



**Agricultural Insurance Market Development:
A Project Management Manual to Capacity Development**



Implemented by





Contents

Introduction	2
.....	
Background	2
Target Group	2
How to use this Manual	2
<hr/>	
Capacity Development for Agricultural Insurance	3
.....	
Fundamentals Concerning Capacity Development Strategies	3
Overview of the Process of Capacity Development for CRI in the agricultural sector	3
<hr/>	
Key processes and tools for capacity development	4
.....	
Defining Policy Goals	4
Basic technical concepts	4
Finding Alternatives and Devising Options for Agricultural Insurance Policies	9
Selecting a Strategic Option	10
Conducting a Pre-Feasibility assessment	13
Basic technical concepts	13
Scenario analysis	16
SWOT Analysis	19
Establishing a Stakeholder Process (Stakeholder Analysis) and Setting up Partnerships	24
Stakeholder map	24
Creating a Steering structure for Agricultural Insurance projects	27
Creating a centralized communication plan for the project stakeholders	30
Project Management, Monitoring and Planning	32
Project and Process Management.	32
Plan of Operations	35
Project Monitoring and Evaluation	40

Introduction

Background

This project management manual introduces and describes methodologies that supports the transformation and promotion of agricultural insurance in ASEAN countries. It is based on GIZ project management tools, in particular Capacity WORKS, and related project implementation experience. The manual resulted as an output from GIZ's capacity development support to the ASEAN Sectoral Working Group on Crops (ASWGC) and the ASEAN Disaster Risk Financing and Insurance Program (ADRFI), Phase II during 2020 to 2020. The ASEAN Sectoral Working Group on Crops (ASWGC) recognises the importance of crop insurance and has been actively promoting its implementation among the ASEAN member states since 2017. At the same time the ASEAN Disaster Risk Financing and Insurance Program (ADRFI) Phase II, which was launched in August 2019, also supports establishing insurance solutions in the agricultural sector.

The manual and its methodologies aim to support defining the objective of the transformation process, analysing its context factors, determining the capacities of key actor groups or institutions, and formulating strategic options for transformation.

A fundamental design premise of this manual is that various existing advisory approaches have mostly been focusing on technical aspects of agricultural insurance, this manual and toolbox, however, aims to combine the technical perspective with an elaborated capacity development perspective, aiming to provide practical guidance for government officials and project managers when trying to navigate the local stakeholder landscape for agricultural insurance.

Target Group

This project management toolbox is aimed at policy- and decision-makers in the ASEAN region responsible for designing agricultural insurance programs as well as project managers and implementers in this field of work. Some level of familiarity with the topic of agricultural insurance is being assumed, however, the manual aims to support both beginners and experts.

How to use this Manual

This manual is based on selected parts of the GIZ cooperation model for managing change, "Capacity WORKS"¹, which were reworked and complemented to support change management processes in the agricultural insurance sector. It is intended as an addition to existing professional materials and emphasizes non-technical aspects of the management of the change process along with providing basic technical concepts and references where needed. An overview of the process how to develop capacities and basic terminology are to be found in Chapter 2, the tools to support change agents and teams are presented in Chapter 3.

The manual at hand is a growing piece of knowledge and benefits from application and improvement. In the spirit of constant learning and improvement within a community of practice, we welcome your experiences, improvements and innovations.

Please feel free to use the knowledge and tools described here in an open-source fashion. Distribute them as widely and as far as possible while respecting the authorship and creativity of yourself and other co-collaborationists and authors.

¹ More details can be found about Capacity WORKS at <https://www.giz.de/expertise/html/60619.html>

Capacity Development for Agricultural Insurance

Fundamentals Concerning Capacity Development Strategies

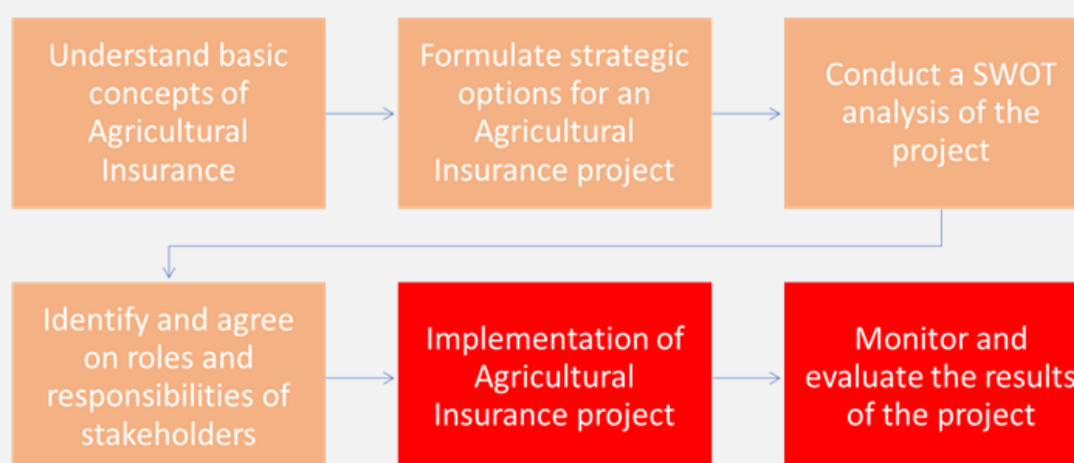
According to the UN, capacities are “the ability of people, organizations and society as a whole to manage their affairs successfully” and Capacity Development is “the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time, in order to achieve development results”.

Capacity Development (CD) is meaningful because the capacities of the stakeholders make all the difference between success and failure and developing those capacities are a challenge in situations that are new and emerging as well as technically demanding as it is the case with agricultural insurance.

CD in general should be viewed as a holistic process and the targeted support of CD processes requires a strategy that is geared toward the given political, economic and social context of the specific country. These peculiarities of CD for agricultural insurance will become clear to the reader in the course of the manual. Ideally, CD activities are agreed on with all the relevant actors in the project to ensure that all of them assume ownership of the strategy’s implementation.

Overview of the Process of Capacity Development for CRI in the agricultural sector

Capacity Development entails numerous and diverse steps taken into consideration varying elements that would best enable objectives to be achieved. For the purposes of this manual, we illustrated below the proposed process steps to be taken when building capacities directed towards Agricultural Insurance projects.



Key processes and tools for capacity development

Defining Policy Goals

Each of the following sections will start with providing basic technical knowledge and know-how important to understand the CD topics under discussion. The technical inputs however, will ensure a general understanding and references where interested readers can look for more detailed and comprehensive information.

Basic technical concepts

Knowledge about agricultural insurance basics and its potential and limitations

Agricultural production faces a myriad of risks. This is true for the farmers themselves as well as for all other stakeholders in agricultural value chains. Most significant for farming activities are usually price risks for input and output prices as well as production risks². Price risks are caused by the volatility of markets which depend on worldwide supply and demand factors. In case commodities are widely traded amongst countries, this type of risk is likely to be higher. Production risks are caused by uncertainty about the levels of production that producers can achieve and are influenced by, amongst others, diseases and extreme climate conditions such as drought or low precipitation, excessive rainfall or flooding at planting time. In general, price risks (due to the liberalisation of trade) and production risks (due to the effects of climate change) are very likely to increase in future. These two risks do not affect farmers only, but the complete agricultural value chain for each good including the final consumer. It is important to understand, that each actor in the value chain faces its own type of primary risks. If yields are low, for example, processors may face the risk of lack of raw material and business interruption, traders may be impacted by lower sales volumes, financial institutions of non-performing loans and governments of lower budgets and social stability. For farmers, particularly with medium or smaller production, there are also other key risks, such as personal risks including health or death of managers or employees, financial risks in case of fluctuating revenues, or political risks stemming from changing government actions on trade or support programs.

Particularly when approaching from a financial perspective, it is important to consider the probabilities of possible losses for each of these risks in addition to the sheer extent of the potential damage. From this perspective, one can differentiate³.

- A. **Idiosyncratic risks** that consist of frequent but low impact and mostly idiosyncratic losses, such as modest yield and production losses due to plot specific pest and weather problems;
- B. **Intermediate risks** which comprise risks that involve less frequent but larger losses and which may be more correlated within groups of households, such as might occur with localized flood

² Based on "Introduction to Agricultural Insurance and Risk Management. Manual 1." World Bank Group, 2014, p. 10-11

³ Ibid, 11-12

damage or disruptions to local markets; and

- C. **Catastrophic risks** that have low frequency but high impact, such as a severe floods or droughts which are systemic (i.e., highly correlated across households and value chains), causing widespread losses of crops, livestock, and other assets in a region.

All of these risk types and characteristics make up a complex, interlinked risk landscape for agricultural production and value chains and help to understand benefit of various risk management measures in the following

Farmers and rural communities have, over generations, developed an impressive array of methods for managing risk on their own. Some of the most important are⁴

- **Enterprise Diversification** which involves investing in a variety of options that are not strongly correlated. For example, many farmers produce a variety of crop and livestock products as a means of diversification. At the same time diversification opposes specialization and potential resulting benefits.
- **Introducing new agricultural practices and technologies** that help reducing exposure to risks. Typical areas are water conservation, irrigation and flood control. Farmers may also select rice varieties that are more resistance to drought and pest comparing to the rice variety they usually use.
- **Low Risk Investments**, i.e. mitigating risks by avoiding high risk endeavors. Investments in low risk activities, however, are usually correlated with relatively low average returns compared to higher risk investments.
- **Excess Debt Capacity.** Agricultural producers generally maintain relatively low debt-to- asset ratios as a means of mitigating financial risk. Low debt-to-asset ratios are necessary because of high fixed costs (costs that do not vary with output) on the one hand and revenue fluctuation because of seasonality on the other hand.
- **Liquid Financial Reserves.** Many agricultural producers maintain financial reserves or liquid assets to help mitigate seasonality effects. Sometime, farmers had their debts from loan-taking postponed or suspended due to drought or crop disease.
- **Off-farm Income.** Agricultural producers and their family members are often employed in off-farm jobs, even though this tends to prevent higher levels of specialization that can lead to higher income.
- **Extended social circles** like local self-help groups and kin-support networks provide another layer of protection.
- Finally, **Risk Transfer** can shift some of the risk associated with agricultural production away from producers. Agricultural producers transfer risk to other parties in a variety of ways including the use of (forward) contracts or insurance markets.
 - **(Forward) Contracts.** Some producers forward contract the delivery of their crops and livestock to various agribusiness entities. In most cases, forward contracts stipulate specific prices to be paid upon delivery of the commodity. Contracts often include a variety of quality specifications and are legally enforceable. In addition, producers may forward contract for agricultural inputs.
 - Last but not least, **Insurance Products** help reduce risk. The core principle of insurance applicable also to the field of agriculture is, that insurance contract holders transfer some of their risks to insurance organizations, usually backed by international insurance markets, in return for a premium payment. For example, formal property/non-life insurance markets transfer

⁴ Based on "Introduction to Agricultural Insurance and Risk Management. Manual 1." World Bank Group, 2014, p. 11-12

risk from producers to financial institutions with respect to fire, wind, theft, and other perils on buildings, machinery, and livestock. Health and life insurance products are used to manage personal risk.

While a number of the risk management methods listed have proven quite effective for managing many of the more frequent and idiosyncratic risks that farmers face, they provide more limited protection against intermediate risks, and can fail completely for some catastrophic risks (like major droughts or hurricanes) that impact many farmers, communities and the wider economy within a region at the same time. The systemic or covariate nature of many catastrophic losses makes them especially difficult to manage because local credit markets and community and kin support networks cannot cope when everybody needs help at the same time, which brings us to the benefits of agricultural insurance.

There are several **ways in which agricultural insurance may help farmers** or may be favorable over other options⁵:

- Insurance might be a **more cost-effective** way of managing some risks than available alternatives, such as enterprise diversification strategies, low risk investments or off-farm income;
- Insurance might enable farmers to **protect against risks for which they do not have adequate alternative risk management** methods such as large-scale flooding;
- Insurance might enable farmers to **take on more risk**, such as adopt technologies and farming practices that are more productive but also riskier;
- Insurance might offer **more timely access to cash** to compensate for losses than relying on alternative coping strategies like borrowing or liquidating assets, thereby helping to protect assets and facilitate a speedier recovery from a shock that affect large parts of the communities and markets;
- Insurance might also serve as a **substitute for collateral**, improving access to credit and enabling farmers to purchase modern farm inputs and productive assets to improve their farm productivity and incomes over time.
- Insurance might provide sufficient protection against some catastrophic risks that it can **reduce farmers' need for disaster assistance**.

Despite its promise, agricultural insurance is not a panacea for managing all farm risks. In some cases, investments in risk reduction like soil conservation, irrigation, and flood control not only reduce risk, but can also raise agricultural productivity over time, offering more attractive and longer term 'win-win' solutions to some risk problems than agricultural insurance. Some risks are also too difficult or expensive to insure. For example, many important price risks are virtually uninsurable because they lack stable and quantifiable loss functions for setting premium rates. Finally, some risks that might otherwise be insurable occur so frequently and/or involve such large losses that the required premium rates are simply unaffordable for most farmers without substantial premium subsidies.

In order to navigate these rather complex considerations and in-depth discussions, agricultural insurance activities need detailed information on the concrete situation in a given regional context and value chain. Given the nature of the tools at hand, this usually starts with the analysis of the concrete risks of the final beneficiaries.

Agricultural risk analysis and assessment

⁵ Based on "Innovations and emerging trends in agricultural insurance for smallholder farmers – an update" GIZ, 2021, page 12.

Risk assessments are a key in the development of any insurance program as they provide the basis for the understanding of the needs of the target group of the program and the structure of the financial product. In general, there are different levels of risk analysis: regional, national (country)/sub-national and local up to farm level. Even though, national and sub-national risk assessments are most likely to be in the focus for any national policy, local level and regional assessments can provide very important contributions to the national scenario.

At national/country level or any state organized level below, data/information might be collected on the following areas:

- a. Agricultural Sector – e.g. key crop and livestock value chains, crop and livestock risks
- b. Insurance Sector – e.g. regulatory framework, current agricultural insurance and risk mitigation products available
- c. Financial Sector – e.g. government involvement in agricultural and rural lending; and private financial institutions offering lending to farmers (this may include informal sectors)
- d. Mobile Sector – e.g. key mobile network operators with rural penetration
- e. Index Data – e.g. historical time series of weather, yield and price data
- f. Available studies that evaluate the current agricultural insurance program challenges

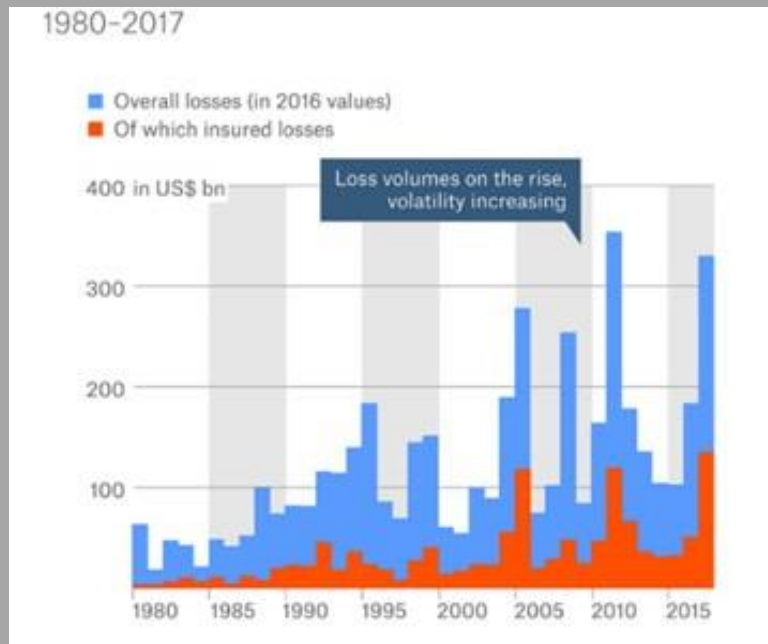
The team that conducts the country level analysis is ideally supported by technical experts that advise and assist in the analysis. They can be consultants but also members of organizations with strong institutional know how such as regional or international reinsurance companies. Very often risk assessments for various purposes are already carried out by other national agencies such as departments of mineral resources for geo-hazards, department of water resources for water related hazards; meteorological departments for weather monitoring; department of disaster prevention and mitigation for disaster related events; and others. Reaching out to other agencies can be very relevant both for methodologies and data when conducting a risk assessment at national level.

* For any further information on risk assessments on farm level, please have a look at the document 10 Phases / phase 2

Insurance and protection gap analysis

ASEAN countries are one of the world's most vulnerable regions to natural disasters given its unique geographic locations and climatic conditions. A large part of the population lives in riverine, delta and coastal plains, thus prone to climate hazards such as flood, cyclone, and landslides. From an insurance perspective, the share of uninsured property catastrophe losses exceeds 90 percent in Emerging ASEAN countries⁶. This protection gap can be attributed to three major perils – storms, floods and earthquakes. The figure below illustrates how wide the insurance gap is between Insured and Uninsured natural catastrophe losses globally.

⁶ Geneva Association (2018): Understanding and addressing global insurance protection gaps.



Source: Munich Re (2018)

According to Munich Re, from 1980 to 2017, estimated total economic losses from natural catastrophes amounted to USD 4.6 Trillion of which only USD 1.2 trillion were paid off by insurance, leaving a gap of USD 3.4 Trillion.

Between 1989 to 2016, High income countries (GDP per capita of more than USD12,235) and middle-income countries (USD 3,956-USD 12,234) have been able to bridge that gap by 12 and 11 percent respectively. In low-income countries (below USD3,956), the level of gap remained constant at 95 percent – a clear sign of no progress. On a Capacity Development perspective, these findings will help us understand why global policy efforts for disaster risk reduction and mitigation focus on lower-income countries.

It's clear that in many countries current measures do not go far enough to adequately protect people, property, services and vital infrastructure from the effect of disasters and extreme weather events. Nor do they currently encourage a better understanding of disaster risk, what drives it, or the risk reduction measures required. As a result, many local populations struggle to recover from disaster; there is also an increased financial burden on governments, NGOs and the donor community, as well as the private sector and individual households

Farmers and rural communities have developed an array of methods over generations to reduce and manage risks on their own. For example, they may make long-term investments in water conservation, irrigation and flood control, or they may grow a mix of crops and crop varieties and stagger crop planting dates.

Applying tools to build capacities enables proactive risk reduction measures by way of trying to lessen the risk. Risks though can never be eliminated completely as there still remains basis risk and part of that risk should be transferred to the market (via agricultural insurance). In principle, agricultural insurance enables farmers to transfer some of their risk exposure to the insurance market in return for a premium payment. The optimal level of risk transfer, however, needs to be defined by policy makers and individual for each policy field or agricultural activity.

Summary

Purpose	This tool will help you in devising possible strategic options for a project or activity in the area of agricultural insurance having in mind a clear policy objective
When to use it	To spark discussion on the different ways in which you can achieve your objective for agricultural insurance and, together with other actors, come up with well-thought-out ideas rather than hasty 'blueprints'.
How to use it	Have an open mind when using this tool. All options identified should be considered, assessed and reviewed before selecting.
Setting	Joint workshops with key actors
Facilities and materials	Pinboards, workshop materials, relevant documents and inputs: Any information materials and outcomes produced up to this point should be available at hand (e. g. SWOT analysis, process map, data on natural disasters, agricultural insurance schemes, market and regulation).
Note for facilitators	It is important that you provide a creative and open atmosphere that is conducive to devising a wide variety of options. During this stage, it is important that you generate and document as many ideas as possible.

Description

Strategy development involves identifying strategic options that will enable you to choose the most promising path for change in the agricultural insurance sector. Identifying several options allows you to think 'outside the box' of traditional ways of market behaviour. Use this tool to identify all options that appear viable, based on the information gathered during the analysis of the actual situation. A practical example where you would need to identify alternatives would be strategic approaches to increase agricultural insurance uptake, improve financial literacy in the farming community or ways in which to incentivise a stronger buy in from private insurers in the agricultural insurance segment.

Steps

Step 1: Form creative groups

If there are enough participants, create several small groups of between two to four people per group. Those involved will come from a variety of backgrounds in the agricultural and financial sector and will have participated in the preceding discussions.

- Have each group draft up to three options (e.g. on how you would want to improve financial literacy levels).
- Individual warm-up: Get each member of the group to brainstorm initial ideas as keywords for a few minutes.

Step 2: Sharing of thoughts and being creative

This exercise can be done outdoors (walk in a park or garden) or indoors (conference-style, on-line meeting). Here the participants within each group share their first keywords. By channeling their powers of association, the groups will develop initial ideas for strategic options.

Step 3: Visualise ideas

After the previous session, each group uses a flip chart to document their ideas. For each idea, it outlines a heading, characteristics and a symbol or image that represents the idea. Keywords to describe agricultural insurance products or the general thrust of a strategy, for example, are an important instrument for describing options.

Step 4: Present findings in the 'gallery'

All groups meet to briefly present their findings. Ideas are not yet discussed, but questions can be asked if something is unclear.

Step 5: Summarise findings

In this step, you pool similar options. Consolidate the findings in a way that clearly describes the remaining options. Whittle down the strategic options identified to between three and seven possibilities. Ensure that people can relate to the options identified.

Step 6: Describe the strategic options

In this final step, you describe the details of the strategic options devised. What would it mean for the agricultural sector if this option were pursued? What work packages would be developed as a result? You must draft a description of potential strategic options before moving on to assess them and make a final selection. Otherwise, each participant will associate different features with them, and there will be a lack of any shared and more precise understanding.

Selecting a Strategic Option

Summary

Purpose	This tool will help you to conduct a structured discussion to assess strategic options and to come to a well-informed decision.
When to use it	Once you have identified diverse options.
How to use it	Identify and agree on a set of criteria then apply across all strategic options previously identified. Afterwards, "weigh" the strategic options then choose the best applicable one.
Setting	Joint workshop with key actors.
Facilities and materials	Pinboards, workshop materials, relevant documents and inputs: Any information materials and outcomes produced up to this point should be available at hand (e. g. SWOT analysis, process map, data on natural disasters, agricultural insurance schemes, market and regulation).
Note for facilitators	Ownership can only be developed and decisions can only be made jointly if the relevant supporting actors are involved and if the process is well designed. The development and assessment of different strategic options and a decision on one of them involves a negotiation process. Discussions may often be complex, detailed and sometimes arduous. It is important to spot tendencies to avoid honest discussion and the struggle to reach a joint

decision.

It is often helpful if you draft observations on possible criteria for discussing and assessing strategic options before the workshop.



Description

Once different strategic options with relevance to the field of agricultural insurance have been identified, the participants set about making a joint decision on which strategy to pursue. Ask the following questions:

- What criteria will be used to assess the different strategic options? E.g., impact on insurance uptake or improvement of financial literacy.
- What are the advantages and disadvantages of the different options? E.g., impacts vs costs.
- What results and risks are anticipated for the individual options? E.g., higher innovation rates vs. less rigid regulatory frameworks.
- Which option seems the most promising?

Step 1: Agree on the assessment criteria

To ensure that you choose the most realistic option, make sure that all the information gathered up to this point from the analysis of the actual situation is taken into account. If this information is available in a visual format, make sure that this is available too or can be viewed by all the participants, who should have a good idea of the key characteristics of the strategic options up for discussion.

The assessment criteria will vary, depending on the context, and should be agreed between the different participants. They could include:

- willingness of key actors to change.
- the feasibility of the option against the backdrop of the existing capacities.
- the sustainability of results in the permanent cooperation system.
- scalability.
- the funding required.
- synergies with other actors.
- degree of use of available expertise.

This list of suggested criteria will provide you with a general basis for tweaking a scenario specific for Agricultural Insurance projects and enable you to develop ideas you may have about possible criteria. Collect other proposed criteria and discuss and agree on them. We recommend using no more than five to seven criteria. You could also weight the criteria, if desired.

Where possible, assign benchmarks for the criteria in the following working aid and display it on a pinboard where it is visible to all:

	Assessment criterion A	Assessment criterion B	Assessment criterion C	Assessment criterion D	Assessment criterion E	ETC. ...
Strategic option 1						
Strategic option 2						
Strategic option 3						
ETC. ...						

Step 2: Assess the strategic options and Decide on One

Use the above matrix to assess the different options identified. Rate the options using a 'trafficlight' system or on a scale (e. g. from 1 to 5). Use a rating system that works for the participants.

Discuss all the criteria option-by-option and document the ratings in a way that is visible for all participants. Using this approach will help you to focus on the strategic options as a group and will help you to clarify the priorities, common ground and differences that are important for making a joint decision.

Aggregate the ratings awarded in the previous steps and select the option that performed best for all of the criteria rated. As the discussion unfolds it may prove useful, for example, to combine specific elements of different options in one in order to better address the risks identified.

Conducting a pre-feasibility assessment

Basic technical concepts

Basic understanding of insurance schemes and products

When designing agricultural insurance policies, it is important to understand the different levels of possible insurance activities that can be implemented or supported. Please see an overview in the following:

Typology of insurance schemes

Level	Policyholders	Direct beneficiaries
Micro	Small-scale farmers, Households, Small Business Owners	Individuals
Meso	Agribusiness, Financial Institutions, NGOs such as farmer organisation	Private Organisations
Macro	National, Regional or Local Governments	Government entities

Please note that the ultimate beneficiaries of agricultural policies are agricultural producers and companies. However, in case of policy or NGO activities, intermediary entities can be the direct beneficiaries consecutively channelling funds to the ultimate beneficiaries. Good examples here are governments that insure themselves individually or in a pool arrangement against natural disasters, forwarding the pay-outs from risk coverage to the farmers in case a disaster strikes.

In the past, a lot of emphasis was given to insuring individuals at microlevel, making small-scale farmers, households or small business owners the holders of insurance policies. There are good reasons doing so, amongst others, giving farmers direct control over the financial tools benefiting them and impacting agricultural risk management where most production risks occur, i.e., at farm level. However, approaching agricultural insurance at the micro level also has number of challenges, such as low financial literacy rates of farmers and low familiarity with insurance mechanisms, or tight household budgets. Lack of awareness about insurance in general considerably affects the interests of farmers in purchasing insurance on a stand-alone basis. Also, cases wherein occurrences of crop failures that are not as often on a certain region also affects their interest. This leads to farmers allocating their resources towards investing in other tangible farming investments like irrigation management, equipment and the like. The decision to buy insurance generally increases upon

experiences of actual adverse events. Over the years, organizations at meso level have therefore become more and more of importance. These institutions have normally higher capacities to understand financial mechanisms and tailor them in a way that suits the agricultural value chain and the benefits of the farmers. In addition, they often have a high credibility in the agricultural sector, which often is an issue for standalone insurance solutions. Private organizations at meso level can either support the implementation of an agricultural insurance scheme or be direct contractual counterparties to the insurance contracts. The third level of insurance schemes covers government bodies in their different form, i.e. either on national, regional or local level. Here government entities are managing budgets and acquire insurance coverage for the ultimate benefit of the farming community.

Types of Agricultural Insurance products

It is important as well that there is no “one-size-fits-all” type of Agricultural Insurance product. Products are designed to address a specific risk, for the benefit of a specific clientele under very concrete – and often challenging – circumstances. In general, there is a distinction between indemnity-based insurance products, where claims are based on an actual loss that are determined with the help of a prescribed procedure. This is the most common form of insurance product that is used in many insurance segments including for example automobile or health insurance. The second type of insurance products are parametric or index products. For these products, the payment of the claim is based upon an index number, e.g. wind speed or consecutive number of dry days, reaching a certain threshold. For agriculture, the two types that are most important are weather indices, based on the occurrence of defined weather phenomena such as storms or droughts, or area yield indices, based on the measured yield of a certain cultivated area. Pls see in the following general advantages and disadvantages of the product types.

Agricultural Insurance Model	Advantages	Disadvantages
Indemnity-based	<ul style="list-style-type: none"> • Protection against actual loss • Easy to understand • No/minimal basis risk in theory (basis risk describes the probability of a deviation between the actual loss that occurred and the event measured by an index value) • More feasible for livestock insurance 	<ul style="list-style-type: none"> • Costly loss adjustment • Lack of data • Lengthy claims process • Risk of Anti-selection • Difficulty in reinsuring
Area-Yield Index	<ul style="list-style-type: none"> • Covers specific yield related losses • Can be suitable for smallholders • All yield related losses covered • Can be cost efficient 	<ul style="list-style-type: none"> • Dependent on good unbiased yield data • Data only available after season ends • Potentially delayed claim settlement • Can be difficult to explain and accept
Weather-Index	<ul style="list-style-type: none"> • Performs well for systemic risks • Cost effective, fast claim settling • Good development prospects 	<ul style="list-style-type: none"> • Basis risk is high • Difficult to understand for producers • Insures some weather risks only

It is important to note that index insurance products have historically been developed to reduce the high administrative costs of indemnity products and address other shortcomings such as lengthy claims processes particularly in developing insurance markets. After being introduced at the beginning of the century, index products gained a strong momentum and nowadays make up 80 per cent of all insurance programmes for smallholder farmers in developing markets (GIZ 2021). At the same time, challenges with index insurance products continue to exist, foremost the challenge of basis risks, meaning the potential deviation between the actual loss that occurred and the event measured by an index value. Technological developments in the last years have helped to further reduce the risk of deviations, however, challenges still continue and have not fully been eliminated. Technological developments, in addition, have also helped to improve indemnity insurance products, for example by assessing damages with the help of pictures taken from mobile phones of clients on the spot in combination with data digitisation. This and similar technological innovations have helped to address some of the shortcomings of classical indemnity insurance in the last years making indemnity insurance yet again a more attractive option.

Scope and content of a pre-feasibility study

A prefeasibility study is an initial screening aimed at identifying the most promising idea(s) and discard the obvious non-acceptable options. This reduces the number of options that are chosen to proceed with a more detailed feasibility study and eventually with capacity development, ultimately saving time and resources of the stakeholders involved. Often, the pre-feasibility study returns only the most promising options.

The assessment of the project idea on agricultural insurance has different focuses: technical, regulatory, environmental, economic and financial aspects are analysed. A pre-feasibility study is a preliminary systematic assessment of all critical elements of the project – from technologies and costs to environmental and social impacts.

In the context of Agricultural Insurance, questions to be answered can include:

- Is the expected public benefit enough to proceed with evaluating the project more in depth?
- Are there any regulatory issues that will impact the project?
- Is it financially worthwhile to go further with this idea?
- What is the project's expected financial and social impact?
- What are the risks and uncertainties connected to the idea?

Summary

Purpose	Use this tool to assess – through an exchange of different perspectives and experiences – relevant factors and their effects on future developments. This assessment will provide you with a better basis for decision-making and can be applied e.g. when thinking about scenarios for your agricultural insurance market development.
When to use it	This tool allows you to devise different scenarios for how issues might develop and when you are unclear about the overall scenarios.
How to use it	Describe possible future scenarios and identify the best and the worst-case settings then draw conclusions.
Setting	Workshop with key actors and experts.
Facilities and materials	Pinboards, workshop materials, prepared scenario cone, handouts of the relevant documents.
Notes	<p>Before the workshop, it is a good idea if you conduct research on trends for relevant factors related to Agricultural Insurance, for example, the current state of the market offerings and their uptake in numbers.</p> <p>Remember that even very sophisticated scenario analyses can only provide an indication of the likelihood that the events will actually occur. The main aim here is to shed light on and open up scope for discussing the perspectives of different participants.</p>

Description

Scenarios will help you describe and compare various paths toward future development. Images and models of possible future developments are useful for exploring various options for action. Unlike forecasts, scenarios do not attempt to predict the future unequivocally, but seek to identify possible future events and developments. Scenarios create a pragmatic link between the uncertainty of the future and the need to take policy decisions today.

As an example, for the development of your agricultural insurance markets, please consider the following, simplified scenarios after the introduction of a new, favourable regulatory guideline for agricultural insurance by the insurance supervisor:

Scenario 1: A significant number of insurance companies either extend their participation in agricultural insurance or start being active in the field. Their earnings look promising and seem to be the base for long-term investments. The high market participation rate ensures that insurance coverage will be provided all over the country in the near future.

Scenario 2: Only a limited number of insurance companies continue to provide offerings in the field of agricultural insurance or initiates market activities. A large number of companies is not convinced that investments into this market segment will pay off in the future. Not all the country is likely to be covered by the offering.

Scenario 3: Only one or two companies continue to offer agricultural insurance products. All other market players shy away from starting to invest into the market segment. The outreach and coverage of the insurance products is limited not only regionally but also in terms of agricultural produce protected.

Scenarios such as this one help to change the participants' perspective and allow for a results oriented thinking. Amongst others:

- They provide concrete points of reference and stimulate discussion.
- They support a systemic perspective on the area at hand.
- They broaden each participant's own perspective by incorporating a wide range of different perspectives.

Steps

Step 1: Define the area to be analysed and the time frame

Start by defining the aspect of Agricultural Insurance development to be examined, along with the time frame. The starting point of a scenario is very often the present. The time frame is defined as the projected interval between the present and a specific point in the future, for instance in four- or ten-years' time.

Step 2: Identify factors

In this step you identify variable factors that affect future developments. Collect concise statements concerning the following points:

- socio-economic and institutional trends in the area of Agricultural Insurance (e.g. economic resources and financial sector involvement of farming community);
- important action strategies of different actors (e.g. market strategies of insurance companies);
- possible events that may significantly affect future developments (e.g. heavy droughts or rainfalls that provide a strong rationale for insurance coverage).

You now systematically assess the statements you have collected from the following perspectives to identify relevant factors and their effects on future developments:

- the technological perspective.
- the economic perspective.
- the state perspective.
- the socio-cultural perspective.
- the ecological and climatic perspective.

Draw up a list of the relevant factors you have identified.

Step 3: Evaluate the factors

Rate the identified factors in terms of their importance and the probability that they will occur. Assign each of the individual factors to a field in the following matrix:

Importance	High	Volatile trends and key factors (including negative factors) – e.g. willingness of insurance companies to investment into new market segment, agricultural market prices that impact financial resources of agricultural producers	Major known factors that must be taken into account – e.g. climatic development or political activities of current government
	Low	Volatile trends that have little effect right now – e.g. outcome of elections in three years	Factors that today are largely known but have no effect – e.g. lower number of agricultural work force
		Low	High
Probability			

The factors can be rated in several different ways. Either they can be rated by each participant individually and the assessments aggregated, or the workshop participants can agree to first discuss the factors and then produce a joint rating.

Step 4: Define the main factors

You can now pinpoint what main factors will influence future developments. In this context, focus on the factors that were deemed important in the previous step.

Step 5: Formulate contrasting scenarios

In this step, participants formulate two coherent, plausible visions of the future in the form of two contrasting scenarios – a best-case scenario (scenario A) and a worst-case scenario (scenario B).

– for the main factors that will influence future developments. The scenarios should be documented in writing, and where possible illustrated using images and/or given a succinct title. It is important to remember here that scenarios are:

- ... visions of alternative, consistent, future situations. Each scenario presents a vision of a possible future that is plausible (that can happen), coherent (that is logical) and credible (that can be explained).
- ...accounts of possible future courses of events and situations based on currently identifiable trends and ideas about the future.
- ...sharpen our awareness of potentials and risks. They expose and bring into focus our assumptions about future developments, and about the driving forces behind them.
- ... illustrate complex projections, and make them easy to grasp.
- ...generate a creative climate, and enable us to think in terms of alternative outcomes and scope for action.

Step 6: Draw conclusions

(1) *Criterion when rating options: resilience*

Rating existing options (cf. the tool 'Selecting an option') constitutes an important step in strategy development. You can use best and worst-case scenarios as a criterion for resilience during the benefits analysis. For example, you could assess how successful the identified options would fare against the backdrop of the best and worst-case scenarios. The average value would indicate the resilience of the various options, allowing you to deduce how robust a particular option would be in a given context.

(2) *Conclusions as regards key challenges in the area of Agricultural Insurance:*

Devising scenarios is based on the assumption that formulating best and worst-case scenarios will help you get a good feel for the conditions that will shape the area of Agricultural Insurance over time. So, in addition to analysing societal patterns and trends, scenarios will help you get a handle on strengths, weaknesses, opportunities and threats in the relevant area. You can then analyse these using the 'Key challenges: SWOT' tool.

SWOT Analysis

How to Use

Purpose	During strategy development, this tool will help you to structure the relevant challenges in the area of Agricultural Insurance in which the project is to support change. It: <ul style="list-style-type: none">• analyses the strengths and momentum for change that can be leveraged by the project;• analyses the weaknesses that the project is to address;• identifies opportunities in the project setting that can be used to shape the change process;• identifies the threats that jeopardise the need for change
When to use it	To structure the findings of the analysis of the actual situation. A SWOT analysis will help you to summarise and identify the most salient points identified during the analysis. It will also prove useful in assessing the strategic options you develop in the next stage.
How to use it	You will need the findings and hypotheses established during the analysis of the actual situation to compile a SWOT analysis. This information may need to be pre-processed and structured to some degree, depending on the type and number of participants involved.
Setting	All participants involved in strategy development. (Can be used in a range of different settings).
Facilities and materials	Pinboards, workshop materials (markers, cards, Post-its, online workshop tools where appropriate such as digital whiteboards); handouts of the relevant documents.

Note for facilitators

The outcomes produced by all activities carried out in the strategy development process to date (e. g. process map, analysis of actors, societal patterns and trends, hypotheses from the analysis of the actual situation) should be available and pre-processed.

In the discussion itself, it may be useful if you are able to flesh out a previously drafted proposal of the strengths, weaknesses, opportunities and threats (for example, if all participants are not familiar with the findings of the analysis of the actual situation).

The key challenges should be structured immediately before you develop the strategic options. These two steps are closely interrelated, so it is important that you perform them in quick succession.

Description

The key challenges to be faced in the area of Agricultural Insurance provide you with some indication of the capacities that will be required in the permanent cooperation system. **‘Capacity’** is the ability of people, organisations and societies to manage their own sustainable development processes. This includes recognising development problems, designing strategies to solve them, and then successfully implementing these. This ability is often also referred to as the ability for proactive management, which refers to people’s capability to effectively combine and coordinate political will, interests, knowledge, values and financial resources in order to achieve their own change objectives and needs.

The quality of the information you elaborated during the analysis of the actual situation will ultimately determine the quality of the capacity analysis. This information paves the way for sub-sequent stages where it is analysed and structured against the backdrop of societal patterns and trends.

Your aim here is to break down the information you collected during the analysis of the actual situation and categorise it into strengths, weaknesses, opportunities, and threats. On this basis, you then draw conclusions for the (future) project. This includes an assessment of the capacities in the permanent cooperation system, which will allow you to derive sound strategic options for a temporary cooperation system in the stages that follow and to develop a capacity development strategy for this system.

Steps

SWOT is an analytical technique that provide answers to the questions related to each of the four words whose first letter forms the acronym. Strengths relate to advantages, areas of excellence, relevant resources possessed and available institutions. Weaknesses include things to improve, areas of poor performance. Opportunities are available enabling factors, favourable trends and comparative advantages while Threats are obstacles that interfere with and hinder success, and areas to avoid.

Step 1: Answer the question ‘capacities for what?’

To assess capacities you will need to identify a contrasting situation that you can use as a yardstick to pinpoint where you need to be. Answer the question ‘What does the society or area of Agricultural Risk Management need the increased capacities for?’ Identify this situation from the perspective of

the permanent cooperation system. Based on this perspective, how would you describe the target situation in a nutshell? In other words, from today's point of view, where do you as actors within the area of Agricultural Insurance need to get to? And what capacities do you need to do this?

For example, if you want to conduct an educational campaign to promote disaster risk management, you will need different capacities than if you need to improve supply chain processes.

Step 2: Analyse the strengths, weaknesses, opportunities and threats presented by the findings of the analysis of the actual situation

In this step, you consolidate and summarise the findings of the previously conducted analysis of the actual situation. Break down the conclusions you drew there into the different capacity development levels and assign them to the categories Strengths, Weaknesses, Opportunities and Threats. It would help to input your findings in a table format for better visualization.

For reference, here is an actual SWOT analysis of the RFPI Asia III Project based in the Philippines. RFPI Asia III's goal is to promote climate risk insurance (CRI) in three Southeast Asian countries of Indonesia, Philippines and Vietnam targeting the extremely poor, poor, at-risk people and micro and small enterprises.

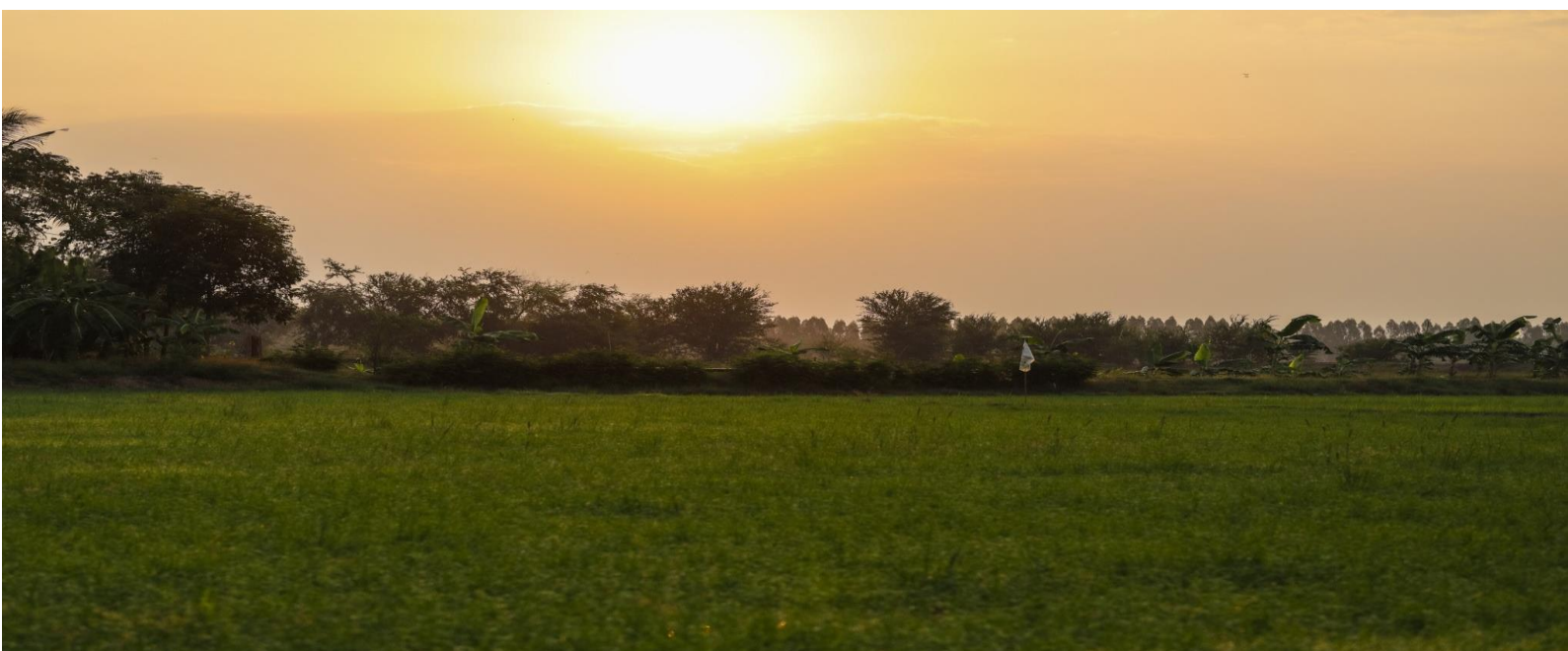
Strengths	Weakness	Opportunities	Threats
<ul style="list-style-type: none"> 1. Policies are established - some are due for revisions 2. Success from the Microinsurance experience 3. 35% coverage of Microinsurance 4. Leaders are strong advocates of CRI 5. Rapid Community Based Monitoring System – Data is collected and is publicly available 	<ul style="list-style-type: none"> 1. Data is fragmented and tools are in their nascent stages 2. Lack of data on vulnerabilities → lack of risk analysis 3. CRI, for some agencies, is not part of the direct mandate 4. Low awareness of insurance 5. Low purchasing power 	<ul style="list-style-type: none"> 1. 74% of the population is not disaster ready 2. Big data, artificial intelligence, machine learning, mobile apps, remote sensing etc. 3. Best practices are available – Risk pooling Facilities 4. Various projects have started and shown success 	<ul style="list-style-type: none"> 1. Very high climate and risk related event – high cost of delivering CRI 2. Prohibitions on using public funds for insurance
<ul style="list-style-type: none"> 6. Government agencies actively implements climate adaptation and shapes their plans based on the principle (also involves capacity development projects) 7. Catastrophic pool draft EO available 8. Disaster Risk Insurance Manual 9. Availability of funds such as the People Survival Fund that can be utilized for CRI 	<ul style="list-style-type: none"> 6. Mindset change is slow 7. No incentives for private insurers 8. Some insurance schemes might be working in silos 9. Access to CRI 10. Various prototypes that don't get scaled 	<ul style="list-style-type: none"> 5. Awareness campaigns by government and DC 6. Partnerships with INGOs who are doing other stages of DM 7. International financial support and PPP programs 8. Intensifying awareness & growing interest (DR and CR) 9. High social media engagement 	



Step 3: Discuss the findings

The findings of the SWOT analysis should help you answer the following questions: What key challenges will you need to address when developing and assessing strategic options in the subsequent stages? Within the area of Agricultural Risk Management, what capacities already exist that support the social and political consensus on the future outline of the area of concern and the existing initiatives for change? In other words, always discuss the strengths, weaknesses, opportunities and threats against the backdrop of the capacities identified in step 1.

Not only can you identify specific focus of capacity building in Agricultural Insurance but also develop strategies for, to name a few: Policy, product, technology, awareness and outreach and partnerships.



Establishing a Stakeholder Process (Stakeholder Analysis) and Setting-up Partnerships

Stakeholder map

Summary

Purpose	This tool will help you identify and visualize the relevant project actors and their relationships in the field of agricultural insurance policies.
When to use it	In situations in which it is important to obtain an overview of the actors involved and to monitor the relationships among actors over time.
How to use it	Draw up a map of actors for a specific issue. Visualize their roles and relevance.
Setting	Groups of different sizes. If the group is large, it is advisable to work in smaller groups.
Facilities and materials	Pinboards, workshop materials (markers, cards, Post-its, online workshop tools where appropriate such as digital whiteboards) possibly prepared table on pinboard.
Notes	'Actor analysis' or 'stakeholder mapping' are other common terms used to refer to the 'map of actors'. It is crucial to begin with a clearly defined issue, here agricultural insurance. The map is a snapshot of the situation at a particular point in time. Actors and their relationships change over time, as does the situation.

Description

Actors who hold at least a potential stake in the changes to be brought about in a policy field are also referred to as stakeholders. The material resources, social position and knowledge of these actors make them particularly potent, which enables them to wield significant influence over the design, planning and implementation of a project or activity.

Primary actors are those actors who are directly affected by the project, either as the designated beneficiaries, or because they stand to gain – or lose – power and privilege as a direct result of the project, e.g. farmer. This category includes those who are negatively affected by the project.

Secondary actors are those actors whose involvement in the project is only indirect or temporary, as is the case for instance with service providers.

Actors who can use their skills, knowledge, or position of power to significantly influence a project are termed **key actors**. They are usually involved in making decisions within a project. Actors without whose support and participation the targeted results of a project cannot be achieved, or who may even be able to veto the project are termed **veto players**. Veto players can be key, primary, or secondary actors. The stronger and more influential an actor is, the more this actor will tend to see himself or herself as the sole actor and may seek to speak on behalf of or exclude other actors. In other words, in the process of negotiating participation, actors position themselves not only through their relationship to the issues at stake, their institutional position or their resources, but also with respect to the power

they have to influence the participation of other actors.

You produce a map of actors by identifying and visualising the (type of) relationships between the actors involved in a cooperation system. The roles played by the different actors (primary, secondary, key actors) depend on the specific issue to be addressed. The map offers insights into actual and potential alliances and conflicts. Discussing the map of actors can help you to formulate strategic options and hypotheses concerning specific actors.

The map of actors usually also exposes information gaps and participation deficits (blank spots). It shows the actors and relationships between actors you know too little or nothing at all about, where you need to obtain further information, and which actors you need to involve in the project. The map of actors also corrects premature assumptions concerning individual actors and the relationships between them.

To prepare an accurate map of actors you need to:

Define and demarcate the scope. Start by clearly formulating the key issue (see section 3.1 'defining policy goals', if this has not already been done or written down) in order to circumscribe the area to be mapped and clearly determine the number of actors to be included.

Define the point in time and intervals. The actors form a dynamic system of mutual interdependencies. This web of relationships can change very quickly. It is therefore important that you note the point in time at which the analysis of these relationships was carried out.

Separate the perspectives. Each actor has his or her own perspective. A map of actors therefore only ever represents the perspective of the individuals or groups involved in preparing it.

Key questions for the map of actors:

- What do you want to achieve using the map of actors? What specific issue concerning Agricultural Risk Management do you wish to address?
- When do you draw up the map of actors and when do you update it?
- Whom do you wish to involve in drawing up the map of actors?

Steps

Step 1: Formulate the key issue

By producing a map of actors, what issue do you wish to address at a specific stage of a (future) project? The answer will assist you in steering. It is a good idea to write down this issue on a flip chart so that it is visible while you are working through it.

Step 2: Identify the actors

First of all, identify all the actors relevant to the project or a specific issue. Then assign each of them to one of three groups, namely key actors, primary actors and secondary actors.

To create a map that will yield useful information remember to include all the main actors, without overloading it with too many visualised elements.

Step 3: Select the form of representation

Assign the actors to one of the following three sectors: the state (public sector), civil society or the private sector (you may need to differentiate between other sectors in specific cases).

Step 4: Put in the actors

We recommend that you use the same symbol, for example a circle, to represent key actors and primary actors (both of which directly influence the project). The size of the circle represents the actor's influence with respect to the issues at stake and the change objective. Use the letter 'V' to indicate if an actor is a veto player and a rectangle to represent a secondary actor (actors that are not directly involved but may nevertheless exert influence).

	Key or primary actor with little influence
	Key or primary actor with little influence
	Veto player
	Veto player

Figure 29: Symbols for actors

You can now position the individual actors accordingly against the selected background (onion or rainbow). It is helpful if you position actors between whom a close relationship exists close to each other. The distance between actors will then indicate how close their relationship is.

Step 5: Represent the relationships between actors (optional)

In this step, you show the relationships between the actors. We recommend that you use a different symbol to represent the different type and quality of relationship. This question may not be relevant for you in your project, please feel free to leave it out if this is the case.







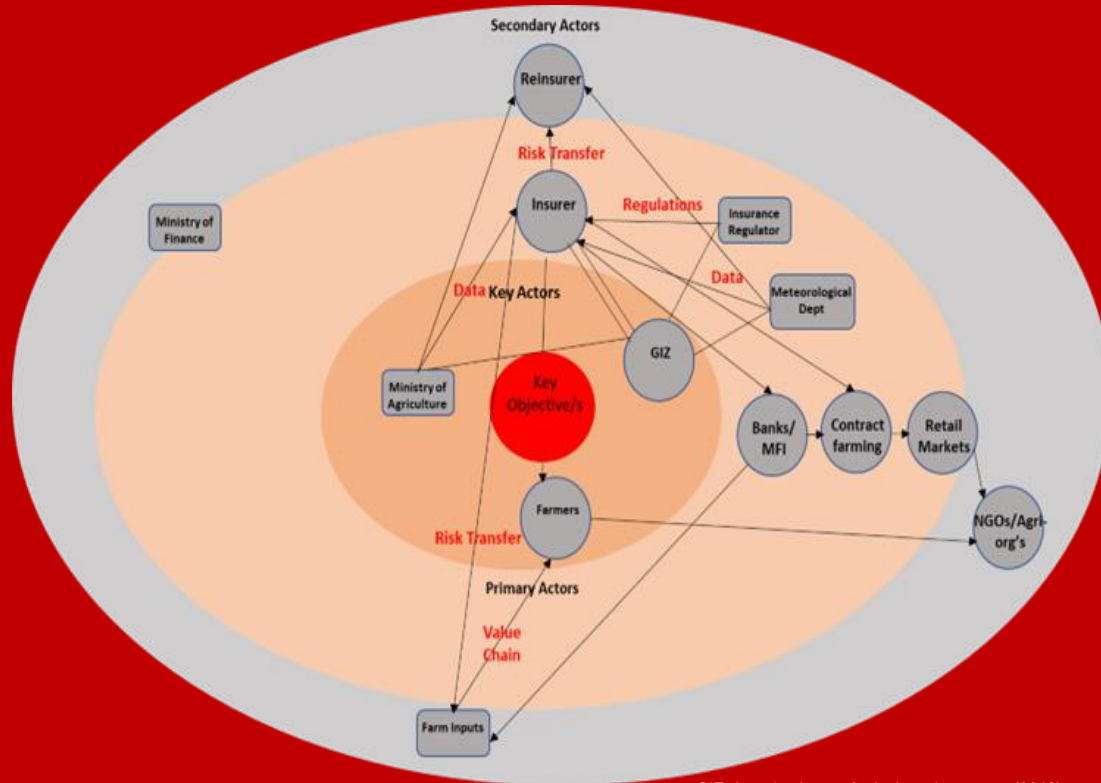
	Solid lines symbolise close relationships in terms of information exchange, frequency of contact, overlap of interests, coordination, mutual trust, etc.
	Dotted lines symbolise weak or informal relationships. The question mark is added where the nature of the relationship is not yet clear.
	Double lines symbolise alliances and cooperation partnerships that are formalised contractually or institutionally.
	Arrows symbolise the dominance of one actor over another.
	Lines crossed by a bolt of lightning symbolise relationships marked by tension, conflicting interests or other forms of conflict.
	Cross lines symbolise relationships that have been interrupted or damaged.

Figure 30: Symbols for visualising the relationships between actors

On the field of Agricultural Insurance, mapping of the actors (stakeholders) would typically look like this:



GIZ: Introduction to Agriculture Insurance (2018)

Step 6: Evaluate the outcome

In this last step, you jointly evaluate the outcome. Is your map of actors an accurate reflection of the current reality? Have you considered all relevant actors? What is the first thing that strikes you? What do you think of the picture the map gives you? Are any important elements missing?

We recommend that you use a flip chart to document the key outcomes of your joint discussions. This should include working hypotheses and possible options for action, presented in relation to the issue defined at the outset (see step 1)⁷.

Creating a Steering structure for Agricultural Insurance projects

Summary

Purpose	This tool will help you develop, select and decide on a steering structure for working groups related to agricultural insurance projects.
When to use it	To ensure transparency and clarity about responsibilities and roles, and to form the basis for ownership in the collaboration.
How to use it	Must have a good knowledge of the actors in the area of social concern to help ensure that the right people are involved.
Setting	Workshop with key actors.

⁷ Office-Based templates for recording, working with and visualising such tools (graphs, tables and lists) are available from the GIZ directly. www.giz.de

Facilities and materials	Pinboards, workshop material, if available: map of actors, document handouts.
Notes	This tool usually requires preparatory interventions to help ensure that the cooperation partners are comfortable with their roles.

Description

Any project is a temporary cooperation system. Each project therefore needs its own, tailor-made steering structure to supply it with decisions. When designing steering structures for Agricultural Insurance projects, you will be able to draw on tried-and-tested models that have gained acceptance within the respective organisational cultures. These can then be adapted to the specific needs of the project. Experience has shown that we should distinguish between politico-normative, strategic and operational levels of steering. This distinction relieves high-ranking decision-makers, for instance, of having to take decisions that can be taken by people at the next level down who have better access to the relevant information.

How to proceed

Step 1: Identify possible participants in the steering structure

In this first step, you need to identify possible participants in the steering structure by conducting an analysis of actors (see Stakeholder Map for Agricultural Insurance). Focus on participants who make the political decisions (e.g. department heads, private sector decision makers) and those responsible for achieving objectives and sub-objectives (e.g. department or private sector team leaders).

Step 2: Identify steering tasks

Before defining appropriate forms of participation in the steering structure it will help if you consider carefully the functions of the steering structure and translate these into steering tasks such as strategy development and planning, coordination, control, monitoring, resource management.

Step 3: Determine the forms of participation in the steering structure

In this step, you develop different forms of participation and levels of intensity, based on the complexity of the task in hand within the project.

For each steering task identified in step 2, different forms of participation can be assigned to the actors involved.

In the matrix, it is a good idea if you enter the frequency of participation and the time input required (e. g. regular weekly meetings, two steering group meetings per year, one-off survey). This will highlight the opportunity costs of steering: steering consumes time and energy.

Steering task:					
Possible steering participants	Participation level				
	Information	Information +	Consultation	Participation	Responsibility
Actor 1					
Actor 2					
...					
Actor n					

Working aid 24: Participation levels

Step 4: Define the Politico-normative level

The politico-normative level is the level at which the objectives and the fundamental values and rules of conduct within the cooperation arrangement are negotiated and laid down. The achievement of objectives is monitored here and any adjustments to the objectives are agreed as required. Fundamental conflicts of interest or violation of shared values are dealt with at this level.

Step 5: Define the Strategic level

The strategic level determines which path the project will take in order to achieve the objectives. At this level, the steering structure maintains an overview of progress and deviations from targets during implementation, reflects on strategic options and agrees on milestones for further implementation.

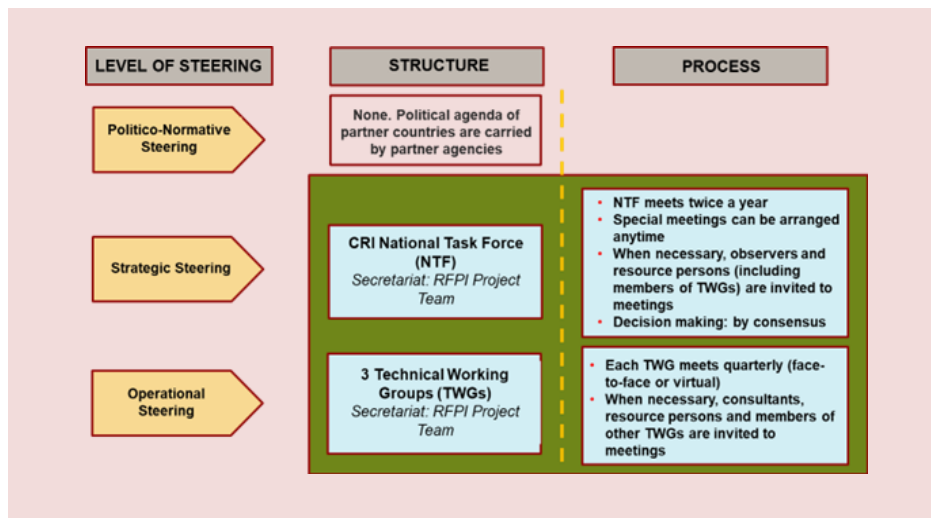
Step 6: Define the Operational level

The operational level assumes responsibility for all the day-to-day decisions needed to implement activities within the prescribed strategic framework. The design of the operational level will depend on how a project is to be implemented.

Step 7: Describe roles, responsibilities, and processes

Once the basic elements of the steering structure have been agreed, you need to describe in detail the roles and responsibilities of the individual bodies at the various levels. In the case of the Climate Risk Insurance Program (CRI) in the Philippines, roles and responsibilities were clearly defined and aligned towards specific steering levels.

CRI Philippines Program Steering Structure



Creating a centralized communication plan for the project stakeholders

Summary

Purpose	Design guidelines and processes for communication among actors involved in Agricultural Insurance projects.
When to use it	To draft transparent plans for implementing agreed interventions. It will also help you to document planned processes so that they can be discussed with others, reviewed at regular intervals and adjusted.
Setting	Suitable for working alone or ideally also in pairs with another individual involved in the intervention who has experience of the process, or with an external consultant; can also be applied in a small group if tightly moderated.
Facilities and materials	Note pad; possibly flip chart or pinboard with cards, online workshop tools where appropriate such as digital whiteboards
Notes	You will need as clear a picture as possible of the requirements of the project, as well as a precise knowledge of the involved actors and frameworks. Ideally you will have prepared a map of actors beforehand.

Description

The architecture of intervention tool provides a structured, one-page overview of the planned interventions. It describes and visualises who is to be involved in which interventions, and in what role. The degree to which political actors and their divergent interests need to be integrated will partially determine the number of meetings, the number of different social spaces and their size.

In the previous section example of the CRI program in the Philippines, actors were identified, and roles clearly defined. Issues relevant to specific aspects of a sub-working group are discussed and resolved at that level and communicated upwards to the main governing body which is the National Task Force (NTF). The NTF, composed of State and Private actors is then tasked to use this information to provide strategic direction to the program. This communication process enables the program to run efficiently and effectively. To emphasize the role of the Private Sector, in case of the RIICE program in Cambodia, the insurers lead the work on the ground to gather information relevant to the development of their national rice insurance roadmap. This information is then used, in combination with the data from the public sector, to better develop plans to achieve their target objectives.

Timing

The work and decision-making phases are arranged in a timeline to fit the tasks in hand, and the social elements are then added to each phase. The timeline also allows processes to be speeded up and slowed down.

Location

Location of events (within or outside the locality of the working system), to seating arrangements.

Steps

Step 1: Forming the communication process

Before you start to design, you should first of all remind yourself of the main contextual aspects:

- What are the objectives? What expectations are there as regards the time frame?
- Who is participating in the process with what interests and/or who will be affected by the results?
- At which locations can work take place with which relevant individuals?
- Which actors must meet? When? How?
- Which tasks must be completed? Which roles must be performed within the process in order to achieve the objective?

Step 2: Define core elements of the process

Based on this brief analysis of the context, you should be able to design a rough framework for the communication process. It is helpful here if you think about which key actors need to meet to discuss and work on the key topics. It is also often helpful to enter roughly along the time axis certain milestones or dates that are of special significance (interim outcomes, events, deadlines for negotiation and decision-making).

Step 3: Refining the process

Only when you have put in place a sound rough architecture is it appropriate to start detailed planning. We therefore recommend that you incorporate corresponding supplementary measures for instance before and after the defined key elements of the process. Prior to events involving large groups it might for instance be appropriate for you to incorporate corresponding information and communication processes. After events, you should create scope for evaluation and the formulation of conclusions. At key points for decision-making, you may need to listen to a sounding board.

Labour intensive phases or steps may require appropriate support or the inclusion of a broader resource base.

To review whether the process is sufficiently sound, it may be useful to answer the following key questions:

- Does the design contain a sufficient number of work sequences?
- Are the planned steering elements adequate?
- Are those affected integrated early on and in a positive manner?
- Does the architecture contain the elements needed to support the work itself?
- Are there elements that perform a quality assurance function?

Step 4: Review and adjust the processes continuously

A further step is not only to simply implement the communication processes once it is in place, but also to review and if appropriate update it at relevant points in time. The context often changes during a project. New actors come into play, restrictions are lifted or the strategy changes in response to changes in the project setting. With this in mind, we recommend that you review the architecture of intervention at regular intervals and adjust it as appropriate

Project Management, Monitoring and Planning

Project and process management

Summary

Purpose	This tool will help you develop and specify the details of an individual process relevant to Agricultural Insurance projects.
When to use it	In situations where you need to develop a new (sub-) process or describe an existing process in detail for the first time.
How to use it	Start with describing the process in detail then the individual steps.
Setting	In small groups with the process participants.
Facilities and materials	Pinboards, flip charts, markers, PowerPoint and video projectors will come in useful, online workshop tools where appropriate such as digital whiteboards
Notes	You will require a sound knowledge of the processes in question. The tools process map and/or process hierarchy will provide you with a good basis for selecting appropriate processes that require a detailed description.

Description

This tool will help you design and draw up processes in different degrees of detail. Based on an overview of the process to be worked out, you start by describing the entire process before moving on to a more detailed description of the individual steps. You can also define and document individual activities for each step where necessary

Steps

Step 1: Outline the process

Use working aid below to outline the new or existing process selected. Here, you define the objectives of the process and specify the process managers, the steps involved and the units or individuals responsible.

Name of the process:					
Brief description:					
Process manager					
Steps					
Objective					
Responsible					

Step 2: Describe the process in detail

In this step, you describe the process in detail and document the following information for the individual activities within the process: the start, duration, dependency on the previous step, responsibility and the number of working days required.

Description of the process					Date:	
Name of the process:			Distribution list:			
Process manager:			Process manager:			
Start:		Duration:		Cooperation partner(s):		
Process objective (with indicators):						
Cross-process management/support activities						
No.	Step	Start	Duration	Dependency on the previous step (time, quality)?	Responsible	Working days
1.						
2.						
n.						
Process prerequisites:						
Interface with other processes? (Information as required)						
Staff costs:		Travel/workshop costs:		Cost of materials:	Other costs:	
Risks/preventive measures:						
Reports (with deadlines):						

Step 3: Describe steps in detail

Now describe, if necessary, each individual process step within the overall process. To do this, you can adapt the previous working aid and add the following aspects: name of the step, objective, activities, responsibility, cooperation, costs. These forms are only suggestions, should you require more or less detail, please amend them accordingly (the examples are all sophisticated and in reality simpler is almost always better).

Step no./Description of the step					Date:	
Name of the step:			Distribution list:			
Person responsible:			Person responsible for the step:			
Star:		Duration:		Cooperation partner(s):		
Objective of the step (with indicators):						
Management/support activities for the step:						
No.	Activity	Start	Duration	Dependency on the previous activity	Responsible	Working days
1.						
2.						
n.						
Prerequisites for the steps:						
Interface with other steps? (Information as required)						
Staff costs:		Travel/workshop costs:		Cost of materials:	Other costs:	
Risks/preventive measures:						
Reports (with deadlines):						

Step 4: Operationalise the documents

Now use these documents as part of process management, for example, for planning, budgeting and implementation.

Plan of Operation

Description

The structure of tasks and making sure they are all carried out are both important requirements in the implementation phase of any project. This is done as part of the operational planning process to ensure organization-wide quality assurance in the service delivery.

The output of operational planning is an operations plan (OP), also known as plan of operations. It is a document that specifies essential bundles of activities, necessary decisions, responsibilities, and milestones for implementing the project's strategy over a set period of time, which is spanned usually over one year. Operational planning remains a management job that entails making key decisions about the project's output processes, following up with team members and usually monitoring financial procedures as well.

One concrete example is the implementation plan for the Agricultural Insurance project in Vietnam focused on capacity building of their local agricultural staff to improve the quality of agricultural insurance in the country. In this plan, the main activities are reflected together with corresponding timelines, who are the

partners involved and their main roles and activities, budget, and support that will be delivered by GIZ.

Summary

Purpose	This tool will help you to agree on specific implementation arrangements with the actors involved once the project strategy has been defined.
When to use it	In situations where you need to develop and document specific actions and activities for implementing Agricultural Insurance focused-projects.
How to use it	Identify key packages of tasks, decisions, responsibilities and milestones for implementing a strategy over a specific time frame.
Setting	A workshop with key actors and the actors involved in implementing activities.
Facilities and materials	Pinboards, flip charts, markers, PowerPoint and video projectors will come in useful, online workshop tools where appropriate such as digital whiteboards
Notes	Before you use this tool, you need to have a clear understanding of the project's strategic orientation, drawn up together with the relevant actors who bear joint ownership.

How to Proceed

A plan of operations is a document that identifies key packages of tasks, decisions, responsibilities and milestones for implementing a strategy over a specific time frame. A time frame of one year is generally advisable. It sets out who will do what and when.

Operational planning is a management task and includes fundamental decisions on the output processes within the project. Planning operations means designing and planning these output processes, i. e. channeling scarce resources into efficient procedures, outputs and work packages.

When planning project operations, you must bear in mind that all of the partners involved have at the back of their minds the (planning) logic they apply in their home organisations. You must assume that there will be conflicts of objectives between the organisations represented and the project. Therefore, planning operations in the project presents both a challenge and an opportunity to:

- translate the strategic priorities into outputs and work packages;
- promote cooperation between the actors through a joint approach;
- establish transparency and balance between project-based and organisation-based planning among all of the cooperation partners involved;
- achieve successful, binding and trust-based decision-making on the allocation of resources;
- generate synergies with the cooperation partners' strategies of action.

In the case of the Vietnam agricultural insurance project, the Operation Plan looks like this:

Output / Location	Timeframe				Partner in charge	Support partners	Est. budget	Budget from GIZ	Budget from partners	Expected results	Roles / Activities of partner institution	Roles / Activities of support partner
	Q1	Q2	Q3	Q4								
Output 1:												
Output 2:												

Steps

Operational planning is an iterative and recursive procedure. In the past, a workshop format involving all the relevant project partners has proven effective. You should most certainly involve individuals who are involved in the project at the strategic level.

It is also helpful to involve people from the operational level who will be responsible for implementing the agreed work packages. Select the participants very carefully as the more people are involved, the more complex the process becomes. You can apply the following steps to a project as a whole, or – if that is too unwieldy – to segments of it (e. g. lines of action).

Step 1: Take stock of the preceding period

If available, you should discuss and analyse the findings of the periodic monitoring and evaluation activities. What has been achieved? What still needs to be done? Experience shows that it is worthwhile linking up this first step of operational planning with the results-based monitoring process (RBM workshop).

Step 2: Check the strategy

You now need to review the project strategy, and if necessary develop it further. The following questions will prove helpful:

- What do you wish to achieve?

Here, you should refer to the objectives, the targeted results (e. g. in the results model) and the capacity development strategy. Review the strategic orientation and check that it is up-to date, write down the strategic priorities for the period being planned (if appropriate for individual lines of action) and consider the risks.

- How can you achieve it?

This question points to the strategic themes in the success factors cooperation, processes, learning & innovation and steering structure. The perspectives of the various success factors will help you integrate the managerial aspects of project implementation into operational planning.

At the end of this step, draw conclusions for planning, based on the exercise done in section 3.1.3 on identifying strategic options. What are the strategic objectives for the current planning period (e. g. one year)? What indicators will help you establish that these objectives have been achieved? You can enter objectives and work packages for the period to be planned in the working aid (Plan of Milestones) below. This will give you a rough overview of what tasks need to be carried out.

Strategic Planning	
Strategic objectives with indicators	Work Packages

Step 3: Plan milestones and activities

In this step, you flesh out the work packages identified in step 2 and channel them into activities that will be implemented as part of the corresponding work packages during the next planning period. Here, you:

- plan activities;
- agree on milestones (point in time by which the activity should be completed);
- appoint the persons responsible;
- roughly assign resources and budget.

Plan of Milestones				
Work Packages	Activities	Milestone (point in time)	Responsibility	Resource and budget

Step 4: Work out plan of operations and allocate resources

In some cases, the planned milestones will provide a sufficient basis for implementation. Those responsible for implementation will then take care of more detailed planning in their specific area of work.

In other cases, it is helpful if you add a more detailed plan of operations. To do this, you work out in precise detail the specific activities required to achieve the planned milestones. You can use working aid "Planning Operations – Planning Period" found on the next page to do this.

Step 5: Document and feed the outcomes into the RBM system

In the preceding steps, you documented the entire plan of operations. This will provide you with an important basis for implementation and for monitoring the project's effectiveness:

- review of the preceding period;
- strategic plan (including a strategy check);
- plan of milestones;
- plan of operations.

Remember to document the milestones in particular in the RBM system and to monitor them regularly

Plan of Operations - Planning Period:																				
Project/line of action/work package											Use of Resources									
Result:																				
#	Activity:	Indicator/ interim results	Schedule												Responsible	Personnel		Cost of materials	Other costs	Comments
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		- from the project	- other personnel			
															Project	Additional personnel				

Summary

Purpose	This tool provides you with an overview of the steps required to set up a project-specific results-based monitoring system.
When to use it	You can use it to set up a Results-Based Monitoring system at the start of an Agricultural Insurance project and to guide you through operations.
How to use it	Pre-agreed project results are documented and matched with requirements on how to achieve it.
Setting	For set-up: two to three-day workshop with an internal working group that includes key actors who have experience in setting up and operating monitoring and evaluation systems. Using an external moderator with experience in monitoring and evaluation will prove useful.
Facilities and materials	Flip chart, pinboard, workshop materials, online workshop tools where appropriate such as digital whiteboards.
Notes	A sound knowledge of the project, its objectives, the context and general conditions is key. Ideally, you should also have the information provided by a map of actors.

Description

Results-based monitoring (RBM) is one of the key steering tasks in a change project. The RBM system will help you continuously review progress in achieving jointly agreed objectives and results and to take corrective action where necessary. It is an essential component of project operations and implementation. Without RBM, steering is like flying blind.

It is advisable to implement RBM so that they:

- ... can access information on the project's progress (verification of results);
- ... know what works and where changes are required (learning);
- ... make strategic decisions based on monitoring data (steering);
- ... initiate dialogue on the chosen strategy and the plan of operations with the actors involved (communication);
- ... have a reliable basis for fulfilling accountability obligations (reporting, evaluation).

The tool comprises six process steps that describe how the RBM system is structured and used. It provides practice-oriented, methodological guidance on operationalising an RBM system.

Steps

Step 1: Devise, review and adjust the project's expected results.

In this first step, you draw up a results model for the project if one does not already exist and if one does, you review and revise it (cf. the results model tool).

Step 2: Clarify the requirements of the monitoring system

In this step, you clarify the requirements of the Agricultural Insurance project's monitoring system. This tool should be part of the project's steering structure so that it can provide the relevant actors with the information required for making decisions that will drive the project's progress.

The following questions will help you clarify the requirements:

- Which actors are to be involved in the key strategy and steering decisions to be made by the project?
- How are key steering decisions made and what information is required to this end?
- What interests, expectations and information requirements do the different actors have with respect to a joint monitoring system?
- What information must the monitoring system be able to provide, and when?
- Which actors are to be involved in monitoring? Who is responsible for which aspects of monitoring?
- Do the cooperation system partners possibly already have monitoring systems in place that can be used as a basis for (improving) the joint project?
- What human and financial resources are required for setting up and operating the monitoring system? What resources are available?

Step 3: Make results measurable

Here, you make the results defined in the monitoring system measurable. To do this, you review the underlying hypotheses and adjust and supplement them where necessary. In this step, you also need to define indicators in order to measure whether the project's planned objectives and results are being achieved.

Indicators are a crucial element of any monitoring system. The efficiency of a monitoring system depends first and foremost on the quality of the indicators defined. Bear in mind the following quality criteria when formulating indicators:

- They must be objectively verifiable (i.e. they must be SMART – specific, measurable, achievable, relevant and time-bound).
- Indicators are results-oriented. In other words, they should describe what results will be achieved, not how they will be achieved
- They must have a verifiable baseline and a target value (benchmarking).
- Indicators must contain as much clear detail as possible about the data sources or data collection methods and this should be used when determining indicators (verification).

Step 4: Draw up detailed monitoring plan and set up the monitoring instrument

In this step, you draft a detailed monitoring plan for the entire project term and channel the outcomes of steps 1 to 3 into a monitoring instrument (e. g. an Excel or web-based tool).

The monitoring plan should contain all of the required processes, steps, methods (e. g. for data collection), deadlines (e. g. data collection schedule/measurement intervals) and responsibilities for ongoing monitoring.

Below is an example of an output-oriented monitoring plan for an Agricultural Insurance project that is

currently running in the Philippines. The project specifically focuses on risks brought about by extreme climate events such as typhoon (prevalent) and earthquake with insurance benefits targeting the poor and underserved in the Philippines.



Result (or Output)	Indicator	Definition	Baseline Value	Target Value	Source of Data	Method of Collection	Frequency of Collection	Responsible in Collecting and Consolidating Reports	Responsible in Reporting Data
Agricultural Insurance products are developed and made available	Number of poor and near poor households who have availed subsidized agricultural insurance products (e.g. crop, swine, livestock and aquaculture)	Total number of households who have received government support of up to 90% of agricultural insurance premium	xxx	xxx	Reports of insurance companies	Review of reports	Quarterly/ Annually	Insurance Regulator	Project Monitoring Team
	No. of women in poor households who have availed subsidized agricultural insurance	Total number of women who have received government support of up to 90% of agricultural insurance premium							
	Number of cooperatives / organisations who have availed subsidized agricultural insurance products	Total number of organisations who have received government support of up to 20% of agricultural insurance premium.							

Step 5: Collect and (routinely) analyse the data

Here, you routinely collect and evaluate the data.

Collect the following information for all of the indicators and enter it in the monitoring instrument:

- baseline data/target value/milestones;
- actual values (at the agreed time intervals);
- an assessment of the degree to which the objectives and indicators have been achieved.

Step 6: Use the findings of the monitoring plan

The aim of this final step is to use the findings of the plan:

- for ongoing steering (strategic, managerial and budget-related decisions etc.) and for requiring monitoring in the decision-making mechanisms of the steering structure and of the actors involved;
- for accountability, substantiation of results and evaluation obligations and for reporting;
- for in-project knowledge management, documentation and communication and for supporting sustainable learning process





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