

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2019-02: Launching of first weather index-based agricultural insurance schemes for smallholder farmers in Myanmar
Country / Region	Myanmar / Magway & Mandalay and other provinces
Partner Financial Institutions	Ayeyawaddy Seeds Company (ASC), Grand Guardian Insurance (GGI), and Myanma Insurance (MI) as the public re-insurer
Grantee	Syngenta Foundation for Sustainable Agriculture (SFSA)
Overall Budget	CHF 214'650 (45% self-contribution)
SCBF Contribution	CHF 117'375 (55% SCBF funding share)
Date of Approval	10.04.2019
Duration	April 2019 until October 2020 (19 months)
Context	<p>Agriculture contributes between 35 to 40% to gross domestic product and employs up to 70% of the 32,5 million labour force. Myanmar is prone to natural disasters, like flooding, droughts, cyclones, etc.; but no agricultural insurance is yet in place preventing farmers to invest in high-quality inputs.</p> <p>SFSA has carried out weather-index agricultural insurance (WIAI) dry tests with several lending institutions and insurers over the past 3,5 years (partly with SCBF support under FS-15) combined with awareness and capacity-building of all key stakeholders, incl. the insurance regulator. This has created a momentum for kick-starting the first WIAI when the Minister of Agriculture backed strongly agricultural insurance in 11/2018 and the insurance regulator appointed SFSA as adviser agreeing to a sandbox approach.</p>
Current Status of the Partner Financial Institutions	ASC's strong market position within the Awba group's own input dealer network and digital communication channel reaching hundred of thousands of smallholder farmers (SFs) country-wide and its commitment of creating shared value with SFs permits it to pioneer the first two WIAI schemes as group policy-holder and aggregator with underwriting by GGI , its underwriter with a long-standing good business partnership, and re-insurance by MI .
Objective and Main Activities	<p>This is the second phase of a longer-term WIAI market development strategy - building on the capabilities created by SFSA over the past 3,5 years - for ASC, GGI, and GI to pilot the very first two commercial WIAI schemes without premium subsidies. A third WIAI scheme may be started by a large micro-finance institution provided that the microfinance regulation will become more enabling regarding the insurance agent function.</p> <p>ASC's various business models with SFs will allow it to partly price in the WIAI risk costs while minimising administrative costs by bundling its group covers with its ongoing business transactions with SFs. It expects that the two WIAI schemes will reach close to commercial viability by 10/2020 despite the conservatively estimated cover of around 3'500 SFs only. They will be supported by complementary seed production and financial literacy training of the targeted SFs and farm women outlined by a FE proposal.</p> <p>One WIAI scheme covers oil & pulse seed producing SFs with whom ASC intends to build a joint venture company. ASC will offer coverage for all their farm inputs against deficit and excess rainfall and flooding over the entire crop season starting with the wet season in 5/2019. The other targets maize producing SFs as a marketing strategy for ASC's high-quality seeds. It will cover just the seeds against excess rainfall during either the germination phase or the entire crop season starting in the dry season in 10/2019.</p> <p>The main aim is to trigger sector-wide effects once ASC, GGI, and MI have demonstrated the feasibility of WIAI with the following KPIs by 10/2020:</p> <ol style="list-style-type: none"> (1) Other insurers (than GGI and MI) make WIAI as part of their strategy. (2) An enabling WIAI regulatory framework is in place. (3) Government has established quality standards for building a consistent national grid of automated weather stations with donor support. (4) ASC, GGI, and MI are in a position to up-scale their WIAI operation without further support from SFSA.