

Cover Page for Project/Program Approval Request

1. Country/Region:	Bolivia	2. CIF Project ID#:	BO-L1181
3. Source of Funding:	<input type="checkbox"/> FIP	<input checked="" type="checkbox"/> PPCR	<input type="checkbox"/> SREP
4. Project/Program Title:	Financial Management of Climate Change Risk through Agriculture Insurance		
5. Type of CIF Investment:	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Private	<input type="checkbox"/> Mixed
6. Funding Request in million USD equivalent:	Grant: US\$	Non-Grant: US\$10 million	
7. Implementing MDB(s):	Inter-American Development Bank		
8. National Implementing Agency:	Institute for Agriculture Insurance (INSA)		
9. MDB Focal Point and Project/Program Task Team Leader (TTL):	Headquarters- Focal Point: Alfred Grunwaldt	TTL: Juan José Durante	
10. Project/Program Description (including objectives and expected outcomes):			
<p>The objective of the project is to contribute to the long-term financial sustainability of the “Pachamama” Agriculture Insurance Program (PAIP) through the transfer of part of the financial risk to the insurance market and the surplus to a Catastrophic Stop-Loss Fund (SLF). The specific objectives of the project are: (i) to maintain coverage against extreme climate risks; (ii) to stabilize and improve the efficiency of the Government's contributions to the loss coverage; and (iii) to enable and reduce the cost of transferring risk from the PAIP to the insurance sector.</p> <p>The loan will finance the creation of the SLF in order to lessen the impact of extreme losses during catastrophic events on the public sector and the insurance market in years of extreme weather that affect agriculture producers. For more information on the implementation of the program and the SFL, see section I.B of the attached Proposal for Operation Development</p>			
11. Consistency with Investment Criteria¹:			
<p>The project was designed taking into account the Strategic Program for Climate Resilience (SPCR) for Bolivia, contributing to the creation of a greater capacity of resilience and response to the adverse effects of climate change in the country. In such sense, the project is in line with sub-activities of component 3 of the SPCR:</p> <ul style="list-style-type: none"> • Implementation of structural measures to enhance resilience to climate change • Creation and implementation of institutional arrangements for the formulation of the structural measures mentioned above. <p>The PAIP, which provides agriculture insurance coverage against climate risks, currently operates through the PIRWA catastrophic insurance to cover subsistence farming families in municipalities that are part of the public PPCR projects. These municipalities are Batallas,</p>			

¹ Please provide the information in the cover page or indicate page numbers in the accompanying project/program document where such information can be found.

Pucarani and municipalities immerse in the basins Rocha, Mizque and Pirai. The proposed project aims to ensure financial sustainability of the PAIP in order to continue providing a financial instrument for climate adaptation and resilience to the most vulnerable rural populations. At the same time, the program proposes a mechanism that can help integrate the public and the private sector, through a financial institutional arrangement that ensures PAIP greater efficiency.

12. Stakeholder engagement²:

Stakeholder engagement took the form of: (i) discussions with government entities related to the PAIP and the PIRWA. This includes the INSA, the Ministry of Rural Development and Lands and the Ministry of Development Planning; and (ii) workshops with insurers interested in providing agriculture insurance products. Training and socialization activities between the INSA and insurance market actors have been done under an IDB technical cooperation currently on implementation. For more information, see paragraph 1.32 of the Proposal for Operation Development.

13. Gender considerations³:

As recognized in the SPCR, women are the population segment at greater risk of negative impacts from climate change. As mentioned on the Proposal for Operation Development (paragraphs 1.9 and 1.33), PIRWA was created to benefit subsistence farming families who own up to three hectares of cultivated land in municipalities with the highest levels of extreme poverty. Given the importance of women in the subsistence agriculture sector, the INSA, as the responsible agency for registering beneficiaries in the PIRWA coverage, will take into account gender considerations in their outreach strategy.

14. Indicators and Targets (consistent with results framework):

Core Indicator	Target
<p>PPCR core indicator A: Number of people supported by the PPCR to cope with the effects of climate change</p> <p>Project Output Indicator: Number of farming families that have coverage against extreme climate risks supported by the SFL</p>	137,815 farming families
<p>PPCR core indicator C: Extent to which vulnerable households, communities businesses and public sector services use improved PPCR supported tools, instruments, strategies, activities to respond to CV & CC</p>	

² Ibid.

³ Ibid.

Project Outcome Indicator: Number of hectares covered by PIRWA that have SFL coverage	250,000 hectares	
PPCR core indicator D: Evidence of strengthened government capacity and coordination mechanisms to mainstream climate resilience Project Outcome Indicator: Savings on premium payment to insurers Maximum government exposure to PIRWA's losses	US\$5.9 million 13% of total insured value	
Impact Indicators: Number of municipalities covered by PAIP Number of insurance companies that offer agriculture insurance supported by the SFL	150 municipalities 3 insurance companies	
15. Co-Financing:		
	<i>Amount (in USD million):</i>	<i>Type of contribution:</i>
• Government	US\$0	
• MDB	US\$0	
• Private Sector (please specify)	US\$0	
• Bilateral (please specify)	US\$0	
• Others (please specify)	US\$0	
Co-Financing Total:	US\$0	
16. Expected Board/MDB Management⁴ approval date:		
April 12, 2017.		

FINAL Version

⁴ In some cases activities will not require MDB Board approval.