Smallholder farmers in Mexico are not well served by traditional indemnity-based agriculture insurance products, have limited access to formal credit, and often face substantial losses due to drought, hurricanes, excess rainfall, and floods. Following the closure of the government subsidised CADENA insurance programme in 2019, smallholders have had almost no protection. The project developed and tested an index-based sovereign insurance solution identifying and covering all smallholder farmers cultivating maize, and a robust and efficient distribution model of direct payouts to improve their resilience against extreme drought and rainfall events. The programme will require the commitment from the government to fully subsidise the programme, covering the most vulnerable smallholder farmers.
Ultimate goal is to provide the tools the government needs to include subsidies for insurance coverage targeted at vulnerable population as part of the Federal Budget. By achieving said goal, the following impacts are expected to be seen:

- Increased access to finance (timely and direct payouts) and other social protection schemes, resulting in increased resilience of smallholders.
- Increased preparedness from access to tailored, location-based weather forecasts and extension services through technology.
- Reduced protection gap of climate change-related risks and developed local insurance market.

**EXPECTED IMPACTS**

**EXPECTED BENEFICIARIES**

- 3,735,072 by 2025
- 100% poor and vulnerable

**IMPLEMENTATION PERIOD**

- MAR 2022
- APR 2024

**GRANT AMOUNT**

- EUR 1,893,827

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

**PROJECT PARTNERS**

**DEMAND**
- Agroasemex / State-owned reinsurance company / MX
- Insurance and Pension Unit (USPSS) within Ministry of Finance / Federal Government / MX

**SUPPLY**
- AXA Climate / Reinsurance Company / FR
- Guy Carpenter Mexico / Reinsurance Company / MX
- Munich Re Services GmbH / Consulting Company and broker / DE
- Swiss Reinsurance Company Ltd / Reinsurance Company / CH
- Raincoat Ltd / InsurTech / PR

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