

## FEW-26 | Financial Education and Creating Awareness for Launching of Crop Insurance Schemes for Smallholder Farmers in Cambodia

Partner Financial Institution:	<a href="#">AMK Microfinance Institution Plc. (AMK)</a>	SCBF Contribution:	CHF 144'890 (49%)
Grantee:	<a href="#">Syngenta Foundation for Sustainable Agriculture (SFSA)</a>	Matching Contribution:	51%
Country:	Cambodia	Theme:	Agriculture
Duration:	July 2020 – June 2022	Product:	Insurance
Potential Outreach:	7'020	Target Group:	Smallholder Farmers
Thereof Women:	62%		

### CONTEXT

Agricultural insurance is known as a risk mitigation mechanism for farmers as it cushions the shock of production loss by assuring farmers a marginal protection. Though it is widely adopted and implemented in many parts of the world, it is quite a new concept to Cambodia. The government has already announced that agricultural insurance is a part of their policy for supporting and promoting the growth of Cambodian agriculture. However, financial institutions and insurance companies are not promoting investments in agriculture risk management (except Forte and AMK), mainly due to the lack of awareness, product knowledge, capacity to design and implement crop insurance programs, proper infrastructure, quality data, financial literacy etc. Hence, SFSA initiated a long-term crop insurance inclusive market development program, which started with a feasibility study (2018-2020) in collaboration with Forte Insurance (Cambodia) Plc, AMK Microfinance and Rohat Agro-Tech Co. Ltd., and with financial support from SCBF. In continuation of initial efforts, this financial education (FE) program is mainly aiming to capacitate AMK and Forte to offer effective financial literacy packages to Smallholder Farmers (SFs).

### CURRENT STATUS OF THE MFI

AMK is one of the fastest growing microfinance institutions with more than 900'000 clients in nearly 13'000 villages across the country and connected through their Tonslesap App. This outreach represents 90% of all villages. There is very limited financial knowledge and risk mitigation support available currently to farmers in the country. Hence, AMK is interested to explore credit-linked crop insurance program to de-risk their farms and protect their financial portfolio. Presently, Insurance Association of Cambodia (IAC) has 31 member companies consisting of 15 licensed general insurers, 10 life insurers, five micro insurances and one reinsurer operating in Cambodia. Forte has both life and general insurance licences with 46% market share in general insurance with a strong broker and agent network across the country.

The financial literacy training will help to enhance the extent of outcomes on the level of SF households. Agricultural loan compared to insurance is a relatively well-known product among farmers, but there is room for improvement of their knowledge on using the loan in order to improve their productivity and to avoid over-indebtedness.

### OBJECTIVES AND MAIN ACTIVITIES

The main objective of FE is to provide and create financial literacy and insurance awareness among farmers, train and capacitate AMK and Forte to continue insurance literacy campaigns to reach a large customer base. It is also aimed to create awareness and exposure with proper training on how to bundle products (credit-linked insurance) and services (bundles with extension services on good agronomical and good farm management practices) individually and separately to make it attractive to both farmers and financial institutions. This FE project intervention consists of the following main activities: (a) development of educational videos and materials on financial literacy training including crop insurance and good agronomical and good farm management practices and (b) training-of-trainers (TOT) of partner staff members and key stakeholders that includes government agriculture and extension departments, other input / output dealers and aggregators on generic financial literacy, crop insurance and good farm management practices for rice, maize and cassava along with SFs.

Upon project completion, the financial institutions should be able to reach at least 7'020 SFs (40% men and 60% women). It is estimated that the outreach and training of SFs will be continued and reach a total of around 10'000 SFs by June 2024. Further, it is expected to reach-out to a minimum of 50'000 SFs indirectly through digital channels like mobile Apps, social media and local digital media channels.

#### Partnering with:

