

Malawi 2006/7 Weather Index Based Insurance

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International/CRMG



PILOT DETAILS - Crops





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PILOT DETAILS -Farmers

- ❑ NASFAM smallholder farmers in clubs
 - Typically 10-20 members with joint liability for loan repayment
- ❑ Input package received
 - 32 kg Chalimbana 2000 seed - high yielding.
 - 10 kg hybrid maize
 - 2 bags of 50 kg fertilizer.

Live within 20 km of a Class A Weather Station

- Five stations were chosen for the pilot
 - 115 Chitedze
 - 368 Kamuzu International Airport
 - 404 Kasungu
 - 649 Mchinji
 - 40 Nkhotakota

ARD

AGRICULTURE
AND RURAL
DEVELOPMENT

❑ Dedicate one acre plot size for each crop.



PILOT DETAILS-Other stakeholders

Insurers:

- Insurance Association of Malawi

Financiers:

- Opportunity International Bank of Malawi (33% but usually charges above 40% interest)
- Malawi Rural Finance Corporation (33% interest)



PILOT DETAILS- Other Stakeholders

Input suppliers:

- Groundnuts - NASFAM
- Fertilizers - NASFAM
- MAIZE - Monsanto through NASFAM offices

Supplier of rainfall data

- Malawi National Met Services

Project manager and technical advisor

- DIN/CRMG team



PILOT DETAILS -Project Processes

- (1) Market research to find out stakeholders' needs.
- (2) Selection of pilot stakeholders, crops and areas.
- (3) Collection of climate and agronomic data.
- (4) Development of product prototypes.
- (5) Training of field officers.
- (6) Registration of prospective farmers.
- (7) Credit history checks.



PILOT DETAILS- Project processes (Contd).

- (8) Product concept testing.
- (9) Finalising product details.
- (10) Client orientations.
- (11) Loan agreements.
- (12) Finalising insurance contracts.
- (13) Inputs distribution.
- (14) Crop inspections - a few fields. Why ?



2006 CROP INSPECTION IN LILONGWE NORTH



PILOT CHALLENGES AND RISKS

- Ensuring that farmers understand the details of the product.
- Poor seed germination.
- Poor information flow - Head and field officers.
- Late sowing
- Basis risk/ few weather stations close to farmers.
- Guaranteed price Vs Market price.
- Transport costs associated with field inspections.



KEYS TO SUCCESS

- Thorough explanation of product concepts to stakeholders.
- Winning the confidence of the farmers.
- Attractive pricing of the produce.
- Competent project co-ordinator (s).
- Committed stakeholders (WB, OIBM, IAOM, NASFAM, MET OFFICE, MRFC)
- Early involvement of field staff.
- Milestone schedules.
- Documents -manual, client information sheet and contract monitoring sheets.



Thank you !

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