

Tuesday, 13 October 8:30– 9:30

Philippines Room

Enhancing food security through agriculture insurance, a concrete tool for the future of African farmers

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ORGANIZERS

FARM Foundation

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UK National Research Institute

Abstract: Agriculture insurance can assist in reducing poverty and making a difference in food security. This tool is projected to be even more important in the future with the rising likelihood of severe climate hazards. Insurance protects farmers from climate-related crop and livestock losses, thereby helping in stabilizing and increasing their income. It makes it easier to obtain credit for investing in their farm, thus boosting yields and increasing the quantities that can be sold on the market. Panelists will highlight the obstacles that stand in the way of the development of agricultural insurance in Africa and suggest solutions to provide all farmers the protection they deserve.

KEYWORDS: Agricultural Insurance , Access to Credit , Risk management, Resilience of farmers to climate hazards

Languages: EN

Refreshments

Summary: Insuring farmers against climate hazards can encourage them to invest on their farms and increase their production, by easing access to credit. In Africa, pilot projects based on index-based insurance are promising, but have generally failed to reach small farmers on a significant scale. Better data, a good distribution system and a facilitating regulatory environment can help devising and marketing insurance products suited to farmers’ needs. Building efficient public-private partnerships is key to success.

Key outcomes/take away messages

- Access to reliable meteorological data is necessary to develop efficient (i.e. with limited basis risk) and affordable agricultural insurance products.
- Index-based insurance has many advantages over traditional, indemnity-based insurance, and is the preferred option in developing countries. However, there are examples of low-cost indemnity-based insurance covering only a limited number of risks.
- The challenge is to build whole insurance chains, from local insurers to international reinsurers, with a long term commitment. This requires strong expertise and capacity-building at each segment of the insurance chain.
- Limiting the value to be insured (e.g. by focusing on inputs and credit) can allow to reduce insurance premiums.
- Educating farmers on the value of insurance is very important, although it is time and resource-consuming.
- Governments and donors have a crucial role to play, at different levels: improving access to meteorological data, subsidizing insurance premiums to help start the projects, providing reinsurance... But public intervention should be as “smart” as possible to limit inefficiencies and market distortions.