

FINANCIAL EDUCATION CAMPAIGN – FACTSHEET

| | |
|---|---|
| Financial Education Campaign | SCBF FEW-02: 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 304'020 (51% self-contribution by partner) |
| SCBF Contribution | CHF 149'000 (49% SCBF funding share) |
| Date of Approval | 31.3.2014 |
| Duration | 4.2014 until 4.2016 |
| 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 the financial education of potential farmer clients in Tanzania to help them understand how the insurance products work, how they address drought risks, and how farmers can access/register for the products. At scale, the goal is for private sector partners and clients to take over this marketing and education.</p> |
| Objective and Main Activities | <p>To educate smallholder farmers on innovative agricultural micro insurance products from Kilimo Salama available through input companies.</p> <ol style="list-style-type: none"> Using networks from aggregators, workshops will be conducted to train trainers and field staff of input companies with insurance products through Kilimo Salama. Training of lead farmers selected by aggregators. These farmers will undergo a series of trainings from the financial education manual to enable them to effectively undertake farmer to farmer insurance extension services. Radio campaigns to educate farmers on drought insurance linked to inputs and work with mobile companies to develop short messages to be sent to large numbers of farmers containing tips on insurance products. <p>Upon project completion, Kilimo Salama will be in a position to expand the reach of smallholder agricultural insurance products in Tanzania and to transition part of the financial education activities to clients and partners.</p> |