

## Minutes of meeting - 16 February 2017

### Conference: 'Geodata for Inclusive Finance and Food'

### Breakout Session 4 - Insurance for Inclusive Finance and Food

**Organizing parties:** Millan Innovincy, Achmea Agro, NUCAFÉ, Kifiya

**Speakers:**

1. Bernard Koeckhoven, Manager, Achmea Agro
2. Uziel Zontag, Co-founder, Milan Innovincy
3. David Muwonge, Deputy Executive Director, NUCAFÉ
4. Megerssa Miressa, Programme Director Micro-Insurance, Kifiya Financial Technology PLC.

**Moderator:** Pranav Prashad, Technical Team Member, ILO

**Agenda:**

Topic of discussion: The use of geo-data for affordable insurances.

Achmea and Milan Innovincy explained how this has been realized in The Netherlands and other developing countries.

NUCAFÉ, a coffee cooperative (200.000 farmers) from Uganda, is going to include all their members in an insurance scheme. They explained their approach and rationale for this programme and what kind of insurance (crop, yield, input, rainfall insurance) works in which kind of a situation, how do weather based indexes work and how does insurance help in realizing the total investment needs for farmers.

**Introduction:**

This session is organized to discuss the use of geo-data for affordable agricultural insurance.

The session started with the opening by moderator with a small introduction to insurance sector and introduction of speakers. Then Achmea Agro and Milan Innovincy explained how agricultural insurance has been realized in the Netherlands. Further NUCAFÉ explained on the scaling Up Micro-insurance in Africa (SUM) project in Uganda. At the end of the session Kifiya mentioned about the Geodata for Innovative Agricultural Credit Insurance Schemes (GIACIS) project in Ethiopia and the possibilities of the use of drones for precision agriculture and insurance.

**Discussion issues:**

- Insurance provides better access to credit. This helps the farmers to get engaged in riskier but on more productive and lucrative farm activities.
- Insurance helps farmers' protection against setbacks due to crop losses, nature calamities and helps in smooth consumption.
- Challenges of insurance :
  - Insurance is intangible - This makes it hard to explain to people and build trust.
  - It is difficult to test the practicality of the insurance unless you face the claim
  - This often results in low demand and undermines scales.
  - Insurance is dependent on large numbers.
- Issues with insurance:
  - Affordability of data
  - Availability of data
- Nucafe - National Union of Coffee Agri business and Farm Enterprises. It is an association with 198 members comprising of small holders coffee farmers, cooperatives and small estates in Uganda.
- The main reason of draught index insurance for coffee

- Drought is the most important cause of crop failure in coffee in Uganda,
- Climatic change manifesting in more severe and more frequent drought events
- Traditional agricultural cover (MPCI) not available for smallholders
- Secured household income decreases risk to banks and improves access to financial services
- De-risking coffee farming with the help of radar satellite
  - Satellite data to trigger payments of claims
  - Individual and Group coverage made available
  - Up to 50% of insurance premium subsidy by the Republic of Uganda
- Radar Satellite - Difficulty in Africa :
  - How to make registration of the plots
  - Boosting the farming activities of the farmers
  - Lack of information
- Current Drought Index Insurance status in Uganda:
  - The Drought Index Insurance product is developed
  - Insurance and IT system developed to handle application, provision of policies and claims.
  - In the process of establishing administrative office and procedures
  - Agents and trainees are being trained in the insurance matters
- Plans & Impacts: First season pilot testing was done with 6000 farmers from 30 farmers' co-operative and associations.
- Finalize management information systems within NUCAFE' to capture farmer data
- Upscale to 200,000 Households impacting 1 million farmers
- Increase income and household resilience to drought;
- Make farmers more bankable by de-risking, insurance policy as collateral;
- Ethiopia: Vegetation Index Crop Micro insurance-
- Agriculture in Ethiopia:
  - Agriculture represents 42% of the GDP
  - Employs 85% of the labor force
  - Contributes about 90% of the total export earnings
  - 15 million smallholders producing about 95 percent of the national agricultural production which is rain fed
  - 82% of the rural population doesn't have access to formal financial service
  - Small holder farmers do not have access to non-traditional risk coping mechanisms and faces significant weather related risk every year and catastrophic risk every five years
- Crop micro insurance
  - Cloud platform to create a digital insurance market place that allows insurance companies access products, manage policy and claims digitally
  - Digital payment platform to build agent networks to enroll customers and process premium payments

### Questions & Answers:

- What would be the cost data? Will this be built into the insurance premium for the farmers?  
The free data supplying is guaranteed for 20years. Government is also providing various subsidies to the farmers to be able to pay the insurance premium.

- How can we make insurance cost-effective for farmers?  
Reaching out to a larger audience and make them understand the use and effectiveness of various insurance products will create the awareness and interest among the farmers to avail for the insurance products. When large numbers of farmers go for the insurance, the demand will increase and subsequently the premium will come down.

- How can we handle the issues like availability and affordability of data?

We have to increase the awareness of the insurance, so that many farmers would come forward and register their details (farm, crop, loss history etc.).