



# Agricultural Microinsurance

Steve Coffey - Cancún 2010

# LIGHTHOUSE PROJECTS



- The extreme weather related risks that prevent small-scale farmers from accessing loans to purchase improved farm inputs are partially historical and also partially due to climate change
- This situation affects 500 million small scale farmers, their families and communities
- MicroEnsure, is implementing pilot projects in Africa, India, and Philippines to provide small-scale farmers with access to an appropriate and formal line of credit protected by agricultural microinsurance
- This allows small-scale farmers to purchase high quality seeds and fertilizers, and enables them to improve their production yields by typically up to 300% and enables them to bring additional land under cultivation



# EXAMPLE PROJECT



## ■ Example of maize crop planting of 1 acre in Northern Tanzania:

### *Without access to credit*

Inputs - planting of seed leftover from the previous harvest

Harvest - 5 bags of maize per acre - 20,000 TZS per bag of maize

Net harvest value - 100,000 TZS per acre

### *With access to credit protected by insurance*

Inputs - 200,000 TZS of inputs per acre

(seed grain, fertiliser, herbicide and insecticide)

Harvest - 28 bags per acre @ 20,000 TZS per bag of maize

Total harvest value - 560,000 TZS per acre

Repayment of loan, interest and insurance 240,000 TZS

Net harvest value - 360,000 TZS per acre

# ADAPTATION OPPORTUNITIES



- This form of agricultural microinsurance is technically referred to as Weather Index Insurance (WII) and typically uses rainfall data as a measure of drought or flood
- An adaptation opportunity currently exists for bilateral donors to support the scaling up of Weather Index Insurance pilots in developing world countries
- An opportunity is also emerging to assist 500 million small scale farmers and their communities to adapt to severe weather events that are forecast by climate scientists to increase in both frequency and severity
- Subsidising weather index insurance premiums would thus recognise that severe weather events that prevent small-scale farmers from accessing loans to purchase improved farm inputs are both partially historical and also partially due to climate change





**Thank You ..!**

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