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Smallholder Safety Net
Upscaling Programme

ENHANCING THE CLIMATE RESILIENCE AND FINANCIAL INCLUSION OF SMALLHOLDER FARMERS IN ECUADOR AND BOLIVIA BY IMPLEMENTING PARAMETRIC AGRICULTURAL INSURANCE SOLUTIONS



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

CONTEXT

Smallholder farmers are the key allies of food security in Latin America. However, they are considered to be the most vulnerable to climate shocks and have fewer resources to cope with climatic events and natural disasters. During the last years, medium magnitude and catastrophic climate events have had direct consequences on farmers in Ecuador and Bolivia. Smallholder farmers have suffered from a lack of agricultural insurance solutions because their development includes high operational and design costs which translate to lower affordability at the end client level. Agricultural insurance solutions for low-income segments represent a relatively untapped market in Latin America, where only around 33% of smallholder farmers are covered by insurance.

CURRENT STATUS OF THE INVESTEES

Three MFIs in Ecuador (INSOTEC, FACES and Banco Codesarrollo) and one in Bolivia (CIDRES), which will benefit from this project, are characterised by their strong rural and agriculture portfolios (between USD 22 - 40 million per institution, representing a combined agro portfolio of USD 127 million). They provide services to smallholder farmers in different geographies of their respective countries, having impacts on numerous agricultural value chains.

OBJECTIVE OF THE PROJECT

The overall objective of the project is to enhance climate resilience and financial inclusion of smallholder farmers in Ecuador and Bolivia, and will be divided into 2 phases:

- Phase 1 will focus on conducting a strategic analysis that will study the risk exposure, institutional capacity, market demand, and phenological needs of crops to be insured for each institution. The goal of the strategic analysis is to fully understand the exposure to climate risk and the insurance needs for each institution, as well as the local regulatory landscape and market demand for insurance products.
- Phase 2, which will be subject to another approval depending on the results of phase 1, will include the product design and piloting as well as some knowledge sharing and exchange between the investees.

IMPACT INVESTOR



AGGREGATORS / INVESTEES

4 microfinance institutions in 2 countries (INSOTEC, FACES, Banco Codesarrollo in Ecuador and CIDRES in Bolivia)

TARGETED N° OF FARMERS

More than 30,000 (after the whole project in 2024)

AGRICULTURAL VALUE CHAIN

Fresh vegetables, fruits, and cereals (banana, cocoa, coffee, corn, oilseeds, onion, potato, rice, tomatoes, etc.)

STARTING DATE

01/12/2021

DURATION

2 years (including the 5 months of phase 1)

TOTAL BUDGET

€ 90,955 (phase I)
Including € 66,415 (73%)
contribution from SSNUP

Phase 2 budget will be subject to approval



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