

Online Conference on the Opportunities of Digital Innovation in Insurance in Africa

A fireside chat on

**The Role of The World Bank and The
International Finance Corporation in Insurance
Innovation in Africa, Supporting Insurtech
Entrepreneurship, and Financial Inclusion**



The World Bank Group at a Glance

IBRD

International Bank
for Reconstruction
and Development

Loans to middle-income and credit-worthy low-income country governments

IDA

International
Development
Association

Interest-free loans and grants to governments of poorest countries

IFC

International Finance
Corporation

Solutions in private sector development

MIGA

Multilateral
Investment and
Guarantee Agency

Guarantees cross border private sector investments against non-commercial (political) risks

ICSID

International
Center for
Settlement of
Investment
Disputes

Conciliation and arbitration of investment disputes



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Twin Goals of the World Bank Group



**An Unprecedented Opportunity:
Ending Extreme Poverty in One Generation**

Differences between the WBG and IMF

The World Bank Group	The International Monetary Fund
A source of financing and technical support only for developing economies and those countries in transition	All member countries can benefit from services and resources of the IMF
<ul style="list-style-type: none">• Addresses long-term challenges• Seeks to integrate countries into the world economy to improve sustainable growth and reduce poverty• Invests in particular sectors in the economy of borrowing countries	<ul style="list-style-type: none">• Addresses short terms challenges• Encourages international monetary cooperation and ensures a stable world financial system

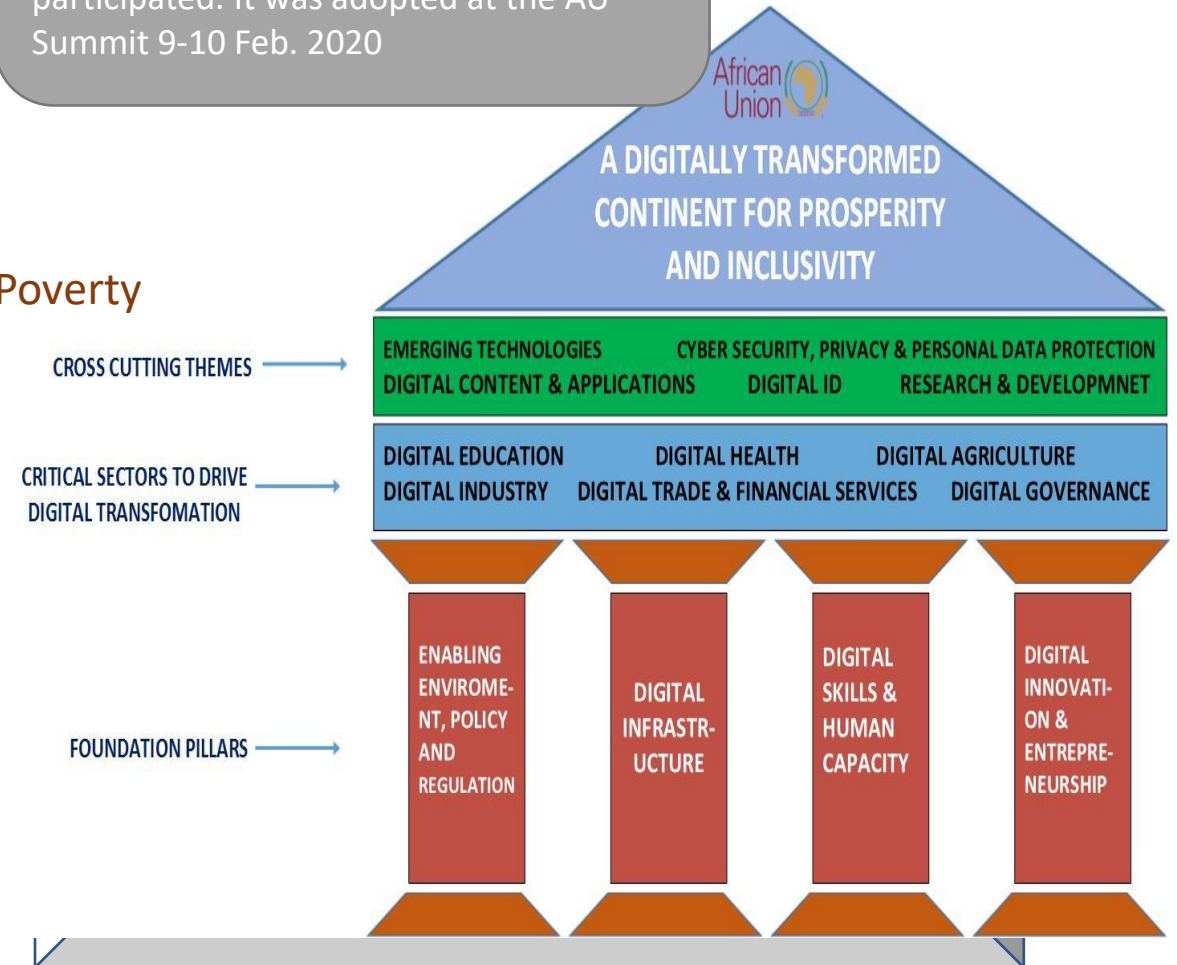
Africa should think big on digital transformation

DE4A
Digital Economy
for Africa Initiative



The African Union (AU) Strategy was prepared with WBG support and reflects recommendations from the AU-EU Digital Economy Task Force (DETF) to which WB participated. It was adopted at the AU Summit 9-10 Feb. 2020

Digital Economy can bring Shared Prosperity and Reduced Poverty



The Africa Digital Economy for Africa initiative

Every African individual, business and government is Digitally Enabled by 2030



DIGITAL INFRASTRUCTURE

Universal Internet network coverage

Affordable Internet for All at less than 2% of GNI per capita

Interim Milestone
Doubling broadband connectivity by 2021



DIGITAL SKILLS

All 15-year-old students with basic 'digital skills' competencies

100,000 graduates in advanced digital skills programs annually



DIGITAL PLATFORMS

Doubling of Online Services Index rating for all Governments

All individuals are able to prove their identity digitally

At least 50% of the population regularly uses the Internet to access Government or Commercial services



DIGITAL FINANCIAL SERVICES

Universal Access to Digital Financial Services

Africa-wide payments infrastructure/platform in place



DIGITAL ENTREPRENEURSHIP

Tripling the number of new digitally-enabled businesses created annually

Financing for Venture Capital to reach .25% of GDP

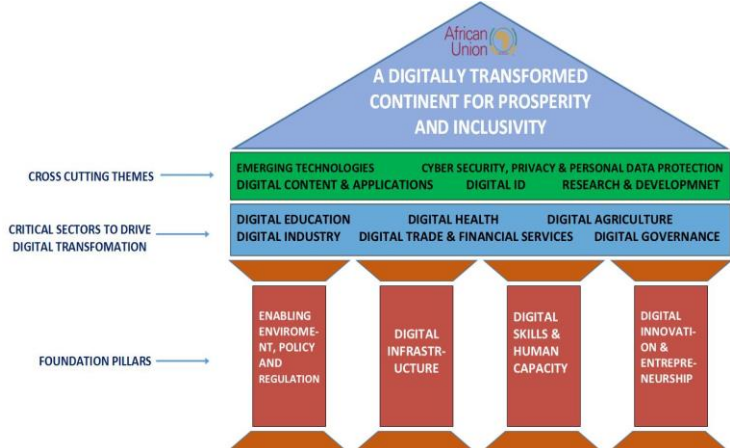


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In line with COVID-19 response, DE4A supports recovery phase through digital inclusion and digital resilience.

IDA19 commitments in JET, GENDER, and FCV.

Twin Goals
Ending extreme poverty and promoting shared prosperity.



Mitigate the crisis through digital connectivity and essential digital solutions

Recover through digital inclusion enhancing foundations and mainstreaming digital use-cases

Support resilient, sustainable, and inclusive digital transformation

World Bank Group Support to Digital Financial Inclusion

In view of the premise that efficient, accessible, and safe retail payment systems and services are critical for greater financial inclusion and that a transaction account is an essential financial service in its own right and can also serve as a gateway to other financial services, the WBG and the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements convened a task force on the Payment Aspects of Financial Inclusion (PAFI) to comprehensively examine how payment systems and services affect financial inclusion efforts. The PAFI framework is intended to inform worldwide financial inclusion efforts, including the action framework for the UFA 2020 objective.

The World Bank Group (WBG) had set the objective that by 2020, all adults globally should have access to a transaction account or electronic instrument to store money, send and receive payments as the basic building block to manage their financial lives, i.e., to achieve Universal Financial Access (UFA). The WBG has committed to enabling 1.7 billion people to gain access to a transaction account through targeted interventions. In addition, more than 30 private sector partners pledged commitments toward achieving universal financial access.

The World Bank has established a single-donor Trust Fund (Harnessing Innovation for Financial Inclusion) funded by the British Foreign, Commonwealth and Development Office to enhance financial inclusion through leveraging innovations in retail payments and national payment system modernization with the goal of enabling the financially-included access other financial services (savings, loans, insurance, etc.) that would contribute to helping them work their way out of poverty.

WBG Support to the Development of Agricultural Insurance - *Global Index Insurance Facility (GIIF)*

- Launched in 2009, GIIF aims to facilitate access to finance for smallholder farmers, micro-entrepreneurs and microfinance institutions through the provisions of catastrophic risk transfer solutions and agriculture index-based insurance in developing countries.
- Specific objectives are :
 - Increase **knowledge and understanding** and use of insurance in rural areas and agricultural sector
 - Strengthen smallholder farmers **resilience** to climate and natural disasters shocks
 - Contribute to smallholder producers **financial inclusion**
 - Contribute to improve **farm incomes**

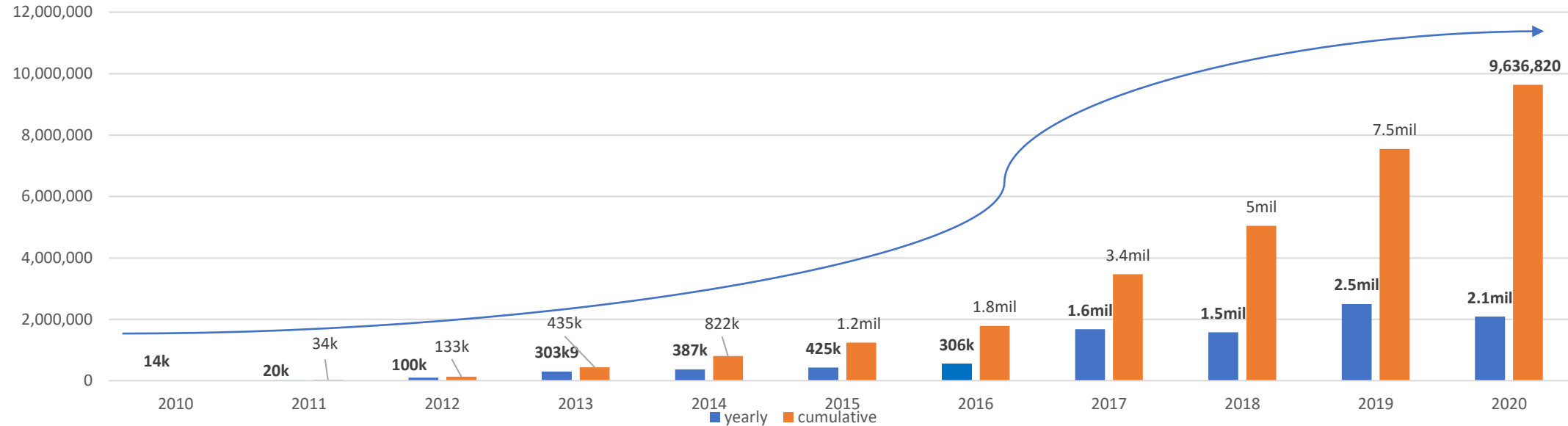
Some achievements as of Dec'20:

- 9.6 million contracts issued
- 48 million beneficiaries
- USD 1.9 billion in financing facilitated (value of inputs and finance)
- More than 450 practitioners trained, in approx. 30 countries
- Industry growth = increase in the number of insurance companies offering agriculture index insurance:
 - Insurers: 1 company in 2009 to 20 by 2019
 - Reinsurers: 1 in 2009 – to 6 in 2019



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GIF Program growth in numbers – end Dec'20



Agri Index Insurance Products – Lessons learned

- Enabling legal and regulatory environment
- Technical capacity of local institutions
- Technology: availability and quality of data
- Cost effective distribution channels and use of mobile technology
- Attracting the attention of large re-insurers
- Cost of insurance and willingness to pay
- Best if insurance is bundled with financial services or agri inputs
- Building financial awareness amongst beneficiaries



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Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung

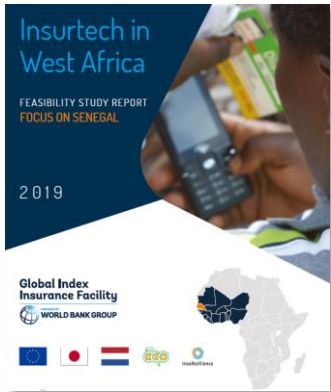


GIIF Innovation: *Project examples on InsureTech & Digitalization*



Zambia: The Farmer Input Support Programme (FISP) electronic voucher system where a code is sent to farmers' mobile phones which they can use to purchase agricultural inputs from selected providers.

Kenya: Each bag of seeds purchased from participating stores comes with a 'scratch card'. The implementing partner leverages satellite to locate and monitor risk, disburse claims into farmer's mobile wallet or as an automatic discount on the next purchase of seeds or fertilizer.



Senegal: Feasibility study to assess the possibility of using technology, mobile phones, to facilitate distribution and claims management for national scale up.

Innovation Challenge: Agriculture Insuretech Forum – India, July 2019

- An innovation challenge on the area of technology 'Data & Analytics, Sales and Distribution, and Premiums & Claims' to address challenges in agricultural insurance to farmers.
- Plans to replicate in Africa

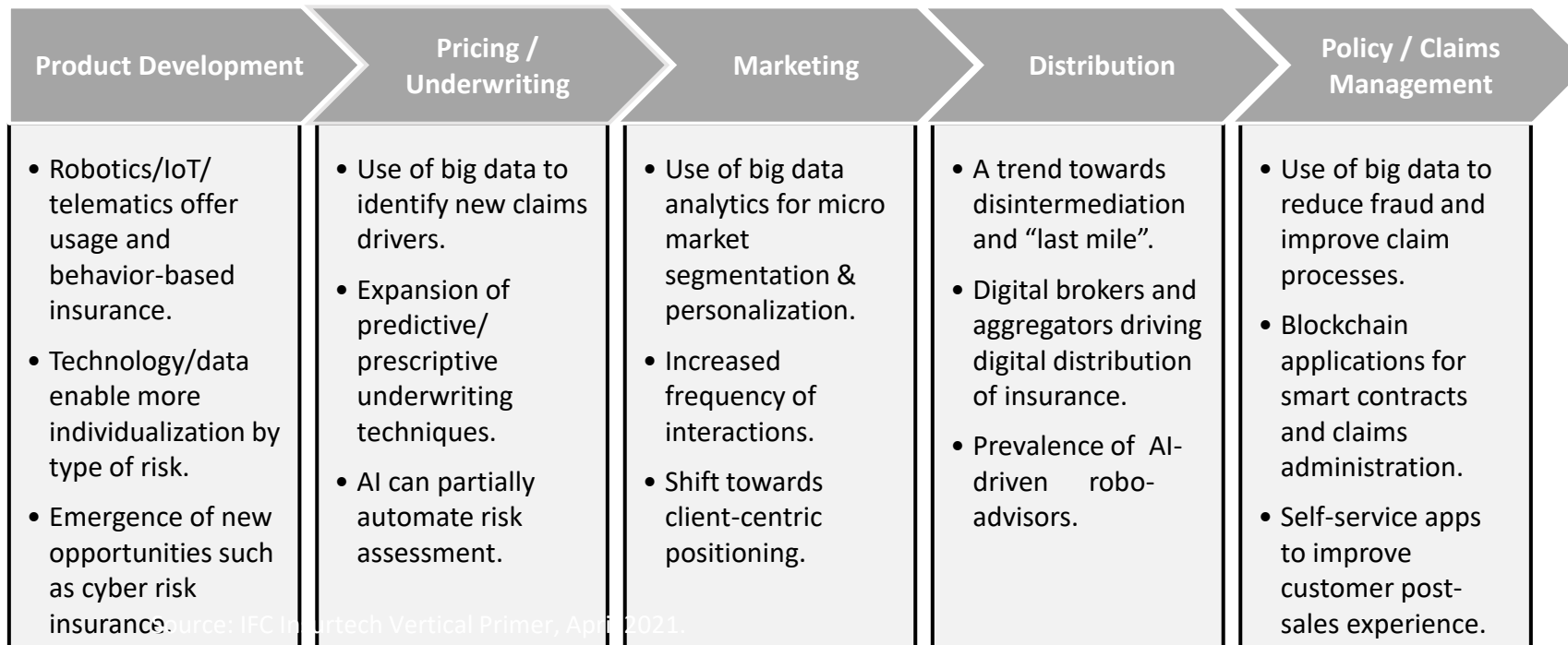


IFC's Mission and Role in Insurance Sector

- The insurance sector provides a wide and diverse array of benefits for economies:
 - ❖ Risk Insulation & Risk Management
 - ❖ Poverty Reduction & Safety Net
 - ❖ Healthcare Services
 - ❖ Capital Markets Development
 - ❖ Economic Multiplier
 - ❖ Capital Mobilization for EM investments
- Despite these benefits, insurance protection gaps persist - global Life and Health insurance gap at **USD 700 billion**
- **IFC** aims to support the insurance sector in Emerging and Frontier markets through:
 - ❖ Capacity Building and Structuring
 - ❖ Innovative Solutions
 - ❖ Climate Risk and ESG
 - ❖ Global Network and Mobilization
 - ❖ Strategic Growth Capital
 - ❖ Long Term Partner
 - ❖ Institutional Endorsement
 - ❖ Political Risk Mitigation
- IFC has committed ~ **US\$ 2.5 billion** in **107 projects** across **30+ countries** over the last 20 years to the insurance sector
- Diverse trends are shaping the global insurance sector, presenting IFC with new opportunities for impact. **Digitization and the rise of insurtechs is a key trend that IFC is focused on**

IFC's Support to Digitization of Insurance Sector

- We see Insurtech as an important impact opportunity as well as a huge source of innovation for the insurance industry.
- It represents the ecosystem of early-stage companies transforming the retail/SME insurance industry, leveraging technology and new business models to innovate across the insurance value chain.
- COVID-19 has raised risk awareness, especially for life and health insurance, and accelerated a “new normal” of consumers switching to online insurance. Insurtechs across the globe recorded their highest investment amount (\$7 bln).
- IFC has made several insurtech investments globally. Although none in Africa, we are excited about the prospects on the continent.



THANK YOU

