



PROJECT BRIEF

MALAWI



As a consequence of climate change, farms in Malawi are severely affected and vulnerable, and underscore the urgent need to build soil health and strengthen climate resilience. Financial institutions (FIs) who have partnered with Opportunity International Malawi (OIM) are hesitant to offer loans to smallholder farmers, who in turn, struggle to repay existing loans and meet their financial needs due to crop losses, making it difficult for them to access new credit to rebuild their livelihoods after disasters. The Project Partners propose to increase the financial stability of OIM’s network of FI partners in the aftermath of climate-related disasters, ensuring they can continue lending to farmers. Additionally, the project will protect smallholder farmers from the economic impacts of flooding, excessive rainfall, and drought while providing financial management training and supporting the implementation of regenerative agricultural practices.



Target group

For meso: clients of FI partners of OIM
For micro: smallholder farmers obtaining loans from FI partners



Target region

Southern Malawi Shire River Watershed (Mulanje, Chikwama, Blantyre Rural, Zomba Districts)



Insured asset

Financial losses/recovery lending, agricultural production



Insured peril / hazard

Drought, extreme rainfall, and if possible, pests



Insurance type

Micro- and meso-level approach
Adaptation of existing micro level product offered in the country and customisation of existing meso product



Own contribution

49.3% of total ISF project costs

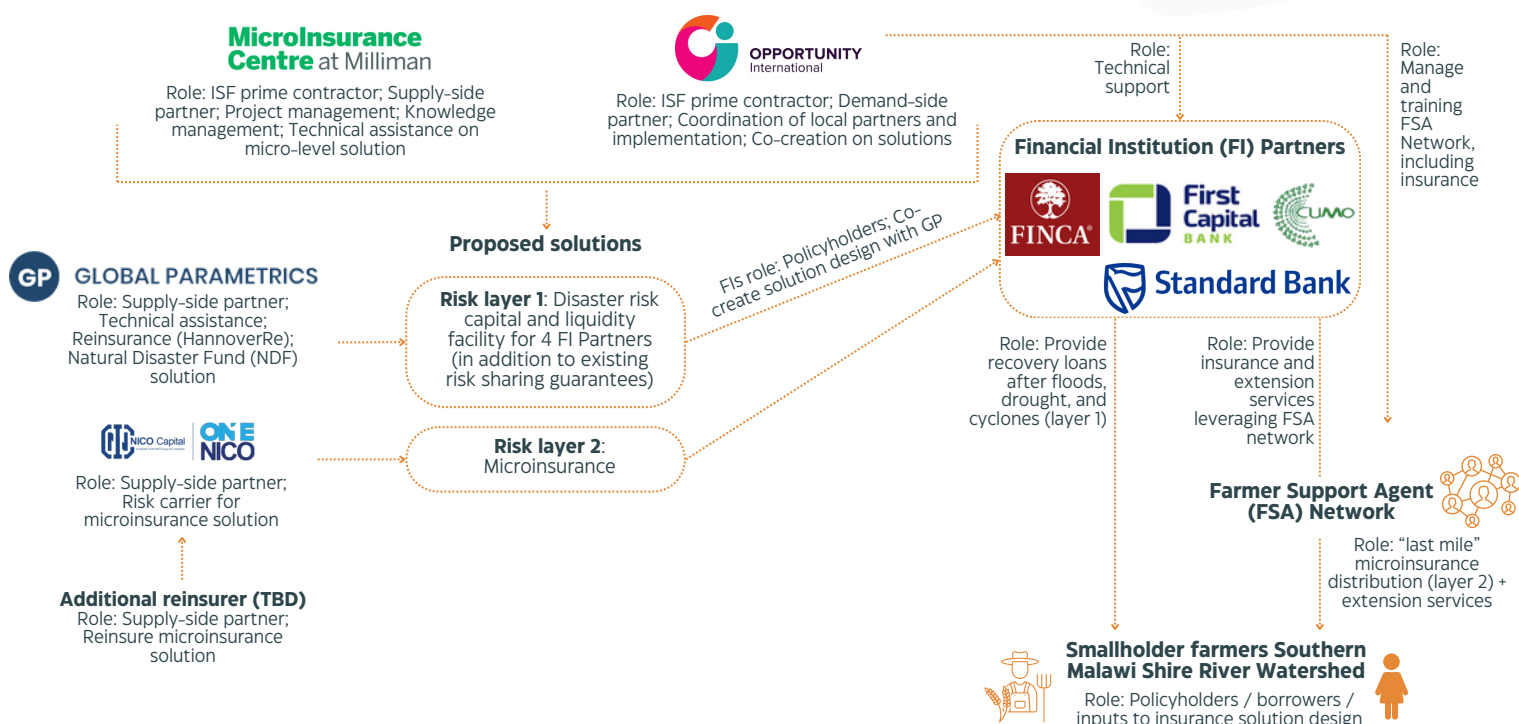


PRODUCT DEVELOPMENT ACTIVITIES SUPPORTED

- Data collection, risk modelling and analysis
- Market research on existing products, product prototyping/ adjustment, testing (for micro-level solution)
- Regulatory approval, establish reinsurance agreements and assess the need for premium support (micro-level)
- Product pricing and structuring
- Product refinement (for meso-level solution)
- Training and awareness
- Supporting the enabling environment through sensitization and training programs run by OIM and its partners



PROJECT SET UP



EXPECTED IMPACTS

- In the meso-level insurance model, the FIs will purchase the product, and in case of a disaster, the insurance payout will support the FI's operational costs or provide capital for recovery loans.
- The micro-insurance will be bundled with loans offered by the FIs and will rely on existing products. Farmer Support Agents (FSAs) will assist with insurance education and enrolment, benefiting over 24,000 smallholder farmers in the project area.



PROJECT PARTNERS

DEMAND
SUPPLY

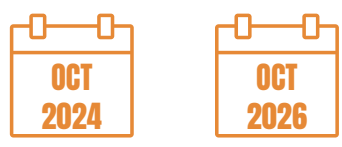
- Opportunity International Malawi / NGO / MW

- MicroInsurance Centre at Milliman / Finance and Insurance Consultancy / US
- CelsiusPro AG / InsurTech / CH

EXPECTED BENEFICIARIES ¹

1,070,000 by 2026
100% poor and vulnerable

IMPLEMENTATION PERIOD



GRANT AMOUNT

EUR 1,019,510