

2023-08 | Weather index-based crop insurance for smallholder farmers, Côte d'Ivoire

Financial Sector Partner (FSP)	Allianz Côte d'Ivoire IARD	SCBF Contribution	CHF 99,955 (79%)
Grantee/TA provider	OKO Côte d'Ivoire Sarl	Matching Contribution	CHF 10,740 (8%) – FSP CHF 16,345 (13%) – Grantee
Country	Côte d'Ivoire	Theme	Financial Resilience
Duration	May 2023 - May 2024	Product:	Index-based insurance
Potential Outreach	4,524	Target Group	Smallholder farmers
Thereof Women	317 (7%)		

CONTEXT

Most farmers in Ivory Coast are left without a financial safety net and with no access to agricultural loan. These two problems are linked as agricultural activities are highly dependent on the weather and the lack of suitable insurance products causes farmers' income to be very unpredictable. The World Bank's Global Index Insurance Facility financed 2 pilots back in 2018 to test weather-based index insurance for cotton and maize. More recently, the Ivorian government announced a plan to subsidise index-based insurance for three different value-chains: cotton, palm oil and rice.

The initial pilots failed to reach the adoption target of 200,000 insured farmers each. It appears that distribution is the main bottleneck as insurance companies are not well equipped to serve a rural population that is not well connected and educated on insurance. OKO tested a different approach with Allianz, whereby agents are trained to distribute insurance, and mobile payment tools are offered to make payment secure and flexible. Partners in the value chain (e.g. Touton for cocoa) help creating links between cooperatives and the insurance agent. During initial pilots, OKO managed to register 1,500 cocoa farmers for insurance. Following this initial success, OKO and Allianz want to scale up this solution.

CURRENT STATUS OF THE FSP

Allianz Côte d'Ivoire is the 2nd largest non-life insurer in the market, with 47,300 insured people and a revenue of FCFA 29bn. Allianz is involved in the ARC/UNDP initiative to bring crop insurance to rice farmers and is distributing micro-insurance products via Inclusive Guarantee. Allianz as a group is committed to providing insurance to vulnerable people, as displayed in their yearly Emerging Consumer report. Yet its presence in rural areas is very limited, and majority of its customer are banked employees. Its ability to design index insurance products is also very limited. Allianz Côte d'Ivoire therefore counts on the expertise of OKO, which is registered as an agent of Allianz, to develop and distribute products. The SCBF funding is therefore needed to scale up OKO's solution.

OBJECTIVES AND MAIN ACTIVITIES

The objective of this project is to scale-up the crop insurance activities of Allianz Côte d'Ivoire and for OKO to be financially sustainable, or at least be in the right trajectory to be able to raise private investment for future growth. Main activities planned are:

- (1) Distribution via cooperative's delegates (or similar third-party network);
- (2) Designing a second product for a different crop; and
- (3) Securing presence in rural fairs to promote cost-effectively index insurance to a larger audience.

Upon study completion, the financial institution should be able to invest or attract investment to continue scaling up index insurance to more areas and more crops.

NEXT STEPS

Scale-up the network of distributors by on-boarding more cooperatives or more partnering distributors; Schedule the design of more index insurance products for more crops and promote index insurance at a larger scale.

Partnering with:

