

# ACTIVITY SNAPSHOT

## Global Index Insurance Facility

### Asia Regional Index Insurance Training in Colombo



*Photo (clockwise) Group photo of the honorable guests, participants, and facilitators; Hon. Mahinda Amaraweera, Minister of Agriculture; Amena Arif – Country Manager for IFC Sri Lanka & Maldives.*

With each passing year, the risks of unabated climate change are mounting. Climate change will not only make it more difficult to feed the projected 10 billion people by 2050, but its impact is already being felt in the form of reduced yields and more frequent extreme weather events that affect crops and livestock.

Providing risk mitigation solutions such as **agriculture insurance** for the farming community to be able to face the impacts of natural disasters is, therefore, significant.

More than 30 participants from eleven countries from across Africa, Asia and Europe gathered in Colombo, Sri Lanka for a week in September 2018 to learn the fundamentals of index insurance and to share experiences. The workshop was organized by the World Bank Group's Global Index Insurance Facility (GIIF).

GIIF provides smallholder farmers, and microentrepreneurs with access to finance through the development and implementation of index-based insurance. This training program was part of GIIF's capacity-building initiative, which is designed for stakeholders in the agriculture insurance sector.

The workshop was the first capacity building activity on index insurance conducted in Sri Lanka and was well received by the industry. This was endorsed by key officials who graced the inauguration ceremony, which included Hon. Mahinda Amaraweera, Minister of Agriculture, Secretary to the Ministry, Deputy Secretary to the Treasury and Director General of the Insurance Regulatory Commission of Sri Lanka. From the World Bank Group, Zoubida Allaoua, Director – Finance, Competitiveness and Innovation (FCI) Global Practice, World Bank Group, Amena Arif – Country Manager for IFC Sri Lanka & Maldives and Paramita Dasgupta – Practice Manager FCI, attended the inaugural event.



**KASUNDARI DISSANAYAKE**  
AAIB

*"Index insurance programs and methods will be very useful in terms of providing a guideline to assess the agricultural risks as well as to pay insurance payments in a proper manner."*



**KIP KOSEKI**  
AFRICAN RISK CAPACITY

*"The training has brought together a wide pool of knowledge into one room. We'll be able to take this experience and use it to enhance the application of index insurance back home."*



**NADEEKA BASNAYAKE**  
UNIVERSITY OF COLOMBO

*"Index insurance is a golden platform that will encourage people to come into the business [agriculture]."*

*"No country – however big or small, rich or poor, can get away from the impacts of climate change easily. So, we should be ready to confront it, and together, we should do our part to create a better, sustainable future for all."*

Zoubida Allaoua, Director – Finance, Competitiveness and Innovation (FCI) Global Practice, World Bank Group

The workshop offered rigorous technical training, allowing participants to dive into excel formulas, term-sheet evaluation and pricing, basis risk variations, portfolio pricing and reinsurance programming. Kasundari Dissanayake, Assistant Director of Planning at the Agricultural and Agrarian Insurance Board of Sri Lanka (AAIB) - a participant of the workshop, said that the training has enabled them to identify the areas that should be addressed when it comes to *"developing, pricing and evaluating a product."* In 2016, AAIB commenced a partnership with IFC to, modernize their agriculture insurance offering.

While GIIF has conducted several of these capacity building activities before, the facilitators found the diversity in participation in Sri Lanka resulting in a richer sharing of experiences. Participants came from as far as – Mozambique, Uganda, Zambia, Mauritius, United Kingdom, France, Belgium, Indonesia, Philippines, Bangladesh and Sri Lanka. Kip Koseki, a participant from African Risk Capacity, said that index insurance helps *"in terms of getting financing into the most vulnerable in society"* and that it *"brings in members of the public who were previously excluded from this important area."* He said that the learnings received during this week will help develop *"a product that is useful to both the client and the market back home."*

As mentioned at the inauguration by Zoubida Allaoua, Director – Finance, Competitiveness and Innovation (FCI) Global Practice, World Bank Group, *"no country – however big or small, rich or poor, can get away from the impacts of climate change easily. So, we should be ready to confront it, and together, we should do our part to create a better, sustainable future for all."*



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