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Stimulating innovation impact insurance in Africa – Independent Midterm evaluation

QUICK FACTS

Countries: Kenya, Rwanda, Ghana, Senegal

Evaluation date: 06 August 2024

Evaluation type: Project

Evaluation timing: Mid-term

Administrative Office: Department of Enterprises

Technical Office: Impact Insurance Facility / Social Finance

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DC Symbol: RAF/20/02/FRA

Donor(s) & budget: Agence Française de Développement (AFD) (US\$ 2,580,278.51)

Key Words: Impact Insurance, Stimulating Innovation, Financial Inclusion, Social Financing, Sustainable Investing.



BACKGROUND & CONTEXT

Summary of the project purpose, logic and structure

This report presents the findings of the mid-term independent evaluation of the project: “Stimulating innovation and impact insurance in Africa”, implemented by International Labour Organization (ILO) The project was funded by the Agence Française de Développement (AFD) through a grant agreement with EUR 2.5 million.

The overall project objective was to establish and deliver risk management solutions through public- private partnerships to benefit small enterprises and low-income households. Besides testing new products, processes and business models, the project has also built the capacity of public sector agencies and private players. The present project built on the success of the first collaboration between ILO and AFD. Together, AFD and the ILO have supported five Public-Private Partnerships (PPPs) to develop solutions that achieve social and development impact. The project promotes learnings on impact insurance, innovation and the implementation of PPPs.

Present situation of the project

The International Labour Organization (ILO) has started the implementation of the project on 1 May 2021. At the time of the MTE, the project was in the third year of its implementation. The results of the Mid-term Evaluation (MTE) of the project will be used for measuring its impact to date and the level of achievement of the established project objectives. This MTE has covered the period of project implementation from 1 May 2021 to 30 April 2023.

Purpose, scope and clients of the evaluation

The mid-term independent evaluation has mostly focused on accountability, problem solving and learning. Among other points, this mid-term evaluation (MTE) has identified what worked, what did not work at output, outcome and impact levels, what is sustainable, what is the legacy of the project and what are the recommendations for the future. The evaluation criteria were analyzed at the design stages, together with any mitigation measures that eventually were taken. The Project Logical Framework (LogFrame) was revised during this mid-term evaluation. Additionally, a Theory of Change (TOC) was reconstructed, as there was no TOC at the project design stage.

The key tasks of the mid-term evaluation were to: 1. Evaluate the extent to which the project has contributed to strengthening the resilience of low-to-middle income population in Africa by stimulating innovation and impact insurance by piloting and scaling-



up innovations that deliver value to low-income households in a viable way. 2. Assess the effectiveness of the a) Enhanced use of Innovation Management for low-income households and Small and Medium Enterprises (SMEs) through public-private partnerships; and b) Capacity built and knowledge developed to facilitate skill building, knowledge exchange and accelerate the evolution of markets. 3. Assess the impact and the sustainability of the project as well as any unintended consequences. 4. Provide lessons learned, good practices, and recommendations for further project implementation course and replication of similar initiatives in the future.

The evaluation covered all project interventions under the two pilot projects in Rwanda (agricultural insurance) and Kenya (health insurance) from 1 May 2021 to 30 April 2023. The gender dimension was considered a cross-cutting concern throughout the methodology, deliverables, and final report of the evaluation. The primary end users of the evaluation findings are the ILO, the AFD, the project team, public (national Government of Rwanda – Ministry of Agriculture and Animal Resources and the Kisumu County Government Health Care) and private (partners: PharmAccess Kenya, Radiant Yacu Insurance Rwanda) partners and fellows, as well as other project stakeholders.

Methodology of evaluation

Different evaluation tools were combined to ensure an evidence-based qualitative and quantitative assessment. The evaluator emphasized the cross-validation of data through triangulation and an assessment of the plausibility of the results obtained.

The methodological approach included a desk review and semi-structured individual interviews. Data was gathered from different sources, by different methods for each of the evaluation questions, and findings were triangulated to draw valid and reliable conclusions. Data was disaggregated, at a minimum, by sex and by other dimensions where available. Conclusions and recommendations were based on evaluation findings (deductive reasoning). The evaluation was conducted as an independent exercise from February to March 2024 in close coordination with ILO’s Evaluation Office and the project team, donor, public (national Government of Rwanda – Ministry of Agriculture and Animal Resources and the Kisumu County Government Health Care) and private (partners: PharmAccess Kenya, Radiant Yacu Insurance Rwanda) partners and fellows, and resulted in the following findings, conclusions, and recommendations.



MAIN FINDINGS & CONCLUSIONS

Overall, the key conclusions of this mid-term evaluation are:

- 1) The Stimulating innovation and impact insurance in Africa project interventions were consistent with partners' needs and beneficiaries' requirements. The development intervention provided useful technical assistance such as market research, developing quality impact insurance products and digital solutions in different countries and contexts, especially for the pilot countries for this mid-term evaluation: Rwanda (agricultural insurance) and Kenya (health insurance). The project has reinforced organizational capacity building using an effective change management approach. It has produced solutions integrated into partners' business models and global value chains through a project implementation model of using public-private-partnerships (PPPs). The project adopted a client-centric approach responding to beneficiaries' requirements. The project has partially aligned its intervention to the SDGs and financial inclusion, including decent work (tackling notably informal sector issues), food security and protecting smallholder farmers from climate variability and social protection. The Rwandan Ministry of Agriculture and Animal Resources was subsidizing the agricultural insurance in Rwanda. The project protected vulnerable population in Kenya by offering them a free health insurance coverage and subsidizing the informal sector in their health insurance coverage.
- 2) The Fellowship programme was an appropriate solution to develop and implement more efficiently quality impact insurance products through the PPPs to the vulnerable, informal sector, and low-income populations. The set of targets (key performance indicators) monitored by the project did not entail all important indicators in the results framework, in particular at the output and outcome levels. In order to mitigate this, the evaluation revised the project's logical framework (LogFrame) and prepared a reconstructed Theory of Change (TOC) for the project.
- 3) The project was successful in achieving most of its expected results at the activity and output level. The development intervention has built five successful public-private partnerships. It included a significant amount of technical assistance assignments, training of trainers (ToTs), training, new products, strategies and processes, changes, capacity-building activities, and knowledge products that were shared with the wider Community of Practice. This project



contributed to rethinking existing systems and innovative impact insurance solutions in areas such as agricultural and health products. The project prepared the field to tackle further challenges to achieve higher outcome-level objectives with a notably stronger focus on scaling up by building the capacity of partners.

4) The project duration of three years did not allow for the intervention to achieve project results at the outcome level. To this, it is recommended to grant a project extension until June 2025 so that the outcome-level interventions will be visible, and more time will be available to roll out the training and do more on the capitalization of lessons learned and knowledge sharing. Project resources and inputs allowed to successfully achieve output related expected results. Through the PPPs, the project has prepared the ground to significantly increase the number of vulnerable populations, low-income and informal sector people accessing quality impact insurance products (like tailor-made agricultural insurance in Rwanda and health insurance in Kenya) while constantly improving services and products via an iterative approach.

5) The project is likely to remain sustainable. It can develop its durability by the strong public-private partnerships it has built. There was a strong buy-in of decision-makers, and new solutions were embedded in the partners' business models. The organizational capacity building, particularly in adopting a client-centric approach and setting up relevant digital solutions for further business development, will remain. The sustainability will depend on the partners having enough resources to dedicate to the continuity of projects and strong senior management support. At the time of the mid-term evaluation, it was too early to assess the project's impact.

6) Gender mainstreaming, non-discrimination, and equality were not sufficiently targeted during the project. ILO should target gender mainstreaming specifically and report gender-disaggregated indicators in future interventions, aligning with ILO gender policy.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

Main findings & Conclusions

Based on the findings several recommendations have emanated from this project:

1. The ILO should target gender mainstreaming by reporting gender-disaggregated indicators in future interventions, which should be aligned with its gender policy.
2. The national budget should be planned well in advance and contain sufficient subsidies to contribute to the insurance holder's premium for impact insurance.
3. The project should be extended until June 2025 to finalize all project interventions
4. The ILO, the fellows, and the donor AFD should improve project design, monitoring, and reporting at the programmatic level (specifically based on a clear description of donor expectations and the ILO's standard project management good practices).
5. Strengthening the communication between the ILO and partners is recommended for a more effective and sustainable project implementation.
6. Private partners should consider allocating a resource to work closely with the fellow throughout the intervention to ensure smooth handover after the end of the fellowship.
7. Involve more digital technologies in the new innovative solutions for existing and new insurance products.
8. ILO should contribute to strengthening insurance literacy together with project's public and private partners and other stakeholders.
9. The project should consider introducing twinning projects between regions or countries for successful project replication and scaling up.
10. Initiate another Phase III of this project after the project Phase II ends in June 2025.

Main lessons learned and good practices

The following lessons were learned from the implementation of the project:

1. The approach to test and learn new products, processes, and partnerships is performed in the best way as a pilot project in a controlled environment.



2 ILO administrative resources and issues (staff, financial resources, design, implementation) should be sufficiently available, especially in the project design phase.

3. Learnings on how the PPPs can be designed more effectively can be more efficiently obtained by leveraging the partnership and designing and co-creating it with the Programme Donor.

4. Evidence-based advocacy is necessary in terms of policy changes.

5. When designing an insurance product, a participatory bottom-up approach with the insurer and the insurance users should ensure product sustainability.

6. Time is needed for people to get used to buying insurance.

The following best practices were used during project implementation to date:

1. Continue the practice with pilot projects, as learning is done perfectly through a pilot.

2. Fellowship methodology is the best practice of this project, and fellows are good for accountability and strategic thinking.

3. PPPs are very instrumental in successful insurance client acquisition.