BACKGROUND

The Philippines is highly dependent on the agribusiness sector, which provides employment for over one-third of its workforce of 40 million people. Despite its significance, one of the factors impeding productivity in this sector is weak investment due to risks from natural calamities such as typhoons. According to the 2016 World Risk Report, the Philippines is the third most vulnerable country for disaster risks, facing an average of 20 typhoons per year. The most powerful of recent typhoons, Yolanda, struck in November 2013, damaging crops, property, buildings, and infrastructure worth Philippine pesos 361 billion (US$7.5 billion).

PROJECT DESCRIPTION

The International Finance Corporation (IFC), supported by the Global Index Insurance Facility (GIIF) and the Canadian government, has been working with CPMI (CARD Pioneer Microinsurance Inc.) and CARD MRI (the Center for Agriculture and Rural Development, Mutually Reinforcing Institutions) to create an index-based portfolio insurance product to insure the loan portfolios of lending institutions such as microfinance institutions (MFIs). They have also been working to provide advisory services for an indemnity-based crop insurance product to insure crop losses suffered by CARD agri-borrowers, and to address the typhoon-related risks faced by both lenders and farmers.

RESULTS AND IMPACTS

It is expected that these products will be launched in 2016, with the goal of insuring 200,000 farmers by project end. The indemnity-based crop insurance product was launched in October 2016, and will target 40,000 farmers in the first year. The index product is set for launch in early 2017. CARD is the largest MFI in the country, with four million clients.

NEXT STEPS

For the indemnity-based product, the challenge will be to process claims efficiently after a typhoon. The project is working with the clients to incorporate technology and possibly index solutions to ease this constraint. For the portfolio index product, the challenge will be to ensure a product that triggers when relevant, taking into account both wind speed and rainfall, with payouts that alleviate losses to bank portfolios.

PROJECT SNAPSHOT

**Market Launch** 2016 (expected)

**Clients** 200,000 farmers (estimated)

**Partners** Center for Agriculture and Rural Development (CARD), and CARD Pioneer Microinsurance Inc. (CPMI - Joint Venture Insurance Company, between CARD and Pioneer Insurance).

**Products** Development and deployment of insurance (both index and indemnity) products to address typhoon-related risks faced by both lenders and farmers.

**Insured Assets** Indemnity Product: Rice and corn crops of CARD farmer borrowers  
Index Product: Portfolios of banks and MFIs

**Insured Perils** Mainly Typhoons

**Regulatory Environment** Insurance Commission

**Data** PAGASA, DHI
About Global Index Insurance Facility

The Global Index Insurance Facility (GIIF) is a multi-donor trust fund that works to provide access to finance to smallholder farmers, microentrepreneurs, and microfinance institutions. GIIF supports the development and growth of local markets for indexed/catastrophic insurance in 31 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.

For more information, please visit www.indexinsuranceforum.org. Join us on LinkedIn: Global Index Insurance Forum Group.