Innovation Market Place
What we are doing...

Risk Consulting
- Consulting & Advisory
  - Technical Advisory
  - ESG Advisory
  - Risk Transfer Advisory

“Investment” Management
- Operations & Services
  - Risk Vetting
  - ESG Analysis
  - Impact Analysis

Risk Transfer Solutions
- Intermediary
  - Broker
  - Delegated UW Authority
  - UW Service

Risk Taker
- Guarantee Providers
  - Primary Insurance
  - Munich Re

Clients
- MFIs, DFIs
- DFIs / MFIs / Donors

Value
- In depth risk expertise / Cooperation with high class partners
- Exclusive access to (re)insurance market / high leverage and impact / Full Service Package
- Cooperation with high class UW / Exclusive access to third party risk transfer partners

Impact and Business Opportunities

Global Index Insurance Facility
WORLD BANK GROUP

DAKAR 2017
Global Index Insurance Conference
### Why we are doing this

#### Opportunity

Emerging markets require an estimated $3 - 4 trillion annually in SDG-investments over the next 15 years.

The public sector will further increase the cooperation with the private sector in order to close the funding gap.

#### Barriers

<table>
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<tr>
<th>Country-level</th>
<th>Project-level</th>
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<tbody>
<tr>
<td>Weak regulatory framework</td>
<td>High upfront costs</td>
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<tr>
<td>Lack of access to long-term, predictable, affordable finance</td>
<td>High transaction costs</td>
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<td></td>
<td>Lack of capacity</td>
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<td>Lack of market knowledge</td>
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#### Why sfr consulting

MDBs as well as DFIs often require (independent) counterparties to manage business on their behalf.

**Scaling up**

We can focus on scaling existing solutions by regional and sector expansion independent from the existing group structure.
Making project viable with blended finance

......three core objectives

Market /fully commercial activities

Commercial and developmental (DFI)

Not fully commercial GAP: In need of temporary subsidy

Not fully commercial GAP: In need of permanent subsidy

Public Sector (Government/NGOs)

Impact per dollar delivered fund – leverage effect (mobilize private investment)

Limited market distortion

Replicability, Scalability and transformational potential
Paradigm Shift of Development Assistance

...the dilemma of crowding out private investments

**Conventional Multilateral Fund Allocation**

- Risk
- Return
- Mobilizing SDG Investments

- Performance Indicator
  - Scalability: Low
  - Market distortion: High (Crowding out)
  - Leverage effect: Limited

- Move from return enhancement to risk reduction

**Paradigm Shift**

- Risk
- Return
- Mobilizing SDG Investments

- Performance Indicator
  - Scalability: Maximal (Reinsurance)
  - Market distortion: Limited
  - Leverage effect: High
Close the Gap

**Existing DFI Ecosystem:**

1. **1st Tier**
   - Donor Capacity
   - MDB (e.g., WBG)
   - Role Implementing Agency

2. **2nd Tier**
   - Concess. Loans, Green bonds etc
   - TA

3. **3rd Tier**
   - Nat. Banks
   - Banks

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**Transfer in insurance ecosystem**

- Donor Capacity
- Risk sharing facility
- MDB Guarantors

- Eligible Primary Insurers
- Compliancy
- SFR Consulting

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**Eligible Criteria/Impact**

- Agency
- Compliancy

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**Global Index Insurance Facility**

**DAKAR 2017**

Global Index Insurance Conference
Credit Portfolio Protection – One Acre Fund
Loan loss distributions and its unique bouquet of risks

Credit risk
Portfolio characteristic of customers' creditworthiness

Portion of unspecific credit risk:
- Weather risk
- Epidemics
- Pandemia (etc.)

Years

Loss

loan portfolio
The situation in Kenya

Credit risk
Portfolio characteristic of customers' creditworthiness

Portion of unspecific credit risk:
- Weather risk
- Epidemics
- Pandemia (etc.)

Yield index insurance
Operating on district level

Loan portfolio

Years
Index insurance determines the credit insurance

Credit portfolio insurance
- Annually
- Observation - district level
Comprehensive protection to eliminate basis risk

Yield index insurance

Portfolio credit insurance per district / per annum

Loss

Years

loan portfolio

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Example: District Turkana

Munich RE

2nd loss

Payout

Default

ONE ACRE FUND

Consolidation

Structure

Notification

Reporting

Verification

Yield index insurer

Payout

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Off Grid Africa
Basic Principle of Solar Home Systems
Rainsensor - GIIF Product
Location of the pilot
Aggregating intervals to describe the rainfall:

- Impulse 1 & 2: light rain
- Impulse 3: heavy rain

Hail Impulse
Visualizing the granularity

Example Rwanda

Distribution of SHS

Hail Exposure