

Scaling up agriculture index insurance in Africa:- building disaster resilience for small holder farmers

Isaac Magina, Kampala – 24th May 2017



We implement
innovative insurance
solutions with the
public sector to close
the protection gap

Swiss Re's public-private insurance partnerships in Africa

Swiss Re has provided reinsurance to African insurance companies for over 50 years.

In addition, we have experience with the public sector at all three levels where risk transfer can take place:

- **Macro level:** (sub)sovereigns can insure their direct or indirect costs.
- **Meso level:** government supported insurance schemes can increase insurance penetration among the population and business community.
- **Micro level:** simplified products can be distributed via aggregators such as MFIs, NGOs, and cell phone companies.



Weather Index Insurance has been available since 2003

More than 20 countries are implementing Weather Index Insurance (mainly pilots)

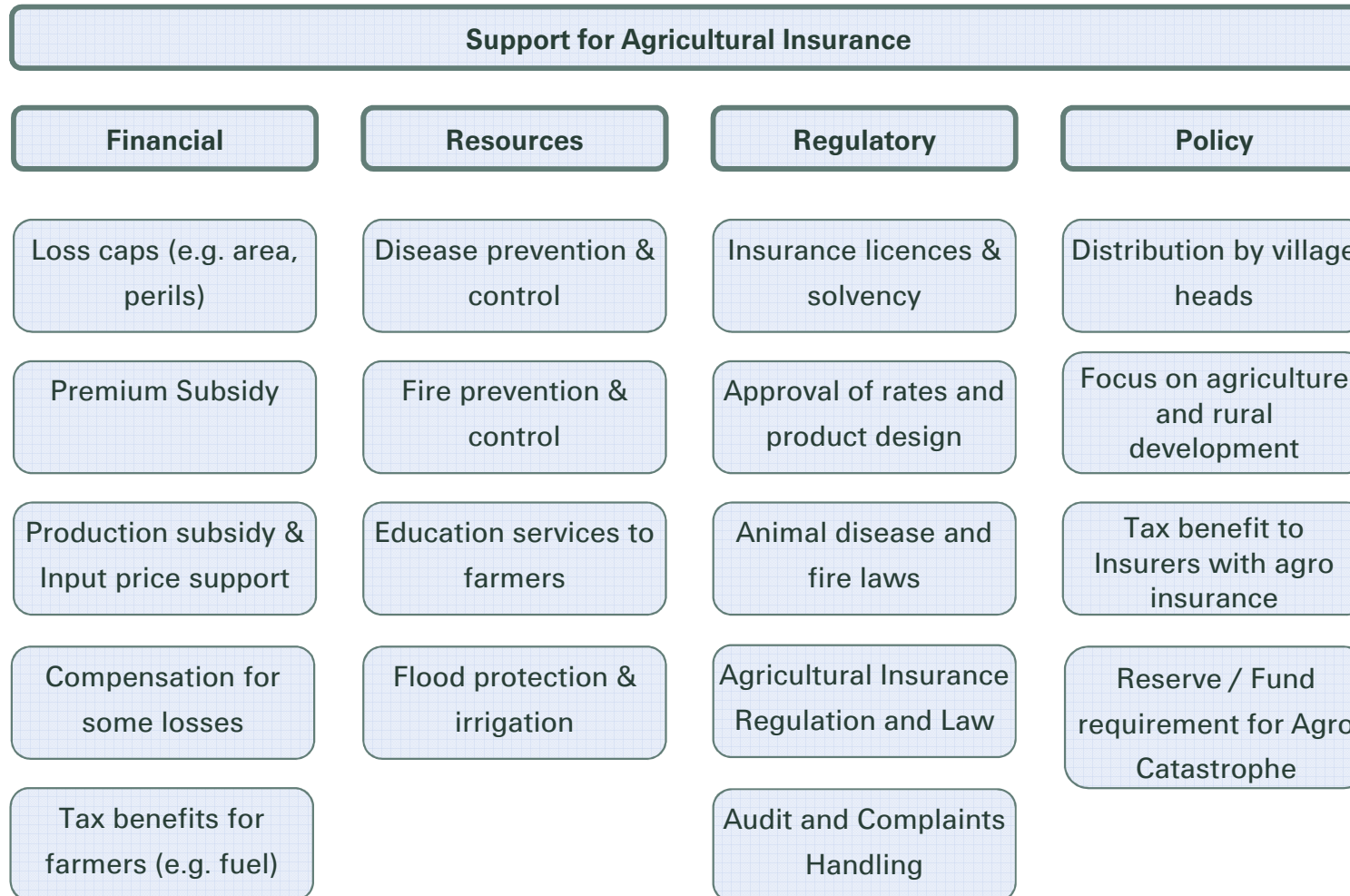
Category /Country	No of projects	Type of cover	Estimated beneficiaries 2009 or most recent year	Premium subsidies	Sustainability / Scale-up achieved
DEVELOPMENTAL					
Ethiopia	2	drought	139; 200	Yes	
Kenya	1	drought	200		
Malawi	2	excess rain and drought	1,710; 2,587		Yes
Rwanda	1	excess rain and drought	500		
Tanzania	1	excess rain and drought	339		
South Africa	1	frost	n/a		
China	1	drought	482	Yes	
India	8	drought, excess rain, humidity, frost, wind	> 1 million (AIC); ICICI (50,000)	Yes (AIC)	Yes (compulsory linkage credit)
Indonesia	1	flood	500		
Philippines	2	Drought, Typhoon	n/a ; 2,587		
Mongolia	1	livestock freeze	3,281	Yes	
Thailand	1	rainfall	388	Yes	
Jamaica	1	hurricane	1,050		
Brazil	1	area-yield index	14,893	Yes	
Nicaragua	1	drought/excess humidity	9		
Peru	1	area-yield index	51		
Canada	1	Rainfall	1,945	Yes	
USA	2	Rainfall ; Satellite NDVI	12,685; 3,015	Yes	Yes
Ukraine	1	area-yield index	2		
Spain	1	Satellite NDVI	n/a	Yes	
DISASTER RELIEF					
Caribbean	1	Hurricane & Earthquake	16 countries	Yes	Yes
Ethiopia	2	Drought	316,000 ; 373	Yes	
Malawi	1	Drought	n/a	Yes	
Mali/Kenya/Ethiopia	3	MVP, rainfall		Yes	
Mexico	2	area-yield index , rainfall	800,000	Yes	Yes

Source: IFAD-WFP, 2010

Challenges and Action to be Taken

1. Basis risk: ➡ improved product design and data sourcing
2. Data: Availability of historical data to estimate loss cost and premium ➡ Public private sector partnership(PPP)
3. Hidden costs of data generation (e.g. setup of weather stations etc.)
increased investment by both public and private sector.
4. Reliable/Transparent data to determine payoffs: ➡ Stakeholder engagement.
5. Understanding of the index, simplicity ➡ Awareness Creation and product knowledge
6. Trust in the index: ➡ Joint efforts and role of the regulator

Government support is much broader than subsidies



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