

Bundled solutions for climate risk management

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The Issues

- Weather risk remains a major challenge to farming in the Sri Lanka;
- A large fraction of rural households in Sri Lanka were affected by drought and floods;
- Rainfed agriculture exposes farmers to huge risks in the lack of bundled solutions
- Climate shocks had a significant impact on the short and long-term welfare of households:
 - lower adoption of agricultural inputs that would help increase productivity
 - lower affordable credit access
 - lower technology adoption
 - lower risk bearing and or income generation capacity



Inter-cropping on the flood plains of river Bagmati, in Muzaffarpur, Bihar, India

The Solutions “Bundled”

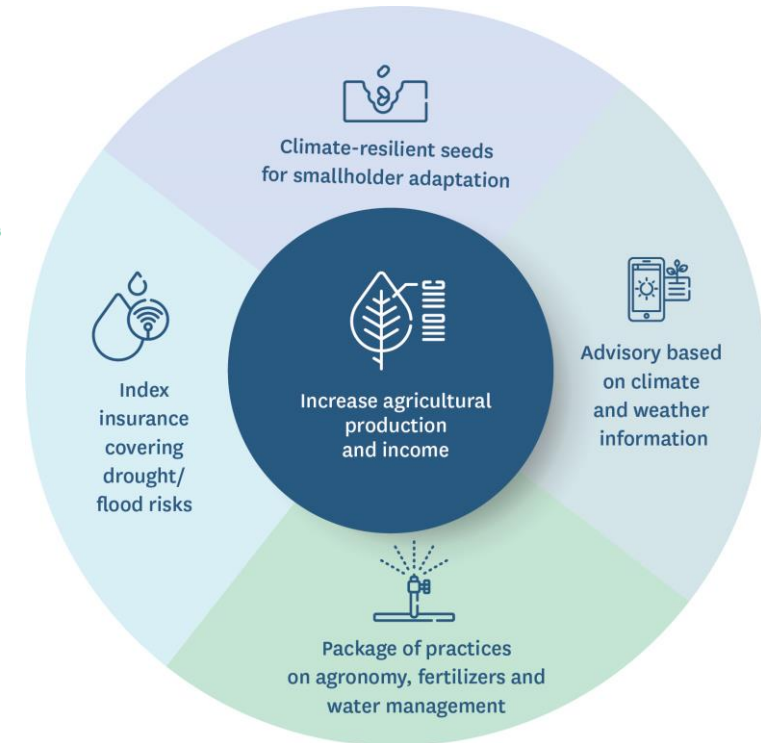
- Global Perspectives
 - With credit
 - With complementary services
 - With farm inputs
 - Incentive for purchase
 - Loyalty benefit
 - Value added services to the insured e.g. weather advisories



A farm uses surface water and groundwater for irrigation in the dry zone of Sri Lanka

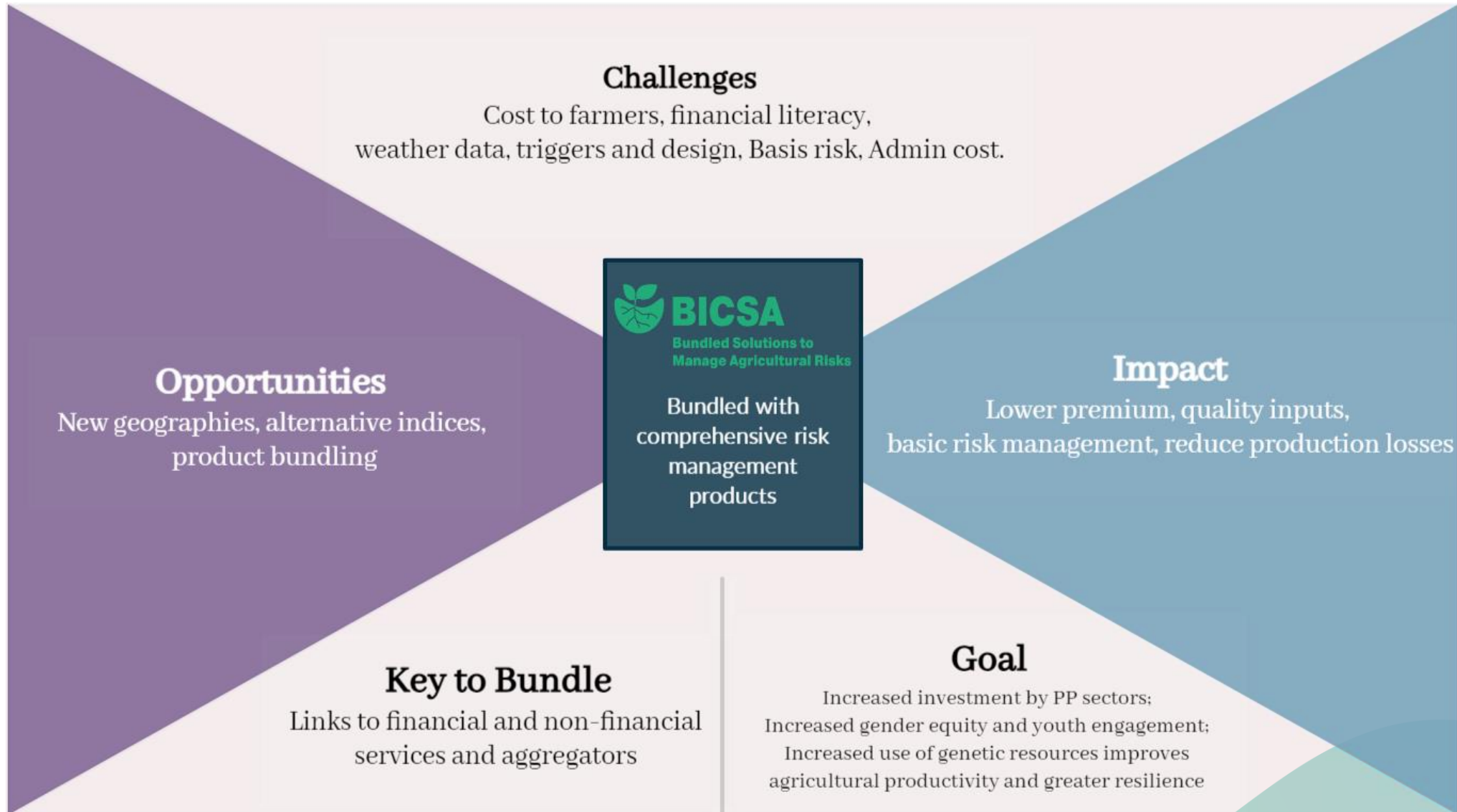
Bundling insurance with other services

- IWMI and its partners offers
 - Weather based weather insurance with
 - Seed inputs
 - Weather forecast and
 - agriculture advisory services provided to insured farmers
 - Grain procurement (Maha season 2021)
 - Credit link (sooner)



Source: IWMI

How it works



Source: IWMI

Stakeholders roles for scaling bundling agricultural risks management

Partners	Insurance industry	Seed Company	Weather advisory	Govt. Agri Research & Extension
Contribution	<ul style="list-style-type: none"> Insurance product Pilot and business models Coordination with govt. 	<ul style="list-style-type: none"> Seed production, marketing & delivery Coordination with research institutes & Insurance Co. 	<ul style="list-style-type: none"> Agrometeorological advisory for individual farmers Support in index insurance product and damage assessment 	<ul style="list-style-type: none"> Strengthening farmers income and managing risks Technology focus Village outreach Scaling up and institutional coordination Workload distribution
Benefit	<ul style="list-style-type: none"> Expansion of ag. Sector Build index insurance capacity Build business relationship De-risking through blended finance for premiums 	<ul style="list-style-type: none"> Increased product interest by farmers Expansion of new areas Build business relationship Increase sales 	<ul style="list-style-type: none"> Increased product interest by farmers Build business relationship across value chain partners Client increase 	<ul style="list-style-type: none"> Farmers more protected from climate risks De-risking fiscal deficit (disaster risk) through inclusion of private partners
Impact	<ul style="list-style-type: none"> Wider acceptance by farmers 	<ul style="list-style-type: none"> Strengthen agricultural producers against loss of crops from climate shocks 	<ul style="list-style-type: none"> Strengthen climate safety program against extreme events 	<ul style="list-style-type: none"> Building climate resilience in ag. sector

BICSA at a glance



An **integrated one-stop-shop service delivery model** for smallholder farmers in Sri Lanka



Provides **climate smart solutions** for gaining access to agricultural inputs, weather data and agronomic advisory services



Digitally enabled through the use of satellite technology and mobile services



Provide insurance to farmers and includes them in the **agricultural value chain** from the provision of seeds to gaining access to markets



Overcome challenges such as access to finance, low purchasing power, low incomes, price instability and access to market.



Additionally, the model provides a **commercially sustainable and scalable solution** for government, development and private actors.

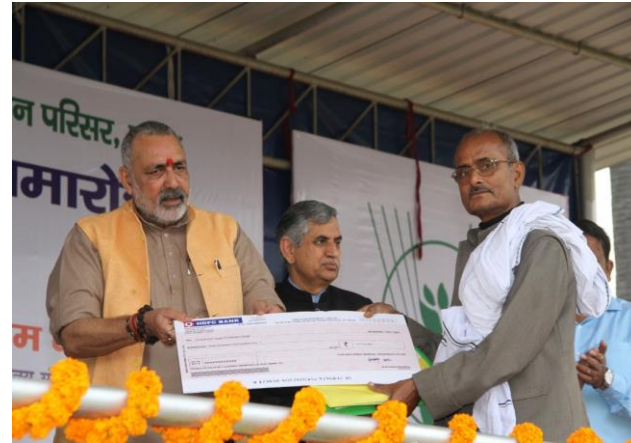
BICSA Implementation

- ✓ 9 steps guiding principles
- ✓ Innovative approaches such as using new technologies or satellite-based indices
- ✓ Improve weather data infrastructure and data systems
- ✓ Support development of sound national rural risk management strategies
- ✓ Educate farmers on the role of insurance
- ✓ Support regular monitoring, evaluation and impact studies



BICSA in India

Better seeds, Weather Index Insurance and agroclimate advisories



<https://www.iwmi.cgiar.org/2019/09/solutions-for-those-managing-risk-in-climate-disasters/>

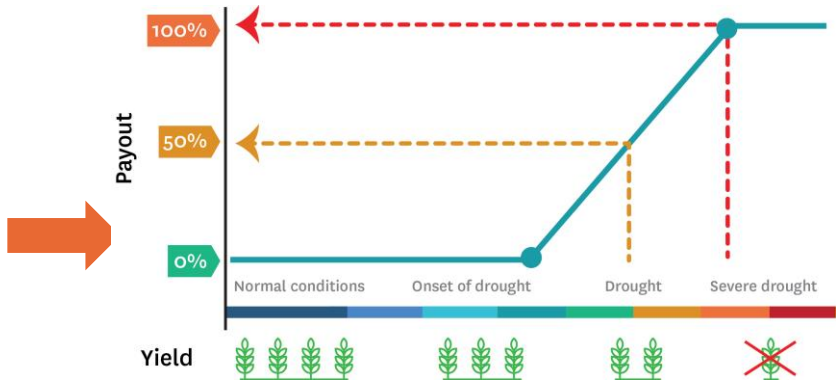
- First integrated solutions to climate and production risks
- Scaling up and Scaling down in agriculture value chain

Scaling in 3 States
PPP Model

+15,000
Households

BICSA in Sri Lanka (Maha Season 2020)

Better seeds, Weather Index Insurance and agroclimate advisories



Sunday Times (18 April 2021)

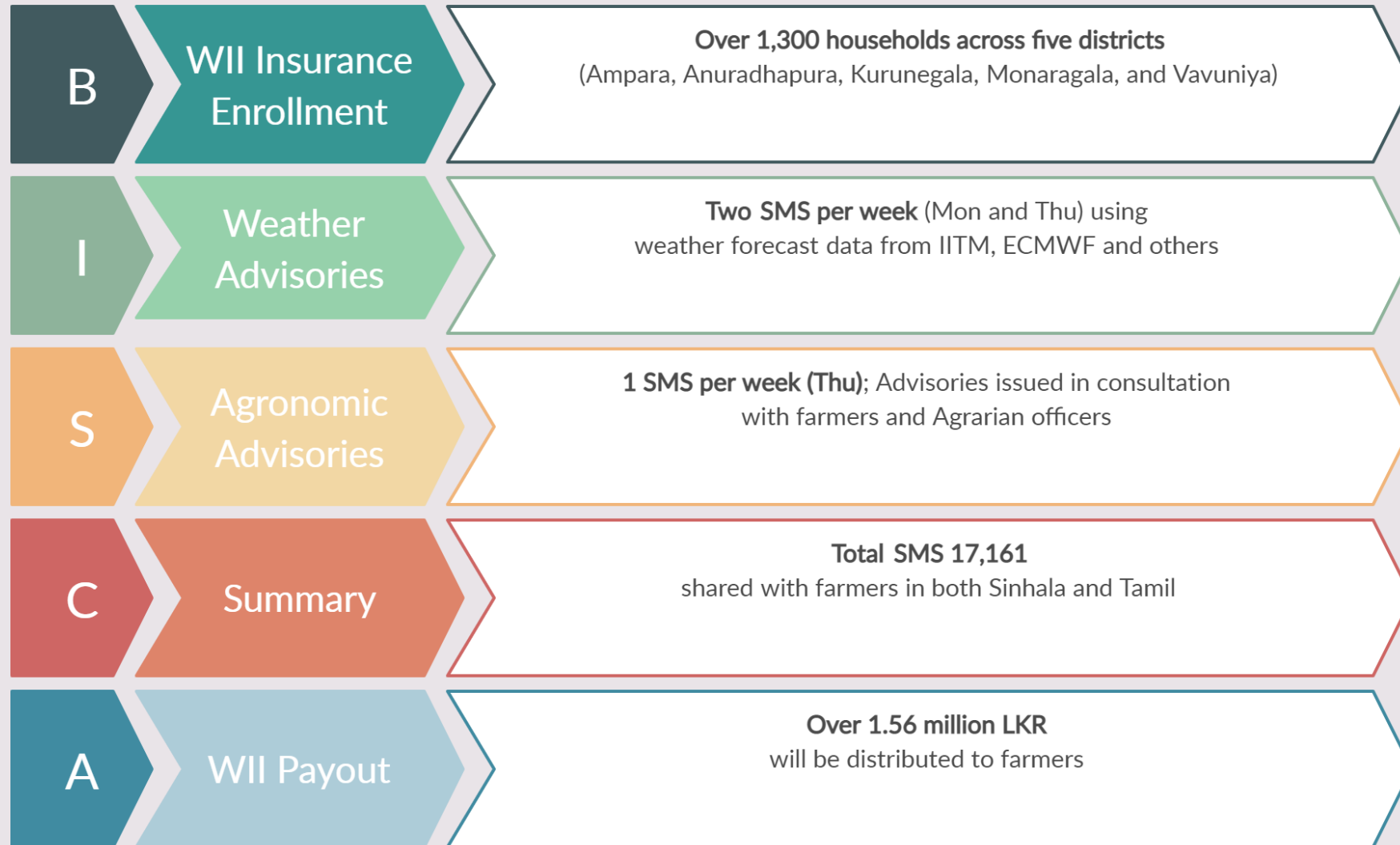
<https://bit.ly/3ylmbpQ>

- WII developed uses satellite data
- Developing aggregator model with value-chain partners

Scaling in 5 Districts
PPP Model

+15,000
Households

BICSA 2021 Yala Season Summary

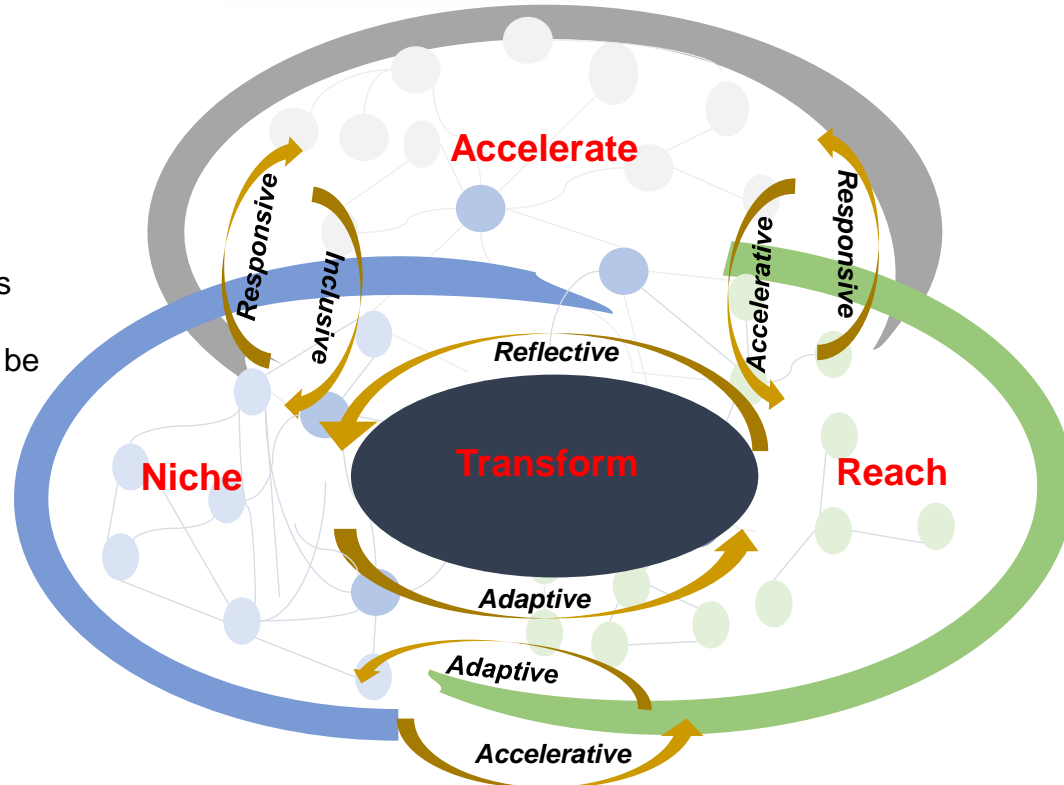


Adaptive scaling for system transformation



De-risk private sector companies' investment with financial support

Accelerate refers to creating and facilitating a supportive technical, financial and institutional environment to reach scale in a sustainable and inclusive manner.



Niche allows actors to find out what works, fits and can be scaled.

Reach involves doing more of what works, fits and is responsive to the contextual needs.

Transform occurs when there is sufficient progress in the other three functions to respond to the dynamism of the scaling processes.

Multi stakeholder dialogues; agenda-setting for policy



Co-designing

(T. Minh and Schmitter, in review)

Scaling Model



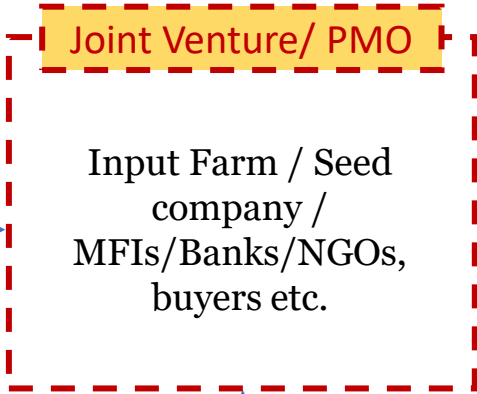
Global Adaptation and DRM challenges



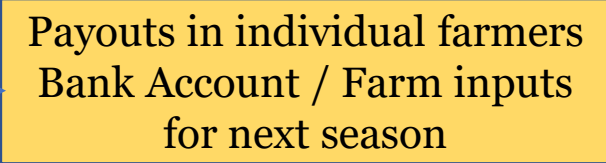
Research and bundle design, pilot trials, Claim Data provision and Scaling efforts



- One stop shop including**
- Provision of flood and drought tolerant seeds
 - Mobile-based CIS
 - Mobile-based agronomic practices
 - Weather index insurance
 - **Buyback model**



Farmer



- Current requirements:**
1. Sustainable business case for the model
 2. Implementation partner(-s)

Thank you

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