



Geodata for Innovative Agricultural Credit Insurance Schemes (GIACIS)

GIACIS is a public-private partnership, aiming at expanding financial service delivery to all smallholder farmers living in the highlands of Ethiopia. Focus is on a geodata-driven risk-mitigation (insurance) products that offer a basic safety net to protect them against the occurrence of weather related perils.

The product aims to insure credit taken to purchase agricultural inputs, or alternatively, an agreed upon cash sum. Locally, insurance packages will be made available in various forms by agents of micro-finance and micro-insurance companies, supported by agents of Kifiya. The services will be administered through a digital financial services (DFS) platform, twinned to the operational branchless banking platform, as managed by Kifiya.

Initially, the single-peril 'drought' will be addressed. In future, options will be added to insure against the occurrence of other risks. Farmers can then choose to purchase coverage for the right mix of faced perils.

Target user group

The product targets small-scale farmers, 80% of whom have less than 0.5ha of land, cultivating teff, wheat, barley, maize and sorghum in the rain-fed cropping areas of the 4 key-regions of Ethiopia: Oromia, Southern Nations, Nationalities, and Peoples' (SNNP), Amhara and Tigray. The 3-year target is to reach over one million smallholder farmers. The insurance product addresses the needs of Ethiopian farmers that operate at the lowest step of development as well for those that have moved up the ladder.

Business proposition

Smallholder farmers can insure a credit amount to purchase and use agricultural inputs against weather-related perils. This will protect them from risks that would harm their ability to repay credit. It enables a change from risk-averse behavior towards optimization of long-term productivity, profits and sustainability.

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



Kifiya will design a transaction fee structure to enable the development and delivery of the GIACIS product, through technology and use of their agent network. The insured credit will be part of their mobile financial services platform, bringing an increasing value-content as a cost-effective value-proposition to farmers. Kifiya has designed a financially sustainable business model, whilst keeping prices affordable for farmers.

Partnership

Partners are complementary and all-inclusive as a group:

- Applicant: ITC University of Twente (public), The Netherlands.
- Business partner: Kifiya Financial Technology PLC (private), Ethiopia.
- Corporate partners: Agricultural Transformation Agency (ATA, public), Ethiopia, National Meteorology Agency (NMA) of Ethiopia (public).
- Support partner: Swiss Re corporate solutions (private) - Switzerland.

Contact

Lead Organisation: Kees de Bie
c.a.j.m.debie@utwente.nl

NSO Project Advisor: Mark Loos
m.loos@spaceoffice.nl

g4aw@spaceoffice.nl
g4aw.spaceoffice.nl



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