

**JAPAN FUND FOR POVERTY REDUCTION: DEVELOPING INCLUSIVE INSURANCE
SECTOR PROJECT
DESIGN AND MONITORING FRAMEWORK**

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Improved access to affordable insurance services and reduced vulnerability of poor households, especially in rural areas</p>	<p>Government policies and legal framework more conducive to the promotion of microinsurance for poor households established (dedicated microinsurance act and policy developed)</p> <p>Growth of microinsurance industry dedicated to providing insurance services to the poor (increase in number of microinsurance providers from 3 in 2008)</p>	<p>Policy documents of the Government, including the central bank</p> <p>Project completion report</p> <p>Impact assessment report</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Poor peoples' willingness to buy insurance services <p>Risk</p> <ul style="list-style-type: none"> • Government's willingness to establish appropriate policy environment
<p>Outcome</p> <p>Increased awareness and availability of microinsurance</p>	<p>Number of poor people covered by insurance (microinsurance policyholders) increased by 20,000 compared to base figure in 2008</p> <p>Unexpected expenditures or resulting loss of assets, to cope with risks, of poor households covered by the pilot insurance decreased by 30% compared to base figure in 2008</p> <p>Insurance awareness campaign and training extended to at least 50,000 rural poor households; those households become familiar with the insurance concept, and able to select proper formal and informal risk mitigation mechanisms</p> <p>Capacity building training on microinsurance operations extended to at least 20 MFIs, which develop institutional expertise in insurance underwriting, screening, financial management, product development, and marketing</p>	<p>Recommended policy and legal amendments</p> <p>Project completion report</p> <p>Project review missions</p> <p>Consultants' reports</p> <p>Impact assessment study</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Willingness of MFIs to enter into microinsurance business <p>Risk</p> <ul style="list-style-type: none"> • Government's willingness to adopt legal amendments

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Outputs</p> <ol style="list-style-type: none"> 1. Policy review, including analysis and documentation of successful microinsurance schemes in other countries 2. Legal review of acts and regulations related to microinsurance, including the Microcredit Regulatory Authority Act, 2008 3. Institution and market assessment of microinsurance market 4. Participatory assessment of risk mitigation needs of poor and low-income households 5. Awareness campaign for potential microinsurance beneficiaries 6. Microinsurance pilot scheme including products, actuarial valuation, delivery modes, administration methods, and capacity-building needs 	<p>A report on the policy review with recommended actions</p> <p>A report on the legal review and recommendations</p> <p>A market assessment survey report on existing microinsurance providers, products, and services; client profile; and dissemination workshops</p> <p>A participatory needs assessment report on risk mitigation products and services identified by potential microinsurance clients and dissemination workshops</p> <p>Awareness campaign and monitoring report</p> <p>A report on product development, and implementation methods for pilot testing</p>	<p>TA review missions</p> <p>Consultants' reports</p> <p>Assessment reports</p> <p>Report on workshops</p> <p>List of workshop participants</p> <p>Impact assessment report</p>	<p>Assumption</p> <ul style="list-style-type: none"> • No politicization of insurance providers <p>Risks</p> <ul style="list-style-type: none"> • Willingness of existing microinsurance providers to disclose information • Identification of financially viable products • Willingness of key MFIs to participate in microinsurance market

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>7. Pilot testing</p> <p>8. Impact assessment of pilot testing (1–2 years after the Project)</p>	<p>Implementation, monitoring, and evaluation of pilot-testing results</p> <p>Impact assessment report on the social and poverty impact of the Project, including (i) household asset level, (ii) reduced emergency expenditures, (iii) reduced costs for informal risk mitigation, (iv) spending on health and education, and (v) empowerment</p> <p>Lessons learned and recommendations for replication</p>		
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1. Legal and policy review of microinsurance sector conducted and report submitted (2nd quarter 2009) 2. Institutional and market assessment for microinsurance conducted and report submitted (2nd quarter 2009) 3. Participatory needs assessment of risk mitigation for poor and low-income households conducted and report submitted (2nd – 3rd quarter 2009) 4. Awareness campaign conducted in the four selected divisions (from 4th quarter 2009 to throughout the project implementation period) 5. Report on microinsurance products and services for pilot test submitted (2nd quarter 2010) 6. Actuarial valuation developed for proposed microinsurance products (2nd quarter 2010) 7. Consultation workshops conducted for the pilot test (2rd quarter 2010) 8. Capacity-building training conducted for the pilot scheme as needed (from 2nd quarter 2010 to throughout the project implementation period) 9. Pilot test implemented and monitoring report submitted (from 3rd quarter 2010 throughout the project implementation period) 10. Project completion report submitted and impact assessment conducted (1st quarter 2011) 11. Knowledge management products developed and disseminated (1st quarter 2011) 12. Beneficiary impact assessment conducted and results disseminated (1–2 years after the Project) 			<p>Inputs</p> <ul style="list-style-type: none"> • Japan Fund for Poverty Reduction grant financing: \$2,000,000 • Counterpart financing (in kind): \$110,000

MFI = microfinance institution, TA = technical assistance.