



BANGLADESH

BACKGROUND

Agriculture contributes 20 percent of GDP and employs close to half of the labor force in Bangladesh. However, the country is vulnerable to frequent natural disasters that cause serious damages to crops and livestock every year. As a result, lenders are unwilling to extend credit to a sector exposed to natural disasters without risk-mitigating measures.

PROJECT DESCRIPTION

Supported by the Global Index Insurance Facility (GIIF), the International Finance Corporation (IFC) is working with its partner, Green Delta Insurance Company (GDIC), to develop insurance products to address perils such as drought, excess rain, heat waves and cold spells in Bangladesh. This project has been providing technical support to Green Delta for weather data analytics, risk rating, pricing, and product design, and has been engaging with distribution channels in the country since 2015.

RESULTS AND IMPACTS

As of February 2017, Green Delta Insurance Company has launched more than 10 index insurance pilots with multiple distribution partners including cassava, potato, tomato, cucumber, bitter guard, maize, hybrid rice farmers (via partners e.g. PRAN Foods Ltd. (for cassava), Supreme Seeds Ltd. (for hybrid rice seeds), Renaissance Enterprise (for tomato, cucumber, and bitter guard), Eastern Trade Ltd. (for industrial potato), and SEBA Trading Company (for potato). In the pilot with tomato farmers, the enhanced claims process has motivated more than 3,000 covered farmers (of this pilot) to buy insurance for other crops in other seasons. The project has also been providing capacity-building activities for GDIC to use in product pricing and administration. By the end of the project, the project expects to have covered approximately 75,000 farmers in the country.

NEXT STEPS

The project aims to create an eco-system where agriculture insurance will be delivered through multiple partners in the agriculture value chain of Bangladesh. GDIC will work towards multiple pilots in 2018 to deliver agriculture insurance as a bundled product with banks, MFIs, seed companies, input suppliers and contract farming entities. These pilots are expected to create a demonstration effect in Bangladesh as well as to global observers, highlighting the value of agriculture insurance in the agriculture value chain. The project plans to leverage the existing network of GDIC to link up with several distribution channels, targeting a variety of farmers for scale and volume to reach commercial sustainability.

PROJECT SNAPSHOT

Market Launch	2015–2018
Clients	Cassava farmers via PRAN Foods Ltd. Tomato farmers in low lands (through an NGO). Farmers producing Hybrid Rice seeds (of Supreme Seeds Company).
Partners	Insurer: Green Delta Insurance Ltd. Distribution Channels: Agribusinesses (Input Suppliers, Contract Farming Entities), NGO-MFIs, and banks.
Products	More than 25 Weather Index Insurance products designed for a large variety of crops (Rice, Hybrid Rice, Potato, Maize, Tomato, Okra, cassava etc.) for different districts of Bangladesh across the three cropping seasons. Three of these products were piloted as of February 2017. A Group Yield Index Insurance product is also designed (and piloted) for Hybrid Rice.
Insured Crops	Rice, Potato, Maize, Potato, Cassava, Tomato, Okra.
Insured Perils	Drought (dry spells), excess rain (wet-spells), Heat waves (hot spell) and cold spells.



PARTNER FOCUS

Partner Information

Green Delta Insurance Company (GDIC) is one of the leading private non-life insurance companies in Bangladesh, incorporated in 1985 as a public limited company. GDIC products are designed to cater to different market segments, including small and medium enterprises (SMEs), other commercial enterprises, and personal insurance for individuals.

Products Available

Insurance for casava, potato, tomato, cucumber, bitter guard, maize, hybrid rice farmers

“As a leading insurance institution in the country we believe crop insurance protects rural economy. And weather-index insurance will help regulate farmers’ incomes, and infuse reliability to this uncertain sector.”

—Farzana Chowdhury, Managing Director of Green Delta

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About Global Index Insurance Facility (GIIF)

The Global Index Insurance Facility (GIIF) is a multidonor program that works to provide access to finance for smallholder farmers, microentrepreneurs, and microfinance institutions. GIIF supports the development and growth of local markets for indexed and catastrophic insurance in 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, Competitiveness & Innovation Global Practice.

For more information, please visit www.indexinsuranceforum.org.
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