

ACRE Africa's Contribution to Climate Risk Management

Adaptation of African Agriculture
Marrakech 2016

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About ACRE Africa

- **Micro-insurance product designer** linking stakeholders to agricultural insurance through localized solutions to reduce climate risks
- **Licensed insurance intermediary**, supporting local insurers to offer smallholder-focused insurance across value chains
- Offices in **Kenya, Rwanda and Tanzania, projects in other African countries**
- Professional staff with expertise in Climate Data, Agronomy, Insurance, Agriculture and Veterinary Sciences, Actuarial Science, Marketing, Strategy and Finance

Founder and Main Shareholder:



Impact Investors



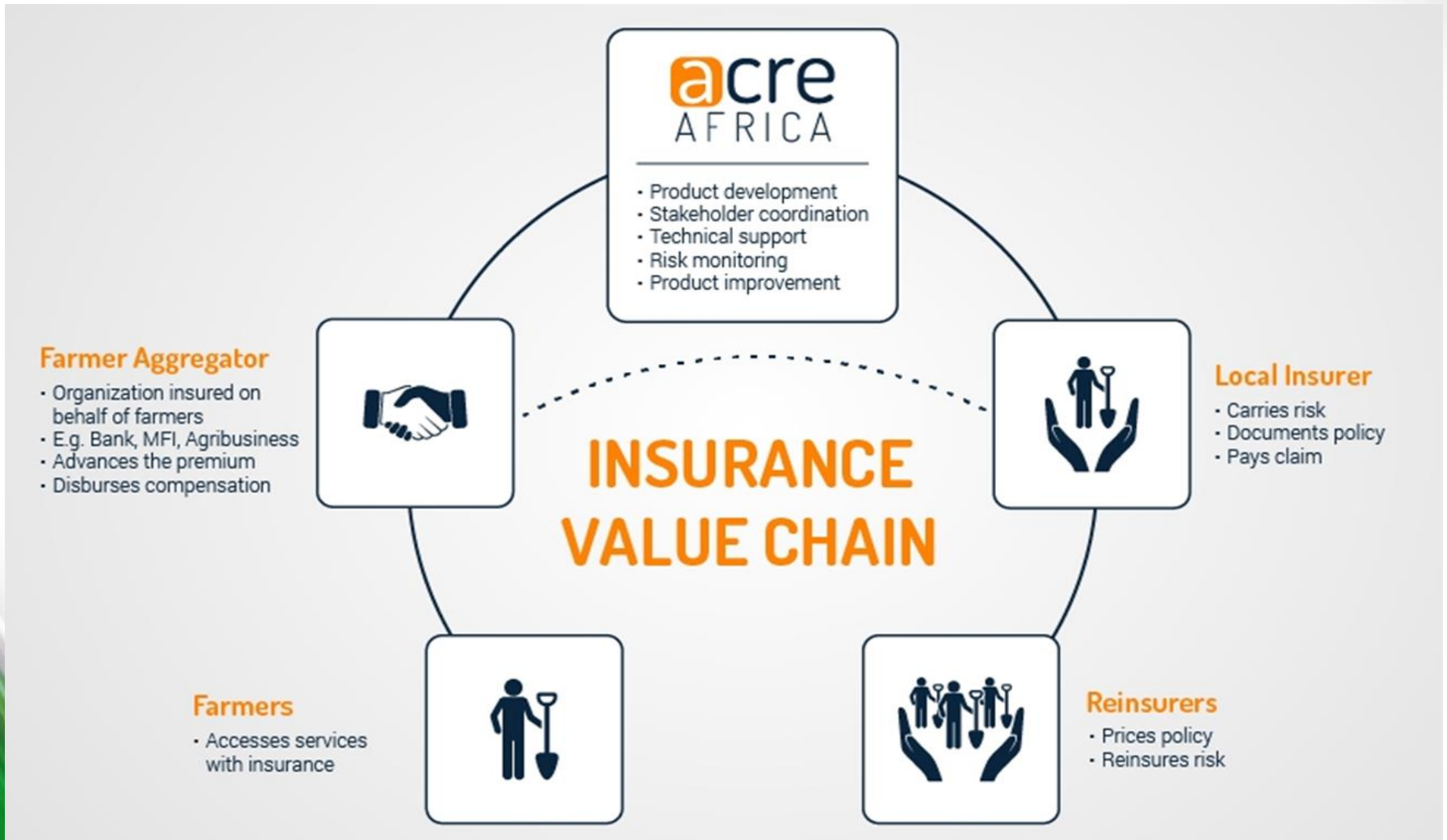
LGT Venture Philanthropy



GRAMEEN CRÉDIT AGRICOLE
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Role in Risk Management Value Chain



Climate Information Services (CIS)

- ACRE Africa develops climate information services from bio-climatic conditions analysis and packages the information to suit different stakeholders
- Information is shared in various formats:
 - SMS to farmers
 - Reports
 - Presentations

CIS: Agricultural Resilience & Sustainability

Bio-Climatic Conditions Analysis:

ACRE Africa uses various databases, models and decision support tools to analyze:

- Rainfall – seasonality, distribution etc.
- Temperature
- Soil – PH, texture, temperature, type & moisture content
- Evaporation
- Altitude

This information is then packaged according to the needs of the different stakeholders.

Farmers

- Information for planning and decision making – ideal planting windows, what to plant, timely application of fertilizers, pesticides etc.

Insurers & Reinsurers

- Information for planning and pricing purposes – product pricing, risk appetites and transfer levels etc.

Financial Institutions, Donors, Investors

- Information for planning, product design and decision making – Impact M&E, Risk management etc.

Government:

- Information for planning purposes and policy development

Transforming Agriculture: Role of CIS and Insurance

- CIS and Insurance are bundled to promote sustainable increased production and food security through:
 - Climate-smart agriculture:
 - planting drought-resistant varieties;
 - integration of different cropping systems to spread the risk
 - use of soil & water conservation techniques and
 - informed production systems (timely planting, application of fertilizer, pesticides, etc.)
 - Use of certified seeds to increase yields and reduce risks of pests and diseases
 - Improved access to finance – using insurance as collateral for smallholder farmers

Implementation Challenges

- Data availability, accessibility & legitimacy – CIS and Agricultural Insurance rely heavily on weather, soil and yield data.
 - Most governments do not have adequate systems to facilitate collection of these data. This leads to cases of misrepresentation and data-tampering or fabrication.
 - If data cannot be verified, their usability for CIS and Insurance is diminished

Implementation Challenges

- Technology:
 - Limited mobile and internet connectivity hinders communication of CIS & data access and analysis
 - High cost of technology – Few organizations and countries have the financial capacity to install and maintain a large network of automated weather stations (AWS)
 - Other challenges linked to technology include skilled capacity to manage and process the data, and literacy levels among smallholders, who are the primary beneficiaries of the data

Implementation Challenges

- Capacity Building: CIS and Insurance require a strong foundation of training to ensure optimal benefits to the beneficiaries
 - High costs of capacity-building activities:
 - insurance training;
 - demystifying climate information &
 - building trust through value-adding solutions such as record-keeping, agronomic advice, cropping systems, etc.

Opportunities

- **Partnerships:**

- With private organizations (impact investors & venture philanthropists) to ease the top-heavy costs – AWS installations, capacity-building, social impact monitoring, etc.
- With existing technologies – MNOs with existing satellites and mobile network connectivity
- With input and service providers – Offer bundled solutions, e.g.:
 - Inputs – seeds, fertilizer, etc. – with insurance
 - Irrigation, soil and water management technologies with capacity-building, insurance and CIS

Opportunities

- **Partnerships:**
 - With governments and their agencies:
 - Ease of awareness - government employees can train local communities on CIS and CSA. In Kenya, the Meteorology Department holds participatory pre-season sessions with community leaders about rainfall expectations, for proper planning
 - Data acquisition - governments can partner with private institutions to streamline and manage data collection (PPPs)
 - With market linkages to encourage production - ‘why produce when you cannot sell?’

Opportunities

- **Partnerships:**

- With financial institutions to encourage access to financial services:
 - use of insurance as collateral to ease credit access, to promote increased production and ensure its sustainable continuity
 - Use of mobile money services for premium payment and compensation

THANK YOU FOR YOUR ATTENTION



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