



Copyright Patrick Wall/CIMMYT



Scaling Up Micro-insurance in Africa (SUM Africa)

Geodata for Agriculture and Water (G4AW) improves food security in developing countries by using satellite data. Netherlands Space Office (NSO) is executing this programme, commissioned by the Dutch Ministry of Foreign Affairs.

Drought and excessive precipitation are the two main causes of crop loss in Africa, keeping farmers stuck in poverty. Insurance is considered the key to escaping this poverty trap. Insurance is also expected to unlock credit, allowing farmers to invest in better inputs and to reach a much higher production and income. SUM Africa uses satellite based information to provide low-cost insurance against drought and excessive precipitation to smallholder farmers in Mali and Uganda.

The index insurance services are based on the Meteosat derived Relative Evapotranspiration (RE), which is proportional to crop growth, and a rainfall proxy: the Cold Cloud Duration (CCD). Data is available from 1982 to date. These index insurance services consist of risk assessment and index insurance design

as well as growing season monitoring and loss assessment. The services are delivered through a consortium of index provider, insurers, brokers and aggregators.

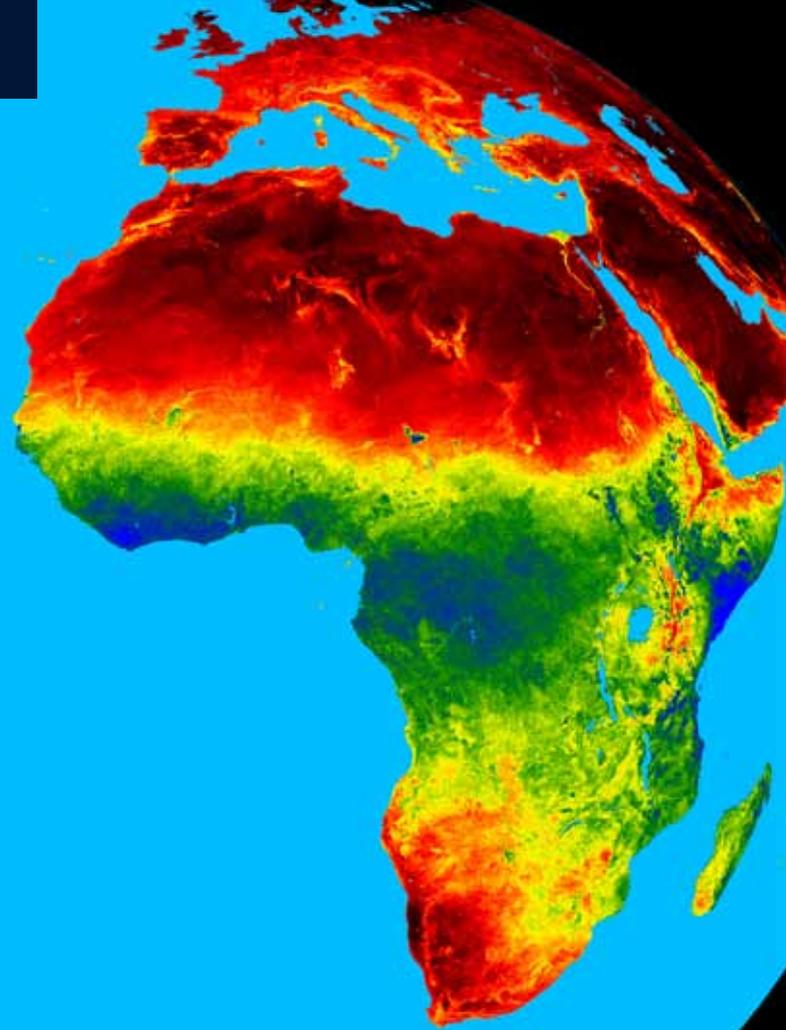
Target user group

The target group consists of 9 million smallholder farmers in Mali and Uganda. The objective is to serve 430,000 of these farmers within 3 years, and 1 million within 6 years after the start of the project.

Business proposition

Agricultural insurance in Africa is virtually non-existent. Traditional insurance, based on actual losses, is too expensive. Insurance based on weather indices is often considered an inexpensive alternative, but there is an insufficient number of weather stations in Africa, while new ones lack the historical records required for risk assessment. Meteosat derived RE and CCD provide a good alternative, because 33 years' worth of data is available at 3 km resolution for every location in Africa, while monitoring continues in real time.

SUM Africa uses satellite based information to provide low-cost insurance against drought and excessive precipitation to smallholder farmers in Mali and Uganda



Copyright EARS

Therefore, this insurance allows for scaling up to corresponding economies, enabling affordable insurance for small scale farmers. With an anticipated consortium income of 1.2 euro per smallholder farmer per year, the business becomes financially sustainable when 1 million farmers will sign up for insurance within 6 years. The G4AW subsidy covers a large part of the initial investment and reduces the financial risk considerably.

Partnership

The partnership has been established on the basis of R&D activities during the project FESA Micro-insurance (2009-2013), a millennium project of the Dutch Ministry of Foreign Affairs. The SUM-Africa consortium consists of the following partners:

- Agence Nationale de la Météorologie, Mali; providing reference data and advising farmers.
- Agriculture Reinsurance Consultants, Switzerland; insurance broker/adviser Uganda
- Coprocuma, Mali; farmer collective and financial service provider.
- EARS Earth Environment Monitoring BV, Netherlands; index insurance service provider.

- Lion Assurance Company, Uganda; leading consortium of insurers
- Ministry of Agriculture, Animal Industry and Fisheries, Uganda
- PlaNet Guarantee, France; insurance broker Mali

Contact

Lead Organisation: joost.vanderwoerd@ears.nl
koko.alberti@ears.nl
info@ears.nl

NSO Project Advisor: Marlène van Benthem,
m.vanbenthem@spaceoffice.nl

g4aw@spaceoffice.nl
g4aw.spaceoffice.nl



This is a publication of Netherlands Space Office, in collaboration with Ministry of Foreign Affairs © Netherlands Space Office (February 2016)

Disclaimer: No rights can be derived from the information provided in this notice.

The policies and provisions laid down in the publication of the G4AW Facility in the Government Gazette are leading.