

# Index-Based Agricultural Insurance for Climate Risk Management

Protect farmers' investment from weather shocks

This insurance compensates farmers when weather conditions—such as drought or flooding—reach defined levels that are known to reduce crop yields. Payouts are based on objective data, which allows programs to reach more farmers at lower delivery cost. When combined with financial education and support services, it helps vulnerable farmers manage risk and recover after climate shocks.

This technology is **pre-validated**.

**9·7** Scaling readiness: idea maturity 9/9; level of use 7/9

Inclusion assessment 6 6 6

Climate impact 2 2

## Problem

- Weather shocks reduce production, food security, and rural incomes
- Farmers remain vulnerable and struggle to recover after losses
- Limited access to finance restricts investment and recovery
- Vulnerable groups are often excluded from financial services
- Lack of scalable risk management tools limits long-term impact

## Solution

- Supports farmer recovery and protects livelihoods after shocks
- Enables continued investment and production
- Improves access to financial protection for vulnerable groups
- Strengthens resilience and long-term program impact

## Key points to design your program

- **Expected impact**  
Protects farmer income after weather shocks, supports recovery, stabilizes production, and improves access to credit
- **SDG alignment**  
Contributes to SDG 1 (poverty reduction), SDG 2 (food security), SDG 5 (inclusion), and SDG 13 (climate resilience)
- **Pathway to scale**  
Integrate into national programs, expand through financial institutions and agribusiness networks, and use digital delivery
- **Key partnerships**  
Work with governments, insurers, technical partners, financial institutions, and local organizations
- **Risks and mitigation**  
Address basis risk, low uptake, and exclusion through better design, subsidies, clear communication, and inclusive delivery
- **Monitoring indicators**  
Track coverage, payouts, timeliness, farmer investment, recovery after shocks, and inclusion



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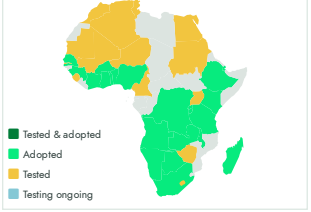
Commodities

Sustainable Development Goals

Categories

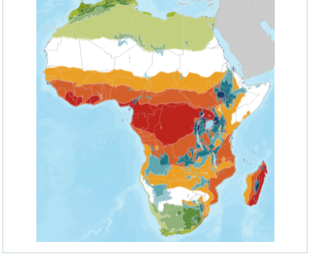
Production, Pre-production, Policies

Tested/adopted in



Where it can be used

This technology can be used in the colored agro-ecological zones.



Target groups

Development institutions, Farmers, Governments, Seed companies, Cooperatives and Agribusinesses, Banks and lenders



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<https://taat.africa/omb>

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