UPDATE on GIACIS

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Introducing GIACIS

**GIACIS Consortia**
ITC, University Twente - Public
Kifiya Financial Technology Plc - Private
Agricultural Transformation Agency [ATA]
National Metrology Agency [NMA]

**Partners**
Swiss Re
Insurance Companies (4)
MFIs (4)

**Product**
Index-based drought-insurance (single-peril), bundled with micro-credit contracts (existing scheme)

**Area/Crops**
All highlands of Ethiopia (>800masl)
Focused on major cereal crops: teff, wheat, barley, maize, sorghum

**Index**
NDVI at 1km² at 10-day intervals

**PPP-approach based on a 100% complementary Partnership**
## Our work to date

### Consortia Background Work
- ITC University of Twente
- Kifiya
- Agriculture Transformation Agency
- National Metrology Agency

Inception Report + scope + detail roles and responsibility work completed

### National Workshop
- One day work shop to present and build broader stakeholder that incl.
  - Government organizations (5)
  - Insurance companies (4)
  - Microfinance Institutions (6)
  - Federal Cooperative Agency
  - Knowledge Institutions and
  - Development organizations (4)
  - Regulator (NBE)

### Ecosystem & Product Design
- Design Risk Model – ITC
- Design ecosystem – Kifiya
- Detail demand side study (incl. need) + development of business case to all stakeholder – Micro Save

### Pilot Date
- Preliminary pilot date determined by all stakeholders
  - January 2015
Our work to date.....

Package 1: Build capacity in NMA
- GeoNetcast equipment procured and installed
- Forty staff trained on data processing
- Start taking 1kmX1km grid NDVI data every 10 days

Package 2: Risk Model
- ITC completed the risk model based on NDVI data
- Defined Ethiopia into agricultural zones
- First product will cover risk against crop
- NDVIA index at pixel level

Package 3: Demand Study & BC
- Detailed study completed
- Business cases presented to stakeholders
  - Insurance Companies
  - MFIs & Coops
  - Pilot Farmers

Package 4: Alignment with stakeholders
- Stakeholder meetings conducted at
  - Federal Level
  - Regional Level
  - Local Level
- Program alignment with input credit program of ATA

Package 5: Technology
- Micro Insurance Platform is under construction
- DFS platform ready
- Producing detailed image-maps of farmers fields is on-going
- Validation logic of NDVI-based results is under preparation
- Design of “Announcements” by NMA is pending
Lessons learnt to date …..

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<th>Demand Side</th>
<th>Risk Modelling</th>
<th>Technology</th>
<th>Scale</th>
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| ❑ The need for further product bundling (Crop, Livestock, Funeral, Credit Life and Health Micro-insurance) | ❑ The used Index-based MI-model enabled us to:  
❑ Overcome lack of preconditions  
❑ Enable scalability  
❑ Address technically complex issues  
❑ Highly accurately define trigger and exit thresholds  
❑ Carry out actuary work related to the risk-component  
❑ Drastically reduce field-based costs  
❑ Overcome the key basis-risk issues  
❑ Pixel level implementation can be achieved if we can geo-locate the small holder farmer plot | ❑ Integrated approach required solving challenges traditionally ‘owned’ by insurance companies  
❑ Integrated approach required trust and ample communication between partners. Mutual strengths are thus fully utilized. | ❑ For micro insurance to succeed financially, required is:  
❑ Achieving scale  
❑ Achieving links (providing services) to existing schemes  
❑ Achieving visibility at national level (key-stakeholders)  
❑ Aligning GIACIS services/products to government ambitions/needs |
| ❑ Address also other perils than drought (basket approach of products)  
❑ The need to insure also monetary values (other than input credit alone) | | | |
Thank You