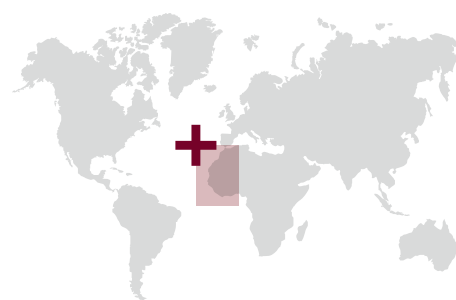


ACRI+

Develop Insurability:
Strengthening Resilience for SMEs
in Industrial Zones in Morocco



AT A GLANCE

Name

Develop Insurability: Strengthening Resilience for SMEs in Industrial Zones in Morocco

Duration

February 2017 - October 2018

Focus area

Aït Melloul Industrial Zone, Souss-Massa Region, Morocco

Target group

Small and medium sized enterprises (SMEs) in Aït Melloul Industrial Zone and stakeholders along selected value chains; vulnerable population groups; industrial zone management; communities; local governments; (re)Insurance sector

Funds available

The project Advancing Climate Risk Insurance plus (ACRI+) is part of the overall programme Promoting Integrated Climate Risk Management and Transfer funded with 5 million Euros through the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

The project is jointly implemented by ...

Munich Climate Insurance Initiative e. V. (MCII) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The core objective is ...

to increase resilience to extreme weather events for SMEs in the Industrial Zone Aït Melloul.

BACKGROUND

In Morocco small- and medium-sized enterprises (SMEs) in industrial zones compose the economic backbone of the economy. A large number of industrial zones are located in vulnerable areas which poses long-term risks to their economic activity. Especially the industrial zone in Aït Melloul, located in the southern Souss-Massa region, is one of the regions most vulnerable to climate change in Morocco. Extreme weather events such as floods, intensive rainfalls, heatwaves and droughts have become more frequent and severe. The industrial zone in Aït Melloul is dominated by agro-businesses which are highly dependent on the agricultural value chain. 70% of the companies are agri-businesses processing regional vegetables and fruits, and fish supplied from the South harbors of Morocco. Aït Melloul has a strategic position and became an important export hub for the region. The vegetable and fruits production of the Souss-Massa processed by the companies of Aït Melloul represents 90% of the Moroccan export.

This vulnerable sector is most affected by floods and water scarcity in the country. Any disruption in the agro-industrial value chain will affect the business activities of many SMEs in the industrial zone. The impacts of extreme weather events on industrial areas can be direct or indirect. Direct risks could be physical damage to infrastructure and productions sites, irregularities in water and energy supply or contamination of water and soil due to flooding of storage sites of materials or hazardous waste. Indirect risks represent damages to external

systems outside the control of the industrial zone such as electricity outage, supply chain disruptions, or even the relocation of SMEs following recurring floods in the industrial zone.

The GIZ project Private Sector Adaptation to Climate Change (PSACC) responded to the need to develop tools and instruments to support the private sector, particularly SMEs in their efforts to adapt to climate change (further information, see www.climate-expert.org).

In Morocco, the PSACC project has been implemented at the level of industrial zones, and developed a guide which provides a vulnerability assessment of the industrial zone and proposed recommendations for adaptation measures to support industrial zone managers in conducting a climate risk analysis and developing an adaptation strategy. However, SMEs face difficulties to apply preventive adaptation strategies due to the lack of financial capacities. In order to support SMEs in adopting adaptation strategies and provide financial access, risk transfer instruments such as insurance can play a valuable role in reducing losses resulting from extreme weather events. The project ACRI+ will build upon the PSACC project, which terminates end of 2017, and creates a good follow-up opportunity by providing additional guidance on climate risk transfer solutions. Risk transfer solutions such as insurance, will reduce the overall risks to extreme weather events and more importantly, it increases SMEs credibility and makes access to adaption finance more feasible.





APPROACH

Together with local authorities and private sector partners, new insurance solutions are being developed and linked to all of the phases of the disaster risk management cycle. The aim of the concepts is to contribute to climate resilience of SMEs through strategically combining insurance approaches, if applicable and suitable, with other risk management measures to harness important synergies and leverage spill-over effects between the different approaches. Insurance can bridge within each phase of the disaster risk management cycle to better assist businesses, individuals and governments in strengthening their resilience at the micro, meso, and macro level in a systematic manner. Integrating insurance into the different phases of disaster risk management will increase the effectiveness of preventive measures, relieving budget constraints and strengthening the resilience of industrial areas. ACRI+ engages at local, national and international levels through the following components described below.

- **Component 1: Adaptation measures**

Based on the detailed assessment of supply chain vulnerability, the project makes further recommendations for adaptation measures that can improve the overall adaptation process.

- **Component 2: Climate risk insurance**

For risks with low frequency and high intensity, climate risk insurance will offer financial support against the loss of assets and possibilities for effective adaptation measures.

- **Component 3: Awareness**

Communication tools and tools for designing dialogue processes to raise awareness of climate change issues are developed.

- **Component 4: Consultation and training for the private sector in adaptation to climatic changes**

Chambers of commerce, associations and private sector providers are trained to provide training and advice in the field of climate change adaptation

- **Component 5: Advice on financing climate change adaptation measures:**

the project will develop consultative assistance for the private sector on the use of finance and insurance products for adaptation to climate change.

OPPORTUNITIES

The insurance sector in Morocco is very dynamic, well organized and synchronized. The insurance penetration rate has increased from 2.3% in 2010 to more than 3% in 2015. Morocco shows the highest insurance penetration rate in Africa, although the majority of insurance products relates to health care and car insurance. There are now 17 insurance companies licensed in Morocco and

one reinsurance company, which has a monopoly of climate risk insurance to the agricultural sector. Nonetheless, international climate negotiations in 2016 left behind a strong momentum and stakeholders are willing to enhance and share their expertise through working groups. Climate risk insurance is generally perceived as a great opportunity.



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