



KILIMO SALAMA

Area of Focus: Indexed micro-insurance

How it works: Kilimo Salama—which means “safe farming” in Kiswahili—offers smallholder farmers access to micro-insurance against either drought or excessive rains. The service is unique in that farmers purchase it through local agro-dealers along with their inputs. After purchase, the agro-dealers transmit the registration to the insurance provider by using their phone to scan the QR code and enter relevant farmer information. The farmer then receives confirmation of the policy by SMS. Using solar-powered weather stations installed in participating areas, Kilimo Salama collects information on weather conditions to determine the presence of any extreme weather that is likely to reduce yields.

Farmers who purchased policies in the vicinity of a weather station registering extreme weather automatically receive a payout via mobile money transfer for their inputs proportionate to the extent of extreme conditions. Unlike traditional insurance policies, Kilimo Salama does not visit the farm to assess payout, nor do farmers have to submit any claims. Payouts are based on agronomic model index that compares actual rainfalls. In addition to providing insurance, Kilimo Salama also provides insured farmers with weather information via SMS.

Technology used: Mobile phones, solar powered weather stations, QR codes

Implementer/Funder: Syngenta Foundation for Sustainable Agriculture in partnership with UAP Insurance and Safaricom.

Fees: Premiums are calculated based on the drought risk of the area. Farmers and input companies split the price, with each paying on average five percent on top of the price of insured inputs. Through Kilimo Salama Plus farmers can also insure their total anticipated harvest value by paying the full amount of the premium.

Primary Markets: Kenya (specifically the regions of Oyugis-Homa Bay, Busia, Kitale, Eldoret, Embu and Nanyuki) and Rwanda. Farmers must live within about 15-20km of one of its weather stations in order to be eligible.

Users: Kilimo Salama targets smallholder farmers who grow maize, wheat, beans, sorghum, and potatoes. Since its launch in 2009, more than 65,000 farmers have used its services.

Business Model: Kilimo Salama operates as a commercial insurance product with all operating expenses paid out of the premiums. Based on current growth models, they anticipate breaking even by 2014.

Impact: Any impact to date is still anecdotal, although the organization will conduct a more robust evaluation in the coming years. Syngenta Foundation anticipates that access to Kilimo Salama should encourage farmer investment in inputs and increase the appetite of banks to lend to farmers.

For more information visit: <http://www.syngentafoundation.org/index.cfm?pageID=562>

Sources: Interviews with Fritz Brugger, Syngenta Foundation on 12/12/11 and 8/7/2012.

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

This profile is supported by USAID’s Fostering Agriculture Competitiveness Employing Information Communication Technologies (FACET) project under the Financial Integration, Economic Leveraging, Broad-Based Dissemination and Support Leaders with Associates award (FIELD-Support LWA). It was written by Josh Woodard of FHI 360 (jwoodard@fhi360.org). FACET offers on-demand field support to help missions with the challenges of using these ICT interventions in agricultural development. To learn more about field support options, contact Judy Payne, ICT Advisor, (jpayne@usaid.gov).