



The Role of Insurance in Advancing Financial Solutions for Sustainable Agriculture and Food Security in Africa

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IFC PRIVATE LUNCHEON
28th AIO AFRICAN REINSURANCE FORUM
Cairo, Egypt

CULTIVATING RESILIENCE HOW INSURANCE INNOVATION IS SECURING AFRICA'S FOOD FUTURE

With the increasing impact of climate change, food security has become one of Africa's most critical challenges. The agricultural sector is not only vital to the continent's economy but also essential for the livelihoods of millions. However, financing and ensuring this sector remain challenging due to high credit risks, limited access to insurance, and insufficient data for risk assessment. In response, a private session titled **“The Role of Insurance in Advancing Financial Solutions for Sustainable Agriculture and Food Security in Africa”** during the **28th AIO Reinsurance Forum** on October 14, 2024.

This event brought together over 80 leaders from insurance, finance, and regulatory sectors to discuss how innovative insurance and financial solutions can support sustainable agriculture and food security in Africa. **Hosted in Cairo by the International Finance Corporation (IFC)**, the panel provided a comprehensive exploration of Africa's agricultural landscape and the pressing need for coordinated, resilient solutions.

**CHECK OUT WHAT'S
INSIDE THE SNAPSHOT:**

- Climate Change, Financing Challenges, and Food Security.
- Limited Coverage and Insurance as a Financial Tool.
- Technology's Role in Data Collection and Regulation as a Solution.
- IFC's commitment to Food Security and initiatives.
- Political Support and Partnerships.
- Call to Action for Sustainable Solutions

THE URGENT NEED FOR FINANCIAL INNOVATION IN AGRICULTURE

Agriculture accounts for 35% of Africa's GDP and employs a significant portion of the population.

However, it remains vulnerable to the impacts of climate change, limited credit access, and high insurance costs. These challenges underscore the urgent need for innovative financial solutions to enhance resilience in the agricultural sector. Florence Boupda Ngueda

Florence Boupda Ngueda, IFC's Global Banking and Insurance Manager, moderated the panel featuring insights from: **Dr. Islam Azzam**, Vice Chairman of the Financial Regulatory Authority of Egypt; **Dr. Corneille Karekezi**, CEO of Africa Re; **Benjamin Kamanga**, Director of Public Sector & Inclusive Solutions at ZEP-RE; and **Cheick-Oumar Sylla**, Regional Director for North Africa & Horn of Africa at IFC.





Mr. Cheick-Oumar Sylla
Regional Director, North Africa and Horn of Africa, IFC



Fatou Assah opened the event with heartfelt gratitude for the presence of esteemed attendees and our distinguished panel, whose expertise and dedication were essential in fostering meaningful dialogue in Cairo. She introduced IFC colleagues who traveled from Washington, D.C., Indonesia, Spain, South Africa, and beyond, whose efforts were instrumental in making this gathering possible.

“The connection between agriculture and climate change is clear; any change in the climate has significant effects on crop yields and livestock. And for those affected by climate shocks, insurance plays a crucial role in ensuring food security and building resilience. GIIF appreciates the strong support from the WBG, public and private sector practitioners, and international development organizations in promoting sustainable climate insurance markets. Together, we strive to provide smallholder farmers and micro-entrepreneurs with access to finance and credit, helping them avoid falling back into poverty.”

**Fatou Assah, Global Head, Advisory Services,
Financial Institutions Group (FIG), IFC**

EGYPT'S AGRICULTURAL INSURANCE LANDSCAPE

In Egypt, agriculture employs 28% of the workforce and contributes 11% to the nation's GDP. However, agricultural insurance remains limited, with only around 2,000 policies (98% being livestock-focused) and just 31 million EGP in gross written premiums, compared to a total insurance market of 51 billion EGP. Panelists attributed this low coverage to several factors: limited access to insurance education, lack of tailored products, and a scarcity of agricultural data that could help insurers more accurately assess and price risks.



Charteris-Black Nick, Managing Director,
Market Development & Information Services
at A.M. Best Company



Dr. Edem Kuenyehia, Director, Market Development and
Communications at A.M. Best Company



Benjamin Kamanga

Director of Public Sector and Inclusive Solutions,
ZEP-RE



James Smouse, Global Head of Insurance Investments, IFC



Riadh Naouar, Manager, Advisory Services, Africa, FIG, IFC



Florence Boupda Ngueda, Global Sector Manager, FIG, Banking & Insurance at IFC

CHALLENGES ACROSS THE CONTINENT

The constraints on Egypt's agricultural insurance market reflect broader challenges across the continent. Education and data access issues are widespread, but two other factors are crucial as well. First, there is low risk appetite among direct insurers because agri-insurance portfolios have not reached critical mass in many countries, and the business is often cyclical.

“ It is essential to recognize the synergy between insurance and financing for farmers. At the IFC, we are dedicated to exploring how these two elements can work in harmony to create a holistic support system. By seamlessly integrating financial solutions with insurance products, we can enhance farmers' ability to manage risks, access necessary resources, and thrive in the face of adversity. ”

Florence Boupda Ngueda, Global Sector Manager, Financial Institutions Group, Banking & Insurance at IFC



Second, most agriculture in Africa is subsistence farming, where smallholder farmers have limited capacity to afford insurance premiums or secure financing.

TECHNOLOGY AND PARTNERSHIPS: A PATHWAY TO PROGRESS

The panel agreed that there is a significant role for technology and digital solutions in promoting agricultural insurance. Through collaboration with technology partners like agtechs, reinsurers can train and support their cedants to adopt technology solutions to improve agricultural business performance.



Sharon Onyango, Operations Officer, IFC



"The Egyptian agricultural finance and insurance sector is undergoing a significant transformation. With the Unified Insurance Law classifying agricultural insurance as a dedicated business line, we are paving the way for a more inclusive and secure future for our farmers."

Dr. Islam Azzam

Vice Chairman of the Financial Regulatory Authority (FRA)

Additionally, working with insurtechs and telecom companies can enhance distribution channels, lowering costs, improving reach, and supporting real-time data collection.

There is also a need for a broad assembly of partnerships to successfully support agricultural insurance initiatives. In addition to the traditional insurance value chain of cedants, brokers, or other reinsurers, other non-insurance partners such as development banks, governments, and technology companies will be critical in developing the agri insurance sector.

KEY PERSPECTIVES FROM EGYPT'S FINANCIAL REGULATORY AUTHORITY (FRA)

Dr. Islam Azzam of the FRA provided valuable insights into Egypt's evolving agri-finance landscape, reflecting on the significant developments in the Egyptian insurance market.

He highlighted the rise in the number of insured individuals and the recent ratification of the Unified Insurance Law. This transformative legislation classifies agricultural insurance as a dedicated business line, marking a crucial step toward financial inclusion.

Dr. Azzam explained that this law establishes a natural risks pool aimed at making affordable micro-insurance products more accessible to low-income farmers, thus addressing the vulnerabilities created by climate change and market fluctuations. He noted several trends indicating a shift in the landscape, such as the increasing awareness among farmers about the importance of insurance to navigate climate and market-related risks. The Insurance Federation of Egypt (IFE) is actively collaborating with insurers to develop tailored crop and livestock insurance products, supported by a dedicated agricultural insurance committee.

Furthermore, Dr. Azzam emphasized the growing cooperation between government agencies and private insurers, which enhances risk-sharing and strengthens financial support for farmers. Looking forward, he outlined the FRA's priorities, including simplifying insurance access for smallholders through awareness campaigns and clearer product options, leveraging technology to improve efficiency, and partnering with the IFE and other stakeholders to create insurance solutions that meet Egypt's unique needs.

SECURING POLITICAL GOODWILL AND SUPPORT

Securing goodwill from political leadership is critical and could take several different forms. The panel emphasized that political goodwill is essential for building agricultural resilience. Governments can play a transformative role through budget allocations to subsidize premiums for smallholders, tax incentives for insurers, and public education on the benefits of agricultural insurance, rather than relying on donor funding after disasters.





Dr. Corneille Karekezi

**Group MD | CEO of the African Reinsurance Corporation
Africa Re**

Favorable policies, such as tax waivers for insurers providing agricultural insurance for smallholder farmers, can also contribute significantly. Dr. Karekezi noted that political support could significantly expand insurance penetration among vulnerable farming communities.

IFC'S ONGOING COMMITMENT TO FOOD SECURITY AND SUSTAINABLE AGRICULTURE

IFC addresses these challenges by connecting clients to innovative solutions. The continent will need to improve food production by about 50% by 2030 to feed an estimated population of 1.3 billion. The IFC champions food security in Africa through initiatives like the **Global Food Security Platform** and the **Africa Agriculture Accelerator Platform (AAP)**. **This \$6 billion Global Food Security Platform**, launched in 2022, aims to support sustainable food production, while the AAP intends to mobilize \$6.5 billion in agri-financing by 2030 across 32 African nations, leveraging digital solutions to increase market access and verifiable data gathering.



The Global Index Insurance Facility (GIIF) has issued over 14 million insurance contracts to smallholder farmers (with most of its beneficiaries in Africa), mobilizing over \$2.5 billion in financing to secure farmers' resilience and promote sustainable practices.

CHALLENGES TO AGRICULTURAL FINANCING IN AFRICA

IFC emphasized credit risk as one of the main barriers to financial institutions' involvement in sustainable agriculture. Small and medium-sized enterprises (SMEs) and smallholder farmers often lack the verifiable financial information required to assess creditworthiness. High interest rates also increase the cost of borrowing. The agricultural sector is further vulnerable to climate change impacts, heightening credit risks and limiting production capacities. Another challenge is the high costs of serving SMEs, discouraging banks from entering the market.

Financial institutions must invest in sustainable and low-cost distribution and communication channels for SME clients to balance keeping operating costs down and meeting their ongoing needs. Both **Dr. Karekezi, CEO of Africa Re and Benjamin Kamanga (ZEP-RE)**, highlighted that limited access to digital solutions and fragmented approaches impede the development of commercially viable agriculture insurance portfolios in Africa.

GIIF HAS FACILITATED

+\$2.5 BILLION
In Financing for Farmers

+14 MILLION
In Insurance Contracts



Fatou Assah

Global Head, Advisory Services, Financial
Institutions Group (FIG), IFC | GIIF Program Manager

KEY TAKEAWAYS AND FINAL THOUGHTS: COLLABORATIVE ACTION FOR LONG-TERM IMPACT

The session at the AIO Reinsurance Forum emphasized the transformative potential of blending financial and insurance innovation with digital technology to meet Africa's agricultural needs. Several essential takeaways emerged:

- Collaborative Action Across Sectors: Effective partnerships among governments, private insurers, financial institutions, and technology providers are crucial for creating holistic solutions. By aligning efforts, these entities can better support smallholders and SMEs and make insurance accessible across Africa's agricultural landscape.

Political Support as a Catalyst: Government involvement is essential in driving agricultural resilience. Favorable policies, and public awareness initiatives can expand insurance penetration among vulnerable farming communities. Through a live poll, the room revealed that over 80% of attendees viewed reliable government and regulatory support as crucial for achieving food security, a sentiment echoed by **Dr. Mahmoud Mohieldin, Chair of GFANZ Africa Network**, and **Patty Karuaihe-Martin, President of AIO**, who underscored the need for immediate, impactful actions to secure a sustainable food future for Africa.



Nivanne Mortagy, Principal Operations Officer, IFC; and colleague Nesrine Abdelmoniem, Senior Investment Officer, IFC


- Leveraging Technology for Data and Access: Digital platforms play a dual role—enhancing access to insurance products and generating valuable agricultural data that enables more accurate and affordable pricing. Partnerships with telecom companies and agtech firms are particularly effective in reaching rural farmers and supporting more data-driven insurance solutions.

The IFC Panel at the AIO Reinsurance Forum was a major step forward. It showed a strong commitment from financial institutions, insurance companies, and public and private partners to strengthen Africa's agricultural resilience. The session ended with a powerful call to action to all those involved for innovative partnerships and a firm promise to support smallholder farmers and agri-SMEs across Africa.

**Sandra Carollo,
Knowledge
Management &
Communications, IFC**



Selin Konrat, Operations Officer, IFC

A portrait of Florence Boupda Ngueda, a woman with dark hair, wearing glasses and a black lace top. She is looking slightly to the left. The background is a warm, golden-brown color.

"Insurance is no longer just a safety net; it's an essential tool for building resilience in Africa's agricultural sector. By fostering innovation, collaboration, and accessibility, we can empower farmers to withstand climate challenges and secure a sustainable food future for generations to come. It is essential to recognize the synergy between insurance and financing for farmers."

Florence Boupda Ngueda
Global Sector Manager, Financial Institutions Group (FIG)
Banking & Insurance, IFC



ACKNOWLEDGMENTS

We would like to extend our heartfelt thanks to **Dr. Mahmoud Mohieldin**, Chair of the GFANZ Africa Network, and **Patty Karuaihe-Martin**, President of AIO, for their participation in the IFC Panel at the AIO Reinsurance Forum. Their valuable comments and insights greatly enriched the session. Dr. Mohieldin's emphasis on the need for collaborative efforts to enhance climate resilience in agriculture resonated deeply, while Ms. Karuaihe-Martin's call to action for innovative partnerships and robust support for smallholder farmers highlighted the vital role of insurance in fostering agricultural resilience. Together, their contributions set a forward-looking agenda for our discussions and underscored the importance of working together to achieve food security and sustainability across the region. Thank you for your dedication and commitment to these critical issues.

We also want to express our appreciation for the insights shared by our esteemed panelists: **Florence Boupda**, Global Banking and Insurance Manager at IFC; **Dr. Islam Azzam**, Vice Chairman of the Financial Regulatory Authority of Egypt; **Dr. Corneille Karekezi**, CEO of Africa Re; **Benjamin Kamanga**, Director of Public Sector & Inclusive Solutions at ZEP-RE; and **Mr. Cheick-Oumar Sylla**, Regional Director, North Africa and Horn of Africa, IFC. Their contributions were instrumental in driving the conversation forward and reinforcing the collaborative spirit needed to tackle the challenges facing Africa's agricultural sector.

Finally, we would like to thank all our audience participants for their engagement, which added depth to our discussions and highlighted the collective desire to find sustainable solutions for Africa's agricultural future. Your involvement is crucial in driving meaningful change in the agricultural landscape.



Patty Karuaihe-Martin

President of African Insurance Organization (AIO)



Dr. Mahmoud Mohieldin

**Chair of the GFANZ Africa Network Advisory Board
UN Climate Change High-Level Champion for Egypt**



From left to right: James Smouse, Global Head of Insurance Investments, IFC; Selin Konrat, Operations Officer, IFC; ; Florence Boupda Ngueda, Global Sector Manager, Financial Institutions Group (FIG), Banking and Insurance, IFC; Sharon Onyango, Operations Officer, Inclusive Insurance Specialist, FIG, IFC; Fatou Assah, Global Head, Advisory Services, Financial Institutions Group (FIG), IFC and GIIF Program Manager; Sandra Carrollo, Knowledge Management & Communications Consultant, IFC; Zeeshan Ahmed Vazeer, Head of Insurtech, IFC.

ABOUT GIIF

The Global Index Insurance Facility is a specific program of the World Bank Group that facilitates access to financing for small farmers, micro-entrepreneurs, and microfinance institutions by providing solutions for catastrophic risk transfer and index-based insurance in developing countries.

Funded by the European Union, the governments of Germany, Japan, and the Netherlands; the GIIF has facilitated approximately 14 million contracts, covering nearly 70 million beneficiaries and has enabled at least \$2.5 billion in financing, primarily for farmers in sub-Saharan Africa, Asia, Latin America, and the Caribbean.



Creating Markets, Creating Opportunities