

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2014-01: Introducing Agricultural Insurance to Smallholder Farmers in the Arusha Region
Country / region	Tanzania – Arusha Region in the North
Partner Financial Institution	Kilimo Salama partners: UAP Century Insurance Company & Swiss Re
Competence Centre mandated for execution	Syngenta Foundation for Sustainable Agriculture, Schwarzwaldallee 215, CH-4058 Basel
Overall Budget	CHF 304'160 (41% self-contribution by partner)
SCBF Contribution	CHF 149'000 (49% SCBF funding share)
Date of Approval	31.03.2014
Duration	4.2014 until 4.2016, extended to 8.2016
Context	<p>Traditional crop insurance for smallholder farmers relies on expensive on-farm visits to verify claims. This normally results in high premiums and often late payouts to farmers. Kilimo Salama (“Safe farming” in Swahili), a newly developed index insurance model by the Syngenta Foundation for Sustainable Agriculture (SFSA) offers a solution to these constraints. Using automated weather stations or satellite data and mobile payout systems, KS was able to dramatically reduce administrative costs, offering insurance premiums at prices that smallholder farmers can afford. Given the fact that smallholder farmers in Tanzania see weather fluctuations as the biggest threat to their businesses (Gatsby Trust, 2011), Kilimo Salama could provide planning security to the millions of smallholder farmers in the country.</p> <p>From the SCBF funded insurance feasibility study undertaken Nov 2013-Feb 2014, Kilimo Salama has a clear strategy on how to reach smallholder farmers in several agricultural value chains through MFIs, input companies, mobile network operators, and contract growers for agribusinesses.</p>
Current Status of the MFI	<p>Kilimo Salama was established in Kenya in 2009, and insured over 187,000 farmers between Kenya and Rwanda in 2013. By 2017, Kilimo Salama aims to cover Kenya, Rwanda, Tanzania, and two other sub-Saharan African countries, reaching 500,000 farmers with a total insured sum of CHF 140 Mio and premiums of CHF 5.5 Mio. In Tanzania, Kilimo Salama will be registered as a micro insurance agent, working with local insurers to distribute innovative insurance products.</p> <p>Kilimo Salama is expected to reach breakeven by the end of 2016. The development of index insurance products in new countries is very complex, especially in the context of meteorological, legal, and infrastructural (weather stations, data) challenges. Donor funding is needed to support agronomic index development and ground proofing of potential satellite insurance products. It will also fund the development of mobile technology based distribution and payment processes. These are one-time investments that need to be made at the initial operational stages for the team to develop and distribute tailored micro insurance products in a new country.</p>
Objective and Main Activities	<p>The aim of the insurance product up-scaling initiative is to provide access to weather risk mitigation tools for smallholder farmers who previously did not have access to insurance in Arusha.</p> <ol style="list-style-type: none"> 1. Collect and analyze crop data and growth parameters to develop agronomic indexes, then ground proof the indexes with clients and partners. 2. Sell micro insurance products to clients to reach large numbers of smallholder farmers with innovative agricultural index based products. 3. Conduct monitoring and evaluation on impact of the insurance products, farmers' understanding of the products, and how to improve the offerings. <p>Upon project completion, Kilimo Salama will be in a position to expand the reach of smallholder agricultural insurance products in Tanzania and to eventually reach a point of financial sustainability.</p>