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The World Bank

Report No.: PAD1703

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$5.0 MILLION

FROM

THE SPECIAL CLIMATE CHANGE FUND
(ADMINISTERED BY THE GLOBAL ENVIRONMENT FACILITY)

TO THE

EUROPA REINSURANCE FACILITY (EUROPA RE)

FOR THE

KAZAKHSTAN: SOUTHEAST EUROPE AND
CENTRAL ASIA CATASTROPHE RISK INSURANCE FACILITY

April 8, 2016

Finance and Markets Global Practice
Europe and Central Asia Region

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FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ATI	Africa Trade Insurance Facility
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CRIF	Catastrophe Risk Insurance Facility
ECA	Europe and Central Asia
FM	Financial Management
FMM	Financial Management Manual
GA	Grant Agreement
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GEO	Global Environmental Objective
GFDRR	Global Facility for Disaster Reduction and Recovery
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
M&E	Monitoring and evaluation
PAID	Romanian Catastrophe Risk Insurance Pool
PDO	Project Development Objective
SCCF	Special Climate Change Fund
SECO	Swiss State Secretariat for Economic Affairs
SEECA CRIF	Southeast Europe and Central Asia Catastrophe Insurance Facility
SEE DRMAP	Southeast Europe Disaster Risk Mitigation and Adaptation Program
SEE	Southeast Europe
SME	Small and Medium-sized Enterprises
TCIP	Turkish Catastrophe Insurance Pool
UNISDR	United Nations International Strategy for Disaster Reduction

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**SOUTHEAST EUROPE AND THE CENTRAL ASIA
CATASTROPHE RISK INSURANCE FACILITY (SEECA CRIF)**

EUROPE AND CENTRAL ASIA REGION

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PAD DATA SHEET

Kazakhstan

*Kazakhstan: Southeast Europe and Central Asia Catastrophe Risk Insurance Facility
(P152230)*

PROJECT APPRAISAL DOCUMENT

EUROPE AND CENTRAL ASIA

0000009280

Report No.: PAD1703

Basic Information			
Project ID P152230	EA Category C - Not Required	Team Leader(s) Eugene N. Gurenko	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 21-Apr-2016	Project Implementation End Date 31-September-2019		
Expected Effectiveness Date 20-July-2016	Expected Closing Date 31-December-2019		
Joint IFC No	GEF Focal Area Climate change		
Practice Manager/Manager Rolf Behrndt	Senior Global Practice Director Gloria M. Grandolini	Acting Country Director Mariam Sherman	Regional Vice President Cyril E Muller
Borrower: Europa Re			
Responsible Agency: Europa Re			
Contact: Telephone No.: 41432221609	Hansjuerg Appenzeller	Title: Chairman of BoD	Email: hansjuerg.appenzeller@homburger.ch
Project Financing Data(in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[] Credit	[X] Grant	[] Other	
Total Project Cost:	5.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source		Amount	

Borrower	0.00
Global Environment Facility (GEF)	5.00
Total	5.00

Expected Disbursements (in USD Million)

Fiscal Year	2016	2017	2018	2019	2020	0000	0000	0000	0000	0000
Annual	0.00	2.00	1.50	1.50	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	0.00	2.00	3.50	5.00	0.00	0.00	0.00	0.00	0.00	0.00

Institutional Data

Practice Area (Lead)

Finance & Markets

Contributing Practice Areas

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Finance	Non-compulsory pensions and insurance	70	80	20
Finance	SME Finance	30	80	20
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Financial and private sector development	Other Financial Sector Development	70
Environment and natural resources management	Climate change	30

Total	100
Proposed Global Environmental Objective(s)	
<p>The Project Development Objective (PDO) is to assist Kazakhstan with developing a modern catastrophe insurance market infrastructure that will support the launch of affordable, innovative catastrophe insurance products covering the risks of weather extremes.</p> <p>The proposed project activities support GEF's focus on climate change and more specifically, GEF's objectives on climate change adaptation. By increasing access to sound catastrophe and weather risk insurance products for millions of people in Kazakhstan, SEECA CRIF is also in line with the GEF strategy on adaptation. By supporting proper catastrophe risk management and risk transfer, SEECA CRIF reduces economic losses at both local and national levels from extreme weather related events, thereby reducing economic vulnerability and contributing toward increased climate resilience at the national level.</p> <p>SEECA CRIF activities are also cross-cutting and collaborative, ensuring the engagement of major stakeholders in Kazakhstan, including the Ministry of National Economy, the National Bank, and the Insurance Association. Moreover, because much of the technical work will be focused on establishing complex catastrophe insurance infrastructure and systems, stakeholders will gain the requisite skills and knowledge to better understand catastrophe risk and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and the benefits of catastrophe and weather risk insurance will be raised through information campaigns and the public discussion of the new Law on Compulsory Catastrophe Insurance, resulting in increased demand for catastrophe and weather risk insurance products. The project also aims to provide national and local governments as well as private individuals with the up-to-date actionable information on the risk of natural disasters faced the communities and certain segments of national economy. The information will be delivered to the decision makers in the form of workshops, risk maps and through interactive education tools available on-line.</p> <p>Although the project has been designed specifically for Kazakhstan, it can be easily replicated in other countries of the region that are adversely affected by climate change through the extension of insurance market infrastructure and insurance services to be developed for Kazakhstan to other markets of the region.</p>	
Components	
Component Name	Cost (USD Millions)
Funding of technical assistance to expand SEE CRIF program to Kazakhstan.	5.00
Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Low

6. Fiduciary	Low		
7. Environment and Social	Low		
8. Stakeholders	Moderate		
9. Other	Moderate		
OVERALL	Moderate		
Compliance			
Policy			
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]	
Does the project require any waivers of Bank policies?	Yes []	No [X]	
Have these been approved by Bank management?	Yes []	No [X]	
Is approval for any policy waiver sought from the Board?	Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes []	No [X]	
Safeguard Policies Triggered by the Project	Yes	No	
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Effectiveness condition		07/20/16	
Operations manual	ongoing		
Annual audit	ongoing		annually
Description of Effectiveness Conditions and Covenants			
1) There shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing that this Agreement has been duly authorized or ratified by all			

necessary corporate action, and executed and delivered on its behalf, and is legally binding upon it in accordance with its terms.

2) The Recipient shall carry out its operations in accordance with the Operations Manual and best industry practices.

3) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions.

Conditions				
Source Of Fund	Name			Type
Description of Condition				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Eugene N. Gurenko	Team Leader (ADM Responsible)	Lead Financial Sector Specialist		GFMMI
Kashmira Daruwalla	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO03
Galina Alagardova	Financial Management Specialist	Sr Financial Management Specialist		GGO21
Agnes I. Kiss	Safeguards Advisor	Regional Environmental and Safeguards Advisor		OPSPF
Jasna Mestnik	Team Member	Finance Officer	Disbursement Officer	WFALA
Lisa Lui	Counsel	Lead Counsel		LEGLE
Rakhymzhan Assangazyev	Team Member	Senior Country Officer	Country Officer	ECCKZ
Sonja Ingrid Nieuwejaar	Team Member	Consultant	Project Management	GFMDR
Extended Team				
Name	Title		Office Phone	Location
Locations				

Country	First Administrative Division	Location	Planned	Actual	Comments
Consultants (Will be disclosed in the Monthly Operational Summary)					

I. STRATEGIC CONTEXT

A. COUNTRY CONTEXT

1. Globally, economic losses from climate-related and geological perils are rising. In 2013, the economic losses caused by natural disasters amounted to US\$125 billion, while the average economic loss for the period from 1980 to 2012 was US\$115 billion.¹ In addition to the economic toll, natural disasters have been the source of death and disability for millions of people world-wide.

2. Kazakhstan is vulnerable to natural hazards including floods, mudflows, landslides, steppe winds and earthquakes. Climate change is expected to exacerbate hydro-meteorological disasters, adversely affecting homeowners, small and medium business (SMEs), and farmers. With a total area of agricultural land of 222.6 million hectares, agriculture plays a prominent role in the national economy and makes the country highly vulnerable to the risk of climate change. In 2012, for instance, the country experienced a 54% fall in wheat production due to an unprecedented drought.

3. Floods, mudflows, landslides and steppe winds pose significant hazards in Kazakhstan. About 13% of the country's area containing over 26% of its population is prone to mudflows.² Analysis of disaster data shows that the country also suffers from frequent flooding. The April 2000 flood in the Denisovsky-Zhitikarinsky region affected 2,500 people and caused an economic loss of \$1.5 million. The March 2005 flood in the Shiyeli-Syr Dariya region affected 25,000 people and caused an economic loss of \$7.6 million. The March 2004 landslide in the Talgar district reportedly killed 48 people³.

4. Kazakhstan also experiences devastating earthquakes, which tend to occur every 80 to 100 years. The last highly damaging period of seismic activities was 1885-1911, when several large earthquakes struck Verneskoye (1887), Chilik (1889) and Keminskoye (1911). During these earthquakes, the city of Almaty was almost flattened. The more recent Zhambyl province earthquake in May 2003 killed 3 people and affected 36,626 others.

5. To address the impact of climate change and other natural disasters on homeowners, SMEs, and the national economy at large, the government is preparing a new *Law on Compulsory Catastrophe Insurance*. Technical assistance for the draft law is currently underway under a separate program of Bank technical assistance financed by the FIRST, GFDRR and JERP.⁴ This TA program, however, mainly focuses on the preparation of the law and supporting insurance regulations, which leaves the part related to the implementation of the law unattended. The proposed project will directly address this gap in the ongoing Bank program of technical assistance to the government by providing a comprehensive package of insurance market infrastructure in support of catastrophe insurance products for climate related hazards to be offered by local insurers

¹ Munich RE NatCatSERVICE, 2014

(http://www.munichre.com/site/corporate/get/documents_E833834344/mr/assetpool.shared/Documents/0_Corporate%20Website/6_Media%20Relations/Press%20Releases/2014/natural-catastrophes-2013-wold-map_en.pdf)

² <http://www.osce.org/secretariat/123189?download=true>

³ Disaster Risk Management Initiative (CAC DRMI) *Risk Assessment for Central Asia and Caucasus Desk Study Review*

⁴ Financial Sector Reform and Strengthening Initiative

under the proposed national compulsory catastrophe insurance scheme as well as outside the scheme. The insurance products to be developed and offered under the project will cover the risks of flood, steppe wind and catastrophic drought. Coverage of the latter will be of main benefit for the country's agriculture sector as the current crop insurance scheme in Kazakhstan requires a major overhaul to improve the quality of insurance coverage to deal with adverse effects of extreme weather events in the sector.⁵

B. SECTORAL AND INSTITUTIONAL CONTEXT

6. Like other countries in Southeast Europe and Central Asia, Kazakhstan has limited financial capacity to assist its population in regaining assets and productive capacity destroyed by natural disasters. Over the last few years, the government fiscal space to cope with unpredicted large outlays caused by natural disasters has been severely reduced due to falling global commodity prices and reduced demand for the country's exports due to the worsening economic situation in the region. From 1990 to 2014, damages due to natural and technological disasters in Kazakhstan totaled over \$280 million USD, although the extreme economic loss potential due to natural disasters projected by probabilistic risk models exceeds several billion dollars.⁶ For this reason, one of the basic tenets of disaster risk mitigation is the transfer of financial risk to the private (re)insurance markets. Catastrophe risk insurance is a means of transferring financial and fiscal risk of disasters from government to the private sector. Not only does it protect homeowners, SMEs and the national economy from natural disasters, but it also enables more effective targeting of government assistance following catastrophic events.

7. Despite the high vulnerability to natural disasters and climate change, catastrophe and weather insurance for homeowners and SMEs is underdeveloped in Kazakhstan. The existing catastrophe insurance products are either not viable in terms of price and quality of coverage or restricted to selected clients as companies ration the availability of catastrophe coverage through higher prices or simply decline to cover catastrophic risks. As a result, less than 2 percent of insurable properties are currently insured and even fewer SMEs. To address the problem of the worsening impact of climate change on the national economy, the government is introducing a national program of compulsory catastrophe insurance for homeowners and SMEs. To this effect, the Bank is assisting the government with the preparation of a *Law on Compulsory Catastrophe Insurance* and development of actuarially sound premium rates for catastrophic risk to be covered by the program under a separate multi-sectoral TA program. Yet the establishment of a proper national catastrophe insurance program requires a highly advanced catastrophe insurance market infrastructure, which is currently not in place.

8. The World Bank has extensive experience in facilitating the establishment of national and regional insurance pools, both disaster-related such as the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the Turkish Catastrophe Insurance Program (TCIP), and the Romanian Catastrophe Insurance Pool (PAID), and non-disaster related such as the African Trade Insurance (ATI). This is a highly specialized field and the Bank is uniquely placed to mobilize donor funding, provide technical guidance, and through policy dialogue with the government,

⁵ OECD Review of Agricultural Policies, Kazakhstan 2013

⁶ "Responding to environmental challenges with a view to promoting co-operation and security in the OSCE area", OSCE, September 2014, <http://www.osce.org/secretariat/123189?download=true> (accessed October 25, 2015).

secure the solid technical and legal foundation for the establishment of national insurance programs.

9. Relying on the global experience in designing national and regional catastrophe and weather-risk insurance programs, in 2011, the World Bank jointly with the Swiss Secretariat for Economic Affairs (SECO) and the Global Environmental Facility (GEF) launched a catastrophe and weather risk reinsurance program known as the Southeast Europe Catastrophe Insurance Facility (SEE CRIF). The main rationale of SEE CRIF has been to promote the development of local catastrophe and weather risk insurance markets in disaster prone emerging economies and increase access of local businesses and population to reliable and fairly priced catastrophe and weather risk insurance products that cannot be found in the commercial insurance market. In cooperation with country stakeholders, SEE CRIF has already invested in the development of catastrophe insurance market infrastructures for Albania, Serbia, and FYR of Macedonia, where consumers can now buy innovative catastrophe products developed under the program either from affiliated insurance partners of *Europa Re* or online.

10. Based on the valuable experience and specialized insurance expertise developed under SEE CRIF, the Bank would like to extend the outreach of the program to Kazakhstan and, at a later stage, to other countries of Central Asia. The proposed Phase II of the CRIF Program – Southeast Europe and Central Asia Catastrophe Insurance Facility (SEECA CRIF) – aims to provide comprehensive technical support to the government of Kazakhstan and the local insurance market to address the adverse effects of climate change on the national economy through the development of an advanced insurance market infrastructure that will support mass sales of compulsory and non-compulsory catastrophe insurance products by local insurance companies. By developing a modern market insurance infrastructure that can support the launch of affordable catastrophe insurance products, the project will greatly contribute to the country’s climate change adaptation efforts and will help the government to better formulate climate change adaptation and mitigation policies.

C. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

11. Currently, disasters affect the poor disproportionately. Resource-constrained consumer choices tend to cluster poorer households in disaster-prone areas; poor people have fewer coping strategies when disasters strike; and recurrent disasters erode their already minimal assets and livelihoods. SEECA CRIF will contribute to poverty alleviation and help protect the most vulnerable populations by enabling the introduction of targeted insurance premium subsidies for the most vulnerable groups of society which will receive financial protection against natural disasters through participation in the national catastrophe insurance program. In addition, by assisting Kazakhstan with developing a modern catastrophe insurance market infrastructure, SEECA CRIF will reduce the government’s fiscal exposure to natural disasters and enable Kazakhstan to allocate more of post-disaster assistance to the poor. Moreover, through public education and by improving disaster data collection for catastrophe insurance products, SEECA CRIF will be increasing the public and government awareness of disaster risk among the general public, and particularly the poor.

12. The Project improves resilience to adverse natural events. By developing a modern catastrophe insurance market infrastructure, homeowners, SMEs and local governments will be in a better position to recover after a catastrophic event and better adapt to climate change risks. Critical to sustainable economic growth and poverty reduction, the project will also promote a culture of mitigation and prevention by supporting the construction of financial mechanisms that can help citizens and enterprises protect assets while reducing government fiscal vulnerability.⁷

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

13. The Project Development Objective (PDO) is to assist Kazakhstan with developing a modern catastrophe insurance market infrastructure that will support the launch of affordable, innovative catastrophe insurance products covering the risks of weather extremes.

14. The proposed project activities support GEF's focus on climate change and more specifically, GEF's objectives on climate change adaptation. By increasing access to sound catastrophe and weather risk insurance products for millions of people in Kazakhstan, SEECA CRIF is also in line with the GEF strategy on adaptation. By supporting proper catastrophe risk management and risk transfer, SEECA CRIF reduces economic losses at both local and national levels from extreme weather related events, thereby reducing economic vulnerability and contributing toward increased climate resilience at the national level.

15. SEECA CRIF activities are also cross-cutting and collaborative, ensuring the engagement of major stakeholders in Kazakhstan, including the Ministry of National Economy, the National Bank, and the Insurance Association. Moreover, because much of the technical work will be focused on establishing complex catastrophe insurance infrastructure and systems, stakeholders will gain the requisite skills and knowledge to better understand catastrophe risk and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and the benefits of catastrophe and weather risk insurance will be raised through information campaigns and public discussion of the new *Law on Compulsory Catastrophe Insurance*, resulting in increased demand for catastrophe and weather risk insurance products. The project also aims to provide up-to-date actionable information on the risk of natural disasters faced the communities and certain segments of national economy. The information will be delivered to decision-makers in the form of workshops, risk maps and interactive education tools available on-line.

16. Although the project has been designed specifically for Kazakhstan, it can be easily replicated in other countries of the region that are adversely affected by climate change through the extension of insurance market infrastructure and insurance services to be developed for Kazakhstan to other markets of the region.

B. PROJECT BENEFICIARIES

⁷ '55/2. United Nations Millennium Declaration', United Nations, <<http://www.un.org/millennium/declaration/ares552e.htm>>, accessed July 27, 2015.

17. By assisting Kazakhstan with developing a modern catastrophic insurance market infrastructure, **households, SMEs, and farmers exposed to weather-related risks and geological hazards** will receive greater access to affordable disaster insurance that will serve as a financial safety net following catastrophic events. After a disaster, catastrophe insurance will help to restore homeowners' lifetime savings embedded in home equity. The SMEs will be able to protect their earnings from adverse weather events, thus better adapting to climate change, reducing the cost of borrowing, and improving their equity valuations and access to credit.

18. **The financial sector will also be strengthened by SEECA CRIF**, which will boost the market infrastructure of the domestic insurance industry by developing Kazakhstan's catastrophe and weather risk insurance markets and reducing the financial exposure of its banks to catastrophic losses through improved insurance coverage of mortgaged properties.

19. **The government will experience many economic and fiscal benefits from SEECA CRIF.** The development of a catastrophe insurance infrastructure/market will reduce government's fiscal liabilities and mitigate adverse impacts of natural hazards on fiscal stability and economic growth. Catastrophe insurance will also free up fiscal resources that the government can use to provide post-disaster aid to the neediest citizens.

C. PDO LEVEL RESULTS INDICATORS

20. **The most important result of SEECA CRIF in Kazakhstan is the increased access to sound and affordable weather risk and catastrophe insurance** for millions of people and thousands of SMEs, including agricultural producers. It is envisaged that the modern catastrophe insurance infrastructure developed under SEECA CRIF will facilitate the launch of compulsory and optional climate insurance products for households and SMEs by local insurance companies.

21. **Other indicators include the adoption and implementation of the regulatory and policy framework** required to establish a catastrophe insurance market, as well as the completion of risk modeling and high-resolution risk maps and acquisition of a web-based IT platform to support efficient insurance sales and claims settlement.

III. PROJECT DESCRIPTION

A. PROJECT COMPONENTS

22. **SEECA CRIF is a catastrophe and weather-risk insurance program to address the problem of undeveloped catastrophe insurance markets in participating countries.** The main rationale is to facilitate the development of sound catastrophe and weather risk insurance markets for millions of homeowners, farmers, enterprises and government organizations.

23. **The main design features of SEECA CRIF closely follow the previous prototypes** of national and regional catastrophe and weather-risk programs developed with direct technical and capital assistance from the Bank, e.g. TCIP, CCRIF and PAID. However, the program contains several innovations. These include (i) the development of innovative actuarially priced catastrophe insurance products, which combine traditional indemnity coverage with parametric index-based

elements; (ii) establishment of prudent risk management and market conduct requirements embedded in highly automated systems; (iii) development of innovative image-based claims management systems ensuring swift payments; (iv) introduction of risk based supervision of catastrophe insurance in line with best international practices; (v) development of innovative public awareness and educational mechanisms, including highly interactive IT applications; and (vi) ensuring dedicated reinsurance capacity for innovative insurance products developed under the program and sold by local insurers.

24. *Europa Reinsurance Facility Ltd. (Europa Re)*, a government-owned catastrophe reinsurance company incorporated under Swiss Law, will act as the implementation agency. Over the last 4 years, in implementing the GEF/SCCF and SECO grants under the SEE CRIF program in Albania, FYR of Macedonia and Serbia, *Europa Re* has developed in-depth expertise in managing a complex program of technical assistance in insurance services in accordance with World Bank procurement and financial management guidelines.

25. In the case of the SEECA CRIF program for Kazakhstan, the proposed project funding of US\$5.0 million will be used for procuring insurance services and systems that will (i) pave the way for the successful launch of innovative compulsory and optional climate insurance products developed under the program for local insurance companies; (ii) support the development of a sustainable insurance framework for the agricultural sector through development of innovative insurance solutions and modern technologies.

B. PROJECT FINANCING

26. The total project cost for Kazakhstan is estimated at US\$5.0 excluding the agency fee. The costs will be funded by the GEF/SCCF. The SCCF grant will finance technical and regulatory assistance to the Kazakhstan government and local insurance market to develop and launch new insurance products that will increase the country's resilience to climate change.

27. The proceeds of the GEF/SCCF grant will finance the costs of technical services incurred in carrying out the preparatory work needed for the development and launch of a catastrophe risk insurance market in Kazakhstan. Such preparatory technical activities include but are not limited to the acquisition of weather risk data; design of catastrophe risk models and high-resolution risk maps; development of customized weather insurance products for real property and agriculture; acquisition of a web-based IT platform to support efficient insurance sales with automated pricing and risk underwriting capabilities, as well as claims settlement; public information campaigns; assistance to national insurance regulators; consumer education on disaster insurance; and professional training of insurance agents and insurance loss adjusters.

C. LESSONS LEARNED AND REFLECTED IN THE PROJECT DESIGN

28. SEECA CRIF program benefits from extensive hands-on experience learned from developing national and regional insurance programs, both disaster-related such as SEE CRIF, TCIP and PAID, and non-disaster related such as ATI and the GIIF (a joint WB/IFC project). The main lessons learned and their reflection in project design can be summarized as follows:

29. The first lesson is that acquisition of new, customized insurance technologies and supporting IT systems is fraught with potential delays and shortfalls in the expected quality of implementation. To address the problems of delays and quality of technical deliverables by external vendors, the project will be implemented by *Europa Re*, a highly experienced company specialized in insurance projects, which accumulated valuable extensive expertise in retaining and successfully managing specialized vendors of insurance related IT services.

30. The second lesson is the importance of government in creating demand for catastrophe insurance products. Currently, citizens are unaware of the benefits that catastrophe insurance products can provide to them. Therefore, governments must stimulate demand through a variety of methods such as public awareness campaigns; economic policies that reward proactive behaviors in adopting disaster risk mitigation strategies; and through the introduction of a compulsory disaster insurance mandate. This issue is addressed by linking the project to the national program of compulsory catastrophe insurance, currently under preparation by the government. Under SEECA CRIF, the project will assist the government to create easy access to compulsory insurance for consumers, and will educate the public about catastrophe insurance, insurance products, and ways to claim payments in case of a disaster.

31. The third lesson has to do with the affordability of catastrophe insurance products, which must be designed to fit the budget of most homeowners and SME owners. To address the affordability concern, the project envisions that the pricing of compulsory catastrophe risk products can be made affordable by the introduction of innovative automated pricing and underwriting technologies; launch of an extensive national customer base that allows to broadly distribute the fixed administrative costs among millions of policyholders; and through the introduction of government financed insurance vouchers that can be used by socially vulnerable segments of population to pay for compulsory catastrophe insurance.

IV. IMPLEMENTATION

A. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

32. As technical activities financed by the project require highly specialized insurance and reinsurance expertise to ensure timely completion and to specifications, it is crucial that the project is implemented by an experienced and technically competent (in insurance and reinsurance) project implementation agency. In addition, to achieve satisfactory compliance with the World Bank project implementation guidelines in the areas of procurement, disbursement and financial management, it is essential that the project implementation agency has an established successful track record in previously managing similar Bank projects.

33. To this effect, the project will be managed by *Europa Re* which will act as the recipient of the GEF/SCCF grant and its implementing agency. It will also act as the main Bank and government counterpart for project execution. *Europa Re*, a specialized catastrophe reinsurance company established under Swiss law with extensive technical support from the World Bank, is currently owned by the governments of Albania, FYR of Macedonia and Serbia. Since 2012, *Europa Re* has been successfully acting as the project implementation agency for the US\$ 5.5 million GEF/SCCF and US\$ 4.5 SECO grants under the SEE CRIF program, which financed the

development of a catastrophe insurance market infrastructure in Southeastern Europe. In 2015, the SECO grant was increased by an additional US\$ 3 million and extended by another 3 years. Since the inception of the project, *Europa Re* has been receiving satisfactory ratings for the high quality of its financial management and procurement operations. *Europa Re* employs a tested cadre of procurement and financial management professionals that ensure full compliance with the Bank Procurement and Financial Management Guidelines and procedures.

34. In its capacity as the project implementation agency (PIU), *Europa Re* will prepare technical specifications for services essential for the successful launch of the Kazakh national catastrophe insurance program and development of catastrophe insurance products to be sold by local insurance companies. *Europa Re* insurance and reinsurance professionals will then provide day-to-day oversight over the implementation of all technical activities financed under the grant by external project consultants and vendors to ensure their timely delivery to project specifications. *Europa Re* will stand ready to provide, if required, reinsurance support to the Kazakh insurance companies involved in sales of climate insurance products.

35. The delivery of technical assistance and advisory services will be done through a local country representative office of Europa Re to be established under the country's commercial law. Such a business model of delivering country specific technical assistance has proven its effectiveness in 3 countries of Southeast Europe. The current Kazakh legislation clearly stipulates the requirements for opening a representative office and subsidiaries of foreign companies, while the registration process is highly efficient and streamlined. The representative office will employ a small cadre of local and international technical staff that will interact on a day-to-day basis with the Ministry of Economic Development, the National Bank, the Association of Insurers and the Presidential Administration on all matters concerning the preparation and implementation of the national catastrophe insurance program and other climate change adaptation related insurance initiatives. The PIU will also act as a technical secretariat for the existing Intergovernmental Working Group comprising representatives of different government agencies and the insurance market. The technical functions of the secretariat can be carried out by consultants of the *Europa Re* representative office, which will have extensive professional background in insurance and reinsurance. This arrangement will ensure a quick and professional resolution of all technical matters that arise in governmental and, at a later stage, parliamentary consultations on the design and technical content of the *Disaster Insurance Law*. In addition, the representative office will coordinate all professional services (including insurance advisory, IT systems and trainings) provided by international consultants and service providers on the project. The PIU will carry out technical assistance to the government and the insurance market in close consultation and under the technical supervision of the Bank, which is ultimately responsible for the successful implementation of this important project.

36. The project will also adhere to the extent possible to the World Bank official open data policy whereby new data and information produced with public funds in the course of project implementation will be made available to the public through official publications and the project website.

37. Despite being owned by governments, *Europa Re's* governance structure ensures that the management of *Europa Re* is immune from potential political pressures that may adversely

affect its day-to-day operations. One of the key elements of the company's governance structure is a clear separation of the company's business operations from the ownership of the Facility. To this effect, *Europa Re* has an independent professional board of directors consisting of reputable insurance/reinsurance professionals with a well-established track record in the industry and a professional highly experienced senior management team.

38. Project procurement will be handled by *Europa Re*, which is handling the current ongoing SECO and GEF/SCCF grants for a similar program in Southeastern Europe. The procurement implementation capacity of *Europa Re*'s Project Management Unit (PMU) has also been recognized as satisfactory. The procurement reviews of the PMU over the last 4 years under the SECO and GEF trusts funds found no irregularities. The project procurement will comprise mainly of consultancy services contracts. Given the extensive experience accumulated by the PMU staff in managing similar projects, there is a possibility of hiring the existing PMU staff and some of existing core technical consultants that were previously hired following a competitive process on a single source selection basis in accordance with Section V of the procurement guidelines.

B. RESULTS MONITORING AND EVALUATION

39. *Europa Re* will produce bi-annual (every six months) and annual technical reports about progress made with implementation of numerous technical activities envisaged by the project and will provide annual audited financial statements on the utilization of donor trust funds. Although the reporting will be quarterly, the results of project activities will be monitored and evaluated by *Europa Re* on a daily basis as part of its project implementation mandate. The bi-annual project implementation reports will be provided within 45 days from the end of each reporting period. The project monitoring costs will be covered from the company's operating budget. Individual insureds data (e.g. stripped of personal IDs) will be provided by the private insurance companies distributing the insurance policies in local markets. *Europa Re* will aggregate collected information and provide it to the Bank. Tracked data will be linked directly to the program results framework (see Annex I). The M&E reports will be used to continuously assess SEECA CRIF effectiveness and introduce necessary corrective measures, if needed.

C. SUSTAINABILITY

40. SEECA CRIF sustainability and success will depend on government support for the project and its strong commitment to increase demand for catastrophe insurance among the population by creating an enabling regulatory and legal framework. In a project endorsement letter to the World Bank, the government communicated its endorsement of the preparation of the project for Kazakhstan, with *Europa Re* preparing the proposed project and serving as the project implementing agency.⁸ Government commitment to the enactment of the compulsory catastrophe insurance law in early 2017 has been reiterated on numerous occasions at the highest government level and was announced to the public. Nevertheless, the sustainability of the project remains partly dependent on the actions on the Kazakhstan Parliament which is yet to enact the new law on compulsory catastrophe insurance in 2017.

⁸ Letter No. 25-03-12, dated December 30, 2014, issued by the Ministry of Energy of Kazakhstan in its capacity as the GEF/SCCF local focal point agency.

41. Program sustainability also depends on homeowner and enterprise sector willingness to purchase optional catastrophe risk insurance policies. To ensure an ongoing policy dialogue with key government agencies involved in formulating and legislating climate change adaptation policies and knowledge dissemination generated in the course of project implementation, the project will support a series of workshops for government officials, local NGOs and insurance executives on climate change risks and adaptation tools. The sustainability of climate change adaptation education for decision-makers will be achieved by involving in the development of this program the Nazarbaev University (currently the most advanced, westernized public education establishment in the country), which will continue offering such training after the completion of the project. In addition, to ensure the ongoing knowledge sharing and dissemination of best practices developed during the project, Europa Re will post information about the latest project developments on its website in Russian and will produce a quarterly progress report e-letter which will be sent to all interested parties.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

42. The overall risk rating is moderate. The decision has already been taken by the government of Kazakhstan to develop the national compulsory catastrophe insurance program, whereas the introduction of new weather risk related products for agriculture is in sync with the country's strategic priorities for this sector. World Bank technical support, along with its involvement in the preparation of the draft law and *Europa Re's* technical oversight, provide sufficient assurances that the project will be effectively implemented.

43. Project success ultimately depends upon (a) the enactment of the national compulsory catastrophe insurance law; (b) proper cooperation among main stakeholders during implementation; and (c) timely and quality delivery of the main elements of market insurance infrastructure envisioned under the program. Hence, main risks faced by the project are:

- *Delays with enactment of the Law on Compulsory Property Catastrophe Insurance by the Parliament or removal of important technical provisions of the draft law in the process of Parliamentary hearings.* This risk is considered moderate as it is mitigated by the strong government commitment to present the draft law to the Parliament in December 2016, as well as by the ongoing World Bank TA project that will be providing the government with technical guidance and support during the process of Parliamentary hearings of the Law. Finally, the proposed 4 year time-frame for project implementation should provide sufficient risk buffer for potential delays with the enactment and implementation of the law.
- *Failure of key project stakeholders to coordinate their actions in the process of project implementation that results in the lack of adequate government ownership for the project.* This risk is considered moderate as the government already assigned the task of preparing the law to the Ministry of National Economy, which is now the main counterpart of the Bank under a separate ongoing TA project in support of the national catastrophe insurance program. The government also has created the Intergovernmental Working Group on the Law on

Compulsory Property Insurance that consists of main program stakeholders, including the National Bank of Kazakhstan and the World Bank. The design of the program's governance also envisages the representation of all key project stakeholders at the Board of Directors of the national catastrophe insurance pool.

- *Failure of timely and quality delivery of main building blocks of market infrastructure required for the launch of the national catastrophe insurance program.* This operational risk can be considered low despite the extensive and complex scope of preparatory technical work required for the program launch, as the project will be managed by a highly experienced, catastrophe insurance implementation agency – *Europa Re* – which already delivered on time and within budget, a similar technical program of technical assistance to three countries of Southeast Europe.

VI. APPRAISAL SUMMARY

A. ECONOMIC AND FINANCIAL ANALYSES

44. Insurance is an efficient means to mitigate natural disaster-generated economic losses to vulnerable populations in emerging market economies. Natural disasters affect national productive capacity by destroying physical and human capital. Replacing that capital is costly and slow, especially for infrastructure. Typically, in the aftermath of major catastrophic events, governments struggle to find additional resources on short-notice for disaster relief and reconstruction. Most of financial resources are borrowed, often at high interest rates, and smaller amounts may come as grants. The insurance sector can finance reconstruction ex-post or can gather and price the risks ex-ante through risk transfer schemes. Therefore, in the aftermath of a disaster, a well-developed insurance sector may substantially reduce government need for high-cost financing, reduce fiscal risks, and safeguard resources for social services provision.

45. Countries with higher private insurance penetration sustain lower economic losses and fiscal costs after natural disasters. Comparing real consequences of natural disasters, a World Bank study⁹ found that countries with relatively low insurance penetration suffer larger output declines after climatic and geological disasters than countries with high insurance penetration. At the same time, fiscal deficits escalate in countries with low insurance penetration. Furthermore, in countries with high insurance penetration, government expenditures and revenues tend to move together, thus causing only a slight widening in fiscal deficits following major catastrophic events. Countries with low insurance penetration increase their government deficit after disasters and fail to reduce the magnitude of disaster consequences as much as countries with high insurance penetration do. In countries with high insurance penetration, the economy can quickly allocate resources from existing insurance schemes to recover productive capacity lost due to natural disasters and little fiscal effort is required to offset the negative macroeconomic consequences of catastrophic events. Fiscal resources can then be devoted to immediate relief, and the simultaneous increase in expenditures and revenues suggests that the fiscal effort is mainly redistributive (e.g., provides relief to those affected by increasing revenues from those not affected by the disaster).

⁹ Melecky, Martin and Raddatz, Claudio. 2010. "Natural Disaster Shocks and Fiscal Stability." World Bank Working Paper.

46. In the absence of higher-level financial sector development to cope with disasters, the widespread use of insurance helps finance disasters more efficiently. Domestic capital market development helps mitigate real consequences of natural disasters. Moreover, developing an insurance market is preferable to developing a debt market to reduce fiscal costs after natural disasters. Countries that focus on development of *ex ante* insurance schemes are likely to be better fiscal performers than countries that emphasize readily available debt financing to mitigate economic losses after natural disasters. Countries with highly developed financial sectors and countries with high insurance penetration suffer relatively less from disasters in terms of output declines. Countries with high levels of insurance penetration can deal with a disaster's real macroeconomic consequences without deficit financing of expenditures. It seems, therefore, that while countries with a higher overall level of financial sector development can better cope with disasters, the prevalence of insurance helps to finance disasters more efficiently.

47. As part of project economic analysis, it must be mentioned that the project greatly benefits from the already existing know-how and insurance technology developed under the FIRST financed project of TA on catastrophe risk pricing for Kazakhstan and the SEE CRIF program implemented by Europa Re in the countries of Southeast Europe. For example, under the FIRST financed project, Kazakhstan received a pricing model for its compulsory catastrophe insurance product, which otherwise would cost at least \$1.5 million to develop from scratch under the GEF project. Due to unique insurance technologies developed under SEE CRIF in the area of automated risk-based pricing, underwriting and claims management, the project will save at least \$3 million dollars on developing highly customized IT insurance solutions.

B. TECHNICAL

48. The proceeds of the GEF/SCCF grant will finance the costs of technical services incurred in connection with carrying out the preparatory work needed for the development of catastrophe weather risk insurance market in Kazakhstan. Such preparatory technical activities include but are not limited to acquisition of weather risk data, design of catastrophe risk models and high-resolution risk maps, acquisition of an automated web-based IT platform to support efficient insurance sales and claims settlement, public information campaigns, assistance to the national insurance regulators, consumer education on disaster insurance and professional training of insurance agents and insurance loss adjusters.

49. The project builds on insurance innovations developed under previous World Bank insurance programs, as well as explores the latest technological developments in the field of insurance innovation from more developed markets. For instance, in the case of flood risk, which will be covered under the mandatory catastrophe insurance coverage, we envisage the application of highly innovative mass claim settlement approaches that rely on the combination of aerial photography, sample loss surveys and reliance on pre-existing databases of risk exposure. In the case of agro-products, to increase the transparency and confidence of farmers in the insurance coverage, we intend to develop a new generation of parametric insurance products that would rely on crop yield data provided by independent providers of aerial imagery and crop samplings in areas affected by disasters.

50. To achieve risk reduction practices at the level of households, SMEs and government entities the project will support the development of an online disaster risk assessment tool – CatMonitor – which will enable users to assess their risk exposures to catastrophe risk and advise them on how to undertake risk reduction measures. In addition, the project intends to support government and private insurance market efforts to educate the population about natural catastrophe risk through public information campaigns.

51. To disincentivize maladaptation (that may arise due to insurance coverage of non-viable economic activities), the project will support risk-based pricing. As insurance pricing will rely on historic claims records and future-looking probabilistic pricing models, insureds engaging in maladaptation will have to pay extremely high premium rates thus making their insurance coverage uneconomical. This in turn will signal to the government which segments of the economy (or specific industries) are no longer viable due to the risk of climate change – and hence should be no longer supported through government industrial policies.

52. Introduction of risk-based pricing for catastrophe risk insurance will be supported by extensive technical assistance to the National Bank of Kazakhstan (NBK) – the insurance market regulator. TA will enable the NBK to develop modern risk-based regulations and supporting risk-based supervision tools that would ensure universal market compliance with risk-based regulatory requirements through risk-based pricing, reserving and reinsurance practices.

C. FINANCIAL MANAGEMENT

53. Europa Re will be responsible for overall financial management (FM) arrangements of the proposed Project. Overall, the Bank has assessed that FM arrangements at *Europa Re*, including systems of budgeting, accounting, financial reporting, auditing, and internal controls, are satisfactory. *Europa Re* has effective planning and budgeting capacity in place that is considered acceptable by the Bank. For reporting and accounting purposes, *Europa Re* follows accrual basis accounting of Swiss GAAP (Swiss Code of Obligations). The accounting system at *Europa Re* is computerized.

54. The internal controls at Europa Re are found to be adequate and capable of safeguarding assets, recording transactions, ensuring effectiveness and efficiency of operations and compliance with applicable laws/regulations, and providing reliable and timely information on the projects. The Financial Management Manual (FMM) properly describes internal control procedures, including authorization of expenditures and approval of payments, bank reconciliation, verification of expenditures that are eligible by the CFO and/or accountant, description of financial documents flow/circulation, formal bank reconciliation procedures, safeguards for assets, etc.

55. Europa Re has a well experienced financial management staff, consisting of a CFO, Accountant and Financial/Disbursement Consultant. *Europa Re* is in full compliance with all financial management requirements of ongoing projects including regular and timely submission of IFRs, as well as satisfactory project and entity audits. The latest FM supervision of projects implemented by *Europa Re* conducted in October 2015 shows satisfactory financial management arrangements. The financial management system operated by *Europa Re* is capable of recording

all transactions and balances and generates regular financial statements that are submitted to the World Bank regularly and on time. Internal control systems and procedures established by the agency ensure the reliability of accounting records and safeguarding of *Europa Re* resources and assets.

56. Disbursements from the Grant Account will follow the transaction-based method, i.e., traditional Bank procedures, including advances to the designated account, direct payments, and reimbursement, with full documentation and against Statements of Expenditures (SOEs). For payments above the minimum application size, as specified in the Disbursement Letter, *Europa Re* may submit withdrawal applications to the Bank for payments to suppliers and consultants directly from the Grant Account.

57. The auditor (Moor Stephens, Azerbaijan) issued an unmodified (clean) opinion on the SECO and GEF/SCCF grants financial statements for FYs 2012, 2013 and 2014 and raised no issues in the management letter. Under the proposed project, the project audit will be combined with the Entity Audit and will be conducted by the auditor who will perform an Entity Audit. An entity and project audit will be conducted by independent private auditors retained by *Europa Re* in accordance with the terms of reference and procedures acceptable to the Bank. Audited annual entity and project financial statements will be submitted to the Bank within six months at the end of each fiscal year and also at the closing of the project. The project related cost of the audit will be financed from the proceeds of the grant. Unaudited interim project management Financial Reports (IFRs) will be used for additional financial monitoring and supervision. The existing formats of the IFRs will be used and a full set of IFRs will be produced every 6 months throughout the life of the project. The IFRs will be submitted to the Bank by *Europa Re* no later than 45 days after the end of the calendar semester.

58. The adequacy of FM arrangements will be continuously monitored during Project supervision and adjustments made when necessary to ensure fiduciary compliance. An Action Plan has been agreed upon with *Europa Re* to ensure that adequate FM systems are in place before implementation begins. In addition, an FM Specialist will review the annual audit report and semi-annual IFRs, including a monthly reconciliation of accounts, and perform at least one complete supervision mission per nine-month period, which could be complemented by other supervisions as necessary. More details on FM arrangements are provided in Annex 3.

D. PROCUREMENT

59. Procurement Capacity and Risk Assessment. Similar to other grants, the fiduciary functions (including procurement) are the responsibility of the *Europa Re* PMU, who will be responsible for the overall procurement implementation of the Grant. Overall, the procurement arrangements at *Europa Re* are assessed to be satisfactory by the Bank. *Europa Re* has an experienced procurement consultant and a contracts coordinator. The assessment evaluated the adequacy of procurement and related systems in place to administer procurement in general, and Bank-funded procurement in particular. A procurement capacity assessment of *Europa Re* to undertake procurement was conducted three times since the inception of the program, with the latest assessment taking place in December of 2015. The evaluation was carried out using the web-based Procurement Risk Assessment Management System (PRAMS) and will be included in the project files. The project

team procurement specialist assessed the risks that may negatively affect the ability to carry out the procurement process and proposed measures to mitigate those risks. Based on the current procurement arrangements and capacity, the overall project risk for procurement is low, however, the following capacity building actions have been agreed to be implemented: (i) update the Procurement Chapter of the Project Operational Manual to reflect the project related procurement arrangements/procedures and (ii) in order to continuously strengthen the procurement capacity of *Europa Re*, its staff will be provided hands-on training on a regular basis and attend training courses/seminars organized by the Bank in the region in light of the New Procurement Framework which was approved by the World Bank Board of Directors in July 2015.

60. Frequency of Procurement Supervision. In addition to the prior review to be carried out by the Bank, the capacity assessment of *Europa Re* has recommended one supervision mission annually to carry out post review of procurement actions. It is envisaged that at least 5 percent of contracts subject to post-review will be reviewed ex-post.

E. SOCIAL (INCLUDING SAFEGUARDS)

61. The project is gender informed and entails citizen engagement. Gender equality in Kazakhstan is somewhat balanced compared to the regional comparators. Kazakhstan inherited from the Soviet times a legislative framework that includes many provisions enabling women's participation in the social and economic life of the country. Although the project cannot ensure specific targeting to certain vulnerable social groups or specifically female farmers and homeowners, the project design ensures that it targets both genders and maintains equality. To this effect, the results framework contains a gender-related indicator measuring women's participation in the nation-wide insurance scheme. The project will also aim to monitor gender equality maintenance by ensuring close collaboration with consumers, the government and insurance partners. The project will engage citizens at various periods of its implementation, starting with awareness campaigns. The feedback groups include consumer associations and women organizations which will allow close monitoring of gender related outcomes and provide for the opportunity to customize the products or their distribution channels if necessary.

62. The project will also have certain indirect positive social impacts on vulnerable groups. For households, affordable catastrophe insurance is often the only financial safety net available after catastrophic events. Developing a modern catastrophe insurance infrastructure will lead to a stronger catastrophe insurance market, which will in turn free up scarce budgetary resources and enable governments to channel resources to the truly needy in the aftermath of natural disasters. It is envisaged that through a government supported program, vouchers will be provided to those who cannot afford disaster insurance, ensuring that all socially vulnerable have coverage. Due to a considerably higher life expectancy of women in Kazakhstan (73 vs. 63 years for men), poor women are likely to be the majority of insurance voucher program beneficiaries. It is important to note that GEF/SCCF funding will not be used to subsidize any of these premiums.

63. To determine exact pricing of insurance policies, SEECA CRIF will develop detailed catastrophe risk models used to set actuarially sound premium rates and deductible levels that make catastrophe insurance coverage affordable to the mass consumer. Insurance premium prices will vary based on risk exposure frequency and severity, vulnerability level of

insured assets or income to natural disasters, and insurance deductible levels. Potential pricing level indications can be found in established catastrophe risk insurance pools supported by the World Bank in Turkey and Romania and in current *Europa Re* member countries.

64. During the project appraisal stage, the project team has conducted extensive public consultations on the subject of compulsory catastrophe insurance with the Ministry of National Economy (responsible for the preparation of Disaster Insurance Law), National Bank of Kazakhstan (the country's insurance regulator); Presidential Administration and the Association of Kazakhstan Insurers. As the final draft of the Law is yet to be finalized by the end of 2017, the project will assist the government with incorporating the views of the private sector and consumer organizations in the text of the Law. Following the consultation on the draft law, the PIU will ensure that feedback is provided to consumer organizations on the actions taken as a result of such consultations. In designing other more locally oriented catastrophe insurance products at a later stage of the project implementation, the project intends to include professional or community-based organizations (e.g. Association of Farmers, Associations of Consumer and Women organizations) into the decision-making process for insurance product design. The project implementation team will seek consumer feedback on the insurance products developed under the program at annual forums and will publicly disclose follow-up actions.

F. ENVIRONMENT (INCLUDING SAFEGUARDS)

65. The project was classified as environmental category C as no environmental impact is expected from the proposed operation.

G. WORLD BANK GRIEVANCE REDRESS

66. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: RESULTS FRAMEWORK AND MONITORING
Southeast Europe and Central Asia Catastrophe Risk Insurance Facility

Country: Kazakhstan

Project Name: Kazakhstan: Southeast Europe and Central Asia Catastrophe Risk Insurance Facility (P152230)

Results Framework

Global Environmental Objectives

PDO Statement

The Project Development Objective (PDO) is to assist Kazakhstan with developing a modern catastrophe insurance market infrastructure that will support the launch of affordable, innovative catastrophe insurance products covering the risks of weather extremes.

The proposed project activities support GEF's focus on climate change and more specifically, GEF's objectives on climate change adaptation. By increasing access to sound catastrophe and weather risk insurance products for millions of people in Kazakhstan, SEECA CRIF is also in line with the GEF strategy on adaptation. By supporting proper catastrophe risk management and risk transfer, SEECA CRIF reduces economic losses at both local and national levels from extreme weather related events, thereby reducing economic vulnerability and contributing toward increased climate resilience at the national level.

SEECA CRIF activities are also cross-cutting and collaborative, ensuring the engagement of major stakeholders in Kazakhstan, including the Ministry of National Economy, the National Bank, and the Insurance Association. Moreover, because much of the technical work will be focused on establishing complex catastrophe insurance infrastructure and systems, stakeholders will gain the requisite skills and knowledge to better understand catastrophe risk and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and the benefits of catastrophe and weather risk insurance will be raised through information campaigns and the public discussion of the new Law on Compulsory Catastrophe Insurance, resulting in increased demand for catastrophe and weather risk insurance products. The project also aims to provide national and local governments as well as private individuals with the up-to-date actionable information on the risk of natural disasters faced the communities and certain segments of national economy. The information will be delivered to the decision makers in the form of workshops, risk maps and through interactive education tools available on-line.

Although the project has been designed specifically for Kazakhstan, it can be easily replicated in other countries of the region that are adversely affected by climate change through the extension of insurance market infrastructure and insurance services to be developed for Kazakhstan to other markets of the region.

These results are at	Project Level
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Global Environmental Objective Indicators

Indicator Name	Baseline	Cumulative Target Values				
		2016	2017	2018	2019	End Target
Number of insurance companies that are using the insurance market infrastructure developed under the project in support of voluntary and compulsory climate risk insurance products. (Number)	0.00	1	2	3	4	4
Consumers are more aware of catastrophe insurance and its benefits. (Percentage of surveyed households)	0.00	0	5	10	20	20

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values				
		2016	2017	2018	2019	End Target
Number and type of new cat risk insurance products developed. (Number)	0	0	1	2	2	2
Cat risk insurance products developed under the project are available through local insurance industry in Kazakhstan. (Yes/No)	N	N	Y	Y	Y	Y
Percentage of insurance agents in the market offering catastrophe risk insurance. (Percentage)	0	0	3	5	10	10
Insurance premium of basic catastrophe insurance products are within the reach of even the poorest segment of homeowners (EUR25-40/year). (Yes/No)	N	N	Y	Y	Y	Y
Catastrophe risk insurance products are offered online. (Yes/No)	N	N	Y	Y	Y	Y

Number of women in households insured against natural disasters as % of total insured. (Percentage)	0	0	50	50	50	50
Online automated sales, underwriting and pricing system is launched. (Yes/No)	N	N	Y	Y	Y	Y
Online claims management system is launched in support of insurance companies participating in the project. (Yes/No)	N	N	Y	Y	Y	Y
Appropriate legislation and risk-based regulatory framework for catastrophe risk products is developed. (Yes/No)	N	N	Y	Y	Y	Y
Number of insurance companies selling catastrophe insurance products through insurance market infrastructure developed under the project (at least 3). (Number)	0	0	1	2	3	3
Actuarial and probabilistic risk models in support of product pricing have been developed. (Yes/No)	N	N	Y	Y	Y	Y
CatMonitor* custom-tailored for Kazakhstan is made available online and regularly maintained. (Yes/No)	N	N	Y	Y	Y	Y
Demand boosting measures, including introduction of compulsory catrisk insurance scheme and public education campaigns on TV/radio/social media and press on the benefits of catastrophe insurance have been carried out as a result of technical assistance provided to government/insurance regulator under the project. (Number)	0	1	2	2	3	3
Consumer consultations (Yes/No)		Y	Y	Y	Y	

Indicator Description

Global Environmental Objective Indicators	
Indicator Name	Description (indicator definition etc.)
Number of insurance companies that are using the project's market insurance infrastructure	On an annual basis, Europa RE will collect data on the number of insurance companies that are using the project's infrastructure.
Consumers, participating in surveys, are more aware of catastrophe insurance and its benefits.	On an annual basis, through market surveys, Europa RE will collect data on consumer awareness of catastrophe insurance products and benefits.
Intermediate Results Indicators	
Indicator Name	Description (indicator definition etc.)
Number and type of new cat risk insurance products developed.	On an annual basis, through market surveys, Europa RE will collect data on the number and type of catastrophe insurance products that have been developed. The target for this indicator is a minimum of 2 new insurance products or at least 1, if it covers at least two perils.
Cat risk insurance products developed under the project are available through local insurance industry.	On an annual basis, through market surveys, Europa RE will collect information on whether the project's cat risk products are being provided through the local insurance industry in Kazakhstan.
Percentage of insurance agents in the market offering catastrophe risk insurance.	On an annual basis, through market surveys, Europa RE will collect data on the percentage of insurance agents in the market providing cat risk insurance, both before and after the launch of the insurance products.
Insurance premium of basic catastrophe insurance products are within the reach of even the poorest segment of homeowners (EUR25-40/year).	On an annual basis, through market surveys, Europa RE will collect data on whether the poorest segment of homeowners can purchase basic cat risk products that cost between 25-40 EUR/year.
Catastrophe risk insurance products are offered online.	On an annual basis, through market surveys, Europa RE will collect data on whether cat risk products are being offered online.
Number of women insured against natural disasters as % of total insured.	On an annual basis, through market surveys, Europa RE will collect information on how many women are insured against catastrophic risk.
Online automated sales, underwriting and pricing system is launched.	Europa RE will collect information on whether the online automated sales, underwriting and pricing system is launched.

Online claims management system is launched.	Europa RE will collect information on whether the online claims management system is launched.
Appropriate legislation and risk-based regulatory framework for catastrophe risk products is developed.	On an annual basis, Europa RE will collect information on whether an appropriate legislation and risk-based regulatory framework for catastrophe risk products is developed.
Number of insurance companies selling catastrophe insurance products through insurance market infrastructure developed under the project (at least 3).	On an annual basis, Europa RE will collect data on the number of companies selling cat risk products in the insurance market developed under the project. At the end of 4 years, the target is at least 3 insurance companies.
Actuarial and probabilistic risk models in support of product pricing have been developed.	On an annual basis, Europa RE will collect data on whether actuarial and probabilistic risk models in support of product pricing have been developed.
CatMonitor* custom-tailored for Kazakhstan is made available online and regularly maintained.	On an annual basis, through market surveys, Europa RE will determine if CatMonitor is online and regularly maintained.
Demand boosting measures, including introduction of compulsory catrisk insurance scheme and public education campaigns on TV/radio/social media and press on the benefits of catastrophe insurance have been carried out as a result of technical assistance provided to government/insurance regulator under the project.	On an annual basis, through market surveys, Europa RE will determine how many measures have been introduced to boost the demand for catrisk insurance.
Consumer consultations	Consultations with consumer groups (women groups, professional and consumer associations) to obtain their feedback on insurance products sold under the project and inform them about project developments, including the follow up actions on their product feedback.

Notes:* CatMonitor is an innovative online disaster risk assessment tool developed under the SEECRIF Project.

ANNEX 2: DETAILED PROJECT DESCRIPTION

Please refer to Section III for detailed project description.

ANNEX 3: IMPLEMENTATION ARRANGEMENTS

- 1. Implementing Entity:** *Europa Re* will be responsible for the implementation of the project's financial management (FM) function, to include the flow of funds, budgeting, accounting, reporting, and auditing. An FM assessment was carried out to determine the FM implementation risk. The Bank considers *Europa Re*'s FM arrangements, to include accounting, reporting, planning, budgeting and staffing, to be satisfactory. Both the Inherent Risk as well as the Control Risk is rated as Moderate. The overall FM Risk is considered to be Moderate.
- 2. Strengths and Weaknesses:** There are no major weaknesses at *Europa Re*. The significant strengths that provide a basis for reliance on the project's FM system include (i) FM arrangements similar to existing projects being implemented by *Europa Re* and found to be satisfactory; (ii) very experienced FM staff; (iii) proper internal controls and a well-operating accounting system in place.
- 3. To further strengthen its institutional capacity, in the first half of 2016,** *Europa Re* will update the Financial Management Chapter of the Project Operational Manual to reflect the already in place project's related internal controls, budgeting, external auditing, financial reporting and accounting policies and procedures.
- 4. Budgeting and Planning:** *Europa Re* has an effective planning and budgeting capacity in place that is considered acceptable by the Bank. The Company retains a Management Team,¹⁰ which is responsible for preparing and monitoring the project's budget. *Europa Re*'s consolidated budget is detailed for each of the company's activities areas, i.e. by projects, representative offices and its own activities. The Chief Financial Officer (CFO) of the Company is responsible for the timely preparation of the annual budgets that are approved by the Board of Directors (BOD). The BOD approval is required to incur expenses for all non-budgeted items or for other items which exceeds the budgeted amounts. The same budgeting principles will be applied to the current project. The CFO will prepare the company's consolidated budget for each financial year with proper breakdown by project, type of expenditures, and months. After the CFO prepares the budget, the Board will approve it and it will be entered into the accounting system.
- 5. Accounting and Maintaining of Accounting Records:** For reporting and accounting purposes *Europa Re* follows accrual basis accounting of Swiss GAAP (Swiss Code of Obligations). The accounting system at *Europa Re* is computerized. The Company utilizes Swiss accounting software named Sage 50 that was reviewed and found to be adequate, which has advanced, flexible and convenient reporting characteristics to maintain accounting, as well as generate accurate and reliable consolidated reports in customized formats. *Europa Re* has a well experienced financial management staff, consisting of a Chief Financial Officer (CFO), accountant and a financial/disbursement consultant. Current staffing arrangements are deemed adequate for the proposed project.
- 6. Internal Controls:** The internal controls at *Europa Re* are found to be adequate and capable of safeguarding assets, recording transactions, ensuring effectiveness and efficiency of

¹⁰ Management Team (MT) consists of CFO, CEO and Deputy CEO employed by *Europa Re*. The MT is responsible for the overall governance and oversight of the organization.

operations and compliance with applicable laws/regulations, as well as providing reliable and timely information on the project.

7. The Financial Management Manual (FMM) properly describes internal control procedures, including authorization of expenditures and approval of payments, bank reconciliation, verification of expenditures eligible by the CFO and/or accountant, description of financial documents flow/circulation, formal bank reconciliation procedures, safeguards for assets, etc. All budgeted expenditures can be approved by the CFO. An accountant records invoices (making proper reference to underlying contracts) in the Accounting Software, scans supporting documents, and submits them to the CFO for approval. The CFO verifies invoices and supporting documents for eligibility, accuracy, etc. and approves the transaction. Along with recording the invoice, the accountant processes the payment order via an online bank system that is then countersigned by the CFO. Any unbudgeted expenditures require written approval of the Board regardless of the size.

8. The Financial Management Manual for the Project will be updated to reflect the specific activities of the project such as Audit Terms of Reference, frequency of submission, format of IFRs, etc.

9. Financial Reporting: *Europa Re* prepares semi-annual Interim Unaudited Financial Reports (IFRs) under ongoing projects. These IFRs are usually submitted on time and found acceptable by the Bank. Project-management-oriented IFRs will be prepared under the Project. *Europa Re* will produce a full set of IFRs every calendar semester throughout the life of the project. The format of IFRs has been agreed upon during the assessment and includes (i) Project Sources and Uses of Funds, (ii) Uses of Funds by Project Activities, (iii) Designated Account Statements, (iv) Disbursement Summary, and (v) a Statement of Expenditure Withdrawal Schedule. These financial reports will be submitted to the Bank within 45 days at the end of each calendar semester. The annual audited project's financial statements and audit report together with the management letter will be provided to the Bank within six months at the end of each fiscal year and also at the closing of the project.

10. External Audit: The unmodified audit reports on the *Europa Re* entity and the project's financial statements for FY 2012, FY 2013 and FY 2014 have been received on time and found acceptable by the Bank. The proposed project audit will be conducted (i) by independent private auditors acceptable to the Bank, on terms of reference acceptable to the Bank, and selected by *Europa Re*; and (ii) according to the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC). The terms of reference will include activities involving (i) audits of financial statements, (ii) assessments of the accounting system, and (iii) a review of the internal control mechanisms.

11. The audited financial statements will be disclosed to the public in a manner acceptable to the Bank. Following the Bank's formal receipt of these statements from the borrower, the Bank will make them available to the public in accordance with the World Bank Policy on Access to Information.

12. Flow of Funds and Disbursement arrangements: Grant funds will flow to the Project via disbursements to a designated account (DA) in USD maintained by *Europa Re*. The Project will follow transaction-based disbursement procedures (advances to the DA, documentation of the advances based on statements of expenditures and supporting documents, direct payments, etc.).

13. Withdrawal applications will be signed by two authorized representatives of *Europa Re*. Withdrawals from the Grant Account will be requested according to requirements in the Disbursement Letter. The Disbursement Letter will also provide information on the ceiling of the designated accounts. Disbursements will be made on the basis of full documentation for all expenditures incurred under the contracts subject to prior review by the Bank. Disbursements under other contracts (post review), and operating costs, will be made according to certified Statements of Expenditure.

14. Documents to support the Statements of Expenditure will be held by *Europa Re* for at least one year after the Bank receives the audit report for the fiscal year in which the last withdrawal from the Grant Account was made. This information will be made available for review during Bank staff supervision missions and for annual audits that assess the propriety of Statement of Expenditure disbursements and the quality of the records.

15. Financial Management Support: As part of its project implementation support mission, the World Bank's Financial Management Specialist (FMS) will conduct risk-based financial management supervision within six months of project effectiveness and then at appropriate intervals. During project implementation, the Bank will supervise the project's financial management arrangements in the following ways: (a) review the project's semiannual Interim Financial Report, annual audited financial statements, auditor's management letter and remedial actions recommended in the auditor's Management Letters; and (b) during the Bank's on-site supervision missions, review the following key areas: (i) project accounting and internal control systems; (ii) budgeting and financial planning arrangements; and (iii) disbursement management and financial flows, As required, a Bank-accredited Financial Management Specialist will assist in the implementation support process. More frequent implementation support missions may take place during the first part of the Project.

16. Procurement Plan: The following table contains the provisional project Procurement Plan, which summarizes the main categories of project activities and the resources that will be deployed to support project implementation.

Package No.	Description	Type		Total Estimated Cost (US\$'000)	Total Estimated Cost	No. of Contracts
1	Project Management			278	\$ 277,700.00	
	Project Management and Administrative Staff	CS	original	278	\$ 277,700.00	4
	Financial management specialist	CS	original	39	\$ 38,700.00	1
	Procurement consultant	CS	original	50	\$ 49,700.00	1
	Chief financial officer	CS	original	105	\$ 105,000.00	1
	Contract Coordinator	CS	original	84	\$ 84,300.00	1
			original	3586	\$ 3,585,900.00	
			original	1096	\$ 1,095,675.00	6
	Country Manager Kazakhstan	CS	original	258	\$ 258,400.00	1
	Project Technical Coordinator	CS	original	90	\$ 89,910.00	1
	Lead insurance product development	CS	original	151	\$ 150,912.00	1
		CS	original	136	\$ 135,953.00	1
		CS	original	267	\$ 267,300.00	1
		CS	original	193	\$ 193,200.00	1
	Actuarial Services		original	141	\$ 141,000.00	2
		CS	original	59	\$ 58,500.00	1
		CS	original	83	\$ 82,500.00	1
2(c)	Claims Services	CS	original	130	\$ 129,740.00	3
	Claims Insurance Manager	CS	original	105	\$ 105,000.00	1
		CS	original	25	\$ 24,740.00	2
	Agriculture Insurance Services	CS	original	139	\$ 139,340.00	2
2(d)-1	Agriculture insurance Expert	CS	original	90	\$ 89,900.00	1
2(d)-2	Agriculture Research Specialist and Training Manager	CS	original	49	\$ 49,440.00	1
2 (e)	IT Services	CS	original	1804	\$ 1,803,670.00	6
	IT Expert	CS	original	193.2	\$ 193,200.00	1
	IT Systems Analyst	CS	original	89	\$ 89,100.00	1
	IT Tester	CS	original	41	\$ 41,310.00	1
	IT Integration & Requirements Analyst	CS	original	90	\$ 90,000.00	1

	IT Operation Specialist	CS	original	90	\$ 90,060.00	1
		CS	original	300	\$ 300,000.00	1
		CS	original	1000	\$ 1,000,000.00	1
		CS	original	276	\$ 276,475.00	2
	PR Specialist	CS	original	183	\$ 183,400.00	1
	Sales & Marketing Specialist	CS	original	93	\$ 93,075.00	1
	Country Risk Assessment Services	cs	original	536	\$ 536,400.00	2
	Weather Risk Data Modeling Consultant	CS	original	313	\$ 313,200.00	1
	Risk Modeling Advisor	CS	original	223	\$ 223,200.00	1
			original	4400	\$ 4,400,000.00	

*Note: The procurement plan does not account for USD 600,000 worth of operating costs which will cover the costs of office, travel, management oversight and other *Europa Re* operational expenses incurred in connection with the implementation of the Grant over 4 years.

17. The procurement plan comprises the following main expense categories:

- *Project Management Services* (\$277,700). Compensation of project administrative staff for services rendered in connection with project implementation such as procurement services, financial management services, and contract coordination services.
- *Technical Services* (\$3,585,900). This component comprises of five sub-components: General Technical Services (in support of continuous implementation of the Project and its expansion to Kazakhstan), Actuarial Services, Claims Services, Agriculture Insurance Services, IT Services and PR & Marketing Services.
- *Country Risk Assessment Services* (\$536,400). Country Risk assessments will be undertaken for the purposes of product development, insurance rate setting and portfolio risk management. These services shall include data risk modeling services, disaster risk management advisory work services, etc.

18. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame will be agreed upon by the Borrower and the Bank team and reflected in the Procurement Plan. The Procurement Plan will also be available in the project's database and in the Bank's external website. The Procurement Plan and its updates will be submitted to the Bank for approval. The procurement thresholds for procurement under the grant will be set in the procurement plan in accordance with the results of the procurement capacity assessment and within the latest ECA regional thresholds updated February 10, 2015. The contracts subject to prior review will be reflected in the procurement plan.

19. The following methods may be used for procurement of goods, non-consulting services as agreed in the procurement plan: International Competitive Bidding (ICB), Shopping (SH), and Direct Contracting (DC) with prior Bank's approval. Procurement for all ICB procedures will be done using the Bank's Standard Bidding Documents (SBD). For Shopping the Invitation to Quotation (ITQ-June 2011) will be used. The project procurement will comprise mainly of consultancy services contracts. There is a possibility of hiring the Project Management Unit staff that were previously hired following a competitive process on a single source selection basis in accordance with Section V (Individual Consultants) of the Consultants guidelines. Consultant services would include, *inter alia*, Actuarial Services, Claims Services, Agriculture Insurance Services, IT Services and PR & Marketing Services, etc. The following methods may be used for the selection of consultants: Quality and Cost-Based Selection (QCBS), Least-Cost Selection (LCS), Selection based on Consultants Qualifications (CQS), Individual Consultant Selection (IC), and Single Source Selection (SSS) of individual consultants and firms with prior Bank's approval. The World Bank's Standard Request for Proposals and standard CQS/IC documents and evaluation reports will be used for small procurement. Terms of Reference, irrespective of prior/post review status, are subject to the Bank Team's prior review and no objection. Shortlist of consultants for services estimated to cost equal or less than USD 300,000 equivalent per contract, may comprise entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

20. Procurement Implementation Arrangements/Applicable Guidelines. All procurement for the Grant will be carried out in accordance with the World Bank's "Public Guidelines Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 and revised in July 2014 (The Guidelines); and "Guidelines on Selection and Employment of Consultants by Bank Borrowers" dated January 2011 and revised in July 2014 (the Consultant Guidelines) and the provisions stipulated in the Grant Agreement (GA). Anti-Corruption "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006 and revised in January 2011 will apply.

ANNEX 4: IMPLEMENTATION SUPPORT PLAN

Strategy and Approach for Implementation Support

- 1. This implementation support plan (ISP)** describes the resources that will be deployed to assist in project implementation. It has been developed based on the risks and risk mitigation measures identified in the Systematic Operations Risk-rating Tool (SORT).
- 2. SEECA CRIF success will depend on government support** for the project and its strong commitment to increase demand for catastrophe insurance among the population by creating an enabling regulatory and legal framework. **Program success also depends on homeowner and enterprise sector willingness** to purchase optional catastrophe risk insurance policies.
- 3. The implementation support strategy for the proposed project will include** regular dialogue with the Government to include technical support and guidance.
 - a. **To assist in the enactment of the *Law on Compulsory Property Catastrophe Insurance***, which the government has pledged to present to Parliament in December 2016, the project will provide the government with technical guidance and support during the process of Parliamentary hearings of the Law, which will ensure technical consistency of the draft. Moreover, the process shall be closely monitored by the Bank through an ongoing dialogue with the Bank and on-site missions.
 - b. **In addition, Europa Re intends to open a project implementation office in Almaty** for the duration of the project to maintain a close contact with the government and all relevant project stakeholders. The country project implementation unit will act as the main liaison between different government agencies, the insurance market and the National Bank and the World Bank to ensure a workable consensus on the key parameters of the draft law and their adequate understanding by the members of the Parliament during the parliamentary hearings of the law.
 - c. **To ensure an ongoing policy dialogue with key government agencies** involved in formulating and legislating climate change adaptation policies and knowledge dissemination generated in the course of project implementation, the project will support a series of workshops for government officials, local NGOs and insurance executives on climate change risks and climate change adaptation tools. The sustainability of climate change adaptation education for decision-makers will be achieved by involving in the development of this program the Nazarbaev University (currently the most advanced, westernized public education establishment in the country), which will continue offering such training after the completion of the project.
 - d. **In addition, to ensure the ongoing knowledge sharing and dissemination of best practices** developed during the project, Europa Re will post information about

the latest project developments on its website in Russian and will produce a quarterly progress report e-letter which will be sent to all interested parties.

Implementation Support Plan

4. The project has designed the following implementation support at different stages:

Time	Focus	Skills Needed	Needed Resource Estimate	Partner
Biannual	Technical supervision	TTL/ Technical leads	35 SW 20 SW	Ministry of National Economy, the Association of Insurers and the Presidential Administration, National Bank of Kazakhstan (NBK)
Daily	Technical guidance/assistance	Technical leads/Operational Staff	As needed	Ministry of National Economy, the Association of Insurers and the Presidential Administration, National Bank of Kazakhstan (NBK)
Annual	FM and procurement	Procurement and Financial Management Specialists	15 SW	Europa RE