


ETHIOPIA

SCALING UP VEGETATION INDEX CROP INSURANCE FOR FARMERS



The 2015 El Niño-induced drought in Ethiopia has caused food insecurity among 10.2 million people. Recognising a strong need for the development of an index-based insurance product that would protect smallholder farmers from income shocks arising from severe and catastrophic weather risks, the Project Partners have formed a consortium to further develop and scale a vegetation index crop insurance (VICI) product. This includes the lessons-learned from earlier piloting, and aims to enhance access to insurance through rolling out of a national agent network leveraging cooperatives and MFIs, bringing in gains in both productivity and profitability.

	PRODUCT CHARACTERISTICS	
Target group	Smallholder farmers cultivating maize, teff, wheat, barley and sorghum	
Target region	Districts in Oromia and SNNPR	
Insured asset	Agricultural input costs, loan repayment, value of crops (partly to fully)	
Insured peril/ hazard	Drought	
Insurance type	Micro-scheme Scale-up of already piloted Normalized Difference Vegetation index-based insurance solution (NDVI)	
Own contribution	53 % (of total ISF project costs)	

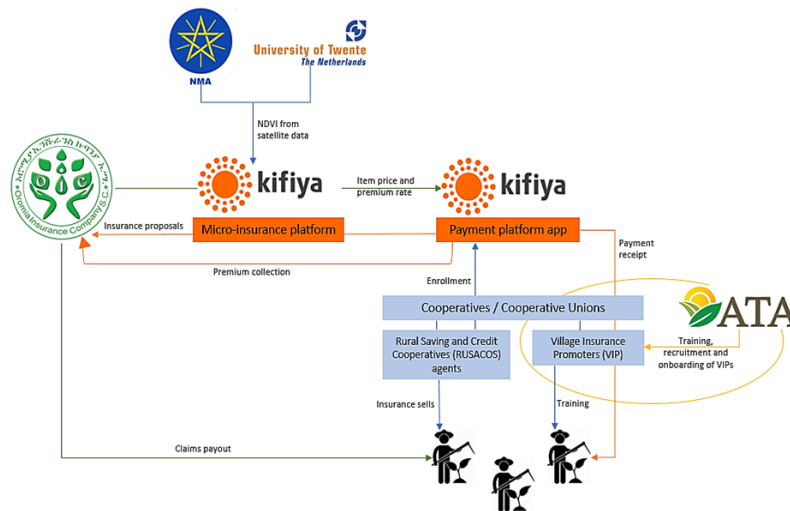


PRODUCT DEVELOPMENT ACTIVITIES SUPPORTED

- Agent selection and recruitment
- Training of agents, village promoters and farmers
- Procurement and delivery of technical devices for enrollment
- Local index adaptation (extension to other districts)
- Product design / adaptation, testing and implementation
- Further development of cloud micro insurance platform for product scale-up
- Automatic reading of geospatial location of the crop field
- Awareness raising activities
- Project management, monitoring and evaluations



PROJECT SET-UP






PROJECT PARTNERS

Demand Side

Supply Side

- Agricultural Transformation Agency (ATA), Ethiopia / Government entity
- Kifiya Financial Technology PLC, Ethiopia / Fintech/InsurTech
- Oromia Insurance Company SC, Ethiopia / Insurance company

 EXPECTED IMPACTS	<ul style="list-style-type: none">Enhanced resilience of smallholder farmers against climate shocks (particularly drought)
 EXPECTED BENEFICIARIES¹	485,000 by 2025 (100 % poor and vulnerable)
 IMPLEMENTATION PERIOD	07/04/2022 – 07/05/2024

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