ENHANCING RESILIENCE IN LATIN AMERICA WITH PARAMETRIC AGRICULTURAL INSURANCE SOLUTIONS (PHASE 2)

CONTEXT
Smallholder farmers are the key allies of food security in Latin America. However, they are very vulnerable to climate shocks and have fewer resources to cope with climatic events and natural disasters. During the last years, medium magnitude and catastrophic climate events have had direct consequences on farmers in Ecuador and Bolivia. Smallholder farmers have suffered from a lack of agricultural insurance solutions because their development includes high operational and design costs which translate to lower affordability at the end client level. Agricultural insurance solutions for low-income segments represent a relatively untapped market in Latin America, where only around 33% of smallholder farmers are covered by insurance.

CURRENT STATUS OF THE INVESTEES
CIDRE IFD (Institución Financiera de Desarrollo) is a regulated microfinance NGO in Bolivia with more than 20 years of experience in the rural agricultural and productive sector. Due to its traditional focus in rural areas, CIDRE has benefited from relatively low competition and good portfolio quality. The organisation has 30 branches with presence in 9 Bolivian departments. Agricultural loans account for around 37% of CIDRE’s portfolio (€ 40 million). CIDRE serves medium and smallholder farmers, with a total of 8,410 agro clients.

OBJECTIVE OF THE PROJECT
After a first phase of the project (strategic analysis) conducted for three MFIs in Ecuador and Bolivia, CIDRE has confirmed its intention to develop and acquire a meso-level agro-climatic insurance to transfer climate risk of a portion of their agricultural portfolio.

The overall objective of the project is to enhance climate resilience and financial inclusion of smallholder farmers in Latin America, and is divided into 2 components:

- Support CIDRE in developing and implementing tailor-made agricultural insurance products to improve climate resilience of smallholder farmers in Bolivia.
- Raise awareness on climate risk and pave the way for potential partnerships on agricultural insurance in Latin America and the Caribbean.

IMPACT INVESTOR

AGGREGATORS / INVESTEES
CIDRE (MFI) – Bolivia and MFI associations in Ecuador and Central America.

TARGETED N° OF FARMERS
4,000 farmers.

AGRICULTURAL VALUE CHAIN
Fresh vegetables, fruits, and cereals (banana, cocoa, coffee, corn, oilseeds, onion, potato, rice, tomatoes, etc.)

STARTING DATE
November 2022

DURATION
12 months

TOTAL BUDGET
€ 334,334 (phase 2)
Including € 112,657 (34%) contribution from SSNUP

Click here for details on phase 1