

## FEASIBILITY STUDY FACTSHEET

<b>Title of Feasibility Study</b>	<b>SCBF FSW-07: Feasibility Study on Agricultural Insurance in Tanzania</b>
<b>Country / region</b>	<b>Tanzania</b>
<b>Financial Intermediary(ies)</b>	
<b>Competence Centre mandated for execution</b>	<b>Syngenta Foundation for Sustainable Agriculture</b> , Schwarzwaldallee 215, CH-4058 Basel
<b>Overall project budget</b>	CHF 109'942 ( <b>21.7%</b> self-contribution by partner)
<b>SCBF contribution</b>	<b>CHF 86'014</b> (78.3% SCBF funding share)
<b>Date of project approval</b>	16.09.2013
<b>Project period</b>	10.2013 until 12.2013
<b>Context</b>	Traditional crop insurance for smallholder farmers relies on expensive on-farm visits to verify claims. This usually causes high premiums and often late pay-outs to farmers. Kilimo Salama ("Safe farming" in Swahili), an index insurance model developed by the Syngenta Foundation for Sustainable Agriculture (SFSA), offers a new solution to these constraints. Using automated weather station data and mobile pay-out systems in Kenya and Rwanda, Kilimo Salama was able to dramatically reduce administrative costs, enabling insurance premiums at prices that smallholder farmers can afford. The Kilimo Salama team estimates that there are 3.9 million potential client farmers in Tanzania. 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.
<b>Current status of the MFI</b>	Kilimo Salama was established in Kenya in 2009, currently insuring 100'000 farmers directly (April 2013, 63'000 in Kenya, 37'000 in Rwanda) with an insurance portfolio of CHF 6 Mio (2012). By 2017, Kilimo Salama aims to expand to Tanzania and two other East African countries, reaching 500'000 farmers with a total insured sum of CHF 140 Mio and premiums of CHF 5.5 Mio. However, a break even for Kilimo Salama is only expected by the end of 2016. Moreover, the development of index insurance products in new countries is very complex, especially in the context of meteorological, legal, and infrastructure (weather stations, weather station data) aspects. Therefore, careful evaluations and feasibility studies are required to optimally assess the required investments and potential market options in a new region.
<b>Objective and main activities</b>	<p>The aim of this feasibility study is:</p> <ul style="list-style-type: none"> <li>• To produce a report with findings on the financial/insurance regulatory environment in Tanzania, current agricultural insurance and financial offerings, analysis of key crop value chains, and recommendations in developing agricultural insurance products.</li> <li>• To produce a meta-data map to illustrate yield and weather data to enable the assessment of the viability of developing index-based insurance products, the potential need for weather station infrastructure, and the potential for satellite-based solutions.</li> </ul> <p>Upon project completion, the SFSA should be in the position to propose tangible agri-insurance products, identify distribution channels, and quantify insurance opportunities.</p>
<b>Next steps</b>	<p>After completion of the study, the next step will be the establishment of pilot insurance models for high potential crops in Tanzania in collaboration with insurance companies interested in the "Kilimo Salama" insurance model.</p> <p>The findings will inform a pilot of the insurance with initially 1'400 farmers. Following the pilot, the team aims to reach about 11'000 farmers in the second year (Phase I scale-up). In the third year (Phase II scale-up), the team aims to reach about 50'500 farmers.</p>