



ZAMBIA

BACKGROUND

Large and landlocked in the center of southern Africa, Zambia depends on the services, mining, construction, and agriculture sectors. While its economy has continued to improve, Zambia often faces headwinds including political uncertainty, hydroelectric power crises, low copper prices, and poor harvests due to El Nino. In 2015, the country suffered from a drought that caused growth to stumble.

The Government of Zambia has launched its 7th National Development Plan, 2017–2021. The theme “Accelerating Development Efforts Towards Vision 2030 Without Leaving Anyone Behind,” calls for a fundamental shift in the way resources are allocated. The strategic goal of the Plan is to create a diversified and resilient economy for sustained growth and social economic development.

PROJECT DESCRIPTION

Smallholder farmers in Zambia are vulnerable to weather-related shocks such as drought, flooding, and irregular rainfall. Insurance can be a good risk management tool for these farmers, but the traditional insurance market largely fails to meet their demand for affordable insurance. Index insurance provides an innovative and more efficient solution for them to protect their crops against losses and encourage investment.

In March 2016, the Global Index Insurance Facility signed a capacity building grant with Mayfair Insurance, a private insurer registered in Zambia. The grant enabled them to build their capacity to develop and sell weather-based insurance products that would be used to cover vulnerable farmers against weather-related crop losses. Mayfair has demonstrated the effective use of a distribution strategy to deliver sustainable premium volumes by working with select aggregators (NWK Agri-services, the Zambia National Farmers Union, and the World Food Programme).

Following a competitive bidding process in November 2017, Mayfair was contracted by the government of Zambia to develop insurance products that would be bundled together with the government input subsidy package under the Farmer Input Subsidy Program (FISP). This way, farmers benefiting from FISP would receive compensation equal to the value of the inputs in case of drought, thereby improving their resilience. GIIF extended support to Mayfair for additional product development, training and awareness-raising activities.

By January 2018, Mayfair had covered about 1,059,214 farmers, which is the largest number insured in one season by any GIIF grantee.

PROJECT SNAPSHOT

Market Launch	2016
Clients	1,059,214
Partners	Insurers: Mayfair Insurance,
Products	Weather index insurance based on satellite data
Insured Crops/ livestock	Maize, soya beans, groundnuts, cow peas, pigeon Peas, beans and cotton
Insured Perils	Drought and excess rainfall



PARTNER FOCUS



Partner Information

Mayfair Insurance Company Zambia Limited is a General Insurance Company which began accepting business in July 2010 having been duly registered and licensed by the Pensions and Insurance Authority in the same year. The company is a subsidiary of Mayfair Insurance Company Limited of Kenya which has continued to run a successful business in the highly competitive Kenyan market. Mayfair Insurance Company Zambia Limited will continue to strengthen itself as a leading general insurance provider and will ensure its own growth in the Zambian economy. The company is adequately capitalized and has continued to grow its capital base to enhance its already highly competitive position.

Contact

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'Over a million Zambian farmers are covered by Mayfair'.



Group of farmers select onions for distribution in Lusaka, Zambia. © iStock.com/Africa924.

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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