

Effective Policies for Promoting Agriculture Climate Insurance to Increase Resilience in ASEAN

An ASEAN-CRN Knowledge Exchange Event
August 16-18, 2016, Ho Chi Minh City, Vietnam



The agriculture sector in Southeast Asia is the most vulnerable to natural hazards including typhoons, floods, landslides, droughts, earth quakes, and tsunamis with total crop and livestock production losses amounting to USD 28 billion or 40 percent of total losses (FAO STAT, 2003-2013).

Moreover, these natural hazards and extreme weather events, increasing in frequency due to climate change and environmental degradation, pose a high risk to agricultural production and therefore food security. With a large share of their populations depending on agriculture for their livelihoods, Southeast Asian Nations are especially vulnerable. Recognizing this threat, the member states of the Association of Southeast Asian Nations (ASEAN), are exploring effective approaches to increase their resilience to climate change through national policies as well as regional collaboration.

The ASEAN-Climate Resilience Network (ASEAN-CRN) serves as a platform that promotes climate resiliency in agriculture through exchange of information, expertise, and experiences on climate smart agriculture (CSA) practices and policies in Southeast Asia. It formulates policy recommendations and contributes to the international climate change discourse. The ASEAN-CRN brings together ASEAN Member States' (AMS) focal points from relevant technical working groups, as well as national and international research organizations, private sector representatives, civil society organizations, and development partners.

Crop insurance as an ex-ante measure to manage risk in agricultural production and increase resilience has been promoted for years in a number of AMS, mostly on a pilot basis and by exploring different approaches (e.g. indemnity based, weather index based insurance). Through the ASEAN-CRN, initial knowledge exchange activities took place to broaden the understanding of policies and practices amongst AMS on effective crop insurance schemes. Progress is mixed among AMS and challenges remain to promote a market environment where crop insurance is available to the most vulnerable farmers.

Meanwhile, the United Nations Food and Agriculture Office (FAO) has developed, jointly with the CABFIN partners (IFAD, GIZ, World Bank and UNCDF), a training course entitled "Agricultural insurance in developing countries: good practices for implementing successful and integrated risk transfer programs", to increase knowledge and capacities of technical institutions mandated by governments to implement agriculture insurance schemes.

The Stockholm Environment Institute (SEI) is a non-profit, independent research and policy institute specializing in sustainable development and environmental issues. Starting in 2015 SEI has launched an initiative on climate finance to examine the key obstacles and challenges to building a more effective, efficient and fair climate finance regime as well as to understand the effectiveness of climate financing options to address the impacts of

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climate change. In particular, the SEI Climate Finance Initiative seeks to develop insights into the capabilities and limitations of financial instruments, such as insurance, to tackle the issue of loss and damage in agriculture.

The Geodata for Crop Insurance in Indonesia (G4INDO) Project supports the Government of Indonesia with the launch and scale their new national crop insurance program for smallholder rice farmers. The G4INDO team of international and local experts provides technical assistance to the Indonesian Ministry of Agriculture, other government departments, and private sector stakeholders on utilizing state-of-the-art remote sensing technologies (radar and optical images), insurance product design (index and indemnity), socialization and loss assessment procedures, and socio-economic analysis. G4INDO is financially supported by the Netherlands Space Office and runs from 2014-2017.

Vietnam, with its National Agricultural Insurance Pilot Program, has been active in soliciting support from other AMS to infuse its scheme with perspectives from others, through the knowledge exchange facilitated by ASEAN-CRN. Underlining their commitment for regional cooperation on the issue, Vietnam, through the Ministry of Agriculture and Rural Development (MARD) in close cooperation with the Ministry of Finance, is hosting this event.

Objective

The objective of the workshop is to bring together policy makers, scientists, practitioners, and private companies engaged in developing crop insurance products and respective policies in ASEAN. This is to exchange experiences and knowledge on viable, pro-poor and gender sensitive crop insurance solutions as well as to discuss collaboration in the field of regional policies and capacity building to improve farmers' access to such insurance products.

Through panel presentations, large and small group discussions, and a hands-on training workshop, conference delegates will share 'best practice' approaches and ways to mitigate challenges as experienced in national agricultural insurance programs in AMS. Part of the conference will be structured as an interactive problem solving workshop wherein two key challenges, as suggested by delegates in advance of the conference, will be discussed in-depth. Possible focus areas include: best practices in farmer training/awareness creation to drive uptake, developing product distribution channels, leveraging new technologies for registration and claims, scaling with mobile technologies, or prioritizing risks to cover. The goal is to have actionable learnings that delegates can take back to the insurance programs in their home countries.

Expected Outcome

The expected outcome of the knowledge exchange is that: *"Stakeholders in AMS have strengthened their capacities for developing effective strategies to promote crop insurance for vulnerable households"*. This contributes to the overall aim of: *"The resilience to climate change related impacts of rural communities in ASEAN is increased"*.

Outputs

The expected outcome is achieved through the following outputs:

- Current status, challenges, and lessons learned from implementing different crop insurance schemes in AMS are assessed, presented and discussed;
- Best practices to promote crop insurance markets and increased access by vulnerable farmers are identified
- Challenges and capacity needs to scale-up crop insurance in ASEAN are identified;
- Technical platforms related to remote sensing, mobile-enabled distribution, registration and loss assessment discussed;
- The potential contribution of regional policies or guidelines for ASEAN wide scaling-up of crop insurance is discussed and next steps for regional collaboration are defined; and,
- A practical training workshop on the *10 Phases in Developing a National Crop Insurance Program* is provided with field trip to illustrate implementation.

Participants

- Representatives from AMS Ministries of Finance, Ministries of Rural Development and/or Ministries of Development Planning engaged in crop insurance policies
- Technical experts on agricultural insurance from the AMS Agriculture Research and Development Institutes (through the ASEAN Technical Working Group on Agricultural Research and Development (ATWGARD) focal points)
- Policy makers from AMS Ministries of Agriculture (through the ASEAN Sectoral Working Group on Crops (ASWGC) focal points)
- Climate change practitioners and policy makers from AMS Ministries of Environment/Meteorological Institutes (through the ASEAN Working Group on Climate Change (AWGCC) focal points)
- Civil society or farmer representatives working on resilience in agriculture
- Insurance companies from or operating in AMS active in agricultural insurance
- Policy think tanks in AMS
- Implementing organizations for current AMS national crop insurance programs

Organization

The ASEAN-CRN, chaired by the Thailand Department of Agriculture (DoA), in close cooperation with the Vietnam MARD acts as a host and facilitates the invitation of ASEAN governments and partner organizations in cooperation with the ASEAN Secretariat; the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, through the Forestry and Climate Change (FOR-CC) project of the ASEAN-German Programme on Response to Climate Change (GAP-CC) supports MARD to organize the event and reach out to relevant stakeholders, technical experts and funding partners. FAO provides technical inputs and provides resource speakers. SEI provides technical and financial support to this event through its initiative on climate finance. It facilitates some of the workshop sessions and produces a knowledge product on agricultural insurance based on the workshop results. G4INDO provides support for conference planning, resource speakers and facilitators, sponsorship, and with a practical training workshop for implementing crop insurance programs.

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Draft Program

TIME	TOPICS	
DAY ONE		
09:00 – 09:45	Welcome remarks and introduction Group photo	Vietnam MARD, ASEAN-CRN
09:45 – 10:15	Agricultural insurance to manage risk – different schemes for different purposes	FAO
10:15 – 10:45	The applications of crop insurance to address climate change impacts	SEI's Climate Finance Initiative
10:45 – 11:00	<i>Coffee break</i>	
11:00 – 11:15	ASEAN policies and frameworks related to crop insurance	AHA Center; AADMER framework
11:15 – 11:30	ASEAN Statement on Improving Agricultural Insurance	SEARCA
11:30 – 12:00	Expectations and needs of participants	FAO/GIZ
12:00 – 13:30	<i>Lunch break</i>	
13:30 – 15:00	Update on national crop insurance schemes and policies in AMS	Government representatives from Indonesia, Philippines, Thailand, Vietnam
15:00 – 15:30	<i>Coffee Break</i>	
15:30 – 16:30	Perspectives from the private sector in ASEAN – limitations and prerequisites for commercial insurance products in agriculture	Company representatives to be identified (e.g. BaoViet / BaoMinh, Thai General Insurance Association, Jasindo (Indonesia))
16:30 – 17:30	Discussion – roles of private and public sector in promoting access to insurance products for farmers	SEI's Climate Finance Initiative
17:30 – 17:45	Wrap-up of Day 1	
DAY TWO		
09:00 – 10:30	Effective interventions that promote better risk management in the agricultural sector	FAO
10:30 – 10:45	<i>Coffee break</i>	
10:45 – 11:30	The importance of re-insurance markets	To be identified (e.g. Swiss Re Thai General Insurance Association)
11:30 – 12:00	Remote sensing information to reduce transaction cost – progress and lessons learnt in the RIICE project	RIICE

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	Innovative approaches and technologies for crop insurance promotion	G4INDO
12:00 – 13:00	<i>Lunch break</i>	
13:00 – 13:30	Research and capacity needs in AMS	CABFIN Content
13:30 – 14:00	Results of group work	CABFIN Content
14:00 – 15:00	The ASEAN Economic Community as an integrated market for crop insurance products – Challenges and opportunities	ASEAN-CRN
15:00 – 15:30	<i>Coffee Break</i>	
15:30-16:30	Regional collaboration to promote agricultural insurance in ASEAN – next steps through the ASEAN-CRN	ASEAN-CRN/SEI
DAY THREE		
Continuation of CABFIN training: Agricultural insurance in developing countries: good practices for implementing successful and integrated risk transfer programs		