



Kazakhstan: Southeast Europe and Central Asia Catastrophe Risk Insurance Facility (P152230)

EUROPE AND CENTRAL ASIA | Kazakhstan | Finance, Competitiveness and Innovation Global Practice |
Global Environment Project | Investment Project Financing | FY 2016 | Seq No: 3 | ARCHIVED on 05-Mar-2018 | ISR31522 |

Implementing Agencies: Europa Re, Europa Re

Key Dates

Key Project Dates

Bank Approval Date:08-Apr-2016

Effectiveness Date:25-May-2016

Planned Mid Term Review Date:12-Sep-2018

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2019

Revised Closing Date:31-Dec-2019

Global Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to assist Kazakhstan with developing a modern catastrophe insurance market infrastructure that will support the launch of affordable, innovative catastrophe insurance products covering the risks of weather extremes. The proposed project activities support GEF's focus on climate change and more specifically, GEF's objectives on climate change adaptation. By increasing access to sound catastrophe and weather risk insurance products for millions of people in Kazakhstan, SEECA CRIF is also in line with the GEF strategy on adaptation. By supporting proper catastrophe risk management and risk transfer, SEECA CRIF reduces economic losses at both local and national levels from extreme weather related events, thereby reducing economic vulnerability and contributing toward increased climate resilience at the national level. SEECA CRIF activities are also cross-cutting and collaborative, ensuring the engagement of major stakeholders in Kazakhstan, including the Ministry of Economic Development and Planning, the National Bank, and the Insurance Association. Moreover, because much of the technical work will be focused on establishing complex catastrophe insurance infrastructure and systems, stakeholders will gain the requisite skills and knowledge to better understand catastrophe risk and effectively adapt to such risks and climate change. Furthermore, public awareness of climate change and the benefits of catastrophe and weather risk insurance will be raised through information campaigns and the public discussion of the new Law on Compulsory Catastrophe Insurance, resulting in increased demand for catastrophe and weather risk insurance products. The project also aims to provide national and local governments as well as private individuals with the up-to-date actionable information on the risk of natural disasters faced the communities and certain segments of national economy. The information will be delivered to the decision makers in the form of workshops, risk maps and through interactive education tools available on-line. Although the project has been designed specifically for Kazakhstan, it can be easily replicated in other countries of the region that are adversely affected by climate change through the extension of insurance market infrastructure and insurance services to be developed for Kazakhstan to other markets of the region.

Has the Global Environmental Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Funding of technical assistance to expand SEE CRIF program to Kazakhstan.:(Cost \$5.00 M)

Overall Ratings



Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

Over the last 6 months, the project has been under successful implementation by Europa RE, the project implementation agency and a specialty catastrophe insurer. The Bank carried out technical, procurement and financial supervision of the project.

A project supervision mission has taken place in December 2017. The mission assessed the current status of project implementation by Europa Re as satisfactory. The mission also held meetings with agricultural lenders, insurers and NBK to assess the specifications and gauge the demand for the insurance product developed by Europa Re for the local agriculture under the project. The mission supported the overall direction of the pilot insurance program designed by Europa Re in support of rural lending.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Low	● Low	● Low
Fiduciary	● Low	● Low	● Low
Environment and Social	● Low	● Low	● Low
Stakeholders	● Moderate	● Moderate	● Moderate
Other	● Moderate	● Moderate	● Moderate
Overall	● Moderate	● Moderate	● Moderate

Results

Global Environmental Objective Indicators



► Insurance market infrastructure made available for use to local insurance companies in support of catastrophe risk insurance products. (Number)(Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	4.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Consumers are more aware of catastrophe insurance and its benefits. (Percentage)(Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	20.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

Overall Comments

The IT systems in support of product sales/distribution will be available by the time of scheduled product launch in March.

The web-based education tool to increase public awareness of natural disasters is also scheduled for launch in the early March.

Intermediate Results Indicators

► Number and type of new cat risk insurance products developed. (Number) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	2.00	2.00
Date	21-Apr-2016	01-May-2017	07-Feb-2018	30-Sep-2019



► Cat risk insurance products developed under the project are available through local insurance industry in Kazakhstan.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	21-Apr-2016	--	08-Feb-2018	30-Sep-2019

► Percentage of insurance agents in the market offering catastrophe risk insurance. (Percentage) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	10.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Insurance premium of basic catastrophe insurance products are within the reach of even the poorest segment of homeowners (EUR25-40/year). (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Catastrophe risk insurance products are offered online.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019



► Number of women insured against natural disasters as % of total insured.(Percentage) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	50.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Online automated sales, underwriting and pricing system is launched.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Online claims management system is launched.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Appropriate legislation and risk-based regulatory framework for catastrophe risk products is developed.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019



► Number of insurance companies selling catastrophe insurance products through insurance market infrastructure developed under the project (at least 3).(Number) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	3.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Actuarial and probabilistic risk models in support of product pricing have been developed.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► CatMonitor custom-tailored for Kazakhstan is made available online and regularly maintained.(Yes/No) (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	N	Y
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

► Demand boosting measures have been carried out as a result of technical assistance provided to government/insurance regulator under the project. (Number) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	3.00
Date	21-Apr-2016	--	07-Feb-2018	30-Sep-2019

Overall Comments

A good number of indicators still remain unfilled in this ISR due to the fact that their fulfillment is directly linked to the launch of a pilot insurance product, which is scheduled for March 2018. With the product launch, most of the currently unchecked indicators will be automatically met - as the product launch requires completion of product supporting IT infrastructure, development and launch of the claims management platform, training of agents, and involvement of partner insurance companies. We expect that the next ISR in 6 months from now will see a market improvement across the majority of all indicators.



Data on Financial Performance

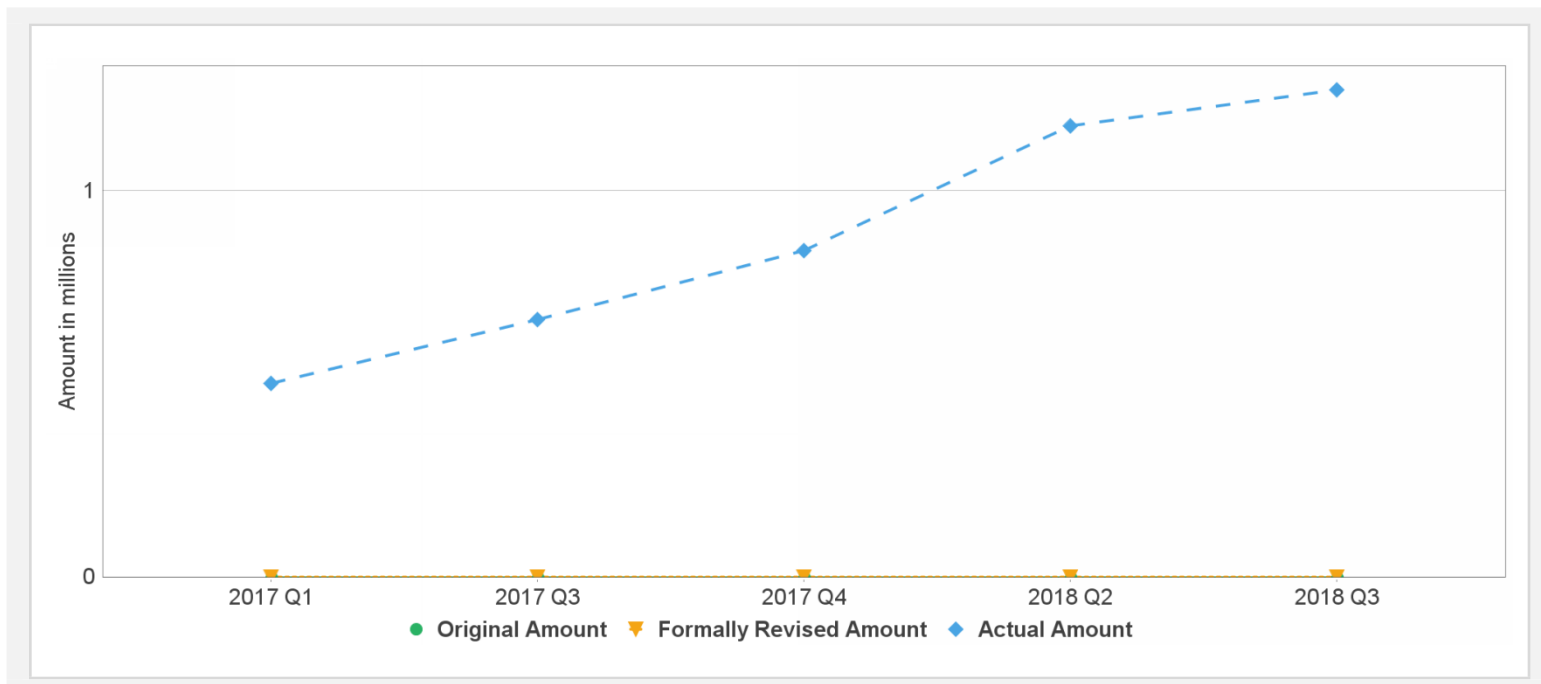
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P152230	TF-A1934	Effective	USD	5.00	5.00	0.00	1.26	3.74	25%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P152230	TF-A1934	Effective	20-Apr-2016	20-Apr-2016	25-May-2016	31-Dec-2019	31-Dec-2019

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)



There are no related projects.
