

## Weather index insurance scale-up in Zimbabwe

### 1. FINANCIAL EDUCATION (FE) CONTEXT

As per the S&P Global Financial Literacy Survey, 59% of Zimbabwe's adult population is financially illiterate.<sup>i</sup> In 2016, the Reserve Bank of Zimbabwe launched the National Financial Inclusion Strategy Phase 1 (2016-2020) with the aim to have an inclusive financial system for target groups such as low-income households, micro, small and medium enterprises, women, youth, smallholder farmers, people with disabilities, and rural areas.<sup>ii</sup> Partners implementing efforts to advance financial inclusion include financial sector regulatory authorities, regulated entities in the banking sector, insurance and pensions sector, capital market operators, mobile network operators and development partners. In 2021, the Reserve Bank started drafting the new National Financial Inclusion Strategy for 2021-2025.<sup>iii</sup>

The Ministry of Finance and Economic Development of Zimbabwe developed an interim poverty reduction strategy paper in 2016,<sup>iv</sup> as poverty eradication is a top priority for the Zimbabwe Government. The Ministry clusters poverty reduction strategies around seven pillars: Agriculture Productivity, Growth and Rural Food Security (Pillar 1), Social Sectors (Pillar II), Private Sector (Pillar III), Infrastructure (Pillar IV), Environment and Climate Change (Pillar V), Gender Women and Youth Empowerment (Pillar VI), and Strengthening Governance and Institutional Capacity (Pillar VII).<sup>v</sup> Approximately 83% of Zimbabweans live on less than US\$5.50 a day (World Bank, 2019).<sup>vi</sup>

### 2. INTERVENTION APPROACH

#### Financial literacy needs assessment

With more than half of the population being financially illiterate, Zimbabwe suffers from a significant financial awareness and knowledge gap. This gap is even more significant for rural people and women. The FinScope 2014 consumer survey<sup>vii</sup> recommends education and awareness campaigns for these two population segments. These observations are consistent with findings from in-country focus group discussions and farmers' survey conducted by Blue Marble Microinsurance and Old Mutual Insurance. One of the challenges Blue Marble and Old Mutual faced during the scale-up of the weather index product, was the lack of awareness and education on climate risk mitigation, and the role insurance can play. This is why Blue Marble and Old Mutual designed a financial education (FE) campaign for farmers that combined trainings on financial management with education on the weather index insurance product.

The team noted the below key constraints in up-scaling the FE campaign:

- As more than half of Zimbabweans are financially illiterate, this knowledge gap translates into a demand gap for insurance products. The FE campaign aimed to build the awareness of the targeted farmers.
- Lack of trust from farmers limits the ability to mass promote education through mobile channels, as farmers do not interact with the content for fear of having to pay for airtime or potential fraud.
- Low education levels in the target population hinder their ability to understand abstract concepts like weather index insurance.

#### Main activity areas (goal, targets, resources & time frame) and outputs

Smallholder farmers were the main target group for the FE intervention, with an overarching objective of expanding their understanding of managing climate risk and the critical role that insurance can play. The table below outlines the targets of the FE campaign met between 1 July 2020 and 31 October 2022.

Target	Achievement	Content of the FE	Comment
Year 1: train 4,000 farmers through the mobile game	4,676 trained through the mobile game	Management of climate risk, savings, investment, insurance, credit, and weather index insurance as a tool to transfer risk	Educational app developed, accessed through Old Mutual's SMS short-code

Year 1: train 4,000 farmers through ward-level workshops	7,408 farmers trained (including 61% women)	Financial inclusion and responsible marketing of the product	Delivered using training-of-trainers through workshops and focus group discussions for Old Mutual staff, and distributors' field officers and agents
Year 1: train 10 Old Mutual staff, distributors' officers and agents	63 staff, agents and officers trained	Financial inclusion and responsible marketing of the product	
By Year 2: train 20,000 farmers	A total of 19,957 farmers trained (including 61% women) through mobile game and ward-level workshops (7,873 farmers).	Financial inclusion and responsible marketing of the product	Delivered using training-of-trainers through workshops and focus group discussions for Old Mutual staff, and distributors' field officers and agents
Year 2: train 15 Old Mutual staff, distributors' officers and agents	48 staff, agents and officers trained	Financial inclusion and responsible marketing of the product	

Farmers from 15 districts (Murehwa, Chimanimani, Marondera, Mutasa, Chipinge, Mutare, Rushinga, Masvingo, Goromonzi, Mhondoro, Domboshava, Sanyati, Zvimba, Gokwe South and Chiweshe) were trained.

Financial education is an integral part of Old Mutual's business model. Therefore, Old Mutual developed the [On the Money Programme](#), a financial education initiative to teach customers how to best manage their finances. This initiative was part of the FE campaign.

### Additional funders

Blue Marble Microinsurance Inc., a UK-based social enterprise with a mission of providing socially impactful, commercially viable insurance protection to the underserved, contributed CHF 68,415 (27% of the overall cost) to the intervention. Old Mutual Insurance Company (Zimbabwe), the financial sector partner, contributed CHF 72,625 (28% of the overall cost).

### Financial sector partner(s) (FSP)

**Old Mutual Insurance Company Zimbabwe (OMICO)** is the financial sector partner, with the vision to be the customers' most trusted partner. OMICO's mission is to ensure competitive and relevant customer-led responses as a future-fit business minimising loss of value for customers and shareholders. OMICO's main business objective is to help its customers thrive by enabling them to achieve their lifetime financial goals while investing their funds to create a positive future for them, their families, their communities, and the broader society.

OMICO offers financial (insurance products for individuals and businesses) as well as non-financial services (agronomy advisory). OMICO is part of the Old Mutual Zimbabwe Group and has a market share of 14%. OMICO is one of the most significant short-term insurance companies in Zimbabwe, offering products that advance financial inclusion, such as road traffic act cover, weather index insurance, advisory services and underwriting of Old Mutual Finance loans. OMICO's target group includes people in the informal market, youth, individuals, corporates, and small and medium enterprises (SMEs).



*CABS is a subsidiary of Old Mutual Insurance Company Zimbabwe. Insurance services are available at any CABS branch in the country.*

**Blue Marble Microinsurance** is a social enterprise owned by five insurance entities (Aspen Insurance Holdings Limited, Grupo ASSA, Guy Carpenter & Company LLC together with Marsh & McLennan Companies Inc., Transatlantic Holdings Inc., and Zurich Insurance Company Ltd.). Blue Marble delivers socially impactful, commercially viable protection to two key groups – smallholder farmers (solutions that promote income stability and food security) and individuals and SMEs (income protection safety nets for against health issues, business interruption and other threats).

### 3. RESULTS ACHIEVED AND NOT ACHIEVED

#### Client-level

Blue Marble and OMICO developed a first of its kind interactive mobile educational game to educate farmers on insurance by using role-playing to enable them to understand the consequences of negative and positive decisions, and reflect on the benefits of managing risks. Farmers progress through a number of seasons, at the end of each season they face different options to choose from. These options include financial services such as savings and insurance, as well as credit to give them an opportunity to invest in growing the productivity of their farms. Based on the decisions they make, farmers either succeed or fail in the game. The mobile game includes content on climate risk management, the importance of insurance and an option to be contacted by Old Mutual if users are interested in weather index insurance. The FE campaign aimed to increase uptake of weather index insurance by enhancing farmers’ financial literacy and understanding of products such as insurance.

During the training feedback, farmers remarked that they had an improved understanding of the insurance product. Most of the farmers could explain the product structure and parameters with ease. Farmers were knowledgeable about basis risk, their understanding of satellite data was very good, and they could confidently answer questions from other farmers. Farmers were able to explain the advantages of using satellite data over rain gauges and the accuracy of the measurements. The increased understanding of the highlights the value of repeating education campaigns every season to improve farmers’ financial literacy.

Additionally, increased understanding of the product terms led to the farmers requesting modifications so that the product could better cover the weather risks they are exposed to. For instance, one group of farmers requested the inclusion of excess wind cover in addition to protection from drought and excess rainfall.

Some farmers reported farming more land thanks to the FE campaign and index insurance. Farmers feel more secure with insurance as they are covered against the risk of adverse weather events. The [impact study](#) undertaken in collaboration with SCBF elaborates on the client-level impact.



***Trainys Muchagona***

“Previously, we farmed small portions and we did that without insurance but now with insurance we are upscaling because we now feel safe to do so.”

***Nicholas Matanhi***

“Ever since we got covered by the insurance, we have now scaled the size of our farming. We are aiming to upscale even more now because we are insured. That was not the case before.”

### Financial sector partner-level



*FE Campaigns in Murehwa Rural District Council and Marondera District*

The mobile insurance game enabled farmers, both males and females, to learn more about the benefits of insuring their crops and livestock. The game achieved this by demonstrating that farmers affected by an unfortunate weather event without any insurance covering their crop would be exposed to losses whilst those insured would qualify for insurance pay-outs, hence, minimising losses. Some clients who played the mobile insurance game followed up with OMICO to enquire more about how insurance works and how they can sign up. Insurance uptake was evenly distributed between males and females as both groups are involved in farming activities and wanted to equally insure their crops.

Ward-level workshops were carried out to educate the farmer groups about agricultural insurance, specifically weather index-based insurance. Training-of-trainers was undertaken for OMICO staff, agents and officers employed by distribution partners.

## 4. LESSONS LEARNT

### Conclusions



The FE campaign was designed flexibly to enable remote work, and training-of-trainers was conducted virtually when the COVID-19 pandemic restricted movement and gathering in groups in Zimbabwe. In-person trainings resumed once the movement restrictions were lifted. The mobile game was not impacted by the pandemic measures. However, the COVID-19 movement restrictions did require adjustments to the project implementation. The financial education was originally planned to be conducted in person; however, the project team had to develop virtual trainings for field officers using the train-the-trainer model and testing of financial education materials with farmers over phone.

The financial education campaign increased farmers' awareness of climate risk mitigation tools and the role that insurance can play. As a result of being covered by insurance, farmers were confident to make more investments in their farms. The mobile financial education game has the potential to be scaled to tens of thousands of farmers as it allows for product education and sales to be conducted remotely.

The project team is now working with a development organisation to partner with the Government of Zimbabwe to ensure the sustainability of the FE campaign. The Government could play a vital role expanding farmers' access to financial education.

### Recommendations

A critical success factor for this project was team commitment to achieve the project goals, both at the operational and management level. Additionally, regular meetings to discuss tasks and progress helped foster effective communication within the team.

To ensure that the FE campaign is sustainable, a public-private partnership model bringing together the government, private sector and development organisations is essential.

If the intervention were to be implemented again, government ministries such as the Ministry of Agriculture should be involved to increase the reach of financial education to a larger number of farmers.

---

<sup>i</sup> [https://gflec.org/wp-content/uploads/2015/11/3313-Finlit\\_Report\\_FINAL-5.11.16.pdf?x28148](https://gflec.org/wp-content/uploads/2015/11/3313-Finlit_Report_FINAL-5.11.16.pdf?x28148)

<sup>ii</sup> <https://www.rbz.co.zw/documents/BLSS/FinancialInclusion/FinancialInclusionStrategy.pdf>

<sup>iii</sup> [https://www.rbz.co.zw/documents/bank\\_sup/Financial-Inclusion-Bulletin.pdf](https://www.rbz.co.zw/documents/bank_sup/Financial-Inclusion-Bulletin.pdf)

<sup>iv</sup> [http://www.veritaszim.net/sites/veritas\\_d/files/Interim%20Poverty%20Reduction%20Strategy%20Paper%20%28I-PRSP%29%202016%20-%202018.pdf](http://www.veritaszim.net/sites/veritas_d/files/Interim%20Poverty%20Reduction%20Strategy%20Paper%20%28I-PRSP%29%202016%20-%202018.pdf)

<sup>v</sup> [http://www.veritaszim.net/sites/veritas\\_d/files/Interim%20Poverty%20Reduction%20Strategy%20Paper%20%28I-PRSP%29%202016%20-%202018.pdf](http://www.veritaszim.net/sites/veritas_d/files/Interim%20Poverty%20Reduction%20Strategy%20Paper%20%28I-PRSP%29%202016%20-%202018.pdf)

<sup>vi</sup> <https://data.worldbank.org/indicator/SI.POV.UMIC?locations=ZW>

<sup>vii</sup> Financial literacy and savings decisions by adult financial consumers in Zimbabwe, Conrad Murendo and Kingstone Mutsonziwa, International Journal of Consumer Studies, 2017