

# DE-RISK

## South East Asia



### AT A GLANCE

#### Name

DE-RISK South East Asia. Applying seasonal climate forecasting and innovative insurance solutions to climate risk management in the agriculture sector in SE Asia

#### Duration

April 2018 – March 2022

#### Focus area

Cambodia, Lao PDR, Myanmar (Burma), Vietnam

#### Target group

Smallholder farmers and businesses engaged in the coffee, sugar, rice, cassava, rubber, maize, associated crops and fruits, and grazing industries across the value chain from physical and financial disaster associated with climate change.

#### Funds available

The project is funded with around 7.9 million Euros by the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

#### The project is jointly implemented by...

World Meteorological Organisation (WMO) Geneva, Switzerland; The University of Southern Queensland, (USQ) Toowoomba, Australia; International Centre for Tropical Agriculture (CIAT) Hanoi, Vietnam.

#### Overall aim of the project is...

This project will develop climate risk management systems, best practices and insurance products that will shield smallholder farmers and businesses engaged in producing coffee, sugar, rice, cassava, rubber, dairy, and grazing across the agricultural value chain in key SE Asia countries from physical and financial disaster associated with climate change.



Supported by:



based on a decision of the German Bundestag

## BACKGROUND

Climate change is threatening the livelihoods and food security of millions of poor smallholder farmers and agribusiness who depend on agriculture in the South East Asia region. Despite the fact that the El Nino/Southern Oscillation system has such a major impact in the region and the impacts of which will be exacerbated under climate change there is little application of seasonal climate forecasting in managing the associated risks in the agricultural sector.

The ability to forecast extreme/unusual climate conditions months in advance is arguably one of the most potentially important developments in the environmental sciences of current times and this project aims at improving seasonal climate forecasting capabilities in Southeast Asia countries to better prepare smallholders farmers for future climate extremes and to increase climate resilience.

## APPROACH

The project goals will be achieved through six key comprehensive planned measures:

1. Identification of suitable seasonal forecast systems to assist farmer decision making.
2. Participatory workshops and socio-economic surveys to explore climate change risks, adaptation challenges, enabling factors and barriers.
3. Targeted seasonal climate forecasts to assist with climate change adaptation.
4. Financial risk management tools, including index-based insurance products.
5. Knowledge-driven national and regional adaptation and risk management strategies, and suitable incentive driven programs and measures.
6. Developing a comprehensive Monitoring and Reporting of Adaptation and Improvement strategy system (MRAI).





## CHALLENGES

With the initial scoping visits conducted (August-September 2018) in four countries covered by the project, the governments have high interest on climate services and agricultural insurance agenda. But at the onset, the push for climate services and agricultural insurance from the governments in the region is very basic or inexistent. This means that considerable effort is needed in creating awareness and capacity building at different levels from national government agencies to smallholder farming producers. There is also a weak or lack of seasonal forecast, agricultural advisories and operational structure to support these initiatives. The governments emphasized the opportunity provided by the project to respond to the capacity development needs of each country.

A co-developed scoping exercise for opportunities for climate services and insurance will be supported by the project and serve as a mechanisms to fill training and capacity building needs. Parallel work by the project is focused on identifying ongoing initiatives and opportunities for reaching farmers with climate services and insurance to ensure sustainable and scalable approaches. The scoping for existing agribusinesses in the four countries will also require further work from the project.

## OPPORTUNITIES

Collaborations with ongoing initiatives in Cambodia to expand the capacities of extension services for climate resilient agriculture (led by IFAD) are also being explored as well as national scale initiatives to support rural development in Vietnam.

The four participating countries lack of national (or crop specific) level insurance programs and this represent an opportunity to address the crop specific (e.g. coffee, rice) insurance programs development. Particularly, in Vietnam, the Ministry of Agricultural and Rural Development (MARD) is currently setting-up new institutional arrangements to operationalize rice insurance scheme. The project will work with the National Institute of Agriculture Planning and Protection (NIAPP) to assisting MARD to build the required capacity on rice insurance scheme for 2019.

To further complement MARD/NIAPP effort in refining and/or operationalizing newly proposed national insurance scheme, the project will take the lead in developing of new insurance products and schemes for coffee and other crops.



For the development of insurance products, one of the challenges is to increase the level of awareness among farmers and policy makers about the potential role of insurance in risks transfer, particularly among the policy makers. If there is no commitment from governments to support ongoing premiums and insurance schemes over the long term, the insurance programs might not work because of lack of clients understanding and limited contracts. Managing commercial and competition environment of the insurance industries may be challenging too.

## EXPECTED OUTCOMES

- Enhanced capacity of smallholders and agri-businesses to mitigate climate change. Smallholders/agricultural businesses develop enhanced climate risk management, adaptation capabilities and improved resilience due to climate change;
- National ministries develop and implement enhanced national adaptation and climate risk management plans to safeguard smallholders/agricultural businesses from physical/financial disaster associated with climate change.



## PARTNER INSTITUTIONS



- **Cambodia** – Ministry of Water Resources and Meteorology, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy and Finance.
- **Lao PDR** – Department of Meteorology and Hydrology, National Agriculture and Forestry Research Institute, Ministry of Finance.
- **Myanmar** – Department of Meteorology and Hydrology, Ministry of Agriculture and Irrigation, and Ministry of Finance.
- **Viet Nam** – National Hydro-Meteorological Service, Ministry of Agriculture and Rural Development, Ministry of Finance for future climate extremes and to increase climate resilience.

### Partner Agencies:

- World Meteorological Organisation (WMO) Geneva, Switzerland
- The University of Southern Queensland, (USQ) Toowoomba, Australia
- International Centre for Tropical Agriculture (CIAT) Hanoi, Vietnam

### Collaborating Partners:

- Willis Towers Watson, London, United Kingdom
- Climate Change, Agriculture and Food Security (CCAFS)
- International Institute of Rural Reconstruction (IIRR)

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### Registered Offices

Bonn and Eschborn

Friedrich-Ebert-Allee 36 + 40  
53113 Bonn, Deutschland  
T +49 228 44 60-0 | F +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1 - 5  
65760 Eschborn, Deutschland  
T +49 61 96 79-0 | F +49 61 96 79-11 15

## CONTACT

Robert Stefanski

E [rstefanski@wmo.int](mailto:rstefanski@wmo.int)

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