

# THE REPUBLIC OF RWANDA



**MINISITERI  
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**MINISTRY OF AGRICULTURE  
AND ANIMAL RESOURCES**

## **AGRICULTURE AND LIVESTOCK INSURANCE**

The Government of Rwanda through the Ministry of Agriculture and Animal Resources in its journey of transforming Agriculture Sector from Subsistence farming into market -oriented agriculture as it is outlined in MINIGRI PSTA III and the Rwanda's Vision 2020. Due to the weather hazards affecting this sector, the Ministry has recently initiated an agriculture and livestock insurance that is being extended in the Country. The Ministry of Agriculture and Animal Resources has partnered through memorandum of understanding with two renown agriculture insurance intermediaries to initiate this insurance in Rwanda. Those insurance partners are MicroEnsure arrived in Rwanda in 2010 and started pilots in 2011; and the Syngenta Foundation for Sustainable Agriculture in 2012 under HINGA URISHINGIWE Program.

### **Type of Insurance**

Other types of perils that may affect crops can in one way or another be predicted and hence prevented but no one can predict with accuracy tomorrow's weather. With this view in mind the Ministry has chosen to start by a *weather based index insurance* that covers crop production losses caused by adverse weather. It covers Crop damage as a result of deficit or excesses in weather conditions such as temperature, sunlight, wind speed or rainfall resulting in losses for the Insured during the length of the crop growth cycle up to physiological maturity.

Currently

### **Weather Index Insurance**

The weather is unreliable. It impacts agricultural production in many ways.

Poor yields and crop damage due to adverse weather can lead to lower revenues for farmers.

This can lead to difficulty in paying back loans and meeting household expenses.

Weather Index Insurance is a new tool for farmers to protect themselves and their lenders against the financial impact of bad weather.

### **What Is Weather Insurance?**

- It is a new type of insurance that covers crop production losses caused by adverse weather.
- Adverse weather can be caused by deficit rain, excess rain, excessively low or high temperature, high wind speeds or other weather parameters used to identify weather risks
- It measures changes of specific weather features, such as rainfall amounts received at the nearest weather station, rather than changes in a yield on a farmer's field.
- It does NOT cover losses related to: pests, diseases or poor farm management.

### **How Does Weather Index Insurance Work?**

- Weather Index Insurance is sold as part of a loan package and payouts from the insurance automatically contribute to paying off the loan.
- A weather variable (such as rainfall) is measured throughout the season at the farmer's nearest weather station.
- Weather Index Insurance is tailored to meet specific risks identified by a group of farmers. If there is particular concern about drought, an index covering deficit rainfall can be created. If the concern is about flooding or excess rain during certain critical periods, the index can be created to cover excess rain.
- The insurance payout amount is calculated using a transparent formula based on independently measured weather data that is specified in the insurance contract and can be determined and checked easily and quickly.
- The more extreme the weather compared to historical averages, the larger the payout and more of the loan is paid down.
- To get Weather Index Insurance, the farmer must pay a premium to the insurance company:

- Premiums are included as part of the loan package.
- Premiums are not refundable if there is no payout.
- No matter what happens, the farmer must always repay his or her loan fully if the insurance does not pay out the full amount.

### **Why You Should Consider Buying Weather Insurance?**

- All farmers know that the weather is unpredictable which creates risk for farmers, their sponsors, agri-businesses and banks.
- If it does not rain yields can drop resulting in losses and making it difficult to repay loans.
- Weather insurance is a new insurance product designed to help repay loans in times of unreliable weather.

### **Insurance acquisition**

Weather Index Insurance is sold as part of a loan package and payouts from the insurance automatically contribute to paying off the loan. However the insurance can be purchased by paying directly premium to the insurance company as well.

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### **Crops covered**

The insurance mainly targeted the traditional export crops (tea and coffee) and the crops admitted in the Crop Intensification Program shortly CIP program, these crops are Irish potato, maize, rice, cassava, soybeans and beans. Nevertheless the product has started with four CIP crops which are rice, Irish potato, maize and beans while others wait for the upcoming seasons with product's appreciation.

## **Key Product Benefits**

Payouts are calculated automatically based on millimeter amount in excess or deficit in as measured at automated weather station and the impact of crop production. For financed clients, the payouts offset against their loan (the amount paid depends on amount of rainfall received). Payouts come quickly to provide compensation when you need it (after harvest). Weather insurance can improve sustainability of crop production by giving access to finance for inputs. Financiers are more willing to offer credit because with weather insurance risk has diminished.

**Note:** The livestock insurance has also started for cattle and premium are purchased in SONARWA insurance.

**For further details please contact the following address:**

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**Or call the free line : 4127**