



# ZAMBIA

## BACKGROUND

Zambia continued to face slower growth in 2016. Tough global conditions have combined with domestic challenges including power outages and tight liquidity. The forthcoming National Development Plan should cement the reform direction, especially in agriculture – a leading non-copper sector – which has contributed positively to growth in 2016, albeit marginally. While Zambia’s agriculture received a substantial increase in resources via an expansion of the Farmers Input Support Program (FSIP), like in other Southern African nations, it is affected by El Niño-related poor rainfall which curtails agricultural production and hydroelectricity generation.

## PROJECT DESCRIPTION

From 2013–2014 the Global Index Insurance Facility (GIIF) provided a capacity-building grant to MicroEnsure LLC for the launch of an index insurance business line in Zambia. MicroEnsure and local insurers Mayfair Insurance Company Zambia Ltd (Mayfair) and Focus General Insurance Ltd (Focus) have demonstrated the effective use of a new distribution strategy to deliver sustainable premium volumes by working with a few select aggregators (NWK Agri-services, Zambia National Farmers Union (ZNFU), and Pioneer Seed) that have a clear business purpose for offering insurance.

In 2016, GIIF provided grants to both Mayfair and Focus for the scaling-up of their index insurance offering. Expansion of coverage in 2016 has been impressive to date, with 58,900 maize and cotton farmers insured for the 2015–2016 season. These products were developed with support from Risk Shield Consultants Limited, which also participated in all the technical and operational work.

## RESULTS AND IMPACTS

Mayfair and Focus have demonstrated the effective use of a new distribution strategy for delivering sustainable premium volumes. For example, these insurers and the ZNFU offered insurance to farmers participating in its Lima Credit Scheme in order to reduce weather-related exposure in ZNFU’s loan portfolio, and to increase ZNFU’s member outreach.

In addition, in 2016 Mayfair worked with ZNFU to successfully introduce an index product bundled with the Government of Zambia’s new e-voucher-based fertilizer subsidy program. This product insures the value of an input voucher provided by the government. Overall, more than 60,000 farming households in Zambia have been insured against drought and other adverse weather conditions in the 2015–2016 farming season. Risk Shield Consultants, in partnership with key stakeholders in the insurance and agriculture sectors, aims to increase the number of insured farming households in Zambia to 500,000 in the next farming season.

Anecdotal evidence suggests that these insurance products have improved the livelihoods of farmers who received claim payouts. In the 2013–2014 season, 3,870 farmers received claims payouts, averaging Zambian K59 but ranging from K46 to K632, depending on the number of hectares planted by the farmer. The average payout is equal to about half the cost for all the seeds and fertilizer required to cultivate one hectare of cotton. (The farmers that received payouts plant an average of 1.2 hectares of cotton).

## PROJECT SNAPSHOT

<b>Market Launch</b>	2013
<b>Clients</b>	58 900
<b>Partners</b>	Insurers: Mayfair Insurance, Focus Insurance Zambia National Farmers Union (ZNFU)
<b>Products</b>	Satellite based weather index insurance
<b>Insured Crops/ livestock</b>	Maize, soy, cotton
<b>Insured Perils</b>	Dry spells, excess rain, fire (subject to loss verification)



## PARTNER FOCUS



### Partner Information

Mayfair Insurance Company Zambia Limited is a general insurance company that began accepting business in March 2010. The company is a subsidiary of Mayfair Insurance Company Kenya. Mayfair's Limasure is a weather-Index insurance product that uses satellite data to monitor weather patterns in a specific location and provides automatic payouts if there is deviation from the average rainfall.

Focus General Insurance was incorporated to provide insurance solutions to Small and Medium Scale Enterprises (SMEs) in markets where access to appropriate insurance covers has been poor or absent. The company is part of the Focus Iron Clad group which is headquartered in Mauritius. Since it began its operations in 2013, Focus continues to innovate in order to meet the growing needs of the SME sector.

Risk Shield Consultants Limited has been participating in all the technical and operational work for index insurance products in Zambia.

### Product available

Satellite-based weather-index insurance for maize, soya, and cotton

### Total Insurance Portfolio

US\$6million (2016)

### Average Cost of Insurance

6%, US\$6 per farmer

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### About Global Index Insurance Facility

The Global Index Insurance Facility (GIIF) is a multi-donor trust fund that works to provide access to finance to smallholder farmers, microentrepreneurs, and microfinance institutions. GIIF supports the development and growth of local markets for indexed/catastrophic insurance in 31 developing countries, primarily in Sub-Saharan Africa, Latin America and the Caribbean, and Asia Pacific. The facility is part of the World Bank Group's Finance & Markets Global Practice.

For more information, please visit [www.indexinsuranceforum.org](http://www.indexinsuranceforum.org).

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