters) can take IRFF to a whole new level. For this however, it needs to have specific in-house expertise regarding the development of disaster risk insurance (forecasting, premium, costing, etc.) so it can engage on the technical aspects with the government and advocate for commitment and ownership from the higher political levels.

The second programmatic area is directly linked to poverty reduction and lies at the heart of the development mandate of the UNDP. While inclusive insurance is used by the UNDP, the term has been understood differently by various stakeholders. The evaluator will use the definition given by one of the government partners interviewed: inclusive insurance is facilitating access to insurance policies for all those who have not been able to access it, regardless of their income or socio-economic status. Microinsurance is part of inclusive insurance and deals with low income and vulnerable people, so it is directly related to the insurance taker’s socio-economic status. One key aspect from the country level interviews is that microfinance has not functioned in the past because it lacks the proper scale and linkages. It is therefore important for IRFF to understand that microlevel pilots will not be enough to ensure sustainability of inclusive insurance, and that it need substantial scaling to reach a critical mass so that solutions become sustainable over the longer term.

Agricultural insurance is the third key programme area in which IRFF should continue to provide support to. This is a delicate area as it is always politically sensitive. All agricultural policies including in the USA and the European Union are benefitting from agricultural insurance premium subsidies. It is particularly relevant and appropriate to support agricultural insurance for those small farmers who are unable to incorporate the premium costs into their production costs (according to KII, beneficiaries are targeted as the most vulnerable, women, and subsistence farmers, many of whom are women). All countries are feeling the effects of climate change and its direct consequences on the agricultural sector. By also supporting agricultural insurance solutions, UNDP is also connecting Climate Change Adaptation (CCA) to the other side of the coin, Disaster Risk Management. This enables to create a bridge between CCA and DRM and can potentially be used to bundle or complement some of the UNDP offers in the countries where IRFF is active.

## Efficiency

IRFF is a new mechanism that has been developed by UNDP with a DNA that goes beyond the traditional development projects implemented by the UNDP. IRFF is both an innovative and pilot approach to insurance and risk financing solutions. As such it is an untested facility that is learning by doing as it evolves from scratch and is still evolving.

Funding was allocated as follows: BMZ earmarked country implementation contribution of US$ 18.4 million to support a total of 25 countries. 19 countries out of the 25 countries may receive the maximum US$ 800,000.-- support. In addition. there are 6 countries who will receive up to US$ 500,000.-- under the funding from BMZ. 5 countries out the 25 also receive funding via the FRA project (Bill and Melinda Gates Foundation). One country out of the 25 countries will receive funding from ORRAA. The additional 9 countries do not receive a dedicated earmarked financing per se.

Because of the nature of the IRFF support, the scope chosen, the implementation modalities, a “menu” of 13 options across four areas of focus for project countries to select their activities for their Annual Work plan, the management structure (a small Global Team that is spread geographically across different countries and regions), the lack of internal subject matter expertise (technical experts on insurance solutions and risk financing at country level), the IRFF must necessarily have a high level of flexibility to test and experiment the manner in which it operates. And it must also accept and learn from failure, as it is impossible to innovate without recognizing that failure is but one way to learn from the experiences garnered, all of which contributes to the improvement of the IRFF structure and its mission. As mentioned under section 2, it is important to underline that of the seven technical team members at the global level, only one had UN experience before joining the IRFF, and none came from internal recruitment, showing very limited internal subject matter experience.

In addition, the IRFF is based on a strong partnership with both country’s governments and the private sector (e.g., insurance industry both at global level through the IDF and at country level). But UNDP’s full partnership in private sector engagement has traditionally been hampered by internal policies and regulations that are not enabling full partnerships to be developed. This means that the IRFF has had to face its own internal contradiction when trying to hold activities such as the Innovation Challenge, while not having enabling internal regulations in place. It is supporting insurance regulations in the countries where it operates but does not benefit from corporate regulations to function with the autonomy it requires to enter a full-fledged partnership with the private sector.

Finally, IRFF started with the funding from a single donor, BMZ. This caused the initial design to be skewed towards donor needs without necessarily supporting the core mandate and without reflecting the vision of the UNDP IRFF as a facility, perhaps missing the opportunity to establish more clearly the agenda IRFF is supposed to drive[[39]](#footnote-40). As the donor base expanded to the insurance industry and other actors, the IRFF became more complex, and its scope increased beyond what the MTE finds to be a realistic number of target of countries that could be meaningfully supported in the first take-off phase of the IRFF. Country level interviews with the COs yielded two important issues: 1) that the capacity of the Global Team had to be split among many countries and this sometimes caused delays and limited availability of some of the Global Team leads, particularly but not exclusively, that of the Team Leader[[40]](#footnote-41). 2) that fewer countries might entail a higher funding for each country turning into an augmented capacity to provide support to the country’s partners[[41]](#footnote-42). The fact that BMZ was already funding IRFF was a key factor for another donor (Bill and Melinda Gates Foundation) to join the IRFF and the donor pool has been gradually expanding.

Given its characteristics, IRFF should be designed with three incremental phases each with very specific contents to evolve from an ambitious and innovative idea and transform it into a key instrument for resilience of vulnerable populations and private sector and governments in the countries where it operates. The project design was overly ambitious, not realistic, and did not reflect the necessary timeframe on the ground (e.g. at country level) to allow the time necessary to create change and the enabling conditions as a precondition to the roll out of insurance and risk financing solutions. IRFF focused on a complicated and sometimes unclear conceptual language that did not always meet the immediate understanding and/or support of the government or insurance industry in the countries involved. For example different respondents had different understandings of the definition of “Inclusive insurance” or “microinsurance”, or “sovereign risk financing”. These concepts need to be unpacked to there is no misinterpretation of each term. It was recognised by many partners that governments, insurance industry and UNDP each use a different terminology and a different vocabulary, which makes the use of a glossary important so that the different terms, including terms such as risk financing, are commonly understood by all partners. More attention seems to be given by the Global Team to the potential long-term benefits to the detriment of immediate and intermediate tangible results. As mentioned in the footnote, the project design needs to include an incremental and phased approach that includes a ToC about the transformational changes for each phase of the IRFF long-term vision. Advocacy, awareness raising, and technical capacity development are all being provided, but they take time and effort before they can bring about the necessary attitudinal changes to take IRFF forward to its next level. Brokering and facilitating spaces between the government and the insurance industry is a key accomplishment, but it is not enough to ensure that the outcome statement of the IRFF will be achieved.

### Is the IRFF bringing value for money?

It depends on how value for money is defined. From the MTE perspective, the IRFF is largely bringing value for money, but it is not systematically reporting this from all the countries or at the global level[[42]](#footnote-43). For example, data obtained from the field visit in Colombia indicates that through the IRFF engagement co-funding for a total of US$ 2.7 million was leveraged. Although the funds are not entering directly into the UNDP account, it is still a substantial return on the investment, as it is more than triplicating the initial investment made. This is one of the criteria that is used in the Global Environment Facility (GEF) evaluations when looking at co-funding leveraged through its projects, and IRFF should use this as a model to systematically map the co-funding that has been raised through the efforts of the UNDP and IRFF, as it highlights ownership and indicates value for money – both at country level and globally.

### Has it been efficiently managed and is its management structure conducive to achieving results?

The project is managed by a small core team of less than twenty staff for such a complex mechanism spread out across 34 countries, each country having its specific context. It cannot be a one size fits all and therefore the IRFF offer must be tailored in each country to the needs and priorities of the government. IRFF management has been agile and opportunistic, being able to capitalize on promising emerging aspects (such as the Takaful alliance). The project management team would benefit from stronger staffing with subject matter expertise in the programmatic areas mentioned under point 7.1.5., although two staff have recently been recruited by the global team for the third area (agricultural insurance). In view of the MTE, the geographical scope of the IRFF is too wide and leads to a dispersion of resources when tangible results could be obtained somewhat sooner with more resources allocated to specific countries in which the enabling environment is being achieved and where piloting needs to be rolled-out on more than a micro-scale. This is particularly relevant for inclusive insurance as one of the key challenges it has faced in the past, according to various KII, was that the scaling of such initiatives could not ensure their sustainability. The global team would also benefit from better skills and knowledge of Results-Based Management and M&E, project design, use of the Theory of Change, and other aspects related to programmatic project management. The global team is strong in financial and administrative project management. Its communication strategy has only recently been developed as a new communications officer has been hired in the global team. At country level some interviewees felt that the staff and the focal point changes affected project efficiency.

The IRFF global team organigram is presented hereunder:

Figure . IRFF global team organigram as of June 2024

In terms of financial delivery, the project management has had a low delivery rate of US$ 13.25 million as of the end of 2023 versus funding requirements of US$ 60 million. This is a slow start, but it is explained by the essence of the IRFF, the fact that it is an incipient and evolving mechanism, that it is untested and had to deal with multiple delays on different fronts (e.g., ISF approval, internal UNDP procedures, political changes and elections, and general UN bureaucracy such as centralising payments in Kuala Lumpur, introduction of Quantum, which all required some lead time, notwithstanding the fact that the IRFF was launched in the year of the COVID-19 pandemic which already created a whole set of delays and limitations). It is also important to specify that the amount of commitments from 2024 to 2027 was for another US$ 46.92 million, totalling US$ 60.18 million. At the end of 2023 the financing committed amounted to US$ 55.1 million (as shown in table 2), indicating a shortfall of US$ 5 million. It took some time for the IRFF to become operational at country level, recruit and build the full project team at the global level.

Box . IRFF adaptive management response to these challenges (Source: IRFF global team)

The box hereunder provides a view of the IRFF adaptive management response to these challenges (Source: IRFF global team)

Box 1. What kind of subsidies are most likely to support sustainable solutions?

CHALLENGES AND LESSONS LEARNED (Ranked broadly by scale of impact)

* ISF processes take on average close to two years from start to final agreement
* Limited initial government capacity on risk finance delays engagement with private sector
* Frequent government changes slow progress (22 + elections in TPA countries since work started)
* In first batch of 12 countries, COVID-19 was a significant hindrance to development, noting the project started at the height of the first wave.
* The second batch of countries were selected in 2022, and commenced operations in December of that year.
* Aligning global and country-level UNDP and industry workplans and developing the working mechanics and policies to underpin such a large public-private partnership took substantial time.

CONSEQUENCES

* Commencement of industry-led risk financing solutions was substantially delayed in almost every context.
* Relatedly, UNDP's wider engagement in countries was delayed as it was initially tied to industry receiving ISF approval.

KEY ADAPTATIONS AS PROJECT DEVELOPED

* Changed the trigger for UNDP engagement to commence before ISF project approval
* Worked with industry, IDF and ISF to streamline ISF processes vis-à-vis co-financing (although note some areas continue to need further development)
* Developed detailed guidance on UNDP/industry collaboration, globally and in-country
* Created the Engagement Initiative to lay the foundation for LDCs to understand risk financing, risk-informed public financial management, and best practices to work with the private sector
* Mobilizing additional technical and financial resources to improve cost effectiveness and efficiencies. For example, staff costs have been shared across donors

Administratively approval at the global level for e-requisition can only approved by the project manager (Team Lead and Programme Coordination Specialist have currently manager rights which equals to E-Requisitions approval). Once work plans are reviewed and approved by the technical leads, team lead and RR, the country offices receive delegated authority (DoA) to carry out activities and manage resources. Only e-requisitions are approved by the project managers, who hold delegated role. Additionally, this oversight and functional segregation are essential, given that this is a global project. This indicates that the administrative set-up is sound and efficient.

IRFF also uses the UNDP consultants’ pools and rosters when providing technical support to the project countries. Regarding these, different views were expressed according to the regions. In some the quality of the consultants were quite good, but the process was deemed too slow by in-country partners. In others, the challenge is between the lack of a national consultant with the proper professional skills versus the cost of the international consultants. When working with a capacity development approach (which is what IRFF is doing) it may be useful to consider pairing the international consultant with a national consultant as part of the knowledge transfer process and to support national capacity development. National consultants have better understanding of the context, culture, political environment and language, so a team of international and local experts should be favoured wherever possible, as further investment into longer-term capacity development.

The MTE could not devote full attention to the structure and management of the IRFF as it was not its focus area. Therefore, an organisational management review of the IRFF and its structure is recommended.

### How well was the project designed?

IRFF is a very complex structure and does not fit well into the project format. KII with senior UNDP management indicated that UNDP does not have another format and therefore the project document is the necessary support to the implementation. The MTE agrees with the fact that IRFF is ill-suited to be defined as a project, as its potential is largely exceeding a specific project´s boundaries. Be as it may, a project document had to be prepared for the IRFF, and the first project document was established with a starting date of 1st October 2020 and signed on 11th October 2020. A project revision was also undertaken in March 2024, shortly before the start of the MTE in May 2024.

The MTE found that the project document falls significantly short of the technical project design requirements and RBM principles. It attempts to please different constituents (especially donors) without being able to articulate clearly the vision behind the achievements it is expected to obtain during implementation. The Results Framework (RF) is both unrealistic and excessively ambitious. It identifies indicators that should not be placed in an experimental take-off phase (e.g., 1.3. the number of insurance products and solutions developed, improved or scaled up) and addresses the impact level, something impossible to achieve within the limited IRFF timeframe (e.g., indicator 1.4. number of people that are beneficiaries of inclusive insurance solutions). It mixes means and ends, it does not reflect an understanding of the Theory of Change, and most importantly does not indicate the type of transformational change that should be achieved by the end of the project (e.g. the outcome statement as suggested in the evaluability analysis above: increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty) which is what IRFF should be accountable for, instead of the outcome mentioned in the project document (Country and community long-term resilience improved by development and delivery of insurance and risk finance solutions). A Theory of change at output level is simply redundant. It shows a lack of understanding regarding the hierarchy of results (outputs-outcome-impact) and a general lack of understanding of the processes that are necessary from the onset of a project to bring it to fruition, through several phases which each phase focusing on specific types and levels of results. As such, the project document and its revision are both of limited value as a guide to appraise the achievements of the IRFF because they do not focus on the process towards the transformational changes it wants to achieve over the longer-term. A third revision of the document, made by experienced project managers, with the necessary inputs and expertise in RBM and M&E, or outsourced, is warranted, always bearing in mind that IRFF is an incremental facility that needs to go through three separate phases: Phase 1) a take-off phase (current phase) where enabling conditions (including review of policies and insurance regulatory framework), country system diagnostic mapping, partnerships and advocacy, capacity development and awareness raising, establishing of communities of practice to exchange information and share knowledge, constitute the initial building blocks. Phase 2) the roll out of concrete and tangible solutions that can be used as demonstration models and that need to be sufficiently scaled so the results are not just anecdotal. To be able to upscale and replicate, a sufficient critical mass must be created. It is difficult to strike a balance between the kind of products and the uptake that will be made of these products, but the second phase is about demonstrating results through tangible products and changing the attitude of the people towards insurance and risk financing solutions. Phase 3) is the consolidation of the insurance and risk financing solutions into a scaled, regulated and balanced insurance market in which the number of insurance takers can be finally used as a key indicator of success, as well as using insurance industry and government key performance indicators (e.g. for example penetration, total amount of premium paid annually, total amount of claims settled, number of vulnerable people covered by insurance solutions, etc.). Each of these phases can take as long as five years (non-prescriptive) and the full impact and potential of the IRFF requires necessarily a long-term vision of up to fifteen years if it is to fully realize its potential.

The project document identified six outputs but did not specify the rationale for such outputs, all of which were changed in the revised project document, again without specifying the reasons for the change. In addition, the composition of the Project Board is not explained, and in the view of the MTE it does not incorporate all the necessary members (e.g. insurance industry, high level UNDP management).

### To what extent did monitoring systems provide management with stream of data, disaggregated by sex, to learn and adjust implementation.

IRFF has developed a very comprehensive data collection system with an impressive amount of information, disaggregated, that is used to produce the various reports and inform some of the knowledge products it has produced. It is not possible for the MTE to appraise to what extent the system is used for learning and adjusting implementation, because project management is at the global level and implementation is largely done at country level. There appears to be no narrative on how learning from monitoring at the global level is being applied to IRFF implementation. Another aspect is that each country’s progress is driven by its operating environment: it is context specific. So even if peer sharing and learning is highly valued, progress in implementation remains very much a country-specific process.

## Effectiveness

There are two different aspects of effectiveness that the MTE has analysed. One is linked to the level of satisfaction with the on-going efforts of UNDP IRFF, and the other is about the level of results achieved to date. The questions were asked to all KII outside of the UNDP respondents (47 respondents from donors, insurance industry members at the global and country level, government partners, and academia) using a five-point rating scale from 1 minimum to 5 maximum, and providing a qualitative justification for the rating.

Regarding the first question (What is your level of satisfaction with UNDP IRFF to date) there is a high overall rating from all 47 partners, with an average of **4.08 out of a maximum of 5.**

It is interesting to note that there is a significant difference between the global and country level views: at the global level (8 respondents), the average is **3.78 out of 5** (near the high mark of 4.0), while at the country level the average is a quite high **4.36 out of 5** (37 respondents and 2 N/A). This would seem to indicate that the level of satisfaction is higher in the countries where IRFF is active than at the global level. Note that when more than one person attended the KII, the MTE also used the average rating (e.g., total rating figure divided by number of interviewees).

When analysing the second question (what results have been achieved by UNDP IRFF to date) responses yield a different perspective. At the global level, results show an average rating of **3.83 out of 5** regarding the results achieved (6 responses and 2 N/A), so similar and even slightly higher than the level of satisfaction with UNDP IRFF. At the country level however, only nine ratings were provided (and only from three of the six countries where data collection took place), with an average of **3.48 out of 5,** somewhat lower than the global level (but **with 77% of respondents indicating N/A – 30 responses). The main reason behind the 30 N/A is that the work is still in progress and that tangible results are yet to be achieved** – although the MTE notes that several products are expected to be completed, approved and rolled-out over the next coming weeks or months. This indicates that at the country level, results as essentially seen by most respondents as the actual product roll out, not the various other activities and outputs produced by IRFF (events, training, policy revision, consultancy services, knowledge products, etc.). This is an important aspect to consider in the upcoming revision of the project document.

The evaluator notes that the timing of the MTE, conducted shortly before the roll out of a few products and solutions, may be unfavourable to collect evidence of results at the country level, and that if the MTE had been done at a later stage the number of responses might be different and more evidence of results might be available.

The ratings obtained are as follows (Note: to protect the confidentiality of respondents the questionnaires have been anonymised, coded and are not sequential – Source: notes from the MTE).

Table . Global level satisfaction and results ratings

|  |  |  |
| --- | --- | --- |
|   | ***Satisfaction*** | ***Results*** |
| **Global level** | **Respondents** | **Rating** | **Rating** |
| 1 | Ins. Industry | 5 | 4 |
| 2 | Donor | 4 | 4 |
| 3 | Ins. Industry | 4 | 4 |
| 4 | Ins. Industry | 3,2 | N/A |
| 5 | Donor | 3,5 | 4 |
| 6 | Ins. Industry | 3,5 | 3 |
| 7 | Ins. Industry | 3,5 | N/A |
| 8 | Donor | 3,5 | 4 |
|   | ***AVERAGE*** | ***3,78*** | ***3,83*** |

Country-level ratings are as follows:

Table . Country level satisfaction and results ratings

|  |  |  |  |
| --- | --- | --- | --- |
| **Country level** | **Respondents** | ***Satisfaction*** | ***Results*** |
| 1 | Gov | 5 | 3,3 |
| 2 | Ins. Industry | 4 | 5 |
| 3 | Ins. Industry | 5 | 3 |
| 4 | Gov | 5 | 5 |
| 5 | Gov | 4 | N/A |
| 6 | Gov | 5 | N/A |
| 7 | Ins. Industry | 5 | N/A |
| 8 | Ins. Industry | 4 | 3 |
| 9 | Ins. Industry | 5 | N/A |
| 10 | Ins. Industry | 5 | N/A |
| 11 | Academia | 3 | N/A |
| 12 | Ins. Industry | 3 | N/A |
| 13 | Ins. Industry | 4,5 | N/A |
| 14 | Gov | 5 | N/A |
| 15 | Gov | 5 | N/A |
| 16 | Gov | 4 | N/A |
| 17 | Gov | 5 | N/A |
| 18 | Ins. Industry | 4 | 3 |
| 19 | Gov | 4 | N/A |
| 20 | Gov | 4,5 | 2 |
| 21 | Ins. Industry | 3 | 4 |
| 22 | Gov | 5 | N/A |
| 23 | Ins. Industry | 3,5 | 3 |
| 24 | Ins. Industry | 4 | N/A |
| 25 | Ins. Industry | 5 | N/A |
| 26 | Gov | 4 | N/A |
| 27 | Gov | 3,5 | N/A |
| 28 | Gov | 5 | N/A |
| 29 | Gov | 4 | N/A |
| 30 | Ins. Industry | 4 | N/A |
| 31 | Gov | 4 | N/A |
| 32 | Gov | N/A | N/A |
| 33 | Academia | N/A | N/A |
| 34 | Gov | 5 | N/A |
| 35 | Gov | 5 | N/A |
| 36 | Gov | 3,5 | N/A |
| 37 | Academia | 5 | N/A |
| 38 | Ins. Industry | 4 | N/A |
| 39 | Ins. Industry | 5 | N/A |
|   | **N/A** | **2** | **30** |
|   | **AVERAGE** | **4,36** | **3,48** |

### What are the key results of the IRFF?

IRFF has established a strong partnership with the insurance industry and has contributed to raising awareness and capacity both at the global level through the learning-by-doing approach that has been followed in the roll-out of the different interventions and in the inclusive engagement that characterizes the approach of the IRFF at the country level. It has been instrumental at country level to enable the preparation of the groundwork so that relevant projects could be devised. It has also acted as facilitator between global and country level partners, and has significantly contributed to raising awareness and capacity development of in-country partners.

IRFF key results can be largely divided into the following categories:

* Awareness raising and capacity development at the government and industry levels
* Brokering, facilitating and opening spaces for solutions by bringing together the government and the insurance industry
* Provision of technical support to review and align the legal frameworks (including the insurance regulatory framework at country level) and create enabling conditions to develop a more balanced market for insurance and risk financing solutions
* Creating communities of practice and international exchanges

Under each category IRFF provides specific activities that contribute to the identified results. Note that these results are not necessarily matching the indicators established in the project document results framework, as the results framework needs to identify and track the changes while reporting on process indicators (e.g. those results that are pre-conditions to achieve the higher level of results: for example, having an updated regulatory framework for insurance is a precondition for being able to roll out an insurance solution).

### What outcomes have been or are likely to be achieved?

Outcomes have not yet been achieved (e.g. as defined by the UNDG, as changes in institutional performance or behaviour) because IRFF is still in the process of producing outputs and not all have been completed to date. As a result, demonstrative solutions have not yet been implemented. The most obvious effect or most significant change noted is the language used and the mindset of some of the global respondents in the industry, as well as some of the government partners, towards insurance and risk financing solutions. IRFF is still far from reaching the stated outcome of its project document “country and community long-term resilience improved by development and delivery of insurance and risk finance solutions”, as such a result cannot be achieved in the current phase.

However, if the realistic outcome of the project in this first phase is, as suggested in the evaluability analysis, “increased interaction with governments and partners to develop and implement innovative, scalable insurance solutions and policies to contribute to tackling risk, building financial resilience and combatting both vulnerability and long-term poverty”, then the MTE finds that a substantial progress has been made in the achievement of this outcome to date.

### What are the most significant achievements and why?

IRFF is opening a new dimension for positioning of UNDP at country and corporate levels with huge potential. It has been able to gradually obtain a strong support from the global ecosystem (industry, donors) and has captured the attention and interest of industry and governments at the country level. It is brokering spaces for multiple partnerships to develop insurance and risk financing solutions on a win/win basis, something that can only be assessed in the next phase of its implementation.

IRFF has been increasing awareness and knowledge both in-house and with its multiple partners through workshops and trainings, technical support and developing communities of practice (CoP) as well as inclusive participation in several international events and national events.

### What are examples of good practice?

* The creation of communities of practice within UNDP (IRFF regional monthly meetings) and outside UNDP with government and industry partners in international (e.g., Jakarta, Goa, etc.) or national events (e.g. Samarkand)
* Establishment of the country diagnostic report to inform about the context and the country-specific ecosystem – this was a game changer for various partners interviewed
* Hiring staff outside UNDP with the proper subject matter technical knowledge, including one actuary. But there is still room to improve the technical expertise within the IRFF staff to cover the programmatic areas identified previously as key areas of IRFF engagement.
* Support provided by the Global Team to the National Project Officers in Country Offices including the induction course.

### Have capacities of national partners to advocate for insurance or risk finance been developed?

Capacity development is at the core of the IRFF to create the necessary enabling conditions for a balanced insurance market and finding adequate risk financing solutions. As such IRFF has placed part of its effort into the development of national partners’ capacities, both at the government level and within the industry. However, for the time being not all of the capacity development efforts with the government are made jointly with the insurance industry, as each also receives a separate and different type of support (e.g., training on inclusive insurance to the industry, training of actuaries). Note that the precondition of all successful interventions is the government buy-in and commitment to the IRFF offer. There is widespread support and demand for the solutions, but in most countries visited high level advocacy and capacity development need to be continued to ensure that the adequate enabling conditions will be created. The capacities are therefore being developed, and for the industry their level of advocacy will depend on the contents of the revised insurance regulations.

### Key challenges and shortfalls of the UNDP

IRFF has started as a corporate initiative but has received limited support from the corporate level – no core funds, scant subject matter expertise for insurance and financial resilience, lack of support at corporate level to introduce IRFF into vertical funds (to bundle or piggyback on products) such as with BIOFIN, GEF, GCF to complete the UNDP’s offer. It was born into a complex corporate environment : 2020 marked the start of the pandemic. UNDP also centralised its GSSC (Global Shared Service Centre) in Kuala Lumpur in 2022 and transitioned to a new project management system (Quantum) by early 2023, all of which caused delays in the administrative and financial processes and affected implementation.

IRFF also suffered from an experimental project design that did not recognise the time needed to experiment, innovate, fail and learn so that the offer of services could be tweaked in the first phase to creating enabling conditions, moving to product design, development and roll out in the second phase, thus seeking to obtain the final impact of resilience building over the third and final phase that could take as long as fifteen years. The project design focused in excess on delivery and short-term results to the detriment of longer-term outcome and impact results, which are only achievable with a longer timeframe (e.g. hence the need for IRFF to have three distinct but complementary phases).

A key challenge is the engagement with the private sector at country level for implementation of the IRFF activities. At the partnership level IRFF has been able to secure a strong partnership with the global insurance industry, but at the operational level it still faces some implementation challenges to support the efficient implementation of its activities, as for example for the Innovation Challenge. For IRFF to be completely successful in implementing IRFF activities UNDP should review its policies in line with the very high potential pay-outs of the IRFF´s longer-term impact and address existing regulatory and policy barriers.

IRFF does not have a sustainable funding base, and it is therefore at the mercy of its capacity to leverage funds. While it started with a single donor (BMZ), it has gradually been including a higher number of different donors (including insurance industry members), but this also adds to the level of complexity and the scope of the IRFF.

IRFF may have been too ambitious in the number of countries it is covering. Because funds must be distributed among the different countries, a higher number of countries means an added workload, limited funding capacity (comment echoed by some partners at country level as shown in table 7) and a tendency to prioritize breadth versus depth. It is the view of the MTE that IRFF should now focus on those countries that will be shortly able to roll out insurance products over the short term, because it lacks demonstrative examples of success. IRFF should ensure it has sufficient funds available to pilot and test solutions which are sufficiently scaled to be considered as potential models, and therefore prioritize countries where solutions are ready or nearly ready to be rolled-out in the coming weeks or months.

The political situation in the IRFF countries is not always stable. There have been many changes in governments, and elections and political changes require additional time to rebuild or reactivate prior partnerships. This has not always been well understood by some global level industry partners such as IDF. In the end the in-country relations with the government are the key to being able to nurture multiple partnerships with the public sector and achieve a win/win situation for the government, the insurance industry and the people of the countries where IRFF is active.

The process for approval of ISF has been mentioned as tedious and slow, and in some countries has created a disenchantment towards the projects. More fluid communication with ISF is warranted.

The RBM principles are not well incorporated into the project design or the approach followed by IRFF´s argumentative narrative that is not results-based or showing evaluative thinking.

### Has IRFF incorporated HRGE (Human Rights and Gender Equality) and LNOB (Leave no one behind) and with which results?

IRFF has been designed with a UNDP Gender Marker of 2, which means it is fully gender sensitive. IRFF is fully aligned with UNDP programming principles, and inclusive insurance is at the heart of the LNOB concept (as inclusive insurance includes access to the most vulnerable groups, including women), while HRGE is embedded into the IRFF implementation. As a facility and not a project that is directly implemented, the application of the Gender lens is largely dependent on the way in which the CO has integrated gender into its approach to programming. Country level feedback from UNDP indicate a high commitment to gender and a keen awareness that the gender lens must be kept at all stages of the IRFF implementation (e.g. engaging with women groups to pilot expected insurance products).

### Has gender equality been streamlined in the project? If so, with which effects?

IRFF has largely embedded gender equality in its programme but the extent to which it is actually applied is also dependent on how much each Country Office has streamlined gender. Considering the various contexts and cultural environments in the countries visited, gender has been a part of the design for every solution, largely due to UNDP’s advocacy and support to gender mainstreaming.

The MTE noted that not all countries’ insurance industries have a gender policy. UNDP (or IRFF) has therefore an opportunity to advocate for the Gender Seal in the insurance industry, one more token of commitment to gender equality that may benefit the IRFF supported solutions in the various countries.

### Have partnerships been established at sub-national level?

As most of the work is still work in progress and there is yet limited evidence of concrete results (that will be rolled out on pilot basis in selected locations), the creation of the enabling environment and the corresponding policy and regulatory revisions and changes is necessarily being done at the national level with central government structures. Nonetheless, anecdotal evidence has been reported of sub-national or state level partnerships that are being discussed and/or will be established when piloting solutions (e.g. Ghana, San Andres, Colombia, India).

Localisation should be a focus area of the second phase of the project, once the first phase of ensuring enabling conditions has been completed and the tangible interventions can be implemented accordingly. Sub-national level partnership will have to take place as there is no capacity or resources to roll out products that cover the entire country, except for those that have targeted a limited number of beneficiaries countrywide (e.g. not determined by geographical location but by income quintile, unlike agricultural or disaster risk insurance which is necessarily localised).

### What has changed as a result of the project?

The MTE found that the changes induced by the IRFF cover three key aspects of IRFF’s engagement with its partners:

1. Use of specific terminology and change in understanding and mindset towards insurance and risk financing solutions from governments (more receptiveness and buy-in) and in the industry (at global level but also at the country level, although the timeline is different for the global level industry that sees the return on the investment over the long term versus the country industry that needs to see quicker returns)
2. Increasing interest and awareness of the benefits of public and private partnerships by creating win/win situations for the government, the people of the country, and the industry, through brokering by IRFF;
3. Enhanced UNDP positioning at the global and country levels, in some cases closer engagement with the Ministry of Finance or higher levels of government.

## Sustainability

The most evident threat to IRFF sustainability is the lack of long-term funding. In fact, IRFF is still looking to bridge the funding gap which runs until the end of this first phase in December 2027. Unfortunately, the IRFF Global Team did not share the fund-raising strategy with the evaluator (see the bibliographical annex with the documentation provided), so the MTE could not engage on the subject during the interviews as it was not aware of what fund-raising strategy IRFF was using.

### Do partners have the institutional capacities in place to sustain the results?

They do at the global level without a doubt, since it depends on the decision of their boards and Chief Executive Officers (CEOs). For those members of the industry that have participated in IRFF, there is a clear willingness to see that the capacities are sustained over the longer term since it will be when the return on the investment can gradually take place. At the country level, it varies from country to country, as it is contingent on the government’s commitment, buy-in and resource mobilisation capacity, and uptake from the insurance industry.

### What are the threats and opportunities affecting project sustainability?

First and foremost, the project is not designed to be sustainable. But no one should be alarmed because projects are by nature time bound. Sustainability, as defined by the OECD/DAC evaluation criteria, is the capacity continue leveraging the benefits after the end of the funding period. This means that either the project has built-in mechanisms for cost recovery, and the beneficiaries end up having to pay to have access to the benefits, or that it has been taken up by the government as part of its national programme, hence under national ownership and funding, or it has been replicated by other donors. Benefits do not naturally continue to be obtained when projects close, and out of 130 projects and programmes evaluated by the author of this report in the past 30 years for donors, UN, international organisations and NGOs, only 3 were found to be sustainable, 3 and 4 years after the end of the projects, because there was a hand-over mechanism to the government - or in one case because it was replicated by another donor. IRFF is a long-term facility that does not have any assurance of sustainability to cover its costs, so it is dependent on external funding as it does not benefit from core funds. It requires funding as it does not incorporate a cost-recovery or fund-raising mechanism to enable it to cover its own operational costs[[43]](#footnote-44) and sustainability is not embedded in the project design from a financial perspective.

This also renders more fragile the core team of human resources as contractual issues with the global team staff and NPOS arise when funding is not sufficient to cover the extended project implementation period.

As the global ecosystem is also evolving and new mechanisms and actors (such as the GS) are starting to function, it may also take over some of the areas in which IRFF is working.

The opportunities lie with the private sector, particularly at the global level, given its willingness to pursue the efforts over the longer-term, but IRFF needs to have a clear timeline and a definition of its tangible results in its different phases to engage more fully with the partners at the global level, supported by the necessary internal enabling conditions (e.g. including a review of the UNDP policy on private sector engagement).

### To what extent are policy and regulatory frameworks in place to support the continuation the IRFF’s work?

This is still work in progress. In some of the data collection countries a few reviews and drafts of the insurance regulations have been made, some of which have been approved, others are still in the process of review and approval.

This is the key towards technical sustainability, as without the necessary policy environment and enabling conditions, including a review and update of insurance regulations, there can be no insurance or risk financing solution. These frameworks are an essential part of creating an enabling environment.

### To what extent are national partners committed to provide continued support?

It depends on what is meant by committed. Governments in all countries are now clearly interested and receptive to IRFF support and proposals, but they are the ones to define in which priority programme the IRFF is to be slotted. In all data collection countries, the government has defined or is in the process to define the areas in which it wants to leverage IRFF’s support, so the interest is there. Commitment depends partly on the political environment, as for example upcoming elections are a factor which favours the adoption and roll out of solutions, especially in the agricultural field. Another question is the level of resources available to the government and its ability to leverage funding. Some countries have identified and already allocated funding for these initiatives; others have not yet done so. The insurance industry in data collection countries is also clearly interested, but the engagement will also depend on the policy and regulations that are adopted to create the enabling environment. Country level insurance industry has a necessarily shorter view regarding the timeline for the return on their investment, as their income is mostly from traditional mandatory insurance, and an increase in the level of insurance penetration would be a welcome expansion of their business model. But, in view of the MTE, a significant change at this level can only be appraised in the third phase of the IRFF.

## Cross-cutting issues (Human Rights, Gender Equality, localisation)

The cross-cutting issues have been integrated under the effectiveness criterion under points 7.3.7, 7.3.8, and 7.3.9 above.

## Common findings in the data collection countries (not criteria specific)

* There is insufficient visibility and communications at all levels in the countries and a need for a continued large-scale campaign to change mindset among the population while maintaining advocacy and awareness raising among local partners
* There is a level of misgiving from both the population and to some extent from the public sector towards the insurance industry, which requires the roll out of demonstration models that show that insurance companies can honour claims made on timely basis
* There are different understandings of the key terms used by IRFF, including inclusive insurance, risk financing, and other conceptual terms included in the project document – this leads to interpretation and a lack of a common terminology, something that can be addressed with an IRFF glossary that not only defines conceptually the terms, but also what IRFF support is being provided under each of the terms. Interpretation and confusion have been found among government partners, industry partners, and UNDP Country Offices.
* IRFF seems to be leveraging substantial co-funding at the country level, but it has not yet implemented a reporting system for co-financing such as the one used in GEF projects.
* At the end of the day, commitment from national partners depend on identified champions. To ensure a championship culture the IRFF may consider leadership workshops at ministerial level on Insurance and Risk Financing, using best international practices and experiences to highlight the potential gains for the country, and consider the creation of regional excellence awards.
* In some countries, public insurance companies are very large and to some extent have a competitive advantage over the private sector insurance industry. It could be useful for IRFF to research and publish a study on what are the roles for public versus private sector insurance companies in the IRFF supported solutions.

Box . What kind of subsidies are most likely to support sustainable solutions? **The most common questions in all countries when discussing insurance solutions was invariably: Who will pay the premium?**

Data collection countries all recognise the need to subsidise premium payments when new insurance products are being tested. It is clear that a new mechanism needs initially to have a subsidy and that the end beneficiary of the insurance coverage should not be expected to bear the costs of the insurance premium. Difference arises however on the level and duration regarding subsidies. In some countries, government subsidies have been existing for a long time, and specific funding is regularly allocated to subsidised insurance schemes. In other countries, some government insurance schemes require a symbolic participation from the insured, even if the amount is very low, just as a sign of buy-in and commitment from the insured. Some countries have a strong view that without some participation, even symbolic, by the insured in the payment of the premium, the insurance product is not being considered sufficiently seriously and without the necessary commitment from the insured (i.e. so it will not become sustainable if government subsidies are not provided). In other countries, land ownership limitations can be a serious deterrent for insurance takers. Be as it may, in none of the six countries used for data collection was the MTE able to find information about an incremental model of premium subsidy (e.g. where the government contribution decreases over time in favour of greater participation from the insured), to gradually transfer the payment of the premium and ensure uptake by the insured.

Some UNDP senior management staff have expressed their views that subsidies are a necessity and should not be viewed as a negative factor, since even in the USA and in the EU sectors such as agriculture are heavily subsidised, despite having environments that enjoy more enabling conditions to provide market-based solutions.

While this is true and some insurance schemes are heavily subsidised over the long term, it is nonetheless the view of the evaluator that there should be at least some buy-in from the insured even with a token or symbolic contribution in the payment of the insurance premium. Over the longer-term the participation in the payment of the premium could be adjusted in line with the emerging market products and solutions and the level of uptake of the insurance products in the country. If the development paradigm of teaching how to fish instead of giving fish still holds true, in insurance solutions the availability of adequately tailored insurance solutions, supported by an enabling environment, should also consider an initially very minor participation of the insured in the payment of the premium, as low as possible in order not to jeopardise the insured (in particular for micro insurance under the inclusive insurance schemes as they target the most vulnerable). But there is a psychological difference between obtaining something totally free of charge and somehow contributing, even if to a minimal level, to the payment of the premium.

It could also be an interesting subject for research by IRFF to see among the large and combined experience of the insurance industry, or at country level, whether there have been cases where the incremental uptake of the premium has been successful and used in specific types of insurance solutions, and to consider whether this could be applied to at least some of the IRFF supported solutions.

## Other MTE findings regarding the IRFF (based on data analysis and interpretation by the evaluator)

There could be more in-house technical expertise in specific aspects of insurance solutions and risk financing at the field level. As suggested earlier, IRFF would be able to make substantially stronger advocacy if it had among its staff at the country level an expert on multi-hazard disaster risk insurance, and on inclusive insurance, so that applicable models with all costing details would be used to advocate for specific solutions in the key niche programme areas when engaging with the country’s government counterparts, which could revert in higher government investment in these areas. Noteworthy that the actual modelling expertise lies within the insurance industry, not within the UNDP, and that such a process requires a close partnership with the insurance industry and designated champions that would be willing to engage from the insurance industry with the facilitation and support of UNDP with the government in these areas.

UNDP has produced several knowledge products that have been technically informed, useful and used to advocate and inform governments and other partners. For example, in Colombia, UNDP and URF (under the MoF) in 2023 produced a publication on the development of parametric insurance, which contributed to awareness raising and developing knowledge on this particular form of insurance. The individual country diagnostic reports produced by UNDP have been highly valued not only by government counterparts but also by partners interviewed at country and global level. Another important publication is the paper: Insuring a sustainable future: Building Climate Resilience Through Takaful, in 2023, which highlights the opportunities, challenges and recommendations for Takaful - a Shari’ah-compliant alternative to conventional insurance - to build the financial resilience of at-risk Muslim communities against rising climate risks, produced by IRFF and IsDB (Islamic Development Bank) and the IsDB Institute.

Increase in the donor base and the geographical coverage of the projects is adding to its complexity and creating an excessive burden on the Global Team Leader as sole decision maker. Delegation of responsibilities for each area of IRFF should be given so that each can work in parallel and in coordination but with separate roles and responsibilities (so that not everything needs to be going through the team leader who travels extensively and has limited availability to oversee all aspects of the project). So delegation of competencies and authority should be given to the team leads of the IRFF four teams: 1) Strategy, positioning and fund raising (under the current project lead), 2) Project management, RBM and M&E (including staff with relevant technical skills in RBM, M&E and programme competencies for project design, ToC, etc.), 3) communications (although already covered to some extent in the existing structure, communications and visibility) have been a pending issue and the recent recruitment of a new communications specialist is expected to contribute to improve this aspect). However, it is the view of the MTE that a strengthening of the communications’ team is warranted, 4) insurance and risk financing technical perspective (to some extent covered under the current structure, but more in-house insurance specific knowledge is required as per the previously mentioned findings). Other options that could be explored include delegation of responsibility to regional leads for country delivery that would contribute to decentralisation.[[44]](#footnote-45)

The evaluator has limited understanding of the interactions between IRFF and the wider SFH and the UNDP corporate structure. An organisational management review is suggested to supplement the limitations of the MTE, as its scope focuses on IRFF, to address staffing issues, management effectiveness, division of labour and roles and responsibilities.

An interesting comment from one of the countries’ government partners suggests that UNDP should keep its focus on its mandate with inclusive insurance and a poverty resilience as core areas rather than navigating in the IFI’s more conceptual approach to resilience, as a way of ensuring that IRFF keeps its DNA aligned to the UNDP mandate.

Box . What is the optimal number of countries that IRFF should be supporting?

IRFF started initially with 20 countries under a single donor. Four year later 34 countries are involved, and demand is increasing from other countries. But there is a limit regarding how many countries the IRFF can successfully support and fund. The choice of countries was initially a joint selection process (first ten countries and a second group of ten countries) where insurance industry would be willing to work, and with at least 2 insurers agreeing to work in a given country on risk insurance. Initially BMZ reportedly wanted to target the most vulnerable (which means for the MTE that they did not necessarily offer initially enabling conditions, therefore having to tolerate a higher risk of failure), so in the end there has been a mix of factors leading to the countries’ selection.

For some donors the fact that other donors were already supporting IRFF was a pull-factor that played a role in the decision to fund IRFF. But today managing 34 countries with five donors and eight programming modalities spread across six outputs and one single outcome is simply too much (notwithstanding potential interest from other donors and other countries). Each country has a different context and IRFF support is necessarily aligned to government priorities. Despite all the possible goodwill and hard work of the global team and of the country offices, direct involvement in 34 countries cannot be successfully undertaken at the operational level at the same time to obtain the desired outcome.

IRFF needs to plan a graduation system for the countries, and group them in tiers depending on the existence of enabling factors in the country. There should be a three-tier structure, the top tier for countries where political commitment and interest exists, enabling conditions and regulatory frameworks can be or have been updated, insurance industry is also interested and where the CO has enough leverage and weight in government to play its brokering and facilitating role between the government and the private sector. These countries should be able to deliver tangible and practical insurance solutions and risk financing products with IRFF support.

The second tier should be composed of those countries where political interest is there, but not yet commitment, resource mobilisation is possible but not assured, where conditions are partially enabling and where potential progress on the enabling conditions (legal, capacity development, regulations, training) is possible to allow the country to graduate into tier one. These countries should be able to complete all the requirements to create an enabling environment for insurance and risk financing solutions. (Note that some governments have a strong control of their policies and drive the times and process themselves, using development partners as support, but not spearheading the process).

The third tier is composed of those countries where efforts must start from scratch: advocacy, team building, using a common terminology, sharing the understanding of the IRFF offer, highlighting potential gains, opening the door towards regulation and legislative review and adaptation to best practices. In some cases, technical capacity development and training will be required. When a number of graduation benchmarks (to be defined along the requirements of what constitutes an enabling environment) are achieved, the country will graduate into tier two.

If during this phase I the IRFF distributed an equal amount of funds to each CO (initially US$ 500,000 and with possible addition of US$ 300,000 depending on progress), the 34 IRFF countries could be categorized based on their progress into the three tier-system. IRFF should no longer fund equally all countries but focus the bulk of the support – financial and technical on the tier one countries, because these are the ones that will first achieve demonstration results. Funding allocation and technical support should be prioritising these countries until the end of phase I. Depending to the size of the country, the complexity of the solution that is being developed, the issue of scaling and replication, it may be necessary to increase funding allocation up to US$ 1 million per country as in some cases the entire country allocation was already committed for the development of a single solution.

Tier two countries should be able to receive half the financial allocation and technical support that tier one countries receive. To keep the tier system agile and reflect changes in the country’s standings, the benchmarks for the tier allocation should be review biennially (e.g. every two years), for tier two and tier three countries.

The total number of countries should not exceed 30 unless the global team is further reinforced and IRFF is more strongly resourced. Tentatively up to 10 should be from tier one, up to 15 from tier two, and up to 5 from tier three. Efforts must concentrate first and foremost where tangible results have the highest probability to be achieved.

*Graduation scheme*

Two years after tier one countries have completed the roll out of the products, there should be an outcome evaluation to assess the scaling and replicability of the products. Based on the findings and should the product be scalable and replicable, the country could be considered as an IRFF graduate and be a technical resource mentor for other countries in the region. In this way, the learning that has taken placed is shared regionally, where language, culture and environments are more closely linked than when operating across all continents win widely different contexts.

*Evaluator’s note: these are only non-prescriptive suggestions that should be discussed by the PB*

When looking at the construct of the IRFF, it was easier for respondents to identify and relate to insurance as the salient feature of the IRFF rather than provide examples of risk financing opportunities. This is because it was easier to identify insurance solutions as they are tangible products, while risk financing was much less understood or identified by some of the evaluation respondents at country level, except for the government counterparts that were directly working in risk financing solutions (such as Ministry of Finance staff). The IRFF defines risk finance as the mobilization of budgetary systems and financial instruments to predictably finance risk management activities that address the economic and developmental impacts of risks. Risk finance refers to risk transfer instruments for the sovereign and sub-sovereign levels (which might include contingency financing as well as insurance solutions). **For some KIIs, the definition and scope of risk financing remains vague, such as what the different types of interactions between the government, insurance industry and UNDP that are required to develop risk financing solutions are**. A clearer conceptual guidance is required, something that would also benefit the CO and NPOs in the project countries. In some countries the whole concept of risk financing is still in its initial stages of development and not well understood. There may be a need to separate the progress and approach that can be achieved in insurance solutions, which are more amenable to being evaluated and monitored, from that of the risk financing benefits that can be leveraged but are more difficult to showcase, are more political and may take a longer time to be developed. This vets the question as to whether the IRFF should not have two separate technical teams, one for insurance solutions, one for risk financing solutions, but working on different timelines at country level. As already identified in the inception report, output 4 which deals with resilient investments has yet to obtain any funding and it may require a longer timeframe to be able to provide concrete results. Although there is a clear linkage between the two, and as specified in the IRFF vision of “working with government and partners to develop and implemented innovative, scalable insurance solutions to contribute to tackling risk, building financial resilience and combatting vulnerability and long-term poverty”, UNDP should consider whether it would not be advisable to split the IRFF into two complementary technical teams where the insurance solutions constitute the first step towards the range of benefits, to be possibly complemented by risk financing solutions, that can potentially be leveraged through the IRFF. But there may be cases where only one type of solution (insurance) is currently feasible.

Finally, as a reflection on the concept of a “Facility”, it is not fully clear to the evaluator why the IRF should be described as a facility. Using the term of “facility” instead of, for example, “project”, does indicate a concern for the longer-term sustainability as compared to a project which is timebound. But if the IRFF has a clear purpose and objective in insurance and risk financing solutions, it could also choose to become a “Fund” such as those existing under the MPTF structure, in which multiple donors put their funding towards a stated goal. This normally allows for more predictable funding and allows to develop a clear resource mobilisation strategy. BMZ priorities seem to have shifted towards the Global Shield mechanism, and it may select not ensure a sustainable funding base for the completion of phase I of the IRFF or beyond. Considering other donors’ increasing interest in view of the progress and potential benefits of the IRFF, UNDP could consider whether the advantages outweigh the disadvantages of transforming the IRFF into an MPTF fund, which could facilitate a stronger funding base. The structural composition of the IRFF should be part of the scope of an organisational management review of the IRFF.

# Conclusions

IRFF is a visionary and brilliant innovation that takes UNDP to a new level of partnerships. It is entirely relevant and responds, albeit for different reasons, to the needs of the global community and that of the countries where it operates, and those of the insurance industry. In all cases it has the capacity to directly influence the resilience of the country’s population through the development of insurance and risk financing solutions. But its funding base is limited and may not be large enough to create an impact. It is insufficiently resourced at present and geographically scattered across a high number of countries, which may limit its ability to upscale and replicate its early gains.

IRFF is largely viewed as a success by all partners (see ratings under the effectiveness section), but it is too early to appraise the transformational change it is nurturing at the outcome level. It also needs to better define its engagement strategy with the multiple partners and actors at the global level.

IRFF has been and is still instrumental in changing mindsets of industry and government partners, and in some cases of NGOs as well. But the change in mindset takes time and needs to be grounded on a continued expanded education campaign. For this, products and solutions need to be implemented, something of particular interest from the government partners’ perspective as these are considered to be the tangible results of the IRFF – while policy and regulatory reviews and changes, capacity development, are but part of the process to roll out concrete solutions that benefit the people of the country. Concrete products and solutions will play a demonstration role towards the public and support the change in mindsets of both the public and IRFF´s partners.

IRFF’s work at the policy level and in providing technical support is critical. In many countries parametric insurance is not yet regulated, so IRFF works in parallel on the product development together with the insurance industry while facilitating an enabling environment on parametric insurance in countries such as Uzbekistan, Colombia, etc. At the same time, there was a clear request from government counterparts (and some insurance industry partners) that while policy and regulatory support upstream are critical aspects, they are not sufficient to create the desired outcomes – so IRFF should continue its support until the solutions can be fully implemented.

IRFF support to raising awareness, facilitating constructive solutions between the public and private sector, developing partnerships and partner’s capacities -both at country and global level-, creating knowledge products, innovating with new approaches (such as Takaful) and supporting the development of new products has made it a reference in its field. Comparatively, from the countries’ perspectives, IRFF’s progress has been slow in terms of the roll-out of tangible products and solutions. Therefore, results achievement in this area has been weaker, but much is due to an unrealistic project design and internal and external challenges that have been identified in the relevant sections. Political changes in some countries have also constrained or enabled support towards IRFF. IRFF is operating in a dynamic environment and rightly remains agile and opportunistic. But greater visibility and communication are key to obtaining additional support, funding and more inclusive partnerships. More knowledge of the progress and gains made should be evidenced, supported by robust RBM methods.

Regional exchanges are highly valued by all partners and help create a common understanding (communities of practice), so it is seen as a sound investment to build a network of like-minded IRFF supporting countries. South/South cooperation also provide of particular interest for some of the data collection countries.

# Lessons learnt

It is very useful to carry out an initial assessment of the situation when developing a new approach. The diagnostic study undertaken by the IRFF was an eye-opener for many partners and a very useful product to inform how to engage and operate given the country-specific context.

Similarly, it is constructive to provide induction training to staff as they are not subject matter experts when they are recruited by the UNDP. All NPOs benefitted from an induction training from the technical lead and the Global Team which prepared them for their role, and this facilitated their interaction with the insurance industry, as well as with the other UNDP partners. This is a very valuable and important aspect as UNDP does not always provide induction training to its new staff.

UNDP could benefit from stronger in-house insurance and risk financing technical expertise, linked to multi-hazard disaster risk solutions modelling and forecasting and scaled inclusive insurance solutions, so it can advocate with governments based on evidence and best practices and not from a conceptual perspective.[[45]](#footnote-46) Government counterparts highly value UNDP’s ability of bringing international good practices from different countries, so more concrete models and practical solutions are needed.

The Project Board (PB) composition should include more influential partners that support the IRFF and include insurance partners and additional high-level UNDP staff from SFH and BPPS given the oversight and strategic role of the PB, with participation of each of the IRFF team leads as observers so there is a better understanding and communication with the rest of the PB members and it permeates across the project teams.

Risk taking for new approaches should be embedded in the project design. IRFF design is excessively ambitious and not very realistic, as it combined three separate phases that need to be navigated over a long-term time frame. By compressing everything into a five-year intervention, IRFF has not been able to properly align the progress and show how different activities lead to outputs, how these outputs gradually contribute to the outcome statement (which is the level at which the project should deliver at the end of each phase) and how the outcome in turn supports the long-term impact of the project. A design with a three to five year timeframe in a limited number of targeted countries where conditions are conducive to implementing the project and with an experimental approach in which failure is part of the learning process and can be as high as 50% (or half of the countries not being able achieve IRFF objectives) would have been an excellent enabler to identify lessons for the second and third phases of the IRFF.

Developing and using a glossary that defines key terms such as “insurance solutions” or “risk financing” or “inclusive insurance” needs to form part of the project design. This is necessary to avoid different interpretations by different partners. Noteworthy that even in the insurance industry the use of some terms leveraged a different perspective depending on whether it is a global level respondent or a country level insurance actor. Too many terms are conceptually used and weave a good narrative for reporting but do not translate into a clear and concrete understanding of what are the products and solutions that IRFF has been able to offer.

# Recommendations

Summary of Key Recommendations (as presented in the executive summary)

1. **IRFF should be upscaled with a higher profile, and established for a total of fifteen years** (e.g., three phases of 5 years each: 1) creating enabling conditions (year 1 to 5) b) product testing and concrete solutions implemented (years 6 to 10) 3) change in the number of insurance takers, population insured, change in mindsets and penetration of the insurance industry in each country (years 11 to 15). Each phase should have a specific target and results framework, highlighting the type of results and transformations undertaken under each phase.
2. **UNDP needs to give itself the means to efficiently engage with the private sector**. Creating long-term strategic partnerships with the industry requires a change of regulations and policies within UNDP on how it engages with the private sector. The current engagement mechanisms are not fit for purpose to work with the private sector as an implementation partner. This recommendation has already been made by the Independent Evaluation Office (IEO) in the private sector development and structural transformation evaluation of April 2024 (Recommendation 6) *which has been fully accepted* in the management response.
3. **Over the short-term and in view of the completion of the first phase of IRFF until December 2027, focus efforts on a more limited number of countries where tangible and practical solutions can be rolled out** to ensure that demonstration models can be implemented before the next phase of testing and upscaling the models (e.g. IRFF phase 2).
4. **Undertake an organisational management review of the IRFF and its structure. Decide whether the IRFF should be a Facility or a Fund** (for example under the MPTF model) including direct funding support from the industry Share responsibilities in IRFF management with specific roles and responsibilities with four separate but complementary teams 1) strategy, positioning and fund raising, 2) project management, RBM and M&E, 3) communications, 4) Insurance and Risk financing technical expertise, with each team having a delegated responsibility for the area of competency, so the project progress is not so heavily dependent on the approval of a single individual, hence supporting more efficient overall management. Ensure closer oversight by SFH management.
5. **Carry a global ecosystem diagnostic study to guide the engagement of the IRFF** vis-à-vis each partner as the international context has evolved since the start of the IRFF and new mechanisms such as the Global Shield have been created.
6. **Develop a concrete glossary of key terms that can be rolled out at all levels** (global partners, country level partners in government, industry and UNDP country offices) so there is a common understanding and no interpretation of the terms that are being used. Ideally, there should be an explanation of how UNDP is practically engaging with each key term, rather than giving only a conceptual definition.
7. **Leverage additional funding from donors and partners** to ensure it can continue its evolution as the potential long-term benefits are substantial for all stakeholders involved.

Detailed Recommendations list

IRFF is still in its first phase and has been extended for two years until the end of 2027, so the recommendations are divided between the short-term and the longer-term to provide a list of priorities to the IRFF in line with its short-, medium- and long-term objectives. As per the audit trail comments they are also structured into four thematic areas *: A) Positioning and Policy considerations, B) Results and Data systems, C) Project management and capabilities, D) Engagement and partnerships*. For each recommendation the corresponding target group is defined.

Over the short-term (e.g. in the coming year):

1. Positioning and policy considerations
2. UNDP needs to review its private sector engagement policies and obtain the necessary changes to fully engage with the private sector. It needs to be noted that a full partnership with the insurance industry is conducive to financing of SDGs, in particular through insurance solutions that may address the very high economic costs of natural disasters, the effect of climate change, and in general the development of poverty resilience amongst vulnerable groups through the dissemination and uptake of insurance and risk financing solutions. It is therefore an important enabler to provide UNDP with the possibility of more decisively contributing to poverty alleviation and risk management through the IRFF supported products. There is a contradiction between IRFF contributing to creating enabling conditions at country level and not having the corporate regulations and policies in place to engage more fully with the insurance industry for IP rights, commercial usage, allowing secondment of private sector staff to the UNDP. While it is understood that private sector is necessarily for profit and not fuelled by an altruistic human development agenda, it is also clear that the private sector is a key partner to create long-term sustainable insurance and risk financing solutions that will contribute to developing resilience of vulnerable populations, communities and countries. The language of the insurance industry at global level has also changed in the recent years, and it is also more opened to investing in innovation and new venues such as those supported by the IRFF.

Target: BPPS and SFH, UNDP Executive Board, Administrator

1. Results and Data systems
2. IRFF should now concentrate its efforts on ensuring the roll out of some tangible insurance product. It is particularly important to move in this final period of the first phase from the conceptual discussions and creation of enabling frameworks towards the roll out of a few solutions that should be used and highlighted as demonstration for other countries or to other government ministries. There is a clear expectation from country partners that products are the actual visible results of the IRFF efforts[[46]](#footnote-47), so it is critical that a few pilots (up to 10 depending on funding availability) be rolled out as soon as possible (e.g. ideally at least one in each region – RBEC, RBAP, RBA, RBLAC).

Target: IRFF; Regional Bureaux, SFH

1. Project management and capabilities
2. A regional focal point should be recruited for the RBAS, if possible, with specific subject matter expertise in Takaful (Islamic insurance) solutions, as it may prove to be a niche product for IRFF.

Target: IRFF Global Team, support from RBAS

1. Engagement and partnerships
2. IRFF should carry out shortly a diagnostic report of the ecosystems at the global level. Given the emergence of new players such as the Global Shield and other alliances, and the evolving global ecosystems, IRFF must be able to determine how to engage and position itself vis-à-vis the key actors in this complex and changing environment. Country diagnostic reports produced by IRFF were found to be very valuable, so undertaking a similar exercise at the Global Level will also provide more arguments and evidence for the positioning of the IRFF in the future.

Target: IRFF Global team, support from SFH

Over the medium-term (e.g. over the next two years until the end of phase I of IRFF):

A) Positioning and policy considerations

1. Leverage UNDP senior management support for IRFF to make it more visible, better supported at the corporate level, better funded and more integrated into the UNDP global offer. Consider the advantages and disadvantages of turning the IRFF into an MPTF (multi partner trust fund) instead of a “Facility” to improve longer-term financial sustainability .

Target: SFH, IRFF, BPPS

1. Define IRFF’s role as insurance integrator (i.e. as UNDP is SDG integrator) and define the engagement with the UN system and the RC system to present a unified umbrella offer from the various UN agencies that deal with insurance products. Country level feedback shows a lack of a common approach towards insurance and risk financing from the UN system.

Target: BPPS, SFH, IRFF and the UN RC system

1. Project management and capabilities
2. Undertake an organisational review of the IRFF structure including its staffing and management structure to enhance efficiency, as this was not covered by the MTE. Consider also reviewing the in-house subject matter technical competencies and hire subject matter experts in a) multi-hazard disaster risk insurance, b) inclusive insurance so it can be better incorporated into the SFH services and the broader GPN policy and programming, as well as in regional bureaux and country offices. Ideally the insurance industry should be able to second specific technical staff to the IRFF or SFH (a more cost-effective option for UNDP as opposed to external recruitment), and it would contribute to much better and stronger understanding between the private sector and the UNDP. Reportedly UNDP rules and policies do not allow for staff to be seconded from the private sector to the UNDP. Include a review of the IRFF structure to provide evidence for decision making linked to recommendation 1) above.

Target: IRFF, SFH

1. If validated in the product of recommendation 3., divide roles and responsibilities with the IRFF Global Team among four team leaders and devote full responsibility for each area to the respective team leader - e.g. 1) Strategy, positioning and fund-raising, 2) project management including RBM and M&E and project design, 3) communications, 4) technical expertise including specific expertise in niche programmes. All four team leaders should participate in the PB as observers but each should inform of progress and challenges in their area of competency.

Target: IRFF

1. Create a technical working group with support from other corporate units of UNDP to review the project document and prepare the necessary project document for phases II and phases III, using properly all technical guidance from RBM and M&E guidelines from UNDG, IEO and UNDP, so that the theory of change is indeed showing how transformational change at the outcome and goal levels will be taking place over the timeline of IRFF’s three phases, focusing on the specific outcomes for phase II and the final outcome (or goal) for phase III. IRFF needs to show it has an incremental progress, not at geographical level, but at the results level. If internal expertise is not available, outsource the process.

Target: IRFF, support from IEO

1. Review and officially adopt a communications strategy (IRFF has recently developed a skeleton one in December 2023, but it needs to be unravelled and unpacked) that addresses the needs of the different stakeholders at the different levels, with a clear intent on showcasing demonstrative results, including highlighting learning from failed experiences, and use it as an advocacy tool to obtain multi-donor support including from the insurance industry. Strengthen the communications team by recruiting additional staff (again based on results of recommendation 3.) and ensuring a coherent and systematic communication outreach at all levels – Globally with donors, partners, UNDP corporate, and other actors, regionally, and at country level. This should include all aspects of communication (internal, external) and outreach, including all social media. A review of the rules on social media communication for the IRFF is warranted as it is currently constrained.

Target: IRFF, SFH

1. Share and disseminate the fund-raising strategy across UNDP units and COs as all should be supporting fund-raising efforts to ensure the financial sustainability of the IRFF.

Target: IRFF

B) Results and Data systems.

1. Carry out a final evaluation of Phase I and use the findings to inform the contents of the phase II; considering the learning generated over the 2024-2027 period.

Target: SFH, IRFF

1. Engagement and partnerships
2. Develop regional excellence awards that showcase and ensure international visibility of the successful demonstration products rolled out in phase I (e.g. Sasakawa award, but by region to enable friendly competition between countries for best performing IRFF champion)

Target: SFH, IRFF, RBs

Over the long term (e.g. up until 2035):

 B) Results and data systems

1. Develop the project design and results framework for the phases II and III of the IRFF, focusing on outcome and impact level results;

Target: IRFF, support from IEO

1. Remain agile and adapt to changing conditions, always prioritising depth versus breadth to limit reputational risk and ensure that all necessary steps have been taken to ensure the achievement of its long-term objectives.

Target: IRFF, SFH

1. Engagement and partnerships
2. Define and market a fund-raising strategy for phases II and III;

Target: IRFF

1. This is the entity that has overall responsibility for implementation of the project (award), effective use of resources and delivery of outputs in the signed project document and workplan. [↑](#footnote-ref-2)
2. Please refer to the introduction, evaluability analysis, for more details on the rationale of selecting different outcome for the MTE. [↑](#footnote-ref-3)
3. As stated in the Terms of Reference for the MTE [↑](#footnote-ref-4)
4. UNEG, “Integrating Human Rights and Gender Equality in Evaluation, Towards a UNEG guidance”, HRGE Handbook, 2011,

http://www.unevaluation.org/document/detail/980

UNEG, “Integrating Human Rights and Gender Equality in Evaluations”, August 2014, [www.unevaluation.org/document/detail/1616](http://www.unevaluation.org/document/detail/1616) [↑](#footnote-ref-5)
5. M. Q. Patton, Utilization-focused evaluation, 3rd Edition, Sage publications, 1998 – see also

https://www.betterevaluation.org/methods-approaches/approaches/utilisation-focused-evaluation [↑](#footnote-ref-6)
6. IRFF is a founding member of the Insurance Development Forum and is represented at all levels of IDF governance and structures, with the UNDP Administrator a co-chair of the IDF on the Steering Committee, Jan Kellett a co-chair of the Operating Committee and Tuga Alaskary a co-chair of the Sovereign Humanitarian Solutions Working Group.

Similarly, IRFF has played a pivotal role through the establishment and institutionalisation of the Global Shield Against Climate Risk (and its predecessor the InsuResilience Global Partnership), providing technical feedback and input which is grounded in its experience as an implementer of disaster risk financing and insurance. IRFF is a member of the Global Shield Coordination Hub, contributing to the processes of the Global Shield Against Climate Risks. [↑](#footnote-ref-7)
7. Rating scale used: 1 = minimum, 2 = low, 3 = average, 4 = high, 5 = excellent (maximum rating). Mathematical average is 3.0. When more than one person attended a KII the ratings were averaged according to the number of respondents providing a rating (e.g. two responses with a 4 and one with a 5 would yield an average of 4.33 for that KI for the three respondents). [↑](#footnote-ref-8)
8. Comment from UNDP: “UNDP has been instrumental in creating much of this ecosystem, for example, the IDF was launched by UNDP and industry leaders in 2015 and UNDP Administrator continues to co-chair the Steering Committee. UNDP is also a founding member of ORRAA and InsuResilience/GS”. [↑](#footnote-ref-9)
9. Focus of the MTE was on the perception of KII and the resulting analysis, and therefore limited attention and analysis was devoted to the internal management mechanisms set up for the IRFF. Issues such as staff contracts, description of responsibilities, procurement aspects, or other non-programmatic matters were therefore largely kept out of the scope of the evaluation, as this was discussed and agreed at the inception phase. As a result, the evaluator has limited knowledge of the IRFF management structure and mechanisms. Similarly, as the scope of the MTE was IRFF, the consultant has very limited knowledge of where and how it interacts within the wider SFH or other UNDP units and departments. [↑](#footnote-ref-10)
10. Generally, very positive feedback was received on the National Project Officers (NPOs) recruited by the country offices for the IRFF. However, they are not subject matter experts or technical insurance specialists. To carry out advocacy at the higher levels of government requires the participation of the Global Team insurance specialists. But further technical training should also be provided to the NPO (on the job training) to strengthen their basis for continued engagement and follow-up with the project partners, including a more profound understanding of the insurance industry language and dynamics in each country. [↑](#footnote-ref-11)
11. This is a challenge for various UNDP CO, as the innovative approach of IRFF requires a level of technical knowledge that needs to be supported by the relevant methodological guides to be properly applied with partners at country level. [↑](#footnote-ref-12)
12. For example, the GEF (Global Environmental Facility) has been created in 1992 and is still operating today with a complete organizational structure that includes an Assembly of 186 member countries, a Council of 32 members, the Scientific and Advisory Panel of six members, a Trustee (The World Bank), the GEF Independent Evaluation Office (separate from the UNDP IEO), the Secretariat, led by a Chief Executive Officer, 18 GEF Agencies (including UNDP), participant countries, focal points, and a Conflict Resolution Commissioner. The GEF serves as a "financial mechanism" to six conventions: Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), Stockholm Convention on Persistent Organic Pollutants, UN Convention to Combat Desertification (UNCCD), Minamata Convention on Mercury, and the Biodiversity Beyond National Jurisdiction (BBNJ) Agreement. The conventions, for which the GEF serve as financial mechanism, provide broad strategic guidance to the GEF. The GEF Council converts this broad guidance into operational criteria (guidelines) for GEF projects. [↑](#footnote-ref-13)
13. UNDP comment: “It would be helpful to put the funding shortfall in context. The funding shortfall of the BMZ funded tripartite projects is due to a long and complex approval processes with ISF at the country level, which necessitates the project to go beyond 2025.

The ISF approval process can take a significantly long time – an average of 24 months. (Which is also a risk #10 in the project risk log). Mitigation measures have been applied, such as guaranteeing some financial resources to the newest Tripartite programme countries for at least 1 year. However, there are still substantial delays in the industry processes, negatively impacting the delivery pace and potentially leading to losing momentum with national governments

Due to the aforementioned delays, the project adopted a staggered implementation approach. Whilst initial engagement with programme countries commenced since inception, actual implementation of project activities commenced in 13 countries in 2023, with 7 additional countries beginning in 2024, and 5 more projected to start in 2025. To accommodate these delays and ensure successful execution of country-level activities, the project timeline has been extended until 2027.

While the allocated funding for country implementation remains sufficient, there is a growing concern about a potential funding shortfall for the global team. This team plays a critical role in providing technical assistance, oversight, strategic communications, coordination, and operational support necessary for the delivery of the TPA program. As highlighted in our 2022 and 2023 progress reports and reinforced through bilateral discussions, the Facility is facing a funding gap that threatens its ability to sustain the global team beyond 2026” [↑](#footnote-ref-14)
14. Because some governments have only recently started engaging with IRFF, so they are still at the very initial stages of partnership, and therefore not in all countries can the partnership be considered as “strong”. [↑](#footnote-ref-15)
15. This aspect is echoed both at country level and at the global level during the KII. While the reporting of IRFF is satisfactory, there are very few people aware of IRFF outside of its direct partners. It tends to talk mainly to its constituents but has a very limited presence outside of the reporting to direct partners and those with whom it engages. As a result, global level respondents consider that more information/communication to a broader audience is required. This finding was echoed at country level, where few people outside of direct partners have any knowledge, information or exposure to IRFF. This vets a stronger communication strategy that addresses all levels (including internal and external) and includes social media and networks. [↑](#footnote-ref-16)
16. Comment from UNDP: “Factual correction: UNDP cannot provide services such as modelling or forecasting. These are private sector activities and for this UNDP engages this work through the IDF.” Note from the evaluator: yet that is what some government partners also expect from UNDP as a global organisation that can draw from best practices around the world. [↑](#footnote-ref-17)
17. Comment from UNDP: “When it comes to the advocacy with governments, evidence is being generated by the country diagnostics and other country level evidence knowledge products. In addition, jointly with the academia IRFF is currently generating evidence in the context of the FRA and the work with Wageningen University. UNDP is then in a stronger position to facilitate the findings and analysis to the governments.” Note that this is an important aspect which did not come up during the KII held by the MTE. [↑](#footnote-ref-18)
18. Note that the evaluator has received after submission of the draft MTE report a resource mobilisation overview, which explains the activities undertaken, but no the rationale or strategy for the fund raising. This section is largely based on inputs from the IRFF Global Team. [↑](#footnote-ref-19)
19. For example, the Tripartite Agreement includes partnership with twenty of the world’s largest insurers with dedicated joint UNDP/industry country teams in twenty countries. [↑](#footnote-ref-20)
20. IRFF revised project document, p. 8 [↑](#footnote-ref-21)
21. Ibid, p. 9 [↑](#footnote-ref-22)
22. Audience-generated metrics. Namely, IRFF cumulative number of visits to its website, reports downloaded from website; subscribers to IRFF newsletters; social media tags and shares; and attendees at events where the IRFF is leading or participating [↑](#footnote-ref-23)
23. Number of people trained in insurance and risk financing [↑](#footnote-ref-24)
24. Regarding proper formulation of outcome statements please see UNDP PME Handbook, p. 56 to 58, and UN Staff College guidance materials. [↑](#footnote-ref-25)
25. UNDP (2011); Outcome-level Evaluation: A companion guide to the handbook on planning monitoring and evaluating for development results for programme units and evaluators, p 3. [↑](#footnote-ref-26)
26. UNDG, Harmonizing RBM concepts and approaches for improved development results at country level, October 2011, p. 7 [↑](#footnote-ref-27)
27. Due to 1) Significant demand for IRFF services and support 2) Inclusion of new bodies of work 3) Expansion of project objectives in line with the above [↑](#footnote-ref-28)
28. As stated in the Terms of Reference for the MTE [↑](#footnote-ref-29)
29. UNEG, “Integrating Human Rights and Gender Equality in Evaluation, Towards a UNEG guidance”, HRGE Handbook, 2011,

http://www.unevaluation.org/document/detail/980

UNEG, “Integrating Human Rights and Gender Equality in Evaluations”, August 2014, [www.unevaluation.org/document/detail/1616](http://www.unevaluation.org/document/detail/1616) [↑](#footnote-ref-30)
30. http://web.undp.org/evaluation/guideline/index.shtml [↑](#footnote-ref-31)
31. http://web.undp.org/evaluation/documents/policy/2019/DP\_2019\_29\_E.pdf [↑](#footnote-ref-32)
32. “Utilization-focused Evaluation”, Michael Quinn Patton, 3rd Edition, Sage publications, 1998 [↑](#footnote-ref-33)
33. See also https://www.betterevaluation.org/methods-approaches/approaches/utilisation-focused-evaluation [↑](#footnote-ref-34)
34. https://www.uneval.org/document/detail/608 [↑](#footnote-ref-35)
35. https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm [↑](#footnote-ref-36)
36. M. Q. Patton, Utilization-focused evaluation, 3rd Edition, Sage publications, 1998 – see also

https://www.betterevaluation.org/methods-approaches/approaches/utilisation-focused-evaluation [↑](#footnote-ref-37)
37. Rating scale used: 1 = minimum, 2 = low, 3 = average, 4 = high, 5 = excellent (maximum rating). Mathematical average is 3.0. [↑](#footnote-ref-38)
38. Revised IRFF Project document, March 2024 revision, p 4 and 5 [↑](#footnote-ref-39)
39. Two points are made here: one regarding the criteria for selecting the countries, with a strong focus on vulnerability from BMZ, and a protracted discussion on which countries would ultimately end up being selected. But no baseline, capacity assessment or readiness assessment were carried out before the countries were selected. Another consideration is that IRFF as a facility doesn’t support, like the GEF, six international conventions. Hence the linkages between the broader contribution of the IRFF given its specific structure to the overall development results agenda of the UNDP doesn’t appear evident (looking at the complexity of the ecosystems in which it operates). IRFF has an ambitious long-term vision but it is not supported by a project document indicating a phased and targeted approach that is able to gradually increment its achievements and as it matures and learns and evolves it can become more focused on what its key contributions are, so a substantial part of its conceptual approach and expected long-term achievements remain to be proved and supported by evidence of transformational results. Maybe a Global Level Diagnostic report and the organisational management review recommended in this report may be able to shed some light on these points. [↑](#footnote-ref-40)
40. There should be an annual discussion between the country’s RR and the IRFF Global Team Leader, but it has not been possible to ensure such meetings take place with all the RRs working with the IRFF. [↑](#footnote-ref-41)
41. Some country level KII indicated that additional areas of support from COs could be considered provided more funding was available. [↑](#footnote-ref-42)
42. At least the evaluator was not provided with such data if it does exist. [↑](#footnote-ref-43)
43. Comment from then IRFF global team : The project has made efforts to recover costs when providing technical expertise to country offices or units like BIOFIN. However, the cost recovery process is complicated by Quantum's administrative requirements. BPPS should simplify the process, making it as straightforward as it was in ATLAS. Additionally, there are also push back from country offices when we attempt to recover costs. [↑](#footnote-ref-44)
44. Comment from IRFF global team: Country offices have delegated authority to implement activities . Approval of PO and payments are decentralized to country offices once the workplan is jointly approved by both central and country teams. Only e-requirements are approved by HQ as this is a Global project and to ensure compliance with workplan. [↑](#footnote-ref-45)
45. Comment from UNDP: “When it comes to the advocacy with governments, evidence is being generated by the country diagnostics and other country level evidence knowledge products. In addition, jointly with the academia IRFF is currently generating evidence in the context of the FRA and the work with Wageningen University. UNDP is then in a stronger position to facilitate the findings and analysis to the governments.” Note that this is an important aspect which did not come up during the KII held by the MTE. [↑](#footnote-ref-46)
46. Even if they are the results of collective efforts from all IRFF partners [↑](#footnote-ref-47)