DRIVE

Derisking Inclusion & Value Enhancement of Pastoral Economies in HoA (Horn of Africa)

THE WORLD BANK

ZEP-RE (PTA Reinsurance Company): COMESA institution to promote trade through insurance, reinsurance & financial inclusion measures

Establishment

ZEP-RE was established on 1990 in Mbabane, Eswatini through an Agreement of Heads of State and Governments of COMESA.

The Company commenced business operations in in January 1993 with its headquarters in Nairobi, Kenya

Mandate

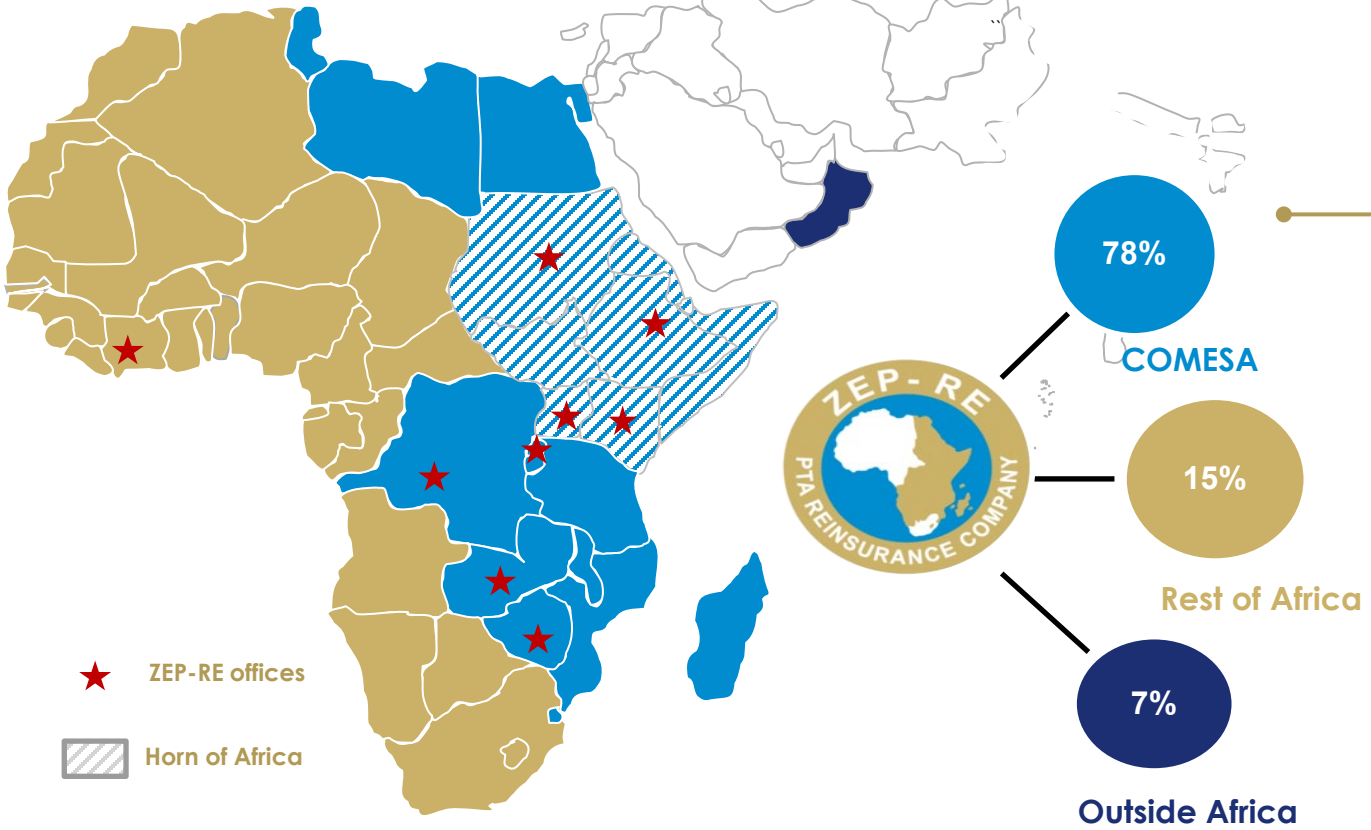
- Promotion of insurance penetration
- Skill the industry and develop technical capacity
- Promoting cross border trade - YC and RCTG pools
- Create and administer pools for various risks
- Provide technical assistance to insurance industry
- Invest funds in the region to promote economic development

Signatory Member States

Signatory Member States to the Charter include:

- Angola
- Burundi
- Comoros
- D.R. Congo
- Djibouti
- Kenya
- Eritrea
- Ethiopia
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Rwanda
- Somalia
- Sudan
- Tanzania
- Uganda
- Zambia
- Zimbabwe

Our focus is on Africa with over 90% of our business drawn from the continent and we have registered a 5-year CAGR of 8.1%.



Regions of Operations

We underwrite over 4,000 treaties and support > 500 companies drawn from over 50 countries in Africa and the Middle East

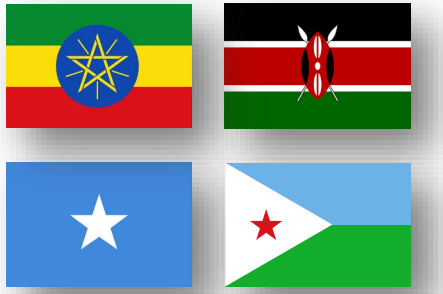
Gross Written Premium (GWP) in USD Millions

GWP as grown year on year with an 8.1% growth rate over the last 5 years

DRIVE is a regional project supporting pastoralists, currently implemented in four countries located in the Horn of Africa (HoA)

HORN OF AFRICA INITIATIVE

Current DRIVE Countries:



Project Objective

*To enhance pastoralists' access to **financial services** for drought risk mitigation, include them in the **value chains**, and facilitate the **livestock trade** in the Horn of Africa*

Project Financing

$360.5 million total project cost

$28 million Component 1 Global Shield *(Formerly GRiF)* grant

IDA

Global Shield against Climate Risks

Component Structure

1 **Package of financial services for climate resilience ($179 Million)**

Support the provision of an integrated package of financial services to build climate resilience

implemented by: ZEP-RE PTA REINSURANCE COMPANY

2 **Livestock Value Chains and Trade Facilitation ($181.5 Million)**

Better include pastoralists in the livestock value chain and facilitate trade in the Horn of Africa

implemented by national agencies

Impact: The regional project design enables more effective support to pastoral communities in response to drought events in areas of the HoA

REGIONAL RATIONALE

Peace building

Reduced pastoralists movements across borders decreases tensions between communities

Shared implementation infrastructure

Regional implementation leads to risk pooling, economies of scale, reduction of operational costs & increased private sector interest

Quality trade & infrastructure

Regional livestock market requires cross-regional coordination on quality standards, trade facilitation & infrastructure investments

PROJECT IMPACT

1.6 MILLION
pastoralists with access to financial services

$572 MILLION
of private capital mobilized through the project

2,500
pastoralist groups connected to markets

20
trade facilitation measures supported

CLIMATE ADAPTATION & MITIGATION
of pastoral communities & herd management

COMP. 1 & 2: COMPLIMENTARY IMPACT

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UNIQUENESS OF DRIVE

Building sustainable infrastructure for long term resilience

Financial Services

C1

FINANCIAL INCLUSION OF INDIVIDUALS

- **Financial inclusion**
- **Savings account**
- **Livestock insurance**

Investments

C

INTEGRATION OF REGIONAL MARKETS

- **Quality Infrastructure**
- **Trade facilitation**
- **De-risk investment**

Focus of C2 in KENYA

SUCCESS = pastoralists getting better value for their animals and off-loading more regularly

RESILIENCE ⟷ **PROSPERITY**

Decreasing hardship — *Increasing opportunities*

Under Component 1, Zep-Re has been tasked with delivering the package of financial services for climate resilience

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Overall project management, *Coordinating the initiative on behalf of 4 participating Governments in line with World Bank standards*

Country and stakeholder engagement
Facilitate collaborations across the financial sectors with government , development partners and the private sector

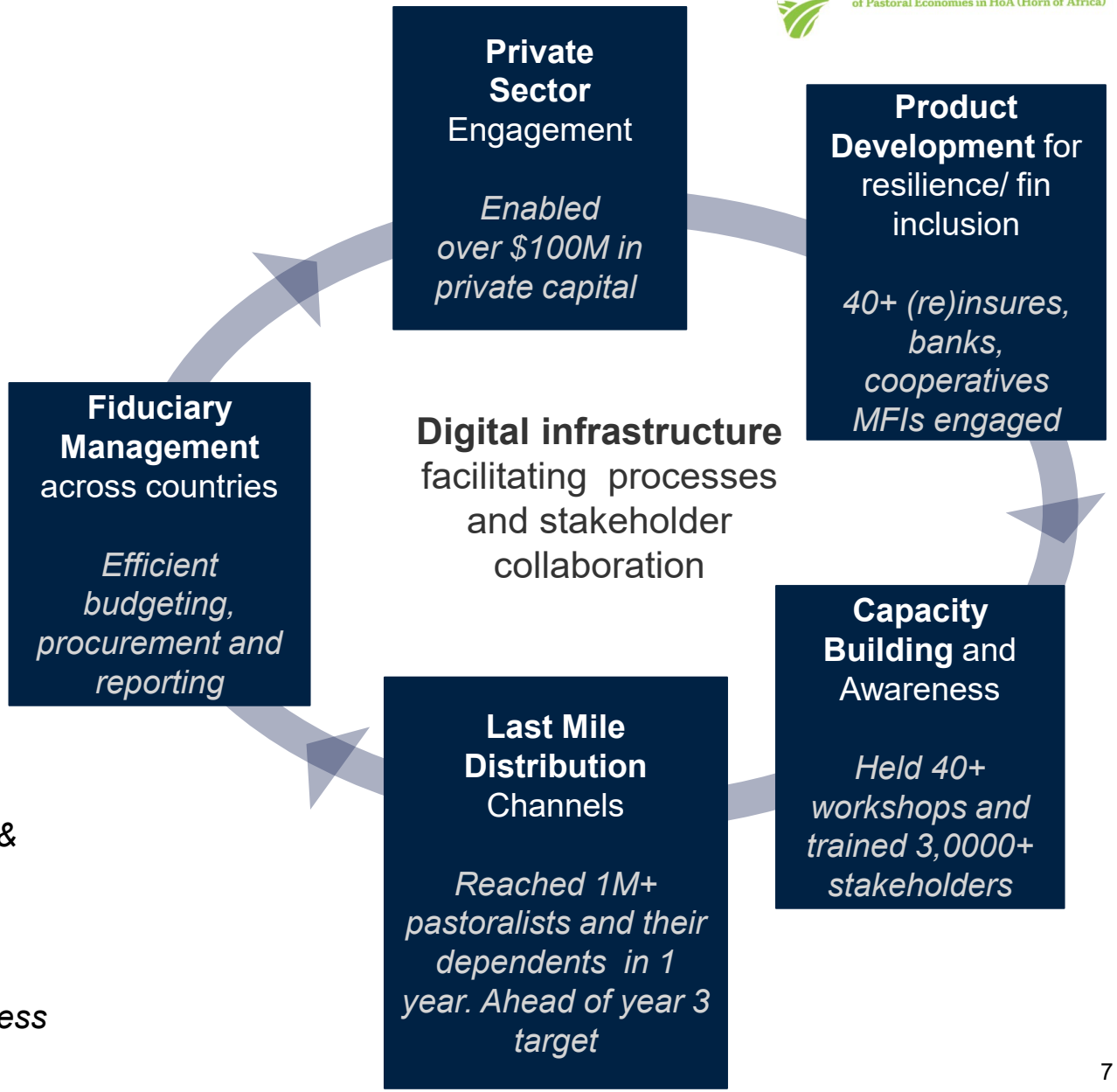
Product Design
Review and customize IBLI and savings products

Capacity Building and Financial awareness
Advance understanding of IBLI across the livestock value chain

Distribution
Leverage technology to optimize distribution and increase access

Fiduciary management
Strong Financial Management, Procurement and Environmental & Social standards are implemented

Monitoring and Evaluation, Knowledge Management
Support M&E procedures, and capturing lessons learnt and success stories



Impact of stakeholder collaboration for DRIVE - 390,000 households (a total of 2.5 million people) in three countries with financial services.

Component 1
Financial Services:

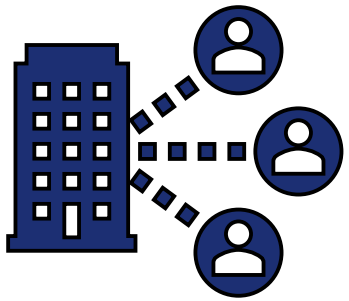
LIVESTOCK INSURANCE & **SAVINGS ACCOUNT**

	Year 1	Year 2	Total	% of Female
Kenya	74,552	64,127	138,679	60%
Ethiopia	52,805	84,646	137,451	45%
Somalia	44,408	68,965	113,373	59%
Total HHs	**171,765**	**217,738**	**389,503***	**56%**

	Private sector Partners (Banks and Insurers)	Productive groups**	Private Capital Employed (Sum Insured)	Bonus paid
Kenya	18	7,763	$62.9M	$5.4M
Ethiopia	7	240	$79.9M	$6.1M
Somalia	7	2,578	$81.7M	$5M
Total	**32**	**10,581**	**$224.6M**	**$16.7M**

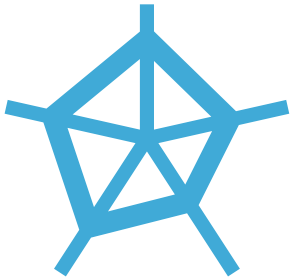
**The multiplier is 6.4 for dependents this translates to 2.5 M pastoralists and their dependents*
*** Cooperatives in Somalia and Ethiopia. The cohesiveness of productive groups in Kenya still being worked on.*

Component 2 seeks to better include pastoralists in the livestock value chain and facilitate trade in the Horn of Africa



1 UPGRADING QUALITY INFRASTRUCTURE

Upgrade **quality infrastructure,** including testing, traceability, certification, inspection, and quarantine systems, to ensure livestock compliance with national and international standards. **Strengthen agency and trader capacity to facilitate seamless compliance** for livestock traders, exporters, investors, and local communities.



2 TRADE FACILITATION & TRADE LOGISTICS

To facilitate livestock trade: enhance quarantine facilities, digitize export certificates, improve logistics, enhance data infrastructure, and study value addition. Build capacity for trade facilitation, eliminate non-tariff barriers, and coordinate policy reforms at border crossings.

3 PRIVATE INVESTMENT IN LIVESTOCK VALUE CHAIN (“LVC”) DE-RISKING FACILITY

Establish a Livestock Value Chain de-risking facility to **support private investment**. Offer financing for significant investments and women- and youth-owned enterprises in the Livestock Value Chain.

DRIVE platform for Expansion

Expansion of DRIVE

Critical elements of the DRIVE platform

- **Private Sector** Engagement
- **Product Development** for resilience/ fin inclusion
- **Capacity Building** and Awareness
- **Last Mile Distribution** Channels
- **Aggregation of beneficiaries** and linkage to market
- **Fiduciary Management** across countries

Digital infrastructure can facilitate operational processes and cross-institutional collaboration

DRIVE platform can be leveraged to:

ROLLOUT IN HOA & BEYOND

- Sustain strong uptake (+3x) in Eth/Ken
- HoA expansion: Uganda, South Sudan
- Continent expansion: Sahel, Southern Afr.

Example: *Expanding into a new country to reach **1 million people is projected to cost $38 million****

**This includes cost of insurance of $24.5m, enrolment bonus of $10m and management costs of $3.5m*

Partnership structure :leverages a vast network (example Kenya) of partners on a national and global level

Public Organizations

Ministry of Agriculture & Livestock Development

State Department for Livestock as the project Lead and Implementor

KENYA DEVELOPMENT CORPORATION

Insurance Regulatory Authority

Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development

The Council of Governors
48 Governments, 1 Nation

Financial institutions

Digital Accounts

EQUITY

KCB

National Bank

CO-OP BANK

National insurers

Primary insurance

APA
Britam
Geminia
CIC

Fidelity Shield
GA Insurance
Heritage
Jubilee (New)

ICEA Lion
Mayfair Insurance
MUA

Healthier (K) Microinsurance
Old Mutual (New)
Intra Africa

Aggregators

Aggregators

KENYA LIVESTOCK MARKETING COUNCIL

North Green Farm

Nomad Pro Africa

LAIKIPIA CONSERVANCIES ASSOCIATION

FORTUNE CREDIT
Delivering Dreams

WFP

NRT NORTHERN RANGELANDS TRUST

VSF INTERNATIONAL VÉTÉRINAIRES SANS FRONTIÈRES

MILLENNIUM WATER ALLIANCE

Reinsurance companies

Retrocession

African Risk Capacity

Swiss Re

Africa Re

ZEP-RE PTA REINSURANCE COMPANY

SCOR The Art & Science of Risk

Munich RE

Allianz

canopius

PARTNER INSTITUTIONS

Global Risk Financing Facility

IDA

planet.

Government Actuary's Department

acre AFRICA

Discussions