

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2019-04: Maize and cotton index insurance for smallholder farmers
Country / Region	Mali
Partner Financial Institution/s	OKO Mali
Grantee	<i>OKO Finance endorsed by Allianz</i>
Overall Budget	CHF 305'319 (60% self-contribution)
SCBF Contribution	CHF 122'450 (40% SCBF funding share)
Date of Approval	15.07.2019
Duration	09.2019 until 07.2021, extended until 08.2022
Context	<p>49.3% of the population of Mali lives on less than US\$1.90 a day. Most Malians therefore unserved by traditional banks and financial services. 6.7% only have a bank card, and four out of five rural Malians do not have access to financial capital to develop economic activities.</p> <p>The Government of Mali has been working to improve this situation. It set up the Growth and Poverty Reduction Strategic Framework (2012-2017, CSCRP), and provides financial assistance to the agricultural sector, mainly through indirect channels. In 2014 a regional law on micro insurance was also adopted to increase protection and the chance for financial inclusion for rural farmers. This has led financial service providers and insurance companies to actively look for solutions to improve financial inclusion.</p> <p>The lack of data and infrastructure is making it very difficult for financial institutions to target, reach, educate and serve customers. New technologies can solve this issue: satellite data is available in all regions and mobile money is becoming a very common way of collecting payments. OKO Mali SaRL has been established to create index-based insurance products for farmers and distribute them via mobile to un-banked farmers. OKO is working jointly with SUNU Assurances as an underwriter and Orange Money as a payment solution.</p>
Current Status of the MFI	<p>OKO Finance Ltd is a micro-finance start-up that designs affordable insurance products for farmers using new technologies. It is registered as a broker in Mali and conducted initial pilots reaching 450 farmers in total. OKO uses weather-based index insurance products to secure the income of farmers and facilitate access to micro-loans.</p> <p>OKO's innovative mobile-based distribution is still un-proven at a large scale and the SCBF capacity building support will be used to scale-up the current technology and train a team of sales representative at a local level</p>
Objective and Main Activities	<p>The SCBF intervention aims to:</p> <ol style="list-style-type: none"> 1) Support the soft launch of a drought insurance product for Maize farmers 2) Scale-up the distribution model and launch commercially this Maize insurance product at a large scale 3) Develop and pilot a drought insurance for cotton farmers to expand the reach of insurance 4) Organise a large-scale launch of the cotton insurance product 5) Support the design of flood insurance for maize and cotton 6) Commercialise this new flood insurance and continue expansion <p>OKO expects an outreach of 15'180 maize and 3'300 cotton farmer who will gain resilience to climate risks and have easier access to micro-loans, of which 15,700 will be rural users and 5500 female users.</p> <p>Upon project completion, the financial institution should be in a position to generate sufficient revenues to be self-sustainable in Mali, and have a relevant case study to attract financing and expand in other geographies with new partners"</p>