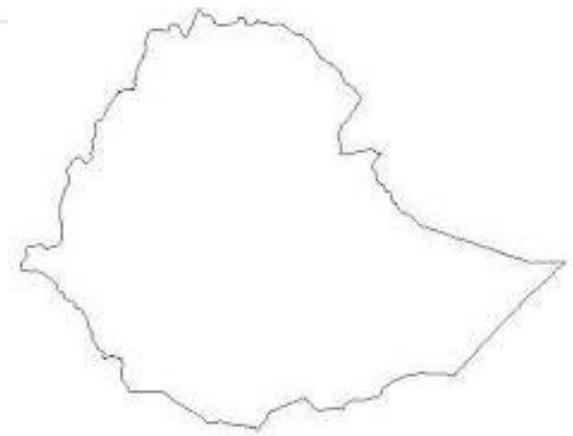




*by: Munir Duri*  
The Hague, Sept. 2015



# UPDATE on GIACIS

# 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 1km<sup>2</sup> at 10-day intervals



Below the photo is a row of six circular icons: a wheat stalk, a cloud with rain, a satellite, a laptop, a smartphone, and a person with a tool.

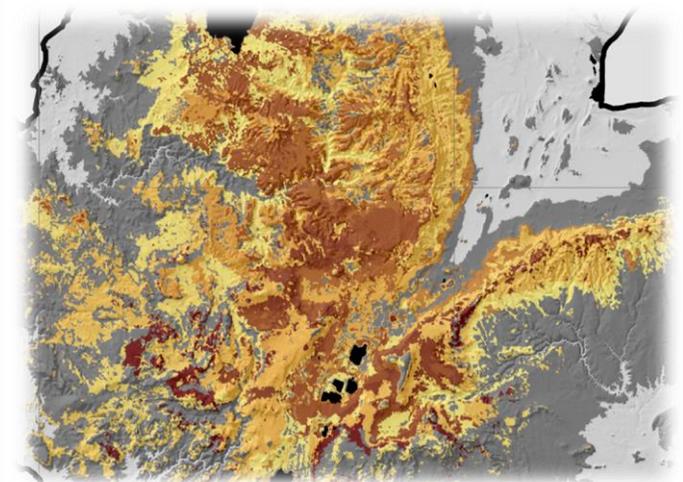


**A systematic and synergetic approach for financial inclusion, promotion of investment in agriculture, broker sustainable production methods and risk transfer tools**

## Geodata for Innovative Agricultural Credit Insurance Schemes (GIACIS)



A **PPP**-approach based on a 100% complementary Partnership



# Our work to date .....



Consortia Background Work	National Workshop	Ecosystem & Product Design	Pilot Date
<ul style="list-style-type: none"><li><input type="checkbox"/> ITC University of Twente</li><li><input type="checkbox"/> Kifiya</li><li><input type="checkbox"/> Agriculture Transformation Agency</li><li><input type="checkbox"/> National Metrology Agency</li></ul> <p>Inception Report + scope + detail roles and responsibility work completed</p>	<ul style="list-style-type: none"><li><input type="checkbox"/> One day work shop to present and build broader stakeholder that incl.<ul style="list-style-type: none"><li>▪ Government organizations (5)</li><li>▪ Insurance companies(4)</li><li>▪ Microfinance Institutions (6)</li><li>▪ Federal Cooperative Agency</li><li>▪ Knowledge Institutions and</li><li>▪ Development organizations (4)</li><li>▪ Regulator (NBE)</li></ul></li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Design Risk Model – ITC</li><li><input type="checkbox"/> Design ecosystem – Kifiya</li><li><input type="checkbox"/> Detail demand side study (incl. need) + development of business case to all stakeholder – Micro Save</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Preliminary pilot date determined by all stakeholders</li></ul> <p style="text-align: center;"><b>January 2015</b></p>

# 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 10days

## 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 .....



## Demand Side

- ❑ The need for further product bundling (Crop, Livestock, Funeral, Credit Life and Health Micro-insurance)
- ❑ Address also other perils than drought (basket approach of products)
- ❑ The need to insure also monetary values (other than input credit alone)

## Risk Modelling

- ❑ 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

## Technology

- ❑ 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.

## Scale

- ❑ 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



Thank You

