

MEXICO

IDF MEXICO PARAMETRIC AGRI INSURANCE PROGRAM



Smallholder farmers in Mexico are not well served by traditional indemnity-based agriculture insurance products, have limited access to formal credit, and often face substantial losses due to drought, hurricanes, excess rainfall, and floods. Following the closure of the government subsidised CADENA insurance programme in 2019, smallholders have had almost no protection. The project developed and tested an index-based sovereign insurance solution identifying and covering all smallholder farmers cultivating maize, and a robust and efficient distribution model of direct payouts to improve their resilience against extreme drought and rainfall events. The programme will require the commitment from the government to fully subsidise the programme, covering the most vulnerable smallholder farmers.

i	PRODUCT CHARACTERISTICS	
	Target group	Smallholder farmers with < five (5) ha field size
	Target region	Oaxaca, Tabasco and Chiapas, then rollout throughout the country
	Insured asset	Agricultural production costs of maize
	Insured peril/ hazard	Extreme rainfall, drought
	Insurance type	Macro-scheme Development of new sovereign insurance programme
	Own contribution	52.4 % (of total ISF project costs)

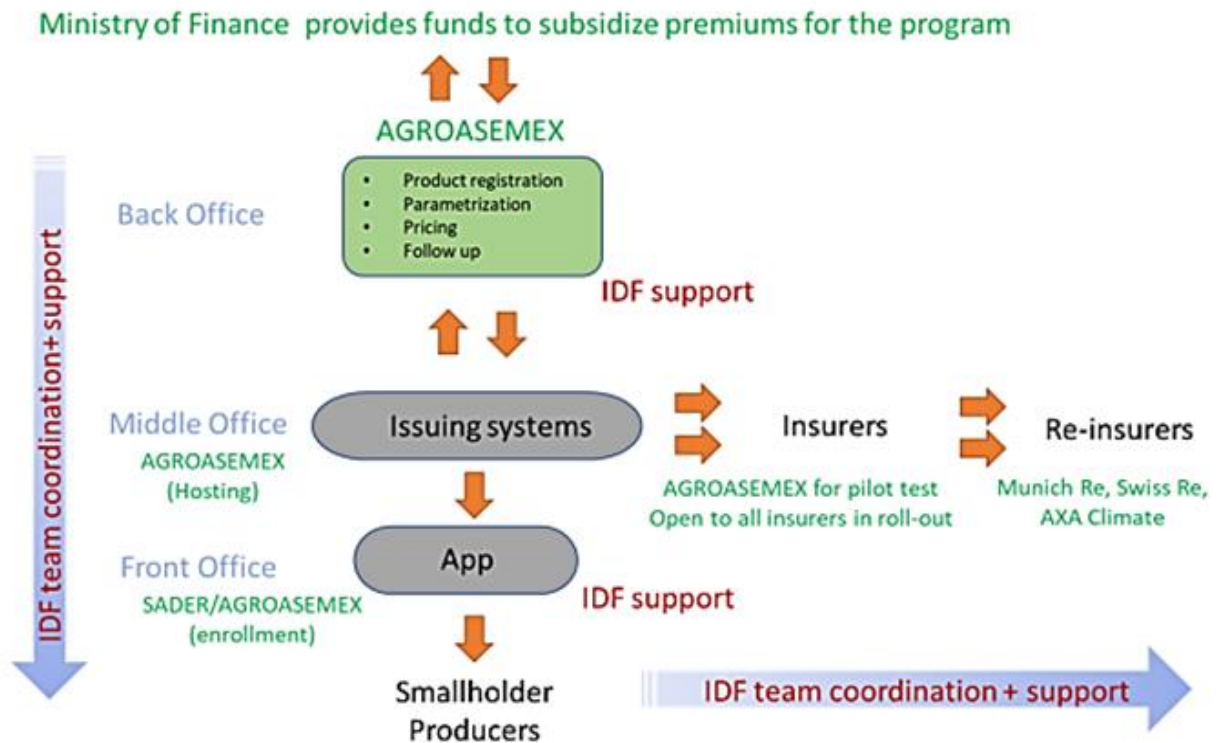



**PRODUCT DEVELOPMENT
ACTIVITIES SUPPORTED**

- Development of index-based standalone solution for two perils, data collection and modelling (based on satellite data, Chirps with 5 x 5km resolution)
- IT platform and mobile app that facilitates the enrolment of eligible farmers through various channels
- Calculation Agency / claims payout distribution
- Training for stakeholders and enrollers
- Premium financing for a pilot in 11 municipalities
- Helpline and Call centre for beneficiaries and enrollers



PROJECT SET-UP



 <p>PROJECT PARTNERS</p> <p>Demand Side</p> <p>Supply Side</p>	<ul style="list-style-type: none"> • Agroasemex, Mexico / State-owned (re-) insurance company • Insurance and Pension Unit (USPSS) within Ministry of Finance, Mexico / Federal government • AXA Climate, France / (Re-)Insurance company • Guy Carpenter Mexico, S.A. de C.V., Mexico / Reinsurance broker • Munich Re represented by Munich Re Services GmbH, Germany / Consulting company and broker • Swiss Reinsurance Company Limited, Switzerland / Reinsurance company • Raincoat, Puerto Rico / InsurTech
 <p>EXPECTED IMPACTS</p>	<p>Ultimate goal is to provide the tools the government needs to include subsidies for insurance coverage targeted at vulnerable population as part of the Federal Budget. By achieving said goal, the following impacts are expected to be seen:</p> <ul style="list-style-type: none"> • Increased access to finance (timely and direct payouts) and other social protection schemes, resulting in increased resilience of smallholders • Increased preparedness from access to tailored, location-based weather forecasts and extension services through technology • Reduced protection gap of climate change-related risks and developed local insurance market
 <p>EXPECTED BENEFICIARIES¹</p>	<p>3,735,072 by 2025 (100 % poor and vulnerable)</p>
 <p>IMPLEMENTATION PERIOD</p>	<p>10/03/2022 – 10/04/2024</p>

¹ Based on submission documents requiring use of IGP M&E Methodology.