



ZEP-RE
(PTA REINSURANCE COMPANY)

ENVIRONMENTAL AND SOCIAL GUIDANCE NOTE FOR INSURANCE COMPANIES AND NGOs

MICROINSURANCE REINSURANCE TREATY

Author	Strategy Department
Document Version	V.2.0
Document Owner	Strategy Department
Document Classification	Unrestricted
Document Status	Final
Date of Release	
Effective Date	
Approved by	
Next Review Date	

Document Version	Changes made	Revised date	Approved by	Approved date

GLOSSARY

ASAL	Arid and Semi-Arid Land
BOD	Board of Directors
COMESA	Common Market for Eastern and Southern Africa
CSR	Corporate Social Responsibility
ES	Environmental and Social
ESF	Environmental and Social Framework
ESM	Environmental and Social Manager
ESMS	Environmental and Social Management System
ESSP	Environmental and Social Safeguard Policies
NGO	Non-Governmental Organization
PSI	Principles for Sustainable Insurance
SDG	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse
TLU	Tropical Livestock Unit
UN	United Nations
UNEP FI	United Nations Environment Finance Initiative
VMG	Vulnerable and Marginalised Groups
WB	World Bank
ZEP-RE	ZEP-RE (PTA Reinsurance Company)

DEFINITIONS

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

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

Stakeholder Management and Engagement

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

Vulnerable and Marginalized Groups

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

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

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1. EXECUTIVE SUMMARY

This Environmental and Social Guidance Note for Insurance Companies and NGOs was designed to guide ZEP-RE's partner insurance companies, NGOs, and drought livestock microinsurance recipients. The purpose is to provide guidance on how to implement the E&S requirements for the De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa (DRIVE) project.

ZEP-RE (PTA Reinsurance Company) is an institution of the Common Market for Eastern and Southern Africa (COMESA), established by an Agreement signed by Heads of States and Governments in 1990.¹ The key objectives of the company include fostering the development of the insurance and reinsurance industry in the COMESA sub-region, promoting the growth of national, sub-regional and regional underwriting and retention capacities, and supporting sub-regional economic development.

One of ZEP-RE's corporate values is that of being a responsible corporate citizen. To this end, the Company has a Corporate Social Responsibility (CSR) strategy defining targeted CSR initiatives within the COMESA sub-region. In the process of executing its CSR mandate and carrying out its business activities, ZEP-RE is committed to avoiding adverse environmental and social (E&S) risks and impacts, as well as adopting a gender-sensitive approach for all related activities.

ZEP-RE remains conscious of existing and emerging E&S challenges across Africa and the importance of these issues being addressed. For example, to address and protect the pastoralists in the Horn of Africa against the risk of drought-related livestock mortality, ZEP-RE has teamed up with the World Bank to implement Component 1 of the DRIVE² project. The aim of the project is to de-risk pastoralists in the Horn of Africa by (i) protecting them against drought with enhanced financial access and risk transfer; and (ii) better linking them to markets through trade facilitation and the mobilization of private capital in the livestock value chains. Under Component 1, the World Bank's funds are used for payment of or subsidizing premium for drought insurance for pastoralists. The funds are managed by ZEP-RE on behalf of the countries in Horn of Africa.

This E&S Guidance Note for Insurance Companies and NGOs is designed to ensure that ZEP-RE's Insurance Intermediaries providing drought livestock microinsurance, as well as the final recipients of such insurance, act and operate in a sustainable manner, adhering to national laws and best international practice. It provides a specific guidance to the Insurance Intermediaries about the E&S context of the pastoral livestock herding activities, on generate awareness about the E&S issues, how to check for compliance with the eligibility criteria and how to sensitize pastoral groups about the identified E&S risks and the measures they can implement to practice sustainable livestock rearing.

¹ The signatory Member States to the Agreement establishing the Company include Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Somali, Sudan, Tanzania, Uganda, Zambia and Zimbabwe

² World Bank. De-risking, inclusion, and value enhancement of pastoral economies in the Horn of Africa. Available at <https://projects.worldbank.org/en/projects-operations/project-detail/P176517>

2. ZEP-RE'S ENVIRONMENTAL AND SOCIAL POLICY

2.1. Principles of Environmental and Social Policy

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

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

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

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

Therefore, we are fully committed to:

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

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

3. APPLICABLE ENVIRONMENTAL AND SOCIAL REQUIREMENTS FOR INSURANCE INTERMEDIARIES

Under the DRIVE project, the World Bank's funds are used to pay or subsidize premiums for drought insurance for pastoralists. As such, the project activities under the Component will not cause any E&S

impacts. However, the pastoral activities already have certain inherent E&S issues, understanding of which is essential to supporting pastoralists practice sustainable livestock rearing. Schedule A presents the E&S context of the pastoral activities in the Horn of Africa. To limit exposure to E&S risks for ZEP-RE and ensure that pastoralists sustainably manage the pastoral activities, a set of E&S Requirements for the Insurance Intermediaries are defined.

3.1. Exclusion List

The Insurance Intermediary, and any insured activity shall not participate in, and/or provide services/and or be involved in Microfinance Reinsurance Treaty that are substantially or partly made up of insurance businesses that are involved in activities identified in the **Environmental and Social Liability Exclusions List** in Schedule B.

3.2. National laws, Relevant International Treaties, and Conventions

The Insurance Intermediary will ensure that it complies with applicable national, regional, and local laws and regulations as well as applicable international treaties signed by the country in which the Insurance Intermediary operates.

Each Insurance Intermediary must provide to ZEP-RE a written and signed Statement of Compliance with National Laws and Regulations (Schedule D.1.).

3.3. Environmental and Social Management System and Capacity

The Insurance Intermediary must develop, implement, and continuously maintain an adequate ESMS as well as ensure a sufficient internal E&S capacity to be able to successfully integrate E&S considerations in their underwriting processes.

At minimum, the Insurance Intermediary should have a (a) written E&S policy and procedures; and (b) designated staff. **If the insurance intermediary does not have an ESMS or its ESMS is considered inadequate, they will adopt this E&S Guidance Note as their ESMS for the project activities under the DRIVE project.**

The ESMS implemented by the Insurance Intermediary **shall ensure that the Insurance Intermediary** meet the following E&S standards and requirements:

- (i) comply with ZEP-RE's Exclusion List (Schedule B),
- (ii) comply with the applicable national laws and regulations, and
- (iii) comply with the E&S Eligibility Criteria for the recipients of the insurance (Section 5),

All insurance intermediaries will undertake best efforts to conduct its activities in line with the Environmental and Social Policy of ZEP-RE (Section 2), and the Environmental and Social Safeguard Policies³ (ESSP) and the Environmental and Social Framework⁴ (ESF) of the World Bank as well as in line with the Animal Health and Related Risks Good Practice Note⁵ (in a manner proportional to the nature of the activities insured).

To assess the environmental and social risks of pastoral activities, the underwriters are expected to use a Household Environmental and Social Assessment Form (Schedule C).

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

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

⁵ World Bank. Animal Health and Related Risks Good Practice Note. Available at <https://thedocs.worldbank.org/en/doc/637081608213776643-0290022020/original/AnimalHealthGoodPracticeNote.pdf>

The Insurance Intermediaries are to refer to Schedule E. Guidance Note: Addressing Child and Forced Labour in Pastoral Activities and Schedule F. Guidance Note: Addressing Environmental Aspects in Pastoral Activities that elaborate on how to address and mitigating environmental and social risks identified during the assessment and to Schedule G. Guidance on Social Inclusion.

Other E&S requirements for insurance intermediaries include:

- a) Develop and implement OHS plans as described in the Labour Management Plan (link to be included), consistent with national labor laws and ESS2, and to provide reports to ZEP- RE every six months
- b) Develop and implement emergency preparedness and response plans, in line with ZEP-RE's emergency preparedness plan. Insurance intermediaries to provide reports every six months to ZEP-RE.
- c) Implement safety measures and action to assess and manage specific risks and impacts including Gender-Based Violence (GBV) risks, the transmission of COVID, and other communicable diseases that are likely to exacerbate due to its interactions with the pastoralists and pastoral groups.
- d) Disseminate project information, eligibility criteria through their websites, branch offices
- e) Develop and implement an External Communication mechanism and stakeholders' engagement plans to receive, register, screen and assess, track, respond to, and act on external inquiries and complaints from the public regarding their operations.
- f) Implement, maintain and disclose human resources policies and procedures consistent with the requirements under the national law of each of the beneficiary countries and ESS2. Insurance intermediaries to submit reports every six months
- g) maintain, and operate an accessible grievance mechanism for employees, consistent with requirements under the national law of the beneficiary countries and ESS2.

5. ELIGIBILITY CRITERIA FOR INSURANCE RECIPIENTS

The eligible households/pastoralists are expected to:

- (i) be active in pastoralism and own a minimum of one (1) Tropical Livestock Unit (TLU).
- (ii) not be beneficiaries of any other similar program/scheme.
- (iii) not own more livestock than a certain ceiling which is typically 20 TLUs (refer to specific Country Microfinance Reinsurance Treaty for exact E&S eligibility criteria, including a minimum and maximum number of livestock units, species, age of livestock, and other criteria per Country); and
- (iv) either have access to a formal money transfer system (e.g., bank account, mobile money service) or commit to acquiring one after being considered as a beneficiary.

Further, upon meeting the above criteria, the eligible pastoralists will have to participate in the awareness generation program, educate themselves about the principles and best practice guidelines set forth in this ESMS Guidance Note on child labour, environmental and biodiversity provisions, as well as animal welfare and health aspects.

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

6. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

6.1. ESMS Defined

Each Insurance Intermediary shall develop and implement a functioning Environmental and Social Management System in line with this ESMS Guidance Note and the World’s Bank ESSP 9: Guidance Note for Borrowers. Financial Intermediary⁶. The insurance intermediary may alternatively adopt this E&S Guidance Note as their ESMS for the project activities under the DRIVE project.

An adequate ESMS shall have a set of policies, procedures, tools, and internal capacity to identify and manage E&S aspects of the project activities. It shall state the Insurance Intermediary’s commitment to adequate E&S management, illustrate the procedures for identifying, assessing, and managing E&S risks and impacts, define the decision-making process, describe the roles, responsibilities, and capacity needs of staff for doing so, and state the documentation and record keeping requirements. Finally, it shall provide tools and instructions on how to check for compliance with insurance E&S eligibility criteria, as well as how to sensitize pastoral groups about the inherent E&S risks in pastoral activities while providing advice on how to address and manage them.

6.2. Key Elements of ESMS

The following table illustrates key elements of a functioning ESMS. The ESMS established by Insurance intermediary will need to have incorporated all those key elements to be considered as functional.

	Elements	Key indicators
Commitment level	Organizational Engagement/Buy-in	<ul style="list-style-type: none"> • Commitment of the Board of Directors • Defined E&S roles and responsibilities, including the role of E&S manager • Other designated E&S staff
Policy Provides high level commitment to E&S aspects	E&S Policy	<ul style="list-style-type: none"> • Signed by the Board of Directors • Clearly states the commitment and applicable the standards • Policy disclosure
Procedures detail how the organization addresses E&S on an operational level. They are step-by-step instructions focusing on what needs to be done and by whom	Assessment & Legal	<ul style="list-style-type: none"> • Procedures to ensure that E&S standards, requirements, and eligibility criteria are met • Exclusion list, • Assessment tools to identify E&S aspects: E&S checklists (i.e., Household E&S Assessment Form, Schedule C) • Cover note E&S clauses, • Monitoring formats

⁶ World Bank. ESS9. Financial Intermediaries. Guidance Note for Borrowers. Available at <https://documents1.worldbank.org/curated/en/484961530217326585/ESF-Guidance-Note-9-Financial-Intermediaries-English.pdf>

at various stages of the operations	Monitoring	<ul style="list-style-type: none"> Active monitoring and client review to ensure that that E&S standards, requirements, and eligibility criteria are met Meetings with insurance recipients/groups
	Training and Internal Communication	<ul style="list-style-type: none"> Regular trainings and capacity building Communication materials
	Documentation and Reporting	<ul style="list-style-type: none"> Regular reporting Documentation of the process

6.3. Organizational Responsibilities, Resources and Capacity

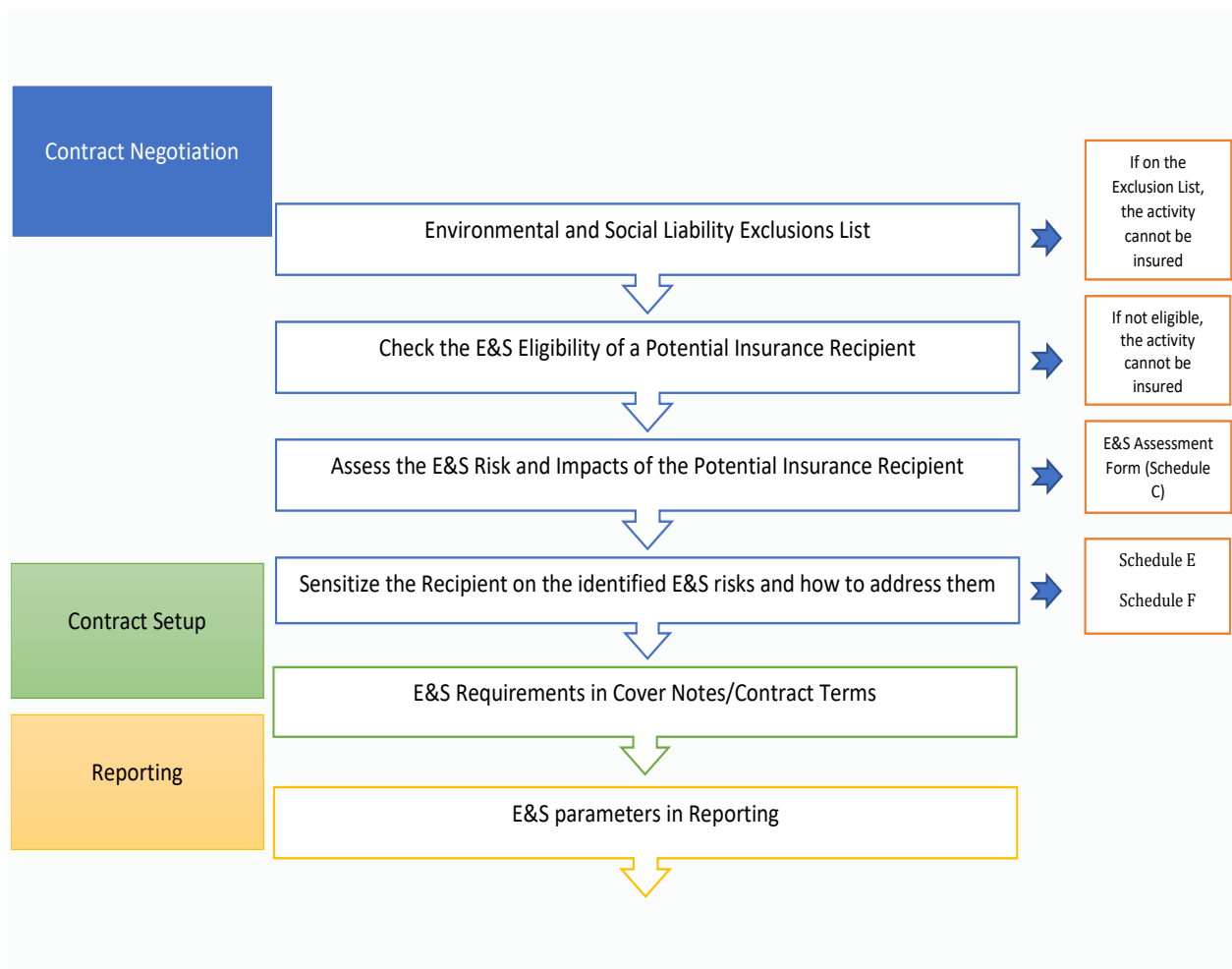
The Insurance Intermediary should have a (i) designated staff with adequate capacity, and a (ii) clear distribution of roles and responsibilities.

At a minimum, the Insurance Intermediary should nominate an officer to serve as the person with the responsibility of overall administration and oversight for the implementation of the ESMS in the organization and compliance with the E&S Guidance Note for Insurance Companies and NGOs (this Document). This would also include responsibilities for Grievance Mechanism and Stakeholder Management and Engagement especially for awareness generation, as well as developing internal E&S capacity, regular reporting, and documentation. He or She should also have sufficient authority and organizational influence to ensure the ESMS is properly implemented organization-wide, hence, ideally should hold a senior role in the institution.

The Insurance Intermediary should also designate other relevant staff as needed (there is no standard way to organize roles and responsibilities; every organization is different). It is recommended that the Insurance intermediary (i) define where E&S responsibilities sit within the organisational structure, (ii) establish day-to-day working practices to ensure the ESMS is implemented effectively, (iii) ensure sufficient resources and training, (iv) develop a robust training and capacity building programme to ensure sufficient understanding of E&S matters as well as continuous learning and improvement, and (v), establish effective internal communication on E&S matters, and

6.4. Suggested Process Flow Chart

Insurance Intermediary is encouraged to develop a flow chart or a table to illustrate how E&S aspects are integrated into overall operational processes, see diagram below:



The above roles could be performed by underwriters under the supervision of E&S officer.

6.5. E&S Steps to be integrated into Underwriting Procedures.

6.5.1. Contract Negotiation

6.5.1.1. Environmental and Social Liability Exclusion List

The first step during the process is to ensure that the activities of the Recipient are not listed on the Environmental and Social Liability Exclusion List (Schedule B). Only activities that are not listed on the List can be considered for insurance under the Microfinance Reinsurance Treaty. This activity could be conducted by a Client Relationship Officer/Field Officer or an Underwriter.

6.5.1.2. Check the E&S Eligibility of a Potential Insurance Recipient

Once determined that the Recipient's activity is not listed on the Environmental and Social Liability Exclusion List (Schedule B), the potential Recipient's E&S Eligibility (Section 5 of this Document) needs to be verified. This activity could be conducted by a Client Relationship Officer/Field Officer or an Underwriter.

6.5.1.3. Assess the E&S Risks and Impacts of a Potential Insurance Recipient

After it is determined that the potential Recipient is eligible for the insurance, assessment needs to be conducted of the E&S risks and impacts inherent to and resulting from his or her livestock herding

activities. This is a critical component of the process, and the assessment needs to be conducted by an Underwriter. If needed, he or she could request assistance from the E&S Manager/ officer. He or she should use Household Environmental and Social Assessment form (Schedule C) and refer to Schedule A. E&S Context of Pastoral Activities for reference.

6.5.1.4. Sensitize the Recipient of the E&S risks and how to address them

Once the E&S issues are assessed, the potential Recipient of the insurance needs to be made aware and sensitized on the various E&S risks and impacts inherently present in pastoral activities and how to address them. Refer to this Document's Schedule B. E&S Context of Pastoral Activities for reference. In addition, refer to Schedule E. Guidance Note: Addressing Child and Forced Labour in Pastoral Activities, Schedule F. Guidance Note: Addressing Environmental Aspects in Pastoral Activities as they elaborate on addressing and mitigating environmental and social risks identified during the assessment, and Schedule G. Guidance on Social Inclusion.

6.5.2. Contract Setup

6.5.2.1. Integrate E&S Requirements in Cover Note/Contract Terms

In this step, E&S Requirements need to be integrated into Cover Note. This activity will be conducted by the legal team and the underwriter is to ensure that the E&S requirements are addressed in the Cover Note.

6.5.3. Reporting

The Insurance Intermediary will need to compile necessary E&S parameters for reporting to ZEP-RE on regular basis. The reporting template is provided in Schedule H.

In addition to the regular reporting, the Insurance Intermediary will report to ZEP-RE within 24 hours of occurrence of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers including spills, labor abuses, fatalities, or serious accidents, road accidents, etc.

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

Insurance intermediaries being closest to the pastoralists will play a key role in facilitating this monitoring.

6.5.4. Awareness generation

The insurance intermediaries, in partnership with pastoralists groups, shall organize awareness generation programs for pastoralists. These awareness generation programs will cover the following aspects:

- Promoting social inclusion
- Addressing the child labour issues in pastoral activities
- Practicing sustainable livestock rearing practices
- Good practices on animal health using the World Bank Good Practice Note on Animal Health and Related Risks⁷
- potential biodiversity impacts associated with pastoral activities and steps that pastoralists and pastoral groups can undertake to mitigate and manage potential biodiversity impacts.

6.6. E&S Claims Procedure

The claims under the DRIVE project are triggered based on the forage index using satellite data. When the level of pasture falls below a certain level, the insurance pay-out is activated automatically and paid directly by insurers to pastoralists.

For insurance claims under reinsurance treaty, the insurance intermediary shall submit Schedule D1. Statement of Compliance with National Laws and Regulations, Schedule D.2. Commitment Statement to comply with the E&S Guidance Note for Insurance Companies and NGOs every time it makes a claim.

7. CAPACITY BUILDING

The underwriters of insurance intermediaries will play a key role in assessing pastoralists' eligibility, administering the E&S questionnaire to pastoralists, implementing an awareness generation program, and monitoring the progress of ESMS implementation. Each insurance intermediary will design a capacity-building program for its underwriters and the legal team working on the DRIVE project. The training programs will cover all relevant E&S topics that will help underwriters and the legal team to perform its role. More specifically, the training will focus on:

- Objectives of component 1 of the DRIVE project and its activities
- E&S requirements and the Guidance Note
- E&S assessment questionnaire explaining the rationale behind each question and how to administer it
- E&S context of pastoral activities
- Guidance on child labor, environmental aspects, GBV, animal health and social inclusion

8. GRIEVANCE MECHANIM

⁷ World Bank. Animal Health and Related Risks Good Practice Note. Available at <https://thedocs.worldbank.org/en/doc/637081608213776643-0290022020/original/AnimalHealthGoodPracticeNote.pdf>

Each Insurance Intermediary is to develop and implement a functioning Grievance Mechanism.

Grievances raised from stakeholders in relation to the DRIVE project activities will be managed by the E&S officer. The E&S Officer will be responsible for the implementation of the grievance mechanism and keeping all relevant records. The grievance mechanism will have the following key steps:



9. SCHEDULES

Schedule A. E&S Context of Pastoral Activities in the Horn of Africa

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

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

The pastoral cultures, and the ecosystems on which they depend, are stressed by land degradation and loss of biodiversity due to increased infrastructure development, resource exploitation and other forms of human activities that create barriers to livestock mobility and pasture use. Additionally, pastoralists are increasingly under threat from legal, economic, social, and political obstacles.⁸

3.3.1. Environmental Aspects

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

Damage to Vegetation and Land

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

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

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

⁸ UNEP. Towards Sustainable Pastoralism. Available at <https://www.unep.org/news-and-stories/story/towards-sustainable-pastoralism>

Exaggerated by population growth and chronic poverty, this poor management of pastoral activities leads to significant natural resource degradation caused by waste generation, soil erosion, deforestation, poor sanitary conditions, and other environmentally unwanted outcomes.⁹

Deforestation and soil erosion

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

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

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

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

Tree planting is an effective mitigation measure to reduce effects of erosion from surface run off and to increase the vegetation cover to prevent desertification. However, livestock may also compromise efforts to grow trees by browsing on leaves and stems of young plants, thereby preventing them from growing normally. Efforts need to be undertaken to protect the trees by constructing protective structures around them to minimize the effects of grazing and charcoal burners.¹⁰

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

3.3.2. Social Aspects

Child Labour and Forced Labour

Child labour in pastoralist communities is a complex issue. Many families rely on their children to herd their livestock and most children are not in formal schools. Attitudes towards education are varied, depending on the region. In Kenya, for example, the pastoralists recognize the importance of education, but access to education in pastoral areas is limited, of poor quality and often not suited to

⁹ Samba, Twaha & Tukezibwa, Doreen & Tumushabe, Anne & Ssekabira, Kassim. (2016). Impacts of Pastoral Activities on Nature Conservation in Western Uganda. *International Journal of Ecological Science and Environmental Engineering*. 3. 42-51.

¹⁰ Samba, Twaha & Tukezibwa, Doreen & Tumushabe, Anne & Ssekabira, Kassim. (2016).

pastoral way of life. Pastoralism is the economic mainstay of the Kenya's arid counties, yet schools do not teach subjects relevant to pastoralism and many portray a negative image of the livelihood.

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

When engaging in pastoral activities, children face many hazards, including danger from cattle and wildlife as well as neighbouring tribes. Exposure to animal borne diseases and cattle excreta leave children vulnerable to a variety of health issues. Parents often send their children to work in camps during times of scarcity to increase access to food yet are unaware of the risks and hazards associated with life in the cattle camps and labour at such a young age.¹¹

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

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

Indigenous people can be defined as “a distinct social and cultural group possessing the following characteristics in varying degrees: Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture; An indigenous language, often different from the official language of the country or region.”¹²

In line with the World Bank's Environmental and Social Standard (ESS) 7, “Indigenous Peoples and Sub-Saharan African Historically Underserved Traditional Local Communities have identities and aspirations that are distinct from mainstream groups in national societies and often are disadvantaged by traditional models of development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. Their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories, and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. Equally, the roles of men and women in indigenous cultures are often different from those in the mainstream groups, and women and children, who have frequently been marginalized both within their own communities and because of external developments, may have specific needs).”¹³

¹¹ Scott-Villiers, Patta & Wilson, Sarah & Kabala, Nathaniel & Kullu, Molu & Ndung'u, Diana & Scott-Villiers, Alastair. (2015). A Study of Education and Resilience in Kenya's Arid and Semi-Arid Lands.

¹² World Bank. ESF. ESSF. Sub-Saharan Africa Historically Underserved Traditional Local Communities. Available at <https://thedocs.worldbank.org/en/doc/276101511809520481-0290022017/original/EnvironmentalSocialStandardESS7FactSheetWBESF.pdf>

¹³ World Bank. ESF. ESSF. Sub-Saharan Africa Historically Underserved Traditional Local Communities. Available at <https://thedocs.worldbank.org/en/doc/276101511809520481-0290022017/original/EnvironmentalSocialStandardESS7FactSheetWBESF.pdf>

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

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

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

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

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

Traditionally, pastoralist communities are patriarchal and although women can have access to land, they seldom have the ownership or the decision making over it and the allocation of benefits thereof. Illiteracy rate of pastoral women and girls is high, and it is caused by both lack of access to educational facilities and cultural reasons. Violence against them is normalized. Access to basic health facilities is often hours away. Pastoral women do not have access to information and technology to market their products. Extreme droughts bring a greater burden on women as they need to perform their reproductive and productive roles and contribute more to household adaptation with less.¹⁴

However, changes are also happening in various communities and the role of women is evolving. Pastoralist women build their capacity to engage in collective marketing, and more often in bigger businesses/cooperatives selling camel milk, sheep, goats, hides and skins, poultry products, honey, and fodder.¹⁵

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

¹⁴ Njuki, J, Sanginga, P. Women, Livestock and Markets. Bridging the gender gap in Eastern and Southern Africa. Available at <https://reliefweb.int/sites/reliefweb.int/files/resources/Women%20Livestock%20Ownership%20and%20Markets.pdf>

¹⁵ SNV. Women and pastoralism: taking action for equality. <https://snv.org/update/women-and-pastoralism-taking-action-equality>

will benefit since they use livestock as a source of meat, milk (for home consumption), transport, dung (as a sealant, for burning and manure), hide, cash sale and improving household nutritional status.

Schedule A1. UNEP's Principles for Sustainable Insurance (PSI)

UNEP's Principles for Sustainable Insurance (PSI)

The Nairobi Declaration on Sustainable Insurance

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

22 April 2021

Nairobi, Kenya

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

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

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

1. Risk management

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

2. Insurance

- Support the Insurance Sustainable Development Goals (Insurance SDGs) being developed by the PSI to harness insurance products and solutions to help achieve the SDGs.
- Close the insurance protection gap by actively developing and promoting inclusive and innovative insurance solutions (including through insurtech and nature-based solutions) for households, businesses and governments in order to build resilient cities and communities as well as sustainable food and agriculture systems, among others
- Support the transition to a resilient, net-zero emissions economy, building on the work of the PSI to establish a Net-Zero Insurance Alliance

3. Investment

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

4. Policy, regulatory and industry engagement

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

5. Sustainable insurance thinking and practices

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

Schedule B. Environmental and Social Liability Exclusions

Part 1: Corporate Exclusion List

This policy does not cover:

- Punitive Measures and Penalties
- Claims arising from punitive measures and penalties of all kinds directly imposed on the insured companies by authorities and governed by fiscal or commercial criminal law or with a punitive character.
- Confiscation
- Claims arising from confiscations of all kinds.
- This exclusion does not apply, if the insured company is liable towards the customer/shipper.
- Nuclear Energy and Radioactivity
- Claims arising from nuclear energy and radioactive contamination.
- Use of Chemical, Biological, Biochemical or Electromagnetic Weapons
- Claims arising from the use of chemical, biological, biochemical, or electromagnetic weapons.
- Asbestos
- Claims arising from loss directly or indirectly related to asbestos or other degradation-resistant ceramic fibres or materials containing asbestos, or materials containing any kind of degradation-resistant ceramic fibres. Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%. While ZEP-RE writes house owners business policies with properties that could be covered by asbestos, the same must be observed not to expose the Company beyond 3% of the overall business.
- Ionizing Radiation
- Liability for nuclear loss as defined by legislation on nuclear energy related liability or analogous foreign legislation and accompanying costs.
- Claims for loss relating to ionizing radiation or laser beams
- Gradual Environmental damage
- Production or activities involving harmful or exploitative forms of forced labour¹⁶/harmful child labour¹⁷
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES
- Production or trade in weapons and munitions
- Production or trade in alcoholic beverages (excluding beer and wine)
- Production or trade in tobacco
- Gambling, casinos and equivalent enterprises

¹⁶ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

¹⁷ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply).

- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where ZEP-Re considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and underlying regulations.
- Destruction¹⁸ of High Conservation¹⁹ value areas

Part 2: Exclusion list for the DRIVE Project

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

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

¹⁸ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

¹⁹ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>)

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

Schedule C. Household Environmental and Social Assessment Form

Household E&S Assessment

1. Identification and General information:

Name:	Date of Assessment:	
Current Location:	Village Division:	
Place of Origins:	Gender (M/F):	
Level of Education:	Literacy (level):	
Head of Household (Y/N):	Household Size:	
Category of Grazing Area: <input type="checkbox"/> Communal <input type="checkbox"/> Private <input type="checkbox"/> Hybrid	Social Group: <input type="checkbox"/> IP ²⁰ <input type="checkbox"/> SAHUTLC ²¹ <input type="checkbox"/> VMG ²²	
Source of drinking water:		
<input type="checkbox"/> Tap	<input type="checkbox"/> Unprotected spring	
<input type="checkbox"/> Protected well	<input type="checkbox"/> From nearby river	
<input type="checkbox"/> Protected borehole	<input type="checkbox"/> From a neighbour's pan	
<input type="checkbox"/> Protected spring	<input type="checkbox"/> From earth pan	
<input type="checkbox"/> Unprotected well	<input type="checkbox"/> Roof catchment when it rains	
<input type="checkbox"/> Unprotected borehole	<input type="checkbox"/> Purchase from water vendors	
Eligibility Assessment	Yes	No
Are you active in pastoralism?		
Do you own a livestock? ²³ If yes fill in Section 3.		
Do you have access to a formal money transfer system (e.g., bank account, mobile money service)?		
If you do not have access to a formal money transfer system, are you committed to acquiring one after being considered as a beneficiary?		
Are you currently a recipient of livestock insurance?		
Confirm that your activities are not listed on Exclusion List		
Other general considerations		
How do you cope with drought?		

²⁰ IP means Indigenous People

²¹ SAHUTLC means Sub-Saharan Africa Historically Underserved Traditional Local Communities

²² VMG means vulnerable and marginalized groups

²³ If yes, please fill Section 3.

Do you understand and/or have experience with livestock insurance and willingness and ability to pay for it?

2. Social, Environmental and Animal Welfare Considerations

2.1. List the number of household occupants below:				
No.	Sex (M/F)	Age	Enrolment in School (Y/N)	Type of School
2.2. Describe your attitude towards educating your children, boys and girls, as well as the access to education in your location:				
2.3. Are your children engaged in livestock herding activities? If yes, please describe their duties, age, gender, and number of hours per day spent on those activities.				
2.4. Are you aware of the hazards ²⁴ children face when engaged in livestock herding activities? Please describe what you do to eliminate or minimize children's exposure to those hazards.				
2.5. Do you engage anyone in work related to livestock herding activities that are not performed on a voluntary basis (e.g., under threats of penalty, debt bondage)?				
2.6. Describe the role of women in your household, their duties and responsibilities, right to land and livestock ownership, input into decision making, and vulnerabilities (e.g., exposure to violence, sexual abuse). (Also speak to the women in household on their role and vulnerabilities)				
2.7. Check environmental and climatic hazards that typically affect your livestock production:				
Insecurity – political tension/conflict		Insecurity – clan conflict		Border closure
Drought	Frost	Wind	Epidemic crop disease	Wild Animals
Flood	Hail	Crop Pests	Epidemic livestock disease	Snake bites
Lighting	Accidents	Fire	Market events	Other
2.8. Do the animals move in different seasons (Y/N)? If yes, describe where they move, or draw the pattern/map:				
2.9. Who in the household moves with the migrating animals (by gender, age)?				
Livestock:	Men	Women	Boys/Age	Girls/Age

²⁴ For example, danger from cattle and wildlife, exposure to animal borne diseases and cattle excreta.

Camel:					
Cattle					
Sheep and Goat					
2.10. Do you have access to community animal health care services(Y/N)? If yes, specify the following					
Easily available:	Fairly available:	Occasionally available:	Not available:		
2.11. How do you assess the price of the animal healthcare services?					
Easily affordable	Fairly affordable	Expensive	Not affordable		
2.12. How often do you have your livestock checked/treated by a veterinarian?					
Always	Occasionally	Rarely	Never		
2.13. Describe your current animal husbandry practices, access to services and cost of services (market information, weather information, credit, fodder, etc.).					
2.14. Have you lost livestock in the recent year/season (Y/N)? If yes, specify Causes and number of deaths of the livestock in the recent year/season					
Livestock	Disease	Flood	Drought	Cattle rustling	Other (e.g., Age)
Camel					
Cattle					
Sheep					
Goat					
2.15. How do you think livestock herding impacts land, vegetation, soil and water?					
2.16. Has the rangeland area increased or decreased in your specific location over the years? What do you think are the reasons for this change? Have new rangeland areas been created by converting forest areas?					
2.17. Do you engage in bush burning for new grazing grounds?					
2.18. What do you use as a fertilizer (e.g., manure, compost, other organic fertilizers, chemical)?					
2.19. Are there any rangelands/fodder conservation activities either ongoing or potential in your location?					
2.20. Do you engage, or are willing to engage, in any nature conservation and sustainable activities, e.g., planting trees, rainwater harvesting, and other similar activities?					
2.21. How do think livestock herding can be made sustainable without causing some of the impacts we discussed just now.					

3. Livestock and Income Considerations

Livestock ownership		Number		
Camels owned	Total			
	From which productive females			
Cattle owned	Total			
	From which productive females			
	From which plough oxen			
Goats owned	Total			
	From which productive females			
Sheep owned	Total			
	From which productive females			
Livestock loaned (Under what type of arrangement?)				
Other livestock (chicken, ducks, ...)				
Land ownership		Size of the land /cultivation		
Rained land owned				
Irrigated land owned				
Land cultivated/not owned	Rain fed			
	Irrigated			
Main crops grown for sale				
Main crops grown for food				
Other productive household assets	Ploughs			
	Irrigation			
	Trees			
	Beehives			
	Fishing equipment			
	Shops/kiosks			
	Others (specify)			
	Others (specify)			
	Others (specify)			
No. wives per husband (if polygynous society)				
Average household size (Minus those living away + those from other households/dependants)				
Main sources of cash income, ranked, by gender of household member doing the task – normally	Household			
	Men	Women	Children	
	1			
	2			
	3			
<i>Use this checklist to rank the income sources in c above</i>				
1. Fishing	9. Other casual labour (e.g., construction)	15. Vegetable sales		
2. Livestock sales (large animals)	10. Paid domestic work	16. Petty trade (small-scale trade)		
3. Livestock sales (small animals)	11. Social support (remittances/gifts/zakat)	17. Trade (large scale)		
4. Camel milk sales	12. Firewood sale or charcoal burning	18. Small business		
5. Cattle/shoats milk sales	13. Collection and sale of wild foods	19. Transport (e.g., taxi, pick-up)		
6. Agricultural labour	14. Mining	20. Others such as barter		
7. Crop sales				

Schedule D. Templates

Schedule D.1. Statement of Compliance with National Laws and Regulations

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

Date

Statement of Compliance

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

Sincerely,

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

Schedule D.2. Commitment Statement

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

Date

Commitment Statement

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

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

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

Sincerely,

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

Schedule E. Guidance Note: Addressing Child and Forced Labour Aspects in Pastoral Activities

Overview

Child labour continues to be a widespread challenge across the globe. Worldwide, over 160 million children have been engaged in child labour with 79 million of them performing hazardous work. With 66 million of children aged 5 to 17 years, Sub-Saharan Africa stands out as the region with the highest prevalence and largest number of children in child labour.²⁵ The agricultural sector accounts

²⁵ ILO, UNICEF. (2021). Child Labour: Global estimates 2020, trends and the road forward. Available at https://www.ilo.org/ipec/Informationresources/WCMS_797515/lang--en/index.htm

for the largest share of child labour worldwide (70%). Most children (72%) in child labour work within their own family unit; they are contributing family workers.²⁶

Children work for various reasons. They work due to poverty, illness of a caregiver, job loss of the primary wage earner, lack of social protection, access to education, or a weak or lack of enforcement of existing legislation on child labour.

The International Labour Organization (ILO) has taken initiative to ensure eradication of child labour. The ILO Convention 138 on Minimum Age of Employment²⁷ seeks to ensure that children below a certain age are not engaged in child labour. ILO Convention 182 on the Worst Forms of Child Labour²⁸ aims to ensure that children are not engaged in hazardous activities that may be harmful to their health or may interfere with their education. The African Charter on Rights and Welfare of a Child²⁹ has also outlined the need for protection for children's rights and encourages state parties to ensure that the best interests of a child prevail.

Definition of Child Labour

A child is a person under the age of 18. A distinction between child participation and child labour needs to be made as not all work conducted by children is child labour. Child participation is the ordinary assistance given by child that does not interfere with the child's health and education. Millions of young people above the relevant minimum age undertake work, paid or unpaid, that is lawful, appropriate for their age and maturity, and part of their socialization and school to work transition. By working, these young people learn to take responsibility, gain skills, add to their family's or their own income and wellbeing, and contribute to their country's economy.

Child labour encompasses all unacceptable forms of work performed by children. It is work that exposes children to harm or abuse because: (i) it is likely to impede the child's education and full development (due to the child's age); and/or (ii) it jeopardizes the physical, mental, or moral wellbeing of a child (due to the nature of the work).

In line with the ILO Convention 182 on the Worst Forms of Child Labour and with the ILO Convention 138 on Minimum Age of Employment, in the livestock sector, much of the work children do can be categorized as child labour. It is very likely that it is hazardous, that it interferes with a child's education, and that it is harmful to the child's health or physical, mental, spiritual, moral, or social development.

Child Labour in Pastoralist Communities

Child labour in pastoralist communities is a complex issue. With the general reliance on children to herd the livestock, a general lack of access to education as well as varied cultural and social dynamics and attitude towards education in the countries in Horn of Africa, the risk of child labour in pastoral activities is significant.

Many families rely on their children to herd their livestock and most children are not in formal schools. Many of them work for immediate household survival and attitudes towards education are varied, depending on the region. In Kenya, for example, pastoralists recognize the importance of

²⁶ ILO, UNICEF. (2021).

²⁷ ILO. C138 - Minimum Age Convention, 1973 (No. 138). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ilo_code:C138

²⁸ ILO. C182 - Worst Forms of Child Labour Convention, 1999 (No. 182). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182

²⁹ ACERWC. Available at <https://www.acerwc.africa/about-the-charter/>

education, but access to education in pastoral areas is limited, of poor quality and often not suited to the pastoral way of life. Pastoralism is the economic mainstay of the Kenya's arid counties, yet schools do not teach subjects relevant to pastoralism and many portray a negative image of the livelihood.

In South Sudan, on the other hand, cattle culture and cattle camps play a significant role among many tribes, as the country boasts one of the largest livestock herding populations in Africa. Children, both within the 5–13-year age range and below the minimum employment age, and between 14–17 are commonly used among these communities in the daily activities of the cattle camp, highly challenging the ILO notions of child labour. The value of formal education is not recognized and in fact it is often seen as undesirable, especially for girls. The challenges are aggravated by the lack of knowledge about the possible harm inherent in child labour, livestock sector hazards, and missing school.³⁰

When engaging in pastoral activities, children face many risks and hazards, including danger from cattle and wildlife as well as neighbouring tribes. Exposure to animal borne diseases and cattle excreta leave children vulnerable to a variety of health issues. Depending on their exact duties, the children are at risk of disrupted physical, mental, moral, and social development. Health problems can result from long working hours in extreme weather conditions, poor sanitation and hygiene, using chemical products (e.g., disinfectants to treat animals) and inhaling (livestock) dust. They also experience psychological stress resulting from fear of punishment from employers, fear of cattle raiders or a feeling of responsibility for the family financial wellbeing. The children face direct risks of injury when handling animals and sharp tools used in livestock work activities. Those risks can be related to wildlife, being bitten by cattle (also by wild animals and insects), gored, kicked, or stamped on. Some children working in the livestock sector are being abused by an employer and/or are in situations of bonded or forced labour or have been trafficked.³¹ All the various risks faced by children working in livestock sector are summarized in Annex 1 and the health issues they suffer from are summarized in Annex 2. Parents often send their children to work in camps during times of scarcity to increase access to food yet are unaware of the risks and hazards associated with life in the cattle camps and labour at such a young age.³²

Both girls and boys are involved in livestock activities and in younger groups there seems to be little difference in the types of activities they undertake. With age, the activities tend to be differentiated. In general, boys are more involved with herding activities and girls with household chores.

Herding starts at a young age, when children are 5–7 years old. Working conditions vary depending on the location and local context. In some locations, children might be involved in herding for a few hours a week and go to school, in others they may herd for days, in camps, sometimes far from the home, and with no possibility for schooling. The environmental and climatic conditions also vary.

Children herd either for an employer or (unpaid) for their own household or relatives. If they work for an employer, they are typically paid in cash or kind. When they work for others (not their own household), there is an increased risk of bonded or forced labour due to indebtedness. Additionally, some children are trafficked within and outside country borders for (forced) herding activities.

Addressing and Mitigating Child Labour

³⁰ Scott-Villiers, Patta & Wilson, Sarah & Kabala, Nathaniel & Kullu, Molu & Ndung'u, Diana & Scott-Villiers, Alastair. (2015). A Study of Education and Resilience in Kenya's Arid and Semi-Arid Lands.

³¹ FAO. Children's work in the livestock sector: Herding and beyond. Available at <https://www.fao.org/publications/card/en/c/2d800c57-b005-53e0-a4e2-4e7499b06632/>

³² Scott-Villiers, Patta & Wilson, Sarah & Kabala, Nathaniel & Kullu, Molu & Ndung'u, Diana & Scott-Villiers, Alastair

Due to the specifics of the sector, addressing child labour is challenging because much of child labour takes place in families. Agricultural activities in remote areas are also not inspected on a regular and frequent basis and the local legislation preventing child labour is weakly implemented, if at all.

The mitigation measures under the DRIVE project are anchored on building awareness and undertaking regular monitoring to ensure these risks are not accentuated. It is imperative that the Insurance Intermediaries in partnership with pastoralist groups undertake efforts to create awareness amongst the pastoral communities on issues of child labour, health hazards and other risks faced by the children when working with livestock, and also promote the value of education. They are also encouraged to work and cooperate with various stakeholders to address child labour on various levels, including on a policy level.

The Insurance Intermediaries are strongly encouraged to address the identified risks and initiate action by:

- Directly engaging with pastoral groups and communities, households and children and entering into a dialogue with them to raise awareness of child labour in livestock activities, the hazards faced and the value of education; supporting pastoral groups in establishing and participating in community child labour monitoring systems which could include establishing work contracts, standards for safety and health, defining working hours, holidays and remuneration. Consultations and information sharing on what types of work activities with livestock are perceived to be acceptable for children and under what conditions would be a helpful tool guiding the households in their efforts to address child labour and health hazards. Children could also provide information regarding their aspirations; information could be shared in respect of **opportunities** that exist that could contribute to changing the child's situation.
- Engaging with teachers' unions and other groups that could contribute to the provision of quality education tailored to pastoralist communities and appreciating their way of life.
- Supporting educational facilities already established for the pastoral communities as well as distance learning/online programs and any other forms of innovative solutions aimed at providing quality education to children without disrupting the traditional nomadic lifestyle of the pastoralists.
- Engaging with local governments responsible for addressing child labour and helping to promote and support policies and infrastructure that address the root causes.
- Engaging with producers' organizations to contribute to increasing awareness and campaigning against child labour in the livestock sector; and
- Collaborating with development partners or international, national organizations and local non-governmental organizations with a focus on development and child labour issues.

Insurance intermediaries are also required to participate and facilitate regular monitoring done by ZEP-RE and the World Bank to determine effectiveness of the awareness generation.

Annex 1. Tasks, Hazards, Injuries and Potential Health Consequences faced by children working in livestock sector. ³³

TASKS	HAZARDS	INJURIES AND POTENTIAL HEALTH CONSEQUENCES
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³³ Reprinted from FAO. Children's work in the livestock sector: Herding and beyond. Available at <https://www.fao.org/publications/card/en/c/2d800c57-b005-53e0-a4e2-4e7499b06632/>

All activities involving handling or being near livestock	Exposure to biological hazards through direct contact with the animal, with substances derived from it (such as hair, meat, carcasses, bones, and the products of rejection, abortion or slaughter), or with contaminated environments, e.g., animal houses, slaughterhouses	Numerous zoonotic or parasitic infections and diseases (see Annex 1 for full list of potential health consequences)
All activities involving direct animal contact	Large or dangerous animals	Being bitten, jostled, butted, gored (by horns), kicked, stamped on or trampled by animals; infection of wounds; diseases passed through bites
Outdoor livestock (herding) activities	Exposure to extreme weather; solar radiation; lack of drinking water; exposure to wild animals and insects (especially without appropriate protective clothing, footwear, and shelter)	Frostbite, sunstroke, and other thermal stresses; skin cancer; dehydration; respiratory infections in cold and wet working conditions; illness from drinking stagnant or polluted water; bites, stings; attacks from dangerous wild animals and insects; diseases transmitted through insect bites and wild animal attacks; cuts, bruises, thorn punctures; infection of wounds
Herding	Exposure, or fear of exposure, to punishment or beatings for animal loss or crop destruction by animals; excessive feeling of responsibility for (family) capital	Injuries related to physical abuse from employers; psychosocial stress or trauma
Working long hours or days on end away from home (herding)	Poor diet; inadequate food intake; long periods of isolation; fatigue or drowsiness	Malnutrition; stunting; psychosocial stress from working in isolation; poor judgement in performing duties, potentially leading to dangerous decisions; lack of concentration, interfering with schooling; psychological pressure from working in isolation
Herding on horseback	Exposure to horse-related accidents and diseases	Injuries related to handling horses (bites, being kicked) and riding (falling off horseback); diseases transmitted through bites; infection of wounds; contracting horse-related diseases or parasites due to close contact
Slaughtering or slaughterhouse activities	Sharp objects; dangerous tools or machinery; forceful repetitive movements; exposure to carcasses	Injuries from slaughtering tools or machinery; cuts, infection of wounds, stress injuries; skin disorders; zoonotic and fungal infections
Activities requiring physical effort, e.g., loading and carrying water, collecting fodder and manure	Handling of heavy loads and sharp or dangerous tools; extended awkward postures; repeated movements	Musculoskeletal injuries and disorders, e.g., joint and bone deformities; injuries and wounds from using dangerous tools; blistered hands and feet; aches, pains, sprains, strains and swelling
Activities involving water, e.g., washing animals, fetching water, drinking stagnant or polluted water	Exposure to contaminated water (also by livestock)	Cryptosporidiosis, giardiasis (see Annex 1)
Handling chemicals used for (livestock) treatment of internal and external parasites	Exposure to toxic chemicals	Rashes and other skin disorders, dry or cracked skin that can become infected; allergic reactions; breathing difficulties; eye irritation; chemical poisoning; liver damage; nerve and neurological disorders; cancers; male and female reproductive health disorders
All livestock activities	Poor sanitation and hygiene	Infectious diseases, dermatitis, urinary tract infections, respiratory illnesses, eye disease, spread of parasites due to poor sanitation and hygiene

Annex 2. List of zoonotic and parasitic diseases and infections associated with handling livestock or domesticated animals³⁴

³⁴ Reprinted from FAO. Children's work in the livestock sector: Herding and beyond. Available at <https://www.fao.org/publications/card/en/c/2d800c57-b005-53e0-a4e2-4e7499b06632/>

Name of disease	Description	Transmission	Symptoms or related health effects
Anthrax	Bacterial disease caused by <i>Bacillus anthracis</i> . Often affects cattle, sheep and goats, but all livestock and wildlife are at risk.	Inhalation of contaminated dust, consumption of contaminated meat. Biting flies can also transmit the bacterium from animals to humans.	Sudden death.
Brucellosis	Bacterial disease caused by the <i>Brucella</i> genus. Can affect a wide variety of animals, including cattle, pigs, sheep, goats, horses and dogs.	Consumption of unpasteurized milk products, handling infected aborted fetuses or afterbirth of livestock.	Fever, weakness, headache, joint pain and night sweats.
Bovine spongiform encephalopathy (BSE)	A transmissible, neurodegenerative, fatal brain disease of cattle. Believed to be caused by a self-replicating protein, known as a prion.	Handling infected animals, particularly during the slaughter process, consumption of infected meat.	Degeneration of the brain, severe neurological symptoms, death.
Bovine tuberculosis	Bacterial infection caused by <i>Mycobacterium bovis</i> , mainly found in domestic cattle.	Inhalation of aerosolized bacterium, ingestion of contaminated milk.	Severe cough, respiratory infections, general malaise and weakness.
Campylobacteriosis	Bacterial infection caused by the <i>Campylobacter</i> genus.	Handling of infected animals or faeces, consumption of contaminated foods.	Severe diarrhoea, cramps, fever.
Cryptosporidiosis	Protozoal parasite (<i>Cryptosporidium</i>) transmitted when infected livestock shed faeces into water sources used for drinking. Infects wide variety of livestock and wildlife.	Consumption of contaminated water or foods, handling infective faeces or animals. Living in close proximity to livestock increases the risk of water-borne infections.	Diarrhoea, abdominal pain, vomiting, fever, muscle cramps. Young children, pregnant women and immune compromised adults are most severely affected.
Extrinsic allergic alveolitis (EAA)	Refers to a group of lung diseases resulting from exposure to dusts of animal origin. Specific types of EAAs are known as "animal handler's lung" and "bird fancier's lung".	Intense or prolonged exposure to animal dust. Animal dusts are complex mixtures that may include mould particles, microorganisms including bacteria and fungi, aerosolized urine and faeces.	Cough, shortness of breath, sweating, sore throat, headache, nausea.
Giardiasis	Intestinal protozoal parasite (<i>Giardia lamblia</i>) present in soil, food and water that have been contaminated by infected faeces. Infects wide variety of livestock and wildlife.	Consumption of contaminated water, handling infective faeces or animals.	Diarrhoea and abdominal cramping.
Influenza A (specifically, highly pathogenic avian influenza)	Viral disease caused by RNA viruses of the family Orthomyxoviridae. Avian influenza virus subtypes H5N1 and H9N2 and swine influenza virus subtypes H1N1 and H3N2 are of particular concern.	Direct or indirect exposure to infected live or dead animals or contaminated environments.	Respiratory infection, severe fever, death.
Leptospirosis	Bacterial disease caused by <i>Leptospira interrogans</i> that	Ingestion or inhalation of bacterium from aerosolized	Fever, cough, muscle pains. May progress

	can occur in a large number of animals, including cattle, sheep, goats, pigs, horses and dogs. Spread through urine of infected animals.	droplets.	to severe liver and kidney disease if untreated.
Listeriosis	Bacterial disease caused by <i>Listeria monocytogenes</i> . Cattle, sheep and goats are commonly affected.	Consumption of meats or unpasteurized milk products.	Septicaemia, spontaneous abortion in pregnant women.
Lyme disease	Infectious bacterial disease caused by <i>Borrelia</i> genus.	Infection by bite from ticks. Domestic livestock can maintain infection and close proximity to domestic livestock increases risk of transmission.	Rash, fever, muscle soreness. If untreated, infection can lead to neurological effects, acute or permanent paralysis.
Pseudocowpox	Disease caused by the <i>Parapoxvirus</i> genus. A world-wide disease of cattle.	Handling or milking infected cattle.	Painful scabby sores on the hands and arms.
Q fever	Caused by the bacterium <i>Coxiella burnetii</i> . Causes abortions in cattle, sheep and goats.	Assisting in reproductive process of infected livestock, consumption of contaminated milk.	Fever, night sweats, pneumonia. Severe cases may result in hepatitis.
Rabies	Deadly viral infection affecting all mammals.	Exposure to infected saliva in open wounds (commonly via animal bite) or mucous membranes (eyes, nose and mouth).	Light or partial paralysis, cerebral dysfunction, anxiety, insomnia, confusion, agitation, abnormal behaviour, paranoia, terror, hallucinations, progressing to delirium.
Ringworm	Skin infection caused by <i>Trichophyton</i> or <i>Microspora</i> fungi.	Direct dermal contact with infected animal.	Itchy, round and irritated patches on the skin.
Salmonellosis	Bacterial infection caused by <i>Salmonella</i> genus. Affects wide range of livestock and animals.	Consumption of contaminated foods, ingestion of bacterium through handling faeces of infected livestock.	Diarrhoea, abdominal cramping, severe fever.
Zoonotic sleeping sickness or human African trypanosomiasis (HAT)	Caused by the protozoan parasite <i>Trypanosoma brucei</i> . Limited to Africa where its insect vector, the tsetse fly, is found. Most often infects domestic livestock.	Infection by bite from the tsetse fly. Domestic livestock maintains infection and close proximity to domestic livestock increases risk of transmission.	Severe neurological symptoms and eventually death.

Schedule F. Guidance Note: Addressing Environmental Aspects in Pastoral Activities

Pastoralists are both livestock herders and environmental stewards. Pastoral systems are based on mobility, grazing of the natural vegetation (source of feed), and predominant use of communal lands. Pastoralists move with their livestock in search of food, water, to avoid diseases and to sell their livestock. In certain regions, pastoralists are in constant movement (nomadic); in others, their movement is seasonal (transhumance). Agro pastoralists are those that combine crop production at their home base with a seasonal movement of livestock. In Horn of Africa, pastoralists keep mainly camels, cattle, sheep, goat, and poultry.

Pastoralists generally graze their livestock on the grasslands during the rainy season and, during the dry season they often move with their livestock to other regions in search of better-quality grass and feed. Pastoral communities, and the ecosystems on which they depend, are often stressed by land degradation and loss of biodiversity caused by many factors (including infrastructure development). Pastoralists themselves contribute to this state of affairs through their own activities.

The main environmental risks and impacts in pastoral activities include a) damage to vegetation and land (soil degradation due to overgrazing, deforestation/indiscriminate bush burning for new grazing grounds, erosion), and b) decrease in water quality (water contamination from animal waste and its disposal).

Damage to Vegetation and Land

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

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

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

Exaggerated by population growth and chronic poverty, this poor management of pastoral activities leads to significant natural resource degradation caused by waste generation, soil erosion, de-vegetation, poor sanitary conditions, and other environmentally unwanted outcomes.³⁵

Decrease in Water Quality

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

Although pastoralist activities generate various environmental and social impacts, they also contribute to environmental stability through improvement of soil fertility and cover, reduction of incidences of bush fires, and planting of trees. Pastoralists use mainly manure in form of dung from cattle, goats, sheep, and poultry to improve soil fertility. Livestock rearing helps improving soil cover by dispersing seeds of various vegetation species such as trees and many forms of grasses with the

³⁵ Samba, Twaha & Tukezibwa, Doreen & Tumushabe, Anne & Ssekabira, Kassim. (2016). Impacts of Pastoral Activities on Nature Conservation in Western Uganda. *International Journal of Ecological Science and Environmental Engineering*. 3. 42-51.

help of their hooves and excreta. Livestock rearing also plays a critical role in reducing incidence of bush fires through grazing and helps in controlling wild growth of vegetation.

Addressing and Mitigating Environmental Risks and Impacts

Insurance Intermediaries in partnership with pastoralists' groups shall organize awareness generation programs on (i) the importance of environmental management and stewardship, environmental protection, sustainability, and animal health and welfare amongst the pastoral groups, and (ii) collaborative activities with various stakeholders to address environmental impacts of livestock sector in general on different levels, including on a policy level.

Specifically, the Insurance Intermediaries are strongly encouraged to address the identified risks and initiate action by:

- directly engaging with pastoral groups and communities as well as households to raise awareness of environmental risks and impacts of their livestock-related pastoral activities.
- holding consultation and information sharing events on ways to mitigate environmental impacts, including but not limited to, advocacy for afforestation and planting trees, rainwater harvesting, sensitizing pastoralists on proper stocking rate, livestock management, systems and methods, including the use of paddocks, tethering and zero grazing and also on the need for nature conservation and negative effects associated with bush burning.
- Assisting in, supporting, and encouraging the communities to **plant trees** to reduce effects of erosion from surface run off and also to increase the vegetation cover to prevent desertification.
- Assisting in, supporting, and encouraging communities to build protective structures around trees to minimize the effects of grazing and charcoal burners and to protect trees from livestock.
- Promoting animal health and welfare, supporting vaccination campaigns, and raising awareness about the importance of livestock health, welfare, disease prevention and control. Improved health and wellness are expected to contribute to sustainability by reducing morbidity and mortality as well as stress on the animal, boosting productivity and reducing incentives to increase herd size to compensate for livestock losses.
- Training staff or extension agents to evaluate and advise herders on sustainable rangeland and pasture management and on sustainable use of water resources as well as collecting data on grassland degradation, water management, and other environmental issues from pastoral regions that they serve.
- Encouraging the local governments to improve management of and access to fodder and water resources through developing water resources and water distribution in underexploited rangelands and establishment of dedicated migration corridors (short and long-distance), rest areas along corridors, pasture reserves, and dedicated dry season grazing areas. Local governments could also be encouraged to develop integrated land management approaches to restore and maintain rangeland and pasture productivity and build capacity in natural resource management planning at community and local levels.
- Engaging with producer organizations and cooperatives to raise awareness among producer organizations about environmental issues related to pastoralist livestock activities, climate change and vulnerability and to promote embedding environmental objectives into their business objectives.
- Supporting and/or creating innovative programs that generate opportunities along the value chain, i.e., cattle fattening programs; and

- Supporting and/or working with local partners to establish programs to diversify pastoral livelihoods and promote alternative livelihoods. Providing small scale livestock herders an alternative income may reduce pressure on land and water resources and provide more stable livelihoods that are more resilient to climate change and weather variability.

Schedule G. Guidance on Social Inclusion

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

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

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

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

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

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

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

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

Schedule H. Guidance on Gender Based Violence

Traditionally, pastoralist communities are patriarchal and although women can have access to land, they seldom have the ownership or the decision making over it and the allocation of benefits thereof. Illiteracy rate of pastoral women and girls is very high, and it is caused by both lack of access to educational facilities and cultural reasons. Violence against them is normalized. Access to basic health facilities is often hours away. Pastoral women do not have access to information and technology to market their products. Extreme droughts bring a greater burden on women as they need to perform their reproductive and productive roles and contribute more to household adaptation with less.³⁶

The arid & semi-arid lands (ASAL) areas are impacted by aspects of Gender Based Violence (GBV) including perceived low status of women, pre-existing high prevalence, and acceptability of GBV (FGMs, early /forced marriages, polygamy) with high levels of poverty, which is likely to heighten the communities' vulnerability to Sexual Exploitation and Abuse. Increased livestock wealth may result to increased empowerment of men and further marginalization of women.

GBV has significant impacts at individual level, with victims suffering from physical, sexual, and mental effects, loss of earnings and increased health care cost. It also has societal impacts including lower productivity, thus reduced economic outputs and growth, and increased pressure on social and health services. Quantifying the cost of GBV in terms of human suffering and economic indicators it's difficult.

The design of the products, the training, and the assessment of the channels of distribution involved women in the design and implementation of the financial package and the drought-insurance.

The insurance intermediaries will train women agents to sell the insurance products to women.

The drought-insurance and the financial package will provide quick payouts to pastoralists including women since the intervention facilitate protection of the ownership of livestock assets for women

³⁶ Njuki, J, Sanginga, P. Women, Livestock and Markets. Bridging the gender gap in Eastern and Southern Africa. Available at <https://reliefweb.int/sites/reliefweb.int/files/resources/Women%2C%20Livestock%20Ownership%20and%20Markets.pdf>

and girls reducing potential food insecurity for women. The intervention reduces the risk of GVB due to food insecurity.

The payment modality of the payouts is being designed in a way that reduces the risks of GBV. The project will leverage mobile payment to reach pastoralists including women in a more accurate and timely way. In Kenya, about 44 percent of women-headed households save through mobile money.

Awareness, sensitization campaigns and financial literacy training will regularly provide information (written, verbal and illustrated) to inform women, girls, boys, and men about the drought insurance on the procedures.

No significant risks of GBV are envisaged in the Project. The insurance intermediaries will undertake following steps to address any potential GBV and SEA/SH risks:

- Training of all the projects workers and members of pastoralist groups on gender issues, including GBV.
- Preparation and implementation of grievance redress mechanisms
- Undertaking consultation and awareness activities which specifically address gender issues and incidences of GBV in pastoralists communities.
- Adopting a code of conduct and training of project staffs on the code of conduct.

ANNUAL E&S PERFORMANCE REPORT

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

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

1. Environmental and Social Management System.

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

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

2. Grievance Mechanism

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

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

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

3. Awareness Generation and Outreach Activities

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

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

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

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

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

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

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

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

7. Payout details [fill the table below]

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