



Thematic brief

Strengthening climate resilience through inclusive index insurance

Overview

By 2030, an estimated 100 million people who are currently economically self-sufficient will be pushed into poverty if climate change continues at the current pace.¹ Women, low-income households and smallholder farmers in developing countries bear most of the brunt of the climate crisis. To overcome these challenges, they need a range of solutions which help reduce climate risks and incentivise climate-smart practices. SCBF enables existing and emerging impactful and sustainable companies to access the investment and expertise needed to test client-centred solutions that build climate resilience.

So far, SCBF has committed over CHF 3 million through 28 projects to identify, develop and scale-up innovative risk transfer mechanisms for over 262,000 smallholder farmers.² To ensure that the benefits of these products can be understood by smallholders, SCBF has prioritised projects that include a financial literacy component.

Projects

Innovative weather index insurance for de-risking smallholder agriculture

Zimbabwe continues to be one of the major humanitarian crises in southern Africa due to persistent economic and climatic shocks. In 2020, half of the population – 7.7 million people – were food insecure due to poor rains and erratic weather patterns affecting crop harvests and livelihoods. To tackle these challenges, Blue Marble and Old Mutual developed an digitally-enabled weather index insurance product to protect smallholders against extreme weather events such as drought or heavy rainfall. The support from SCBF enabled both actors to customise the insurance to meet farmers' needs, for instance introducing wind insurance to cover them against cyclones, and digitise key steps in the value chain to scale up insurance coverage.

Zimbabwe



Outreach: 11,401 farmers
(61% women)



[Blue Marble Microinsurance & Old Mutual Zimbabwe](#)



Jul 2020 – Jun 2022



Click [here](#) to read final report



¹ <https://blogs.worldbank.org/climatechange/covid-climate-change-and-poverty-avoiding-worst-impacts>

² Data as of inception in 2011 until the end of 2021.

Protecting coffee farmers from climate risks in Colombia

In Colombia, insurance products targeting the needs of smallholder farmers are negligible, especially for the coffee value chain. As part of the post-conflict restoration and national development objectives, the Government of Colombia has placed a strong priority on financial inclusion, including the simplification of regulations and subsidies to increase low-income populations' access to insurance.

Café Seguros, the outcome of a partnership between Blue Marble, Seguros Bolivar and Nespresso, is the only parametric insurance available in Colombia that seeks to protect smallholders in the coffee value chain from risks of drought and excess rainfall. The index is customized based on the microclimate of the particular location and offers efficient claims payment that are triggered automatically without additional verification on the ground, hence reducing transactional costs and making it an affordable solution for farmers.

Through the SCBF-funded project, Blue Marble and Seguros Bolivar aim at scaling-up the Café Seguros product to cover 8,000 smallholder families and explore technological solutions to increase efficiencies while reducing the transactional costs associated with enrolment, distribution and pay-outs. Additionally, the project will explore product improvements such as automatic bundling of the insurance product with agricultural loans.

Introducing Cambodian smallholder farmers to index-based insurance

Agriculture accounts for 35% of Cambodia's workforce, yet few financial services and products are geared towards this high-risk sector. Crop insurance is a promising solution to protect farmers vulnerable to climate risks. By leveraging Syngenta's expertise in this area, the two local financial partners AMK and Forte seek to dispel scepticism around insurance by raising awareness on its benefits and creating products which are tailored to the unique needs of Cambodian farmers. The partners will design and implement area yield index insurance for rice farmers and weather-index insurance for maize and cassava farmers, with the aim of covering 6,200 farmers by the end of the project. Additionally, the outcomes and knowledge emerging from this project will inform initiatives led by the government and other market actors, laying the groundwork for covering smallholders across the country with agricultural insurance and other risk transfer solutions.

Scaling tech-enabled index insurance for smallholders

Over 60% of Malians are unbanked, and 80% of rural Malians do not have access to financial capital to develop economic activities. The lack of data and infrastructure makes it challenging for financial institutions to target, reach, educate and serve customers. New technologies can be a solution as satellite data is available in all regions and mobile money is increasingly being used to collect payments.

OKO Finance is a start-up that designs and distributes affordable insurance products for farmers using new technologies. After a successful initial pilot, OKO requested support from SCBF to scale-up its distribution network for an innovative index-based insurance for smallholders. The focus will be on using mobile phones and payment systems with a simple interface accessible to unserved farmers. Locally available satellite and weather data combined with OKO's online platform will ensure claims can be paid swiftly and efficiently.

Photo: Advans Tunisie

Colombia



Target outreach: 8,000 smallholder families in coffee value chain (approx. 32,000 people)



[Blue Marble Microinsurance & Seguros Bolivar](#)



Jul 2020 – Dec 2022



Click [here](#) to view factsheet



Cambodia



Target outreach: 6,200 farmers (50% women)



[Forte Insurance, AMK Microfinance Institution & Syngenta Foundation](#)



Apr 2019—Oct 2020



Click [here](#) to view factsheet



Mali



Outreach: 12,500 farmers insured (25% women)



[OKO Mali, Orange Mali & Sunu Assurances](#)



Sep 2019 – Jun 2022



Click [here](#) read final report

