



project results

CROP INDEX INSURANCE FOR FARMERS IN WEST AFRICA



Financial services



Non-financial services



Beneficiary organisation

Inclusive Guarantee is the first licensed microinsurance broker specialised in providing index-based agricultural insurance to smallholder farmers in West Africa. The company connects farmers with insurers and reinsurers through various aggregators.

The challenge

Staple and cash crops are the principal source of income for most smallholder farmers in West Africa. Their economic vulnerability is exacerbated by their high exposure to adverse weather conditions. However, **agricultural insurance is underdeveloped in the region and costly to implement because of the small size of the farms and the difficulty of making claim assessments in remote areas.**

The proposed solution

The project aimed at supporting **Inclusive Guarantee** in improving, developing and distributing index insurance products for various crops to enable farmers to manage their risks affordably and efficiently as weather indices automatically trigger claim payments.

The following project results were expected by the end of 2022:

- 1 **improve the financial management and risk awareness** of 100,000 smallholder households through insurance literacy training
- 2 **reduce the risks** for 60,000 smallholder farmers who subscribed to agricultural insurance for the first time in selected West African countries
- 3 **raise awareness** of the importance of insurance amongst regional administrations and amongst agricultural aggregators as potential insurance distribution channels
- 4 **collaborate with around 50 aggregators** who distribute the insurance products to their clients/members, with up to 10 agents per aggregator trained to relay insurance literacy content to their clients/members
- 5 **develop and implement a digital platform** for managing subscriptions, policies and claims to facilitate outreach in rural areas

IMPACT INVESTOR



BENEFICIARY ORGANISATION

Inclusive Guarantee
West Africa

NUMBER OF FARMERS REACHED

> 108,000

AGRICULTURAL VALUE CHAIN

Multiple crops

START DATE

January 2021

END DATE

December 2022

TOTAL EXPENDITURE

€ 234,000

Including € 100,000 (43%)
financed by SSNUP

Project's contribution to the SDGs



1. No poverty
1.5 Building the resilience of vulnerable people



2. Zero hunger
2.3 Improvement of agricultural productivity and smallholder farmers' income



5. Gender equality
5.5 Participation of women in economic life



13. Climate action
13.1 Strengthen resilience and adaptive capacity to climate-related disasters





key results



10 new index insurance products developed in Senegal, Burkina Faso and Côte d'Ivoire to shield against the risks of drought or yield loss with the following characteristics:

- ✓ based on satellite, yield, or ground-level data
- ✓ adapted to various crops in different agrometeorological zones (cocoa, cowpea, groundnut, maize, millet, peanut, rice, sesame, sorghum) with a client-centric approach
- ✓ in collaboration with the national insurers CNAAS in Senegal, Yelen Assurances in Burkina Faso, Allianz in Côte d'Ivoire and the international reinsurer Allianz Re



9 existing index insurance products improved in Senegal and Burkina Faso

150 aggregators distributed the insurance products, of which **79** did so for the first time



Around 36% of clients were reached through cooperatives, 35% through an agro-industry company, 18% through MFIs, 7% through national projects and 3% through banks



Over **108,000** farmers were educated on the benefits of agricultural insurance



69,919 farmers (28% women) took out agricultural insurance for the first time



20,819 farmers were compensated after extreme weather events



1,060 agents trained in 46 sessions



1 new digital platform set up for managing subscriptions, policies and claims



lessons learnt

✓ Training and awareness-raising activities are key

Inclusive Guarantee raised awareness of climate risk and the importance of insurance to overcome low financial literacy and cultural barriers. First, it was essential to coach the aggregators and train their staff in selling insurance to farmers. Then, financial training for farmers and clear communication throughout the client journey helped the farmers understand how insurance works and built trust. At a higher level, awareness-raising for regional administrations is crucial for their buy-in and support.

✓ Ensure proper replication of training and awareness-raising sessions

Inclusive Guarantee needed to provide substantial additional follow-up and training at the grassroots level to ensure the transferred information was both accurate and complete. While digital channels can facilitate this transfer of information, it is important to ensure their adoption and correct use amongst smallholder farmers.

✓ Aggregators are necessary for attaining scale

The project's outreach was achieved through a large number of aggregators who acted as distribution channels, such as cooperatives, input dealers, agricultural banks and MFIs working with large farmers' networks.

While big aggregators such as MFIs and agricultural banks excel in scaling up new insurance services, an adequate flow of information to the farmers can take time and effort.

As farmers' organisations are closer to the end beneficiaries, they are more efficient in spreading information, raising awareness and ensuring that the farmers take out insurance. However, their small size can limit scalability.

✓ Climate data needs to be reliable and of high quality

Reinsurers do not always accept freely available data. While a partnership was established between the insurance company and official meteorological services for the provision of climate data in Senegal, obtaining reliable data in other countries proved difficult.

Concerning the data type, the ground rainfall index proved to be the most reliable climate index for effectively reducing basic risk. Therefore, ground-based weather stations coupled with technical or financial assistance are essential for obtaining good-quality data.

Outlook

Following this initiative, Inclusive Guarantee has been invited to conduct feasibility studies in Niger, Togo, and the Republic of the Congo.

