

Global Index Insurance Facility

Providing Access to Finance to Smallholder Farmers

The Global Index Insurance Facility (GIIF) is a multi-donor trust fund that supports the development and growth of local markets for indexed/catastrophic insurance in developing countries, primarily in Sub-Saharan Africa, Latin America and the Caribbean, and Asia Pacific.

The facility is part of the World Bank Group's Finance & Markets Global Practice.



What is index-based insurance?

Index insurance is a relatively new but innovative approach to insurance provision that pays out benefits on the basis of a predetermined index (e.g. rainfall level) for loss of assets and investments, primarily working capital, resulting from weather and catastrophic events, without requiring the traditional services of insurance claims assessors.

Before the start of the insurance period, a statistical index is developed. The index measures deviations from normal for such parameters as rainfall, temperature, earthquake magnitude, wind speed, crop yield or livestock mortality rates.

Index insurance can help stabilize income for small businesses and farmers when crops are adversely affected by weather, thereby improving livelihoods, assets, and long-term risk management for the world's 2.5 billion smallholder farmers.

GIIF Strategy



Financial Education: Public education on index insurance for farmers, small businesses, MFIs, banks and other clients, distributors, etc.



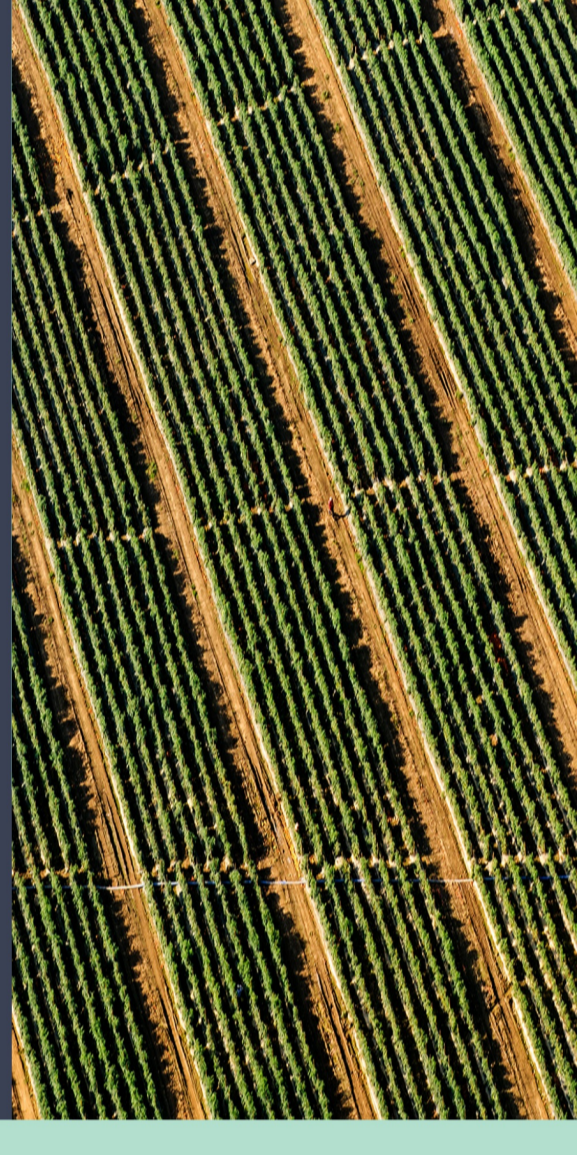
Capacity Building and Subsidies: Grants to research institutions, brokers, and NGOs to support training of local insurers and financial institutions on the design and distribution of index insurance policies and claims process.



Technical Advice on Products and Pricing: Advisory services from GIIF technical specialists and partners to design and develop appropriate index insurance products that meet and stimulate demand for insurance.



Public Policy Dialogue and Regulatory Environment Facilitation: Support the strengthening of legal, regulatory, and supervisory systems related to index insurance and the establishment of the pre-conditions necessary to launch and regulate agricultural index-based insurance products, with proper fiscal incentives and regulatory tools.

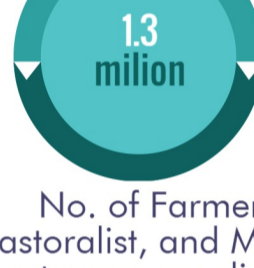


GIIF has been providing legal and regulatory assistance to Kenya's Insurance Regulatory Authority (IRA) so as to address overly restrictive regulations that are considered constraints to the development of microinsurance and index insurance markets. GIIF also participated in the drafting of the new Insurance Act. The new insurance law (bill 2015) was completed and is currently before the Kenyan Parliament.

GIIF by Numbers



Countries with GIIF Projects



No. of Farmer, Pastoralist, and Micro-entrepreneur clients



Total Insurance Portfolio (cumulative)

Impact Fact

Insured farmers invested 19% more and earned 16% more than neighboring uninsured counterparts (Kilimo Salama/2012).

Partnerships

GIIF works with some of the most impactful and innovative public and private-sector partners to implement its programs across all its markets.

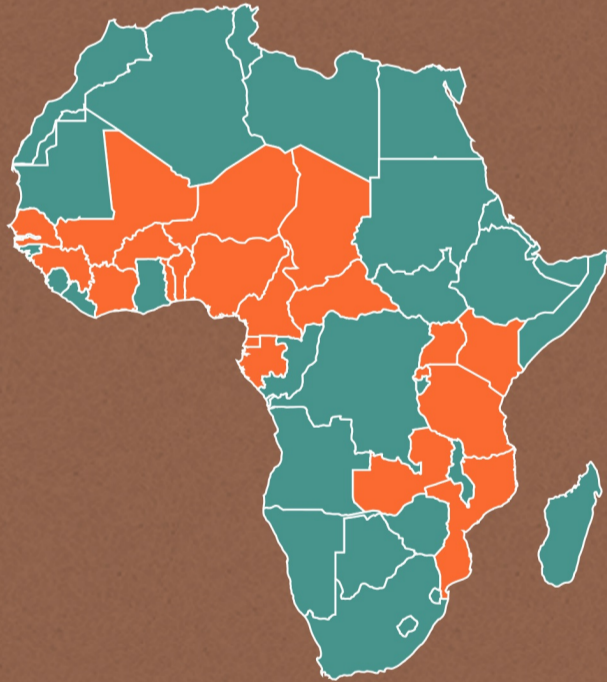


GIIF team funds implementing partners comprised of an intermediary 'broker/agent' who develops index insurance products with local and regional insurance companies who then sell the products.

The index insurance products are often bundled with loans or credit and distributed mostly through portfolio-level aggregators such as agribusinesses, banks and microfinance institutions, and cooperatives.

Limited climate and yield data as well as infrastructure motivates GIIF to work with satellite data providers to bring the needed information to markets.

On the public sector side, the GIIF Team works closely with governments at the regional and national level on policy issues to create an enabling legal and regulatory environment for index insurance. The GIIF Team also carries out feasibility studies and index insurance pilots to test the feasibility of index insurance markets.



GIIF in Africa

One of GIIF's implementing partners in Sub-Saharan Africa, ACRE Africa, was recently incorporated as a brokerage company with support from the Syngenta Foundation for Sustainable Agriculture. ACRE has developed weather, area yield, and livestock index insurance products - sold under the label Kilimo Salama - that cover a wide range of crops and dairy cattle in Kenya, Rwanda, and Tanzania.

Another GIIF's achievement in the policy area is the revision of the legal and regulatory framework in the CIMA zone, enabling the sale of index insurance in 14 francophone countries in West Africa.

Over 800,000 farmers are insured under Kilimo Salama

GIIF in Asia Pacific

GIIF has active projects in Asia that have recently gained momentum. Apart from developing weather index insurance products in Bangladesh and Sri Lanka, GIIF has been working with PT. Reasuransi Maipark, a special risk reinsurance company, on the development of Earthquake Index Insurance in Indonesia. At the same time in the Philippines, GIIF is collaborating with the Center for Agriculture and Rural Development and CARD Pioneer Microinsurance on the development of Typhoon Index Insurance.



"I was reimbursed. It was a very good feeling,"

said Farmer Jacintha, a single mother and a small-holder farmer who cultivates her 3-acre plot in Kenya. She poses here with her 8-year old daughter.

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Global Index Insurance Forum Group

Global Index Insurance Facility is a multi-donor trust fund financed by the European Union, Japan, and the Netherlands and implemented by IFC and the World Bank.