



**ZEP-RE
(PTA REINSURANCE COMPANY)**

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

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GLOSSARY

ASAL	Arid and Semi-Arid Land
BOD	Board of Directors
BRACC	Board Risk, Audit and Compliance Committee
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
ES	Environmental and Social
ESF	Environmental and Social Framework
ESM	Environmental and Social Manager
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESSP	Environmental and Social Safeguard Policies
ERM	Enterprise Risk Management
IA	Internal Audit
IFI	International Financial Institutions
MD	Managing Director
NGO	Non-Governmental Organization
PSI	Principles for Sustainable Insurance
RMSC	Risk Management Steering Committee
SDG	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
TLU	Tropical Livestock Unit
UN	United Nations
UNEP FI	United Nations Environment Finance Initiative
VMG	Vulnerable and Marginalised Group
WB	World Bank
ZEP-RE	ZEP-RE (PTA Reinsurance Company)

DEFINITIONS

Borrower	refers to the recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
Biodiversity	is the variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.
Critical habitat	is defined as areas with high biodiversity importance or value, including: (a) habitat of significant importance to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national approaches; (b) habitat of significant importance to endemic or restricted-range species; (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (d) highly threatened or unique system; and (e) ecological functions or characteristics that are needed to maintaining the viability of the biodiversity values described above in (a) to (d). Cultural heritage is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions.
Environmental and Social Framework (ESF)	comprises: a Vision for Sustainable Development, which sets out the World Bank's aspirations regarding environmental and social sustainability; the World Bank June 2018 7 Environmental and Social Policy for Investment Project Financing (IPF), which sets out the mandatory requirements that apply to the Bank; and the Environmental and Social Standards, together with their Annexes, which set out the mandatory requirements that apply to the Borrower and projects.
ESMS Guidance Note	see ESMS Guidance Note to Insurance Companies and NGOS
ESMS Guidance Note to Insurance Companies and NGOS	is a guidance note to ZEP-RE's Microfinance subprojects, insurance companies and NGOs on how to identify, assess, manage, and monitor the environmental and social risks and impacts on an ongoing basis.
Environmental and Social Management Framework (ESMF)	refers to an instrument that examines the risks and impacts when a project consists of a program and/or series of sub-projects, and those risks and impacts cannot be determined until the program or sub-project details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts.

Environmental and Social Management System (ESMS)	is a system to identify, assess, manage, and monitor the environmental and social risks and impacts of an Insurance Intermediary's Subprojects on an ongoing basis.
Grievance Mechanism	a mechanism to address affected communities' concerns and complaints.
Indigenous People	a distinct social and cultural group possessing the following characteristics in varying degrees: Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture; An indigenous language, often different from the official language of the country or region.
Insurance Intermediary	insurance companies and non-governmental organizations (NGOs) providing drought livestock microinsurance under a microinsurance reinsurance treaty and acting as intermediaries between the pastoral groups and ZEP-RE.
Investment Project Financing (IPF)	refers to the World Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.
National law	refers to applicable national, sub-national or sectoral laws, regulations, rules, and procedures.
Sub-Saharan African Historically Underserved Traditional Local Communities	means communities that have identities and aspirations that are distinct from mainstream groups in national societies and often are disadvantaged by traditional models of development and VMGs.
Subproject	is a Microfinance activity insured by ZEP-RE.
Stakeholder	refers to individuals or groups who: (a) are affected or likely to be affected by the project (project-affected parties); and (b) may have an interest in the project (other interested parties). The stakeholders of a project will vary depending on the details of the project. They may include local communities, national and local authorities, neighbouring projects, and nongovernmental organizations.

Stakeholder Management and Engagement

broad, inclusive, and continuous process between a company and those potentially impacted. It encompasses a range of activities and approaches, including communication strategies, information disclosure, consultation, participation, negotiations, and partnerships, and spans the entire life of a project.

Vulnerable and Marginalized Groups

the most economically marginalized and vulnerable segments of the population; their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories, and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. These groups include, but are not limited to:

- a) Minority groups,
- b) Internally displaced persons,
- c) Those who live in remote rural areas or areas characterized by violence that are bereft of social services and amenities,
- d) Nomadic pastoralist communities,
- e) Older persons,
- f) Illiterate people,
- g) Persons with disabilities,
- h) Indigenous People including hunter-gatherers, forest dwellers and nomadic pastoralists,
- i) Female-headed households,
- j) Unemployed youth,
- k) People living in informal settlements.

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1. EXECUTIVE SUMMARY

ZEP-RE (PTA Reinsurance Company) was established in 1990, envisioning three main purposes, namely: (i) fostering the development of the insurance and reinsurance industry in the Common Market for Eastern and Southern Africa (COMESA) region, (ii) promotion of the growth of national, and regional underwriting and retention capacities; and (iii) supporting the regional economic development.

One of ZEP-RE's corporate values is that of being a responsible corporate citizen. To this end, the Company has a Corporate Social Responsibility (CSR) strategy defining targeted CSR initiatives within the COMESA sub-region.

Furthermore, ZEP-RE has invested, and continues to invest, in infrastructure development within the COMESA region.

In the process of executing its CSR mandate and carrying out its business activities, including infrastructure development, ZEP-RE is committed to avoiding adverse environmental and social (E&S) risks and impacts, as well as adopting a gender-sensitive approach for all related activities. ZEP-RE remains conscious of existing and emerging environmental and social challenges across Africa and the importance of these issues being addressed.

In order to protect its reputation and to maintain credible business and stakeholder relationships with regional and international partners, this policy is designed to ensure that ZEP-RE, its activities and transactions are in compliance with the highest international standards and best practices in environmental and social (E&S) management, as well as applicable local laws and regulations.

2. ENVIRONMENTAL AND SOCIAL POLICY

2.1. Principles of Environmental and Social Policy

ZEP-RE is fully committed to vision and principles of sustainable insurance and strives to significantly contribute to environmental, social, and economic development in the countries it operates.

This unwavering dedication to sustainability has been manifested by the Company's actions and

"WE ARE DELIGHTED AND HONOURED TO BECOME SIGNATORIES TO THE UN PRINCIPLES FOR SUSTAINABLE INSURANCE. THROUGH THIS INITIATIVE, WE SHALL WORK TOGETHER TO ENSURE THAT OUR INDUSTRY WILL BALANCE SOCIAL, ECONOMIC, AND ENVIRONMENTAL SUSTAINABILITY IN THEIR COMPANY STRATEGIES FOR A BETTER WORLD. ZEP-RE WILL MOBILISE ITS STAFF, SHAREHOLDERS, CUSTOMERS AND ALL OUR PARTNERS TOWARDS THE FULFILMENT OF THIS PROMISE."

HOPE MURERA,
ZEP-RE CEO

leadership. In 2021, ZEP-RE became a signatory to Nairobi Declaration on Sustainable Insurance¹ (see Schedule A) and the Principles for Sustainable Insurance (PSI)² and joined the membership of the global community of banks, insurers, and investors of United Nations Environment Finance Initiative (UNEP FI).

Nairobi Declaration on Sustainable Insurance is a declaration of commitment by African insurance industry leaders to support the achievement of the United Nations (UN) Sustainable Development Goals (SDGs). It states a dedication and embraces actions in the following areas to support the achievement of the SDGs: risk management, insurance, investment, policy, regulatory and industry engagement, and sustainable insurance thinking and practices. It was launched by UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI) and embraces the PSI's guiding principles.

Signing the PSI highlights ZEP-RE's leadership and commitment to turning the vision for sustainable insurance into practice and working towards the strengthening of the insurance industry's contribution as risk managers, insurers, and investors to sustainable development.

The Principles for Sustainable Insurance are as follows:

Principle 1. We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Principle 2. We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Principle 3. We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

Principle 4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

ZEP-RE is very proud to be part of these critically important industry initiatives.

2.2. Environmental and Social Policy Statement

We, ZEP-RE Company, fully embrace the concept of sustainable insurance which aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social, and economic sustainability. We understand and value the trust people and investors place on us to fulfil our obligations. Throughout our services of helping to protect society, we have also an obligation to provide quality and reliable products and services, and to work with our clients and business partners to understand and manage risks that are or can be material to our business.

With the changing risk landscape, including increased environmental, social, and climate-related challenges, we believe that taking these factors into consideration in our business operations is necessary and prudent. We are convinced that a resilient insurance industry depends on holistic and far-sighted risk management in which environmental, social, and climate-related challenges issues are considered.

¹ The Nairobi Declaration on Sustainable Insurance was launched by UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI). Available at <https://www.unepfi.org/psi/the-nairobi-declaration/>

² UNEP FI. Principles for Sustainable Insurance (PSI). Available at <https://www.unepfi.org/psi/>

We are fully committed to building a resilient, inclusive, and sustainable society and contributing to Sustainable Development Goals and to sustainable development in general.

Therefore, we are fully committed to:

- Implement the Principles for Sustainable Insurance into our operations and promote their adoption amongst our peers.
- Support the Insurance Sustainable Development Goals (Insurance SDGs) to harness insurance products and solutions to help achieve the SDGs.
- Incorporate E&S considerations into our operations and decision-making processes.
- Enhance the knowledge and build awareness on sustainable insurance amongst our staff, clients, and other stakeholders.
- Shape the sustainable insurance agenda and strengthen the global efforts of insuring for sustainable development; and
- Assess, measure, and monitor our progress in managing environmental and social aspects, and proactively and regularly disclose this information publicly.

This E&S Policy herein forms an integral part of the operational, business (including Microinsurance), investment, procuring & contracting processes of the Company. It is applicable to all life and non-life reinsurance and all business classes, including Microinsurance.

3. APPLICABLE ENVIRONMENTAL AND SOCIAL REQUIREMENTS

3.1. National laws, relevant international treaties, and conventions

According to the various regulatory requirements of the jurisdictions that the Company operates under and the relevant international treaties signed by member states of the Company, ZEP-RE will ensure that the obligations resulting from the said laws and treaties are fulfilled by the Company, branches, subsidiaries, and affiliates. When appropriate, international standards and best practice including the E&S policies of donors, investors, and International Financial Institutions (IFIs) will take precedence.

3.2. Environmental and Social Policies of Donors and International Financial Institutions.

This Environmental and Social Management System (ESMS) is in line with international best standards, particularly with the Environmental and Social Safeguard Policies³ (ESSP) and the Environmental and Social Framework⁴ (ESF) of the World Bank.

ZEP-RE is the implementing agency for Component 1 of the World Bank-supported De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) Project.

Under the DRIVE project, ZEP-RE will manage the funds on behalf of the countries in the Horn of Africa (HoA). It is envisaged that a consortium of insurers/finance firms/NGOs will bid for premium finance based on their proposed estimates of the number of groups they intend to reach and the type of services they plan to provide. ZEP-RE will assess the bids, and based on assessment findings, ZEP-

³ World Bank. Environmental and Social Safeguard Policies. Available at <https://www.worldbank.org/en/projects-operations/environmental-and-social-policies>

⁴ World Bank. Environmental and Social Framework. Available at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>

RE will provide premium subsidies and reinsurance to participating insurance intermediaries. ZEP-RE will be responsible for fund management in each country and ensuring compliance with the World Bank's E&S requirements. \

The provision of reinsurance to insurance intermediaries providing drought insurance under the DRIVE project and the management of the premium support for drought insurance are considered as Microinsurance by ZEP-RE. **Accordingly, the World Bank's ESSP and ESF is applicable to only Microinsurance and not to other operations of ZEP-RE.**

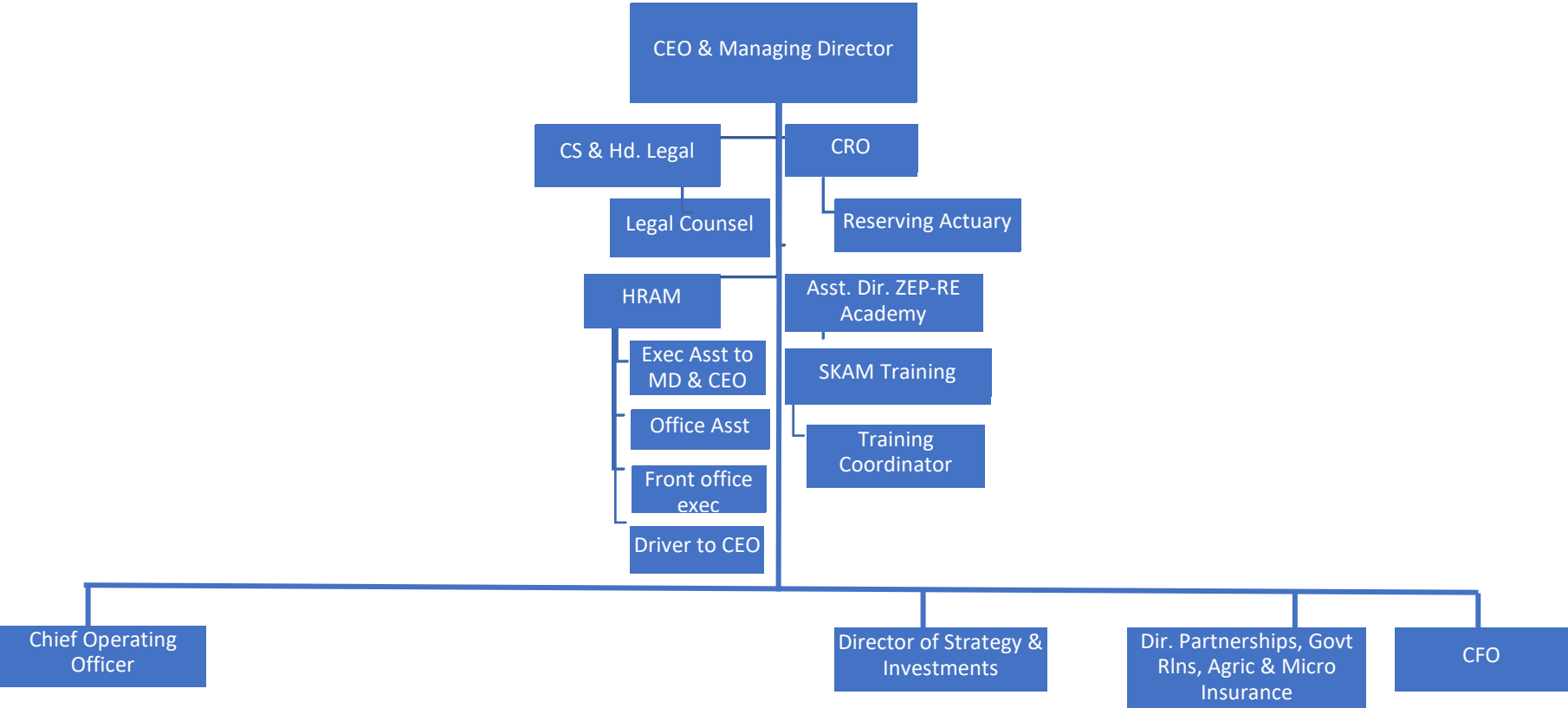
4. ORGANIZATIONAL RESPONSIBILITIES, RESOURCES, AND CAPACITY

4.1. Internal Roles and Responsibilities

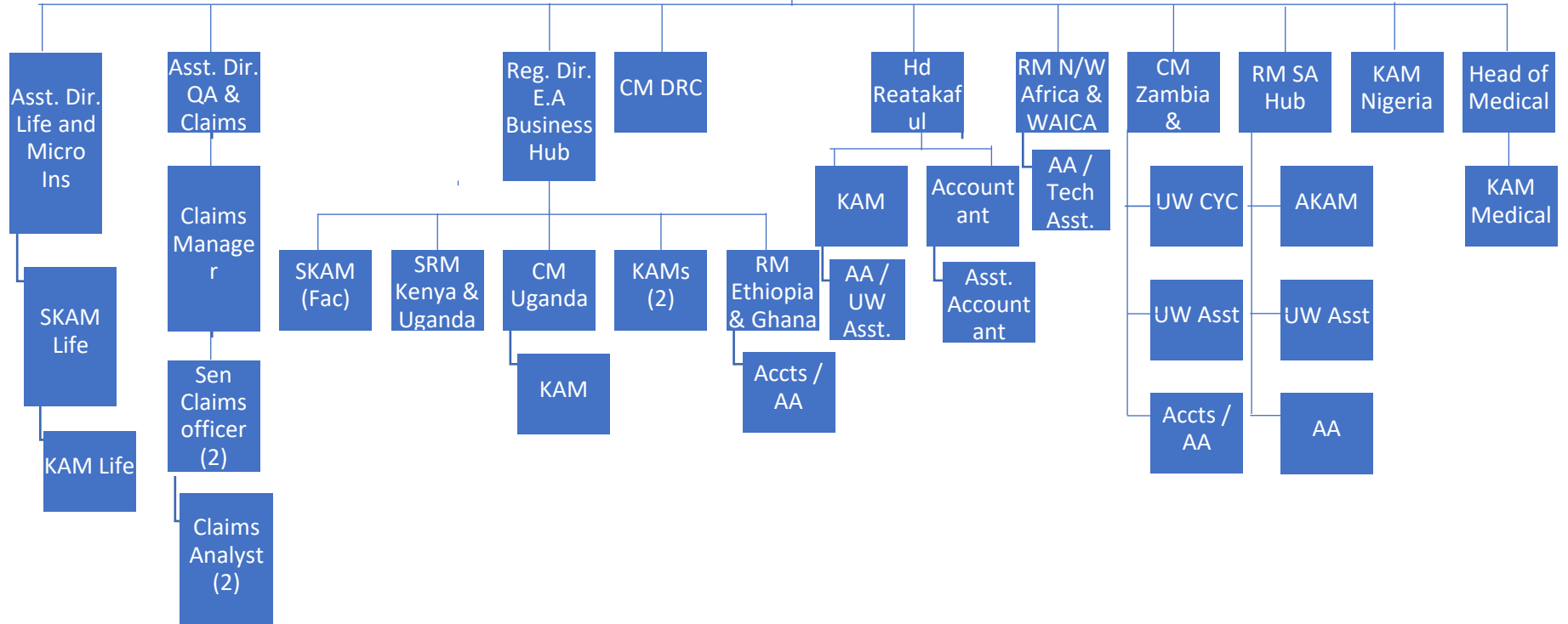
An effective ESMS requires an efficacious integration into the organizational Enterprise Risk Management (ERM) framework and a clear setting of responsibilities and roles for the management of risks.

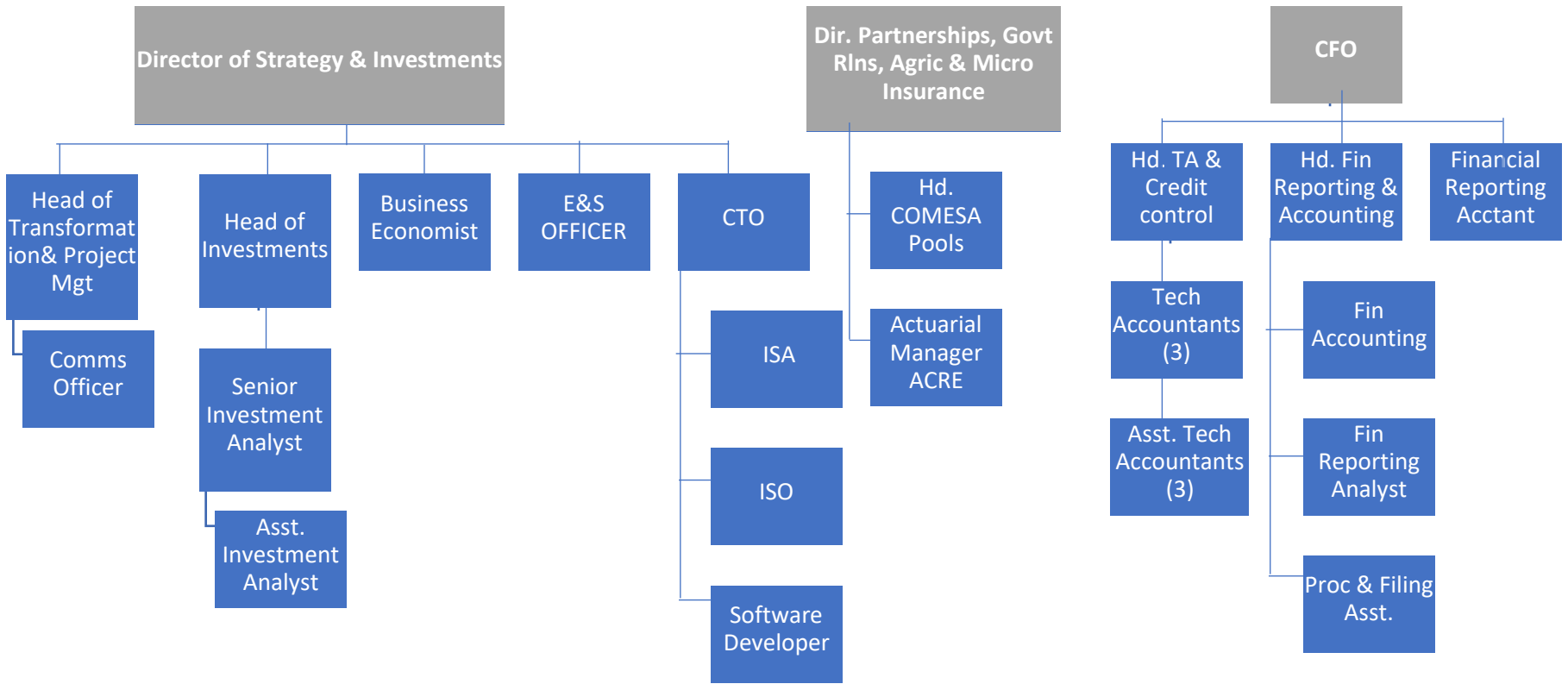
Figure 1 below illustrates the interaction of the roles and responsibilities of ZEP-RE ERM and ESMS functions.

Figure 1. ZEP-RE Organizational ERM and ESMS Structure



Chief Operating Officer





Responsibilities of the various roles within the ESMS Framework are described below.

4.1.1. Board of Directors (BOD)

- Oversees the general oversight and policy formulation, including E&S Policy formulation
- The Chairman of the BOD authorizes and approves the ESMS Policy
- The under the Strategy Department, key personnel assist the BOD in discharging its responsibilities and oversee the implementation of this Policy, including review of the effectiveness of actions taken in response to concerns raised under this policy.

4.1.2. Managing Director (MD)

- Is the owner of the E&S Policy
- Has an ultimate accountability for the management of the Company's E&S risks, stakeholder management and grievances, including issuing directives for their management
- Is directly responsible for application and administration of the E&S aspects and for putting in place the necessary frameworks to enable implementation of the Policy.

4.1.3. Strategy Department (Head – Director Strategy and Investments)

- Head of the Strategy Unit oversees setting the Company's overall E&S strategy, vision, mission, and goals

4.1.3.1. Environment & Social Officer

The E&S Officer bears the overall responsibility for the ESMS, including Grievance Mechanism and Stakeholder Management and Engagement. The E&S officer reports to the Director Strategy and Investments. More specifically, E&S officer is responsible for:

- Planning for the implementation of the ESMS policies
- Implementation of the ESMS policies
- Developing the monitoring / reviewing mechanisms
- Assuring regular training
- Generating and/or endorsing reports to the senior management, the Board and other external stakeholders / organizations, as and when required
- Reviewing and improving the system, as and when required; and
- Other responsibilities as specified in the Grievance Mechanism Procedures, and other ESMS documents.

4.1.3.1.1. Internal and External Audits

Internal and External Audit Units is responsible for:

- Providing re-assurance that the existing measures company-wide are implemented and adhered to
- Verify that this E&S Policy is applied in line with the established procedures.

4.2. External Roles and Responsibilities

Applicable to Microinsurance, an important external role will be played by insurance companies, non-governmental organizations (NGOs) acting as intermediaries between the pastoral groups and ZEP-RE. These intermediaries will be checking for compliance with the E&S eligibility criteria. They will also sensitize pastoral groups about the identified E&S risks.

Please refer to the ESMS Guidance Note for Insurance Companies, NGOs for more information regarding the E&S processes and procedures and guidance on best international practice.

4.3. Training and Capacity Building

ZEP-RE will provide a capacity building training to its staff on a regular basis to:

- Ensure an adequate in-house E&S capacity at all times.
- Ensure effective implementation of the E&S Policy and the ESMS; and
- Support awareness of and promote sustainable insurance principles.

ZEP-RE will also provide capacity building sessions to its Insurance Intermediaries to:

- Ensure effective implementation of ZEP-RE's Policy and the ESMS
- Ensure effective application and adherence to the E&S Guidance Note;
- Raise awareness about the Grievance Mechanism Procedures; and
- Support awareness of and promote sustainable insurance principles.

Capacity building will be offered to all relevant staff and Insurance Intermediaries on a regular basis through hands-on mentoring, formal training, and exposure to the best practices.

5. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

5.1. ZEP-RE's ESMS defined

ZEP-RE's ESMS is comprised of a set of policies, procedures, tools, and internal capacity to identify and manage environmental and social aspects to which ZEP-RE's portfolio is exposed through its clients and their activities. It states ZEP-RE's commitment to E&S risk management, explains its procedures for identifying, assessing, and managing environmental and social risks and impacts, defines the decision-making process, describes the roles, responsibilities, and capacity needs of staff for doing so, and states the documentation and record keeping requirements. It includes elements such as Grievance Mechanism. It also provides an ESMS Guidance Note to Insurance Companies, NGOs acting as intermediaries between the pastoral groups and ZEP-RE, on how to check for compliance with Microinsurance E&S eligibility criteria under the World Bank supported DRIVE) project. They will sensitize pastoral groups about the identified E&S risks and provide advice on how to address and manage them.

ZEP-RE's ESMS is commensurate with the nature and risks of ZEP-RE's present and likely future portfolio. ZEP-RE's E&S processes and procedures for Microinsurance are compatible with international best standards, particularly with the Environmental and Social Safeguard Policies⁵ and the Environmental and Social Framework (ESF) of the World Bank.⁶ The ESMS is informed by the E&S Management Framework prepared for the DRIVE project.

5.2. Purpose of the ESMS

The purpose of this ESMS is to:

⁵ World Bank. The Environmental and Social Safeguard Policies. Available at <https://www.worldbank.org/en/projects-operations/environmental-and-social-policies>

⁶ The World Bank. The Environmental and Social Framework (ESF). Available at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>

- Integrate the E&S aspects into ZEP-RE operational procedures by following applicable national laws, rules, and regulations, as well as international best practice through a set of policies, procedures, and guidelines to proactively avoid, minimize, prevent and/or mitigate or compensate (or cause its clients to do so) any potential adverse E&S risks and impacts on affected persons, communities, workers, and the environment and enhance beneficial impacts of insured activities
- Provide operational guidance to ZEP-RE’s staff and clients that need to be compliant with the Company’s ESMS; and to
- Develop mechanisms for effective monitoring and auditing of E&S compliance and reporting.

5.3. Scope and Applicability of ESMS

This is a corporate ESMS of ZEP-RE and as such, it is applicable to all its operations. According to the various regulatory requirements of the jurisdictions that the Company operates under and the relevant international treaties signed by member states of the Company, ZEP-RE will ensure that the obligations resulting from the said laws and treaties are fulfilled by the Company, branches, subsidiaries, and affiliates. When appropriate, international standards and best practice, including the E&S policies of donors and International Financial Institutions (IFIs) will take precedence.

The ESMS also includes certain lender and development finance institutions specific E&S requirements. Lender specific E&S requirements are applied only to the activities supported by the them. ZEP-RE’s E&S processes and procedures for Microinsurance, which covers the activities of the World Bank supported DRIVE project. are in line with international best standards, particularly with the ESSP and the ESF of the World Bank.

The E&S Policy forms an integral part of the operational, business (including Microinsurance), investment, procuring & contracting processes of the Company. It is applicable to all life and non-life reinsurance and all business classes, including Microinsurance.

5.4. Reporting and Continual improvement of ESMS

ZEP-RE will continually improve its ESMS through periodic reviews and update, particularly when existing legal requirements are modified, or new legislation is introduced. ZEP-RE’s ESMS shall be reviewed on an Annual basis by the Board of Directors or on recommendation of the Strategy Department to ensure that it is consistent with best ESMS practices.

ZEP-RE will include E&S performance reports in its annual financial reporting. The E&S Officer shall, in consultation with the Company Secretary, rely on international best practices deemed appropriate to regularly develop and review the ESMS reporting framework and guidelines including monitoring and evaluation.

The annual review and potential revision of this ESMS as well as the yearly monitoring and reporting to ZEP-RE’s stakeholders, as required, will be a responsibility of the E&S Officer.

6. BACKGROUND OF THE DRIVE PROJECT AND DROUGHT LIVESTOCK INSURANCE⁷

The Horn of Africa⁸ contains the largest population of pastoralists in the world. Pastoralist communities in the region are nomadic, live primarily in arid or semi-arid areas, and depend for their

⁷ In this document referred also as Microinsurance.

⁸ For the purpose of this project, Horn of Africa is defined as a region constituted of Djibouti, Eritrea, Ethiopia, Somalia, Kenya, Sudan, South Sudan and Uganda.

livelihood on livestock – cattle, sheep, goats, and camels. They rely on access to water and pastureland. Such resources are scarce and under increasing pressure. They must be shared with ranchers, farmers, and wildlife, as well as the urban communities. Pastoralists are very often indigenous peoples who tend to be minority populations and are often significantly under-represented in decision-making processes.

Pastoralism provides a highly efficient way of managing drylands and high-altitude ecosystems. In essence, pastoralists adapt their social and herding systems according to seasonal or spatial weather variability and the availability of fertile grasslands and rangelands.

Kenya, for example, experiences major droughts every decade and minor ones every three to five years except for the arid northern part where it is experienced yearly with varied consequences. Over two thirds of the country, particularly areas around the northern parts of Kenya receive less than 500 mm of rainfall per year and are classified as Arid and Semi-Arid Lands (ASALs). These are homes to approximately 10 million people, a third of Kenya's population. These droughts have resulted in immense losses in resources and affected the livelihoods of many who depend on the ecosystem for survival, particularly the pastoralists. When drought occurs, households are at risk of losing their livestock, which is their primary source of food and income.

Livestock production (largely through pastoralism) is a production strategy in which people raise herd animals to earn a livelihood, particularly in ASALs. Pastoralism relies on the availability of water, pastures, and labour to thrive, with water as the determining factor.⁹

Climate change introduces an additional uncertainty into existing vulnerabilities in the ASALs, and droughts strongly affect pastoralists. First, they face many other non-climatic challenges such as low soil fertility, weak infrastructure, and the consequences of inappropriate natural resource management policies. The consequence is that in the face of drought, pastoralists are often more impacted than any other groups.

Approximately 75 percent of livestock deaths in the Horn of Africa are caused by severe drought, repeatedly leaving herders, their families, and entire communities destitute.¹⁰ The most direct impact of drought on the livelihoods of these pastoralists is the drying up of water sources and declining forage resources for livestock resulting from increasing aridity.

The need to have access to watercourses and forage for livestock often leads to conflicts between pastoralists and sedentary farmers and among neighbouring pastoral communities themselves. Conflicts are particularly common during drought when competition over grazing and water resources gets more intense.¹¹

Pastoralists are mainly faced with two processes during drought that adversely affect their capacity to support themselves and effectively raise the minimum herd numbers required to maintain their households. First, they face a fall in levels of productivity from their herds following losses in their livestock capital from higher mortality rates (even up to 53%),¹² very low or zero calving rates, reduced productivity of milk and weight loss in animals. These factors by themselves often make the pastoral households less able to provide for their needs. Second, in addition to reduced levels of productivity within the livestock sector, pastoralists are usually faced with a double tragedy during

⁹ Orindi, V., Nyong, A. and Herrero, M. 2007. Pastoral livelihood adaptation to drought and institutional interventions in Kenya. UNDP Human Development Report Office Occasional Paper 2007/54. Nairobi (Kenya): UNDP.

¹⁰ FAO. Drought in the Horn of Africa. https://www.fao.org/emergencies/crisis/drought-hoa/intro/en/?page=7&ipp=10&no_cache=1

¹¹ Orindi, V., Nyong, A. and Herrero, M. 2007.

¹² Orindi, V., Nyong, A. and Herrero, M. 2007.

droughts. On one hand they are forced to sell off their cattle rather than face losing them to starvation while, on the other, they are confronted with decreasing market value of these animals.

Among pastoral households, the impacts of drought on herd size may have frightening implications. Livestock is not simply a source of protein, but also represents their source of income, savings, social status, and security. To lose animals through droughts, therefore, may well represent an economic and social disaster at the household level.

To address the challenges described above and protect the pastoralists in the Horn of Africa against the risk of drought-related livestock mortality, ZEP-RE has teamed up with the World Bank to implement Component 1 of the “De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa”¹³ project. Under Component 1, the World Bank’s funds are used for payment of or subsidizing premium for drought insurance for pastoralists. The funds are managed by ZEP-RE on behalf of the countries in the Horn of Africa. The aim of the project is to de-risk pastoralists in the Horn of Africa by (i) protecting them against drought with enhanced financial access and risk transfer (Component 1); and (ii) better linking them to markets through trade facilitation and the mobilization of private capital in the livestock value chains (Component 2). The program also contributes to food security, sustainability, and peace in the region.

The project funds under Component 1 are for subsidizing insurance premiums to be paid by pastoralists. The pastoralists will contribute to the premium and receive pay-outs/ claims in the event of a drought. The insurance intermediaries will undertake outreach activities, identify the pastoralist groups, and collect insurance premiums from individual pastoralists. The insurance intermediaries will then approach ZEP-RE for reinsurance/ claiming insurance subsidy.

ZEP-RE’s role in this project will specifically entail the following key activities:

- Building capacity of insurance/finance/NGOs and other participating companies,
- Generating awareness about the project and facilitating peer-to-peer learning,
- Providing insurance premium grant if the bidders meet the eligibility criteria and then check that criteria are fulfilled, and
- Providing reinsurance services to the insurance companies.

The overall E&S impacts of the project are expected to be positive given that it is designed to support pastoralists in the times of distress. With the provision of livestock insurance, it is hoped that the pastoralists will be able to keep their livestock and provide for it during drought with the help of the insurance pay-out.

The table below summarises the roles of each party in the DRIVE project.

Role of ZEP-RE	Role of insurance intermediaries	Role of pastoralists groups	Role of pastoralists
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¹³ World Bank. De-risking, inclusion, and value enhancement of pastoral economies in the Horn of Africa. Available at <https://projects.worldbank.org/en/projects-operations/project-detail/P176517>

<ol style="list-style-type: none"> 1. Manage funds for countries under Component 1 of DRIVE 2. Identify insurance intermediaries 3. Make insurance intermediaries aware of the project and build their capacity in outreach activities and awareness generation on E&S aspects 4. Determine eligibility of insurance intermediaries 5. Provide premium subsidy to insurance intermediaries 6. Provide reinsurance¹⁴ to intermediaries 7. Settle claims where reinsurance is provided 8. Provide E&S monitoring reports to the steering committee and the World Bank 	<ol style="list-style-type: none"> 1. Disseminate project information and organize awareness programs 2. Identify pastoralist groups 3. Mobilize them to enrol in the insurance program and contribute to the premium 4. Organize regular awareness programs on E&S context and the role of pastoralists in practicing sustainable livestock. 5. Financial literacy of pastoralists 6. Seek premium subsidy from ZEP-RE 7. Enter into reinsurance agreements 8. Provide payouts to pastoralists based on forage index 9. Provide annual E&S monitoring report to ZEP-RE 	<ol style="list-style-type: none"> 1. Make pastoralists in the group aware of the DRIVE project 2. Mobilize them to enrol and pay their share of the premium 3. Organize regular awareness programs on E&S context and the role of pastoralists in practicing sustainable livestock. 4. Financial literacy of pastoralists 	<ol style="list-style-type: none"> 1. Contribute to premium for drought insurance 2. Attend financial literacy and E&S awareness programs 3. Practice sustainable livestock rearing
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6.1. Environmental and Social Context of Pastoral Activities in the Horn of Africa

Pastoralists are both livestock herders and environmental stewards. Sustainable pastoralism, which is centred on organized herd movements, contributes to food and water security, supports resilient livelihoods and national economies, and provides environmental services including carbon sequestration, biodiversity conservation, and protection of land and ecosystems.

Where pastoralism is practiced in accordance with traditional practices, and where indigenous knowledge and institutions are strong, the environmental outcomes are positive: biological diversity is enhanced, and ecosystem integrity and resilience are maintained. However, where local institutions are undermined, and mobility and knowledge are constrained, pastoral environments are easily degraded. This is often the case in Horn of Africa. DRIVE project strongly focuses on capacity building of insurance intermediaries and pastoral groups on financial literacy and promoting sustainable livestock practices.

The pastoral cultures, and the ecosystems on which they depend, are stressed by land degradation and loss of biodiversity due to increased infrastructure development, resource exploitation and other forms of human activities that create barriers to livestock mobility and pasture use. Additionally, pastoralists are increasingly under threat from legal, economic, social, and political obstacles.¹⁵

¹⁴ ZEP-RE does not have an exclusive right for providing reinsurance. The insurance intermediaries are free to take reinsurance from other reinsurers.

¹⁵ UNEP. Towards Sustainable Pastoralism. Available at <https://www.unep.org/news-and-stories/story/towards-sustainable-pastoralism>

6.1.1. Environmental Aspects

The existing practices of pastoralists in most areas in Africa lead to a) damage to vegetation and land (soil degradation due to overgrazing, deforestation/indiscriminate bush burning for new grazing grounds, erosion), and b) decrease in water quality (water contamination from animal waste and its disposal).

Damage to Vegetation and Land

Damage to vegetation and land stands out as the most severe effect associated with pastoralism activities. This is mainly due to free range grazing system that consequentially leads to deterioration of vegetation, a condition that also contributes to soil erosion. The impacts of erosion would be minimal if livestock were properly managed, and more vegetation planted.

Excessive concentration of animals in an increasingly limited area can contribute to nature degradation through overgrazing. Pastoralists depend almost exclusively on wood for their cooking and for constructing enclosures to keep their animals together at night to protect them from predators. These practices have negative impact on woody vegetation, pastures, and soil, and, generally, on nature conservation.

During the process of movement with animal herds, vegetation is destroyed due to trampling, clearing of bushes for settlement and cutting down of trees for construction of enclosures. Most of the pastoralists practice commercial grazing and depend entirely on natural pasture. Since they keep as many animals as the natural environment will allow (or even more), pasture, vegetation, soil, and water resources degradation are very common. Overstocking takes place due to less land available for grazing, uncertainties associated with droughts, together with acute bush burning for new pasture regeneration; it leads to easy spread of diseases.

Exaggerated by population growth and chronic poverty, this poor management of pastoral activities leads to significant natural resource degradation caused by waste generation, soil erosion, deforestation, poor sanitary conditions, and other environmentally unwanted outcomes.¹⁶

Deforestation and soil erosion

Livestock keeping increases pressure on the insufficient water resources available. Given the small coverage of clean tap water, pollution of water sources through animal waste disposal has worsened the water situation since the water becomes unsafe for human consumption.

Although pastoralist activities generate various environmental and social impacts, they also contribute to environmental stability. Pastoral activities contribute to environmental stability through improvement of soil fertility and cover, reduction of incidence of bush fires, and planting of trees.

Pastoralists use mainly manure in form of dung from cattle, goats, sheep, and poultry to improve soil fertility. Livestock rearing helps in improving soil cover by dispersing seeds of various vegetation species such as trees and many forms of grasses with the help of their hooves and excreta. Livestock rearing also plays a critical role in reducing incidences of bush fires through grazing and helps in controlling wild growth of vegetation.

¹⁶ Samba, Twaha & Tukezibwa, Doreen & Tumushabe, Anne & Ssekabira, Kassim. (2016). Impacts of Pastoral Activities on Nature Conservation in Western Uganda. *International Journal of Ecological Science and Environmental Engineering*. 3. 42-51.

The above identified environmental issues present in the pastoral activities can be mitigated through various measures. They include advocacy for afforestation and planting of trees, encouraging pastoralists to buy more land and settle down, enforcing byelaws about bush burning and also rainwater harvesting. The mitigation measures also include sensitizing pastoralists on proper stocking rate, livestock management, systems and methods, sustainable ways such as the use of paddocks, tethering, protection of water sources and zero grazing, and also on the need for nature conservation and negative effects associated with pastoralism.

Tree planting is an effective mitigation measure to reduce effects of erosion from surface run off and to increase the vegetation cover to prevent desertification. However, livestock may also compromise efforts to grow trees by browsing on leaves and stems of youth plants, thereby preventing them from growing normally. Efforts need to be undertaken to protect the trees by constructing protective structures around them to minimize the effects of grazing and charcoal burners.¹⁷

The outreach and awareness generation programs to be implemented by the insurance intermediaries and the pastoralists' group will focus on the practices mentioned above and mitigation measures. The ESMS Guidance Note for Insurance Companies and NGOs provides more information on awareness generation on the environmental aspects. Insurance Intermediaries shall be required to adopt the ESMS Guidance Note and implement procedures defined in it.

6.1.2. Social Aspects

Child Labour and Forced Labour

Child labour in pastoralist communities is a complex issue. Many families rely on their children to herd their livestock and most children are not in formal schools. Attitudes towards education are varied, depending on the region. In Kenya, for example, the pastoralists recognize the importance of education, but access to education in pastoral areas is limited, of poor quality and often not suited to pastoral way of life. Pastoralism is the economic mainstay of the Kenya's arid counties, yet schools do not teach subjects relevant to pastoralism and many portray a negative image of the livelihood.

In South Sudan on the other hand, cattle culture and cattle camps play a significant role among many tribes, as the country boasts one of the largest livestock herding populations in Africa. Children, both within the 5–13-year age range and below the minimum employment age, and between 14-17 are commonly used in the daily activities of the cattle camp, highly challenging the ILO notions of child labour. The value of formal education is not recognized and in fact it is often seen as undesirable, especially for girls.

When engaging in pastoral activities, children face many hazards, including danger from cattle and wildlife as well as neighbouring tribes. Exposure to animal borne diseases and cattle excreta leave children vulnerable to a variety of health issues. Parents often send their children to work in camps during times of scarcity to increase access to food yet are unaware of the risks and hazards associated with life in the cattle camps and labour at such a young age.¹⁸

Indigenous People, Sub-Saharan Africa Historically Underserved Traditional Local Communities and Vulnerable and Marginalised Groups

¹⁷ Samba, Twaha & Tukezibwa, Doreen & Tumushabe, Anne & Ssekabira, Kassim. (2016).

¹⁸ Scott-Villiers, Patta & Wilson, Sarah & Kabala, Nathaniel & Kullu, Molu & Ndung'u, Diana & Scott-Villiers, Alastair. (2015). A Study of Education and Resilience in Kenya's Arid and Semi-Arid Lands.

The project countries - Kenya and Ethiopia - have Indigenous People (IP), Sub-Saharan Africa Historically Underserved Traditional Local Communities (SAHUTLC) and vulnerable and marginalised groups (VMGs).

Indigenous people can be defined as “a distinct social and cultural group possessing the following characteristics in varying degrees: Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture; An indigenous language, often different from the official language of the country or region.”¹⁹

In line with the World Bank’s Environmental and Social Standard (ESS) 7, “Indigenous Peoples and Sub-Saharan African Historically Underserved Traditional Local Communities have identities and aspirations that are distinct from mainstream groups in national societies and often are disadvantaged by traditional models of development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. Their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories, and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. Equally, the roles of men and women in indigenous cultures are often different from those in the mainstream groups, and women and children, who have frequently been marginalized both within their own communities and because of external developments, may have specific needs).”²⁰

Not all pastoralists consider themselves indigenous peoples, although they may be seeking to associate themselves with indigenous peoples’ rights. This is due to chronic marginalization, vulnerability, non-recognition of land rights, insecurity, poor infrastructure, and limited commercialization that combined make the traditional pastoralists some of the poorest, most disenfranchised, vulnerable and marginalized groups (VMGs) in the world.

In Kenya, for example, pastoral communities score far lower than the country average across the board in all development indicators. In Somalia, the nomadic regions where most pastoralists live have 99% of people classified as poor. In Ethiopia, most pastoralists live below the international poverty line of US\$2 per day. Additionally, the region is exposed to disasters amplified by climate change and recurrent severe droughts.

In Somalia and Djibouti, there are no groups that meet the criteria for IP and SAHUTLC.

While the objective of the DRIVE project is to protect pastoralists, who are among the poorest population groups in the HoA, there is still a risk that the poorest and the most disadvantaged groups within the pastoralists may not be able to access to the project benefits. All parties involved in the implementation of the Component 1 of DRIVE will undertake activities to disseminate the project related activities and enrol vulnerable communities in the insurance program. Schedule F provides guidance on facilitation of social inclusion in microinsurance.

¹⁹ World Bank. ESF. ESSF. Sub-Saharan Africa Historically Underserved Traditional Local Communities. Available at <https://thedocs.worldbank.org/en/doc/276101511809520481-0290022017/original/EnvironmentalSocialStandardESS7FactSheetWBESF.pdf>

²⁰ World Bank. ESF. ESSF. Sub-Saharan Africa Historically Underserved Traditional Local Communities. Available at <https://thedocs.worldbank.org/en/doc/276101511809520481-0290022017/original/EnvironmentalSocialStandardESS7FactSheetWBESF.pdf>

Gender-based Violence and Sexual Exploitation & Abuse (SEA)

Traditionally, pastoralist communities are patriarchal and although women can have access to land, they seldom have the ownership or the decision making over it and the allocation of benefits thereof. Illiteracy rate of pastoral women and girls is high, and it is caused by both lack of access to educational facilities and cultural reasons. Violence against them is normalized. Access to basic health facilities is often hours away. Pastoral women do not have access to information and technology to market their products. Extreme droughts bring a greater burden on women as they need to perform their reproductive and productive roles and contribute more to household adaptation with less.²¹

However, changes are also happening in various communities and the role of women is evolving. Pastoralist women build their capacity to engage in collective marketing, and more often in bigger businesses/cooperatives selling camel milk, sheep, goats, hides and skins, poultry products, honey, and fodder.²²

Understanding the social context is important for understanding the key challenges in the sector and designing the awareness building campaign and the outreach activities which respond to identified challenges. Despite the E&S context identified above, the “De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa” project is expected to have positive impacts. The positive social impacts are related to (i) reducing risks, addressing vulnerability and enabling pastoralists to be more resilient to drought with a suite of financial products and services including insurance, savings and contingent credit; (ii) promoting cultural practices since, for most pastoralists, livestock is cultural property, and although maybe grown to produce meat and dairy, their role in society is in many ways broader and includes issues related to religion and societal rituals (e.g. slaughtering for ceremonies), farmer social status, gender equality, control of pests, improvement of the structure and function of the soil promoting crop production; and (iii) Women will benefit since they use livestock as a source of meat, milk (for home consumption), transport, dung (as a sealant, for burning and manure), hide, cash sale and improving household nutritional status.

7. ENVIRONMENTAL AND SOCIAL OPERATIONAL PROCEDURES FOR MICROFINANCE REINSURANCE TREATY

To limit exposure to E&S risks and impacts in **ZEP-RE’s own reinsurance business operations**²³, as well as **in the activities insured by Insurance Intermediaries**, ZEP-RE instituted an E&S Exclusion List and Other Applicable E&S Requirements (Section 7.1.), defined E&S Eligibility Criteria (Section 7.3.) as well as installed Operational Procedures (Section 7.3.) that are described in sections below.

²¹ Njuki, J, Sanginga, P. Women, Livestock and Markets. Bridging the gender gap in Eastern and Southern Africa. Available at <https://reliefweb.int/sites/reliefweb.int/files/resources/Women%20Livestock%20Ownership%20and%20Markets.pdf>

²² SNV. Women and pastoralism: taking action for equality. <https://snv.org/update/women-and-pastoralism-taking-action-equality>

7.1. Exclusion List & Other Applicable E&S Requirements.

7.1.1. For ZEP-RE's Microfinance Reinsurance Treaties

In line with its underwriting guidelines, ZEP-RE will not participate in, and /or provide services/and or be involved in Microfinance Reinsurance Treaties that are substantially or partly made up of insurance businesses that are involved in activities identified in the **Exclusion List** in Schedule B.

ZEP-RE will not participate in, and /or provide services/and or be involved in Microfinance reinsurance treaties that that are substantially or partly made up of insurance businesses that are not in compliance with all **applicable national laws and regulations**. ZEP-RE will additionally require that any insurance business involved in Microfinance reinsurance treaty and any insured activity be in compliance with applicable laws and regulations.

ZEP-RE will also require that any insurance business involved in Microfinance reinsurance treaty and any insured activity strive to adhere to standards presented in the **Animal Health and Related Risks Good Practice Note**.²⁴ The actions undertaken to adhere to Animal Health and Related Risks Good Practice Note need to be proportional to the nature of the activities insured. Mostly, these actions will involve generating awareness and building capacity of pastoralists to implement measures defined in the Animal Health and Related Risks Good Practice Note. An example of these measures includes training pastoralists groups on how to identify, prevent, and report livestock diseases; raising awareness and disseminating animal health knowledge; designing and implementing gender-specific food hygiene training, addressing key health and food safety issues, from the farm to the fork.

Finally, ZEP-RE will also require that any insurance business or NGO involved in Microfinance reinsurance treaty and any insured activity commit to and adhere to the **ESMS Guidance Note**.

7.1.2. For ZEP-RE's Insurance Intermediaries and NGOs

As required by ZEP-RE in Microfinance Reinsurance Treaty, the Insurance Intermediaries and NGOs will need to develop, implement, and continuously maintain an adequate and functioning ESMS as well as ensure an adequate internal E&S capacity to be able to successfully integrate E&S considerations in their underwriting processes. At minimum, the intermediaries should have a (a) written E&S policy and procedures; and (b) designated staff. These constitute the E&S eligibility criteria for insurance intermediaries.

The ESMS implemented by the Insurance Intermediaries shall meet the following E&S standards and requirements: (i) comply with ZEP-RE's Exclusion List (Schedule B), (ii) comply with the applicable national laws and regulations, (iii) ensure that insurance is provided to recipients meeting E&S Eligibility Criteria (Section 7.2), (iv) adopt the ESMS Guidance Note for Insurance Companies and NGOs for the DRIVE project, and (iv) generate awareness about the standards presented in the Animal Health and Related Risks Good Practice Note (in a manner proportional to the nature of the activities insured).

The ESMS Guidance Note provides a specific guidance to Insurance Companies and NGOs about the E&S risks context of the pastoral activities, on how to check for compliance with the eligibility criteria, and on how to sensitize pastoral groups about the identified E&S risks.

²⁴ World Bank. Animal Health and Related Risks Good Practice Note. Available at <https://thedocs.worldbank.org/en/doc/637081608213776643-0290022020/original/AnimalHealthGoodPracticeNote.pdf>

Insurance Intermediaries will be required and scrutinized against the Exclusion List and compliance with national laws and regulations and their performance against the ESMS Guidance Note. If significant gaps exist and the insurance business refuses to make efforts to close the gaps over time, the Activities may be restricted and/or the business rejected.

7.2. E&S Eligibility Criteria

ZEP-RE's objective is to provide drought reinsurance to all eligible intermediaries and drought insurance to all eligible pastoralists indirectly, through the intermediaries, or directly as the case may be.

7.2.1. E&S Eligibility Criteria for Insurance Intermediaries and NGOs

The eligible Insurance Intermediaries include above all those that (i) commit to and will adhere to the principles and best practice guidelines set forth in the ESMS Guidance Note, and (ii) have or commit to have adequate internal capacity to identify the pastoral groups, to mobilise them, to assess which groups can be covered, where, and when as well as what type of activities they pursue, and ensure the sustainability of activities is in line with the ESMS Guidance Note. The eligible intermediaries need to be in compliance with the Exclusion List and Other E&S Applicable Requirements (Section 7.1. of this Policy). Furthermore, ZEP-RE will require the Insurance Intermediaries to promote social inclusion while identifying pastoralists' groups. The Insurance Intermediaries will disseminate information about the project and its activities such that poor, underserved and disadvantaged pastoralists groups (such as women, youth, indigenous people, vulnerable & marginalised groups) interested in participating in the project have equal opportunities and are not discriminated against and are provided reasonable support to facilitate their access within the project design and eligibility criteria. Further guidance is provided in Schedule F.

Further, to be eligible for refinancing under the DRIVE project, insurance intermediaries will be required, at minimum, to have an ESMS and a designated person responsible for ESMS implementation. Suppose the E&S assessment questionnaire reveals that insurance intermediaries do not have these. In that case, the insurance intermediaries will have to adopt the ESMS guidance note as their ESMS for the DRIVE project activities. This will be a precondition for payment of premium subsidy. Furthermore, the intermediaries will be required to develop and implement a communication plan/ outreach plan to disseminate the project and its activities and ensure that vulnerable groups benefit from the insurance.

The insurance intermediaries will be required to implement an awareness generation program for pastoralists highlighting the E&S risks in livestock activities and the steps individual pastoralists can take to avoid unsustainable livestock rearing practices. The ESMS Guidance Note for Insurance Intermediaries will guide this.

7.2.2. E&S Eligibility Criteria for Insurance Recipients (Pastoralists)

The eligible households are expected to (i) be active in pastoralism and own a minimum of one (1) Tropical Livestock Unit (TLU²⁵); (ii) not be beneficiaries of any other similar program/scheme; (iii) not own more livestock than a certain ceiling which is typically 20 TLUs (refer to specific Country Microfinance Reinsurance Treaty for exact E&S eligibility criteria, including a minimum and

²⁵ A TLU is equivalent to 1 mature cow, 10 sheep or 10 goats or 0.7 of camel. It is a measure to standardize livestock.

maximum number of livestock units to be insured, species, age of livestock, and other criteria per Country); and (iv) either have access to a formal money transfer system (e.g., bank account, mobile money service) or commit to acquiring one after being considered as a beneficiary.

Further, upon meeting the above criteria, the eligible pastoralists will have to participate in awareness generation programs organised by the insurance intermediaries and the pastoralists' groups, adopt sustainable livestock practices and provide information to insurance intermediaries and ZEP-RE on livestock practices.

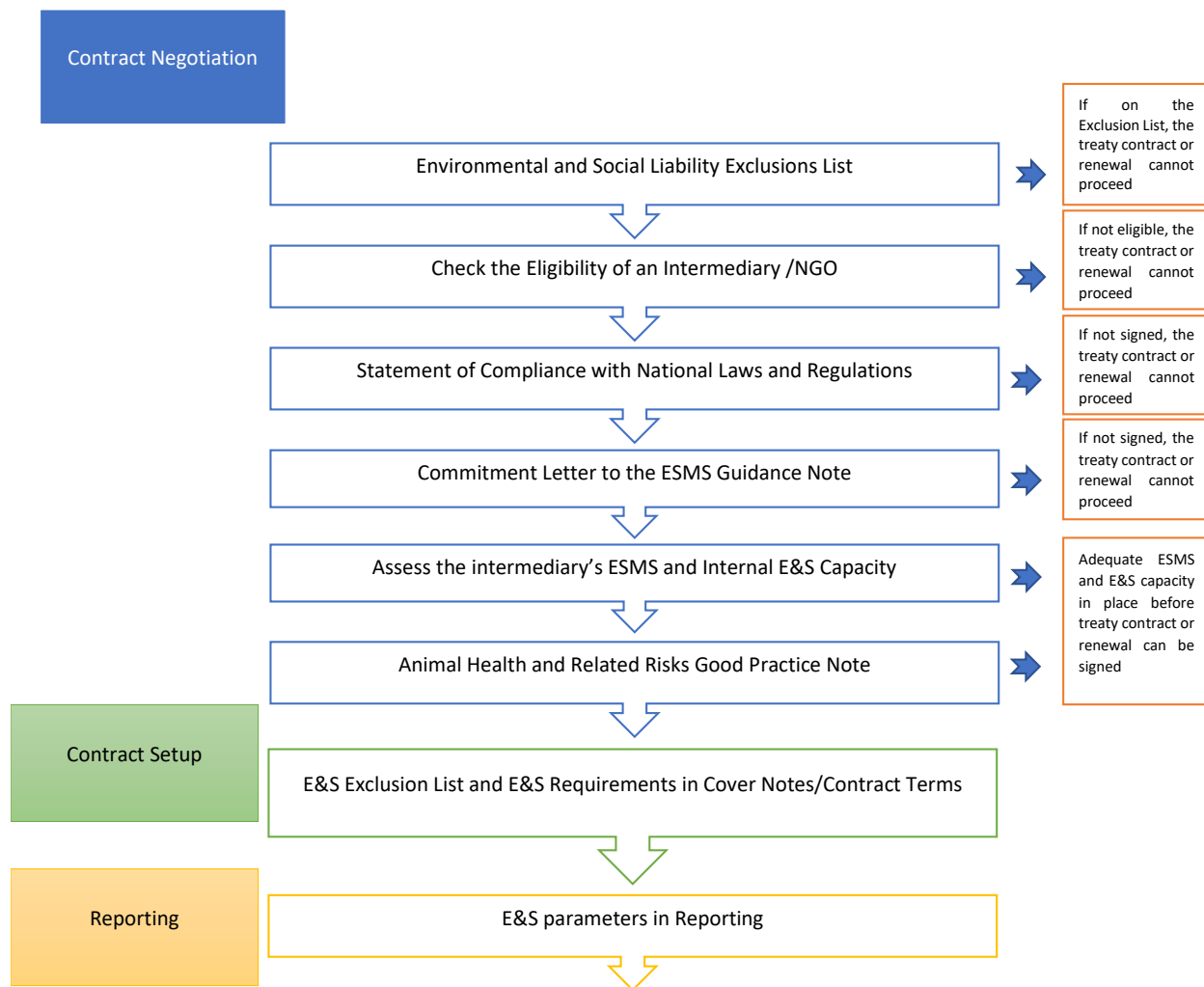
All pastoralists meeting the criteria set above are eligible, irrespective of their gender, income, land ownership, and social status, including vulnerable and marginalized groups (VMGs).

7.3. E&S Underwriting Procedures and Process Flow Chart

This Section defines the E&S Underwriting Procedures and Schedule C. provides the specific steps to be followed for E&S Underwriting Procedures for Microfinance Treaty. Additionally, refer to Schedule D1, Statement of Compliance with National Laws and Regulations, Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs, and Schedule E. ESMS Assessment Questionnaire.

Microfinance Reinsurance Treaty underwriting procedures are predominantly defined in ZEP-RE's Business Process Underwriting Procedures. The process flow chart and E&S underwriting procedures are meant to illustrate ZEP-RE's underwriting procedures and complement the procedures established in Business Process Underwriting Procedures. Refer also to Schedule C.

ZEP-RE's E&S Underwriting Process Flow can be illustrated as follows:



7.3.1. Payment of Premium Subsidy under the DRIVE Project

Before providing insurance premium subsidy to insurance intermediaries, ZEP-RE will require the Insurance Intermediaries to submit Schedule D1, Statement of Compliance with National Laws and Regulations, Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs, and Schedule E. ESMS Assessment Questionnaire along with a copy of the ESMS, if it already exists. The E&S officer of ZEP-RE will share the E&S Guidance Note for Insurance Companies and NGOs with all insurance intermediaries. Those intermediaries who do not have an existing ESMS or an inadequate ESMS will adopt the E&S Guidance Note as their ESMS. This will be a pre-condition for release of premium subsidy.

7.3.2. Contract Negotiation for Treaty Business

The established Contract Negotiation for Treaty Business Procedures²⁶ incorporate specific additional E&S requirements and steps to be taken.

In this step, insurance intermediaries and NGOs businesses are scrutinized against the Exclusion List and compliance with national laws and regulations, and their performance is assessed against the ESMS Guidance Note (applicable to microinsurance). They may be required to provide additional

²⁶ See Business Process Underwriting Procedures

information in respects to the activities insured in relation to animal health and related risks. If significant gaps exist and the insurance business refuses to make efforts to close the gaps within an agreed timeframe, the Activities to be refinanced may be restricted and/or business rejected.

ZEP-RE will require the Insurance Intermediaries to submit Schedule D1, Statement of Compliance with National Laws and Regulations, and a Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs along with each reinsurance application. Furthermore, ZEP-RE Insurance Intermediaries will be required to submit their ESMS along with a filled E&S Assessment Questionnaire (Schedule E. ESMS Assessment Questionnaire).

Those Insurance Intermediaries who do not have an ESMS will be required to develop an ESMS in line with the E&S Guidance Note for Insurance Companies or adopt ZEP-RE's ESMS as their own.

The below table illustrates a summary of steps taken as well as E&S outcomes and additional aspects to consider in Contract Negotiations. See Schedule C. E&S Underwriting Procedures for Microfinance Treaty. Additionally, refer to Schedule D1. Statement of Compliance with National Laws and Regulations, Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs and Schedule E. ESMS Assessment Questionnaire

	Process steps to be taken:	E&S Outcomes/ Additional Considerations	Responsible party
Contract Negotiation for Treaty Business	1. Screen against the Environmental and Social Liability Exclusions List (Schedule B)	If the activity is listed on the Environmental and Social Liability Exclusions List (Schedule B), the treaty contract or renewal cannot proceed	Underwriter using the Exclusions check list. E&S Officer to verify after
	2. Confirm Eligibility Criteria (Section 7.2. of this Policy)	If cannot be confirmed, the treaty contract or renewal cannot proceed	Underwriter using the Eligibility Criteria check list. E&S Officer to verify after
	3. Request and receive a Statement of Compliance with National Laws and Regulations (Schedule D. 1)	If a Cedant is not willing to provide a signed Statement of Compliance with National Laws and Regulations (Schedule D. 1) the treaty contract or renewal cannot proceed	Underwriter using the Statement of Compliance check list. E&S Officer to verify after

	<p>4. Request and receive a Commitment Letter to adhere to the ESMS Guidance Note (Schedule D.2) and other applicable E&S Requirements (Section 7.1. of this Policy).</p>	<p>If a Cedant is not willing to provide a signed Commitment Letter to adhere to the ESMS Guidance Note (Schedule D.2) and other applicable E&S Requirements (Section 7.1. of this Policy). the treaty contract or renewal cannot proceed</p>	<p>Underwriter to raise issue. E&S Officer to verify after</p>
	<p>5. Assess the Cedant's ESMS using ESMS Assessment Questionnaire (Schedule E) and request a copy of ESMS.</p>	<p>The ESMS needs to meet the requirements of the ESMS Guidance Note for Insurance Companies and NGOs, and adequate E&S capacity needs to be in place before the Microfinance Reinsurance Treaty can be signed</p> <p>A Cedant that does not have an ESMS will be required to develop an ESMS in line with E&S Guidance Note for Insurance Companies or adopt ZEP-RE's ESMS as their own.</p>	<p>E&S Officer</p>
	<p>6. Assess the Cedant's capacity and commitment to adhere to and ensure that the insurance recipients will be in conformity with the Animal Health and Related Risks Good Practice Note.</p>	<p>Adequate E&S capacity needs to be in place before the Microfinance Reinsurance Treaty can signed</p>	<p>E&S Officer</p>

7.3.2. Contract Setup

The established Contract Setup for Treaty Business Procedures²⁷ incorporates specific additional E&S requirements and steps to be taken. Refer to Schedule C.2. for an overview and a detailed process description.

The below table illustrates a summary of steps taken as well as E&S outcomes and additional aspects to consider in Contract Negotiations. Additionally, refer to the ESMS Guidance Note for microinsurance. The ESMS Guidance Note describes E&S procedures and eligibility criteria and provides guidance on identified E&S risks and recommended international best practice, including, but not limited to child labour and sustainable grazing & livestock management practices.

	Process steps to be taken:	E&S Outcomes/ Additional Considerations
Contract Setup	<p>Contract set-up involves setting the parameters of the cover notes as negotiated between ZEP-RE and insurance intermediary or NGO.</p> <ul style="list-style-type: none"> The Underwriter is to ensure that E&S considerations are reflected in Cover Notes/Contract Terms 	<p>Cover Notes must be in line with the E&S Environmental and Social Liability Exclusions List (Schedule B) and Other Applicable E&S Requirements, (Section 7.1. of this Policy) and in line with the E&S Eligibility Criteria (Section 7.2. of this Policy).</p> <p>The E&S Requirements are as follows: The intermediaries should have (a) a written E&S policy and procedures; and (b) designated staff.</p> <p>The ESMS implemented shall ensure that the insurance intermediaries and NGOs meet the following E&S standards and requirements: (i) compliance with ZEP-RE’s Exclusion List (Schedule B), (ii) compliance with the applicable national laws and regulations, (iii) ensure that insurance is provided to recipients meeting E&S Eligibility Criteria (Section 7.2), (iv) compliance with the ESMS Guidance Note for Insurance Intermediaries and NGOs, and (iv) generate awareness of the standards presented in the Animal Health and Related Risks Good Practice Note (in a manner proportional to the nature of the activities insured).</p> <p>The eligible households/pastoralists (final recipients of insurance) are expected to (i) be active in pastoralism and own a minimum of one (1) Tropical Livestock Unit (TLU); (ii) not be beneficiaries of any other similar program/scheme; (iii) not own more livestock than a certain ceiling which is typically 20 TLUs (refer to specific Country Microfinance Reinsurance Treaty for exact E&S eligibility criteria, including a minimum and maximum number of livestock units, species, age of livestock, and other criteria per Country); and (iv) either have access to a formal money transfer system (e.g., bank account,</p>

²⁷ See Business Process Underwriting Procedures

		<p>mobile money service) or commit to acquiring one after being considered as a beneficiary.</p> <p>Further, upon meeting the above criteria, the eligible pastoralists will have to participate in awareness generation programs, adopt sustainable livestock practices and provide information to insurance intermediaries and ZEP-RE livestock practices.</p>
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7.3.3. Monitoring & Reporting

The E&S Officer of ZEP-RE will monitor and report the implementation and compliance of ESMS including any impacts or incidents. ZEP-RE will undertake monitoring of the implementation of trainings, and awareness campaigns by Insurance Intermediaries and pastoralists group. It will also support the World Bank in undertaking external monitoring to track the development impacts of the Project.

The World Bank will conduct regular **surveys of beneficiaries** to capture short-term results of the implementation. For example, evaluate if the financial products are easily understood and address gender gaps; and if they improve the adaptive capacity of pastoralists and their ability to manage climate variability (for instance, are pastoralists selling animals on a regular basis rather than keeping big herd to protect themselves as a result of the project). The surveys will also capture the impact of the awareness creation of pastoralists on the financial products offered, the literacy materials developed, the communication channels and the communication strategy by gender as literacy levels are an important factor in climate adaptation. This activity will undertake assessments to ensure the project is not excluding marginalized groups. It will also help to assess the impact of the drought-insurance on child labor and report any occurrence of GBV during implementation. Furthermore, the project will develop **gender narratives** as part of the evaluation. Examples of the experiences of women in the program will be prepared using the different data collected. The objective of this approach is to assess the performance of DRIVE on component 1 and to identify early gaps and issues that the mitigation measures described in the plan are not able to address.

The established Reporting for Treaty Business Procedures²⁸ incorporates specific additional E&S requirements and steps to be taken. Refer to Schedule C.3. for an overview and a detailed process description.

	Process steps to be taken:	E&S Outcomes/ Additional Considerations
Reporting	<ul style="list-style-type: none"> • Select report • Define reporting parameters • Analyse reports 	Parameters to include E&S aspects (E&S Requirements (Section 7.1, 7.2.) and requirement to adhere to the ESMS Guidance Note)

ZEP-RE will submit annual E&S monitoring reports to the World Bank and the project Steering Committee. These reports will incorporate information on E&S compliance and experience with ESMS implementation along with information on grievances related to the DRIVE project and how

²⁸ See Business Process Underwriting Procedures

they have been resolved. A reporting template is provided in Schedule G. In addition to reporting to the World Bank and the Steering Committee, regular reports will be submitted to the senior management of ESMS implementation and grievances.

ZEP-RE will require insurance intermediaries to submit annual E&S monitoring reports. The E&S report requires insurance intermediaries to provide information on ESMS implementation, insurance portfolio, awareness generation programs implemented, grievances received during the reporting period. A reporting template is provided in Schedule H.

In instances where the monitoring reports or beneficiary surveys identify gaps in E&S performance and/or any negative impacts, Zep Re will record, screen, acknowledge, act, follow up and close out cases as described in the Grievance Mechanism Procedure. The annual updates will contain information outlining the gaps identified/negative impact realized, time to resolution and outcomes of mitigation measures.

7.4. E&S Claims Procedures

Microfinance Reinsurance Treaty Claims procedures are predominantly set forth in the ZEP-RE Claims Manual. The below E&S Claims procedures are meant to complement the procedures established in the Claims Manual.

The claims settlement function plays a critical role in attracting and retaining business. Customer satisfaction is key, and this is mostly demonstrated when there are Claims. The Claim payment is also the largest expense for the Company, as such the amounts settled should be legitimate. The Claims procedures as described in the Claims Manual are designed to achieve efficiency in the processing of Claims and uniformity in the way the claims are handled by Claim's personnel. Additionally, they also act as first line of defence against fraudulent claims.

The claims under the DRIVE project are triggered based on the forage index using satellite data. When the level of pasture falls below a certain level, the insurance pay-out is activated automatically and paid directly by insurers to pastoralists. The claims of Cedants, under the reinsurance treaty, will be settled based on the forage index. With each claim, the Cedants shall submit the forage index, Schedule D1. Statement of Compliance with National Laws and Regulations, Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs every time it makes a claim.

8. GRIEVANCE MECHANISM PROCEDURES

See a separate document titled Grievance Mechanism Procedures.

9. COMMUNICATION STRATEGY

See a separate document titled Communication Strategy/Stakeholder Engagement Plan (SEP) to be published.

10. INTERPRETATION

Any question of interpretation or application or any dispute or difference that shall arise from this Policy shall be referred to the Board of Directors whose decision shall be final.

11. EFFECTIVE DATE

This Policy shall come into effect upon approval by the Board of Directors.

12. SCHEDULES

Schedule A. The Nairobi Declaration on Sustainable Insurance

UNEP's Principles for Sustainable Insurance (PSI)

The Nairobi Declaration on Sustainable Insurance

A declaration of commitment by African insurance industry leaders to support the achievement of the UN Sustainable Development Goals

22 April 2021

Nairobi, Kenya

The UN Sustainable Development Goals (SDGs)—a shared vision to end poverty, rescue the planet and build a prosperous and peaceful world—are gaining global momentum. While progress is being made in many places, action to meet the SDGs is not yet advancing at the speed or scale required. As we embark on the UN's Decade of Action to deliver the SDGs by 2030, there is a need to accelerate solutions to major sustainability challenges—ranging from climate change, biodiversity loss, ecosystem degradation and pollution, to human rights violations, poverty and social inequality—particularly in the wake of the COVID-19 pandemic that has slowed down progress on the SDGs.

As risk managers, insurers and investors, the African insurance industry has a key role to play in promoting economic, social and environmental sustainability—in other words, sustainable development—including ensuring a sustainable recovery from the COVID-19 pandemic.

In this vein, under the auspices of UN Environment Programme's Principles for Sustainable Insurance Initiative (PSI), we declare our commitment to take the following actions to support the achievement of the SDGs:

1. Risk management

- Advance the assessment, management and disclosure of climate change-related risks and opportunities, building on the PSI's project to pilot the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)
- Advance the assessment, management and disclosure of environmental, social and governance (ESG) risks and opportunities across all lines of business (non-life, life & health, pensions), building on the PSI's ESG guide for non-life insurance business and other PSI guidance on specific sustainability issues (e.g. illegal, unreported and unregulated fishing; plastic pollution, tobacco risks, UNESCO World Heritage Sites)

2. Insurance

- Support the Insurance Sustainable Development Goals (Insurance SDGs) being developed by the PSI to harness insurance products and solutions to help achieve the SDGs.
- Close the insurance protection gap by actively developing and promoting inclusive and innovative insurance solutions (including through insurtech and nature-based solutions) for households, businesses and governments in order to build resilient cities and communities as well as sustainable food and agriculture systems, among others

- Support the transition to a resilient, net-zero emissions economy, building on the work of the PSI to establish a Net-Zero Insurance Alliance

3. Investment

- Support the transition to a resilient, net-zero emissions economy, building on the work of the UN-convened Net-Zero Asset Owner Alliance

4. Policy, regulatory and industry engagement

- Engage with policymakers, regulators and industry associations on key sustainability issues for the African insurance industry, including through the work of the Sustainable Insurance Forum (SIF), International Association of Insurance Supervisors (IAIS), and Vulnerable Twenty Group of Ministers of Finance (V20)

5. Sustainable insurance thinking and practices

- Promote the adoption and implementation of the four Principles for Sustainable Insurance across African insurance markets
- Enhance the knowledge and capacity of the African insurance industry on sustainable insurance
- Shape the sustainable insurance agenda in Africa and strengthen the global effort of insuring for sustainable development

Schedule B. Environmental and Social Liability Exclusions

Part 1: Corporate Exclusion List

This policy does not cover:

- Punitive Measures and Penalties
- Claims arising from punitive measures and penalties of all kinds directly imposed on the insured companies by authorities and governed by fiscal or commercial criminal law or with a punitive character.
- Confiscation
- Claims arising from confiscations of all kinds.
- This exclusion does not apply, if the insured company is liable towards the customer/shipper.
- Nuclear Energy and Radioactivity
- Claims arising from nuclear energy and radioactive contamination.
- Use of Chemical, Biological, Biochemical or Electromagnetic Weapons
- Claims arising from the use of chemical, biological, biochemical, or electromagnetic weapons.
- Asbestos
- Claims arising from loss directly or indirectly related to asbestos or other degradation-resistant ceramic fibres or materials containing asbestos, or materials containing any kind of degradation-resistant ceramic fibres. Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%. While ZEP-RE writes house owners business policies with properties that could be covered by asbestos, the same must be observed not to expose the Company beyond 3% of the overall business.
- Ionizing Radiation
- Liability for nuclear loss as defined by legislation on nuclear energy related liability or analogous foreign legislation and accompanying costs.
- Claims for loss relating to ionizing radiation or laser beams
- Gradual Environmental damage
- Production or activities involving harmful or exploitative forms of forced labour²⁹/harmful child labour³⁰
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES
- Production or trade in weapons and munitions
- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco
- Gambling, casinos and equivalent enterprises

²⁹ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

³⁰ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply).

- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where ZEP-Re considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and underlying regulations.
- Destruction³¹ of High Conservation³² value areas

Part 2: Exclusion list for the DRIVE Project

In addition to the above, for Microfinance Reinsurance Treaty, this policy does not cover liability for and claims arising from:

- Any activities resulting or anticipated to result in permanent or temporary physical or economic displacement.
- Any activities involving adverse impacts on biodiversity conservation and sustainable management of living natural resources.
- Any activities that have adverse impacts on cultural heritage as defined under ESS 8.
- Any activities that, due to the nature and scale of the activities, would result in a wide range of significant adverse impacts and risks, which are long-term, permanent, and/or irreversible, impossible to avoid entirely, and cannot be mitigated or required complex, unproven mitigation and excessive associated costs, rendering its risk classification as high.
- Production or trade in any product or activity deemed illegal under the Recipient's laws or regulations or ratified international conventions and agreements.
- Production or trade-in pesticides/herbicides subject to international phase-outs or bans.
- Any activities that would curtail workers' fundamental rights. These would include: (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

³¹ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

³² High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>)

Where there is a conflict between the Part 1 and Part 2 of the Exclusion list, the Part 2 will prevail for the DRIVE project.

Schedule C. E&S Underwriting Procedures for Microfinance Treaty

1. Contract Negotiation

1.1 Contract Negotiation for Microfinance Treaty Existing Procedures - Overview

Steps defined in the following tables will be implemented by the underwriter under the supervision of the E&S officer.

Existing Procedures		Additional E&S Procedures
Process details		Process details
Process objective	To negotiate terms for new treaty contracts or new terms for renewal contracts	.
Description	Contract negotiations involve the cedant providing new business/renewal information to the reinsurer. The reinsurer then reviews the information provided and structures the terms for the reinsurance contracts. During the negotiations, the Cedant and the reinsurer discuss the proposed terms. The cedant can either agree to the proposed terms or, if not agreeable, can propose alternative terms. Deliberations are carried out until they reach an agreeable position.	
Process owner	Underwriter	
Transaction volumes	Treaty - Annual activity – Depends on the number of treaties that ZEPRE has in a particular year including renewals	
Activity highlights		
Key inputs	<p>1. Cedant information which include the following: General information including (relating to treaty business for new clients):</p> <ul style="list-style-type: none"> • Financials of the Cedant. • Company profile. • The directors. • The physical presence. • Business plan <p>Renewal/risk information including:</p> <ul style="list-style-type: none"> • Risk profiles • Performance statistics • Large risks data • Estimated Premium Income for renewal period • Earthquake data • Individual Loss data • Client proposed terms/wish list <p>This information is required for both instances, where ZEP-RE is the lead reinsurer and follow reinsurer</p>	<p>Cedant information to be requested and activities performed will additionally include:</p> <ul style="list-style-type: none"> • Screening against the Environmental and Social Liability Exclusions List (Schedule B) and other applicable E&S Requirements (Section 7.1. of this Policy). • Confirmation of Eligibility Criteria (Section 7.2. of this Policy) • ESMS Assessment <p>Cedant is to provide a Statement of Compliance with national laws and regulations (Schedule D. 1), a Commitment Letter to adhere to the ESMS</p>

		Guidance Note (Schedule D.2) as well as a filled ESMS Assessment Questionnaire (Schedule E) and a copy of ESMS, if in place.
Key outputs	<ul style="list-style-type: none"> • New business / Renewal quotation. • Confirmation of cover; and • Contract cover notes 	
Critical success factors	<ul style="list-style-type: none"> • For new contracts, it is important for the Cedant to provide ZEPRE with the correct information required so as to make proper analysis of Cedant business and hence provide the best rates on the contracts. • For renewal contracts: <ul style="list-style-type: none"> - The underwriter will require accurate information from the cedant in order to provide competitive renewal terms - The underwriter also requires to run a report from SICS/NT³³ on all the existing treaties for renewal follow up with the broker/cedant - The underwriter will also require the performance data from SICS/NT on already existing treaties for verification of the data provided by the cedant and also to form the basis for the negotiation of the treaty terms. 	<p>It is critical that the Cedant provide a Statement of Compliance with National Laws and Regulations (Schedule D.1), a Commitment Letter to adhere to the ESMS Guidance Note (Schedule D.2) and a filled ESMS Assessment Questionnaire (Schedule E) and a copy of the ESMS, if in place. This applies to both new and renewal contracts.</p> <p>Performance data on existing treaties will include E&S aspects addressed on the treaty signed, including compliance with the Environmental and Social Liability Exclusions List (Schedule B) and other E&S Applicable Requirements (Section 7.1. of this Policy). E&S Eligibility Criteria (Section 7.2. of this Policy), compliance with the national laws and regulations, and adherence to the ESMS Guidance Note.</p>
Activity summary	<ul style="list-style-type: none"> • Cedant approaches the reinsurer directly or through a broker • The reinsurer gets renewal information from the Cedant, analyses the information and prepares quotation for the treaty programs • Based on the quotation provided, the reinsurer negotiates the terms of the contract with the Cedant <p>Where ZEP-RE is leading:</p>	

³³ SICS/nt is an administration software for assumed reinsurance business for companies operating in the life, and property and casualty reinsurance market.

	<ul style="list-style-type: none"> • Cover notes are prepared by underwriter or broker (in cases where a broker is involved) based on the negotiated terms • Inter Arr³⁴ is prepared to in accordance with ZEP-RE acceptance limits in order to determine the maximum share ZEP-RE can support • The underwriter in discussion with the Regional Director agree on the written line for ZEP-RE participation • The cover notes are then signed by the Underwriter and Regional Director/MD for the written lines for ZEP-RE • The cover notes are sent to the cedant / broker for signature and confirmation of the signed lines • The business is booked into SICS NT <p>Where ZEP-RE is following:</p> <ul style="list-style-type: none"> • They get the lead reinsurers' terms and decide on the share they wish to partake in the Program • Inter Arr is prepared to in accordance with ZEP-RE acceptance limits in order to determine the maximum share ZEP-RE can support • The underwriter in discussion with the Regional Director agree on the written line for ZEP-RE participation • The cover notes provided by cedant/broker are signed for the written share and sent back to the cedant/broker • The cedant or broker then advises on the signed share and sends a final slip for signature or letter/email of signed share • The business is booked into SICS NT 	<p>ZEP-RE does not take follower position in Microfinance Reinsurance Treaty business</p>
Interface with other processes	It interfaces with the contract set-up process	
Process risks	<ul style="list-style-type: none"> • Contract terms which are not favourable to ZEP-RE exposing the reinsurer to financial risks • Confirming a higher share than prescribed by the ZEP-RE underwriting limits 	<p>Contract terms that are not in line with the E&S Environmental and Social Liability Exclusions List (Schedule B) and Other Applicable E&S Requirements (Section 7.1. of this Policy)</p> <p>Contract terms that are not in line with the E&S Eligibility Criteria (Section 7.2. of this Policy)</p> <p>Contract terms that do not require insurance</p>

³⁴ capacity management /cession contracts used by Zep-Re in its reinsurance business

		businesses to adhere to the ESMS Guidance Note
Process controls	<ul style="list-style-type: none"> • The contract terms are reviewed and approved by the Key Account Manager and Regional Director/MD. If the terms are not agreeable to ZEP-RE, it can be escalated for commercial consideration Regional Director/MD, otherwise the business is declined. • The share acceptance is based on the Inter Arr which is approved by the Regional Director. Further, Underwriting Limits are pre-set in SICS/nt and therefore it is not possible to set up a contract with higher underwriting limits 	

1.2. Contract Negotiation for Microfinance Treaty Existing Procedures – Detailed Process Description

Activities		Actor	System	Additional E&S Procedures
Detailed process description				
Cedant Approach the Reinsurer	The process starts with the Cedant approaching the reinsurer to participate/provide terms in their business either directly or through a broker. This happens when the client is negotiating for renewal of old contracts or when the client/cedant wants to negotiate with the reinsurer on a new contract.	Cedant	Email	

Underwriter asks for detailed information	The underwriter will ask for renewal information from the cedant for review. Different details are required for the proportional and non-proportional treaties.	Underwriter	Email	<p>Cedant information to be requested and activities performed will additionally include: Screening against the Environmental and Social Liability Exclusions List (Schedule B) and other applicable E&S Requirements (Section 7.1. of this Policy). Confirmation of Eligibility Criteria (Section 7.2. of this Policy)</p> <p>Cedant is to provide a Statement of Compliance with National Laws and Regulations (Schedule D.1 as well as Commitment Letter to adhere to the ESMS Guidance Note (Schedule D.2.)</p>
Zep-re as the lead Re-Insurer	When ZEPRE is approached, they will either be the lead reinsurer, or they will be a follower. The lead reinsurer is usually the reinsurer who sets the treaty terms on the contract			For Microinsurance Treaty, ZEP-RE will only act as a lead insurer
Cedant Response	The cedant will act on the request and provide the underwriter with the information that they have requested for.	Cedant	Email	

<p>Underwriter analyses client profile</p>	<p>The underwriter will upon receipt of this information, analyse the client's profile and business performance and provide the client with the quotation on the contract.</p>	<p>Underwriter</p>	<p>It is critical that the Cedants provide Statement of Compliance with National Laws and Regulations (Schedule D.1 as well as Commitment Letter to adhere to the ESMS Guidance Note (Schedule D.2.). This applies to both new and renewal contracts.</p> <p>Performance data on existing treaties will include E&S aspects addressed on the treaty signed, including compliance with the Environmental and Social Liability Exclusions List (Schedule B) and other E&S Applicable Requirements (Section 7.1. of this Policy). E&S Eligibility Criteria (Section 7.2. of this Policy), compliance with the national laws and regulations and adherence to the ESMS Guidance Note.</p>
<p>Terms Negotiation</p>	<p>The underwriter and the cedant will negotiate the terms of the contract until they agree on final terms between the cedant and ZEP-RE</p>	<p>Underwriter</p>	<p>Contract terms must be in line with the E&S Environmental and Social Liability Exclusions List (Schedule B) and Other Applicable E&S Requirements (Section 7.1. of this Policy) Contract terms must be in line with the E&S Eligibility Criteria (Section 7.2. of this Policy) Contract terms must require that insurance business adheres to the ESMS Guidance Note</p>

Preparation of the Inter Arr	Inter Arr is prepared to in accordance to ZEP-RE acceptance limits in order to determine the maximum share ZEP-RE can support	Underwriter		
Preparation of the contract wording	The next step is the drafting of the contract cover notes between ZEP-RE and the Cedant to reflect the new terms of reinsurance contract. The underwriter drafts the terms of the contracts from the negotiations process, and forwards for approval and signature. If ZEP-RE is following in the treaty, they will receive the contract wording from the broker or from the Cedant for review and approval.	Underwriter		Contract terms must be in line with the E&S Environmental and Social Liability Exclusions List (Schedule B) and Other Applicable E&S Requirements (Section 7.1. of this Policy) Contract terms must be in line with the E&S Eligibility Criteria (Section 7.2. of this Policy) Contract terms must require that insurance business adheres to the ESMS Guidance Note
Contract Review and Approval	The Key Account Manager and Regional Director/MD review and approve the terms of the cover notes. In case there is no approval, the business is declined. Signature can either be of the physical document or electronically through DocuSign	Key Account Manager	DocuSign	
Contract Booking in the System	After the signing of the contracts, they are booked into the system by Underwriter	Underwriter	SICS/nt	
Processing of statements	Processing of MDPs and Quarterly statements is then done by the Technical Accounting team			

2. Contract Setup

2.1. Contract Setup – Overview

Existing Procedures		Additional E&S Procedures
Process objective	To set up the agreed contract terms with the Cedant into SICS NT	
Description	Contract set up involves setting the parameters of the cover notes as negotiated between ZEP-RE and the Cedant into SICS/NT. This forms the basis of any premium booking, claims processing and even the calculations for retrocession.	
Process owner	Underwriter	
Transaction volumes	Annual activity – depending on the number of contracts that ZEP-RE gets into.	
Activity highlights		
Key inputs	A signed cover note by ZEP-RE and the Cedant Inter Arr prepared at Contract negotiation stage	Cover Note to include E&S Environmental and Social Liability Exclusions List (Schedule B) and Other Applicable E&S Requirements (Section 7.1. of this Policy), be in line with the E&S Eligibility Criteria (Section 7.2. of this Policy). Contract terms must require that insurance business adheres to the ESMS Guidance Note
Key outputs	Summary of the treaty details (treaty slips)	Treaty details to include E&S Requirements (Section 7.1., 6.2.) and requirement to adhere to the ESMS Guidance Note
Critical success factors	The terms in the cover note should be duly signed by ZEPRE and by the Cedant. Correct setting of all the contract parameters in the SICS/nt	
Activity summary	<ul style="list-style-type: none"> • Scan and file the soft copy in an online shared folder • Send the original document to the filing room for filing • Set-up the contract into SICS/nt by the underwriter • Upload the Treaty Slip to SICS/nt • Link contract to a retro program • Review and approve the contract in SICS/nt by the Key Account Manager 	

Interface with other processes	It interfaces with the negotiations processes and the booking of premiums and claims into SICS/nt	
Process risks	Incorrect and incomplete contract details in SICS/nt making the information in SICS/nt unreliable	
Process controls	<ul style="list-style-type: none"> • The contract set-up in SICS/nt by the underwriter is reviewed and approved by the Key Account Manager before it is posted into SICS/nt. • System checks to ensure all key points are captured 	

2.2 Cover Setup – Detailed Process Description

Activities Detailed process description		Actor	System	Additional E&S Procedures
Cover Notes passed to Underwriter	After the negotiations process, the cover notes are passed on to the underwriter	Key Account Manager	Email	Cover notes to include E&S Requirements (Section 7.1., 7.2.) and requirement to adhere to the ESMS Guidance Note
Cover Note Scanned and Filing	The underwriter will first scan the cover note and file it in an online shared folder.	Underwriter		
Manual Filing	The underwriter then passes the hard copy to the filing department	Underwriter		
Contract setup in SIC/NT	The underwriters will set up the contract parameters into SICS/nt and link it to a retro program then send it for review and approval. The contract should be set up in such a way that the commercial and the direct/compulsory shares in the treaty are separated using the parent child sections in SICS/nt.	Underwriter	SICS/nt	Contract setup in line with Section 7. 1., 7.2. and the Requirement to adhere to the ESMS Guidance Note
Attachment of Cover Note in the System	Underwriter attaches the scanned cover notes to the corresponding contracts in SICS/nt.	Underwriter	SICS/nt	
Key Account Manager review the setup contract in the system	The Key Account Manager will review the contract set-up into SICS/nt against the scanned cover note and also make sure that the commercial and direct shares are correctly booked in SICS/nt.	Key Account Manager	SICS/nt	
Underwriter makes modification where need be	The Key Account Manager will make any modifications on the contract in SICS/nt where	Key Account Manager	SICS/nt	

	needed, approve the contract, and post it as a final document in SICS/nt.			
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3. Reporting

3.1. Reporting – Overview

Process details		Additional E&S Procedures
Process objective	To generate any underwriting reports from SICS/NT	
Description	This is the process of generating underwriting reports from SICS/nt. The reports generated here are done through Business Objects, the reporting module in SICS/NT. Reports can be regular predefined reports or ad-hoc reports that users would like to generate	
Process owner	Any underwriting report consumers	
Transaction volumes	N/A	
Activity highlights		
Key inputs	The report parameters	Include E&S aspects (E&S Requirements (Section 7.1, 7.2.) and requirement to adhere to the ESMS Guidance Note) in the parameters
Key outputs	Any of the predefined reports	
Critical success factors	<ul style="list-style-type: none"> • Business objects is accessible to all report consumers • All the report consumers have adequate training on the use of business objects and the creation of new reports. 	
Activity summary	<ul style="list-style-type: none"> • Select the desired report/initiate a new report • Set the parameters and formulas on the report • Generate the report and analyse the output to the expected output. • Depending on output from the report, reconfigure and rerun the report or save the output of the report in an online repository. 	
Interface with other processes	It interfaces with the process that requires a report generated	

Process risks	Unauthorised access to restricted reports or restricted information through the parameters	
Process controls	IT can define the security parameters on the reports and ensure that segregation of duties is achieved on the reports.	

3.2. Reporting – Detailed Process Description

Activities		Additional E&S Procedures
Detailed process description		
Report selection	The report consumer will select the desired report or initiate a new report as desired.	
Report parameter definition	The report user will define the parameters they want to see on the existing/new report. They will also define any rules/formulas that they would want to apply to the report.	Include E&S aspects (E&S Requirements (Section 7.1, 7.2.) and requirement to adhere to the ESMS Guidance Note) in the parameters
Report analysis	The report consumer will run the report and analyse the results. If the results are not as expected, they readjust the report parameters and formulas and rerun the report again.	
Saving Report output	Save the output of the report in an online reports' repository	

Schedule D. Templates

1. Statement of Compliance with National Laws and Regulations

Name of Company/Business/NGO
Address
City, Zip Code
Country

Date

Statement of Compliance

Hereby [insert Name of Company/Business/NGO] confirms that is it fully compliant to environmental and social laws, rules and regulations set by the government authorities of [insert country].

Sincerely,

.....
Signature
[insert Name of Company/Business/NGO]

2. Commitment Statement

Name of Company/Business/NGO
Address
City, Zip Code
Country

Date

Commitment Statement

Hereby [Name of Company/Business/NGO] is committed to fully comply with ZEP-RE's Environmental and Social Guidance Note for Insurance Intermediaries and NGOs, the copy of which has been delivered to [insert Name of Company/Business/NGO] on (insert date), read and understood.

[Name of Company/Business/NGO] is furthermore committed to address any non-compliance with the aforementioned Guidance Note in a timely fashion and without undue delay.

[Name of Company/Business/NGO] is committed to maintain and implement its Environment & Social Management System and E&S Capacity.

Sincerely,

.....

Signature
[insert Name of Company/Business/NGO]

Schedule E. ESMS Assessment Questionnaire

ESMS Assessment Questionnaire

1. Policies and Procedures

- a) Does your organization have a functioning Environmental and Social Management System (ESMS) approved by senior management? If yes, please provide a copy of the ESMS.
- b) Is an environmental and social assessment (E&S) integrated in your underwriting review process? If yes, please describe your underwriting process and the E&S integration, including E&S process flow chart.
- c) Do you reject/have you rejected in the past 3 years a microinsurance transaction on E&S grounds? If yes, please provide details.

2. E&S Capacity

- a) Is there an Environmental Officer or Coordinator nominated who has the overall responsibility for the implementation of ESMS? If yes, please provide the name and contact information.
- b) Are there any other persons involved in ESMS implementation? If yes, please provide their names, contact information, as well as positions. Include both internal staff and external consultants, if applicable.
- c) Do you provide trainings on E&S aspects? If yes, please describe the trainings offered (internal and external) attended by the Environmental Officer, and other staff in the past three years.
- d) Please provide a budget allocation for ESMS development and implementation.

3. Monitoring

- a) Please describe how you monitor the E&S performance of your clients, including compliance with national laws and any legal documentation signed?
- b) Have there been any material adverse E&S issues associated with your clients other than the activities insured? Please include details of any non-compliances, fines levied, negative media attention, complaints raised against your organization and other similar issues.
- c) Do you undertake periodic review of the ESMS implementation? If yes, how frequently.

4. Documentation and Reporting

- a) Please describe your internal process for reporting E&S issues to Senior Management as well as information that is typically provided.
- b) Does your organization have internal audit procedures related to the implementation of the ESMS? If yes, please provide the date of the latest audit and describe the results.

5. Grievance Mechanism

- a) Does your organization have any mechanism in place to receive, register and respond to external communication regarding its activities? If yes, please describe it.
- b) Have you received any serious grievances in the past 3 years? If yes, please describe the nature of the grievances and the outcome.

Schedule F. Guidance on Social Inclusion

The project will give special consideration to vulnerable and marginalized groups within the pastoralists. These include, but are not limited to:

- l) Minority groups,
- m) Internally displaced persons,
- n) Those who live in remote rural areas or areas characterized by violence that are bereft of social services and amenities,
- o) Nomadic pastoralist communities,
- p) Older persons,
- q) Illiterate people,
- r) Persons with disabilities,
- s) Indigenous People including hunter-gatherers, forest dwellers and nomadic pastoralists,
- t) Female-headed households,
- u) Unemployed youth,
- v) People living in informal settlements.

There are social, economic, and physical barriers that could prevent vulnerable and marginalized individuals and groups from participating, these include lack of financial literacy, inaccessibility of meeting venues, social stigma, lack of awareness of the project benefits, and/or poor consultation. For instance, people living with disabilities are often not effectively engaged in consultations due to lack of access, social stigma, and beliefs that they are not able to participate or benefit from economic activities or have limited productive roles in society. In this regard, the project will deploy viable strategies to engage target communities and other stakeholders overcome social stigma and encourage inclusion.

The project will take special measures to ensure that members of disadvantaged and marginalized groups have equal opportunity for access to project benefits. This will include ensuring that they are informed about the projects and its benefits, ensuring the meeting and consultation points are accessible to people with physical disabilities, and project implementors to be guided on their responsibilities to provide services without discrimination. Also, discussions should be conducted in a simplified manner to ensure the illiterate and people with no or limited financial literacy understand the project and its components. In addition, efforts will be made to promote diversity in staffing.

The participation of disadvantaged and marginalized groups in preparation and implementation of project activities will largely determine the extent to which inclusion can be achieved. Where adverse impacts are likely, ZEP-RE and Insurance Intermediaries will undertake prior and informed consultations with the likely affected communities/ groups and those who work with and/or are knowledgeable of the local issues and concerns.

Consultations will be carried out broadly in two stages. First, prior to commencement of any project activities ZEP-RE and/ or Insurance Intermediaries will arrange for consultations with community leaders and representatives of disadvantaged and marginalized groups about the need for, and the probable positive and negative impacts associated with, the project activities. Secondly, after the initial roll-out of activities, a rapid assessment will be conducted to ascertain how the disadvantaged and vulnerable groups, in general, perceive the interventions and gather any inputs/feedback they might offer for better outcomes, which would inform the project delivery.

The following issues will be addressed during the implementation stage of the project:

- a) Maintaining records of consultations and outreach activities with the disadvantaged and marginalized groups
- b) Maintaining data of disadvantaged and marginalized groups included in the project and tracking their progress



**ZEP-RE
(PTA REINSURANCE COMPANY)**

ANNUAL E&S PERFORMANCE REPORT

(to be submitted by ZEP-RE to the Steering Committee and the World Bank)

Contact Details and Signature			
ZEP-RE (Pta Reinsurance Co.)	Address [Provide the address]	Phone Number [Provide the phone number]	Web Site [Provide the web site]
Completed By	[Provide the name and function]	Date [Provide date of completion]	Signature [Provide the signature]
Reporting Period:	[Provide the timeframe covered by the report, e.g. 01.01.2021-31.12.2021]		
Approved by senior management representative	[Provide the name]	[Provide the date]	[Provide the signature]

The purpose of this Annual E&S Performance Report is to report on the E&S performance of ZEP-RE.

[Provide introduction and a summary of E&S -related progress in the Reporting Year. Provide details in the sections below]

1. Environmental and Social Management System.

- 1.1.E&S Policy and ESMS. [Confirm that ZEP-RE has an E&S Policy signed by the Board of Directors and a functioning ESMS in the reporting period. Provide a link to the web site if it is publicly disclosed.
- 1.2.Updates and Changes to E&S Policy and ESMS. [State if there were any changes to the ESMS in the reporting period. If there were, please describe].
- 1.3.E&S Governance and E&S Capacity. [Provide the name of the person with overall responsibility for E&S matters within ZEP-RE (senior management/board management) as well as the name of the person with overall responsibility for coordinating day-to-day E&S matters in ZEP-RE. Have there been any changes in the reporting period?]
- 1.4.E&S responsibilities in the underwriting process. [Describe E&S responsibilities in the underwriting process and if there were any changes in the reporting period].
- 1.5.E&S responsibility in the claim procedures. [Describe E&S responsibilities in the claim procedures and state if there were any changes in the reporting period. If yes, describe].
- 1.6.E&S Reporting Line. [Elaborate on E&S Reporting Line].
- 1.7.E&S Training. [Elaborate on any E&S training provided to ZEP-RE’s staff in the reporting period. Provide details who attended the training, who provided the training, the agenda and submit the E&S training materials].
- 1.8.Challenges encountered. [Describe challenges encountered in the implementation of the ESMS and specify support required from the World Bank, if applicable].

2. Grievance Mechanism

- 2.1.Grievance Mechanism. [Confirm that ZEP-RE has had a functioning Grievance Mechanism in the reporting period. Provide a link to the web site where it is available]
- 2.2.Updates and Changes to the Grievance Mechanism. [State if there were any changes to the Grievance Mechanism in the reporting period. If there were, please describe].
- 2.3.Grievance Mechanism Roles and Responsibility. [Provide the name of the person with overall responsibility for Grievance Mechanism within ZEP-RE (senior management/board management) as well as the name of the person with overall responsibility for day-to-day Grievance Mechanism matters in ZEP-RE. Have there been any changes in the reporting period? If yes, describe]
- 2.4.Received Grievances. [Fill the table below]

Country	Level I			Level II			Level III		
	Total Received	From which open	From which closed	Total Received	From which open	From which closed	Total Received	From which open	From which closed
Kenya									
...									
...									
...									
...									

- 2.5. Grievance processing time. [Provide average period with which the grievances of Level I, II and II were closed in project's countries].
- 2.6. Level III Grievances. Describe any Level 3 Grievances received, steps undertaken to address them and their status.
- 2.7. Reputational risks. [Describe any negative E&S media released that you are aware of in the project's countries].

3. Stakeholder Engagement and Management

- 3.1. Stakeholder Engagement and Management [Describe Stakeholder Engagement, consultation and management activities that took place in the reporting year]
- 3.2. Roles and Responsibility. [Provide the name of the person with overall responsibility for Stakeholder Engagement and Management within ZEP-RE (senior management/board management) as well as the name of the person with overall responsibility for day-to-day Stakeholder Engagement and Management matters in ZEP-RE. Have there been any changes in the reporting period? If yes, describe]
- 3.3. Outcomes of Consultations. [Describe, briefly the outcomes of consultations, any potential adverse results and challenges encountered]
- 3.4. [Fill the table below, add rows as needed]

Country	Name of Stakeholder Consulted	Type of a Stakeholder Consulted
Kenya		
...		
...		
...		
Ethiopia		
...		

Country	Socio-Economic Groups Consulted			
	IP	SAHUTL	VMG	Other
Kenya				
...				
...				
...				
Ethiopia				
...				

4. E&S Performance of Insurance Intermediaries

- 4.1. ESMS at the Insurance Intermediaries. [Confirm that all project Insurance Intermediaries and NGOs are legally required to adhere to the E&S Guidance for Insurance Companies and NGOs. Describe how you ensure and monitor their compliance].
- 4.2. Provide detailed information about your insurance intermediaries. [Fill out the table below, add rows if necessary].

Country	Name	Year in which the Treaty was Signed	ESMS in line with E&S Guidance note	Any non-compliances observed

			for Insurance Companies and NGOs (“Yes or No”	
Kenya			Y/N	
...				
...				
...				
...				

5. Insurance Break-Down [fill the table below]

Country	Number of Intermediaries	Number of Insurance Policies Provided during the Reporting Year	Number of Insurance Policies Provided for Men and Women		Average Size of Livestock	Size of Households Covered	Socio-economic Groups			
			Men	Women			IP	SAH UTL	VMG	Other
Kenya										
...										
...										
...										
...										

6. Insurance Livestock Break-Down [fill the table below]

Country	Total Livestock Insured	Number of Camels Insured	Number of Cattle Insured	Number of Goats Insured	Number of Sheep Insured	Other Livestock Insured
Kenya						
...						
...						
...						
...						

7. Insurance Livestock Average Size [fill the table below]

Country	Average Size of Livestock	Number of Insurances to provided Recipients with the Smallest TLU (1)	Number of Insurances provided to Recipients with the largest TLU (20)
Kenya			

8. Claims Received [fill the table below]

Country	Number of Claims Received	Number of pastoralists	Total number of TLUs covered
Kenya			
...			
...			
...			
...			

ANNUAL E&S PERFORMANCE REPORT

Contact Details and Signature			
Name of insurance intermediary	Address [Provide the address]	Phone Number [Provide the phone number]	Web Site [Provide the web site]
Completed By	[Provide the name and function]	Date [Provide date of completion]	Signature [Provide the signature]
Reporting Period:	[Provide the timeframe covered by the report, e.g. 01.01.2021-31.12.2021]		
Approved by senior management representative	[Provide the name]	[Provide the date]	[Provide the signature]

[Provide introduction and a summary of E&S -related progress in the Reporting Year. Provide details in the sections below]

1. Environmental and Social Management System.

- 1.1. E&S Policy and ESMS. [Confirm that you have an E&S Policy signed by the Board of Directors and a functioning ESMS in the reporting period. Provide a link to the web site, if it is publicly disclosed.
- 1.2. Updates and Changes to E&S Policy and ESMS. [State if there were any changes to the ESMS in the reporting period. If there were, please describe].
- 1.3. E&S Governance and E&S Capacity. [Provide the name of the person with overall responsibility for E&S matters within your organization (senior management/board management) as well as the name of the person with overall responsibility for coordinating day-to-day E&S matters. Have there been any changes in the reporting period?]
- 1.4. E&S Training. [Elaborate on any E&S training provided to your staff in the reporting period. Provide details who attended the training, who provided the training, the agenda and submit the E&S training materials].
- 1.5. Challenges encountered. [Describe challenges encountered in the implementation of the ESMS and specify support required from ZEP-RE, if applicable].
- 1.6. Uptake of the improved practices being disseminated; (Describe any processes or procedures used to improve awareness programs and adaptive measures where negative trends have been detected)
- 1.7. Inclusion of vulnerable families in pastoralist groups; (Record and capture the number of new and existing groups that are classified as vulnerable in the definition section)
- 1.8. Optimization of herd size; (Describe herd size and record any changes if any in the reporting period)
- 1.9. Ex-post detection of any non-conformity to project exclusions (Describe any changes if any in the reporting period)

- 1.10. Any trends regarding child labor and GBV (State any changes on child labor, and report any occurrence of GBV during implementation if any, in the reporting period)
- 1.11. Gender narratives (Develop and capture gender narratives as part of the evaluation, particularly the role of women)
- 1.12. Other key E&S indicators agreed with each intermediary as relevant (Describe any changes if any in the reporting period)

2. Grievance Mechanism

- 2.1. Grievance Mechanism. [Confirm that you have had a functioning Grievance Mechanism in the reporting period. Provide a link to the web site where it is available]
- 2.2. Updates and Changes to the Grievance Mechanism. [State if there were any changes to the Grievance Mechanism in the reporting period. If there were, please describe].
- 2.3. Grievance Mechanism Roles and Responsibility. [Provide the name of the person with overall responsibility for Grievance Mechanism within your organization (senior management/board management) as well as the name of the person with overall responsibility for day-to-day Grievance Mechanism matters. Have there been any changes in the reporting period? If yes, describe]
- 2.4. Received Grievances. [Fill the table below]

Area/country	Level I			Level II			Level III		
	Total Received	From which open	From which closed	Total Received	From which open	From which closed	Total Received	From which open	From which closed
...									
...									
...									
...									

- 2.5. Grievance processing time. [Provide average period with which the grievances of Level I, II and II were closed in project’s countries].
- 2.6. Level III Grievances. Describe any Level 3 Grievances received, steps undertaken to address them and their status.
- 2.7. Reputational risks. [Describe any negative E&S media released that you are aware of in the project’s countries].

3. Awareness Generation and Outreach Activities

- 3.1. Awareness Generation and Outreach Activities [Describe awareness generation, consultation and management activities that took place in the reporting year]
- 3.2. Outcomes of Consultations. [Describe, briefly the outcomes of consultations, any potential adverse results and challenges encountered]
- 3.3. [Fill the table below, add rows as needed]

County	Description of social groups	Description of outreach, awareness generation and dissemination activities	No. of pastoralists and pastoralists groups covered

4. Insurance Break-Down [fill the table below]

County	Number of pastoralists groups	No. of pastoralists	Number of Insurance Policies Provided for Men and Women		Average Size of Livestock	Size of Households Covered	Socio-economic Groups			
			Men	Women			IP	SAH UTL	VMG	Other
...										
...										
...										
...										

5. Insurance Livestock Break-Down [fill the table below]

County	Total Livestock Insured	Number of Camels Insured	Number of Cattle Insured	Number of Goats Insured	Number of Sheep Insured	Other Livestock Insured
...						
...						
...						
...						

6. Insurance Livestock Average Size [fill the table below]

County	Average Size of Livestock	Number of Insurances provided to Recipients with the Smallest TLU (1)	Number of Insurances provided to Recipients with the largest TLU (20)

7. Payout details [fill the table below]

County	Number of payout/ number of pastoralists	Number of Livestock
...		
...		
...		
...		