



Federal Ministry
for Economic Cooperation
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How can we make insurance work for food security?

Conference Report
Agricultural Insurance Conference
Nov 27-28 2014, Berlin



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Highlights

2014
AGRICULTURAL
INSURANCE
CONFERENCE

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The informative presentations and rich expert discussions during the conference have resulted in numerous findings, results and recommendations. By all means, the conference has shown that the contribution of agricultural insurance to food security is a topic of growing interest: agricultural insurance can reinforce various efforts to increase food production and food security. The following conclusions can be highlighted:

Agricultural, financial and social policies need to be aligned for agricultural insurance to develop its full potential and make a meaningful contribution to food security in any country. On the way towards such a coherent policy approach, governments may have to increase their understanding and appreciation of the agricultural production system and its interplay with food security, economic development and national budgets. Yet, unaligned national policies shouldn't serve as an excuse for sitting idle: individual projects can trigger discussions and interest by the government and, thus, serve as a building block towards larger solutions.

AGRICULTURAL INSURANCE should be considered one element of a broader risk management approach that becomes even more effective if various risk mitigation elements are put in place. If complementing, not replacing, many other elements of good agricultural practice, agricultural insurance can bring much needed security.

Determining the main drivers of **DEMAND FOR AGRICULTURAL INSURANCE** at the various levels along the value chain remains unresolved so far. As a tendency, experts agree that latent demand is strong, yet, capacity to pay premiums upfront is relatively low at the smallholder level. Experience so far points towards higher uptake for agricultural insurance programmes that offer a service package to farmers, not just insurance as a stand-alone product. Such service packages typically allow farmers to get tangible benefits alongside agricultural insurance. However, the needs of potential clients along the agricultural value chain are often not known and not centric to product design. This leads to a low product variety and products that require simplification since they are not well-understood by the target market.

LIMITED AVAILABILITY AND ACCESS TO QUALITY DATA¹

on agricultural production, livestock and weather, both historical and current, are likely the most critical constraints to more, better and cheaper agricultural insurance products today. Even though recent advances in satellite technology and on-site sensing have dramatically changed the prospects for future data collection, data will remain a key issue for quite some time. This makes data a prime area where government support can play an important role to move the sector forward.

FLEXIBLE INSURANCE REGULATIONS that allow for innovation while protecting the customers are important to create a space for controlled experimentation and build a solid understanding of the specific needs and requirements of agricultural insurance. While accommodating regulation is important, oftentimes other factors limit the development and up-scaling potential of agricultural insurance products, such as historical data, distribution channels and farmers' demand or ability to pay for agricultural insurance.

¹ Meteorological, land-use and agricultural production data.

Background and rationale of the event



From November 27 to November 28 2014, the German Federal Ministry for Economic Cooperation and Development (BMZ) invited over 100 experts from more than 30 countries to an international conference on “Agricultural Insurance – How can we make insurance work for food security?” taking place in Berlin. The conference was organized by the GIZ Sector Project Financial Systems Approaches to Insurance on behalf of BMZ and in cooperation with the Global Index Insurance Facility (GIIF), which is part of the World Bank Group. The conference’s participants engaged in manifold discussions to explore how agricultural insurance could contribute to increased food security in developing countries and emerging economies.

BACKGROUND: The United Nations Food and Agricultural Organisation’s (FAO) latest definition of food security says it is achieved when “all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food, which meets their dietary needs and food preferences for an active and healthy life”. Today’s global food production would be sufficient to feed the Earth’s total population. However, one out of nine persons (800 million) still lives in food-insecure circumstances, primarily in developing and emerging economies. Furthermore, projected population growth and changes in dietary habits require an estimated 70% increase in food production within the next 30 years.

The main thrust must be both: to produce more food and to improve access to food for more people. Global food production can be improved through various approaches, i.e. by improving yields per hectare of farmland, cropping intensification, increasing arable land, reversing soil degradation, reducing post-harvest losses, improving storage and transportation infrastructure as well as irrigation technology. About ¾ of the world’s poor live in rural areas, where few financial services are available. Family farming is the backbone of most developing countries’ economies, providing up to 80% of food consumed in low-income countries. The international community should increase efforts to make family farming more resilient, more productive and more attractive to future generations through the provision of appropriate financial services and improved linkages to local and regional markets. These efforts should be complemented by increased efforts towards poverty reduction and strengthening social safety nets in order to expand food security to low-income non-farming households.

Over the last couple of years, a number of innovations have helped to push agricultural insurance to the next level: index-based insurance has delivered a proof of concept; advances in satellite technology and processing related information has allowed to fill important data gaps; and

finally distribution is currently shifting towards meso-level approaches, working with risk aggregators rather than with individual farmers. While all this is very positive, the number of insured smallholders is still very low. Yet, the potential synergies between the various risk management strategies in agriculture are huge. Insurance cannot work in isolation, but complement and reinforce other components to make farming a more attractive business. Agricultural insurance is not an end in itself, but a means to an end: reduce poverty and secure food production.

RATIONALE: The conference is part of a broader effort of the German Government to find ways to end hunger in the world. Germany is committed to make a significant contribution towards global food security. Recently, it launched the initiative “Eine Welt ohne Hunger” with the ambitious, but feasible goal: one world - no hunger! Germany will invest EUR 1.4 billion into this initiative in 2015 alone. While agricultural insurance so far is rarely mentioned explicitly in the context of food security, it can and should support these efforts in various ways:

- **STIMULATING HIGHER FOOD PRODUCTION:** In many emerging economies, agricultural production could be increased substantially through the adoption of better farming techniques and an expansion of cultivated land - under the condition that natural resources and biodiversity are protected. The required investments could be accelerated if protected through insurance at the level of smallholders and farmer-facing businesses alike. Through the use of insurance products, access to credit could be improved, especially for smallholder farmers: farmers with insured crops have higher credit worthiness than uninsured farmers.
- **SMOOTHING SMALLHOLDERS’ CONSUMPTION:** Agricultural insurance has the potential to contribute to food security by stabilizing farm income and therefore smoothing consumption in times of harvest failure. It can ensure that farmers are able to repay their credit, thereby remaining creditworthy.
- **SECURING ACCESS TO FOOD THROUGH SOCIAL SAFETY NETS:** Several governments both in developed and developing countries have established disaster risk financing programs, including insurance, to protect against the fiscal consequences of major natural disasters and to fund social safety nets. This is especially valuable as insurance pays out in case of extreme events which may be causing major harvest failures, allowing for guaranteed and timely pay-outs. These pay-outs can be used to either directly support beneficiaries with extra money or buy food and distribute it through established channels.

How does agricultural insurance link to food security?

and Development of Agriculture Microinsurance - A Discussion Paper



Context



Why is agriculture insurance important?

With the majority of the population of the developing world living in rural areas, agriculture can be a key driver of economic and human development.¹ However, agriculture is a risky business, especially in developing countries where small-scale farmers often have to deal with a series of risks related to the weather, market, production, and political environment. Risk has both positive and negative aspects, as on one hand, upward price variations for crops and livestock offer market and investment opportunities. On the other hand, climate hazards, decreases in commodity prices, and/or increases in input prices create a very uncertain environment for farmers, with unfavourable economic and social consequences. This downside risk discourages investments, puts assets in jeopardy, and makes farmers unattractive clients to financial institutions. Banks are very reluctant to lend to farmers and do so only at very high interest rates. As a result, farmers are limited in their capacity to invest in improved and modern agriculture methods.

is especially important for operators of small and medium-sized farms who could have a surplus to sell on the market.

Climate hazards will intensify as climate changes, resulting in more frequent extreme weather events in terms of temperature, rainfall, and storms. These events increase both the need and the cost of risk management. Small-scale farmers will need to invest in adapting their farming techniques. Moreover, climate hazards put pressure on traditional risk coping mechanisms, as all members of the community will be affected by the adverse climate events.

Following the human and geopolitical effects of the food crisis, international awareness has drastically increased regarding the situation of the farmers. At the same time, resources have been mobilized to tackle this issue.

These efforts are even more significant for farmers in developing countries where rural areas are often the most vulnerable to environmental risks. For them, it is essential to have access to agricultural insurance. However, the government's role in providing such insurance is limited in many developing countries.



Agricultural insurance should be seen as one component to the agricultural system and thus is linked to food security. However, the agricultural and food sectors differ substantially from country to country and food-insecure communities tend to be very diverse and segmented. Risk plays an important role, but also other constraints to agricultural production are important to explain the yield gap. Thus, a deep structural and organisational analysis is required to inform at which level agricultural insurance ideally intervenes, but also how to make sure that benefits reach the farmers.



The following key insights emerged from the various discussions:

1. Agricultural insurance has to be properly integrated into a combination of services that provide direct benefits to farmers. Only if the farmers get tangible benefits from insurance - productivity gains, financial gains - will they be able and willing to buy insurance. It is a fine balancing act to find the right combination of services, complicated by the effects of climate change.
2. Risk mitigation efforts on the farm level and genuine understanding of farmers' business must come before designing insurance products. Doing it the other way round only creates problems and leads to low uptake.
3. Oftentimes, government's very limited understanding and appreciation of the agricultural production system prevents the creation of solid and sustainable solutions. Insurance is well placed to protect against large, infrequent events, but is neither the only nor the best option for dealing with frequent harvest losses.
4. Farmers often have a demand for and the willingness to pay for insurance - but not necessarily for agricultural insurance! Health, productive assets and life are higher on their list. However, systemic shocks can trigger demand for insurance.
5. Building agricultural insurance systems is complex and requires a national champion. Often, the local insurance industry will not be the prime mover. However, local projects can trigger discussions and interest by the government and thus serve as a building block towards larger solutions. A national champion may also come from a government authority.
6. Post-disaster aid is a very poor and ineffective approach to dealing with emergencies. However politically, it is extremely important for securing votes and therefore widespread. Awareness of better risk management solutions can be a first step to improve the situation.
7. While it is far easier to insure a large portfolio, special care has to be given to finding ways of transferring benefits down to the individual farmers.

What are the challenges of agricultural insurance?



The magic formula for making agricultural insurance work has still to be found: As multi-peril crop insurance did not work for smallholders, and even though some pilots go back to indemnity-based approaches, parametric (index) insurance solutions have emerged. However, this type of insurance also comes with its own set of challenges.

AVAILABILITY AND ACCESS TO QUALITY DATA: If there is one topic of unanimous agreement among agricultural insurance experts, then it is that the absence or inaccessibility of meteorological and historical production data poses serious challenges to developing scalable agricultural insurance products at affordable cost. Many stakeholders see this as the topic to be solved in order to make any significant progress. Advancements in the availability and use of satellite data allow now for generating remote sensing data to base indices on. This is seen as an area of crucial importance and with huge potential to overcome some of the data constraints faced in most parametric insurance projects. Yet, the use of satellite data for retail products also comes with a few, but big drawbacks: first, farmers tend to understand and trust this source of data less than on-site weather stations. Second, a failure of the satellite or simply the inability to access relevant data has to be considered. Finally, satellite data require processing knowledge and capacity, and the decision to what ends the data are used has to be taken carefully.

Reliable and granular data series on agricultural production and weather conditions over the past decades are very limited. However, such data is at the core of all insurance product design activity. Only if massive efforts to increase current and historical data availability and quality are undertaken and sustained will the agricultural insurance sector be able to innovate and expand.

PRODUCT DESIGN: In general, the design of agricultural insurance products is driven by insurers and even more often by reinsurers and increasing number of cases by pilot projects driven by government or donors. A challenge to product design is that the insurance needs of the population and of the agricultural value chain actors are often unknown and are not centric to product design, leading to a low variety of products which would need simplification to be understood by the target market. Thus, take-up of existing products is often very low. Among the reasons for this are: smallholder's limited financial resources, unfamiliarity with formal insurance, complex products, lack of trust into the providers as well as perceived (and often actual) high prices compared to the protection offered.

Availability of data (such as meteorological, land-use and agricultural production data) and the use of new data sources is another key driving force in the product design process and this is likely to continue for quite some time, as developments in this area are on-going. Portfolio covers and a revival of indemnity-based products, possibly as hybrids including some index elements, are likely to be the next big thing in agricultural insurance product design, once the issue of poor data and with it basis risk has been addressed. Portfolio covers are attractive from an insurer's perspective, though making sure the individual farmer gets direct benefits in case of a payout is very challenging and may even negate the benefits of a portfolio approach. From a lender's perspective, a portfolio cover has limited value, because he or she still has to deal with defaults or credit rescheduling of individual clients. Bundling individual policies with other services raises consumer protection issues when farmers have no possibility to opt out and are not well-informed about the cover features.

Another dilemma for product design is the fact that insurance is best placed to deal with larger, but infrequent events, while evidence from the field suggests that farmers prefer products that pay out quite frequently. Frequent payouts are seen as necessary in order to allow smallholders to acquire a "know and feel" of the product and build up trust. Yet, these products tend to be costly, which in the absence of subsidies again reduces their affordability.

TECHNOLOGY: Advances in mobile technology, the increasingly widespread use of mobile phones and more recently smart phones as well as the adoption of mobile money by farmers provide a unique opportunity to reduce transaction costs and time for client enrolments, identification, and collection of premium as well as payment of claims. In addition, smart phones' geo-location capability can be used to identify insured fields. Furthermore, mobile communication infrastructure is required to collect weather data on the ground. However, for successfully selling and servicing an insurance product through mobile phones only, the product has to be very simple. Most of today's agricultural insurance products do not lend itself for a pure mobile approach, except for simple "replanting" products. In addition, regulatory frameworks have to be supportive for such approaches, which is rarely the case.

DISTRIBUTING INSURANCE WITHIN THE RURAL

FINANCE LANDSCAPE: So far, agricultural insurance projects have all too often concentrated on selling the product through Microfinance Institutions (MFIs) or banks on the one hand, as well as highlighted the aspect of protection rather than the aspect of supporting production. Both have to change: MFIs and banks are not driving the expansion of the agricultural insurance market because they largely do not see the business case for it. While the development community hoped to see an expansion of rural credit thanks to agricultural insurance, banks and MFIs rather resorted to bundling insurance to credit, without expanding their agricultural credit portfolio thanks to insurance. MFIs have, however, often issues in pricing their products correctly and as agricultural insurance tends to be expensive, the resulting “credit-cum-insurance bundle” is not very attractive to farmers. It is time to reassess the business case of agricultural insurance for MFIs and evaluate under what circumstances which approaches are most promising: selling to MFIs or selling through MFIs? And finally it is important to remember that other micro-insurance products, such as life insurance, could equally impact food security in a positive way and may even make more business sense for a MFI.

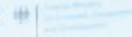
Smallholder farming offers substantial potential profits, which currently are not being realized because farmers do not have access to the required inputs. On the access side, risk is a big inhibitor. This is where agricultural insurance should be promoted as a production-supporting service: in combination with the provision of the most needed inputs, insurance holds the potential for significant expansion of smallholder farming profitability. Contract farming organisations are realizing this, while banks and MFIs only slowly follow suit. From that perspective, agricultural insurance for smallholders that are in for a business has the better prospects to work in the long run than when dealing with subsistence farmers who rather require a social safety net. In consequence, a clear market segmentation and definition of goals to be achieved with agricultural insurance is paramount.

REGULATORY FRAMEWORKS AND SUBSIDIES:

For regulators around the globe, accepting index insurance is a big leap of faith: the International Association of Insurance Supervisors and the Access to Insurance Initiative are working on paving the way towards regulatory recognition of parametric insurance and an overall improved regulatory environment with respect to agricultural insurance. The fact that many index insurance projects work as pilots or with regulatory exemptions is considered as one key factor explaining why up-scaling is so challenging - the limited availability of quality data mentioned above is another one. For the sector as a whole, it will be important to better understand where the respective governments really want to take the agricultural sector and what they expect from agricultural insurance. While as a tendency, governments look more at the protective side of agricultural insurance, the overall direction and level of commitment remains unclear.

Agriculture is an economic sector where many countries since decades have been granting various forms of subsidies. From that perspective, the question related to subsidies and agricultural insurance are rather about “how” and not so much about “if”. Smarter ways than subsidizing a certain percentage of the end premium include: provision of quality data, financial education, catastrophic reinsurance cover and, if direct premium subsidies are considered, providing them ad valorem (= per capita subsidies rather than premium percentage subsidies, aiming at supporting rather smallholders, as well as those operating in average to low-risk zones, as opposed to encouraging high risk taking).

BMZ



NOV 27-28 2014

BERLIN

AGRICULTURAL INSURANCE CONFERENCE

HOW CAN WE MAKE INSURANCE WORK

FOR FOOD SECURITY?

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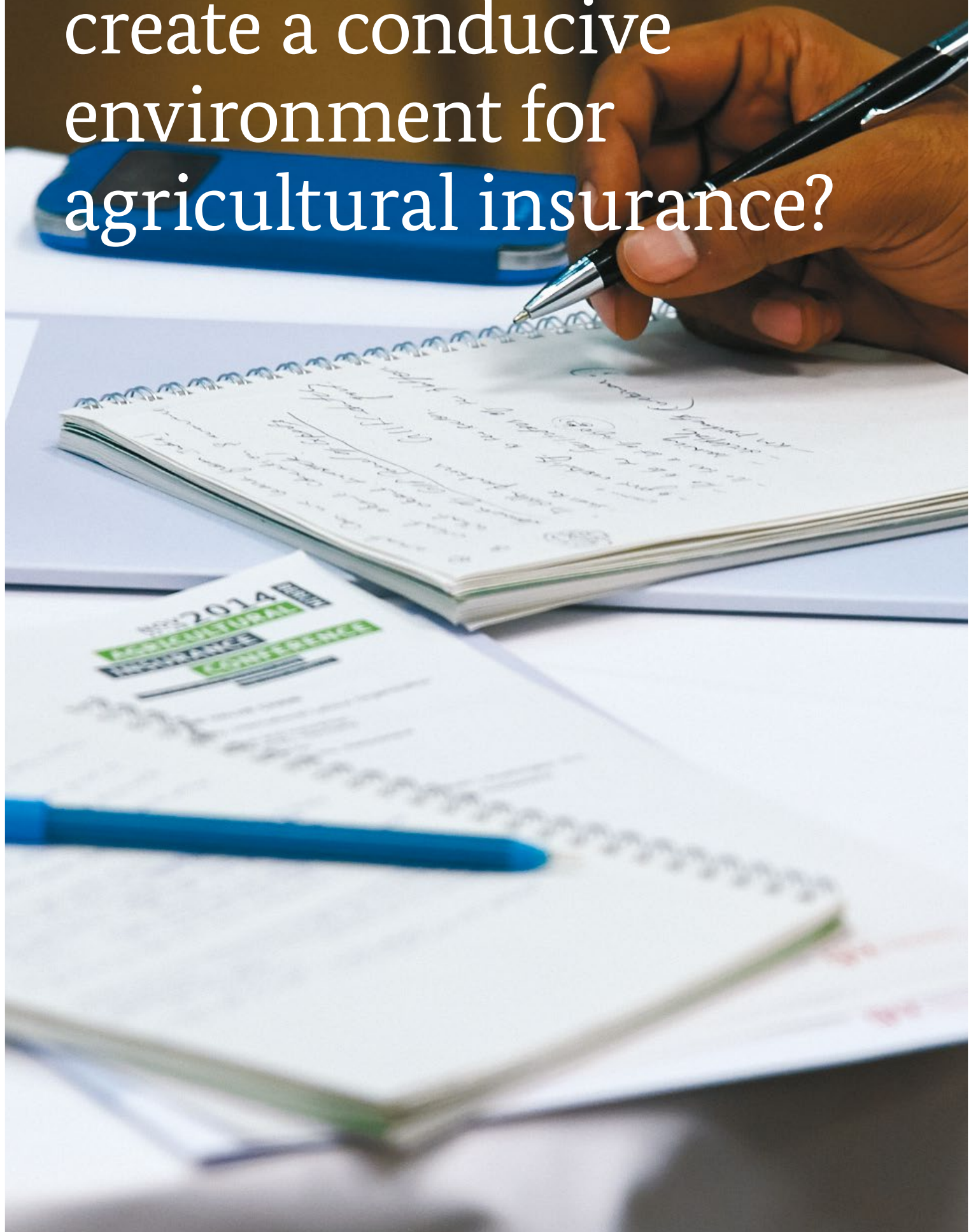
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How can governments
create a conducive
environment for
agricultural insurance?



On a global level, government support for the agricultural sector has gone down because the perceived importance of this sector has declined. Yet, governments are the main catalyst for developing the agricultural sector and they will play that role only if they are convinced by the economic benefits of doing so. In recent years, agricultural insurance markets have developed rapidly in a few, large non-OECD countries. These countries are responsible for almost all of the observed significant growth in related premium generated: China, India and Brazil are big outliers! In other words, the agricultural insurance market remains severely underdeveloped on a global level.

When discussing government support for developing the agricultural insurance sector, almost invariably the topic of premium subsidies is mentioned first. However, there are many other ways governments can support the sector. Most importantly, governments should collect and disseminate data on agricultural production, livestock and weather. Without this basis, no robust national insurance system can be built. Only once this is provided, financial support may be discussed, and as outlined above, there are more efficient ways than subsidizing premiums.

Government's interest in agricultural insurance and food security: The population and governments react swiftly in times of food shortages. While farmers are generally quick to adapt and react to changing weather conditions or market prices, the overarching issue is that local consumers have too little disposable income to pay higher prices for food. In consequence, raising food prices quickly lead to public protests and government action to bring down food prices again. However, with low prices, producers have little incentive to increase production. Furthermore, smallholder farming is almost everywhere done by relatively old farmers who are less likely to adopt new methods. In order to secure future food production, the sector needs to become more appealing to young people.

Typically, governments face a wide array of issues to deal with, so when trying to get it interested in agricultural insurance, a clear case has to be made, including how this investment addresses some of the government's worries. A successful approach may be in framing agricultural insurance from a broader risk management perspective for the country, not limited to agriculture. Here, a cost benefit analysis of different policy options is required. Financial aspects will always play a key role in the discussion and hence it might be equally important to convince the ministry of finance than the ministry of agriculture. Costs for supporting the creation of an agricultural insurance system have to be compared with the costs of non-action.

In some cases, agricultural insurance is seen as an option to implement rural development policies or rather as a social policy instrument, allowing for channelling funds to those population segments that are in need. In terms of financial inclusion, agricultural insurance does not rank top - having access to and using a bank account or other payment facility is more important and even a prerequisite for agricultural insurance at scale.

The role of insurance regulators: The primary function of an insurance regulator is to protect the consumer, not to drive innovation. Ensuring adequate financial stability of insurance providers is a key aspect in this regard. In consequence, insurance regulators will rarely be the driving force behind the development of agricultural insurance, but rather welcome product diversity and risk pooling in the market. Concerning new technologies, insurance regulators should make the case for e-payment systems with the Central Bank, as such systems can prove critical for lowering transaction costs and increasing attractiveness of products.

An accommodating regulatory environment is widely considered as essential for scaling up agricultural insurance systems. However, in the initial phase, regulation is often less important as long as projects can work on the basis of exemptions. During that time, regulators should get trained in order to better understand the issues at hand and prepare a framework for the scaling-up phase. Index insurance is still a concept not sufficiently understood by many regulators and capacity building in this area is key for allowing the sector to grow. Regulators that only have limited capacities in agricultural insurance regulation and that try to regulate agricultural insurance will not allow the potential of agricultural insurance to be fully exploited.

A summary of the key insights include the following observations and recommendations:

- Only once governments see agriculture as a strategic, economic area will they devote the required resources, political will and continued support to develop the sector, including agricultural insurance. Otherwise, the development of smallholder communities will rather be considered a social policy topic, for which generally fewer resources are being mobilized.
- Agricultural insurance can be positioned within a broader risk management strategy for a given country, as well as a tool for supporting rural development, which contributes to economic growth and increased food security.
- Collecting and disseminating data on agricultural production, livestock and weather are critical elements of government support to foster the development of agricultural insurance.

What is the way forward
with agricultural insu-
rance for food security?



AGRICULTURAL INSURANCE COMMANDS A MULTI-STAKEHOLDER ENGAGEMENT. The topic is complex and its systems generally require time to properly develop and get rooted in the respective businesses and policy areas as well as with the clients. Therefore, governments, development partners and the private sector need a long-term view when engaging in agricultural insurance. Since agricultural insurance can reinforce various efforts to increase food production and food security, it deserves a more prominent place on the food security agenda. A national champion who can coordinate policy alignment and acts as a catalyst is required to drive the agricultural insurance agenda. In a successful set-up, the ministry of agriculture and the ministry of finance work closely together and involve other key stakeholders such as the Ministries of Social Affairs, Rural and Economic Development and others.

PRIVATE SECTOR INITIATIVE MAY PROVE CRITICAL. Special attention should be given to the fact that in many countries, smallholder farming is primarily done by women. While private initiative may not suffice to build a sustainable national market that serves the smallholder population, it may showcase the feasibility, interest and impact of agricultural insurance on smallholder communities and food security. Government interest may then follow and support the broader sector development. In order to attract the private sector, civil stability and a clean legal framework are absolutely essential.

GOVERNMENT SUPPORT IS CRUCIAL. It can typically be mobilized more easily when the private sector has started to build some positive examples on the ground, demonstrating the potential of agricultural insurance. In addition to creating conducive policy and regulatory frameworks, governments can support agricultural insurance by collecting and publishing reliable data on production and weather, as well as by supporting financial literacy and insurance awareness campaigns. The support of governments (e.g. through data, reinsurance or technology) can also reinforce private sector engagement and lead to public private partnerships.

Subsidies are discussed controversially, while all seem to agree that they need to be “smart”. Government subsidies on premium, administration or reinsurance are not uncommon and also quickly called for in order to achieve affordability of agricultural insurance for smallholders. However, huge challenges exist in targeting subsidies to those farmer segments that need it most, in securing fiscal sustainability of such support as well as in ensuring its effectiveness in promoting higher food production.

CLIENT CENTRICITY IS REQUIRED IN PRODUCT DESIGN. We need a greater variety of products and those offered to the masses of individual smallholders have to become simpler in order to increase uptake. Research into clients’ business structure and opportunities are essential in order to inform product design and come up with services that reinforce positive business practises. Furthermore, the supply of insurance for smallholder households should also consider risks beyond agricultural production (e.g. health, life and property).

Some experts believe that advances made in various technological areas may allow for new, efficient indemnity-based insurance products or a blend between index- and indemnity-based approaches. One big hurdle to take will be achieving higher product simplicity: though clients can get educated and complex products be sold, the risk of disappointment and ultimate failure is real. Product simplicity is also key for not overburdening distribution and service partners. Therefore, those who design the products need to thoroughly study the smallholder’s preferences and requirements.

DATA REQUIREMENTS ARE HUGE AND LARGELY UNMET. In order to design meaningful agricultural insurance products at a fair price, detailed meteorological, land-use and agricultural production data collected over many years are required. In many cases these are not yet available and have to be built up over time. If these data are made public, then this costly undertaking can be considered a public good and an example of a smart subsidy.

Technological advances, from mobile phones to drones and satellites, are seen as key driver of success in making agricultural insurance an attractive product to both smallholders and the insurance companies. Technology may even allow for more efficient ways to offer indemnity-based insurance products, with some hybrid solutions between index and indemnity already being tested.

AGGREGATORS CONTRIBUTE TO BUILDING SCALE. Stabilizing agricultural portfolios of input suppliers, banks, traders and cooperatives with insurance is a valuable proposition in itself, keeping these organisations in business even after major harvest failures. In addition, these same organisations can be used to distribute agricultural insurance to the smallholders. Going beyond, clear mechanisms have to be found for letting smallholders benefit directly from the aggregators’ insurance policy.

From a food security perspective, food production has to increase and this will predominantly come from smallholder farming. In consequence, the sector has to focus on this client segment and the farming facing business that deals with smallholders. Furthermore, insurance at country level can contribute to disaster risk financing and protect the most vulnerable population segments in times of crisis.

INTEGRATION WITH OTHER SERVICES IS ESSENTIAL.

Agricultural insurance cannot work in isolation. Only in combination with other crucial services the farmer demands - access to quality inputs, access to extension services, access to appropriate credit and linkages to markets - agricultural insurance incentivises farmers and value chain actors to invest more into their businesses and ultimately contributes to an increase in production.

GOVERNMENTS AS POLICYHOLDERS CAN HELP

SECURING ACCESS TO FOOD. Insurance on a national or regional level and linked to agricultural production allows governments to plan their budgets better and to quickly access additional financial resources in the case of major food production shocks. Thus, social safety nets can receive funding in times of need and protect the most vulnerable population segments, which is a critical component of food security.

IMPACT EVIDENCE THROUGH EVALUATIONS AND RE-SEARCH IS NEEDED.

Harder evidence is needed to make the case for agricultural insurance, including the effects of agricultural insurance on production and productivity, so that the economic justification of support to agricultural insurance does not remain a theoretical one. This is important in order to determine where agricultural insurance truly makes a contribution to food security and keep support for the sector at a high level.

Concluding remarks



Tackling food insecurity is a pressing, though daunting task. This will involve working with and for smallholders who are key in producing more food in emerging economies but also with actors along the agricultural value chain. Agricultural insurance will have to be part of a broader package of financial services, including savings, credit and payment systems, knowing that insurance is likely the most complex financial service of them. Combined with other agrarian services, agricultural insurance clearly has the potential to serve as catalyst in transforming smallholder farming.

Smallholders' confidence has to be built up through products that deliver value and stay in the market. The agricultural insurance sector is not yet widely discussing responsible finance principles – however, this has to happen in order to avoid future crises. Both public and private sectors will have to work together in order to bring about profound change. For the public sector, an initial focus on the collection and dissemination of data relevant to agricultural insurance is paramount. Smart subsidies may be required but involved parties should be clear about potential market distortions, sustainability issues and have a clear exit strategy. Best practises and success stories need to be documented and widely shared in order to stimulate replication in other geographies.

PROGRAMME

Federal Ministry for Economic Cooperation and Development (BMZ)
Stresemannstr. 94, 10963 Berlin, Germany

Conference Moderator: **Conny Czymoch**, Journalist

THURSDAY, 27 NOVEMBER 2014

08.30 Registration

09.00 Opening Speech

Thomas Silberhorn

Parliamentary State Secretary to the Federal Ministry for Economic Cooperation and Development (BMZ), Germany

09.15 Key Note

AGRICULTURAL INSURANCE – HOW THE FINANCIAL SECTOR CAN CONTRIBUTE TO IMPROVING FOOD SECURITY?

Jean-Luc Perron

Managing Director, Grameen Crédit Agricole Microfinance Foundation, France

09.30 Panel

EXPLORING THE LINKAGE BETWEEN AGRICULTURAL INSURANCE AND FOOD SECURITY

Moderator: **Vijay Kalavakonda**

Senior Insurance Specialist, International Finance Corporation (IFC), Washington, D.C.

Presentation:

Michael Hamp, Lead Technical Specialist, Inclusive Rural Financial Services,
International Fund for Agricultural Development (IFAD), Rome

Alexa Mayer-Bosse, Business Development Manager, Munich Re, Germany

Michael Hamp, Lead Technical Specialist, Inclusive Rural Financial Services,
International Fund for Agricultural Development (IFAD), Rome

William Dick, Consultant, UN World Food Programme, Rome

David C. Hatch, Practice Leader, Risk Management, Inter-American Institute for
Cooperation on Agriculture (IICA), San José

11.00 Coffee Break

11.30 Spot Light Session

CHALLENGES OF AGRICULTURAL INSURANCE

Moderator: **Conny Czymoch**, Journalist

Ulrich Hess, Senior Advisor, Access to Insurance Initiative (A2ii), Germany

Shadreck Mapfumo, Senior Financial Specialist, Global Index Insurance Facility (GIIF), International Finance Corporation (IFC), Johannesburg

Pranav Prashad, Technical Officer, Impact Insurance Facility, International Labour Organization (ILO), Geneva

Michael Anthony, Head of Emerging Markets Development, Allianz Re, Switzerland

13.00 Lunch Break

14.30 Parallel Break Out Sessions

Break Out Session 1

ASPECTS OF AGRICULTURAL INSURANCE PRODUCT DESIGN IN REACHING HIGHER INSURANCE PENETRATION

Moderator: **Gilles Galludec**

Program Manager, Global Index Insurance Facility (GIIF), Washington, D.C.

Gary Reusche, Senior Technical Specialist, Global Index Insurance Facility (GIIF), Kiev

Agrotosh Mookerjee, Principal Actuary, MicroEnsure, United Kingdom

Andrea Stoppa, Consultant, African Risk Capacity (ARC), Italy

Sonu Agrawal, Founder and Managing Director, Weather Risk Limited (WRMS), India

Break Out Session 2

DISTRIBUTING AGRICULTURAL INSURANCE PRODUCTS TO THE TARGET GROUP

Moderator: **Michael Anthony**

Head of Emerging Markets Development, Allianz Re, Switzerland

Olga Speckhardt, Head of Global Insurance Solutions, Syngenta Foundation for Sustainable Agriculture, Switzerland

Stefan Hirche, Principal Project Manager, KfW Development Bank, Germany

Josh Ling, Microinsurance Specialist and Actuary, Mercy Corps and Microinsurance

Catastrophic Risk Organization (MiCRO), Colombia

Yoseph Aseffa, Chief Technical Advisor, Microinsurance, International Labour Organization (ILO), Addis Abeba

Break Out Session 3

DEMAND FOR AGRICULTURAL INSURANCE ALONG THE VALUE CHAIN

Moderator: **Pranav Prashad**

Technical Officer, Impact Insurance Facility, International Labour Organization (ILO), Geneva

Chirantan Banerjee, Planning Officer, Agricultural Finance and Insurance, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany

Sébastien Weber, Project Manager, PlaNet Guarantee, France

Christina Ulardic, Head of Market Development Africa, Swiss Re, Switzerland

16.00 Coffee Break

16.30 Wrap up

Moderator: **Conny Czymoch**, Journalist

Gilles Galludec, Program Manager, Global Index Insurance Facility (GIIF), Washington. D.C.

Michael Anthony, Head of Emerging Markets Development, Allianz Re, Switzerland

Pranav Prashad, Technical Officer, Impact Insurance Facility, International Labour Organization (ILO), Geneva

17.45 Announcement of “Community of Index Insurance Practitioners”

18.15 End of Conference Day

18.30 Bus Transfer to Dinner Reception

19.00 Dinner Reception

Im Spreespeicher, Stralauer Allee 2a, 10245 Berlin

21.30 Bus Transfer to the hotels

28 NOVEMBER 2014

- 09.00 Panel
WHAT IS THE ROLE OF THE GOVERNMENT IN CREATING A CONDUCTIVE ENVIRONMENT FOR AGRICULTURAL INSURANCE?
Moderator: Arup Chatterjee
Principal Financial Sector Specialist, Asian Development Bank (ADB), Manila
- Lonny McPherson**, Insurance Supervision and Regulation Consultant, Canada
Daniel Clarke, Senior Disaster Risk Financing and Insurance Expert, The World Bank Group, London
Kenneth Ayuko, Deputy Director of Agriculture, Policy Development Coordination, State Ministry of Agriculture, Kenya
David C. Hatch, Practice Leader, Risk Management, Inter-American Institute for Cooperation on Agriculture (IICA), San José
- 10.45 Coffee Break
- 11.15 Panel
AGRICULTURAL INSURANCE AND FOOD SECURITY – THE WAY FORWARD
Moderator: **Wolfgang Bücker**
Head of Financial Systems Development, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany
- Susanne Dorasil**, Head of Division “Sustainable Economic Policy, Financial Sector”, Federal Ministry for Economic Cooperation and Development (BMZ), Germany
Jean-Luc Perron, Managing Director, Grameen Crédit Agricole Microfinance Foundation, France
Esther Baur, Director of Global Partnerships, Swiss Re, Switzerland
Vijay Kalavakonda, Senior Insurance Specialist, International Finance Corporation (IFC), Washington, D.C.
Arup Chatterjee, Principal Financial Sector Specialist, Asian Development Bank (ADB), Manila
- 12.30 Closing Speech
Susanne Dorasil
Head of Division “Sustainable Economic Policy; Financial Sector”, Federal Ministry for Economic Cooperation and Development (BMZ), Germany
- 13.00 Lunch / End of Conference



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