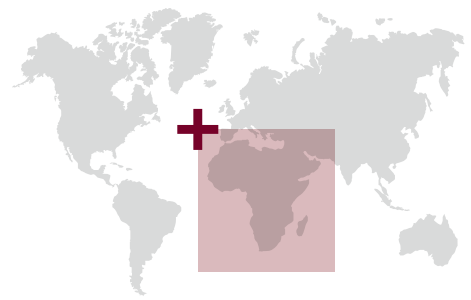


ZFU Ecofarmer Combo - A partnership between Mercy Corps, EcoFarmer (Econet), and the Zimbabwe Farmers Union



AT A GLANCE

Name

Ecofarmer Combo: a partnership between Mercy Corps, EcoFarmer (Econet) and Zimbabwe Farmers Union to offer bundled services to smallholder farmers. The service includes crop insurance, livestock & farming tips, funeral insurant and farming inputs.

Duration

Phase 1: 2012 – 2015 | **Phase 2:** 2015–2018

Focus area

Information Communication Technology, Agriculture, and Food Security in Zimbabwe

Target group

Smallholder farmers of maize, beans, bananas, millet, animal husbandry and other products in Mashonaland East, Manicaland, Mashonaland Central

The project is jointly implemented by ...

Mercy Corps in partnership with Econet and Zimbabwe Farmers Union. The project funds include 3 million USD for the second phase of the project funded by the Swiss Development Cooperation (SDC).

The core objective is ...

to develop and rollout mobile based bundled financial and advisory services. This project supports and engages with the public and private partners to develop services that are both economically viable and meet the demands of smallholder farmers in order to provide them with relevant, timely, high-quality information and services which will improve their agricultural productivity and increase their income.



BACKGROUND

The Zimbabwean farming community has faced a number of climate related challenges over the last five years, including consecutive severe droughts in the last two agricultural seasons. This has impacted livelihoods of the rural poor with significant losses in crops and income. Over 4 million people were considered vulnerable during the El Niño induced drought. The current political environment is volatile and the economic landscape is marred by widespread poverty, a liquidity crisis and high unemployment.

The project focuses on smallholder farmers in rural Zimbabwe. Agriculture is the mainstay of the economy with over 80% of the population relying on agriculture as a source of livelihood and the agriculture sector contributing an estimated 12% to GDP.

There are over 1.1 smallholder farmers residing in rural Zimbabwe. Zimbabwe's Land Resettlement Scheme has resulted in increased access to land for smallholder farmers, with 3.6 million hectares being redistributed between 1980 and 2000.

Farmers are experiencing unexpected shocks and stresses resulting from climate change, affecting their agricultural output and incomes. The project partners introduced crop insurance to reduce vulnerability of smallholder farmers that have been exposed to climate related disasters, specifically droughts or flooding. The objective is to support the stabilization of farming household incomes and allow for quick recovery when losses are experienced.

APPROACH

AgriFin Mobile, Econet and ZFU introduced weather index insurance to maize farmers by bundling the product with funeral cover, agronomic tips and ZFU membership dues. The bundled service attempts to address the various challenges that impact farmer productivity and income, particularly in the event of a climate related disaster. To allow for increased reach, the bundled service is accessible via a mobile phone. The approach attempts to improve accessibility and knowledge issues by utilising ICT's and incorporating other more common insurance services into the bundle i.e. funeral cover.

Initially when the weather index insurance was launched it was sold as an independent product directly to farmers through an input company. Furthermore, given the economic situation of Zimbabwe, farmers struggled to make consistent payments of the premium.

Together with its partners, AgriFin Mobile explored different distribution strategies, addressing the above challenges faced initially. The services were bundled, merging the less-well known weather index insurance with the very common funeral coverage. Also, group registrations were encouraged to create a peer to peer encouragement in paying the premiums in time.

The subscription model further enhanced the affordability and accessibility of the product for farmers, allowing them to be covered in the case of any climate change eventualities. The commercial viability and sustainability of the model is ensured with a strong private sector partner, Econet, the largest mobile network operator in Zimbabwe. Lastly, the model is based upon mobile technology, making it efficient in service delivery and scalable. These strategic changes allowed AgriFin Mobile to meet commercial viability and create social impact.





OPPORTUNITIES

In the 2015/2016 agricultural season, the country experienced the worst El Niño in decades, impacting the smallholder farmers heavily with two consecutive droughts. Vulnerable populations prioritise the use of their disposable income based on the potential losses for the household. The recurrent droughts are key decision making factors that farmers will consider when introduced to new innovative solutions for climate change adaptation. Additionally, an ecosystem of committed partners has been built over the years, with private and public sector actors committed to serving smallholder farmers through advisory and financial services. With the partners willingness to explore innovative initiatives coupled with devastating climate related shocks, the opportunity is clear. Insurance products like the Ecofarmer ZFU Combo will contribute to improved food security, creating demand for tailor made solutions that assist farmers to adapt to climate change and build resilience over time.

The project is also building on financial inclusion efforts by various stakeholders that include government entities like the Reserve Bank of Zimbabwe to ensure that the bottom of the pyramid get access to reliable cost effective financial services. The efforts support the Zimbabwe National Financial Inclusion Strategy that focuses on promoting access to appropriate financial services to the underserved particularly for rural and small scale agriculture communities. Lastly, the partnership between the farmers union with the mobile network operator has been strong and the introduction of service directly to farmers went well. Although this service is not mainstream business for the MNO, farmers did not really question their involvement in the space. In this case the partnership also assisted in resolving some of the trust issues within communities. The farmers were clear that ZFU had their interests at heart and therefore automatically trusted the service.

LESSONS LEARNED

Crop insurance is an important tool to adapt to climate change, however, it is essential for implementing partners to find innovative ways of selling and distributing the product. This may include bundling insurance with other key services that a farmer is familiar with and thus willing to pay for. Education is also an essential marketing tool as farmers will only adopt the services if they understand the product and its value. It is important for development practitioners to invest in training and education for better uptake of the services. Moreover, it is important to understand that the investment in education, particularly financial and digital literacy, is significantly high. Projects need to ensure the mobilisation of resources for innovative sustainable solutions around financial and digital literacy.

The willingness and ability to pay for the services for farmers are two different things. The model is based on the assumption that farmers are able to pay consistently for the services thereby ensuring the effectiveness of insurance as a climate change adaptation tool. Sometimes, though, it is necessary to explore innovative ways of ensuring premiums are paid, including exploring the payment of premiums by other players in the value chain beyond the smallholder farmer. Partnerships will go a long way to ensure that an affordable solution is delivered to the farmer.

In conclusion, climate adaption tools such as the weather index insurance are important means in the realm of developing countries suffering from climatic shocks. However, the pricing and distribution strategy of such products are important factors in deciding over success or failure in the uptake of the product by farmers. Lastly, political and economic factors within a country will continue to influence the actors in the system and define refinements to the product.



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