

SEADRIF ANNUAL REPORT

2021

8 April 2022

An ASEAN+3
Initiative

Contents

1	Introduction	3
2	2021 Activities	3
2.1	SEADRIF Trust	6
2.1.1	Public Asset Financial Protection Program	6
2.1.2	Regional Capacity Building Program	7
2.1.3	Expansion of Membership	9
2.1.4	Communications	9
2.1.5	Monitoring and Evaluation	9
2.1.6	Governance.....	9
2.2	Sub-Trust A	10
2.2.1	Overseeing the SEADRIF Trustee and Insurance Company.....	10
2.2.2	Implementation of the Regional Catastrophe Risk Pool	10
2.2.3	Improvement of the SEADRIF Flood Risk Model & Tool	10
2.2.4	Additional Financing	10
3	Challenges & Lessons Learned.....	10
4	Summary of 2022 Workplan	12

1 Introduction

The Association of Southeast Asian Nations (ASEAN) countries are exposed to disaster and climate risks. Its 650 million residents and flourishing economy with a GDP of almost US\$ 3 trillion are regularly faced with a wide array of natural disasters, including floods, tropical storms, droughts, forest fires, earthquakes, and tsunamis. Severe disasters affect the livelihoods of large populations, economic activities, and cause havoc on public assets, posing a significant challenge for ASEAN countries' governments. Over the period from 2015 to 2020, the ASEAN region incurred 7.68 percent of the global disaster mortalities and estimated total economic loss of USD 11.1 billion.¹

The Southeast Asia Disaster Risk Insurance Facility (SEADRIF) is a regional platform established to enable ASEAN+3 participating countries to strengthen the financial resilience of their population, especially the poor and vulnerable, to climate and disaster shocks. This will be achieved through the provision of analytical, advisory, technical and financial services. Cambodia, Indonesia, Lao PDR, Myanmar, Singapore and Japan, signed a (MoU) in December 2019 to establish SEADRIF. The Philippines signed the MOU in May 2020, Vietnam in January 2022 and became the seventh and eighth members respectively. SEADRIF membership is open to all ASEAN+3 countries.

SEADRIF is governed by the Council of Members (CoM), a strategic decision-making body of SEADRIF comprising Finance and Central Bank Deputy level representatives of SEADRIF Members. SEADRIF Sub-Trusts are arrangement for sub-groups of SEADRIF member countries to develop and govern specific initiatives. At the onset of the SEADRIF Trust, Sub-Trust A was established to house the SEADRIF Insurance Company and provide the first catastrophe risk pool for Lao PDR and Myanmar. Sub-Trust A is governed by the Committee of Sub-Trust A (the Committee), composed of the beneficiary countries (Lao PDR and Myanmar) and donor partners (Japan and an independent individual representing Singapore).

2 2021 Activities

Disasters and climate events continue to impact ASEAN+3 countries in 2021 as they are on a recovery path from the repercussions from the ongoing COVID-19 pandemic. The economies have shown a positive sign of recovery with regional GDP growth of 2.7 percent, far better than the GDP growth of -3.3 percent in 2020. However, several ASEAN countries experienced severe consequences of extreme weather events, most notably the typhoons, floods, and volcano eruption affecting Thailand², Myanmar³, the Philippines⁴, Malaysia and Indonesia⁵ in the second half of 2021. These events, compounding with the outbreak of the COVID-19, threaten to reverse the gains in poverty reduction and economic recovery.

¹ The ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) Work Plan 2025 (2021)

² <https://reliefweb.int/report/thailand/thailand-flooding-9-provinces-14-nov-2021>

³ <https://reliefweb.int/disaster/fl-2021-000095-mm>

⁴ <https://reliefweb.int/disaster/tc-2021-000202-phl>

⁵ <https://asia.nikkei.com/Economy/Natural-disasters/Disaster-mitigation-under-scrutiny-in-ASEAN-hot-spots>

The importance of financial protection against climate shocks from SEADRIF is even greater in a COVID-19 recovery context when governments are faced with the daunting task of economic recovery from the pandemic. Against this backdrop, in May 2021, at the 24th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting, the ASEAN+3 Finance Ministers and Central Bank Governors supported SEADRIF's efforts to strengthen the financial resilience of ASEAN member countries to climate and disaster risks, welcomed the catastrophe risk insurance coverage as the first product of SEADRIF. They also encouraged remaining ASEAN+3 member countries to join SEADRIF as well as donor partners beyond ASEAN+3 region to support this initiative (see box 1).

Box 1: The Joint Statement of the 24th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting (3 May 2021, Video Conference)

ASEAN+3 Financial Cooperation in Disaster Risk Financing and Insurance

We continue to support the efforts of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) in strengthening the financial resilience of ASEAN member countries against disaster risks, with support from the ASEAN Secretariat and the World Bank. We welcome the catastrophe risk insurance coverage as the first product of SEADRIF, and the progress of the Public Asset Financial Protection Program. We also welcome remaining ASEAN+3 member countries to join SEADRIF, and encourage donor partners beyond ASEAN+3 region to support this initiative.

The disruption caused by the pandemic also presented significant challenges to the progress of SEADRIF in 2021. Travel restrictions hindered regional face-to-face interaction and meetings, which were critical to increase the capacities of the beneficiary countries and to raise political momentum to advance the initiative. Despite these challenges, several workstreams were advanced and completed, laying the foundation for SEADRIF's future work including on financial protection of public assets.

This annual report, which covers the period of 1st January to 31st December 2021⁶, has been prepared by the ASEAN Secretariat, as the SEADRIF Secretariat, with technical support from the World Bank, the Lead Technical Partner of SEADRIF. It provides an overview of major areas of activity under SEADRIF and outlines future priorities, challenges and lessons learned. The priorities are split between activities managed under the SEADRIF Trust and Sub-Trust A. It also includes annual financial reports for the year ending 31st December 2021 produced by the Trustee for the SEADRIF Trust. See Table 1 on SEADRIF's Main Activities in 2021.

Table 1. SEADRIF's Main Activities in 2021

⁶ The report also covers key activities of SEADRIF happened in December 2020, which were not reflected in the SEADRIF 2020 Annual Report.

Event	Description	Date
The 3rd SEADRIF Technical Meeting and 2nd Technical Working Group Meeting	The meetings reviewed the progress towards the establishment of the first cat risk pool, the launch of the Insurance Market Development Program, and the first Executive Education Program on Disaster Risk Finance. Endorsement by TWG members was also sought for the Public Asset Financial Protection Program, including its two-pillar approach of a financial product and technical services support program (TSSP). Members requested the World Bank to carry out a detailed feasibility study for a financial product for public assets protection, working closely with the SEADRIF Insurance Company and continued engagement with interested SEADRIF Member countries and prospective member countries on this area.	4 Dec 2020
Launch of SEADRIF First Product	SEADRIF's first product, a catastrophe risk pool, has been launched in February 2021, with the issuance of its first insurance policy by SEADRIF Insurance Company to the Government of Lao PDR. Comprising both market-based parametric and finite risk components, the insurance provides the government with a 3-year coverage against flood and other disaster risks. In the case of a qualifying disaster, the insurance will leverage international reinsurance market capacity to provide rapid liquidity to the insured country for disaster response and recovery.	Feb 2021
SEADRIF's Executive Education Program	SEADRIF joined the World Bank and the National University of Singapore (NUS) in the development of an Executive Education Program for SEADRIF member countries to enhance understanding of DRFI strategies and build domestic skill set to design and implement strategies for sustainable risk financing solutions. The pilot was successfully delivered in November 2021, with full program planned to be launched in Q3-Q4 2022.	Nov 2021

<p>4th SEADRIF Technical Meeting and 3rd Technical Working Group Meeting</p>	<p>The meetings discussed the progress of various workstreams under SEADRIF including the launch and implementation of the first insurance product, technical programs (public assets financial protection, insurance markets development, executive education program, flood risk model updates), expansion of membership, communications as well as potential governance gaps. The meetings also discussed the feasibility assessment report for a potential public assets insurance product and the associated needs for additional financing which was secured through the Global Risk Financing Facility contributed by Germany and the UK. Participants also discussed new workstreams including a preliminary scoping study on agricultural insurance, where the interest was voiced by the members in the context of ASEAN+3 Working Group⁷.</p>	<p>6 Dec 2021</p>
---	---	-------------------

2.1 SEADRIF Trust

2.1.1 Public Asset Financial Protection Program

In December 2019, the SEADRIF Council of Members at the ASEAN+3 Deputy Finance Ministers Meeting agreed that SEADRIF as the next phase will work towards a *Public Asset Financial Protection Program* to explore ways for SEADRIF member countries in the region to better manage the financial risk from damage to public assets and infrastructure. The benefits of financial protection are particularly strong for ASEAN countries, some of which are most exposed to disasters globally and are investing rapidly in new public infrastructure.

As a regional platform, SEADRIF is well-positioned to support this initiative by facilitating collaboration between countries in the region through experience-sharing and joint market consultations, as well as by providing access to technical expertise. The SEADRIF Technical Working

⁷Following 5 study groups to explore potential areas for new initiatives in ASEAN+3 finance track, 4 ASEAN+3 Working Group (WG) were approved to set up in the ASEAN+3 Finance and Central Bank Deputies' Meeting in May 2021. JMOF leads the WG3 on strengthening financial resilience against natural disasters, where the discussion is deeply related to SEADRIF.

Group for the Public Asset Financial Protection Program (TWG) was established in December 2019 to advance this initiative, with all SEADRIF member countries joining the TWG. The first meeting of the TWG was held in Singapore in February 2020 and agreed that the SEADRIF Public Asset Financial Protection Program will be composed of two pillars: Technical Services and Financial Solutions. At the 4th SEADRIF Technical Meeting and 3rd Meeting of Technical Working Group for Public Asset Financial Protection Program, member countries discussed findings of the public assets insurance feasibility assessment report and identify key decisions and steps required for advancing this agenda.

Financial Solutions

The public assets insurance feasibility assessment report was prepared by the World Bank as the Lead Technical Partner in collaboration with the SEADRIF Insurance Company, building on the technical note presented to the TWG in 2020. The assessment confirms a potential risk transfer product that could be offered to SEADRIF member countries to support them in obtaining financial protection for their public assets covering both the physical asset as well as the rapid recovery of critical services. The assessment is broken down into four key aspects that are central to SEADRIF offering a potential product: institutional, regulatory, operational and financial. Further discussions with the TWG are required in 2022 to confirm member countries' intent to participate in the public asset insurance product and their preference on governance options to allow the SEADRIF Insurance Company and the World Bank to advance the necessary preparatory work.

Technical Services Support Program (TSSP)

The TSSP aims to provide SEADRIF members with the technical support required for implementing financial protection solutions for their public assets. It will provide comprehensive end-to-end technical support and capacity building for SEADRIF countries across design, development, delivery, and operations/renewal of financial protection solutions to be provided by the SEADRIF Insurance Company. The TSSP and roadmap were implemented with the launch of the Country Diagnostic (Enabling Environment and Progress Assessment or EEPA Tool) on Public Asset Financial Protection in early 2021 as the first tool, with Indonesia as the pilot country from September – November 2021, roll out to additional countries, including Lao PDR and the Philippines. In addition, two guidance notes were initiated on i) criticality analysis for public assets which provides a step-by-step methodology for country governments to identify the relative criticality of public assets across their asset portfolio; and ii) asset valuation that provides approaches and methodologies for valuation of public assets for insurance purposes. In addition, on-demand technical support on financial protection of public assets is being strengthened through the creation of a SEADRIF Experts' library through identification of interested experts by way of a questionnaire and development of a web page/tool to enable interaction between experts and members. A set of 8 standardized terms of reference (ToR) have been developed for recruitment of firms and consultants for key expertise needed to develop public asset protection programs. These include TORs on damage assessment and reporting systems; on criticality analysis; on infrastructure risk assessments; on asset valuation; as well public asset insurance specialist. Process is ongoing to develop a web page/tool to enable access to TORs for members.

2.1.2 Regional Capacity Building Program

Regional capacity building program development continue to be one of the priorities highlighted in the 2021 SEADRIF Annual Workplan. This workstream aims to equip SEADRIF members with the knowledge and skillset to build financial resilience and to foster the required capacity in their governments to build sustainable and well-executed financial protection strategies. Drawing on cross-regional experience and knowledge, the program will provide targeted capacity building to equip each member country with the knowledge and skillset to establish national financial protection strategies and develop suitable disaster risk finance instruments for their specific demands.

Several activities were completed under this workstream in 2021, including:

a. DRF Executive Education Program for Asia

The program, jointly developed by SEADRIF with technical support from the World Bank in association with the National University of Singapore, aims to enhance understanding of DRFI strategies and instruments embedded in the broader fiscal and disaster risk management frameworks, facilitate knowledge sharing and best practices on risk financing solutions among ASEAN countries, and build domestic skill set to design and implement DRFI strategies for sustainable risk financing solutions. The virtual pilot has been successfully delivered in November 2021, with full program estimated to be launched in Q2-Q3 2022 subject to easing of travel restrictions in member countries.

b. Domestic catastrophe risk insurance market development program

The program aims to support beneficiary countries to: (i) improve access to and use of disaster risk insurance; (ii) strengthen domestic supply capacity of disaster risk insurance; (iii) develop cat risk related regulatory and supervisory capacity; and (iv) harness technology for cat risk insurance markets development. Towards these objectives, two regional training programs are under development including a Fundamentals of Insurance for the Public Sector Program and an insurance regulatory training program. The training is designed based on two in-depth surveys conducted in 2021 with SEADRIF member countries that assessed the knowledge gaps and demand for insurance capacity building. The training programs will be delivered at the regional level with the support from one professional international training institution and expected to be rolled out at the country level with support from local institutions. The program is also being delivered as part of the World Bank-supported in-country capacity building program with the first countries being the Philippines and Vietnam. The support the authorities in the Philippines during the reporting period includes a series of training on insurance reporting, basics of insurance, initiation of a review of international financial reporting standards for insurance companies and establishment of the Philippine Catastrophe Insurance Facility. In Vietnam, the support has been provided to the authorities in reviewing the risk financing arrangements in the Mekong Delta and the City of Da Nang and in assessing the feasibility of joining SEADRIF which resulted in the government of Vietnam's recent accession into SEADRIF and assessing the past and ongoing agricultural insurance programs in Vietnam.

c. Regional capacity building and knowledge sharing on public assets financial protection

Based on the SEADRIF webinar series that were developed in 2020, an interactive e-learning program on fundamentals of public asset financial protection has been developed in 2021 with the support from the World Bank. This will enable access of fundamentals to public asset protection to a wide audience. More advanced modules may be developed over time. In addition, guidance materials on fundamentals of public asset financial protection are being developed to create an operational and experience-based textbook for practitioners based on a series of factsheets that were prepared with support from public assets experts in the lead up to the SEADRIF webinar series.

2.1.3 Expansion of Membership

Notwithstanding the challenges from COVID-19, SEADRIF proactively encouraged ASEAN+3 countries to join SEADRIF as beneficiary or donor countries and non-ASEAN+3 countries to become donors. The government of Vietnam signed the MOU to join SEADRIF in January 2022 following an assessment supported by the World Bank. Thailand has participated in SEADRIF technical meetings as an observer. Non-ASEAN+3 donor partners such as Germany and the United Kingdom have agreed to provide financial support in the amount of \$10.5 million to SEADRIF, initially to be implemented through the World Bank.

2.1.4 Communications

Following the approval of the communications strategy, the communications function has been strengthened with the recruitment of a communications consultant and various activities. Active outreach has been done internally and externally to maintain SEADRIF's exposure including through internal monthly newsletter, external quarterly newsletter, website maintenance and weekly post on LinkedIn channel. A critical response manual for communications has been prepared and is under consultation for approval. This manual sets out the roles and responsibilities of stakeholders involved, workflow and specific scenarios with holding statements and press release templates to guide SEADRIF's responses in case of potential negative events such as occurrence of a disaster that does not trigger a payout. In addition, communication plans are being developed to promote various SEADRIF activities including the dissemination of a case study for the EEPA tool under the TSSP and a "Meet the Experts" campaign to facilitate better interaction between the countries and the experts.

2.1.5 Monitoring and Evaluation

The first draft of a monitoring and evaluation (M&E) framework has been prepared for SEADRIF not only as part of donors' requirements for grant financing, but also for better M&E of the whole of SEADRIF. The draft will be consulted with various stakeholders before finalization.

2.1.6 Governance

During the course of operations, SEADRIF Insurance Company raised governance issues and the need for greater clarity and guidance with regards to the decision making process within SEADRIF given the various stakeholders involved and their roles. Other issues also raised include possible gaps in communications across stakeholders within SEADRIF, day-to-day oversight and guidance to the Trustee and the Company to strengthen the ownership and governance. Options for strengthening SEADRIF governance were proposed by the World Bank for consideration by the Co-Chairs.

2.2 Sub-Trust A

2.2.1 Overseeing the SEADRIF Trustee and Insurance Company

Following the signing of the share subscription agreement between the Trustee and the Company in November 2020, US\$10 million grant financing was disbursed by the WB to the Company on 8 December 2020. This has enabled the Company to provide its first product, the catastrophe risk pool. The policy for Lao PDR inceptioned on 1 February 2021 for a three-year coverage until February 2024. Further oversight is needed to ensure that the Trustee and the Company are in compliance with development partners' grant requirements and the instructions from the Sub-Trust A Committee.

2.2.2 Implementation of the Regional Catastrophe Risk Pool

The placement of the first risk pool in early 2021 was well received by the international reinsurance markets, and the reinsurance coverage was also successfully negotiated.

2.2.3 Improvement of the SEADRIF Flood Risk Model & Tool

In support of the first product, the flood risk tool and calculation agent agreement also went live. Following placement of the product, SEADRIF Insurance Company and the World Bank organized a workshop as part of the Understanding Risk Forum Asia to review the SEADRIF flood risk model and triggering methodology that supported the transaction. Participants to the workshop consisted of member countries, model providers and representatives from insurance companies with the aim of identifying lessons learned, seek insurance market feedback and understand what enhancements could be made to the tool.

2.2.4 Additional Financing

In light of growing business for SEADRIF Insurance Company and overall SEADRIF initiative, the Committee has authorized the Trustee and the Company to work with the World Bank to obtain additional financing for SEADRIF operations through the proposed grants from the Global Risk Finance Facility. The Company has prepared a resourcing plan in this regard. The grant is expected to be transferred to SEADRIF in 2022.

3 Challenges & Lessons Learned

SEADRIF's experience over the past year has provided member countries, the ASEAN Secretariat, and the World Bank with enriching lessons on the planning, execution, and operation of a regional multi-stakeholder initiative. Specifically, the following key lessons have been drawn and should be considered for SEADRIF's future programs.

Government ownership: The ownership and leadership of SEADRIF by the ASEAN+3 governments is instrumental in fostering progress. The continued active involvement of SEADRIF members in existing and future programs, for example by leading specific technical working groups, will be crucial to SEADRIF's lasting success. While the engagement with SEADRIF members is channelled via the Finance Ministers and Central Bank Governors, building relationships with several relevant

ministries and departments will allow the initiative to be mainstreamed across public entities and improve the efficient implementation of SEADRIF's products and services.

Regional leadership: The high-level endorsement by ASEAN+3 Finance Ministers' and Central Bank Governors has been crucial to SEADRIF's recognition as a regional initiative, demonstrating that strengthening financial resilience to climate and disaster risks is a priority across the governments in the region. It is important to continue to advance SEADRIF as an ASEAN+3 Finance Ministers' and Central Bank Governors' initiative, to keep the topic high on the political agenda as well as to ensure that the program develops into a successful example of implementing regional multilateralism through a locally owned mechanism to jointly address country- and regional-level disaster and climate resilience challenges.

Communication with donor countries beyond ASEAN+3: Some donor partners outside ASEAN+3, such as the UK and Germany, have shown strong interest in helping to increase SEADRIF's financial capacity to launch new initiatives and products which meet member countries' needs. The continued active dialogue with these potential donor partners could result in their active support and aid the expansion and long-term sustainability of SEADRIF.

Sound governance, customized solutions and regular interaction through additional staffing: Ensuring sound governance is key to SEADRIF's sustainability. Responding to governments' specific needs in a timely and responsive manner is important to strengthen the relationships and encouraging participation in SEADRIF programs. Providing a single product will not suffice to attract new and maintain the active involvement of current SEADRIF members. Frequent engagement helps identify the most urgent needs for financial protection, allows for potential new services and products to be discussed in detail and contributes to building an understanding of SEADRIF's structure and products across different government levels. A regular dialogue also needs to identify and address potential challenges and should be utilized to manage the governments' expectations. Interaction and dialogue with external partners is also important for SEADRIF. As SEADRIF expands its reach and grows its offerings, there will be a need for SEADRIF to hire staff dedicated to the development of the SEADRIF upstream and downstream programs, maintaining close interaction with SEADRIF member countries and dialogue with external partners, and ensure the future sustainability of SEADRIF.

Balance between technical and policy solutions: Balancing technical and policy aspects of DRFI helps produce innovative but sustainable financial instruments which meet countries' specific needs. Upstream work such as policy dialogue, regulatory or institutional support will be needed before any financial product can be provided by SEADRIF Insurance Company in a sustainable manner.

Understanding and managing political expectations: Political expectations should be carefully managed to avoid undermining the financial and technical sustainability of SEADRIF products and initiatives. For example, the political pressure to ensure frequent insurance payouts may jeopardize the soundness of technical decisions and continuity of the initiative. If an insurance product is designed to cover frequent but small disasters, it may not receive enough coverage from the international reinsurance industry and as a result, could reduce insurance payouts and/or affect the Company's financial sustainability.

Risk Model Alignment: The SEADRIF Risk Model, which underpins the flood insurance products offered by the Company to SEADRIF beneficiary countries, requires technical contribution from governments and regional agencies as well as a close alignment with the international reinsurance sector. Reliable data provision including through coordination with domestic and regional agencies is essential to develop reliable models. In addition, the innovative approach used by SEADRIF needs to be fully understood and replicable by reinsurers' models in order to ensure the Company can secure the required reinsurance capacity to support the SEADRIF beneficiaries.

4 Summary of 2022 Workplan

Strategic Priorities and Activities - SEADRIF Trust

Strategic priorities for SEADRIF in 2022 remains to be centered around the key pillars proposed in the previous workplan, specifically the Public Asset Financial Protection Program, Regional Capacity Building Program, Expansion of Membership, Strengthening SEADRIF Governance and New Business Development. Any new strategic activities can be proposed and endorsed during the year.

Public Asset Financial Protection Program: Given the feasibility work undertaken in 2021, the program will enter a new phase as member countries express their intent to participate in a joint financial product. SEADRIF will be able to facilitate collaboration between countries, e.g. through sharing experience and joint market consultations, as well as support access to technical expertise, e.g., upgrading asset data management systems. This work stream could include a package of services: (i) joint product development, (ii) experience sharing and joint market consultations; (iii) technical support to countries to improve the underlying asset data and enabling environment for financial risk management including for infrastructure resilience, and (iv) financial solutions. Given that the new public asset financial protection program may require additional financial support, the Working Group will invite development partners from non-ASEAN+3 region to support this work.

Regional Capacity Building Program: Supporting SEADRIF members to build the required capacity in their governments is a key step to build sustainable, and well-executed financial protection strategies. In collaboration with the ASEAN Secretariat under the ADRFI-2 program, the World Bank, the Asian Development Bank and other partners, SEADRIF will develop a multiyear program of strategic knowledge exchange, peer learning, and targeted capacity building that will equip relevant stakeholders with the knowledge and skill set to build financial resilience. In collaboration with the World Bank and the National University of Singapore (NUS), SEADRIF will implement an in-person Executive Education Program for Asia designed to enhance understanding of DRFI strategies and build domestic skill set to design and implement strategies for sustainable risk financing solutions. The pilot has been successfully delivered in November 2021, with full program estimated to be launched in early 2022. Building on the successful series of webinars and materials on financial protection of public assets, an e-learning program will continue to be developed and rolled out in 2022.

The regional capacity building program would also provide SEADRIF members with technical support to foster domestic catastrophe risk insurance markets. This would require the development of the domestic insurance industry as well as the legal, regulatory and supervisory frameworks and instruments as part of the overall insurance regulatory and supervisory architecture. The program

will explore partnership with regulatory and supervisory bodies (e.g., from Singapore and Japan) and build on existing regional dialogues (e.g., ASEAN Insurance Regulators' Meeting and ASEAN Insurance Council Meeting) to leverage their expertise in this area for knowledge exchange and capacity building. The fundamentals of insurance for the public sector training and insurance regulatory training programs will be developed in 2022. This will be implemented by the World Bank on behalf of SEADRIF in the first phase.

Expansion of Membership: SEADRIF, together with the World Bank and the ASEAN Secretariat will continue the dialogue with ASEAN+3 countries to expand the membership and with non-ASEAN+3 development partners for further support. Further support will be provided to Thailand and other countries to help them finalise their decisions to join SEADRIF. SEADRIF will also further its dialogue with donor partners for further support to SEADRIF initiatives, initially to be implemented through the World Bank.

Strengthening SEADRIF Governance. SEADRIF will consider various options for strengthening governance for the SEADRIF Insurance Company and for whole of SEADRIF. This could be done by way of additional staff hiring.

New Business Development. SEADRIF in collaboration with the World Bank will explore new areas of business including agricultural insurance given the interests expressed by the member countries in the context of ASEAN+3 Working Group.

Strategic Priorities and Activities – Sub-Trust A

The Sub-Trust A Committee has targeted the following priorities in 2021:

Overseeing SEADRIF Insurance Company. The Sub-Trust A Committee, presently co-chaired by Lao PDR and Japan, will continue to supervise the Trustee and the SEADRIF Insurance Company to ensure smooth operation and sustainability of the Company and consistency with the objective and core principles of SEADRIF and Sub-trust A. The Sub-Trust A Committee is required to closely monitor the activities of the SEADRIF Insurance Company, in particular with regard to the implementation of its first insurance product, the catastrophe risk insurance. The Sub-Trust A Committee will adopt and, as appropriate, review the Sub-Trust A Operations Manual that defines the Sub-Trust A Committee's roles to provide strategic directions to the Company through the Trustee, and make necessary decisions to enhance the Company's governance structure if required.

Implementation of the Catastrophe Risk Insurance

The Sub-Trust A Committee, with support from the Trustee and Environmental & Social Focal Point, will continue to supervise the implementation of the SEADRIF catastrophe risk insurance for Lao PDR, including in ensuring effective and efficient use of insurance proceeds following a disaster, in line with the approved ESMS and Contingency Plan.

Improvement of the SEADRIF Flood Risk Model & Tool

The Company will review the SEADRIF Flood Risk Model following the placement of the first insurance product to consider technical enhancements based on lessons learned and insurance market feedback. This will be carried out in collaboration with the World Bank.

Additional financing for SEADRIF Trustee and SEADRIF Insurance Company

SEADRIF Sub-Trust A Committee, SEADRIF Trustee and SEADRIF Company will work with the World Bank and development partners to mobilize additional grant financing to support the operations of SEADRIF Trustee and SEADRIF Insurance Company in line with SEADRIF's objectives. This includes processing of grant financing pledged by Germany and the United Kingdom.