Catalysing private sector investment into weather information: case studies on weather index-based insurance and mobile phone platforms

A market survey: CIRDA’s next step for engaging the private sector.

Anthony Mills

CEO C4 EcoSolutions
Cape Town, South Africa
www.c4es.co.za

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Catalysing private sector investment into weather information

Weather index-based insurance

- Scale matters.
- Satellite data is usually insufficient.
- Granular data necessary.
- Historical data (climatic/agronomic)
- Highly specialised actuarial skills needed.
- Bundling necessary.
- Reinsurance challenging.
- Regulatory environment can be a barrier.
- Willingness to pay ≠ ability to pay.
- 70% of farmers unlikely to afford premiums.
- Public subsidy essential.
- Numerous actors.
Hypothetical business model: linkages between stakeholders

To set up this model:

1. Strong relationships need to be built. = considerable investment in time
2. Private sector needs to own the concept and to be the main driver.
Mobile phone platforms

- Sale of *inter alia* agro-met and market price data.
- Considerable cost in acquiring accurate data.
- Considerable risk if data is not accurate.
- $0.5 million to set up.
- Break even after 5 years.
- Willingness to pay ≠ ability to pay.
- Numerous actors.
Hypothetical business model: linkages between stakeholders

To set up this model:

1. Strong relationships need to be built. = considerable investment in time
2. Private sector needs to own the concept and to be the main driver.
Market survey: identify opportunities for private sector engagement

Plenary discussion to structure the market survey

Questions to be addressed by the survey

1. What companies are already generating profits from weather information globally?
2. What is preventing spontaneous uptake of these business models by the private sector in our 11 countries?
3. What interventions are needed to create an enabling environment?
Examples of ostensibly successful enabling environments:

- **EcoNet** in Zimbabwe: weather stations on cellphone towers; offering weather index-based insurance/microfinance packages to rural farmers.

- **Service providers such as CABI** ([www.cabi.org](http://www.cabi.org)) generate agro-met information that is sold to farmers throughout the world.

- **Companies specialising in mobile phone platforms** for information dissemination e.g. SMS Medi, Esoko, Farmer Connect, mFarm, Limalinks.

- **Mobile network operators** using mobile phone platforms to disseminate information to rural farmers (e.g. Orange in West Africa, Tanzania experience).
End of presentation

Thank you for your attention!