

GLOBAL INDEX INSURANCE FACILITY

PROVIDING ACCESS TO FINANCE TO HELP
SMALLHOLDER FARMERS, MICRO-ENTREPRENEURS
AND MICRO-FINANCE INSTITUTIONS

Build Resilience against Climate and Disaster Risks



**Global Index
Insurance Facility**



MANAGED BY
WORLD BANK GROUP

"The rains failed and we received compensation."

Edward Mkopi, maize and sunflower farmer in Kitale, Kenya.

What is index insurance?



Index insurance is a relatively new but innovative approach to insurance provision that pays out benefits on the basis of a pre-determined index (e.g. rainfall level, seismic activity, livestock mortality rates) for loss of assets and investments, primarily working capital, resulting from weather and catastrophic events, without requiring the traditional services of insurance claims assessors. It also allows for the claims settlement process to be quicker and more objective.

Why is it important to climate resilience?



Insurance is important for development because uninsured losses lock vulnerable populations in a vicious cycle of destitution. Unfortunately, agricultural insurance and disaster insurance are either unavailable or expensive in many developing countries. 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 small farmers.

What is GIIF?



The **Global Index Insurance Facility (GIIF)** is a dedicated World Bank Group's program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. GIIF's regional partners have facilitated more than 4.6 million contracts, covering over 23 million beneficiaries, with \$730 million in sums insured, reaching over one million with information and access to index insurance. GIIF's objectives are to provide access to financing for the vulnerable; to strengthen the financial resilience of the poor against the impact of climate change and natural disasters, and to sustain food production for local communities and larger markets.

GIIF Strategy

Public education and media promotion on index insurance for farmers, small businesses, MFIs, banks, distributors, and other clients as index insurance markets are still new and not well understood.



Financial Education

Grants to research institutions, brokers, and NGOs to support training of local insurers and financial institutions on the design of index insurance policies and claims process as well as to conduct feasibility studies.



Capacity Building and Subsidies

Advisory services from the GIIF team technical specialists and partners to support creations of appropriate index insurance products that meet and stimulate demand for insurance.



Technical Advice on Products and Pricing

Support the strengthening of legal, regulatory, and supervisory systems related to index insurance at both national and regional levels and the establishment of the pre-conditions necessary to launch and regulate agricultural index-based insurance products, with proper fiscal incentives and regulatory tools. It is essential to employ the correct mechanism during each stage of the development of the insurance market, creating the right incentives that increase demand for insurance while at the same time addressing market failures.



Public Policy Dialogue and Regulatory Environment Facilitation

GIIF BY NUMBERS

30+

Countries
with GIIF Projects

4.6 million

Numbers of Contracts
for Farmer, Pastoralist,
and Micro-
entrepreneur clients

\$750 million

Total Insurance
Portfolio
(cumulative)

IMPACT

Over the past few years, GIIF has conducted capacity building activities in key markets such as South Africa, Ghana, Senegal, Nigeria, and in other regions such as in Sri Lanka, Indonesia, and Ukraine. These face-to-face workshops have helped more than 1,000 industry professionals globally understand and adhere to best practices that support the healthy, sustainable, and responsible development of the agricultural insurance and index insurance markets.

PARTNERSHIP

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

GIIF 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.

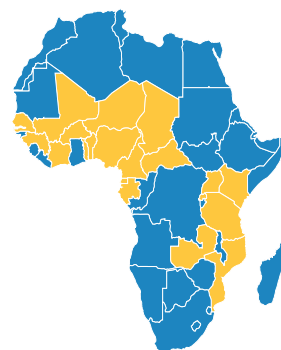
On the public sector side, GIIF works closely with governments at the regional and national level on policy issues to create an enabling legal and regulatory environment for index insurance.

GIIF 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 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 that cover a wide range of crops and dairy cattle in Kenya, Rwanda, and Tanzania.

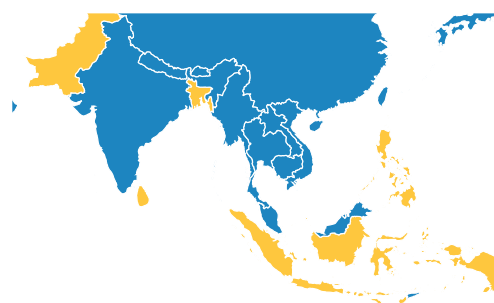
Another GIIF's achievement in the policy area is the revision of the legal and regulatory framework in the CIMA zone, enabling the sale of index insurance in 14 francophone countries in West Africa.



GIIF in South Asia and Asia Pacific

GIIF has active projects in South Asia that have recently gained momentum. Apart from developing weather index insurance products in Bangladesh and Sri Lanka, GIIF is also operating in Pakistan as part of the World Bank Group's SMART Punjab Program-for-Results that aims at increasing the productivity of crop and livestock farmers and improving their climate resilience.

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. GIIF has also been working with PT. Reasuransi Maipark, a special risk reinsurance company, on the development of Earthquake Index Insurance in Indonesia.



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www.indexinsuranceforum.org

eLearning modules on index insurance for new learners and professionals are available on the program's website.



Global Index Insurance Forum Group

Global Index Insurance Facility is a multidonor program financed by the European Union/ACP, the governments of Japan, the Netherlands, and Germany, and is implemented by IFC and the World Bank.

