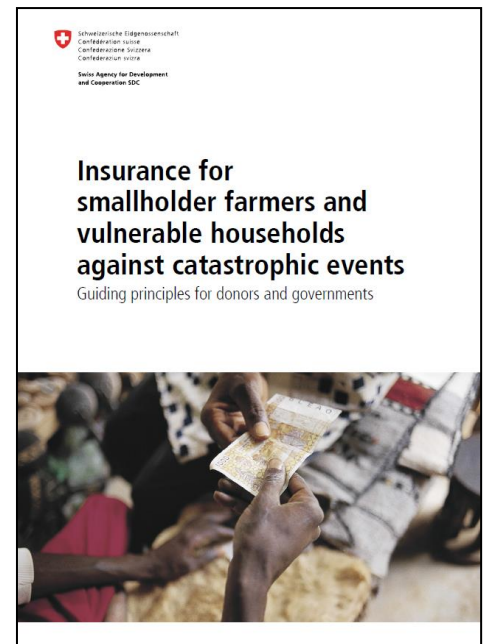


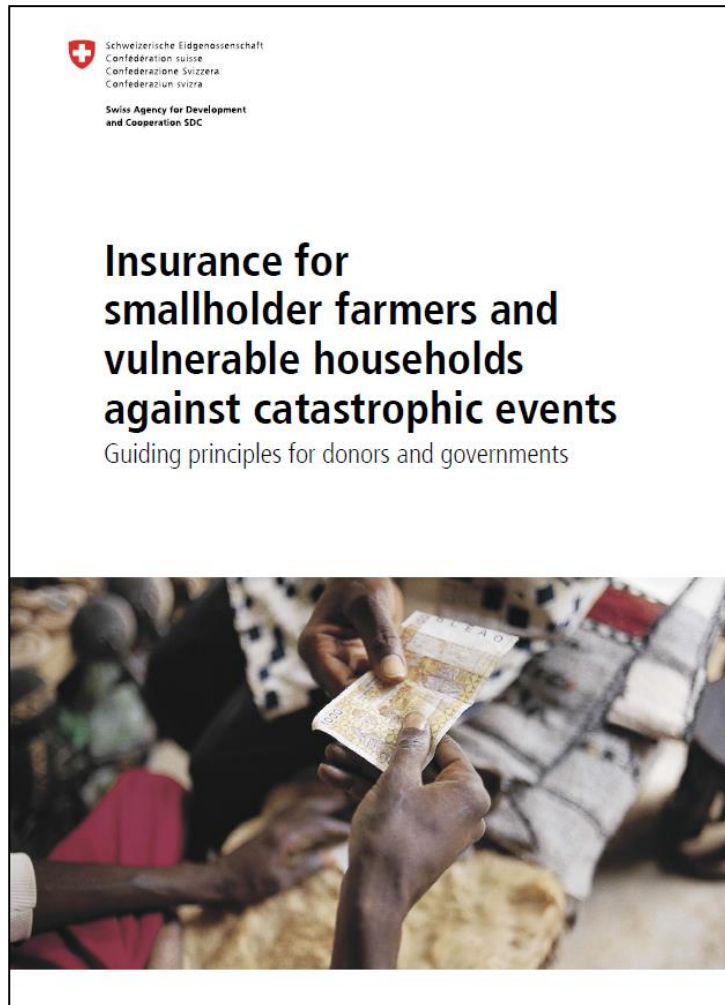


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Guiding principles **Insurance for smallholder farmers and vulnerable households against catastrophic events**





- 1. Project Preparation – selection of promising projects**
- 2. Definition of success and outcome monitoring**
- 3. Key assessment questions**



Project preparation

Key characteristics Agricultural & Catastrophe Insurance

1. Insurance is a risk management tool – it is a means to an end only and not a goal in itself

- difficulties to show ultimate direct & indirect effects from being insured
- Necessity to have clear result chain & plausible hypothesis on outcome

2. There is little spontaneous demand in low-income population segment

- Demonstration of customer value to generate demand
- Efforts into financial literacy campaigns, educational marketing

3. Insurance is an intangible service; direct benefits can only be measured in event of loss

- Linking project input to result is challenging



Rational for supporting

1. Increase productivity => generation of income and employment
2. Social protection of low-income populations hit by disasters



Approaches

1. Comprehensive Risk Management

Prevention, adaptation, mitigation, transfer

→ protection against set-backs & help farmers to get back on feet

→ enable farmers to engage in more risky farming activities



2. Insurance Market Development

Developing insurance market as part of the financial sector



3. Social Protection

As one component in extending social protection






Preconditions

1. Regulatory framework
2. Receptive policy framework
3. Reinsurance
4. Historical data
5. Distribution network
 - Disincentive through ex-post interventions
 - Subsidies

!!! Context Assessment !!!






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Insurance for smallholder farmers and vulnerable households against catastrophic events

Guiding principles for donors and governments

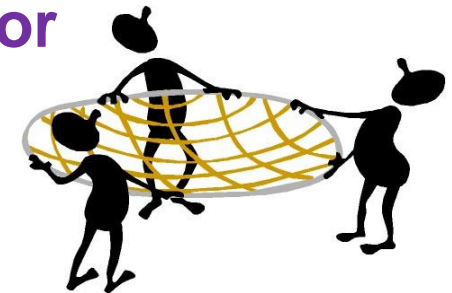


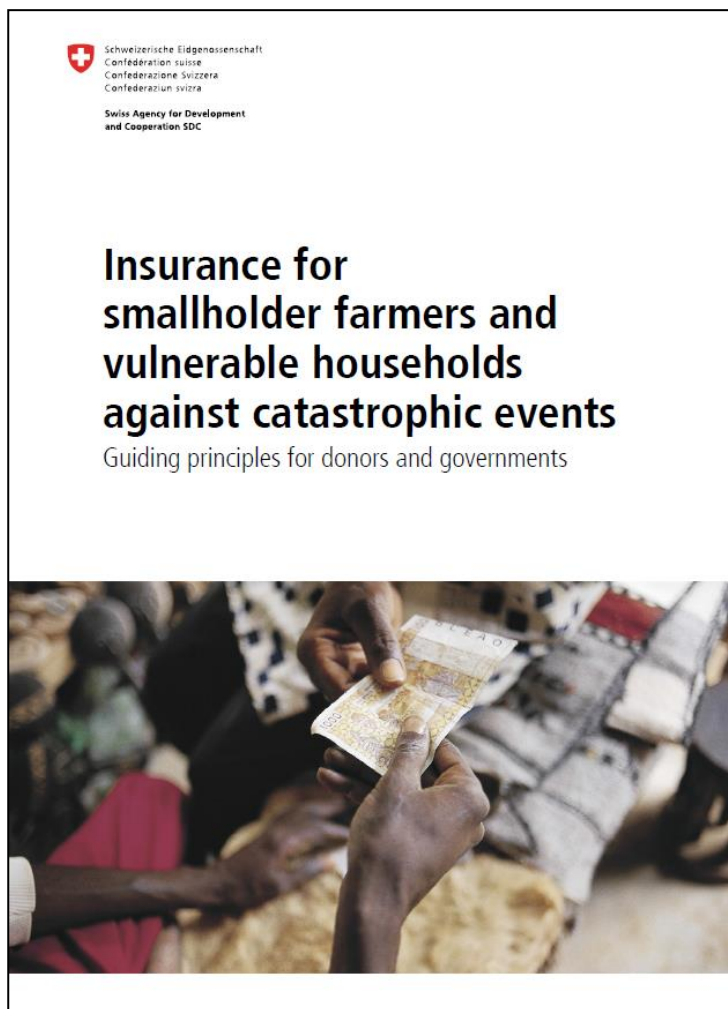
1. **Project Preparation –
selection of promising
projects**
2. **Definition of succes
and outcome
monitoring**
3. **Key assessment
questions**



Definition of Success & Monitoring

- Deepening the financial sector
→ number of companies active
- Improved agricultural risk management
→ overall productivity and resilience of the agricultural sector
- Provision of social safety nets
→ response activities in case of major calamities and long-term impact





1. **Project Preparation – selection of promising projects**
2. **Definition of success and outcome monitoring**
3. **Key assessment questions**



Key assessment questions

Questions related to ...

- ... rationale for supporting ACI Projects
- ... essential preconditions for successful ACI projects
- ... smart subsidies in agriculture
- ... sustainability in ACI projects
- ... complementary approaches
- ... definition of success and outcome monitoring



Links

Guidelines:

http://www.sdc-employment-income.ch/en/Home/Financial_Sector/FSD_Main_Topics_and_Resources/Microinsurance_Agriculture_and_Catastrophe_Insurance

e+i network - Webplatform for Practitioners:

<http://www.sdc-employment-income.ch/en/Home>