



Analysis to Action:

An Executive Education Program on Disaster Risk Finance in Africa

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Stellenbosch University



Case Study

Index-Based Insurance for West Africa: Smart Agriculture Towards Food Security

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Objectives

- Illustrate how index-based insurance can be used to address the insurance market failure for smallholder farmers
- Illustrate the secondary benefits of insurance policies for farmers, i.e. holistic approach to addressing multiple agricultural problems such as access to agricultural inputs and markets
- Illustrate how index insurance can be used to minimize disaster risk financing pressure off governments
- Highlight the role of public – private partnerships in index-based insurance to address both supply-side and demand-side constraints



Take-up

- Awareness
- Bundling with existing agri-vet service providers – holistic approach
 - MFIs
 - Agribusinesses (Seeds & fertilizer providers)
- Delivery mechanisms
- Gov't support on premiums through subsidies
 - Clear exit strategy

Basis Risk

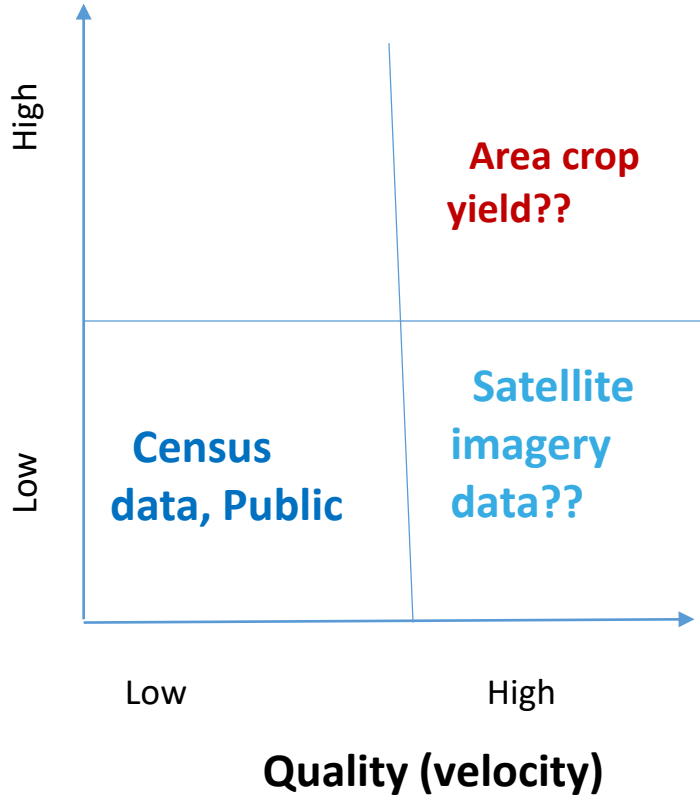


		Adverse Event	
		did not occur	did occur
Index Trigger	did not occur	<p>Quadrant 1:</p> <p>Adverse Event did not occur Index did not trigger</p> <p>No Basis Risk</p>	<p>Quadrant 4:</p> <p>Adverse Event did occur Index did not trigger</p> <p>High Cost Adverse Basis Risk</p>
	did occur	<p>Quadrant 2:</p> <p>Adverse Event did not occur Index did trigger</p> <p>Perverse Upside Basis Risk</p>	<p>Quadrant 3:</p> <p>Adverse Event did occur Index did trigger</p> <p>No Basis Risk</p>

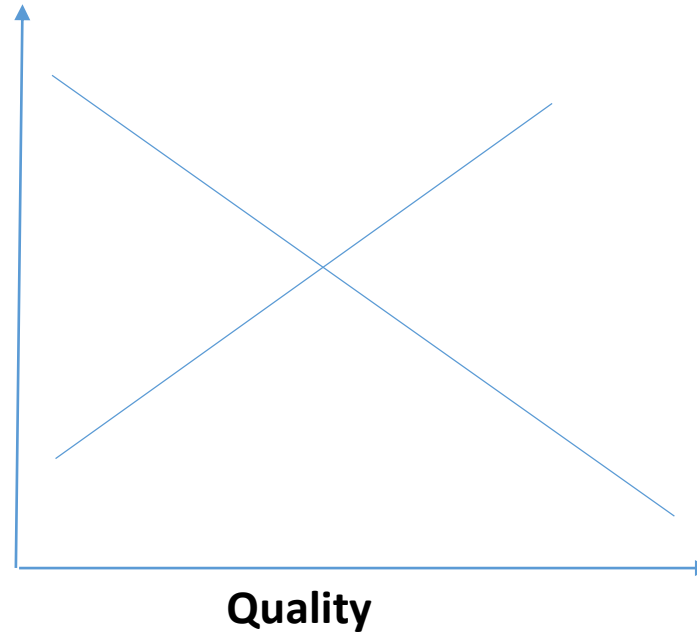
Data



Cost



Basis risk





Sustainability

	Farmers	Private Sector	Government
Take-up/ Scale			
Data			
Sustainability			



Supported by:



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