

COLOMBIA

MICRO RESILIENT AND EMPOWERED SMES IN LATIN AMERICA



Colombia is severely exposed to natural disasters including floods, excess of rain, landslides, tsunamis, and earthquakes. With current climate-induced changes in the frequency and severity of events, poor households are increasingly exposed to extreme weather events. Access to insurance against natural disasters remains low for rural areas across Latin America. In this context, the Microinsurance Catastrophe Risk Organization (MiCRO) designs affordable and needs-based risk transfer solutions for underserved populations. Partnering with a local insurer in Colombia, MiCRO intends to a) scale up its existing index-insurance for SMEs and farmers as well as b) adjust initial product to the needs of new aggregators' clients.



PRODUCT CHARACTERISTICS

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|-------------------------|---|
| Target group | SMEs, smallholder farmers |
| Target region | Countrywide |
| Insured asset | Financial losses, business interruption |
| Insured peril/ hazard | Drought, excess rain, earthquake |
| Insurance type | Micro-scheme Scale up of existing and development of of new parametric (index-based) insurance solutions |
| Own contribution | 50 % (of total ISF project costs) |



**PRODUCT DEVELOPMENT
ACTIVITIES SUPPORTED**

- Expansion of the existing product alongside microcredits or through cooperatives or via local bank (Bancamía) or local Microfinance institutions
- Selection of additional aggregators (distribution channel)
- Adjustment of the initial solution to the needs of the new aggregators’ clients
- Piloting the products with new aggregators
- Design a value-added programme with local partners that further benefits the project’s beneficiaries with tools beyond risk transfer
- Trainings through Financial Education Programme (FEP) for aggregator companies



PROJECT SET-UP






PROJECT PARTNERS

Demand Side

Supply Side

- Bancamía, Colombia / Bank
- Uni2, Colombia / Microfinance institution
- UNDP, Colombia / UN agency
- Fundación delamujer, Colombia / Microfinance institution
- Fedepanela, Colombia / Panela farmers’ guild
- Microinsurance Catastrophe Risk Organization (MiCRO), Barbados / regional private reinsurance company
- SBS Seguros Colombia S.A. (SBS), Colombia / Insurance company
- Seguros Bolívar, Colombia / Insurance company

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|--|---|
|  <p>EXPECTED IMPACTS</p> | <ul style="list-style-type: none"> • Poor and vulnerable policyholders protected against loss of income due to flood, earthquakes and drought • Income stabilisation of poor households and strengthened resilience • Increased awareness on disaster risk reduction |
|  <p>EXPECTED BENEFICIARIES¹</p> | <p>300,000 by 2025 (75 % poor and vulnerable)</p> |
|  <p>IMPLEMENTATION PERIOD</p> | <p>28/05/2020 – 27/06/2023</p> |

¹ Based on submission documents requiring use of IGP M&E Methodology.