



Proyecto FICOHSA-FUNDAR-Súper La Colonia/Honduras/Horacio Pérez

Two successful cases of agricultural insurance for small-farmers

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Agenda

1. BACKGROUND
2. EDUCAMPO
3. PULA - ADVISORS
4. KEY TO SUCCESS
5. FUTURE VISION

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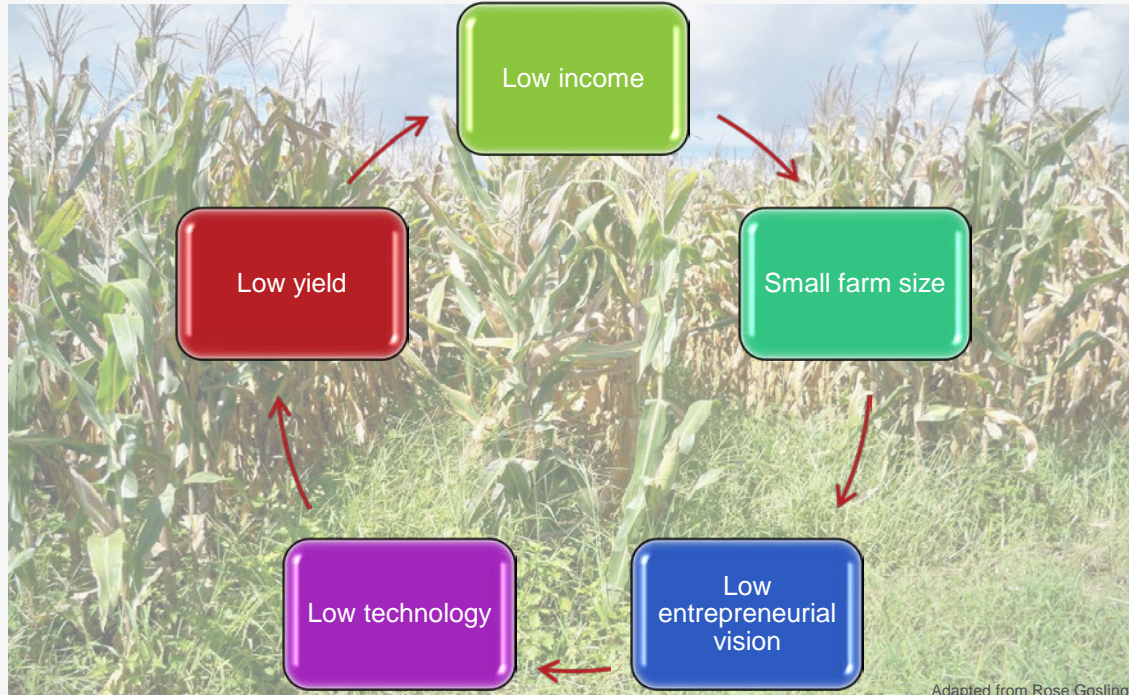
BACKGROUND



BACKGROUND

Challenges of smallholder farmers

The low income trap



- A) Lack of organization and integration in a value chain
- B) Little negotiation power on the markets
- C) Low individual capacity to incorporate better production technology
- D) Individual high risk
- E) High capital requirement
- F) Access to credits very limited
- G) Non entrepreneurial development – lack of business cases
- H) Slow or no social development

BACKGROUND

Challenges of crop insurance industries



Small farmers run 60% - 90% of the agricultural production.
=> Low market penetration of crop insurance.

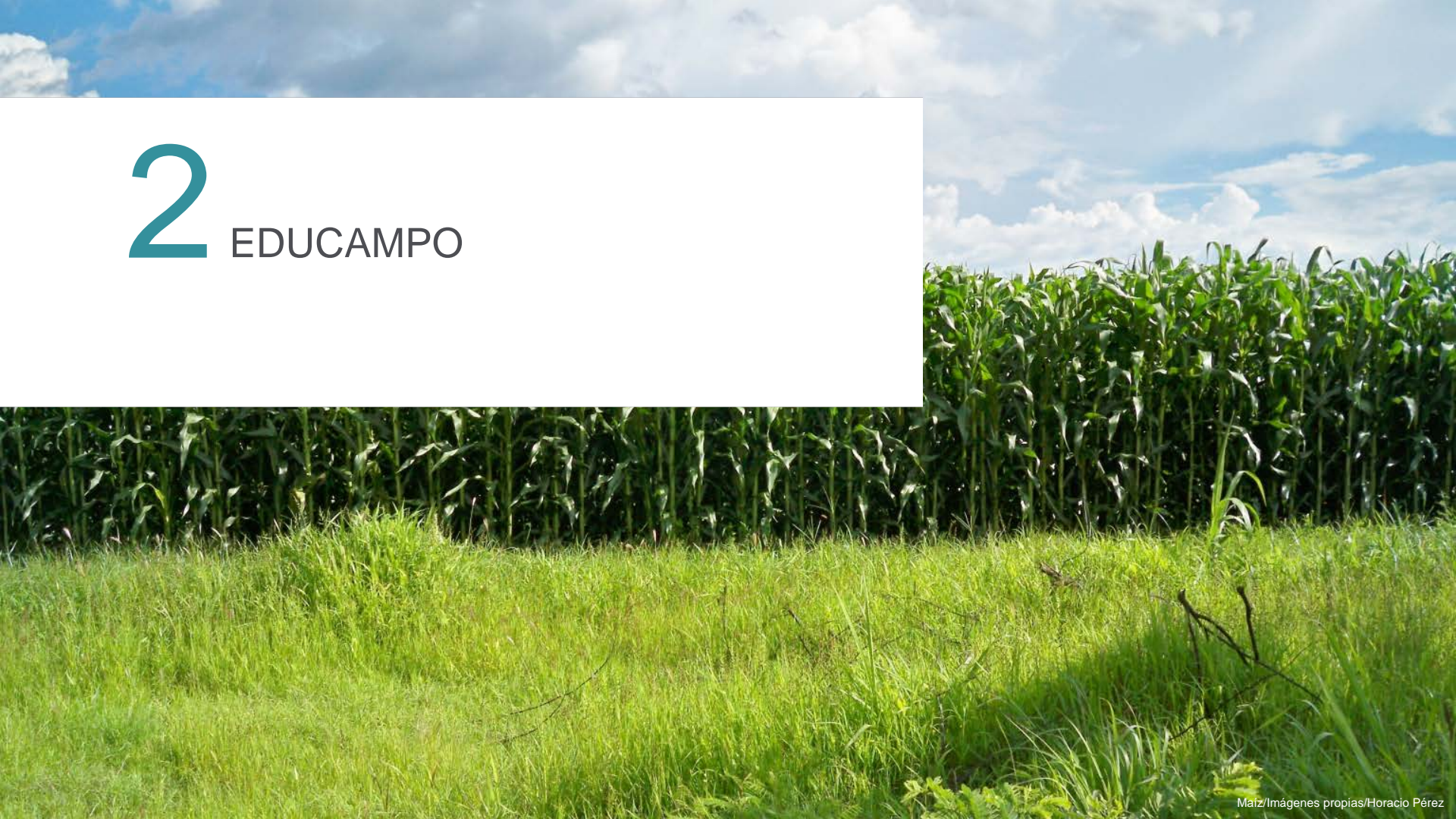


Small farmers don't buy crop insurance, because they don't get "full coverage".
The financial entities require "full coverage" to include small farmers in their credit program.



Current crop insurance models are not viable for small farmers: Operative expenses are the main problema.

2 EDUCAMPO





What it is and objective

- EDUCAMPO is the flag program of the NGO FUNDAR
- The Program is based on a productive model of high impact and is linked to social responsibility goals
- Promote enhanced corn productivity, following the “FUNDAR-methodology”:
Bring
-technology
-best business practice
-training courses
-financing and insurance
in the less developed regions of Mexico



Some figures

- 6 corporates sponsoring
- 13,115 hectares
37 technicians
2,542 small farmers
59,670 ton produced
- Generating USD 2,700 of additional annual profit per farmer
- Operation in 5 states:
Campeche, Chiapas,
Jalisco, Quintana Roo y
Veracruz



Insurance features

- MPCl: Climatic and Biological perils
- UW by FUNDAR under supervision of the insurance company
- Business control and loss adjustment by the insurance company

3 PULA - ADVISORS





What it is and objective

- Pula – Advisors is a social enterprise promoting crop micro insurance.
- By using technology and data they provide small farmers insurance protection and advisory.
- This gives them access to assets like seeds and fertilizers and micro credits.
- This enables them to reach their full farm potential.



Some figures

- Partners: World Food Program, Mulago Foundation, Digital Finance Services Innovation Lab and Consultative Group to Assist the Poors
- 2017 On track to reach 1.0 Mio farmers
- Operation in 8 countries of Africa and Asia.



Insurance features

- Coverage: 3 products
 - 1 Weather Index (WI)
 - 2 Area-Yield Index (AYI)
- UW by cell-phone
- Data:
 - WI → satellite
 - AYI → ground & satellite
- Sum Insured:
 - WI = seed value
 - AYI = Fertilizer value or full Credit + Harvest income

4 KEY TO SUCCESS



A combination of factors leads to success:

1. A well structured developing program with entrepreneurial goals
2. Change of mind: “micro insurance” not always means “micro business”
3. Share knowledge among all stakeholders
4. Technical cooperation between NGO / Social Enterprise, Insurer and Reinsurer to develop, operate and control the insurance program
5. A long term compromise of the sponsors involved

5 FUTURE VISION



MARKET

- The increase of the crop insurance market penetration will only happen by developing insurance models for small farmers.

TECHNOLOGY

- The use of digital technologies will help to reduce the challenges of basis risk and operational costs.

HR

- Successful innovative solutions will come from multidisciplinary, multinational and multi-age teams



Algodón / Álbum / Horacio Pérez

Thank you!

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