



**PROJECT NAME:**

**FEASIBILITY STUDY FOR DEVELOPMENT OF AN IMPLEMENTATION STRATEGY FOR INDEXED CROP INSURANCE IN SRI LANKA**

**PROJECT MANAGER:**

Serge Paré

**PROJECT NUMBER:**

SRIL-08002

**ASSOCIATES:**

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**COUNTRY :**

Sri Lanka

**STUDY ZONE:**

Complete country

**DURATION (MONTHS)**

2.5

**CONTRACTING PARTY:**

SANASA Insurance Company

**BEGINNING:**

October 2008

**ENDING:**

December 2008

**PROJECT DESCRIPTION:**

The mandate is to realize a feasibility study for the development of a farm insurance product that is simple and viable for the most vulnerable Sri Lankan farmers. The product would be developed in association with Basix, an Indian organization that has taken part in the development and testing of one of the first accessible indexed farm insurance products that produced a return. Développement international Desjardins (DID), a non-governmental organization (NGO) specializing in micro-finance and micro-insurance will also participate. The first step is to carry out preliminary studies aimed at identifying the real needs of farmers, their risk profile, the main causes of losses, the historical data available and the presence of microclimates. The farmer's understanding of the insurance challenges and concepts, their willingness to insure their crops, their financial means and also the capacity assessment of SANASA' Insurance company will also be evaluated. The second step will be to develop a prototype of the product based on the farm insurance product currently offered by Basix to its clientele. The prototype is adapted to local needs and crop conditions and it preserves the dual advantage of accessibility and simplicity. The type of product developed is a collective protection described as indexed.

This feasibility study will lead to the distribution of the insurance through the already existing SANASA network. This distribution method will improve visibility, reduce distribution costs and also increase accessibility of the product for many. The next step is to develop tools to help the population understand the concepts related to the product and to train the SANASA insurance agents to this new product. The last step is to conduct a pilot project test and a final evaluation of the results. The pilot project offers agri-insurance to approximately 5000 households and involve about 20 micro-finance institutions. The pilot test is fully documented to facilitate replication of this innovative model in one or several regions. If the test is in fact replicated in other regions of Sri Lanka, the confidence of individuals in their own capacities will be strengthened, then, reinvestment in the means of production will increase. This will lead to an improvement of productivity and of the standard of living of individuals located in rural areas (80% of Sri Lanka).

**ACHIEVEMENTS:**

- ⊕ Establishment of a consortium (SANASA-Basix-FADQDI-DID)
- ⊕ Presentation of a grant application to the Micro insurance innovation facility
- ⊕ Design of the project, time chart.