

## FEASIBILITY STUDY – FACTSHEET

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| <b>Feasibility Study</b>                                   | <b>FSW-15: Feasibility Study and Dry Run for Agricultural Insurance in Myanmar</b>   |
| <b>Country / Region</b>                                    | Myanmar  |
| <b>Partner Financial Institution/s</b>                     | <b>SFSA/ACRE</b> , SwissRe, Proximity Finance, Burmese insurance companies, local and international microfinance institutions and banks  |
| <b>Grantee</b>   | <b>Syngenta Foundation for Sustainable Agriculture (SFSA)</b>  |
| <b>Overall Budget</b>                                      | CHF 213'780 ( <b>41% self-contribution</b> )   |
| <b>SCBF Contribution</b>                                   | <b>CHF 126'700</b> (59% SCBF funding share)  |
| <b>Date of Approval</b>                                    | 13 August 2015   |
| <b>Duration</b>  | August 2015 to Mai 2016  |
| <b>Context</b>   | <p>70% of Myanmar's population depends on small-scale agriculture. With the recent opening of financial and insurance markets, the Government is promoting farmers in accessing agricultural credit and insurance products, as stipulated by the Law entitled <i>Protecting Rights and Enhancing Economic Welfare of Farmers</i>.</p> <p>Traditional crop insurance for smallholder farmers relies on expensive on-farm visits to verify claims resulting in high premiums and late pay-outs. SFSA successfully developed, piloted, and rolled out weather index-based agriculture insurance in Kenya, Rwanda, and Tanzania since 2009, now reaching 233'000 farmers and run by ACRE Africa as a social business. Using satellite data, automated weather stations, existing credit and input networks, and mobile pay-out systems, ACRE Africa has reduced administrative costs, enabling premiums at prices farmers can afford.</p>  |
| <b>Current Status of the Partner Financial Institution</b> | <p>Since mid-2014, SFSA has expanded the agricultural insurance expertise gained in Africa to South East Asia. Through the FS, SFSA will assess the current insurance and smallholder farmers' market structure and regulatory framework and identify a strategic entry point for SFSA by focusing on insuring marginalized and medium scale farmers producing on 0,2 to 2 hectares.</p> <p>Not displacing local insurers, SFSA will act as a licenced intermediary and product developer in the market (via a local entity aiming to be financially self-supporting at scale) to bring technical expertise to complement and strengthen current initiatives in agriculture and insurance distribution in Myanmar.</p>   |
| <b>Objective and Main Activities</b>                       | <p>The aim of the FS is to understand the demand for agricultural risk mitigation products in Myanmar, the most effective ways to distribute them to smallholder farmers, and to verify whether there is a market potential for SFSA as an insurance intermediary.</p> <p>SFSA will determine risk profiles along the agricultural and financial value chains through discussions with farmers, aggregators, agribusinesses, banks, cooperatives, and others. Other key topics of the FS are:</p> <ul style="list-style-type: none"> <li>• The agricultural finance and insurance landscapes, current products offered.</li> <li>• Challenges to micro-insurance distribution, effectent ways to reach farmers.</li> <li>• Vital agricultural value chains (crops) for food security and input use/systems.</li> <li>• Potential aggregators and partners (NGOs, lenders, insurers, government, farmers).</li> <li>• Regulatory environment and government agencies involved.</li> <li>• Index data availability, quality, time series and verification.</li> </ul> <p>In parallel, SFSA will conduct a Dry Run with Proximity Designs to understand local farming and to assess the impact of a variety of risks on crops. SFSA conducts Dry Runs to evaluate contract parameters against real crop growth. The outcome is a custom index product that reflects the farmer's experiences so that the insurance pays out when she/he needs it.</p> |
| <b>Next Steps</b>  | If the FS will indicate a viable market entry, SFSA will be in the position to propose viable agri-insurance products, identify distribution channels, and quantify insurance opportunities in partnership with local insurance companies, lending institutions, input supplier and mobile network operators. SFSA will submit to SCBF product up-scaling and financial education compaigns for product development and up-scaling as well as farmer awareness creation aiming to reach 10'000 smallholder farmers by the second year of the upscaling project operations in 2017-2018.  |