

FEASIBILITY STUDY – FACTSHEET

Feasibility Study	FSW-20: Development of an innovative and scalable grass-roots data collection, financial education and product distribution channel for index-insurances in Ivory Coast
Country / Region	Ivory Coast
Partner Financial Institution/s	Allianz Ivory Coast
Grantee	Groots Consulting
Overall Budget	CHF 202'817 (41% self-contribution)
SCBF Contribution	CHF 119'800 (59% SCBF funding share)
Date of Approval	18.03.2020
Duration	08.2020 until 07.2022
Context	<p>Only 8% of adults in Ivory Coast have insurance - medical insurance being the most common. The financial inclusion rate is lowest among historically disadvantaged groups, including women, the poor and people in rural areas. In addition, agricultural insurance shows a very low penetration in the country. Only two companies deal with the topic and not more than USD 2 million premium are estimated (<0.5% of market).</p> <p>Central challenges for (index) insurance distribution in suburban and rural parts of Sub-Saharan Africa are a) missing raw ground-data for targeted insurance product design and b) appropriate and scalable channels for financial education and distribution. Especially index insurance could provide low-cost access to, for example, climate risk mitigation products for low-income populations but relies heavily on continuous, localized market and environmental data. Today, a particular location and crop type data as well as the size of a farm and the amount of production are not available on scale which makes tailor-made insurance offers impossible. Market prices of crops and agricultural inputs are also not available at high geospatial and time resolution. Crop index insurance does not have a uniform tariff across the entire country and all crops need to be much more granular to make this innovative category of insurance products economically sustainable. The two-way communication with hard-to-reach communities in a scalable and sustainable way presents a great opportunity.</p>
Current Status of the MFI	Allianz Ivory Coast is 74% owned by Allianz group, offering non-life (11% market share) and life (15% market share) insurance products. Allianz Ivory Coast cooperates with local banks for life insurance. Allianz life employs 50 and non-life 100 people. The distribution is handled through brokers and own agents. Mobile insurance is under development as a highly promising alternative. The strategy is to develop SME lines of business (Small to Medium Enterprise) and micro-insurance in agriculture. The SME market share is almost zero, but the need is real. In partnership with microfinance and bank entities, some tailored products are offered. Beyond these market-based constraints, corporate-constraints are the "last mile" distribution to the customer which is too expensive and tedious.
Objective and Main Activities	To tackle these challenges and to find a way of fundamentally improving data-availability and client-communication, Groots, partnering with Allianz Ivory Coast, is looking to explore a potential adaption of its smallholder-shop based data-collection system a) to collect relevant community data at a very low marginal cost over long periods and in high geographical resolution and b) to run financial education campaigns and sales through the same interface. If successful at the end of this study, the financial institution should be in a position to better understand the clients' needs, design more suited and cheaper insurance products (especially index-insurance) and increase outreach of its portfolio to the poor.
Next Steps	After successful completion of this feasibility study, Allianz and Groots plan to continue their cooperation. The partners are looking to apply for a product upscaling grant from SCBF for the implementation of the distribution and education capacities studied under this feasibility study. The partners will look to increase the number of farmers signing up for insurance policies through the Groots data-collection/distribution terminals from 400 to at least 4'000.