



WBG GIIF Program Assessment 2016-2022

Review & Lessons learnt

MAY 2024

Agenda



Country Overview assessment

- **Review:** Major insights and outcomes from GIIF initiatives across scope countries (Bangladesh, Indonesia, Kenya, Nigeria, Senegal, Sri Lanka, Zambia)



African countries deep dive

- Share insights on index insurance development in Kenya, Senegal, Zambia and Nigeria



Asian country deep dive

- Share insights on index insurance development in Bangladesh, Indonesia, and Sri Lanka



Country Deep dive take away

- Lessons learnt from GIIF initiatives in scope countries



Lessons learnt and Implications

- Discuss lessons on how to evolve project management
- Lessons on value chain intervention, i.e., product evolution design, optimizing customer journey invest in building capabilities
- Explore collaboration i.e., collaborate, share information or monitor developments

Context | GIFF aims to facilitate access to finance for smallholder farmers



Global Index Insurance Facility (GIIF)

- World Bank program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, & microfinance institutions
- Provision of catastrophic risk transfer solutions and index-based insurance in developing countries
- Regional partners have facilitated over 4 Million contracts, ~\$2.5 Billion in sums insured
- Covered ~70 Million beneficiaries worldwide, & over 1 Million with access to index insurance



Program objectives



Facilitate access to financing for the vulnerable smallholder farmers



Strengthen financial resilience of the poor against impact of climate change



Sustain food production for local communities

Provided support to countries in Asia, Africa, The Latin America and the Caribbean

Context | Our assessment



Context

Climate change impact is being disproportionately felt by **developing nations, who often have limited resources**, infrastructure, and technological capabilities to adapt and mitigate the adverse effects of climate change. Recognizing this imbalance, global efforts are being made to **address climate-related impacts and enable resilience & adaptation**.

The World Bank Group (WBG) launched the Global Index Insurance Facility (GIIF) to specifically **address the scarcity of affordable insurance protection** against weather & catastrophic risks for the **agriculture sectors** of emerging economies in Africa, Asia, and other regions, with focus on smallholder farmers (crop & livestock).



Objectives

Two of GIIF's donors sought to evaluate the program's performance over 2016-2022, against the OECD's Development Assistance Committee's (DAC) 6 key evaluation criteria:

- **Relevance:** To what extent were objectives of GIIF's intervention are consistent with the needs of beneficiaries and partners?
- **Coherence:** How well does the intervention's compatibility fit with other interventions
- **Effectiveness:** To what extent were the projects' targets attained, and the project's specific objective(s) achieved, or are expected to be achieved?
- **Efficiency:** How well did GIIF manage funds & resources and transform them into activities, outputs, and intended mid-term outcomes?
- **Impact & Sustainability:** To what extent are the outcomes and the flow of benefits likely to continue after external funding terminates

In addition, we reviewed 2 non-OECD DAC dimension

- **Context:** What were/are beneficiaries' & stakeholders' needs? What are the "stakes" for GIIF's intervention area
- **Lessons learned:** How could GIIF modify its theory of change, given learnings & emergent needs, and enable growth

Basis of our perspective was informed through multiple sources

Assessment of GIIF efforts focused on 7 countries ...

4 African countries



Kenya



Nigeria



Senegal



Zambia



3 Asian countries



Bangladesh



Indonesia



Sri Lanka

... and leveraged multiple source of information



Objectives



Share findings key findings | Review and discuss major insights and outcomes from GIIIF initiatives across scope countries



Lessons Learned | Leverage country deep dives to share on key learnings and expand through discussion exercise



Areas of collaboration | Discuss potential collaboration with other NGO's/stakeholders to expand and enhance All market

The assessment considered 8 dimensions

- 1 **Context:** What were/are beneficiaries' & stakeholders' needs? What are the "stakes" for GIIF's intervention area (inclusive ag insurance)
- 2 **Relevance:** Did GIIF target the right goals to address beneficiaries' & partners' needs and value chain pain points in the region c.2016?
- 3 **Coherence:** How well does GIIF's interventions fit with its funding mandate, other stakeholders' actions, and insurance sector moves?
- 4 **Efficiency:** How efficiently & timely were resources managed & deployed on planned activities?
- 5 **Effectiveness:** Did GIIF meet its stated objectives, targets, and other goals that it set out to achieve over 2016 to 2022?
- 6 **Impact:** As of 2023, what signals suggest intended changes are happening? Any externalities? How did GIIF contribute to them?
- 7 **Sustainability:** What signals from the insurance & agriculture value chains (incl. SHFs) suggest GIIF-supported changes are likely to last without GIIF?
- 8 **Lessons learned:** How could GIIF modify its theory of change, given learnings & emergent needs, and capture opportunities to grow impact?

Part of OECD criteria # Not part of OECD criteria

Overview of assessment across dimensions (I/III)



Relevance

- Smallholder farmers (SHF) face **rising financial vulnerability** to climate risk
- Traditional indemnity insurance often has **inconsistent and slow pay-outs**, is constrained by government budgets or insurance providers' lack of financial stability
- GIIF's 2016-2022 **activities focused on bottlenecks across the value chain** (product; sales & distribution; actuarial & underwriting; claims & service; and reinsurance) – most of which are insurmountable for any individual stakeholder



Coherence

- GIIF synergized with **3 key stakeholder groups** namely state-owned insurers, development actors, and intra-WBG
- **State-owned insurers:** Realized collaborations in 3 of 5 core countries; **further collaborations may be possible** as pilots demonstrate traction & signals of sustainability
- **Development actors:** Collaboration in developing **Agriculture Index Insurance (All)** products and/or support of knowledge sharing vehicles
- **Intra-WBG:** Opportunity for stronger collaboration & coordination where there is **significant shared interest**

Criticality ■ High ■ Medium ■ Low

Overview of assessment across dimensions (II/III)



Efficiency

- GIFF's initiatives achieved an initiative cost per contract-year of ~\$3
- Actual spend came in ~4% below budget
- Programs maintained regular reporting cadences
- Capital-light model excelled with GIFF relying heavily on partners and local IFC project managers
- Projects largely delivered on-time; outside of issues beyond GIFF's mandate, delays were attributable to partner's execution or hard-to-fill turnover in TTL posts



Effectiveness

- Surpassed goals by achieving 120 new hybrid/index products globally against target of 55
- Created regulatory environments enabling All policies, pricing & risk selection
- 38 insurance companies underwriting hybrid/index products globally (vs. target of 32)
- Improved capability & awareness with 47 technical trainings globally (vs. target of 35)
- Expanded product offering to include weather index insurance and area yield index

Criticality ■ High ■ Medium ■ Low

Overview of assessment across dimensions (III/III)



Impact

- Significant progress with **\$88M gross premium generated globally**, against a target of \$48.9M
- **~12M contracts issued** by implementing partners globally against a target of ~8.5m
- Farmers report an **enhanced sense of resilience** against risks due to the provision of All
- Agri-insurance served as a **key unlock for the provision of credit**
- Farmers in some countries **exhibit low awareness of index insurance**, largely attributable to a lack of understanding of the product and claims components of All








Sustainability

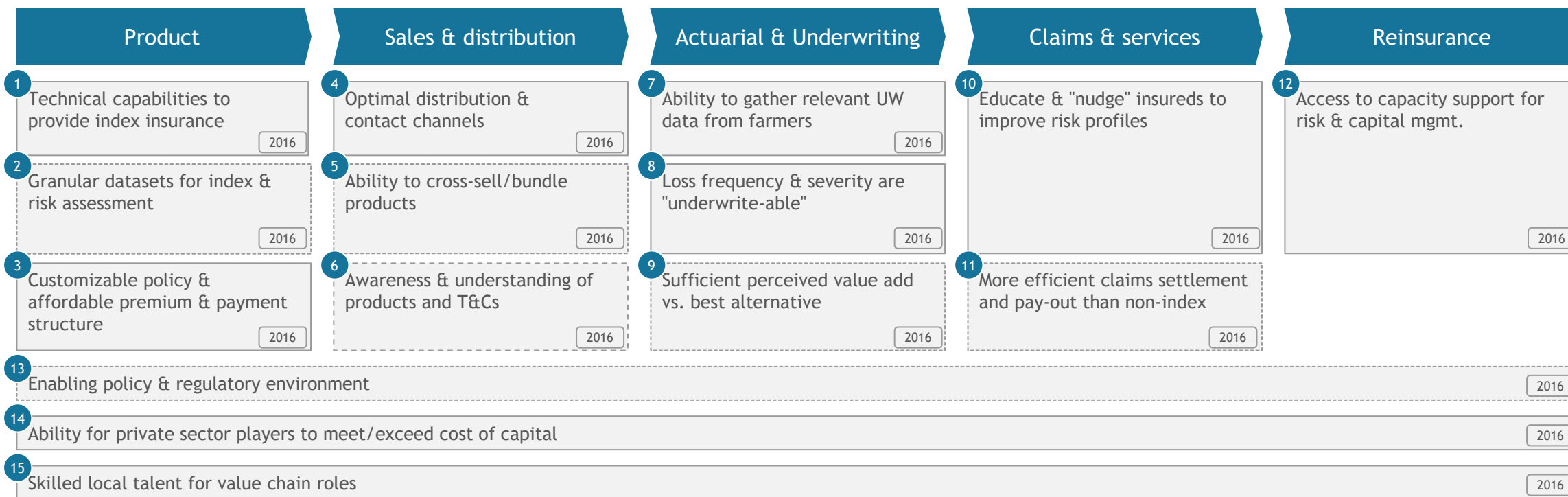
- **3 areas to address** to unlock further agriculture index insurance penetration & become fully self-sustaining - **Evolve product design, Optimize customer journeys, and Insurer capabilities**
 - **Evolve product design** for holistic risk transfer, i.e., expand into additional geographies, insurable perils, and cultivations;
 - **Optimize customer journey** by providing more consistent education on coverage and policy documentation across channel
 - Encourage insurers to **build out required capabilities to support Product evolution** and help optimize distribution & claims journey

Criticality ■ High ■ Medium ■ Low

GIIF strong performance across the eight assessment dimensions is evident in the outperformance of key KPIs set in 2016

		Outperformance	Target	Actual
	Gross Premium Generated	+80%	\$49M	\$88M
	Number of contracts directly issued by implementing partners	+41%	8.5M	12M
	New hybrid/index insurance products launched	+118%	55	120
	K-Platform documents published	+1071%	35	410
	Knowledge & Awareness Workshops held	+40%	2,000	2,800

In addition, our analysis assessed the level of value chain maturity across 15 elements

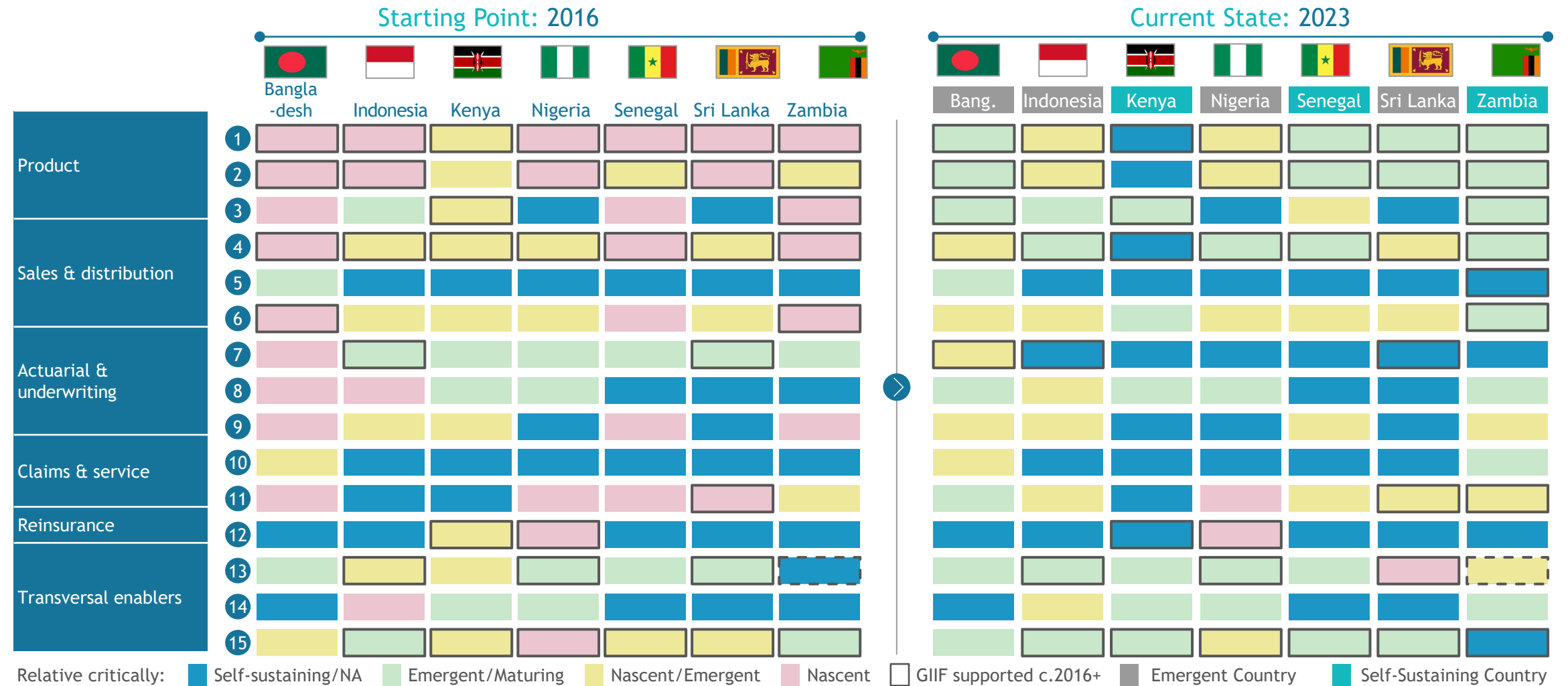


Each element was assessed and rated according to capability maturity



- Ranges from Low product covers (only WII) to various hybrid product covers
- Low to high product development capability
- Low to high insurance penetration
- Limited regulations to support index products

Significant improvements made across countries and dimensions, however, areas across product development and sales & distribution





Africa | GIIF interventions across the value chain that ensured achievement of goals between 2016 - 2022

Product Development

- ☆ **Product development & Innovative insurance model**
 - Developed IBCI¹ dry-run WII & development of hybrid products MPCII²
- ☆ **Product development support**
 - Support to Syngenta for Kilimo Salama Project/ACRE Africa
 - Support on product design, pricing, with MayFair (Zambia)
- ☆ **Implementation support/ Pilots**
 - Implemented pilot programs and ops support for IBLI³ & feasibility studies for AAI in Senegal
- ☆ **Partnership with local players**
 - Mayfair partnership in Zambia
 - Partnered with other players to workshop dev. of a tech-driven hybrid index in Nigeria (NiMet)

Sales and distribution

- ☆ **Digital & Web-based solutions**
 - Supported development of info mgmnt. (MIS⁴) in Senegal
- ☆ **Advanced data platforms**
 - Development of data centers & integration to enhance sales capability
- ☆ **Local provider engagement**
 - Supported pilot program where input providers acted as distributors
- ☆ **Consumer education and support**
 - Developed comprehensive training programs for input providers & farmers

Claims and services

- ☆ **Innovation and efficient claim process**
 - Developed “seeitgrow” picture-based app
 - Designed claims (SOPs) for Kilimo Salama

Transversal enablers

- ☆ **Policy & reg framework enhancement**
 - Supported dev. of insurance policies to enable scaling of microinsurance
- ☆ **Training and skills development**
 - Implemented continuous training across stakeholders

Reinsurance

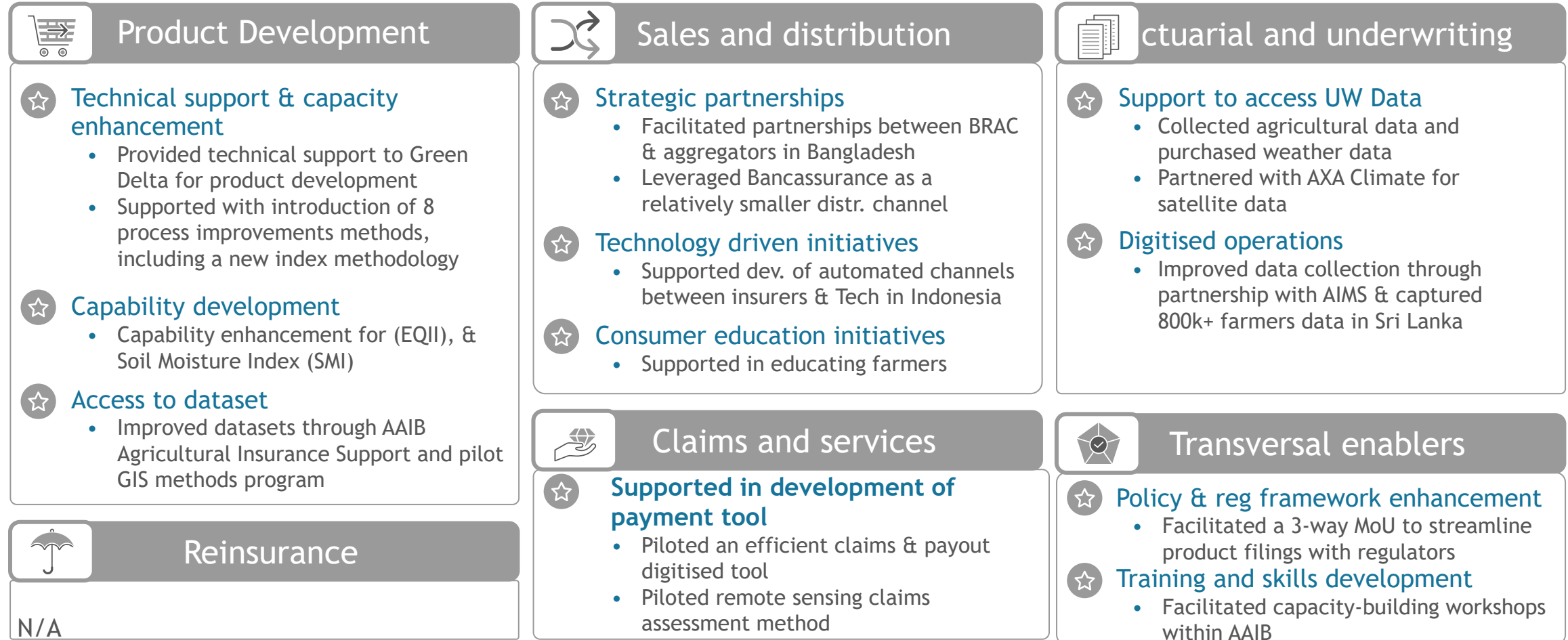
- ☆ **Advisory support for structuring Re. solutions in Kenya/SPV to back Acre**
- ☆ **Facilitated risk sharing initiative**
 - Established “Experience account” & risk-sharing with Africa Re. in Nigeria

Actuarial and underwriting

N/A

1. IBCI- Index-Based Crop Insurance , 2. mpci - Multi-Peril Crop Insurance, 3. Index-Based Livestock Insurance, 4. MIS - Management Information Systems
 Source: ACRE Africa PSRs & end of support report; IFAD PSRs; FSD Kenya, IRLI, IBLI website; IFC, SSA Index Insurance Project Completion Report (July 2021); GIZ, R4 Initiative FactSheet (Nov 2019); ; GIIF Country Profile; GIIF SSA Completion Report (2021); GIIF Rapid Assessment; GIIF Experience Account; World Bank Nigeria Crop Weather Insurance Pre-feasibility Report. 2011; Hansen JW et al. 2017; ; ILRI, Presentation on “Risk Financing Solutions for cattle drought risk in the Sahel,” 2023; TTL & stakeholder interviews; Press & desk research; Zambia Country profile, InsuResilience Zambia FtSheet

Asia | GIIF interventions across the value chain that ensured achievement of goals between 2016 - 2022



Stakeholders suggest GIIF-supported ag insurance schemes improve resilience and unlock A2F for end beneficiaries

Improved financial security, resilience among farmers

“ I see myself secured. E.g., I still depend on the insurance so even if I fail to harvest I am sure that I will still get money from the insurance and... I can still get help from the group

 Village Advisor in self-help group (~20), ACRE + KCEP adopter)

“ [Before we got insurance and a loss occurred] We managed, and we cried because we didn't have any assistance. [Now that we have insurance] We thank God for], because it's like its going to assist us

 Farmer & president of farmer's association with 5 members

“ [Because Jasindo insurance paid out for a claim] I wasn't confused anymore about where I could get more capital for farming

 Farmer Interview HV 2, 2023

Access to agricultural finance & stable economy

“ Since the introduction of insurance, bancassurance, the repayment rate has risen to ~90-95% [up from ~70-80%], especially for La Banque Agricole...

 Technical Director, CNAAS

“ As a leading insurance institution in the country, we believe crop insurance protects rural economy. And weather-index insurance will help regulate farmers' incomes and infuse reliability to this uncertain sector.”

 Farzana Chowdhury, Managing Director of Green Delta

African countries assessment

4 African countries



Kenya



Zambia



Senegal



Nigeria

Self-Sustaining Markets

- Strong policy to propel adoption
- Strong build-out of capabilities to ensure sustainability

Emerging Market

- Moderate capability with supporting policies

Nascent Market

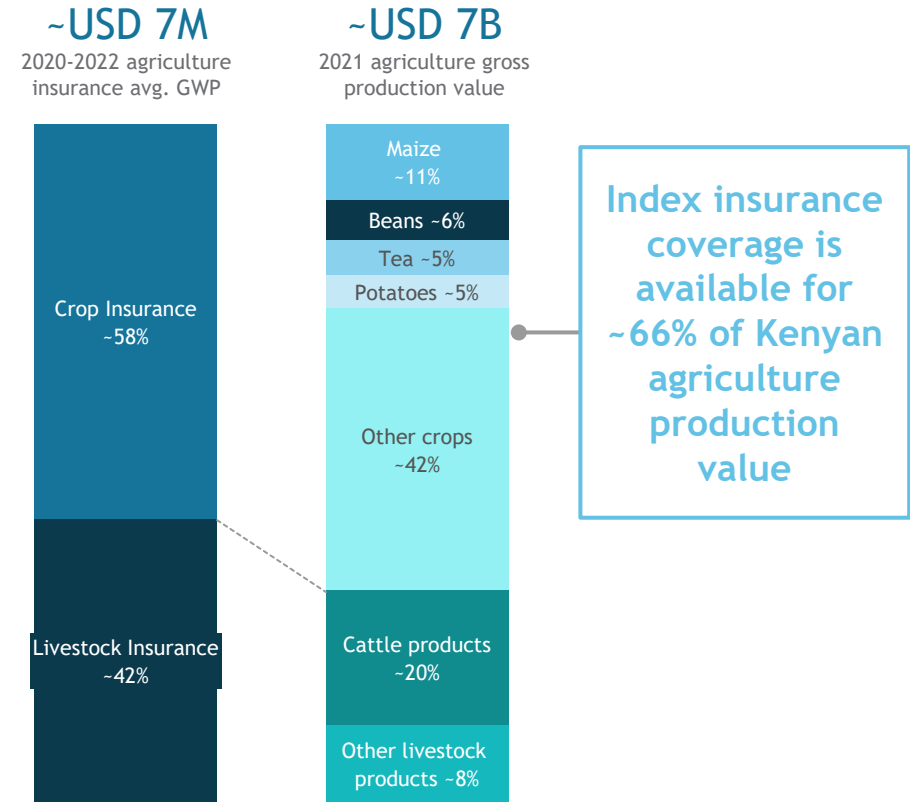
- Limited traction & sustainability demonstrated so far



Kenya

Drought & flooding are the most relevant weather-related perils to Kenyan agriculture production with relatively higher livestock insurance penetration

Relatively higher livestock insurance penetration, compared to crop insurance cover



Key observations



Flooding and droughts are most relevant weather risks

- ~96% of agricultural land is rain-fed, vulnerability to drought & erratic rain is the most severe risk
- In non-arid regions, repeated floods, with disruption and loss of life almost every year for the last 10 years, but flood triggered landslides has seldom led to severe claims
- Conversely (semi-) arid areas have faced prolonged droughts, causing ~15% livestock mortality






Higher livestock insurance penetration

- Livestock share of ag insurance premiums is nearly ~1.5x its share of production value attributable to heavy government subsidization (e.g., KLIP's premiums are up to 100% subsidized in arid regions for full-time pastoralists)
- However, significant pull back in capacity in recent years due to loss frequency, severity in these arid/semi-arid regions

Note: 1. 5-year average production contribution statistics were used, does not include value from processing; 2. Other perils are less relevant for Kenyan Agriculture LoBs; Windstorms are rare, even around Lake Victoria, which feels the tail influence of Indian Ocean cyclones. Despite its proximity to the East African Rift, Kenya's earthquake frequency and loss severity are both low
 Source: Acre Africa Interview; Kenyan farmer representative interviews (N=12); AxCo, Kenya Agriculture Insurance Report (2020 - published 2023), Inside Climate News (2022); Down to Earth, Citing Kenyan Ministry of Livestock; UNEP; The Abdul Latif Jameel Poverty Action Lab (J-PAL); Reliefweb, Kenya: Drought - 2014-2023 (accessed October 2023);

GIIF key initiatives in Kenya focused on four elements of the value chain

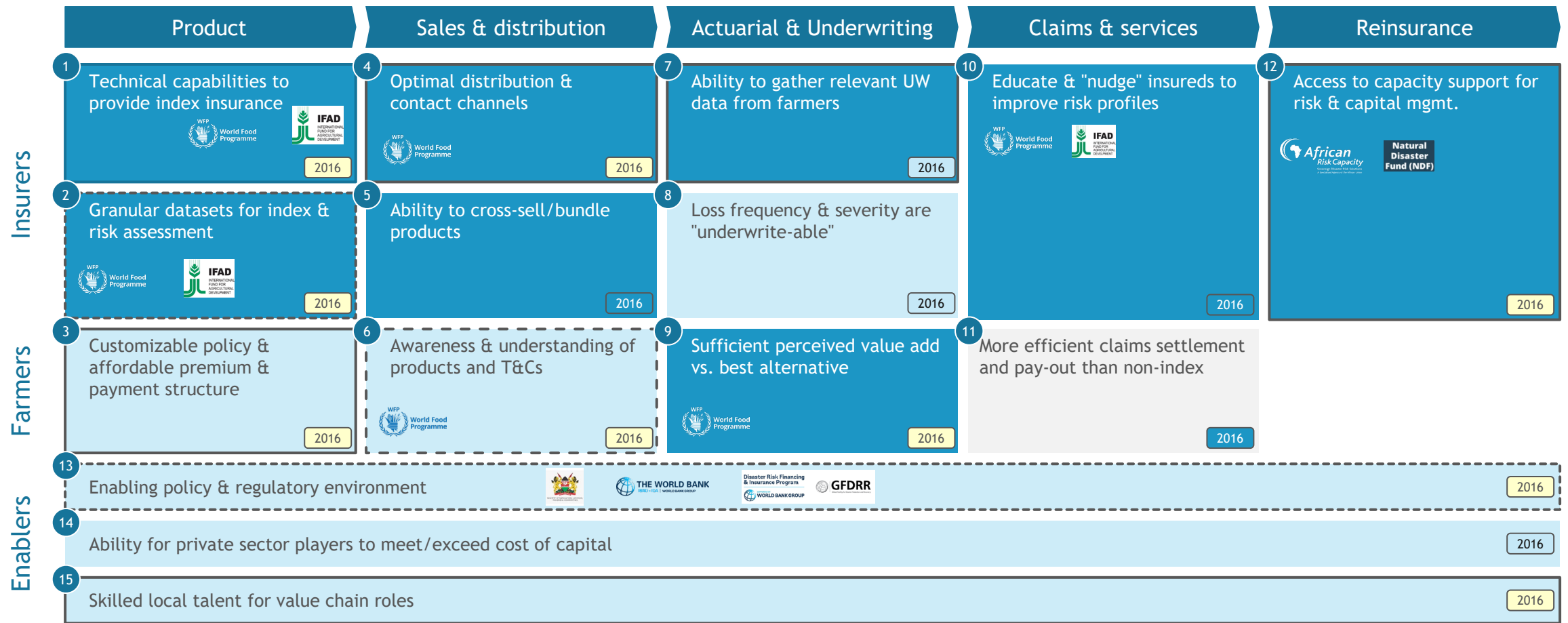
Initiative	Product	Sales & Distribution	Claims & Services	Enablers
<p>Technical capability Support for Kilimo Salama project</p> 	<p>Product dev. support for:</p> <ul style="list-style-type: none"> - WII¹ for maize, coffee, & wheat to protect against drought & rainfall - Developed input loan-linked AYII² for maize & beans <p>Developed weather data infr. & index data</p> <ul style="list-style-type: none"> - Engaged IRI³ to develop weather indices - Got approval to install automated weather stations 	<p>Piloting & testing of distr. & contact channels</p> <ul style="list-style-type: none"> - Tested distribution channels across retail, agribusiness and fin Inst. & SMSs <p>Pilot tested awareness & Marketing</p> <ul style="list-style-type: none"> - Developed field-based trainers & coordinators to raise awareness - Introduced radio campaign 	<p>Designed claims process standard operating procedures</p> <ul style="list-style-type: none"> - Experimented the SOP with insurer-aggregator co-managed claims 	<p>Conducted trainings & capacity building exercises together with ACRE Africa</p> <ul style="list-style-type: none"> - Provided training for product design, actuarial modeling, etc - Co-hosted training sessions with other trainers on developing agriculture underwriting
<p>Product development support to ACRE Africa</p> 	<p>Product dev. support:</p> <ul style="list-style-type: none"> - Developed hybrid product for wheat, barley, maize (WII & MPCl) <p>Index data dev support to:</p> <ul style="list-style-type: none"> - Add wind data & index into offerings - Test data driven AYII based on color 	<p>Developed sales process & expanded dist. channels</p> <ul style="list-style-type: none"> - Formalized sales org & installed planning tools - Developed registration platform via USSD <p>Ran promotional services</p> <ul style="list-style-type: none"> - Designed sales & distr. channel incentives models 	<p>Claims process improvements support</p> <ul style="list-style-type: none"> - Established process SLA & trackers with backing insurer - Added monthly client reviews of index product to enable near-real time adjustments 	
<p>Technical assistance to One Acre Fund index insurance</p> 	<p>Advised on establishment of regional insurance program</p> <ul style="list-style-type: none"> - Regional AYII group insurance & reinsurance SPV for maize for SHF 			

1. Weather Index-Insurance 2. Area Yield Index 3. International Research Institute for Climate

Source: ACRE Africa PSRs & end of support report; IFAD PSRs; FSD Kenya, Internal Review of Index Insurance Initiatives (July 2013); IFC, SSA Index Insurance Project Completion Report (July 2021); TTL & stakeholder interviews; Press & desk research.

Many critical bottlenecks were tackled between, however, sensibilization & customer experience improvement to was left to local partners

C. 2023



Relative criticality: ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent ■ GIFI Supported Only Pre-2016 ■ GIFI Supported(also) Post-2016
 2016 Previous status (as at 2016)

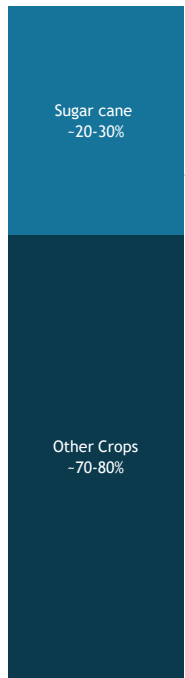


Zambia

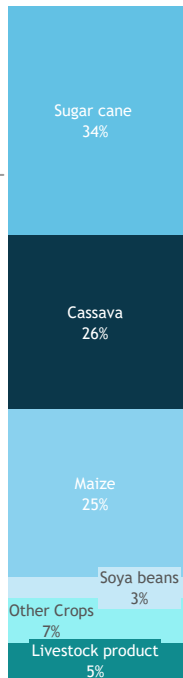
Highly concentrated crop mix with drought the key climate risk

Sugar cane, cassava and maize the key crops in Zambia

~USD 70M
Est. 2022 gross written premiums



~USD 6B
Est. 2022 gross production value



Sugar cane, maize and cassava contribute ~85% of total production

Key observations



Droughts are irregular rainfall are the key climate risks




- Droughts and irregular rainfall are the most persistent and widespread weather risk adversely impacting the livelihoods of 13mn people. Localized droughts and dry spells now average once every 2-3 years
- Localized droughts and dry spells now average once every 2-3 years
- Climate risks heightened by weak political and economic conditions placing pressure on the government's ability to invest in infrastructure and creating a supportive ecosystem



livestock insurance in the works

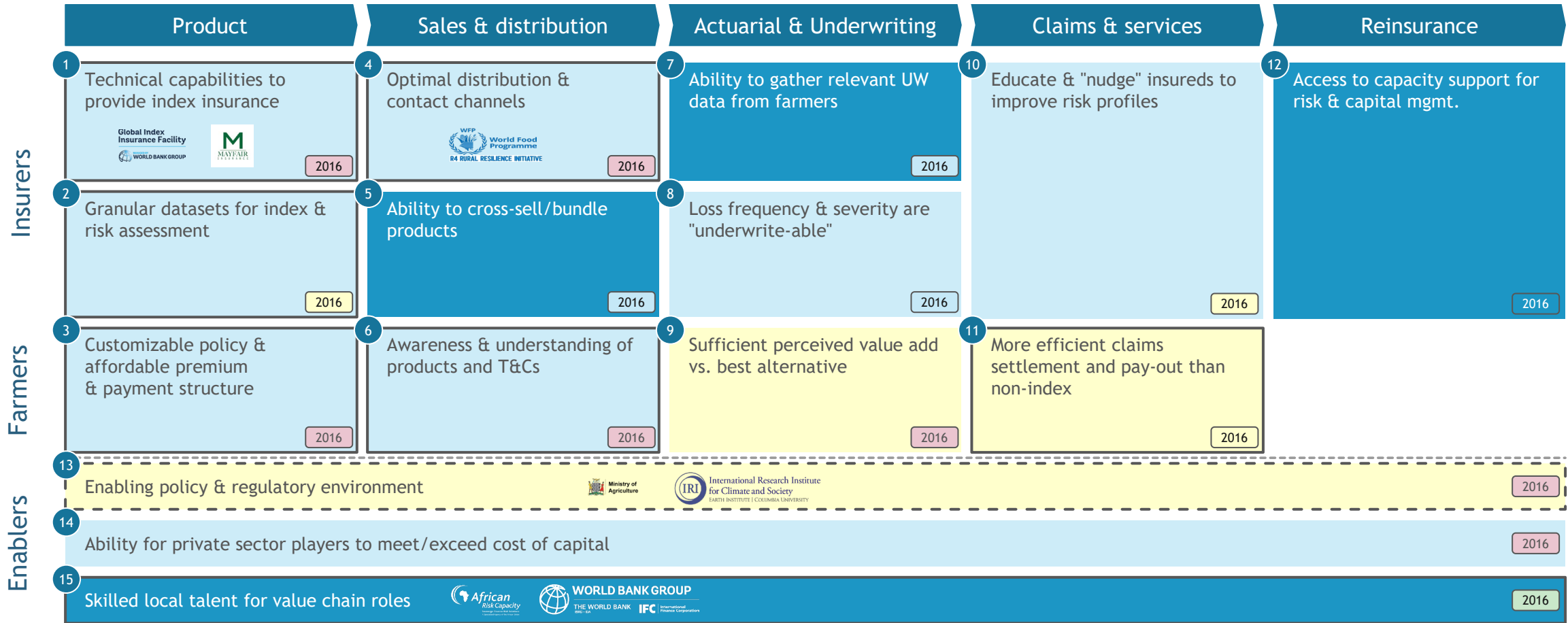
- FSD Zambia and Mayfair recognize the importance of having IBLI (e.g., against drought) and indemnity-based (e.g., against disease, theft) insurance coverage and are piloting a program to insure 30k livestock farmers from 2022

3 key initiatives influenced the adoption of index insurance in Zambia

Initiative	Product	Sales & Distribution	Claims & Services	Enablers
<p>MayFair & GIIF & FISP 2016 - 2022</p> <ul style="list-style-type: none"> Over 3m contracts sold by 2020, benefiting >15m 	<p>Technical support in product dev.</p> <ul style="list-style-type: none"> Partnered with MayFair to design 1st index product, followed by blended index with FISP <p>Provided capacity building grant</p> <ul style="list-style-type: none"> Develop products & technical support for pricing, data collection & validation 	<p>FIST & Aggregator distribution</p> <ul style="list-style-type: none"> Enabled distribution through partnering with aggregators & FISP program <p>Awareness for farmers</p> <ul style="list-style-type: none"> Provided Index insurance education and awareness programs for farmers 	<p>[Not addressed]</p>	<p>Talent</p> <ul style="list-style-type: none"> Provided grant towards hiring index specialist Provided product development training for the specialists
<p>R4 Resilience (2019 - 2021)</p> <ul style="list-style-type: none"> >8000 farmers >\$722 sum insured by 2022 	<p>Product dev. Support</p> <ul style="list-style-type: none"> Provided technical support in product development through data collection 	<p>Distribution</p> <ul style="list-style-type: none"> Funded and influenced uptake of WII through offering subsidies 	<p>Digital claim platforms</p> <ul style="list-style-type: none"> Supported in developing digital solutions for premium payments and payouts 	<p>Training Material</p> <ul style="list-style-type: none"> Created training materials to educate farmers about insurance benefits
<p>WFP, IFAD, IRI & Ministry of Ag. (2020 - 2022)</p> 	<ul style="list-style-type: none"> Product dev. Support <ul style="list-style-type: none"> Collaborated to improve product features Supported datasets through incorporating data from R4 resilience program 	<p>[Not addressed]</p>	<p>[Not addressed]</p>	<p>Training roadmap</p> <ul style="list-style-type: none"> Developed a detailed training roadmap on index design and index building blocks

Source: The US Govt. Global Hunger & Food Security Initiative Report 2015; Planet Guarantee Progress report 2016-17; WuR Report; SSA Rapid Assessment; stakeholder interviews;

Key pain points in Zambia as of 2023



Relative criticality ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent GIIF Supported Only Pre-2016 GIIF Supported(also) Post-2016

Source: The US Govt. Global Hunger & Food Security Initiative Report 2015; Planet Guarantee Progress report 2016-17; WuR Report; SSA Rapid Assessment; stakeholder interviews; 2016 Previous status (as at 2016)

Preliminary - to be validated

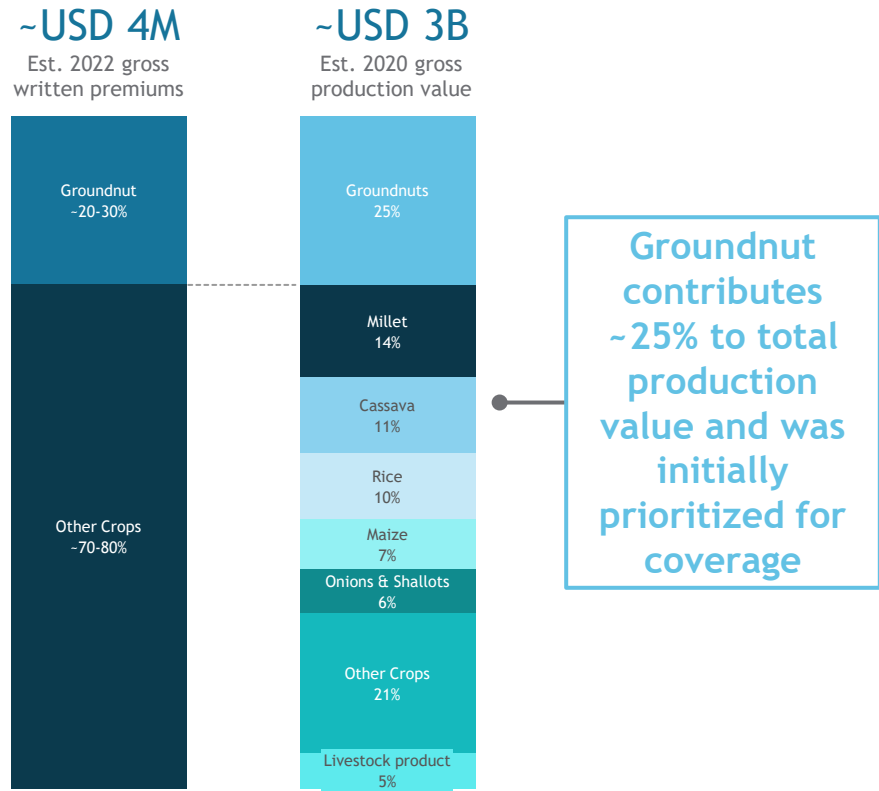


Senegal

Drought & flooding are the most relevant weather-related risks

Ground nut is a key cash crop in Senegal

Key observations



Flooding increasing concern despite persistence of drought events

- Droughts are the most persistent and widespread risk but increasing exposure to flooding due to country flatness and climate change
- Exacerbated by structural factors (e.g., poorly constructed drainage systems costing the economy USD190M p.a)



Livestock insurance penetration

- ILRI, CNAAS recognize the importance of having IBLI (e.g., against drought) and indemnity-based (e.g., against disease, theft) insurance coverage and are actively working on covers for poultry, cattle, and other livestock

Note: 5-year average production contribution statistics were used. According to Axco, much of the non-groundnut business is attributable to rice and tomato crops. For categories where FAO STAT could not provide estimates, used historical avgs. over past reported years (esp. 2016-2019); CNAAS' livestock products appear to still be in pilot stage and not available commercially

Source: AxCo Senegal Agriculture Insurance Report (2020 - published 2023); WuR 2022 Study; FAOSTAT;



GIIF supported initiatives in Senegal



Initiative

Technical support to CNAAS



Feasibility study for **Cattle drought Index Insurance (Sahel)**



Regulatory support for development **CIMA Book VII**



CONFÉRENCE INTERAFRICAIN DES MARCHÉS D'ASSURANCES

Provided grant for **Assurance Recolte Sahel project**



Value Chain intervention

Product & Data access

- Provided direct technical support on risk modelling and transfer strategies
- Provided financial assistance to offset cost of satellite data subscription, required to expand coverage beyond areas with weather stations/rain gauges

Sales and Distribution

- Supported CNAAS to develop additional distribution channels
- Studied ways to enhance distribution channels and aggregators, including integrating premiums into loans

Talent Training

- Trained farmer organizations, FIs, and aggregators on agricultural insurance to assist with farmer education & Distr.
- Conducted trainings and skills transfer to selected local insurers covering product structuring, & distribution

Product Development

- Developed feasibility studies for index-based cover against drought insurance in the Sahel region

Transveral Enablers : Policy and regulation

- Developed recommendation for Book VII regulations to enable microinsurance and index insurance in Francophone West Africa, based on GIIF funded study that identified key regulatory obstacles

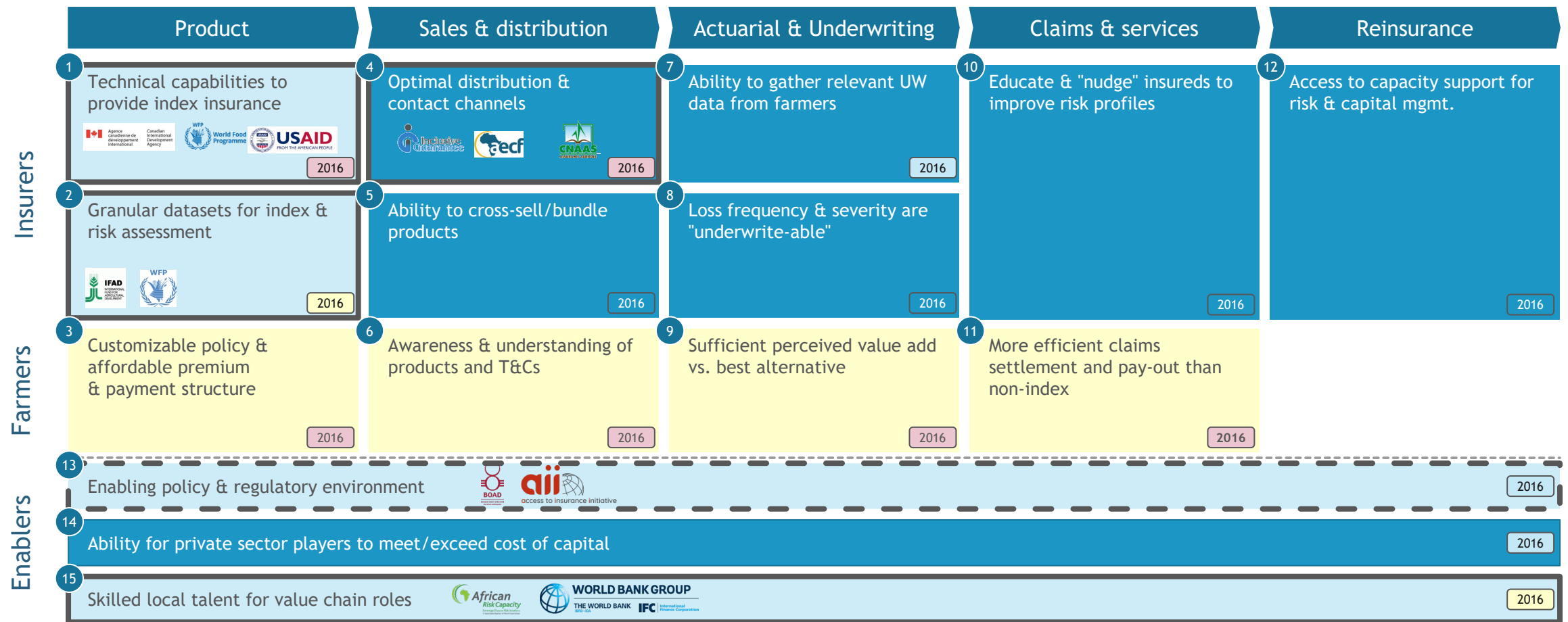
Product

- Provided technical support for 1st index produc, the new index -based crop insurance
- GIIF provided a grant for a pilot of a new index hub to provide underwriting and claims management services
- Launched maize & groundnut WII

Claims and Services

- Funds to establish hub for underwriting and claims processes
- Support in web MIS based data & premium collection

GIIF focused on critical bottlenecks that are instrumental to Index Insurance market development in Senegal



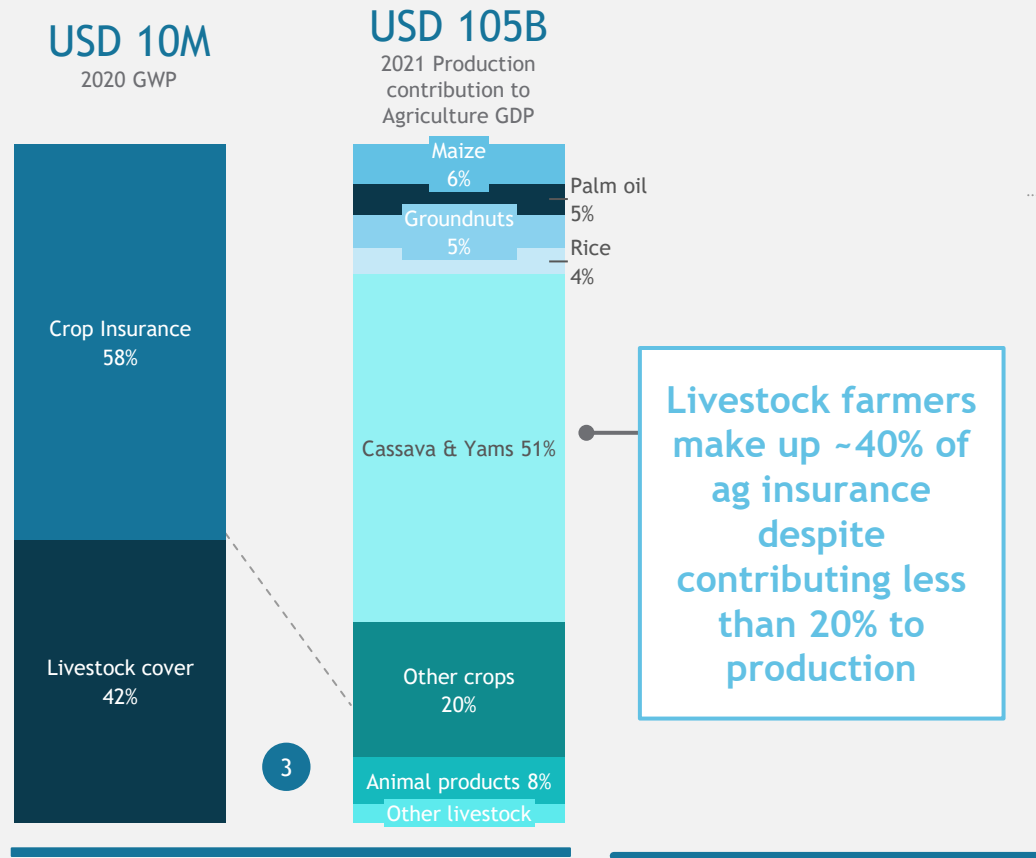
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Nigeria

Excess rainfall & flooding is the most relevant weather-related risk, with limited drought exposure in the northern regions

High livestock insurance cover despite low contribution to overall production



Key observations



Flooding and excess rainfall are the primary risks

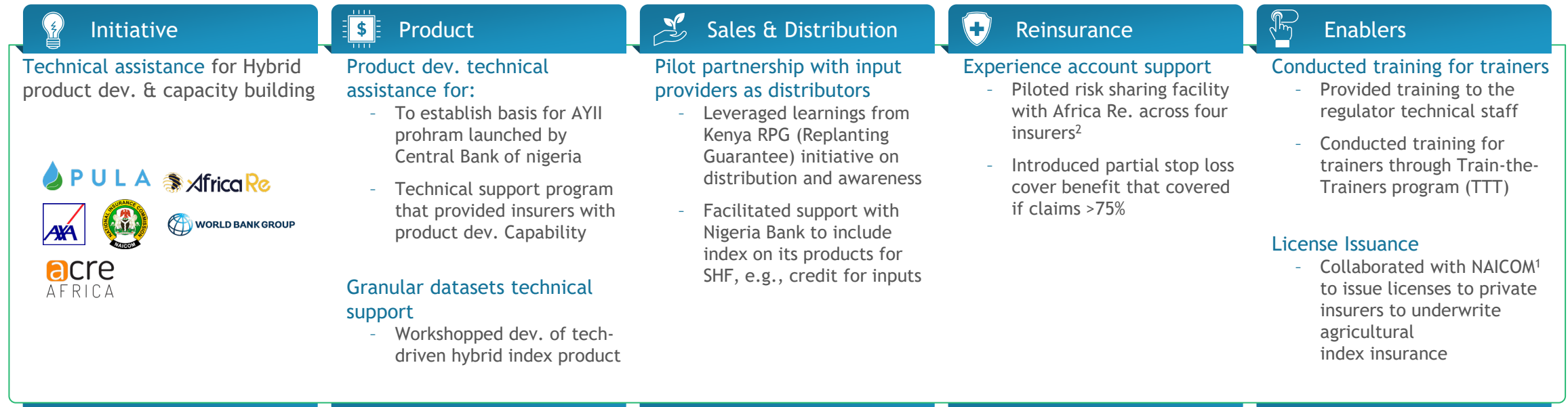
- Agri's exposure to flooding has increased over the years owing to the flatness of the country and climate change



Limited drought exposure

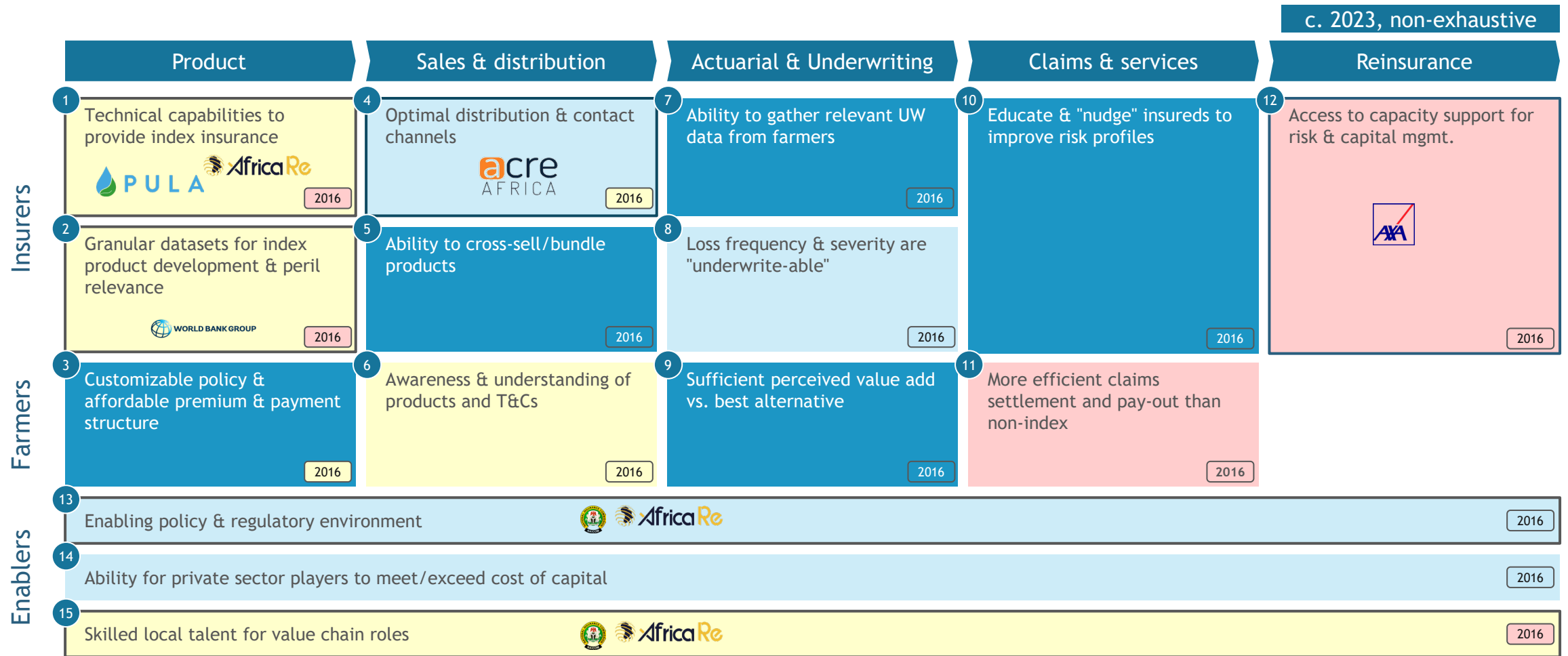
- Relatively low drought exposure as majority of country experiences a tropical climate
- The northern third of Nigeria experiences a dry season of 5-7 months with less than 25mm of rainfall
- The staples in this region are millet, cowpeas, and a drought-resistant variety of sorghum known as guinea corn

GIIF initiatives in Nigeria focused on four elements of the value chain



Only one GIIF initiative in Nigeria between 2016 -2022, which facilitated the expansion of the Nigerian agricultural insurance market through its capacity-building initiatives

Nigeria | GIFF tackled many critical bottlenecks, though they left awareness & understanding and claims process improvement to local partners



Relative criticality ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent GIFF Supported Only Pre-2016 GIFF Supported(also) Post-2016 2016 Previous status (as at 2016)

Asian countries assessment

3 Asian countries



Sri Lanka



Bangladesh



Indonesia

Emerging Market

- Moderate capability with supporting policies

Nascent Market

- Limited traction & sustainability demonstrated so far



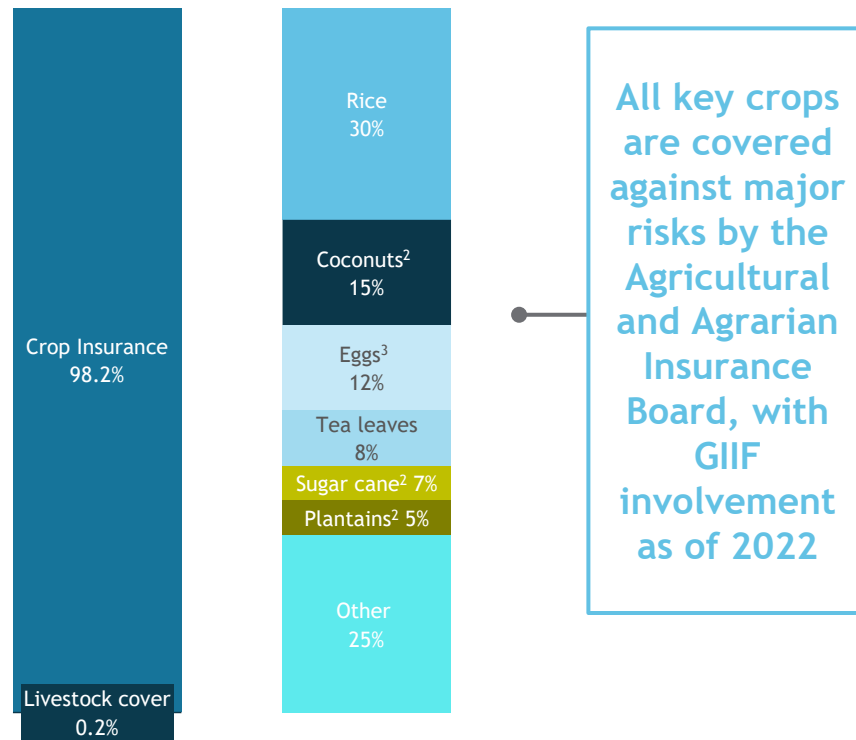
Sri Lanka

Sri Lanka’s unique positioning and climate poses a risk for unconventional weather-related risks, such as monsoons and tropical cyclones

Cover for crops prevalent; livestock insurance still nascent

USD 10.4M⁴
2021 Value of Policies

USD 7.7B
2021 production



Key observations



Microclimates

- The varied landscapes can cause localized weather patterns, complicating indexes
- Close geographical regions with contrasting conditions pose challenge for broad indexes



Rainfall-related risk exposure

- Seasonal rains can stem from both monsoons and tropical cyclones
- 2021 floods: Impacted >43K individuals, of which most were subsistence farmers



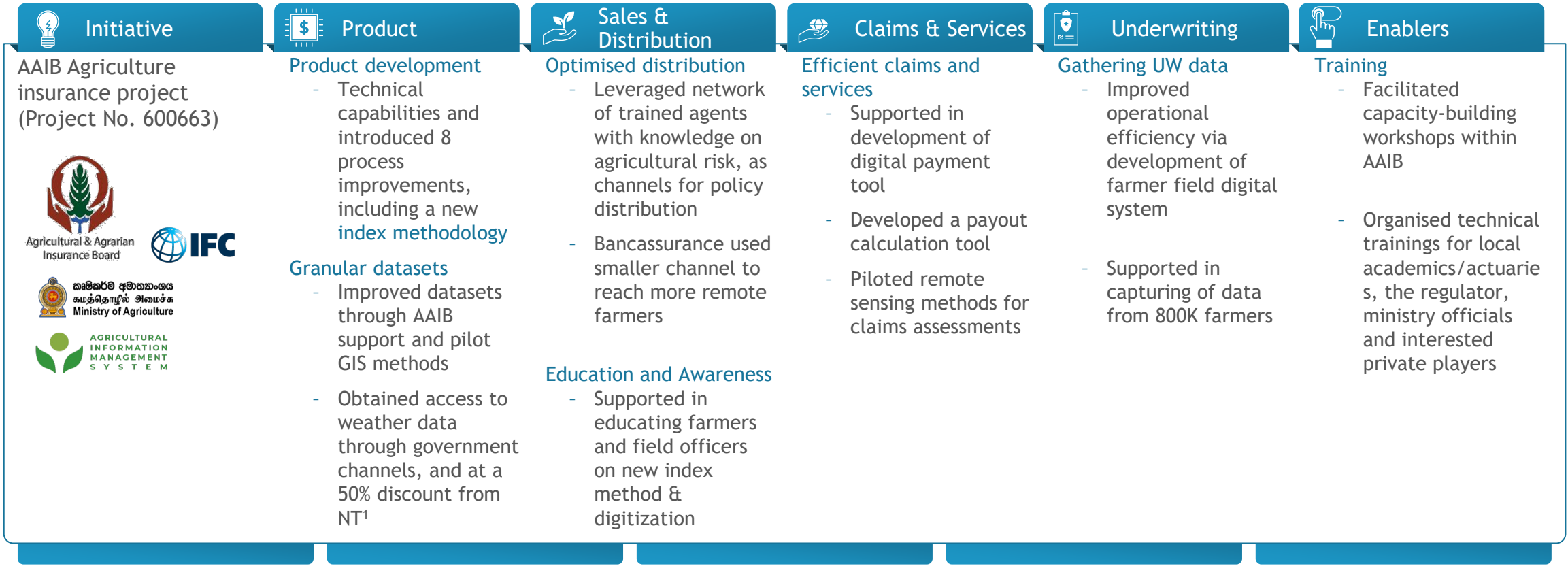
Geographic location to ENSO¹ & tsunamis

- Exposed to tsunamis & ENSO related weather
- Insurance coverage expected to fall under natural disasters clauses

1. El Nino-Southern Oscillation

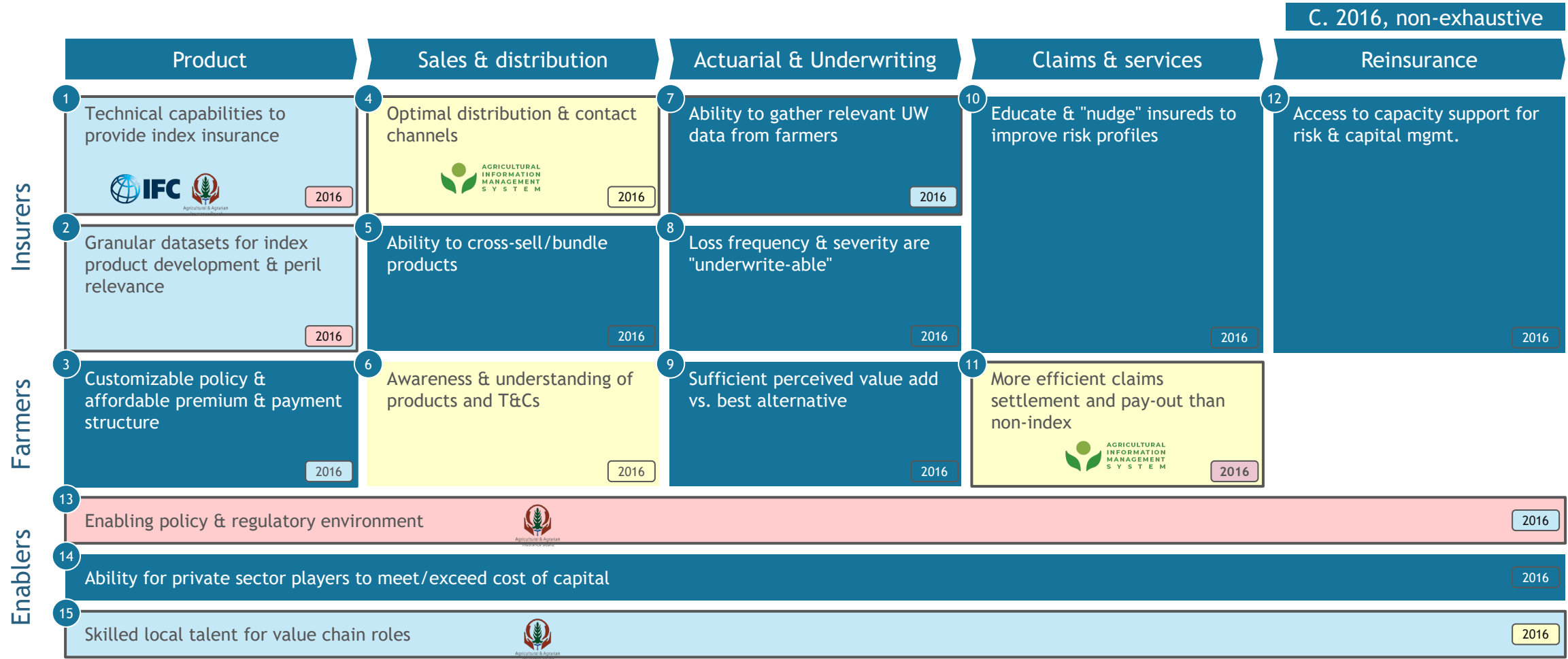
Source: Asian development Bank: The Enabling Environment for Disaster Risk financing in Sri Lanka (2019); AxCo Sri Lanka Agriculture Insurance Report (2020 - published 2023); Reliefweb; Sanasa website (2023); Selinawamucii (2023); Statista (2023); World Bank Climate-Smart Agriculture in Sri Lanka (2019); Desktop research;

GIIF program initiative in Sri Lanka



Source: GIIF Country Profile: Sri Lanka 2016; Sanasa IEG report (2016); IFC Project Completion Report (2022); Agricultural & Agrarian Insurance Board (2017-2022); Foreign policy (2022); Stakeholder interviews; Desktop research;

Overview of key pain points as of 2023



Relative criticality ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent ■ GIIF Supported Only Pre-2016 ■ GIIF Supported(also) Post-2016 ■ 2016 Previous status (as at 2016)

Source: Sanasa IEG report (2016); Agricultural & Agrarian Insurance Board (2017-2022); Desktop research;



Bangladesh

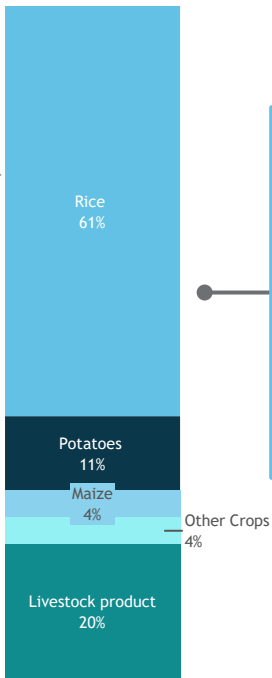
Highly concentrated crop mix with drought the key climate risk

Rice, potatoes and increasingly maize are the key crops in Bangladesh

~USD 623M
Est. 2022 gross written premiums



~USD 42B
Est. 2020 gross production value



Rice and potatoes contribute ~70% of total production

Key observations



Flooding and extreme heat are the key climate risks

- Flooding and extreme heat are the most persistent and widespread weather risk adversely impacting the livelihoods
- IFC and GreenDelta supported by GIIIF launched weather index insurance to address perils such as drought, excess rain, heat waves, and cold spells in Bangladesh.



Extreme temperature fluctuations

- Increasingly cold winters and hot summers putting pressure on seasonal crops

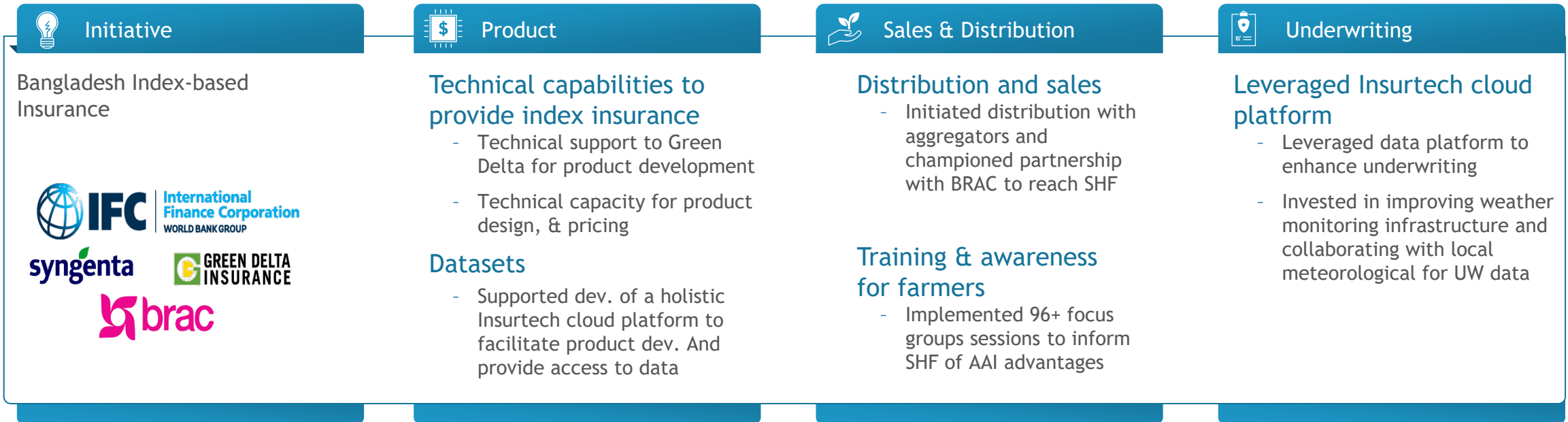


Geographic location to ENSO¹ & tsunamis

- Exposed to tsunamis & ENSO related weather
- Insurance coverage expected to fall under natural disasters clauses

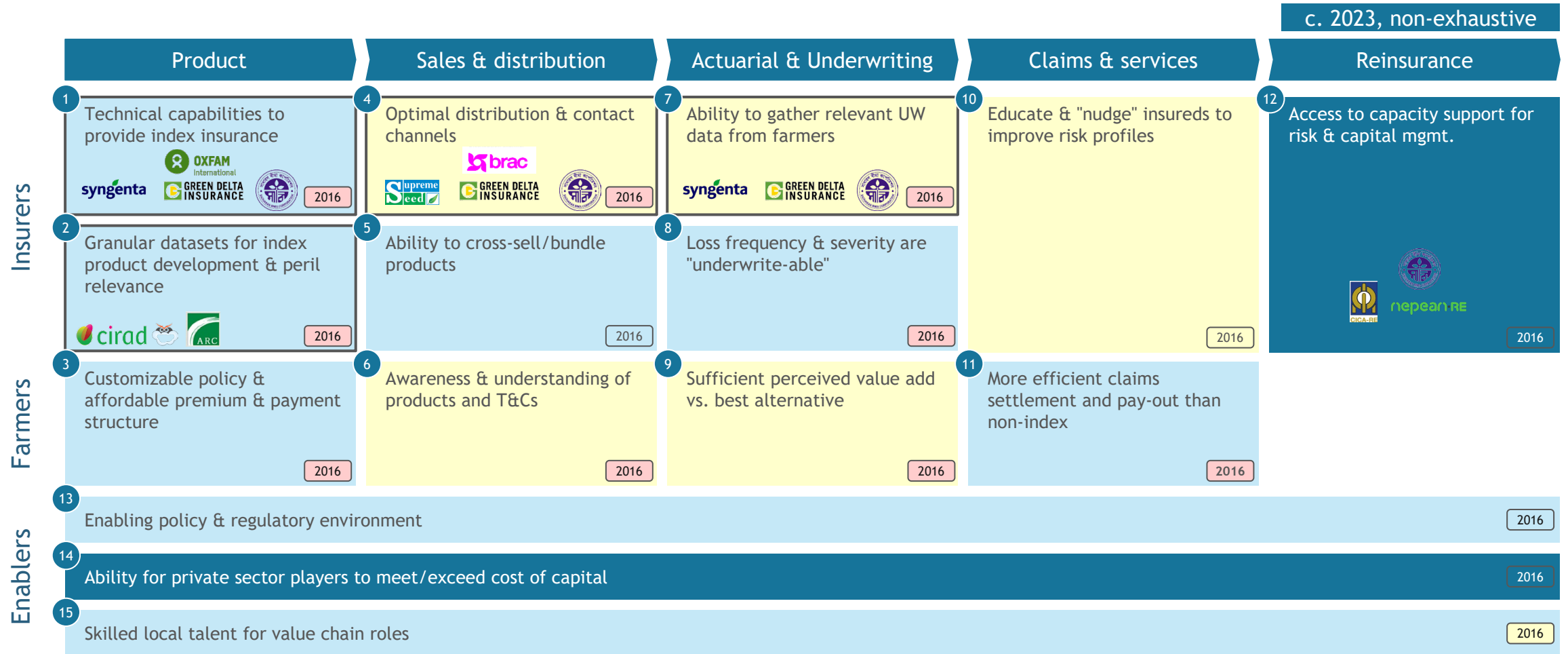
1. El Niño-Southern Oscillation
Source: IndexMundi;

GIIF initiative in Bangladesh focused on product development and distribution



Only one GIIF initiative in Bangladesh between 2016 -2022, which introduced index insurance and leveraged distribution through aggregators and BRAC

Overview of key pain points as of 2023



Relative criticality ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent GIIIF Supported Only Pre-2016 GIIIF Supported(also) Post-2016 2016 Previous status (as at 2016)



Indonesia

Indonesia has a nascent agri-insurance industry with geographic positioning in the ring of fire, presenting significant risks of weather & non-weather perils

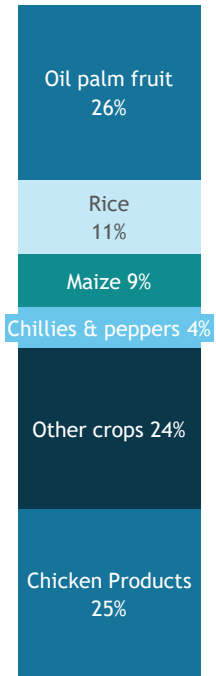
Index insurance still nascent across the agricultural sector

Key observations

USD 7.5M
2020 GWP¹



USD 107B
2021 Production contribution to GDP³



Weather indices designed to address flooding for specific products (rice, cocoa and coffee)



Flooding risk

- Rainfall patterns are influenced by microclimates with regional rainfall varies between 500-5000mm annually
- Shaped by monsoon-related weather events, resulting in both flood-prone and dry seasons



Drought

- Severe drought and hot weather predicted for multiple Indonesian regions but structural measures incl. construction of 13 dams



Pests

- Rats damage Indonesia's rice crops by consuming grains and cocoa plants, causing reduced yields, economic losses and spreading disease

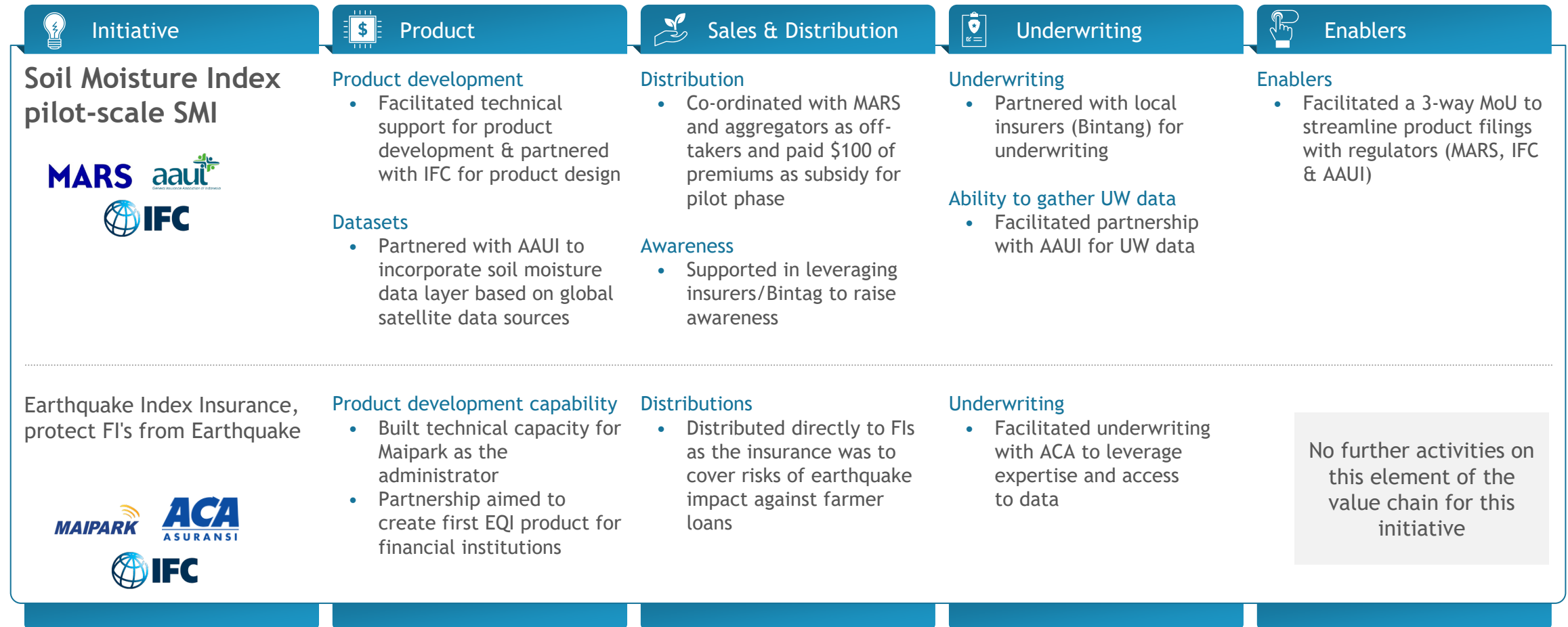


Ring of fire

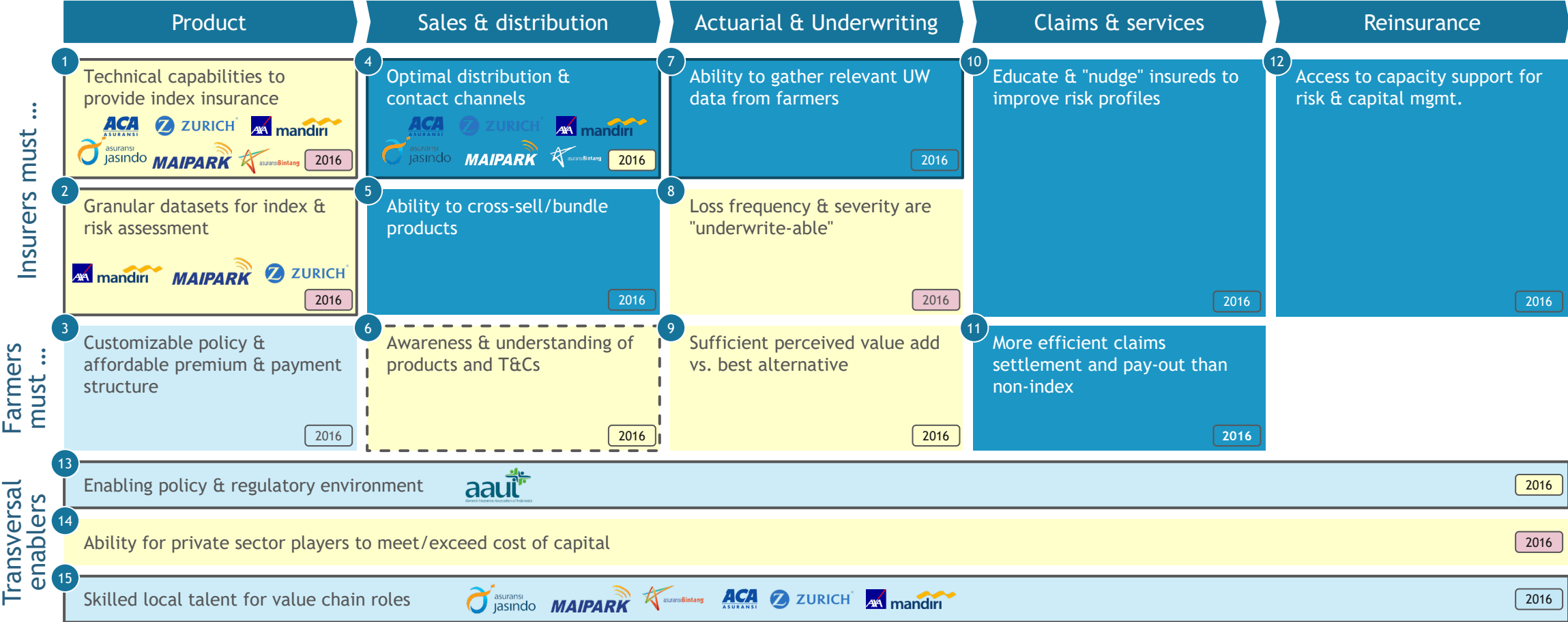
- Indonesia is in the "Ring of Fire", a region prone to volcanoes and seismic activity

1. Same proportion of production value assumed for GWP premiums and adjusted by inflation; 2. Chicken, cattle and other; 3. Production value proportion based on 2021 volume and price data; Source: Survey on Sustainable Agricultural Insurance in Indonesia (2019); AxCo Indonesia Agriculture Insurance Report (2020 - published 2023), Indonesia Agri Insurance Report; BNPB (2023); World Bank Open Data; Statista; Stakeholder Interviews;

GIIF invested in providing product development, and distribution through partnerships to enable market development in Bangladesh



Overview of pain points as of 2023



Relative criticality ■ Self-sustain-Ing or N/A ■ Emergent/maturity ■ Nascent/maturing ■ Nascent ■ GIIF Supported Only Pre-2016 ■ GIIF Supported(also) Post-2016
 2016 Previous status (as at 2016)

Source: Indonesia Agri Insurance Impact Report (IFC, 2022); WBG GIIF FY22 Annual Report; GIIF Country Report; Desktop research;

Approach | Our key learnings and next steps implications will be shared in two categories



Proposed way forward from learnings

1

Overall program management

Introduce ways to optimize project execution ...

- Support & monitor customer journey more closely
- Essential Role of Task Team Leaders (TTLs)
- Balanced portfolio of countries backed by adequate staffing
- Reporting process optimization
- Partner Selection

2

Intervention along the value chain

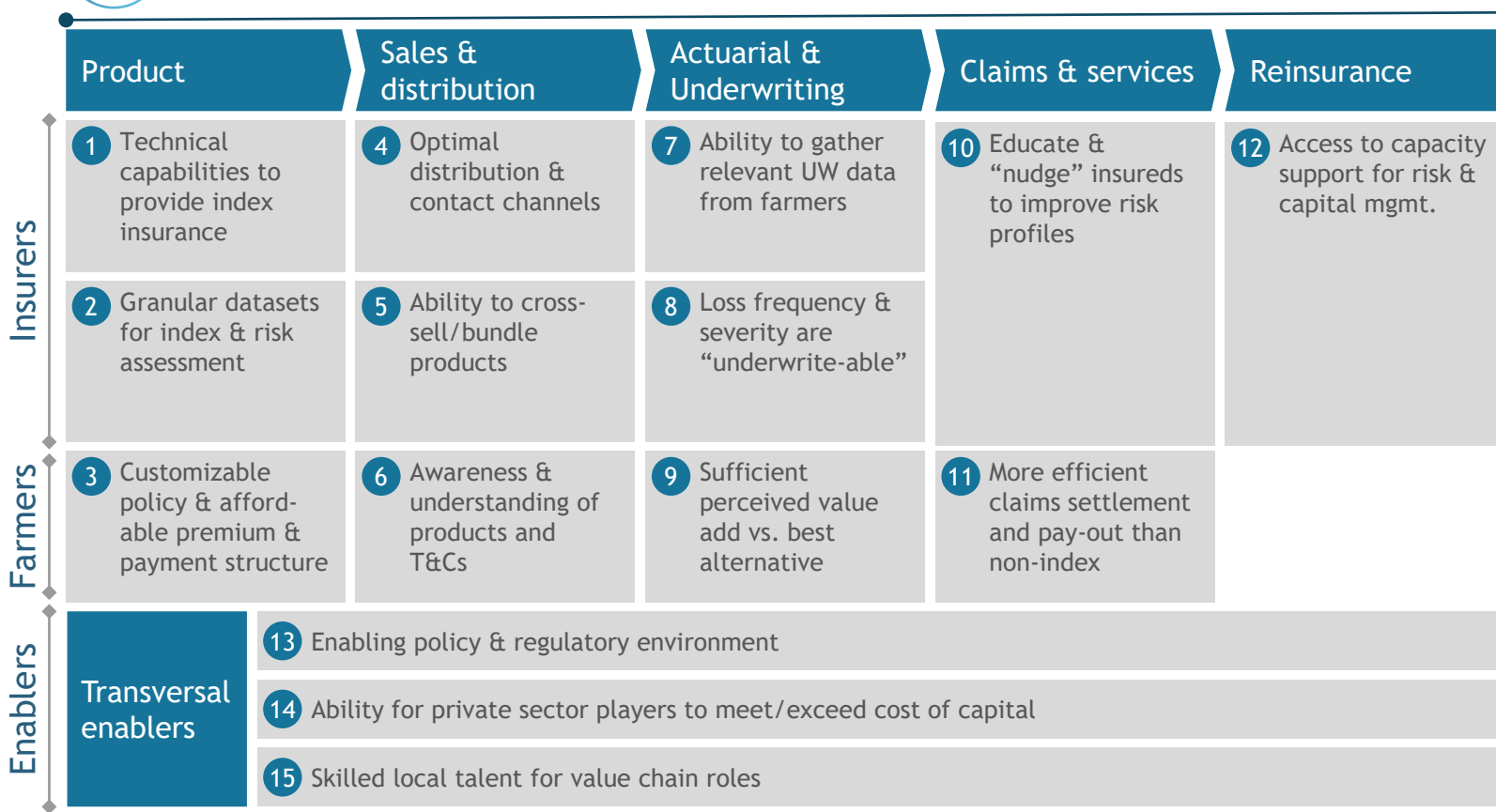
A view on areas to be prioritised in developing the value chain ...

- Evolve product design
- Optimise customer journey
- Insurers to invest in capabilities
- Explore collaboration with other NGO players

Value chain maturity and enabling policy are the 2 factors driving low insurance penetration in agriculture



A Insurance value chain maturity



B Sustainable, supportive policy choices

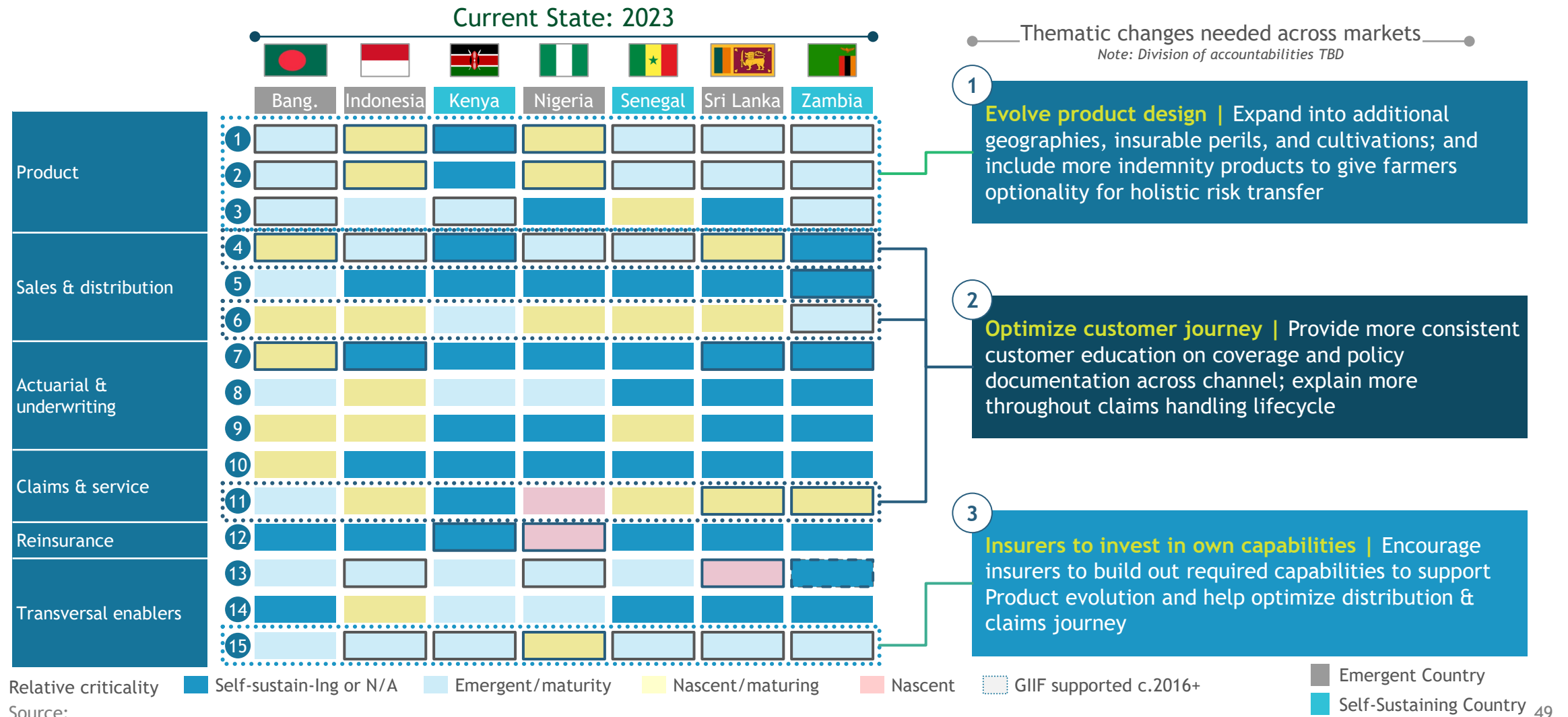
- Level and breadth of subsidy provided, relative to farmers’ affordability gap (e.g., premium subsidy, tax exemptions, data infrastructure investment)
- Fiscal capacity to sustain premium subsidies
- Extent to which agriculture insurance is required (e.g., to access other critical inputs)



Core to GIIF mandate; GIIF supports local insurance sector champion

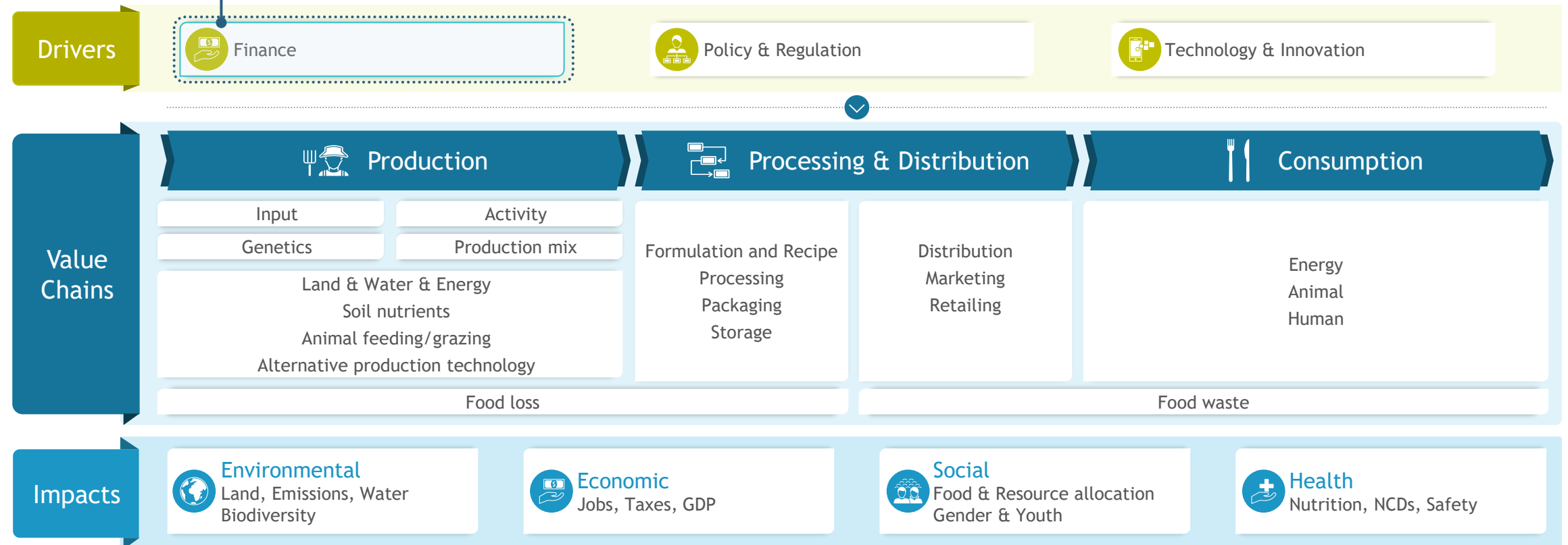
GIIF can share best practice/observations, if requested

Considerable improvement achieved across countries and dimensions, however, focus on product, and sales & distribution required

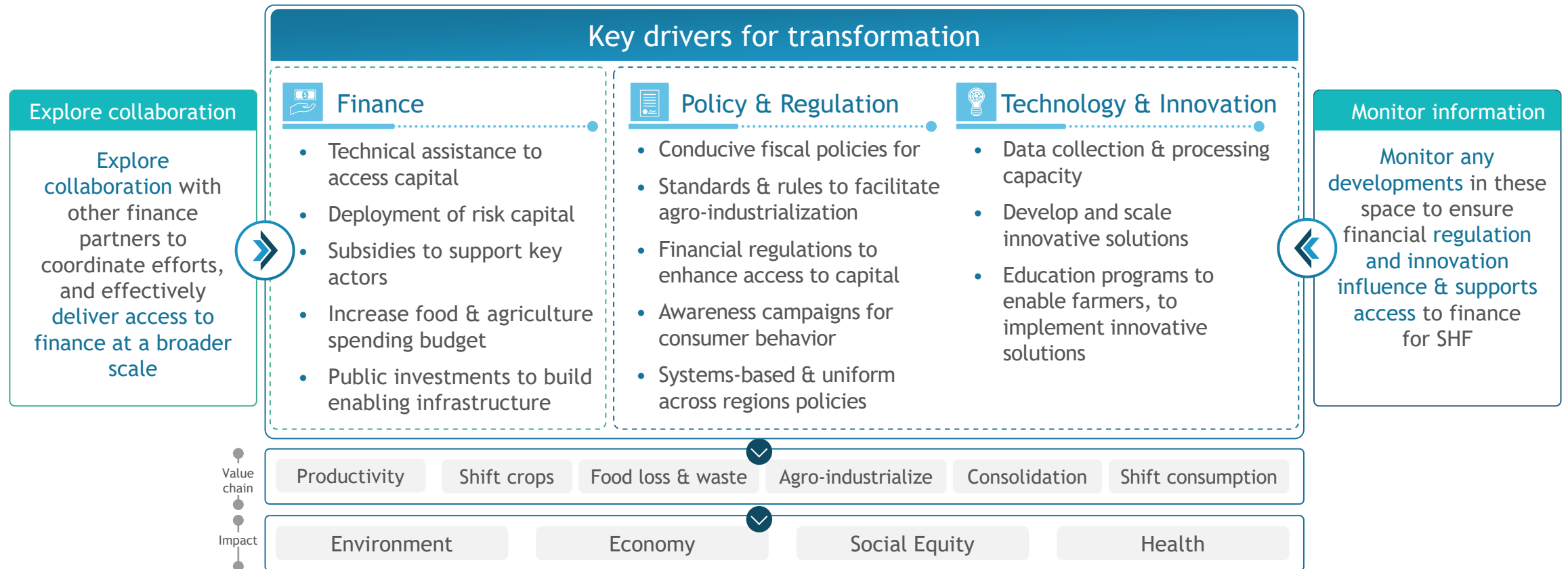


Value chain | GIIIF can collaborate by focusing on broader drivers beyond finance to improve productivity of the agricultural value chain

GIIIF is actively involved in supporting access to finance for SHF and should explore collaboration with other players and stay engaged and monitor information on developments from other parts of value chain



Collaboration | GIFF can deploy co-ordinated efforts in collaborating with other players within the value chain drivers



Collaboration is key to ensuring value chain maturity and higher penetration, given the nascent state of the index-insurance industry

Illustrative

Importance of exploring collaboration

Limited resources to drive product development and scaling

- Limited business case due to market size & proven scalability
- Regulatory complexities, and lack of distribution channels
















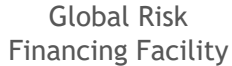
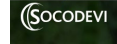



Limited donors with resources in non-overlapping programs

- Less collaboration and pooling of funds to scale impact and reach in an efficient way

Different avenues for collaboration across value chain

- 1 Value chain capacitation across product development, defining customer journey and developing technical capability
- 2 Collaborate in influencing legislation in order to drive adoption of Index-insurance products
- 3 Collaborate in other macro level interventions, e.g., Issue sovereign bonds, explore collaboration with other DFIs, collaborate with climate sustainability partners

Collaboration approach | Exploring collaboration should be informed by alignment in value chain interventions

	 Partner	 Share of Information	 Monitor
Criteria	<ul style="list-style-type: none"> ✓ Same crops ✓ Same region inc. synergies ✓ Same value chain focus ✓ Macro-level objective 	<ul style="list-style-type: none"> ✓ Same crops ✗ Same region inc. synergies ✗ Same value chain focus ✓ Macro-level objective <div style="border: 1px solid blue; padding: 2px; display: inline-block;">Multiple permutation applicable</div>	<ul style="list-style-type: none"> ✗ Same crops ✗ Same region inc. synergies ✓ Same value chain focus ✓ Macro-level objective
Description	Actively explore partnership with organisation in same region to identify how to optimise resources & capabilities	Actively find opportunities for collaboration and learnings to ensure efforts are targeted & recipient focused	Monitor developments and passively obtain learnings; important should this align to next steps for GIIF projects
Response	 Explore collaboration to maximize resource efficiency	 Share of learnings	 Monitor developments
Benefits	<ul style="list-style-type: none"> • Greater scale & speed • Resource optimization and enhanced expertise • Comprehensive support to local partners 	<ul style="list-style-type: none"> • Benchmark performance • Increase knowledge base • Unlock improvements on independent initiatives 	<ul style="list-style-type: none"> • Informed strategic planning/next phase/initiatives • Early issue detection, e.g., climate changes affecting A.I.I indirectly
Examples	    	     	  

Indonesia illustration | Determining collaborative approach with other players

Illustrative

Objective 1 | Encourage insurers to build out required capabilities to support Product evolution

GIIF support in Indonesia

- ✓ Rice and Cocoa
- ✓ Nationwide
- ✓ Support in Product dev., underwriting and enablers
- ✓ Access to microinsurance i.e. Index Insurance by SHF

+

IFAD focus in Indonesia

- ✓ Cocoa and Coffee
- ✓ Nationwide
- ✓ Product, underwriting and enablers
- ✓ Make agricultural and climate risk insurance accessible

Explore partnership

- Combine expertise to drive enhanced product dev. for cocoa index with national reach
- Pool funds and resource to unlock efficiency
- Opportunity for capacity building and skills transfer

Objective 2 | Optimize customer journey & provide more consistent customer education

GIIF support in Indonesia

- ✓ Rice and Cocoa
- ✓ Nationwide
- ✓ Support in Product dev., underwriting and enablers
- ✓ Access to microinsurance i.e. Index Insurance by SHF

+

ACA focus in Indonesia

- ✗ Corn
- ✓ Central & East Java, Lampung Province
- ✗ Product development, sales and distribution
- ✓ Financial protection to farmers against weather risks

Share of learnings reports

- Share reports on findings and achievement of WII for droughts and winds
- Better understanding of local clients
- Improved risk management through sharing of weather data & claim history

✓ Offering aligned to GIIF support
 ✗ Offering not aligned to GIIF support



Zambia illustration | Determining collaborative approach with other players

Illustrative



Objective 1 | Encourage insurers to build out required capabilities to support Product evolution and help optimize distribution & claims journey



Explore partnership

Global Index Insurance Facility
WORLD BANK GROUP

M
MAYFAIR INSURANCE

GIIF support in Zambia through MayFair

- ✓ Maize (WII for rainfall and drought)
- ✓ Zambia
- ✓ Product dev. Distribution & sales, enablers
- ✓ Access to microinsurance i.e. Index Insurance by SHF

giz InsuResilience Global Partnership

GIZ technical support to local insurers in Zambia

- ✓ Maize (WII for rain and dry spells)
- ✓ Zambia (Southern, Eastern & Central province)
- ✓ Product dev, underwriting, awareness
- ✓ Strengthen climate risk insurance solutions for SHF



- Pool resources in developing capability of local insurers, e.g., conduct joint training
- Leverage GIZ experience in developing demand-side awareness
- Pool experience and resource to expand access to satellite data
- Improved distribution network



Objective 2 | Optimize customer journey & provide more consistent customer education



Monitor for market developments

Global Index Insurance Facility
WORLD BANK GROUP

M
MAYFAIR INSURANCE

GIIF support in Zambia through MayFair

- ✓ Rice and Cocoa
- ✓ Nationwide
- ✓ Support in Product dev., underwriting and enablers
- ✓ Access to microinsurance i.e. Index Insurance by SHF

fsdafrica FSD focus in Zambia

- ✗ Not applicable
- ✗ Nationwide
- ✗ Not applicable
- ✓ Stimulate a competitive microinsurance market



- Monitor reports and initiatives for market insights and adaptations (evolving needs and products in A.I.I)
- GIIF can continuously improve product offerings to ensure competitive

✓ Offering aligned to GIIF support

✗ Offering not aligned to GIIF support



Senegal illustration | Determining collaborative approach with other players

Illustrative



Objective 1 | Share information to build required capabilities to support product evolution and help optimize distribution & claims journey



Share information on distribution

Global Index Insurance Facility
WORLD BANK GROUP

CNAAS
INSURANCE AGENCY

GIIF support to CNAAS in Senegal

ILIFAD
Investing in rural people

Sida

WFP R4 Rural Resilience Initiative

- ✓ Cotton, rice, and maize
- ✓ Central province
- ✓ Product structuring, pricing, & distribution
- ✓ Access to microinsurance i.e. Index Insurance by SHF

- ✓ Maize , millet, and sorghum
- ✗ Easten province (Tambacounda region)
- ✓ Focus on distribution of macro-insurance
- ✓ Provides SHF with weather index (CNAAS) cover



- Leverage R4 experience, access to data to learn best practice for distr.
- Leverage R4 learnings on product structuring insights **continuous improvement** of index



Objective 2 | Optimize customer journey & provide more consistent customer education



Share information customized products

Global Index Insurance Facility
WORLD BANK GROUP

CNAAS
INSURANCE AGENCY

GIIF support to CNAAS in Senegal

SOCODEVI

USAID Feed the future in Central & South

- ✓ Cotton, rice, and maize
- ✓ Central province
- ✓ Product structuring, pricing, & distribution
- ✓ Access to microinsurance i.e. Index Insurance by SHF

- ✗ Not applicable
- ✗ Casamance
- ✗ Training on microinsurance products
- ✓ Improving Access to Agricultural Insurance for women



- Monitor for trends to inform customised product development
- Monitor to identify **learnings for distribution models to women**
- Share information with **SOCODEVI** for training on product awareness to female farmers

✓ Offering aligned to GIIF support
 ✗ Offering not aligned to GIIF support

The image features a night cityscape background with a network overlay of white lines and nodes. A large, semi-transparent blue rectangle is centered over the image, containing the text "Thank You" in white. The network overlay includes several circular icons: a Wi-Fi symbol, a home icon, and a signal tower icon, all connected by dashed lines to specific nodes in the network.

Thank You