



Localised Agriculture Insurance Scheme



Community members tagging their livestock as part of Agriculture Insurance scheme. Sunkoshi RM, Okhaldhunga.

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1. Status of piloting and scaling of the model:

National Farmer Groups' Federation (NFGF), which developed and piloted this model on 'localised agriculture insurance scheme' in Sunkoshi rural municipality (RM) of Okhaldhunga, is currently leading the initial scaling process. However, increased number of climate vulnerable farmers, especially cattle farmers, and the local and provincial and governments are taking interest in this model. Several

local governments are initiating policy arrangements building on the results and learning from the model's pilot phase. This indicates gradual shift of leadership for model scaling from NFGF to the local governments. Landless farmers who keep some cattle and are engaged in leasehold farming, marginalised women and small holder farmers experiencing high climate risks make up the impact population of this model.



Livestock tagging as a process of insurance. Sunkoshi Rural Municipality, Okhaldhunga

2. Collaboration with boundary partners:

NFGF and its structures at different levels have been playing crucial role in raising awareness about the benefits of the model among its own campaigners, farmers and local governments. Sunkoshi RM and the wards under it have incorporated the model in their policy, plans and programmes. Along with Sunkoshi, Siddhicharan municipality and Chisankhugadhi RM of Okhaldhunga and Bishnupur, Sakhunankarkatti and Bhagawanpur RMs, Siraha have also scaled the model by allocating budget for its implementation. Farmers are including insurance service as a regular agenda of their meetings and are sharing mutual experiences. They participated in model scaling activities including insurance literacy programmes organised by NFGF. The insurance companies participated in consultations with the local government (LG) and NFGF, and entered into tripartite agreement to launch its service. As per the model, the companies appoint and train local lead farmers as local promoters. At times when farmers make insurance claims, the concerned companies evaluate the loss and provide compensation. Provincial

government representatives are taking part in exchange of experience and learning facilitated by NFGF and also visit the LGs that have adapted this model. Realising the model's potential, the provincial governments have encouraged LGs to benefit from and build on the learning from Sunkoshi.

3. Model scaling phase:

NFGF's experience of continued efforts for scaling the model building in Sunkoshi (province 1) is paying off well. LGs from other provinces i.e province 2, Bagmati, Gandaki and Lumbini have started to adopt it. So, the model has now graduated from first mover phase and is moving towards critical mass.

4. Process adopted in model scaling:

Initial consultations with key stakeholders including the LGs led to shared understanding of the model, its benefit and stakeholders' shared responsibilities, agreement with LGs and orientation to government representatives. This was followed by selection of wards for model scaling, development of action plans and incorporation of this

model in LGs' overall plan. Meetings with concerned wards and farmer groups, and their orientation on the model led to agreement with insurance company, selection of and orientation to data collectors. This was followed by preparation of the list of farmers participating in the insurance programme through door to door visit; support to farmers for preparing necessary documents and their submission to the concerned insurance company for buying livestock insurance policy, and handing over insurance policies to the farmers concerned with the wards' support by organizing ward level gathering of farmers.

5. The model's added value and key outcomes

Translation of government subsidy into reality:

This model facilitated translation of the federal government's provision for 75% subsidy on the premium for crop and livestock insurance to practice, that had remained unimplemented for a long time, as well as incorporation of provision for bearing 50% of the remaining 25% subsidy in the LG policy and programmes, and guidelines as part their public services.

Development and implementation of risk transfer mechanism at local government level:

The model catalysed formal agreement between LGs, insurance companies and NFGF for accountable promotion of localised insurance service, with LGs taking the leadership. This mechanism has enhanced insurance companies' confidence to expand their service to even remote rural areas, while the farmers have become more confident to access the service. Of the 834 farmers, who have joined the localised insurance scheme, 27 received about USD 3,512 in compensation for their losses. This has encouraged the farmers to make long-term investment in agriculture and livestock, which will have positive implications for their improved food and livelihood security. The LGs and farmers in Okhaldhunga have become more confident that insurance is an effective means of risk transfer.

Increased knowledge of insurance and ability to take informed decision among farmers:

Insurance was too complicated a topic to properly understand for many; not to talk of the marginalised and vulnerable farmers in the far flung areas. People lacked faith in insurance companies' honesty when it comes to compensating loss. Thanks to NFGF's effort for promoting insurance literacy and the mechanism that involves the

LGs as a safeguard against any default on the insurance company's part, farmers are confident about its benefits and able to take informed decisions.

Extension work:

NFGF's continued advocacy based on Sunkoshi success story has led to Siddhicharan municipality and Chisankhugadhi RM, Okhaldhunga and Bishnupur, Sakhunankarkatti and Bhagawanpur RMs, Siraha scaling this model. They have allocated budget for its implementation. Involvement of LGs in the process and business potential, even in remote areas has encouraged insurance companies to cover such areas.

Model's contribution to building climate resilience of landless and marginalised farmers:

This model contributes to the key parameters of climate resilience i.e vulnerability analysis, risk reduction measure and building adaptive capacities with a focus on risk reduction measures. It has increased awareness among marginalised farmers on climate risks to livestock and crops, supported them to prepare against the risks, and demonstrated that farmers can transfer climate risks by insuring their crops and livestock. It has increased farmers' confidence to make long-term investments in commercially viable livestock activities, which will lead to employment generation, increased income, improved food security and thereby, resilience to climate change and other possible shocks and stresses.

“ The policy arrangements have made governments at all level politically accountable and the practice of tripartite agreement among LGs, the concerned insurance company and NFGF ensures the companies' accountability for their service. ”

Model's contribution to promoting inclusion and governance:

This model has put at its centre the most vulnerable farm laborers, *Dalits*, landless, marginalised, women and small farmers. It has brought within their reach, subsidy for insurance and insurance services from the private sector. This model has localised insurance service by engaging multiple stakeholders -- the local, provincial and federal governments, insurance companies, NFGF constituencies, and individual farmers. The resource sharing arrangement--federal government bearing 75% of the subsidy, LGs supporting with 50% of the remaining 25%, and the farmers investing the rest--has indicated this model's sustainability. The policy arrangements have made governments at all level politically accountable and the practice of tripartite agreement among LGs, the concerned insurance company and NFGF ensures the companies' accountability for their service. Farmer groups are actively engaged in the entire process of localising the insurance scheme and claiming compensation for loss of crops and livestock. Now LGs in Okhaldhunga have specified dairy and meat production as priority sectors for subsidy support in their policies, programmes and guidelines. This model has also increased LG's acknowledgement of CSOs' (i.e. NFGF) role and contribution.

6. Learning

- Tripartite agreement among the LGs, insurance company and NFGF promotes coordination among the diverse actors and shared ownership of the model.
- LGs' leadership and resource contribution (subsidy) become effective in localising the insurance programme renewal process and promoting individual and collective accountability of the key actors.
- It is essential to document the process of localising the insurance scheme and the experience of farmers, who have received compensations. Such documentation becomes effective tool for influencing model scaling.



Tagged livestock as a part of agriculture insurance scheme

- Engagement of local insurance promoter helps win community's trust in insurance scheme and confidence in receiving compensation when needed. The community people trust somebody from among them more than an external person; have someone to turn to when needed, and get encouraged to join the scheme.



FOR FURTHER INFORMATION

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