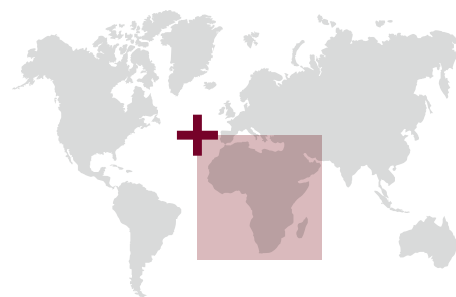


ACCI – Adaptation to Climate Change and Insurance



AT A GLANCE

Name

Adaptation to Climate Change and Insurance (ACCI)

Duration

January 2011 – May 2015

Focus Area

Kenya (country-wide).

Focus Regions: Busia and Homa Bay Counties

Target group

Smallholder farmers and stakeholders along selected value chains

Funds available

The project is funded by the International Climate Initiative (ICI) of the German Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) with 2.8 million EUR.

The project is jointly implemented by ...

Ministry of Agriculture, Livestock and Fisheries and Ministry of Environment and Mineral Resources in Kenya, national and local government bodies, local research institutes and NGOs as well as the private insurance sector.

The core objective is ...

to enable farmers, cooperatives and other value chain actors to adapt to climate change.



BACKGROUND

Climate change is one of the most serious global challenges of our time, so it is not a surprise to also find it evident in Kenya.

In Western Kenya, weather observations have indicated that maximum day temperatures in the last 50 years have increased in magnitudes between 0.5 and 2.1°C and are expected to increase more. The pilot areas Homa Bay and Busia do not experience the most extreme weather conditions in Kenya, but are equally affected by climate change. The areas have been chosen by the Ministry of Agriculture in Kenya as pilot sites as they represent the regions in Kenya where farmers face climate change in a less extreme but gradual manner. An increase in temperatures (between 2 - 4°C) is to be expected within the next decades alongside with a particularly higher variability regarding the onset and amount of rainfall. Some climate models have even foreseen a trend leading towards only one rainy season compared with the normal two.

Both, heavy rains and flooding as well as periodic dry spells, have occurred before and led to severe declines in yield and income for the more vulnerable farmers. Until now, affected farmers only had the ability to adjust their farming systems based on their own experiences.



APPROACH

ACCI was designed as a pilot project; the lessons learnt and messages documented will provide a base for scaling up interventions (adaptation strategies and tools to measure adaptive capacity).

Policy options for the development of the insurance sector in Kenya have been elaborated for the Kenyan government and could have a far reaching impact on the provision of agricultural insurance in Kenya in the long run.

The ACCI Project concentrates on achieving the following three outcomes:

1. Support for Agricultural Service Providers

Systematic assessment of the expected changes, such as a later onset of the farming seasons or more frequent dry spells, and the identification of locally suitable adaptation strategies are essential to identify the best interventions. ACCI builds the capacity for public and private extension service providers to assess risks, to screen their current services with a “climate lens” and to propose adaptation measures. In Homa Bay and Busia, strategies that addresses the use of a variety of sustainable soil, water management practices, promotion of adaptive crops/varieties that have good yield potential even under dry conditions, like sorghum, cassava and sweet potatoes and the planting of more trees on farms are easy to implement. However, promotion must not focus at production cycles only. A systematic screening of the complete value chain including input supply, production, processing and marketing, offers various entry points for upgrading a value chain to a more resilient option.

2. Promotion of Agricultural Insurance

To support the sector, the project focused on insurance literacy campaigns for farmers and on the assistance of the Kenyan government in developing a draft of the “Agricultural Insurance Policy”. A close collaboration with the private insurance stakeholders is being identified as a precondition for the success for both interventions.

3. Measuring Adaptive Capacity

Tools developed and tested by ACCI together with its district partners (such as TRAC – Tracking Adaptive Capacity) to assess whether adaptation interventions have been successfully implemented and the adaptation capacity of individuals or communities towards climate has changed. In addition, possibilities for the standardization of tools have been explored to increase options for a national monitoring and reporting system (MRV+) and to provide practical evidence.

Exit Strategy:

1. Short, medium and long-term policy options have been worked out with the Kenyan Government to support the insurance market in a prospering but sustainable manner.
2. Awareness and capacity of the ministries, public partners and local NGOs will be increased in order to support and strengthen further adaptation strategies.
3. Lessons learned will be shared with bi- and multinational partners to be integrated in their current programs.



Challenges:

1. The topic of climate change is still not fully mainstreamed in the services provided by the Ministry of Agriculture.
2. Profit based or donor funded technical support to the target group is fragmented by different providers and are not aligned within a systematic strategy and tools/ lessons learned are not shared.
3. The local insurance sector is not able to provide the products and services in a cost covering manner, and depends highly on public subsidiary and technical input.

Opportunities:

1. The project is linked to other bi- and multinational projects at the pilot sites and at a national level (e.g. PALWECO, the value chain project supported by the Finnish government).

OUTCOME

The project works with around 5500 farm households reaching out to about 30,000 people. Climate risk profiles for the targeted areas indicating possible adaptation strategies are available, accessible, and have been tested.

More than 250 extension service providers, NGOs and multipliers from the Ministry of Agriculture have been trained on climate change and adaptation strategies, disseminating the messages to the target groups.

Farmers started to adopt some of the promoted strategies within the first season in 2013 and experienced an increase in yields as well as income. An insurance literacy training manual has been made available and awareness campaigns for farmers are underway in 2013/ 2014.

The project has supported the Agricultural Sector Coordination Unit (ASCU) in initiating measures to develop an agricultural insurance policy.

LESSONS LEARNED

1. During the feasibility assessment of this project, it became obvious that working on the policy framework and assisting the public sector in data collection and consumer awareness, provided a more efficient strategy for supporting the Kenyan insurance sector instead of implementing insurance products on a pilot base to develop the sector.
2. The process of developing a policy is lengthy and prone to political disruptions. For example, the Kenyan government has already made announcements for the development of a new livestock insurance fund (a short-term measure) which might undermine efforts and delay necessary long-term interventions proposed in the framework of the project to develop a sustainable, private sector-led market.



CASE STUDY

A "National Agricultural Insurance Policy (NAIP)" for Kenya

Sustainable agricultural insurance programs require a critical market size, and an essential supporting factor to develop a national insurance market is an appropriate public policy. In Kenya a process has been initiated to formulate a National Agricultural Insurance Policy (NAIP), which will provide this necessary framework. The Kenyan government is aware that making agriculture risk insurance compulsory, reducing the costs to farmers (e.g. public investments in data, risk financing or premium subsidies), or integrating it within social protection programs can enhance farmers resilience.

The policy will address: (i) collection of reliable agricultural insurance data, (ii) development of appropriate outreach to potential policyholders, (iii) provide guidance in provision, or support risk financing for reinsurance, (iv) how appropriate insurance products could be designed, and (v) establishment and implementation of an enabling legal and regulatory environment. Addressing these issues will make agricultural insurance accessible to smallholder farmers who will be able to use it as a tool to improve their adaptive capacity.

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