

FSW-21 | Feasibility Study with Dry-Run and a Pilot for Index Based Livestock Insurance for Pastoralists in Sudan

Partner Financial Institution:	Ebdaa Bank	SCBF Contribution:	CHF 116'713 (33%)
Grantee:	Syngenta Foundation for Sustainable Agriculture (SFSA)	AGFUND Contribution:	CHF 116'713 (33%)
Country:	Sudan	Matching Contribution:	34%
Duration:	November 2020 – October 2022	Theme:	Agriculture
Potential Outreach:	1'000 pastoralist farmers	Product:	Insurance
Thereof Women:	50%	Target Group:	Smallholder Farmers

CONTEXT

With an area of 1.88 million km², Sudan has three ecological zones from north to south: desert, semi desert and the low rainfall Savannah. The northern parts of the country are arid and semi-arid with the River Nile being the most significant geographical feature that runs through approximately half of the states. 65% of the 42 million Sudanese form rural communities rely mainly on rainfed agriculture for crop and animal production. The livestock sector, with a population estimated at about 109 million heads, accounts for about 60% of the agricultural GDP, where cattle (31 million), sheep (40 million), goats (32 million) and camels (4.9 million) are the most important capital assets possessed by the pastoralist communities.

Climate change, resulting in rainfall and temperature variability, continues to pose a significant threat to agricultural production across the country, responsible for severe forage and water scarcity leading to low agricultural productivity, high livestock mortality and subsequent poverty. In the absence of suitable risk transfer mechanisms, livestock mortality losses are absorbed by the pastoralists leaving them with fewer economic production options, which significantly impacts the country's macroeconomic goals.

CURRENT STATUS OF THE MFI

Ebdaa Bank for Microfinance is a private joint stock company that provides sustainable financial services to small income-generating entrepreneurs and promotes the culture of micro, small and medium finance among citizens. The bank of innovation was founded in 2013.

Most of the financial products are supporting smallholder crop farmers with limited financial products available for pastoralist communities, yet the sector contributes substantial to the livelihood of communities and are impacted heavily by climate change. SFSA, in partnership with Ebdaa Bank, are conducting the feasibility study that targets to design, distribute and deliver the first Index Based Livestock Insurance (IBLI) in Sudan

OBJECTIVES AND MAIN ACTIVITIES

The substantive aim of the project is to quantify the climate risks faced by vulnerable pastoralists in Sudan, develop and test innovative insurance solutions based on satellite observation of forage scarcity and conditions to prevent livestock mortality.

Upon completion, the project will also aim to set up a partnership framework with a business model that is commercially viable for sustainability and scalability of the solutions. This includes onboarding two demand players who will act as distribution channels and signing an MoU with at least one insurer to support dry run/pilot execution and future underwriting of the livestock product.

NEXT STEPS

The findings from the pilot study will be the basis for the design of a product upscale proposal and seeking to crowd in more like-minded donors, stakeholders, and partners organization for further scale up. It is envisioned that the pilot results will provide a strong business case to help core stakeholders to lobby govt support with the aim of setting up a Public Private Partnership (PPP) model at the scale phase.

Partnering with:

