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“Filling gaps and removing traps
for sustainable resource management”

Increasing Climate Resilience via Agricultural Insurance – The Project KlimALEZ

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Abstract

The significance of the agricultural sector in Central Asia reflects in the very large contribution of agricultural production to the GDP and the large share of employment in agriculture. Rising frequency of dry spells associated with climate change are causing serious damage to the livelihoods of the rural population in semiarid and arid regions of Central Asia. The adaptation capacity of agricultural producers in the CA is very limited.

Agricultural insurance may contribute to increasing resilience of agricultural producers. However, insurance markets have several development challenges in the region. In particular, new forms of index products could solve existing problems of coping with intransparent and inefficient settlement processes, better meet the needs of producers, and solve problems of systemic risks.

In the scope of the project KlimALEZ, IAMO researchers are cooperating with science partners from both Germany and the target countries as well as German and local insurance companies to develop and implement an agricultural index-based insurance program. In a transdisciplinary approach, the project has two closely related objectives. First, the project aims at increasing the resilience of the Central Asian agricultural sector to climate risks by introducing innovations to the agricultural insurance markets, taking into account local requirements and capabilities. The second objective is to analyse and explore the influence of index insurances on the production and efficiency of resource use on the level of agricultural producers.

Several project activities are implemented in the first one and half years of the project. First, suitable index products are developed based on the basis of satellite data. Second, these products are adjusted to the demand of local farmers based on their opinions on this products obtained from surveys and interactive extension seminars conducted in the regions. Third, validated products are sold to selected number of farms in the pilot regions in cooperation with local insurance company. Further improvement of offered insurance products and planning of new piloting phase are in process. Furthermore, scientific transfer of project results is implemented.

Keywords: Climate change, drought resilience, scientific transfer, technology adoption