

FARMCOVER

OBJECTIVE OF THE STUDY

The objective of the project was to prove with a new insurance product pilot that parametric target group oriented insurance for small scale farmers in Togo against climate risks are feasible and that there is sufficient demand to implement agricultural insurance as a (commercially) sustainable instrument to protect farmers against climate risks.

MAIN RESULTS

The pilot product, a index based insurance covering drought in case of low average levels of relative evapotranspiration (RE), was offered for the period from 08-12 / 2020 following an awareness and information campaign. The product covered 202 farmers, whereas 67 farmers received pay-outs over the insured period. Main lessons learnt are:

- Cooperation with MFIs as well as agricultural cooperatives is necessary to have high outreach awareness campaigns, as agricultural insurance in Togo is a new concept.
- Demand for customized climate insurance was high among surveyed farmers, as well as their willingness to pay with on average FCFA 9.645 (= EUR 14,70 EUR). High levels of coverage and frequent pay-outs are important for the target group.
- Low ability to pay of most of the target group calls for bundling insurance with loans to allow pre-financing / investment in productivity. Administration costs need to be kept low through the use of mobile phones and high automation. Temporary premium subsidies should be considered.
- Late location adjustments in product design and reinsurance agreements are to be anticipated to accommodate local realities.



Project
FarmCover



Partners

Lorica, eLeaf, Sunu Togo, Allianz Re, MAPTO (farmers organisation), CLIN (IT provider), Assilassime (MFI)



Region
Togo



Main risks
Drought



Policyholder

Smallholder farmers cultivating soy



Insurance asset
Agricultural input costs