

SESSION 1: CROP INSURANCE PROMOTION IN ASEAN

COMMON AREAS FOR CROP INSURANCE PROMOTION AT
NATIONAL AND REGIONAL LEVEL

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STRUCTURE

□ Overview

□ Summary of Results

- Current Challenges in Agriculture Sector
- Challenges in Implementing/Setting-up the Crop Scheme
- Gaps to be Addressed for Crop Insurance Set-up / Implementation
- Usefulness of Crop Insurance in Agriculture Sector
- Potential Future Collaboration → National and Regional

□ Group Work

- Key Areas for Future Collaboration on Crop Insurance Promotion in ASEAN



OVERVIEW

Objectives:

- To **gather inputs** including interests, challenges and recommendations from ASEAN Member States and stakeholders on crop insurance and issues related to crop insurance.
- To **formulate potential scope/areas** on crop insurance promotion in ASEAN.

Instruction and Process: 2 forms enclosed

- **Form A** (For ASEAN Member States) and;
- **Form B** (For others including 1) Other ASEAN Specialised Agencies i.e. ASEAN Insurance Council, AHA Centre, 2) Development Partners i.e. FAO, and 3) Private Sector i.e. SwissRe).

Survey Feedback: (as of 17 May)

- **6 responds** → 3 from ASEAN Member States and 3 from others



SUMMARY OF RESULTS - I

COMMON CHALLENGES IN AGRICULTURE SECTOR

Limited capacity of small-scale producers	Climate change	Limited access to finance and market
<ul style="list-style-type: none">➤ Agriculture makes not enough profits → farmers prefer to sell land → Agriculture land is shrinking➤ Farmers have limited capital for re-cropping in the next season.➤ To meet larger demand or competing with large-scale production with high-quality standard.➤ Producers vs. Enterprises inclusive supply chain → to meet the market standards requirement.	<ul style="list-style-type: none">➤ Extreme and unpredictable weather events (floods and draught) → negative impacts on agricultural production (productivity instability) → possibility of harvest failure increase.➤ Farmers haven't had much experience to cope with or adapt to risks related to climate change.	<ul style="list-style-type: none">➤ Financial institutions or even government banks have few interests to disburse loan to farmers➤ Farmers lacks of opportunity to purchase for high quality seeds and input for their farming.➤ Lack of contract farming for market to selling the products.➤ The market information is still weak, especially the supply – demand forecast to complete with the neighboring countries.

SUMMARY OF RESULTS - 2

CURRENT CHALLENGES IN AGRICULTURE SECTOR

- Others:
 - **Lack of interest from private sector:** Private sector are rarely involved by the government in agriculture development in the Public Private Partnership approach.
 - **Pests and epidemic**



SUMMARY OF RESULTS - 3

CHALLENGES IN IMPLEMENTING/SETTING-UP THE CROP INSURANCE SCHEME

Natural disasters and epidemics risks mentioned in the insurance occurs abnormally	<ul style="list-style-type: none">• This causes a huge loss on the large scale and the number of participating insurance companies is not high.
Little interest from farmers to participate in the crop insurance scheme	<ul style="list-style-type: none">• Farmers and farmers' network are not actively and enthusiastically participating in the scheme and will wait for the subsidy policies from the government.• In insurance's perspective, farmers do not trust in insurance and the insurance company if they will certainly receive pay-outs.
Limited numbers of insurers offer the products	<ul style="list-style-type: none">• In some countries, only one state-owned insurance company offers the product for crop insurance.
Lack of experience in crop insurance	<ul style="list-style-type: none">• This includes management agencies, local insurers, farmers, agricultural production organizations. They lack experience in the crop insurance, especially the service provider system, risk monitoring and risk supervision.
Lack of supporting infrastructure	<ul style="list-style-type: none">• Lacking of facilities such as weather station, regulation framework, national crop insurance policy can be difficult for insurers/reinsurers to design suitable products.

Others:

- There is no government subsidy for the program.
- Lack of risk management implied by the farmers.
- Crop insurance is not mandatory applied for each agri- credit program.

SUMMARY OF RESULTS - 4

GAPS TO BE ADDRESSED FOR CROP INSURANCE SET-UP / IMPLEMENTATION

<p>Improvement of the mechanisms and policies in agriculture sector → enhance the capacity, effectiveness and efficiency of country's management</p>	<ul style="list-style-type: none">• To complete policy mechanisms in guiding the implementation and risk management for the agriculture insurance.• Support the implementation of the agriculture transformation program or similar.• Effective implementation of new policies on encouraging enterprises to invest in agriculture, crop insurance, agricultural credit and others.
<p>Develop smart agriculture → strengthen farmers' capacity → resilient to natural disaster prevention and adaptation to climate change.</p>	<ul style="list-style-type: none">• Good quality seed for climate change, tools for climate adaptation as well as access to technology.• Support/guidance for technical assistance to farmers (extension officers with advance knowledge), for example, using meteorological data which are freely accessible by all stakeholders (farmers, public and private sectors).
<p>Access to finance/ micro finance/ formal loans</p>	<ul style="list-style-type: none">• Increase farmers' opportunities in accessing to capital and agriculture inputs for re-cropping through crop insurance as financial safeguard tool.
<p>Encourage the private sector to support on agriculture</p>	<ul style="list-style-type: none">• This includes re/-insurance companies, technology providers and agri-business i.e. seeds and agri-business and technology start-up companies to be involved in and support the crop insurance promotion and integration.

Others: * Create the **Association for farmers Capital** / * **Further promoting and popularizing crop insurance by awareness program**



SUMMARY OF RESULTS - 5

USEFULNESS OF CROP INSURANCE IN AGRICULTURE SECTOR

Risks transfer management tool

•- To help producers to **ensure reproduction** when suffering losses from natural disasters and epidemics. → secure farmers' income due to limited access to formal loans.

Farmer's social safeguarding tool

- To **ensure social security primarily to the poor** by encouraging and supporting safe and sustainable agricultural production.
- This can potentially **reduce farmers' debts** as farmers are able to repay their loans despite in case of crop failure.

Technological Advancement

- Insurance companies together with Agri-platforms → **use technology to enhance agriculture practices** and reduce farmers' losses.
- This helps farmers to understand latest technological advancement and improve their crop production.

Yield Protection

- Crop Insurance protects farmers against production loss for crops. It also offers **preventive planting and replant security**.

Provides Awareness:

- Insurance companies provide awareness campaigns to **help farmers understand the effect of natural calamities, financial risks associated with climate change** and how crop insurance can help to protect their farms.



SUMMARY OF RESULTS - 6

POTENTIAL FUTURE COLLABORATIONS - STAKEHOLDERS

... Public-Private Partnerships (PPP) can often generate synergies that allow each component of the system to contribute to a more effective and efficient intervention...

Governments

- To play a key strategic role in the **development of agricultural insurance programs** and **provide public financial** for activities implementation support.
- Provision of **legal and regulatory framework**; **data collection** and **Information Systems**; education and **capacity building**; **research and development** (products); public premium subsidies; catastrophic risk sharing / risk financing.

Private Sector (insurance)

- To interact with the government for **guidance on program features** and implementation procedures.
- To provide **feedback on the operational requirements** of the program.
- To provide the **technical support for product design and implementation**.

Micro Finance, Bank, development agencies and others

- To support for **promotion of the crop insurance into their program** under various schemes/approaches i.e. contract farming, compulsory for loaned farmer and other subsidy programs.
- To be **involved in the national planning program** of the government for crop insurance and to be part of the assessment and evaluation comments.

Marketing and IT / technology

- This includes **start-up companies to be intensified by the government** (policy or incentive to support start-up companies)
- To make the farmers become an entrepreneur.
- Data information i.e. weather should be **made available with no cost**.



OUTCOMES AND OUTPUTS FOR THE OVERALL PROJECT

OUTCOME 1:

The responsible government officers/agencies, farmers and private sector have their **capacity and knowledge enhanced** on the crop insurance promotion and integration in agriculture sector.

2. Enhance Knowledge and Capacity of **Government Officer** on Crop Insurance

2. Enhance Knowledge and Capacity of **Small-scale Producers** on Crop Insurance

OUTCOME 2:

The **Public and Private sectors and People are committed to fine tune, develop, and improve** the set up and/or implementation of crop insurance promotion and integration in the agriculture sector in the country(ies) by having a series of constructively engagement and exchanges in dialogues.

3. **Policy and Legal Framework, or implementation guidance to create enabling conditions**, to support crop insurance set up, implementation or improvement.

1. **Enhance Public Private and People Partnership** to support crop insurance set up and implementation (PPPP Framework). This **includes that key agri-business players in country(ies)** demonstrate interests in promoting/considering to integrating crop insurance as risk transferring too into their business operation.

2. **Demand-driven crop insurance products to enhance effectiveness** in crop insurance implementation are available in counties due to PPPP collaboration.

POTENTIAL OUTPUT FOR THE OVERALL PROJECT

1. Enhance Public Private and People Partnership to support crop insurance set up and implementation. This includes that key agri-business players in country(ies) demonstrate interests in promoting/considering to integrating crop insurance into their business operation.

2. Demand-driven crop insurance products to enhance effectiveness in crop insurance implementation are available in countries due to PPPP collaboration.

3. Policy and Legal Framework, or implantation guidance to create enabling conditions to support crop insurance set up, implementation or improvement.

2. Enhance Knowledge and Capacity of Government Officer on Crop Insurance

3. Create Enabling Conditions to Access to Finance / Formal Loan

2. Enhance Knowledge and Capacity of Small-scale Producers on Crop Insurance

3. Data, Information and ICT to support Crop Insurance Set up and Implementation



SESSION 2: GROUP WORK ON KEY AREAS FOR FUTURE COLLABORATION ON CROP INSURANCE PROMOTION IN ASEAN

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PROPOSED PROJECT SCOPE

- **Impact:**

To create a sustainable setting at the ASEAN region by ensuring improved protection of farmers' livelihoods and social safeguard for the farmers, food security and climate resilience at the national and regional level through via crop insurance promotion and integration in agriculture sector to deal with possible risks farmers would be exposed to in the agriculture sector.

Objective:

To promote the integration of crop insurance in the implementation of national and regional policies as well as strategies on food security and farmers' social safeguarding tool to potential risks exposed in agriculture sector at ASEAN member states, which could ultimately contribute to the sustainability of farmers' resilience and economic at the regional level. The objective would be reached with the constructive collaboration through public and private involvement.

Proposed project duration: 36 months (3 years)





GROUP WORK



GROUP WORK

WORD CAFE

3 Groups (with 6-7 persons)

1. PPPP collaboration at national
2. Capacity building incl knowledge exchange and regional platform for farmers, government and private sector
3. Enabling conditions for crop insurance in broader agriculture sector

Key Areas for Future Collaboration on Crop Insurance Promotion in ASEAN

- ⑩ See what crop insurance in your country and region should look like from now until next 3 years.
- ⑩ Expected yet realistic outcomes and impacts
- ⑩ Identify **priority areas**, **suggested activities** at the **regional** and **national** level
- ⑩ Identify activity, timeline, country and responsible agencies.

Group Work Presentation

- ⑩ Key objectives, outcomes and potential activities at **national** and **regional** level
- ⑩ Timeline, country and responsible agencies.

POTENTIAL ACTIVITIES PER OUTPUT

I. Enhance Public Private Partnership to support crop insurance set up and implementation. This includes that key agri-business players in country(ies) demonstrate interests in promoting/considering to integrating crop insurance into their business operation.

- Regional dialogue to exchange on national crop insurance set-up and improvement.
- National Multi-stakeholder dialogue on various topics related to crop insurance and crop insurance promotion in agriculture sector → engage public and private involvement and to create roadmap and pilot together to achieve certain goals/tasks.



POTENTIAL ACTIVITIES PER OUTPUT

2. Demand-driven crop insurance products to enhance effectiveness in crop insurance implementation are available in at least 2 countries due to PPP collaboration.

- Regional dialogue to exchange on national crop insurance set-up and improvement.
- National Multi-stakeholder dialogue on various topics related to crop insurance and crop insurance promotion in agriculture sector → engage public and private involvement and to create roadmap and pilot together to achieve certain goals/tasks.

POTENTIAL ACTIVITIES PER OUTPUT

3. Policy and Legal Framework, or implantation guidance to create enabling conditions, such as data information, access to finance etc. to support crop insurance set up, implementation or improvement.

- Crop insurance pilot with multi-purposes in agriculture sector i.e. social protection, financial management tool etc.
- Policy recommendation/regulatory framework development / implantation guidance for the national crop insurance set-up and improvement

POTENTIAL ACTIVITIES PER OUTPUT

2. Enhance Knowledge and Capacity of Government Officer on Crop Insurance

- Study / Exchanged visit to other countries to learn and share regional knowledge on crop insurance issues related including to create enabling conditions to access to finance / formal loan.
- Conduct a study or gap analysis of crop value chain (1 commodity) to support/ facilitate crop insurance formulation process (policy and strategy) or crop insurance promotion in the country or how to appropriately address crop insurance issue in the country.
- Training for the agriculture extension officers in country to be able to xxxx
- National technical workshops on various topics on crop insurance related to exchange lessons learn on national crop insurance set-up and improvement.
- Regional technical workshops on various topics on crop insurance related to exchange lessons learn on national crop insurance set-up and improvement.



POTENTIAL ACTIVITIES PER OUTPUT

3. Create Enabling Conditions to Access to Finance/ Micro finance / Formal Loan

- Strengthen farmer's network in country → access to formal loan from financial institutes to enhance their option to capital and inputs for re-cropping in the next season → productivity stability and social safeguard.
- To support for promotion of the crop insurance into their program under various schemes/approaches of the government i.e. contract farming, crop insurance compulsory for loaned farmer and other subsidy programs.



POTENTIAL ACTIVITIES PER OUTPUT

2. Enhance Knowledge and Capacity of Small-scale Producers on Crop Insurance

- Farmer's literacy training on crop insurance → increase demand for the insurance product and safeguard farmers' livelihoods in country.
- Insurance product development/improvement to respond to farmer's needs → to create demand-driven crop insurance products and enhance effectiveness in crop insurance implementation in country.
- Knowledge on financial risk management including crop insurance in country.



POTENTIAL ACTIVITIES PER OUTPUT

3. Data, Information and ICT to support Crop Insurance Set up and Implementation

- National integrated data information system available (gather and consolidate data)
- National “big-data” platform to support agriculture sector or farmers’ smart app. (put data into a system / platform for public access)



<p>Impact</p>	<ul style="list-style-type: none"> • What do you WISH will happen at national and regional happens due to the results/inputs and outcomes of the project? • Remember....this is impact. You might not see this happens within the project timeframe, but should be what you wish to see in 10 years. • Be wishful and optimistic yet realistic 😊 				
<p>Objective</p>	<ul style="list-style-type: none"> • What change you want to see it happens due to the implementation of this project? • This should be something achievable within the project timeframe. 			<p>Outcome indicators</p>	
<p>Outcome (scopes/components)</p>	<ul style="list-style-type: none"> • Enhance Public Private Partnership to Support Crop Insurance Set up and Implementation (PPP Framework) • Policy and Legal Framework to Support Crop Insurance Set up and Implementation • Enhance Knowledge and Capacity of Government Officer on Crop Insurance • Create Enabling Conditions to Access to Finance / Formal Loan • Enhance Knowledge and Capacity of Small-scale Producers on Crop Insurance • Data, Information and ICT to support Crop Insurance Set up and Implementation 				
<p>Key Activities</p>	<p>National</p>	<p>.....</p>	<p>.....</p>	<p>.....</p>	<ul style="list-style-type: none"> • What are the <i>purposes of suggested activities?</i> • How the suggested activities can <i>contribute to its outcomes?</i> • What are the <i>expected output(s)</i> from the activities?
	<p>Regional</p>	<p>.....</p>	<p>.....</p>	<p>.....</p>	

Thank you

