



**ZEP-RE**  
Impact Report  
2021/22

## Disclaimer

The findings presented in this report are based on qualitative and quantitative impact-related information gathered from ZEP-RE and their direct investments. The report is based on the analysis of the data provided. Data reported for ZEP-RE is for the period between 1 January 2021 and 31 December 2021. Data presented on Medbook and DRIVE is based on 2022 data, and ACRE Africa reflects the period since ZEP-RE's investment (2020 – 2022).

# Abbreviations

|               |   |                |  |
|---------------|---|----------------|--|
| <b>AI</b>     | Artificial Intelligence   | <b>MoCI</b>    | Ministry of Commerce and Industry (Somalia)                        |
| <b>ARC</b>    | African Risk Capacity   | <b>MPCI</b>    | Multi-Peril Crop Insurance   |
| <b>COMESA</b> | Common Market for Eastern and Southern Africa   | <b>NAIS</b>    | National Agriculture Insurance Schemes                             |
| <b>DBE</b>    | Development Bank Ethiopia   | <b>NQI</b>     | National Quality Infrastructure                                    |
| <b>DRIVE</b>  | De-risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa Project | <b>PPP</b>     | Public Private Partnership   |
| <b>ESG</b>    | Environmental, Social and Governance  | <b>PSI</b>     | Principles for Sustainable Insurance                               |
| <b>FISP</b>   | Farmer Input Support Programme  | <b>PSTRPCM</b> | Proficiency in Short-Term Reinsurance Practice & Claims Management |
| <b>GDP</b>    | Gross Domestic Product  | <b>RCTG</b>    | Regional Customs Transit Guarantee                                 |
| <b>GRIF</b>   | Global Risk Financing Facility  | <b>SACCOs</b>  | Savings and Credit Cooperative Societies                           |
| <b>HoA</b>    | Horn of Africa  | <b>SDGs</b>    | Sustainable Development Goals                                      |
| <b>IBLI</b>   | Index-Based Livestock Insurance   | <b>SDL</b>     | State Department of Livestock                                      |
| <b>IDA</b>    | International Development Association   | <b>SQCC</b>    | Somaliland Quality Control Commission                              |
| <b>KAIP</b>   | Kenya Agricultural Insurance Programme  | <b>UN</b>      | United Nations   |
| <b>KCDF</b>   | Kenya Community Development Foundation  | <b>USD</b>     | United States Dollar   |
| <b>KDC</b>    | Kenya Development Cooperation   |                |  |
| <b>KLIP</b>   | Kenya Livestock Insurance Programme   |                |  |
| <b>KPI</b>    | Key Performance Indicators  |                |  |
| <b>LITS</b>   | Livestock Identification Traceability System  |                |  |
| <b>LMP</b>    | Livestock Master Plan   |                |  |
| <b>LVC</b>    | Livestock Value Chain   |                |  |
| <b>ML</b>     | Machine Learning  |                |  |





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# A Message from the Managing Director



## Welcome to our inaugural Impact Report.

In this report, we showcase the developmental impact made through our business, partnerships, and investments in line with our Environmental, Social and Governance (ESG) aspirations. Initiated in 2022, our journey is focused on integrating ESG into all aspects of ZEP-RE's operations and commercial activities.

At ZEP-RE, one of our founding objectives is to support sub-regional socio-economic growth in the markets we operate in. We are committed to promoting financial inclusion and positively impacting people's livelihoods while stimulating economic development. As such, we have identified the key role that ESG and Impact can play in supporting our strategy and developmental mandate. Through this quest to safeguard the environment, our employees, and the communities within which we operate, we will accelerate our ability to have a sustainable impact in the countries we operate in.

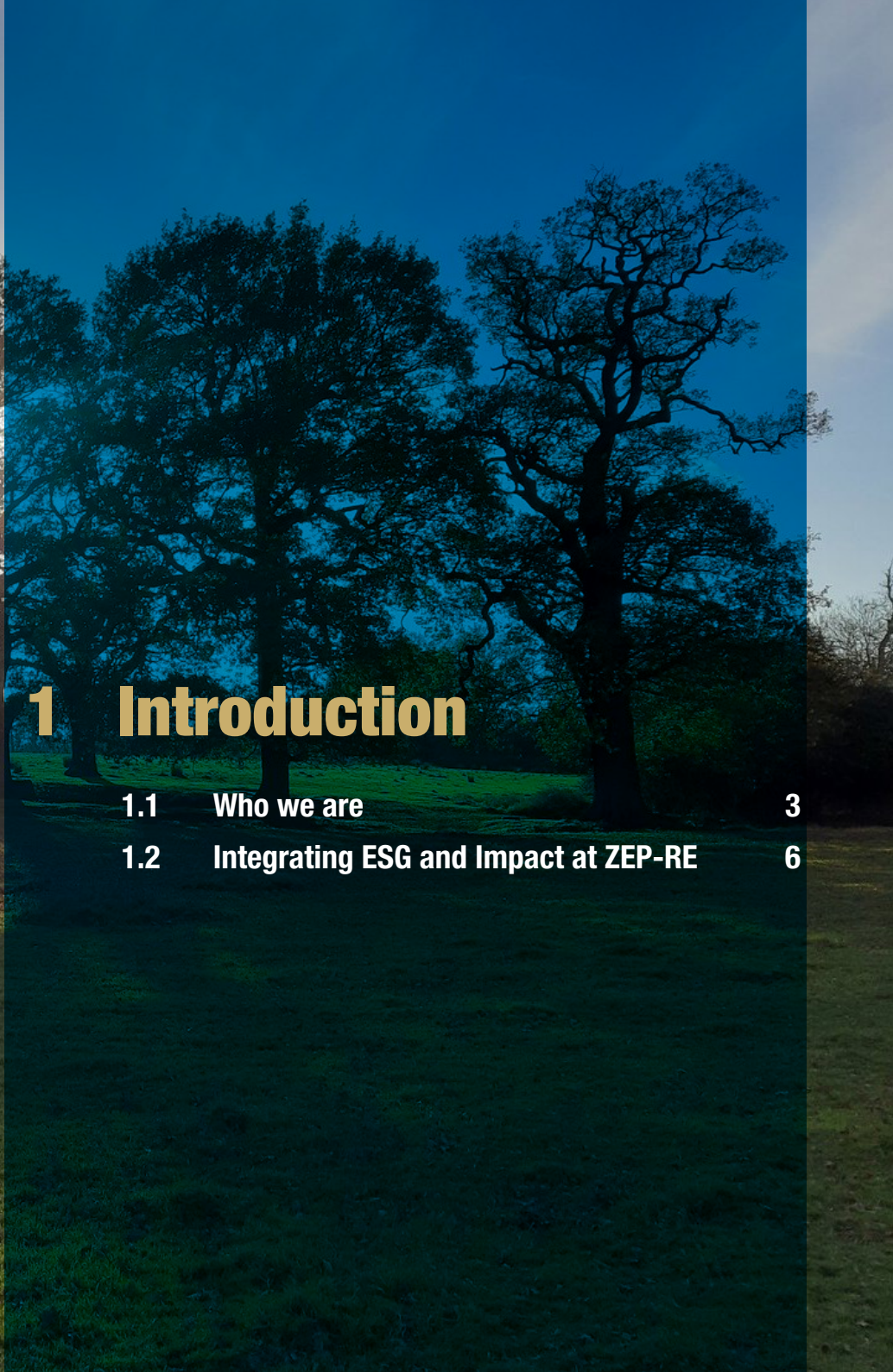
As part of our commitment to ESG, ZEP-RE became a signatory to the UN Principles for Sustainable Insurance (UNPSI) in 2021. Through this initiative, we intend to work with other businesses and agencies to ensure that we embed social, economic, and environmental sustainability in our corporate strategies for a better world. We are committed to mobilising our stakeholders including staff, shareholders, customers, and partners to fulfil this promise.

ZEP-RE is also proud to be a signatory of the Nairobi Declaration for Sustainable Insurance, which further highlights our commitment to ESG and driving the sustainability agenda in our operations and the region. Although the year 2022 has been challenging for businesses, communities, investors, and the (re) insurance industry; at ZEP-RE we have continued to identify opportunities to improve our agility and focus on achieving the ambitious goal of being a US\$1 billion reinsurer. A key driver of this goal is the ZEP-RE 1Believe Strategy that we have launched and are integrating into all our business activities.

## Ms Hope Murera

ZEP-RE Managing Director





# 1 Introduction

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## 1.1 Who we are

ZEP-RE (PTA Reinsurance Company) was created under the auspices of the then Preferential Trade Area (the precursor to COMESA). The Company's mandate was to promote trade in insurance and reinsurance through the creation of capacity, training of the region's insurance personnel, provision of technical services and the re-investment of premium funds within the region. When the Preferential Trade Area became COMESA, ZEP-RE was recognised as one of its institutions under Article 174.

**ZEP-RE is the French acronym for PTA Reinsurance Company and which translates to 'compagnie de réassurance de la zone préférentielle'**

ZEP-RE was established in 1990 through an Agreement between Heads of State and Governments. The Company started operations in 1992 with its headquarters in Nairobi, Kenya. From our headquarters and a number of strategically placed regional offices in the African continent, ZEP-RE serves its clientele by offering a broad range of treaty and facultative reinsurance products and services within the region and beyond. ZEP-RE also provides Takaful reinsurance solutions, tailored to the Islamic community. This Retakaful proposition is offered through our business in Khartoum, Sudan in collaboration with several insurance businesses in the country.

The Company's rich experience and skill set together with an ingrained knowledge of the region's insurance industry allows ZEP-RE to deliver unique solutions that are designed to meet its clients' individual needs. ZEP-RE's objectives are based on the commitment to provide value through technical expertise and professional service to its clients.

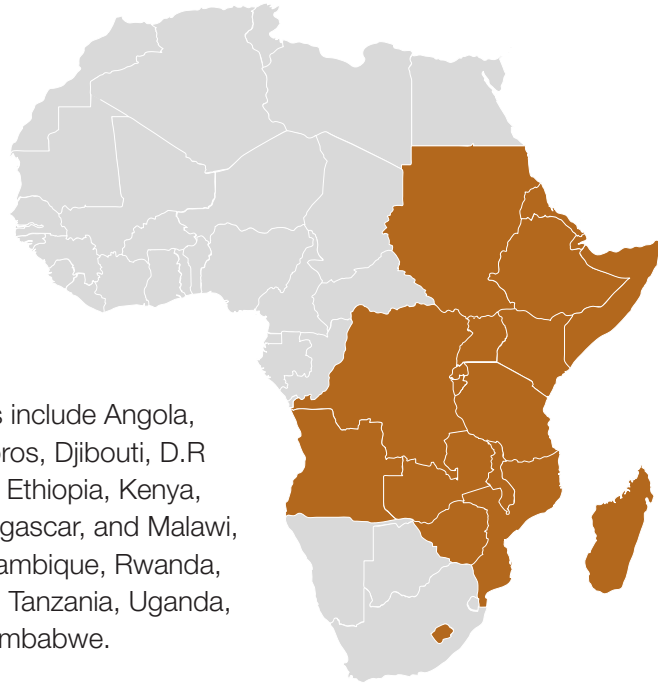
ZEP-RE currently underwrites over **4,000 business treaties from 500 companies in 50 countries drawn from the African, Middle East and Indian subcontinent. We also have over 5,000 treaties with 45 companies** in diversified territories including Kenya, Ethiopia, Burundi, Comoros, Madagascar, Malawi, Maldives, Nepal, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia, and Zimbabwe.





# 1.1 Who we are

## Signatory member states



Member States include Angola, Burundi, Comoros, Djibouti, D.R Congo, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, and Malawi, Mauritius, Mozambique, Rwanda, Somali, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe.

## Founding objectives

Three panels illustrating founding objectives, each with an icon and text, set against a background image of people in a rural setting. A large double-headed arrow is positioned below the panels.

- Panel 1:** Icon of two interlocking gears. Text: "Foster the development of the region's insurance and reinsurance industry".
- Panel 2:** Icon of three stylized human figures with an upward-pointing arrow. Text: "Promote the growth of national and regional underwriting and retention capacity".
- Panel 3:** Icon of a map of Africa. Text: "Support sub-regional economic development".

## Our functions

|   |  |  |  |   |  |
|---|--|--|--|---|--|
| Transact reinsurance business within and outside the Region | Create and administer pools for the interest of the Region's insurance markets | Train insurance and reinsurance industry personnel in the Region | Provide technical assistance to the insurance industry of the Region | Invest premiums in the Region to promote economic development | Promote contacts and business co-operation in the Region |
|---|--|--|--|---|--|



In 2021, ZEP-RE became a signatory to the UN Principles for Sustainable Insurance. Through this initiative, we aim to work together with other companies and agencies to ensure that our industry incorporates economic and environmental sustainability into their company strategies for a better world. We are committed to supporting and encouraging our staff, customers and partners to fulfil this promise.

## 1.2 Integrating ESG and Impact at ZEP-RE

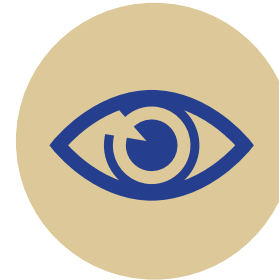
Over the last 30 years, we have achieved enviable milestones and growth while building respectable brand equity. Despite these achievements, we have identified several opportunities to improve our agility and focus to achieve our ambitious goal of being a US\$1 billion reinsurer, which is being driven by the ZEP-RE 1Believe Strategy.

In line with our 1Believe Strategy, and our strategic vision, mission, and values, we are integrating **Environmental, Social and Governance (ESG)** and impact into our business operations to ensure we can measure and report on the positive socio-economic development achieved through our operations.

We are focused on creating a lasting impact in the markets we operate in, with a specific focus on financial inclusion, enhancing business resilience and facilitating regional growth and development.

Financial inclusion aims to enhance access to insurance products and services in the region. We have decided to focus on financial inclusion as it allows us to deliver on our founding mandate, as well as expand our service offering. We work closely with governments in the region to accelerate our financial inclusion agenda.

As part of our commitment to fostering the development of the (re)/insurance industry, we have identified opportunities for expansion in several sectors including the InsurTech space. This is expected to bolster business resilience in the sector. By investing in these new sectors, we can improve (re)/insurance systems available in the markets we operate in. The collection and processing of data will similarly facilitate improved decision-making and risk quantification allowing businesses in the sector to sustainability grow and develop across the region.



### Vision:

To be a world class leading reinsurer in Africa



### Mission:

To provide first class security and quality service to our clients



### Values:

- Customer driven
- A professional team
- Committed to our work
- We act with integrity
- We are a responsible corporate citizen

## 1.2 Integrating ESG and Impact at ZEP-RE

### Creating Impact

As part of our journey to integrate ESG into our operations and create impact, we have developed the ZEP-RE Theory of Change. In this section, we provide an overview of the impact we can create and how we are positioned at ZEP-RE through our strategy to deliver on these Impact intentions.

The Theory of Change outlines the strategic inputs required to realise our strategy and unpacks the Key Performance Indicators (KPIs) to track, ensuring the strategy is being achieved. The Theory of Change further highlights the results/anticipated outcomes of achieving our strategy. This allows us to meaningfully communicate our anticipated impact, this includes improvements in business performance as well as the benefits to society. Communicating our societal impact is further aligned with specific targets set under the UN Sustainable Development Goals (SDGs).



**Sustainability Objectives**



**ZEP-RE Capital Contribution to realising its strategy**



**Benefit to Society (Alignment to the SDGs)**

|                                 | Intellectual | Social | Human | Financial | Natural | Manufactured |                                    |
|---------------------------------|--------------|--------|-------|-----------|---------|--------------|------------------------------------|
| Improved financial performance  | ✓            | ✓      | ✓     | ✓         | ✓       | ✓            | SDG 5, SDG 8                       |
| Competitive advantage           | ✓            | ✓      | ✓     |           | ✓       |              | SDG 1, SDG 2, SDG 5, SDG 8, SDG 10 |
| Increase in footprint           |              | ✓      | ✓     | ✓         |         | ✓            | SDG 2, SDG 5, SDG 13               |
| Labour relations                | ✓            | ✓      | ✓     | ✓         |         |              | SDG 2, SDG 5, SDG 10               |
| Brand recognition               | ✓            | ✓      | ✓     |           |         |              | SDG 1, SDG 5, SDG 10               |
| Diversity, Equity and Inclusion |              | ✓      | ✓     | ✓         |         |              | SDG 1, SDG 2, SDG 5, SDG 10        |
| Enhanced business resilience    | ✓            |        | ✓     |           | ✓       |              | SDG 5, SDG 8, SDG 10, SDG 13       |
| Growth in market share          | ✓            |        |       | ✓         |         | ✓            | SDG 2, SDG 5, SDG 8, SDG 13        |
| Improve license to operate      | ✓            | ✓      |       |           | ✓       |              | SDG 1, SDG 5, SDG 10               |
| Regulatory compliance           | ✓            | ✓      |       |           | ✓       |              | SDG 5, SDG 10, SDG 13              |
| Stakeholder engagement          | ✓            |        |       | ✓         | ✓       |              | SDG 2, SDG 5, SDG 10, SDG 13       |

For more information on how the SDGs have been integrated go to page 11



## 1.2 Integrating ESG and Impact at ZEP-RE

By identifying the key value-creation opportunities and unpacking the drivers of our performance, we are able to present an overview of how the tools and products we have deployed have benefited the (re) insurance sector in the region.

### Nature of the capital deployed to realise our strategy



#### Intellectual Capital

Deployment of our know-how, networks and capacity

### Drivers of our performance

Enhanced know-how and capacity facilitates the leveraging of opportunities to improve financial performance, develop competitive advantage and grow the market share of ZEP-RE.

By leveraging our know-how, we can better serve our client base, build our reputation in the market and enhance brand recognition. Being seen as a leader in the (re)/insurance industry attracts much-needed talent which enhances our resilience and license to operate.

### Tools deployed by ZEP-RE to enhance the industry

#### Capacity building:

1. Training by the ZEP-RE Academy
2. Young Professionals Programme (YPP)
3. Project Girls for Girls (G4G)
4. Financial literacy training under the DRIVE project
5. Enhancing Index based product development skills in the industry



#### Knowledge sharing:

1. Weather index activities
2. Assisting with technical and economic feasibility studies under the DRIVE programme
3. Financial and technical support to public-private partnerships (PPP) under the DRIVE project



#### Thought leadership:

1. Gold Mark allocation for excellence in InsurTech

## 1.2 Integrating ESG and Impact at ZEP-RE

| Nature of the capital deployed to realise our strategy   | Drivers of our performance  | Tools deployed by ZEP-RE to enhance the industry   |
|--|---|--|
|  <p><b>Social Capital</b></p> <p>Leveraging our brand and social license to operate</p>                 | <p>Enhanced brand recognition and social license to operate are built through leveraging our credentials to realise shareholder returns as well as generate services/products for the public good. Focusing on enhancing social capital leads to buy-in and customer awareness of products and services on offer. This will enhance the financial performance of ZEP-RE, create a competitive advantage, and facilitate the growth of our footprint and market share.</p> <p>A strong brand will assist us with attracting scarce skills and facilitate the retention of talent further strengthening our resilience and building a much-needed license to operate.</p> | <p><b>Targeted initiatives:</b></p> <ol style="list-style-type: none"> <li>1. Gender parity</li> <li>2. Youth empowerment</li> <li>3. Promotion of the Financial Inclusion agenda</li> <li>4. ACRE Africa village champions introduced</li> <li>5. Supporting communities</li> <li>6. Global Give Back Circle</li> <li>7. ZEP-RE Mentenda Programme</li> </ol> |
|  <p><b>Human Capital</b></p> <p>Our people and how they are deployed and developed to create value</p> | <p>The strength of the (re)/insurance industry and companies is driven by the correct deployment of its people. This focus realises enhanced financial performance, maintenance of our growing footprint and market share. Strengthening the capacity of our people, however, requires ongoing capacity building.</p> <p>A focus on diversity, equity and inclusion allows us to respond to the needs of our customers, being able to innovate products that are better tailored to customer needs through being able to respond from a more informed position.</p>   | <p><b>Focus areas for ongoing development:</b></p> <ol style="list-style-type: none"> <li>1. Diversity, Equity and Inclusion agenda</li> <li>2. Job creation</li> <li>3. Talent development</li> <li>4. Talent attraction</li> <li>5. Product innovation</li> <li>6. Promotion of financial inclusion</li> </ol>   |

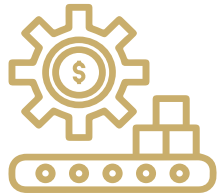
## 1.2 Integrating ESG and Impact at ZEP-RE

| Nature of the capital deployed to realise our strategy  | Drivers of our performance   | Tools deployed by ZEP-RE to enhance the industry   |
|---|--|--|
|  <p><b>Financial Capital</b></p> <p>Monetary provision and allocation of funds to grow the (re)/insurance sector</p> | <p>The growth and stability of a business is underpinned by its financial performance. Growth in financial capital is required to drive further growth of our footprint and market share. We focus on the deployment of financial capital in a manner that strengthens employee efficiency and effectiveness, which in turn drives value to shareholders and our customer base.</p> <p>Strategic investment in product innovation and digitisation of solutions, including the rollout of initiatives that promote diversity, equity and inclusion further builds resilience and drives growth in the order book, footprint, and market share. Ongoing stakeholder engagement is a key driver of financial performance ensuring the deployment of financial capital in the correct manner.</p> | <p><b>How we spend our money:</b></p> <ol style="list-style-type: none"> <li>1. Insurance Technology</li> <li>2. Training and development</li> <li>3. Product innovation</li> <li>4. Fundraising</li> <li>5. Financial literacy of pastoralists and capacity building of the private sector players in understanding index insurance and how to effectively distribute products</li> <li>6. Facilitating cross-border collaboration under the DRIVE programme</li> <li>7. Supporting the regional trade facilitation measures and cross-border collaboration under the COMESA Yellow Card Scheme and Regional Customs Transit Guarantee (RCTG) Scheme</li> </ol> |
|  <p><b>Natural Capital</b></p> <p>Our biophysical environment and knowledge of how our operations impact on it</p> | <p>Our biophysical environment can inform how we respond to specific needs and innovation of products on offer. Ensuring that the products and services on offer protect our customers is key, this lends to the development of products aimed at enhancing business resilience.</p> <p>The approach to product development of this nature is often aligned with regulatory requirements but is also informed through robust stakeholder engagement. The focus is also on enhancing the overall financial performance and competitive advantage of insurance businesses.</p>   | <p><b>Initiatives supported:</b></p> <ol style="list-style-type: none"> <li>1. ACRE Africa – Agriculture and Climate risk enterprise</li> <li>2. Hybrid Index and Multi-Peril Crop Insurance (MPCI) Cover</li> <li>3. DRIVE project implementation</li> </ol>  |



## 1.2 Integrating ESG and Impact at ZEP-RE

### Nature of the capital deployed to realise our strategy



#### Manufactured Capital

Our physical assets and how they can be leveraged to create value

### Drivers of our performance

Investment in physical infrastructure is required to facilitate the growth and development of the (re)/ insurance industry. This creates direct touchpoints with clients, allows for active engagement and the development of employees. Infrastructure investments allow for the enhancement of financial performance, and growth in ZEP-RE's footprint and market share.

### Tools deployed by ZEP-RE to enhance the industry

#### Product innovation:

1. Retakaful Window – an Islamic insurance concept
2. ACRE Africa - agricultural insurance
3. COMESA Yellow Card Scheme
4. COMESA Regional Customs Transit Guarantee (RCTG) Scheme
5. Livestock cover
6. Index Based Livestock Insurance for drought coverage under the DRIVE project
7. Sovereign insurance product development

#### Programmes Supported:




1. Kenya Livestock Insurance Programme (KLIP)
2. Kenya Crop Insurance under the Kenya Agriculture Insurance programme (KAIP)
3. Zambia Farmers Input Support Programme (FISP)
4. Ugandan National Agriculture Insurance System (NAIS)
5. Horn of Africa Implementing agent for De-Risking Inclusion and Value Enhancement programme (DRIVE)

#### Insurance Technology Supported:

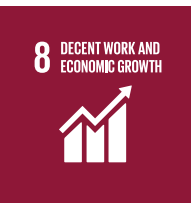


1. Medbook – Healthcare
2. Altron and SwiftAnt - vehicle insurance
3. Digitisation of processes under the DRIVE programme

## 1.2 Integrating ESG and Impact at ZEP-RE

In line with our 1Believe Strategy and founding objectives, we strive to create a lasting positive impact in the markets we operate in. To measure and report on the impact achieved and the anticipated benefits to society, ZEP-RE has identified six SDGs that we support. As a key role player in the (re)/insurance industry in the COMESA region and beyond, we acknowledge the role we play as a business in creating positive change and responding to pressing social, environmental, and economic challenges facing the region. The SDGs selected by ZEP-RE are outlined as follows:

| Focus SDG  | Alignment to the SDGs  | Focused societal impact   |
|--|--|---|
|    | <b>Target 1.4</b>  | <ol style="list-style-type: none"> <li>1. Enhance access to economic resources including financial services</li> </ol>  |
|    | <b>Target 2.3</b><br><b>Target 2.4</b><br><b>Target 2a</b>   | <ol style="list-style-type: none"> <li>1. Increased agricultural productivity</li> <li>2. Improved levels of secure and equal access to knowledge, financial services, markets and opportunities</li> <li>3. Promotion of sustainable employment opportunities</li> <li>4. Promotion of sustainable food production systems</li> <li>5. Implementation of resilient agricultural practices</li> <li>6. Strengthening levels of capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters</li> <li>7. Increase investment, including through enhanced international cooperation</li> </ol> |
|  | <b>Target 5.1</b><br><b>Target 5.5</b><br><b>Target 5a</b><br><b>Target 5b</b><br><b>Target 5c</b> | <ol style="list-style-type: none"> <li>1. End discrimination against women and girls</li> <li>2. Ensure women's effective participation and equal opportunities for leadership at all levels of decision making</li> <li>3. Undertake reforms to give women equal rights to economic resources</li> <li>4. Undertake reforms to enhance access to financial services</li> <li>5. Enhance the use of enabling technology to promote the empowerment of women</li> <li>6. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality</li> </ol>   |

## 1.2 Integrating ESG and Impact at ZEP-RE

| Focus SDG  | Alignment to the SDGs  | Focused societal impact  |
|--|--|--|
|  <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> | <p><b>Target 8.5</b></p> <p><b>Target 8.7</b></p> <p><b>Target 8.8</b></p> <p><b>Target 8.10</b></p> <p><b>Target 8a</b></p> | <ol style="list-style-type: none"> <li>1. Achieve full and productive employment and decent work</li> <li>2. Focus on inclusion of youth and people with disabilities</li> <li>3. Ensure equal pay for equal work of equal value</li> <li>4. Eradicate forced labour, modern slavery and human trafficking</li> <li>5. Support the protection of labour rights</li> <li>6. Promote a safe and secure working environment</li> <li>7. In agriculture, protect migrant workers, in particular women and those in precarious employment</li> <li>8. Strengthen the capacity of domestic financial institutions</li> <li>9. Encourage and expand access to insurance for all</li> <li>10. Increase aid for trade support for developing countries</li> </ol> |
|  <p><b>10</b> REDUCED INEQUALITIES</p>          | <p><b>Target 10.4</b></p>  | <ol style="list-style-type: none"> <li>1. Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</li> </ol>  |
|  <p><b>13</b> CLIMATE ACTION</p>               | <p><b>Target 13.1</b></p> <p><b>Target 13.3</b></p> <p><b>Target 13b</b></p>   | <ol style="list-style-type: none"> <li>1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</li> <li>2. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</li> <li>3. Promote mechanisms for raising capacity for effective climate change-related planning and management including focusing on women, youth and local and marginalized communities</li> </ol>  |





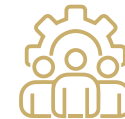
## **2 Unpacking our Impact**

|            |   |           |
|------------|---|-----------|
| <b>2.1</b> | <b>The ZEP-RE Team</b>                              | <b>14</b> |
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## 2.1 The ZEP-RE Team



At ZEP-RE, we acknowledge that our staff are the core drivers of our strategy and the provision of excellent service to our clients. We are committed to becoming an equal opportunity employer and to achieving gender parity within our workforce which is demonstrated by 47% of our employees being women.



Strong management team of **20 individuals**



**45%** of the management team are women



**47%** of our employees are women



**12 new staff members** recruited in 2021



**85 employees** in 2021

To ensure our staff remain abreast of industry developments and can service the needs of our clients, we have implemented skills development initiatives for all employees.



## 2.1 The ZEP-RE Team

### Empowering ZEP-RE female employees

In 2020, during the COVID-19 outbreak, ZEP-RE sponsored 24 female employees to attend a leadership programme run by Project Girls for Girls (G4G). The G4G programme was selected as they believe that every girl or woman, if nurtured and mentored, has the potential to lead. The six-month course empowers young women with the courage, vision and skills needed to take on leadership positions. G4G helps them achieve their ambitions by providing access to professional mentorship, skills-based tools, and a global network of female leaders.

ZEP-RE identified and selected this programme as it is in line with our corporate strategy and developmental mandate. The G4G Programme was timely and has helped us as an organisation in our quest to achieve gender equality and empower all women and girls (SDG 5).

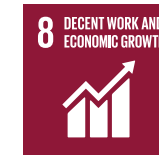
This programme has transformed the ZEP-RE workplace into a place where everyone feels they belong, and female employees feel more empowered and equipped with skills to grow. The programme improved employee morale and heightened confidence levels as our female employees, demonstrated by these employees taking on bigger and more challenging roles in the company. These women play a key role in driving forward the ZEP-RE strategy and are an impactful asset in the delivery of our development mandate.





## 2.2 Capacity Building

In line with our founding objectives to foster the development of the region's (re)/ insurance industry and promote the growth of national and regional underwriting and retention capacity, the ZEP-RE Academy was launched in 2016. We envision that by supporting capacity building, building on our brand recognition, and promoting diversity, equity and inclusion in the markets we operate in, we can support five of our targeted SDGs.



**The ZEP-RE Academy was launched to foster the development of the insurance and reinsurance sectors of the region through the provision of training and technical skill development. Through the ZEP-RE Academy, we strive to be thought leaders in the insurance industry and are strategically positioned to be the preferred continental insurance and reinsurance training solutions provider to help translate our strong belief in insurance and reinsurance professionalism into reality**

The Academy's flagship course is the Proficiency in Short-Term Reinsurance Practice & Claims Management (PSTRP). The course targets all employees deployed in insurance and reinsurance companies, brokers and other industry service providers in the departments of direct underwriting, claims, reinsurance underwriting and reinsurance accounting. The Academy has also developed specific courses for insurance regulators and industry leaders.

*"Employers who tend to spend money on their staff have better results than those who do not. The staff who are trained also tend to develop an element of loyalty compared to those working for employers who are not concerned about staff development"*

**Christine Gitachu - ZEP-RE Academy Training Manager**



## 2.2 Capacity Building

### Course offerings



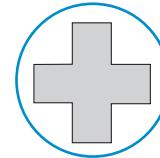
Engineering (CAR/  
EAR) Insurance



Life Assurance  
Underwriting Practice



Fire Insurance and Business  
Interruption Insurance



Medical Insurance  
Underwriting

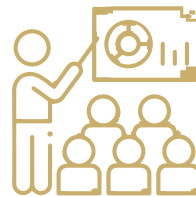


Agricultural Insurance Underwriting  
and Claims Management



The onset of the Covid-19 pandemic in 2020 required the Academy to re-strategize and leverage technology to offer online courses and training through webinars. The online webinars allowed the ZEP-RE Academy to reach 2,351 participants in 2020 from 37 countries. The transition to online learning has allowed the Academy to increase its geographic reach and footprint, reach a larger audience, and access international guest facilitators.

As part of our commitment to skills development and capacity building, ZEP-RE is involved in several programmes that have benefited both ZEP-RE employees and the markets we operate in.



**6 933**

individuals trained between  
2019 and 2022



**30**

workshops carried out between  
2019 and 2022



**68**

webinars conducted between  
2020 and 2022



**35%**

of individuals were trained in 2021



**210 hours**

of training provided in the  
workshops



**204 hours**

of training provided in webinars

## 2.2 Capacity Building

### Young Professional Programme



Cumulative number of participants  
**Approximately 40**



Transition to employment  
**100%**

**Joan Jebiwott** is currently employed by ZEP-RE as a Claims Analyst. Joan attended Maseno University to pursue a degree in Actuarial Science (With IT). ZEP-RE sponsored her education under its CSR program in collaboration with Global Give Back Circle (GGBC). Through the scholarship and relationships formed with ZEP-RE, Joan had the privileged to be considered for the YPP and was placed in the Claims department for one year. YPP provided her the opportunity to learn, gain new skills and improve her professional development. *“It provided a growth-oriented work environment that I truly value. I was able to receive mentorship and coaching from select employees who gave me guidance and support to enable me to maximize my potential and reach my goals. As part of my career goals, I enrolled for an MBA (Risk and Insurance) and successfully graduated. I attribute this success to the mentorship I received at ZEP-RE”.*

*“The YPP program contributed greatly to my growth careerwise and in gaining valuable skills, while at the same time allowing me to use my knowledge and skills in delivering value to ZEP-RE and to the clients that we serve. I am very grateful for this opportunity and would recommend it to anyone looking to kickstart or grow their career”.*

**Ruth Bosibori** was a YPP graduated who completed a BCom in Insurance. Ruth thoroughly enjoyed the YPP experience at ZEP-RE: *“It has been great! Not only in learning and expanding my capabilities and skills but also embracing the uniqueness of those around you during your work day”.*

*Ruth enjoyed the rotation between the finance, claims, underwriting and accounting teams. Her key takeaways from the experience was the need to maximize your work day, maintain the desire to learn new things and to have the courage to suggest ideas.*





## 2.3 Financial Inclusion

**Financial inclusion**, a key driver of impact, has been identified as one of our core strategic pillars. Financial inclusion speaks directly to our founding objectives as it is closely linked to socio-economic development in our markets of operation. At ZEP-RE, we are supported by the governments in our markets of operation and collaborate closely with them to promote policies and initiatives that deepen financial inclusion and foster the development of the insurance and reinsurance industry in Africa. We envision that by supporting socio-economic development and financial inclusion in the region we can support five of our targeted SDGs.



Financial inclusion remains a key focus area in the financial and insurance sector as a large portion of the population remains without access to financial products and services. In recent years, there has been a demonstrated improvement in financial inclusion, with the majority of the improvements being focused on improved access to banking services. Despite the improvement, financial inclusion is still lacking when it comes to access to insurance products. Delivering financial inclusion is a core principle of the SDGs as it plays a role in eradicating poverty, particularly in Africa<sup>1</sup>.

**More than 50%** of Africans don't have access to formal financial services

Access to bank accounts is estimated to be **40%** in Africa

**Insurance accounts for 1%** of the GDP compared to a global average of 7%

**The insurance sector plays a key role in economic development and growth, with studies showing that a 1% increase in total insurance penetration can lead to an annual 4.8% increase in economic growth versus a 1.7% increase when only life insurance is considered<sup>2</sup>.**

Low levels of insurance penetration can be associated with low levels of economic development, where informal and formal traditional self-insurance mechanisms are not easily quantifiable. In countries or regions where the GDP per capita reaches USD 3,000 – USD 5,000, the insurance penetration rises faster than GDP until the market matures and reaches a “plateau”. This relationship can be attributed to two main drivers:

1. Insurance makes it possible for individuals to make **risk-related decisions that are greater than those an individual can make on their own** (i.e., starting a company, investing, or improving infrastructure etc.). In Africa, there are low-frequency, high-cost risks that individuals can't cope with, for example, sole breadwinners who are unable to work due to illness or farmers who can't work due to severe weather events (floods, droughts etc.). However, when these risks are covered by insurance, individuals and households can make **“productivity-enhancing” decisions** and invest for the longer term (i.e., using fertilizers, sending children to school, and investing in preventative health measures like mosquito nets).
2. Insuring businesses and households against property loss, damage, and loan repayment difficulties, contributes to **lower credit risk and interest rates**.

Despite the need and opportunity for insurance in Africa, insurance penetration remains low. This could be because insurers are not adapting their products and services to the local realities of Africa. As a result, the products and services often require long and complex contracts, a costly agent distribution network and brokers, which excludes the majority of the African population who often have little access to and awareness of insurance products and services. As a result, the most vulnerable populations have often been considered uninsurable. New digital platforms and market players are aiming to reinvent the business insurance model in Africa to overcome the challenges of price and lack of trust due to the complexity and difficulty of access in these markets<sup>3</sup>.

<sup>1</sup> (Lamb & Herbstein, 2020)

<sup>2</sup> (de Montchalin & Wattez-Richard, 2021)

<sup>3</sup> (de Montchalin & Wattez-Richard, 2021)

## 2.3 Financial Inclusion

### Insurance products and services

We are proud of our contributions and initiatives to support financial inclusion. We have worked with various countries in the region to support various initiatives aimed at scaling up the penetration of insurance and the protection of low to middle-income households from risks related to poor health, income and savings fluctuations.

### Micro-credit products initiatives



We work with governments and market players in **Ethiopia, Kenya, Rwanda, Uganda, Zambia and Zimbabwe** to offer micro insurance products with the benefit payable being outstanding loan balances.



Covering over **220,000 lives** in 2021



Loans assured reach approximately **US\$ 2.7 million**



In Rwanda, **299,887 lives** were covered in 2020/21 and loan amounts assured stood at **approximately US\$ 343.1 million**.



In Kenya, **261,496 lives** were covered in 2021 and loan amounts assured stood at **approximately US\$ 276.7 million**.



In Uganda, **196,006 lives** have been covered and loan amounts assured stood at **approximately US\$ 11.4 million**.



In Zambia, over **560,000 lives** have been covered and loan amounts assured stood at **approximately US\$ 1.3 billion**.

### Universal Insurance



We are currently supporting a long-term savings scheme in Rwanda in partnership with the government and local stakeholders in the market. The main cover offered by the scheme is life and funeral expenses with an element of government subsidy.

Supporting a **long-term savings scheme in Rwanda** - the main cover is life and funeral expenses

**90,000 lives** insured in 2021

Total benefits totalling **US\$ 117.8 million**

## 2.3 Financial Inclusion

### Collateral replacement indemnity



The collateral replacement indemnity (CRI) product targets borrowers in the lower to middle-income mortgage market who often can't afford the requisite deposit usually demanded by mortgage financing institutions. The target market usually have the capacity to pay the deposit amount if it is spread over a selected period. The CRI product is offered in over 11 countries through local insurers and ZEP-RE provides reinsurance capacity. In 2021, ZEP-RE invested in a Guarantee Management System to support the CRI microinsurance product. This enables us to support the growth of microinsurance by introducing a low-cost insurance value chain. The growth in the CRI product offering will play a key role in supporting the government's (in the markets we operate in) objectives to provide low-cost housing and facilitate access to decent and affordable housing for lower to middle-income populations through home loan finance and indemnities, empowering individuals to develop, construct, upgrade or buy homes.

The product is offered in **over 11 countries** through local insurers and reinsurance offered by ZEP-RE

**Over US\$ 6 million in loans** were guaranteed in 2021

Over **50 lenders** are participating in the programme

Since the inception of the product, **over 10,000 families** have been beneficiaries



## 2.3 Financial Inclusion

### Agriculture insurance

The agricultural sector remains a critical economic sector in the majority of African countries, not only to ensure food security but also as a key driver of job creation, economic contribution and its ability to sustain livelihoods. However, the penetration of risk management solutions in the agricultural sector in Africa remains low, despite the high level of vulnerability to climate change impacts and market inefficiencies. With the growing use of digital platforms and technological advancements in the insurance industry and the increasing urgency to respond to climate change impacts, there is a drive to increase the penetration of risk management solutions and tailored insurance products<sup>4</sup>. ZEP-RE has identified the need to improve access to insurance products, particularly in the agricultural sector, which plays a key role in supporting SDG 2 (Zero Hunger). In 2021 and 2022, ZEP-RE continued to support the regional government food security agenda programmes through reinsurance and technical capacity development in Zambia, Kenya, Uganda and the Horn of Africa. Through the product and services offered by ZEP-RE, we are able to scale risk mitigation solutions to farmers in Africa and employ digital tools to provide improved insights, learning opportunities and innovative cost-effective products to farmers.

**It is estimated that a 1% increase in insurance penetration for agricultural insurance (particularly smallholder farmers) reduces the disaster recovery burden on developing countries by 22%<sup>5</sup>.**



In Kenya:

- We supported the Kenya Livestock Insurance Programme (KLIP)
- Provided livestock insurance for **18,000** farmers
- Provided crop insurance (under Kenya Agricultural Insurance Programme (KAIP)) for **250,000** farmers
- Between KLIP and KAIP, over **18,000 households and 90,000 livestock** units were covered



In Zambia:

- We supported the **Farmer Input Support Program (FISP)** which is the largest agricultural program supported by ZEP-RE
- **Reinsurance, product development and monitoring** support provided
- Worked with **Technical Working Group** (Ministry of Agriculture, World Food Program, etc.) to restructure the scheme for improved sustainability
- The FISP programme reached over **3.3 million farmers**



In Uganda:

- We supported the **National Agriculture Insurance Schemes (NAIS)** with reinsurance capacity, product improvement and capacity development
- Provided cover to **over 300,000 farmers**

<sup>4</sup> (The World Bank, 2022)

<sup>5</sup> (ISF Advisors, 2022)

## 2.3 Financial Inclusion

### Direct Investment Spotlight: ACRE Africa

As we continue to improve and increase access to agricultural insurance products, ZEP-RE has invested in ACRE Africa which targets farmers directly.



ACRE Africa, the brand name of Agriculture and Climate Risk Enterprise Ltd. (ACRE) links farmers to insurance products and agricultural service providers so farmers can confidently invest in their farms.



Shareholding  
56%

Year of Investment  
2020

#### Countries of Operation



#### Key Activities

Develops products and technology platforms that deliver micro-insurance to the agricultural sector.

Provides risk management solutions to reduce risks associated with agricultural production and climate change.

Service provider working with local insurers and other stakeholders in the agricultural insurance value chain.

#### Key Products

##### Weather Index Activities

Uses weather data to approximate the on-farm experience. Unlike traditional agricultural insurance, which relies on expensive field visits to assess losses, ACRE Africa uses daily rainfall data monitored by satellites or automated weather stations.

##### Hybrid Index and Multi-Peril Crop Insurance (MPCI) Cover

This combined insurance product enables clients to insure their crops against risks beyond their control, (drought, storms, pests, and diseases). The Hybrid Index and MPCI covers the germination phase of the crop cycle, excluded in traditional, indemnity-based MPCI covers.

##### Livestock Cover

Indemnity product for dairy cows that insures against death from accidents and selected diseases. A gestation cover is also available specifically for calving cows. It covers the animal from risks associated with pregnancy losses. This protects the farmers from losses occasioned by pregnancy losses.



## 2.3 Financial Inclusion

### ACRE Africa Impact Dashboard



**494,882 farmers insured** across eight countries between 2020 and 2022



**US\$ 1,097,027 in claims paid** between 2020 and 2022



**198,005 (40%) of farmers insured** between 2020 and 2022



**335,646 acres covered by insurance** between 2020 and 2022



**58% of village champions** are women



**200,000 Village Champions\*** (in Kenya & Tanzania) used to distribute products and services in 2022



**US\$ 211,799,214 total insured value** between 2020 and 2022

### Village Champions

Women play a key role in the agricultural sector in Africa, with studies showing that 43% of the world's smallholder farmers are women, who are responsible for producing around 70% of Africa's food. Despite the key role that women play, there is a gender gap that continues to exist when looking at financial inclusion, particularly insurance access and usage. This can be attributed to the traditional insurance policies which are typically linked to credit facilities, which women often don't have access to or are not permitted to be the custodians of. By making use of village champions, particularly women, ACRE Africa is reaching an increasing number of women as illustrated below <sup>6</sup>.



- 1 female champion registered +/- 127 female farmers (reach)
- 6 in 10 of the farmers insured were female (benefit)



- 1 male champion registered +/- 95 female farmers (reach)
- 4 in 10 of the farmers insured were male (benefit)



\* Village Champions are trained smallholder farmers that act as change agents who are educating their fellow farmers about the value of insurance to increase uptake and acceptability.

<sup>6</sup> (ACRE Africa, 2021)



## 2.3 Financial Inclusion

### Project Spotlight: De-risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa Project (DRIVE)

Sub-Saharan Africa (SSA) is facing the brunt of a ‘perfect storm’ with a food, fuel and fertilizer crisis being further fuelled by the ongoing war in Ukraine, the lingering effects of the Covid-19 pandemic, rising inflation, increasing debt levels, and changing weather and climatic conditions. While these factors all require urgent action, the greatest priority for human development is the need to address food insecurity and ensure access to affordable and nutritious food for the African population.

**In 2022, it is estimated that one in five Africans goes to bed hungry, and an estimated 140 million people in Africa face acute food security <sup>7</sup>.**

The greater Horn of Africa (HoA), stretching from northern Kenya and Somalia to southern Ethiopia is experiencing its worst drought in four decades – the extreme drought conditions have devastated agricultural production, destroyed crops, and killed more than three million livestock. In addition to this, the agricultural sector has also been affected by a locust outbreak. As a result, the livelihoods and lives of millions of farmers and pastoralists are at risk <sup>8</sup>.

**More than 20 million people** in the HoA face starvation

Nearly **6 million children** (under five years of age) are acutely malnourished

Individuals likely to be impacted by acute food insecurity are expected to **exceed 25 million** by 2022

Our flagship project, De-risking, Inclusion and Value Enhancement (DRIVE) was launched in response to the growing need for financial services that support drought risk mitigation, the inclusion of key agricultural role-players like smallholder farmers and pastoralists in agricultural value chains, and improved livestock trade for pastoralist economies in the HoA. DRIVE is a US\$360.5 million project funded by the World Bank and its partners. It is a five-year initiative that commenced in June 2022 and will run until July 2027. The DRIVE initiative supports all six SDGs targeted by ZEP-RE.

<sup>7</sup> (The World Bank, 2022)

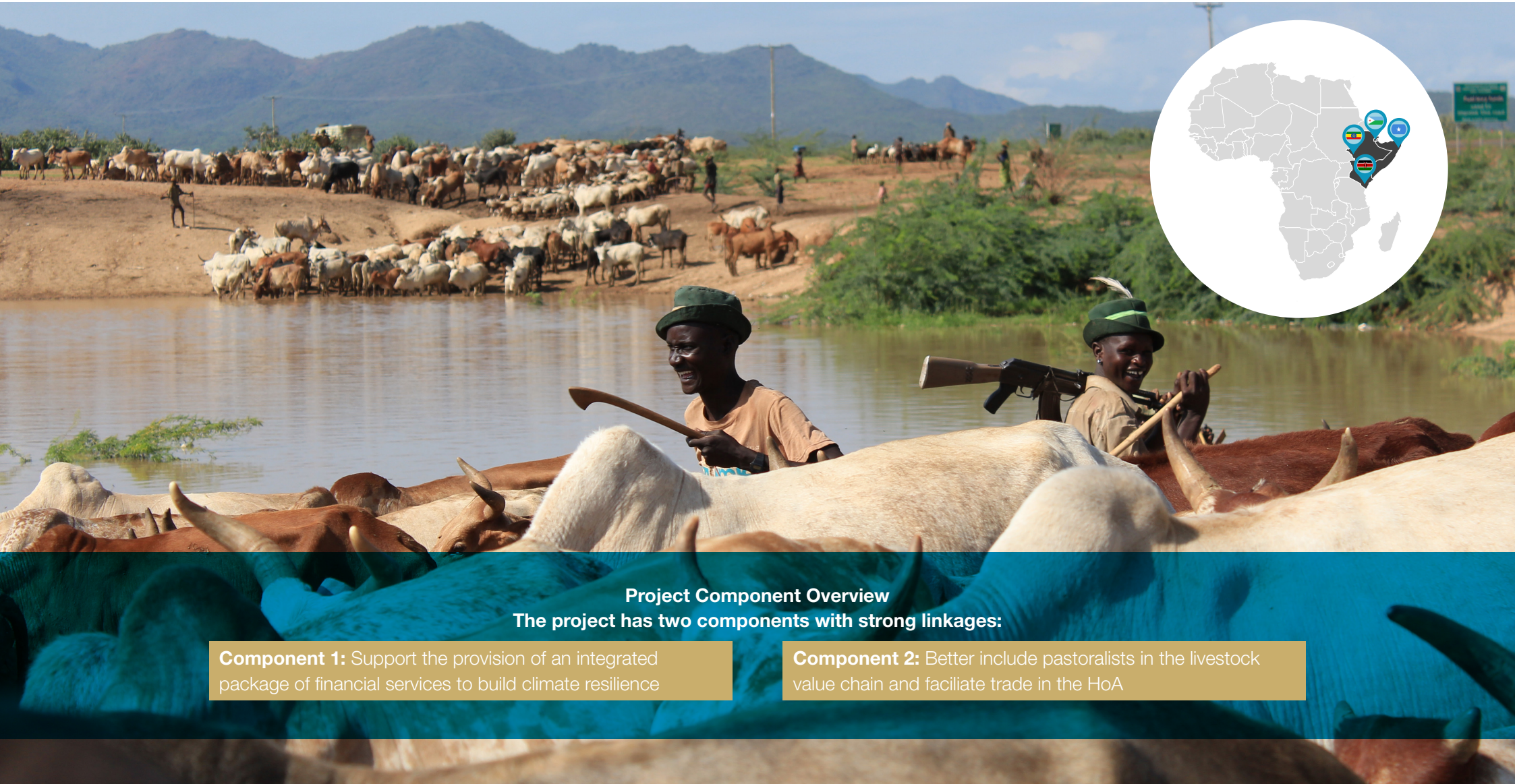
<sup>8</sup> (Kurtzer, et al., 2022)





## 2.3 Financial Inclusion

**Objectives: To enhance pastoralists' access to financial services for drought risk mitigation, include them in value chains, and facilitate livestock trade in the Horn of Africa (Djibouti, Ethiopia, Kenya, and Somalia).**



### Project Component Overview

The project has two components with strong linkages:

**Component 1:** Support the provision of an integrated package of financial services to build climate resilience

**Component 2:** Better include pastoralists in the livestock value chain and facilitate trade in the HoA



## 2.3 Financial Inclusion

### Project component overview



**Component 1: Package of Financial Services for Climate Resilience**  
(US\$ 179 million)

**Component 2: Livestock Value Chains and Trade Facilitation**  
(US\$ 181.5 million)




|   |  |  |
|---|--|--|
| Designing and provision pastoralists in Ethiopia, Kenya and Somalia an integrated package of financial services | Building the capacity of the countries' stakeholders and drought insurance awareness | Designing a sovereign climate insurance policy to be acquired by Djibouti for the government to provide protection to its population, including pastoralists |
|---|--|--|

|   |  |  |
|---|--|--|
| Upgrading quality infrastructure to ensure compliance of livestock and livestock products with international standards; | Building the capacity of agencies in charge of quality infrastructure; and supporting Mutual Recognition Agreements in HoA | Supporting trade facilitation and trade logistics of livestock and livestock products  |
|   |  | Establishing a facility to de-risk private investment in the livestock value chains and to support local productive capacities |

#### Component 1 Project Targets:

-  **1.6 million** pastoralists and their dependants covered by financial services
-  **2,500 pastoralist** groups supported and connected to markets
-  **80%** of pastrolists in target areas receive training to understand the financial products
-  **US\$ 500 million** private capital enabled from (re)/insurers

#### Component 2 Project Targets:

-  **US\$ 72 million** private capital mobilized through the facility to de-risk private investments
-  **700** National Quality Infrastructure (NQI) professionals trained on quality infrastructure
-  **20 trade** facilitation measures supported



## 2.3 Financial Inclusion

### DRIVE in Kenya

|   |   |
|---|---|
| <p><b>Component 1</b></p> <p>Package of financial services for climate resilience <b>(US\$ 84M)</b></p>   | <p><b>Component 2</b></p> <p>Livestock Value Chains (LVC) and Trade Facilitation <b>(US\$ 65M)</b></p>  |
| <p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>Package of financial services:                     <ul style="list-style-type: none"> <li>- Drought insurance, savings,</li> <li>- Digital accounts,</li> <li>- Financial literacy.</li> </ul> </li> </ul> <p><b>Implementing agent:</b> ZEP-RE</p> <p><b>Partners:</b></p> <ul style="list-style-type: none"> <li>(Re)/Insurers</li> <li>Deposit taking institutions e.g., banks, MFIs, SACCOs etc.</li> <li>Aggregators e.g., development partners with pastoral activities</li> </ul> | <p><b>Proposed activities:</b></p> <ul style="list-style-type: none"> <li>Implementation of Livestock Management Programme (LMP) and the Livestock Identification Traceability System (LITS).</li> <li>Feasibility studies to improve bankability of private sector investments in LVC.</li> <li>Financial and technical support to Public Private Partnership (PPP) in feed production, finishing, fattening.</li> </ul> <p><b>Implementing agents:</b></p> <ul style="list-style-type: none"> <li>Kenya Development Cooperation (KDC) in partnership with AFC</li> <li>State Department of Livestock (SDL)</li> </ul> |



### Anticipated impact

**800,000**

Pastoralists and dependents having access to financial services and capacity building

**US\$ 290 Million**

Private capital enabled from (re)/insurers and through the facility to de-risk private investments

**1,200**

Pastoralist groups supported and connected to markets

**US\$ 115 Million**

Livestock and livestock products traded by pastoralists

## 2.3 Financial Inclusion

### DRIVE in Ethiopia

|  |   |
|--|---|
| <b>Component 1</b><br>Package of financial services for climate resilience <b>(US\$ 45M)</b>   | <b>Component 2</b><br>Livestock Value Chains and Trade Facilitation <b>(US\$ 70M)</b>   |
| <b>Activities:</b> <ul style="list-style-type: none"> <li>• Package of financial services:                         <ul style="list-style-type: none"> <li>- Drought insurance, savings</li> <li>- Digital accounts</li> <li>- Financial literacy</li> </ul> </li> </ul> <b>Implementing agent:</b> <ul style="list-style-type: none"> <li>• ZEP-RE</li> <li>• Partners:                         <ul style="list-style-type: none"> <li>- (Re)/Insurers</li> <li>- Deposit taking institutions e.g., banks, MFIs, SACCOs etc.</li> <li>- Aggregators e.g., development partners with pastoral activities</li> </ul> </li> </ul> | <b>Proposed activities:</b> <ul style="list-style-type: none"> <li>• TA and capacity building on quality standard, testing, certification, etc.</li> <li>• Technical and economic feasibility study to Jiggiga quarantine center.</li> </ul> <b>Implementing agents:</b> <ul style="list-style-type: none"> <li>• Ministry of Agriculture</li> <li>• Ministry of Trade and Regional Integration</li> <li>• Development Bank Ethiopia (DBE)</li> </ul> |



### Anticipated impact

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| <b>500,000</b><br>Pastoralists and dependents having access to financial services and capacity building | <b>900</b><br>Pastoralist groups supported and connected to markets | <b>32%</b><br>of pastoralists will be women. They will be supported under the project to open bank accounts (if they don't already have one) | <b>US\$ 20 Million</b><br>Private capital enabled from (re)/insurers and through the facility to de-risk private investments | <b>400</b><br>NQI professionals trained on quality infrastructure using cross border collaboration | <b>12,274</b><br>Live animals exported through Ethiopia Quarantine Centers | <b>10</b><br>Trade facilitation measures adopted |
|---|---|--|--|--|--|--|

## 2.3 Financial Inclusion

### DRIVE in Somalia

|   |   |  |
|---|---|--|
| <p><b>Component 1</b></p> <p>Package of financial services for climate resilience <b>(US\$ 39 M)</b></p>  | <p><b>Component 2</b></p> <p>Livestock Value Chains and Trade Facilitation <b>(US\$ 40 M)</b></p>   |  |
| <p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>Package of financial services:                     <ul style="list-style-type: none"> <li>- Drought insurance, savings</li> <li>- Digital accounts</li> <li>- Financial literacy</li> </ul> </li> </ul> <p><b>Implementing agent:</b></p> <ul style="list-style-type: none"> <li>ZEP-RE</li> <li>Partners:                     <ul style="list-style-type: none"> <li>- (Re)Insurers</li> <li>- Deposit taking institutions e.g., banks, MFIs, SACCOs etc.</li> <li>- Aggregators e.g., development partners with pastoral activities</li> </ul> </li> </ul> | <p><b>Proposed activities:</b></p> <ul style="list-style-type: none"> <li>Technical Assistance (TA) to Somaliland Quality Control Commission (SQCC) and Ministry of Commerce and Industry (MoCI) on NQI.</li> <li>Standards &amp; accreditation.</li> <li>Procurement of equipment and testing laboratory supplies.</li> <li>Facility to de-risk private investment in LVC.</li> </ul> <p><b>Implementing agents:</b></p> <ul style="list-style-type: none"> <li>Ministry of Finance</li> </ul> |  |

### Anticipated impact

**300,000**

Pastoralists and dependents having access to financial services and capacity building

**US\$ 10 Million**

Private capital enabled from (re)insurers and through the facility to de-risk private investments

**US\$ 437 Million**

Livestock and livestock products traded by pastoralists

**400**

Pastoralist groups supported and connected to markets

**27.5%**

of pastoralists will be women. They will be supported under the project to open bank accounts (if they don't already have one)

**250**

NQI professionals trained on quality infrastructure using cross border collaboration

**100**

Testing for livestock products conducted in line with international practices

**6**

Trade facilitation measures adopted



## 2.3 Financial Inclusion

### DRIVE in Djibouti

|   |  |  |
|---|--|--|
| <p><b>Component 1</b></p> <p>Package of financial services for climate resilience <b>(US\$ 2M)</b></p>  | <p><b>Component 2</b></p> <p>Livestock Value Chains and Trade Facilitation <b>(US\$ 6.5 M)</b></p>   |  |
| <p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>Premium subsidy financing for a sovereign insurance product against climate risks to be put in place by African Risk Capacity (ARC).</li> </ul> <p><b>Implementing agent:</b> ZEP-RE</p> | <p><b>Proposed activities:</b></p> <ul style="list-style-type: none"> <li>Capacity building and equipment to ensure compliance with international norms and standards</li> <li>Digitisation of quarantine certificates between Mile, Jigjiga and Djibouti Port</li> </ul> <p><b>Implementing agents:</b></p> <ul style="list-style-type: none"> <li>Ministry of Agriculture</li> </ul> |  |

### Anticipated impact

**US\$ 2 Million**

Private capital enabled from (re)/insurers and through the facility to de-risk private investments

**50 NQI**

Professionals trained on quality infrastructure using cross border collaboration

**4**

Trade facilitation measures adopted

## 2.3 Financial Inclusion

### Our role as ZEP-RE

As the reinsurance company for the COMESA region, ZEP-RE was appointed to be the implementing agent for Component 1 of DRIVE. It is envisioned that this will also assist in fostering cooperation between the four HoA member countries, as well as helping the countries to pool their drought risk and lower the operational and premium costs for insurers.

#### Project Management



Coordinate and implement the project on behalf of the countries in line with World Bank standards

#### Product Design



Review and customise insurance and savings products for a range of context, in consultation with stakeholders in different countries

#### Country and Stakeholder Engagement



Facilitate an engaging policy environment and partnerships across the financial sectors

#### Awareness Building



Advance deeper understanding and appreciation of Index-Based Livestock Insurance (IBLI) across the livestock value chain in collaboration with the appointed implementing agencies

#### Fiduciary Management



Fiduciary role in line with World Bank financial management procurement and environmental and social standards

#### Distribution



Leverage technology to optimise distribution and increase access and reach

#### Monitoring and Evaluation, Knowledge Management



Support monitoring and evaluation procedures, and capturing lessons learnt and success stories

As part of our role, we are required to support the implementation of DRIVE which aims to support the delivery of a sustainable package of savings for resilience, drought-index insurance, digital accounts, and financial education and awareness creation. Through our involvement in Component 1, it is envisioned that:

- Savings will enable pastoralists to **smooth their income and manage the costs of moderate droughts backed by insurance** that provides timely payouts when severe droughts occur.
- **Digital accounts** to ensure quick and effective transactions.
- Over time **more resilient pastoralists will be better placed to access credit** to expand their productive capacity.

## 2.3 Financial Inclusion

### DRIVE Progress to Date

The project kicked off in June 2022, when ZEP-RE was appointed as the implementing agent for component 1. As of November 2022, we have achieved the following:

**Signed up 20,000** pastoralists for insurance cover in Kenya and Somalia

Commenced with **financial education training** in Kenya and Somalia

The **DRIVE team** has grown to 9 people. It is likely to stabilise at 15 people by June 2023.

Development of **internal systems and policies**

Training commenced in Kenya and Somalia, with the primary objective of introducing the DRIVE initiative, particularly focusing on the anticipated benefits and impacts for the beneficiaries. The training also touched on financial inclusion and the availability of new products to the markers and creating financial awareness for the beneficiaries.

As component 1 and 2 are closely linked, the training also introduced the concept of linking pastoralists to markets and the value chain which is a key driver of component 2.

As we continue to make progress, we look forward to reporting on our achievements against the DRIVE targets in 2023.





## 2.4 Enhancing Business Reliance

To enhance the use of new technology in the (re)insurance industry in the region, we envision that by supporting socio-economic development, promoting the growth of the InsurTech industry and encouraging the collection of data in the markets we operate in.

ZEP-RE aims to position itself as a thought leader in the InsurTech space. As a result, we have been involved in various forums and activities. We showcased our InsurTech activity output by submitting the Engineering Facultative Rating Tool for the Gold Mark Award in recognition of excellence in Enterprise Information Technology Adoption. As a thought leader and supporter of InsurTech, ZEP-RE has identified specific companies that contribute to improving access and affordability of insurance products in high-impact sectors including healthcare - Medbook. We have also identified strategic partnerships that focus on improving motor vehicle insurance - Altron and Swift Ant.

Through our investments in InsurTech we can support the following two targeted SDGs.



Insurance Technology (InsurTech) has rapidly gained traction in Africa in recent years as the number of InsurTech start-ups has steadily increased. In 2020, the African insurance market was valued at US\$ 70 billion, with a projected compounded annual growth rate (CAGR) of around 7% between 2021 and 2025. This is double the rate of North America, over three times the rate of Europe, and beats the projected 6% for Asia. Africa is positioned as the second fastest growing region for insurance globally, coming in after Latin America <sup>9</sup>.

Insurance companies are transitioning from more traditional insurance offerings to digital distribution channels and using various technology platforms to improve access and affordability of insurance products. Technology (and Insurtech) is a key disruptor in the African insurance sector, with an increasing number of platforms and offerings that make life easier for both insurers and consumers. InsurTech has emerged as one of the major forces shaping the structure of financial services across Sub-Saharan Africa; proving to be a key enabler of financial inclusion. The rising demand for digital insurance products and services has also been accelerated by the Covid-19 pandemic which required insurance companies to reconsider their products and services, as well as, how to reach consumers effectively.

In Africa, where insurance penetration rates are low, and healthcare is often considered a luxury expense, access to affordable healthcare solutions is essential. Investment in innovative healthcare solutions has the potential to reduce fatalities for preventable diseases (i.e., malaria) as well as improve the overall health and well-being of the population, which is directly linked to economic and social development. The use of digital tools, the growth of mobile phones and increased access to communication networks facilitate the rollout of innovative, digital healthcare solutions <sup>10</sup>.

<sup>9</sup> (FurtherAfrica, 2022)

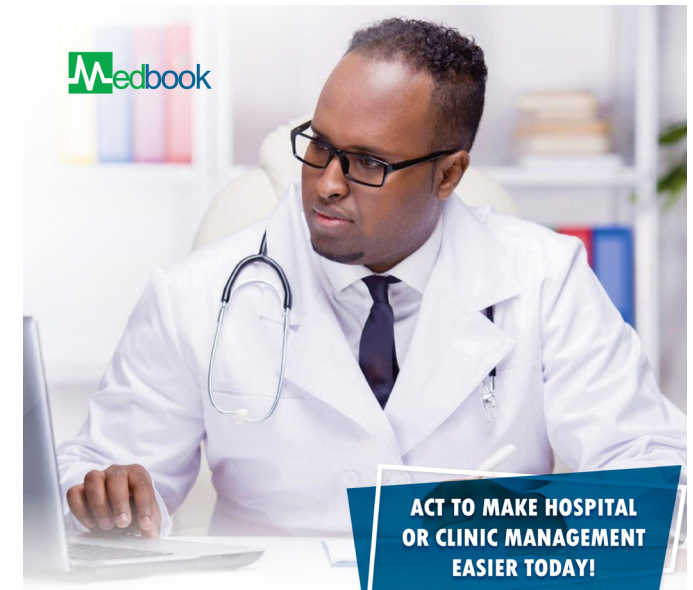
<sup>10</sup> (Standard Bank, 2022)

## 2.4 Enhancing Business Reliance

### Investment spotlight: Medbook Kenya Limited



Medbook is a health/ Insurtech company founded in 2014 as a joint venture with Strathmore University and @iLabAfrica.



Shareholding  
**30%**

Year of Investment  
**2022**

### Key products

**Med360+ /AphiaOne** is an online health management system that can be used in clinics, private practices, health centres and large-scale hospitals. Currently, Medbook has rolled out its system in over 250 health facilities across Africa. The system is targeted at healthcare facilities and offers them a well-managed system that suits hospital processes in Africa, provides financial, claims and receivable information and management abilities, and improves the overall management and workflow of systems in healthcare facilities.

**MediClaim** is a claims management system aimed at improving the claims management process and easing the relationship between healthcare providers and insurance companies. MediClaim is an end-to-end insurance software solution that enables clinics and hospitals to efficiently process health insurance claims and insurance companies to track and finalise claims settlement.

**MediWrite** is an online medical underwriting application that complements the MediClaim application through medical scheme management. It enables the insurer to manage the schemes and individuals insured under their management. It covers onboarding of clients, managing changes, and billing. With the connection to MediClaim, the system is able to extend the value chain coverage for insurers.

## 2.4 Enhancing Business Reliance

### Medbook Impact Dashboard



Operating in more than  
**8 countries in Africa**



Assisting over  
**1 million patients monthly**



**26 clients**  
(ie hospitals/clinics) using the products in 2022



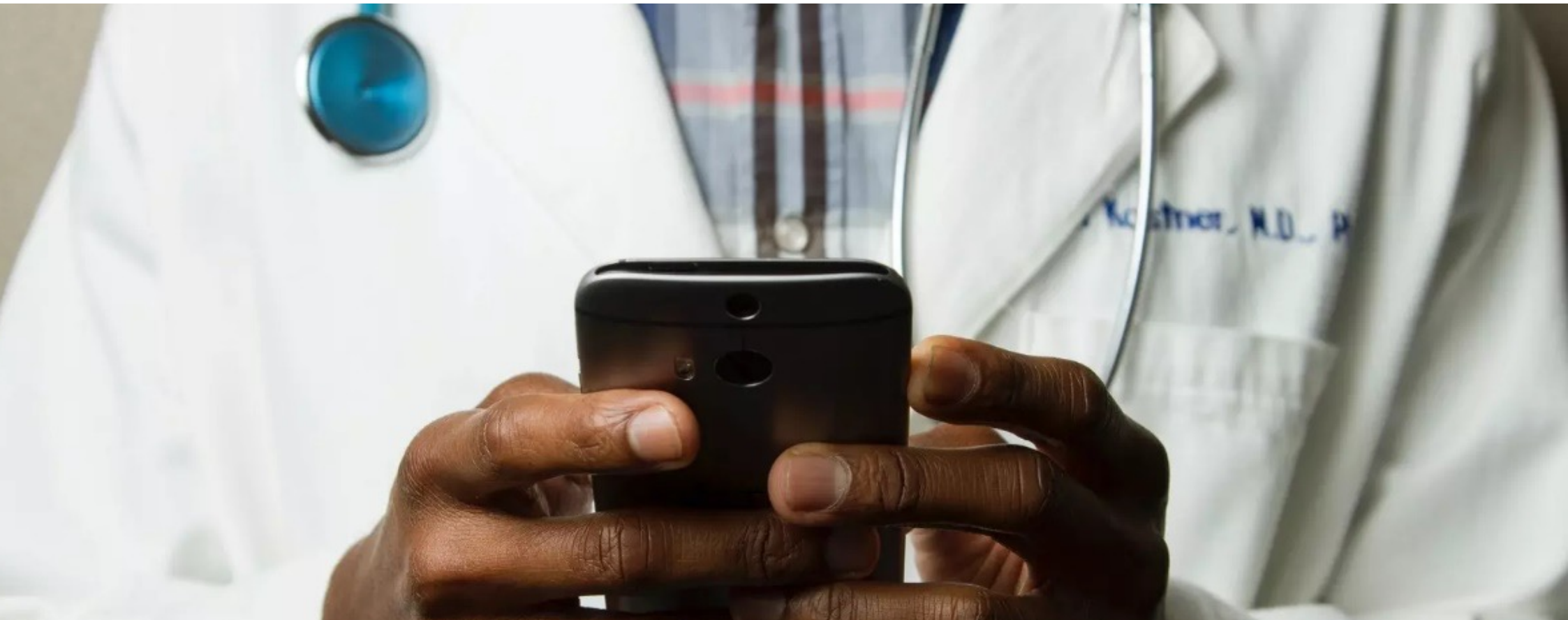
**9 first time clients**  
joined Medbook in 2022



**32 permanent employees**  
supported



**44% of employees**  
are women





## 2.4 Enhancing Business Reliance

### Strategic Partnerships Spotlight: : Altron and Swift Ant

In 2021, ZEP-RE entered into two partnerships with motor insurance technology companies to foster the development of the region's insurance and reinsurance industries.

# ALTRON

Altron combines technical expertise with in-depth customer understanding to provide highly differentiated technology solutions that assist customers in digitally transforming their businesses. Altron has a direct presence in South Africa, the rest of Africa, Europe, the Middle East and Australia. In addition, the group's strategic partnerships with leading international technology companies give it access to leading technology capabilities and products from across the world, including Asia, Europe and North America. Altron Rest of Africa is a division of the Altron Group with operations across Africa. Altron combines technical expertise with in-depth customer understanding to provide end-to-end holistic technology solutions; namely, Digital Transformation, Managed Services, Smart Internet of Things (IoT), and FinTech & HealthTech.

The group's primary focus is on providing innovative solutions, across a range of verticals, that have a meaningful impact on society by addressing challenges facing communities in South Africa and beyond.

In June 2021, ZEP-RE and Altron entered into a partnership agreement. Altron, a large player in the South African telematics industry was identified as a strategic partner for ZEP-RE as the motor insurance sector faces a key challenge due to the severity and number of claims made. Through Altron's work in South Africa, it was identified that the use of telematics has the ability to reduce the number of motor-related claims. Through our partnership with Altron, they have been able to expand their operations into Kenya. The use of this technology provides ZEP-RE with the opportunity to improve driver behaviour, which in the long term is expected to contribute to a reduced number of claims, lower severity and frequency of claims and reduced motor vehicle-related fatalities and incidents.



Swift Ant assists insurance companies to build intelligent solutions to address business challenges, increase market penetration and improve customer experience which results in top-line and bottom-line growth. Swift Ant provides solutions across the value chain which are powered by artificial intelligence (AI), machine learning (ML) and a suite of analytical tools intelligently assembled to enable their customers to achieve more. Through this partnership, ZEP-RE focused on the introduction of Digital Motor Vehicle Certificate technology, which is aimed at reducing fraud at cover inception and at claim reporting.



## 2.5 Facilitating Regional Growth and Development

ZEP-RE remains committed to our value proposition of being a partner to countries in the COMESA region. We have supported and continue to support initiatives aimed at developing policies and activities that positively contribute to financial inclusion and impact the region through growth, innovation, and insurance penetration. In line with our founding objectives, ZEP-RE is responsible for supporting sub-regional economic development and fostering the development of the region's insurance and reinsurance industry. This contributes to five of our targeted SDGs.



### COMESA Yellow Card Scheme



COMESA, in response to challenges raised by inter-state traffic with regard to motor vehicle liability insurance, adopted minimum requirements for the insurance of goods and vehicles through the establishment of a third-party motor vehicle insurance scheme. As a result, the COMESA Yellow Card Scheme was established in 1994 following the ratification of the Protocol on the Establishment of the Third-Party Motor Vehicle Insurance Scheme in 1987. In order to boost its operations, build capacity, and enhance the efficiency and profitability of the participating insurance companies, the scheme established a re-insurance programme under a reinsurance pool which is managed by ZEP-RE.

Provides **third-party legal liability** cover and compensation for **medical expenses** resulting from **road traffic accidents** caused by **visiting motorists**.

Operational in **15 countries** and is being expanded to **3 more countries** in 2022

In 2021 **250,000 yellow cards** were issued

ZEP-RE manages the Reinsurance Pool of the Scheme and is responsible for:

- Business acceptance
- Payment of claims
- All administrative work
- Management of investments
- Preparation of the accounts of the Schemes.

Over **200 insurance companies** participate

Scheme insures over **200,000 vehicles** using cards annually

Claims paid in 2021 amounted to **US\$ 6 million**

## 2.5 Facilitating Regional Growth and Development

### COMESA Regional Customs Transit Guarantee Scheme

The COMESA Regional Customs Transit Guarantee (RCTG), a customs transit regime, was designed and implemented to facilitate the movement of goods under customs seals in the COMESA region and to provide the required customs security and guarantee in transit countries. Over the past 10 years, the COMESA RCTG has been operational in Kenya, Uganda, Rwanda, Burundi and Tanzania, with expansions into Ethiopia and Djibouti expected to commence in 2022/2023. During this period, customs administrators have embraced digitisation and are sharing data on their operations and adopting one declaration for transit covering several countries. ZEP-RE was appointed as the pool manager of this scheme in June 2010 and continues to manage it.



Regional transit movement facility that allows a **single custom guarantee bond** to be used for the transit of goods across customs borders of the participating countries.



RCTG Scheme is fully operational in the **Northern Corridor**, namely: Burundi, Kenya, Rwanda, Tanzania and Uganda.

**The Djibouti corridor** is being operationalised in 2022.

In 2021 bonds issued amounted to **US\$ 517 million**

Over **1500 sureties and clearing agents** participate in the Scheme annually

Over **1500 sureties and clearing agents** participate in the Scheme annually

Critical role in supporting the **US\$ 10 billion** intra-COMESA trade

ZEP-RE manages the Reinsurance Pool of the Scheme and is responsible for:

- Business acceptance
- Payment of claims
- Structuring of retrocession programme
- Management of investments
- Preparation of the accounts of the Schemes.



## 2.5 Facilitating Regional Growth and Development

### Insuring strategic infrastructure assets

In line with our objectives and our continued focus on supporting sub-regional economic growth and development in the COMESA region and beyond, we recognise the key role we play in supporting large infrastructure projects and developments. We firmly believe that infrastructure development in the region is key to economic and social development, and as a result, we work closely with several clients to ensure that strategic infrastructure assets such as highway development projects, railway lines, renewable energy plants, water infrastructure (including large dams) and airports are insured during both construction and operational phases.

Providing insurance for strategic infrastructure assets requires carefully planned research, pricing and underwriting. At ZEP-RE we assist our clients with technical support, technical pricing, underwriting guidance and risk surveys to ensure they are able to provide a comprehensive service offering. Our support and guidance allow us to promote the growth of national and regional underwriting and retention capacity, as well as contribute to improved infrastructure and the provision of services to the markets we operate in.





## 2.5 Facilitating Regional Growth and Development

### Retakaful Window



**Takaful is an Islamic insurance concept which is grounded in Islamic muamalat, observing the rules and regulations of Islamic law. This concept has been practised in various forms for over 1400 years. The reinsurance format is known as Retakaful.**

Takaful has progressed in Africa at a slower pace than in other regions for various reasons including misconceptions that Takaful is only for Muslim countries and clients, inadequate governmental initiatives to develop Takaful regulations and models compared to other regions, fewer investors and investments and capital constraints which affect the competitive position of the industry <sup>11</sup>.

Takaful has the potential to expand its customer base in Africa and attract new customers as there are opportunities including potential expansion into new markets where Muslim communities believe traditional/conventional insurance is ‘haram’ or non-shariah compliant. Takaful also intends to target lower-income markets where individuals and small and medium enterprises (SMEs) as they offer potential markets that perceive Takaful as a concept of solidarity rather than profit-making. Although Covid-19 slowed the growth of the insurance and reinsurance industry including Takaful which is already showing signs of recovery.

#### Principles of Takaful

Takaful is perceived as cooperative or mutual insurance, where members contribute a certain sum of money to a common pool. The purpose of this system is not to generate a profit but to uphold the principle of “bear ye one another’s burden.” Commercial insurance is strictly not allowed for Muslims as agreed upon by most contemporary scholars because it contains the elements of uncertainty (Al-Gharar), gambling (Al-Maisir) and interest (Riba).

**The Takaful/Retakaful guiding concepts are unpacked further as follows:**

Policyholders cooperate among themselves for their common good.

As long as Takaful contract is a donation/Tabaruaa Contract, the contribution is paid as a donation to the Takaful Fund, which is not owned by the Takaful operator.

Losses are divided and liabilities spread according to the community pooling system.

Uncertainty is eliminated by making the Takaful contract on a way of donation, where this necessitates distributing the Surplus of the Takaful pool/fund to the members, at the end of each year.

It does not derive advantage at the cost of others.



<sup>11</sup> (Karekezi, 2022)

## 2.5 Facilitating Regional Growth and Development

### The Takaful insurance sector

The Takaful segment continues to grow, registering a growth of 5.2% year on year reaching USD 24.3 billion by the end of 2020. The growth was achieved with the relaxation of Covid-19 measures and increased digital transformation activities which Takaful operators levered to grow potential health and family Takaful business lines, and increase public awareness and appreciation for Takaful operations<sup>13</sup>:

**0.8% contribute to the overall** Islamic Financial Services Industry (2021)

Takaful contributions reached **US\$ 0.6 billion** in Africa (2021)

**4.72% average growth rate** of global takaful contributions (2011-2020)

Sudan is a wholly Islamic insurance market. In 2020, Sudan ranked third for the percentage share of Takaful contributions to the insurance sector globally, coming close to the contributions of Iran and Saudi Arabia respectively<sup>14</sup>.

### ZEP-RE response to the Takaful insurance sector

In recognition of the important role Sharia-compliant financial products play in the modern world, ZEP-RE set up a Retakaful Window in Khartoum, Sudan in 2009. The Window which became operational in 2010, aims to serve the needs of the Islamic community in Sudan and beyond by providing products and services that comply with the teachings of Islam.

**At the time of setting up the Retakaful Window in 2010, ZEP-RE became the first multinational company to do so on the African continent.**

In 2022:

**19 insurance companies and 1 reinsurance** company formed part of the Retakaful Window

**3 new insurance companies** joined the Retakaful Window in 2022

**10% market share** maintained

ZEP-RE provides the Retakaful Window with technical support and offers training to the various insurance companies in the region through the ZEP-RE training academy.

<sup>13</sup> (Islamic Financial Services Board, 2022)

<sup>14</sup> (Islamic Financial Services Board, 2022)





### 3 Supporting Communities



## 3 Supporting Communities

In addition to our focus on implementing our strategy and supporting the economic development of the markets we operate in, we are actively involved in our community and contribute to various initiatives and programmes. Our selected community initiatives and contributions support several of our targeted SDGs.



### Supporting the Farasi Lane Primary School in Kenya

ZEP-RE's contribution to education in Kenya started with our adoption of Farasi Lane Primary School as one of our Corporate Social Responsibility (CSR) projects. For over seven years, we focused on improving this co-educational council school, which was in dire need of assistance. As a result of our support, the school now has a new, fully stocked library, a greenhouse that provides vegetables to learners, new desks and chairs for the final year class and school uniforms for all learners. Our ultimate goal was to make school fun and enjoyable for the children, the majority of whom came from less privileged homes. This translated into better performance in the final national exams.

### Partnering with the Kenya Community Development Foundation

We have a long-standing relationship with KCDF, having begun with our entry into the Global Give Back Circle programme.

#### a. Global Give Back Circle

Global Give Back Circle was designed to help at-risk girls realize their leadership potential and become change-makers while gaining the skills needed to get a good job so that they can break the cycle of poverty and contribute to their families and communities. Since 2012, ZEP-RE, through KCDF, has been one of the Global Give Back Circle partners that sponsor a girl through college. We are currently sponsoring a land economics student at the University of Nairobi and a food technology student at Eldoret University.

We have witnessed first-hand the positive impact this has had on the families of these at-risk girls. Through the programme, we have walked with our mentees and scholars from the first year at university to the final year, graduation, internship, and employment. ZEP-RE has also trained and absorbed some of our scholars into the workforce.

#### b. ZEP-RE Mentenda programme

In July 2022, ZEP-RE launched a male mentorship programme 'Mentenda' which is driven by ZEP-RE's male mentors and coaches and moderated by our partners and Mentenda programme managers, KCDF. As an organisation, giving back is ingrained in our corporate values, and we are excited that this programme is now live. Our volunteer mentors and coaches are from India, Kenya, Zambia, Zimbabwe, Uganda, and Tanzania, and will work closely with 250 boys in form two for six months in an intensive and impactful program that we believe will ultimately transform them into exceptional young men.

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