

## Willis Towers Watson

# De-Risk Southeast Asia

Applying seasonal climate forecasting and innovative insurance solutions to climate risk management in the agriculture sector in SE Asia

## Alternative Risk Transfer Solutions

### Work Package 4

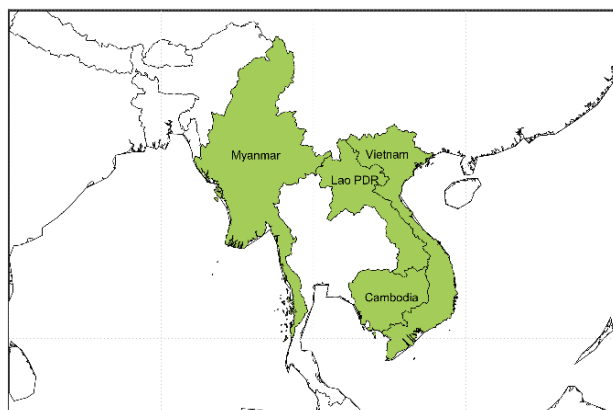
This part of the *De-Risk Southeast Asia* project will develop farm financial risk management tools and insurance products, that will shield smallholder farmers and businesses engaged in the coffee, sugar, rice, cassava, and grazing industries across the agricultural value chain from physical and financial disaster associated with climate change. The target countries for this project, located in SE Asia, are Myanmar, Lao PDR, Cambodia and Vietnam.



Devastating impact of cyclone on banana industry.

## As the climate changes, climate risk is increasing

Climate change is threatening the livelihoods and food security of millions of poor smallholder farmers and agribusinesses who depend on agriculture.



The International Climate Initiative (IKI) De-Risk project countries.

## Agricultural insurance - an alternate way to cope with climate risk

The development of innovative insurance products, which take the history of climate variability in each region into account, will enhance the capacity of smallholders and agri-businesses to mitigate climate change. Agricultural businesses will therefore be able to improve their climate risk management, adaptation capability and become more resilient to climate change.

Index-based insurance offers more affordable and targeted solutions to manage climate risks.



Cyclone impacts on agricultural production.

Image from: <http://cyclone-yasii.weebly.com/economic-impact.html>

## Project Aim: Provision of prototype re/insurance products developed to assist smallholders/agri-businesses across the agricultural value chain linked to an enhanced understanding of extreme climate risks.

To be achieved through:

- Linking climate and agricultural risks to inform the development of tailored insurance products for SE Asian agriculture.
- Better quantification of risks, together with improved risk management strategies of smallholder growers, will allow re/insurance companies to develop better targeted and affordable insurance products.
- Project outputs such as 'new innovative and affordable insurance products' will encourage small-medium producers and supply chain managers to adopt new options of transferring risks.

## Expected outputs

*"New prototype potential insurance trial programs or products produced and delivered"*

- New prototypes for index based insurance products
- Support of new legal and regulatory frameworks for climate risk, insurance and reinsurances
- New national/regional insurance programs
- Capacity building, rising of awareness and education

This project is funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety through the *International Climate Initiative (IKI)*.

## Who is involved

Consortium: The World Meteorological Organisation (WMO), Geneva, and implementing partners:

The University of Southern Queensland (USQ), Australia – with Willis Towers Watson Ltd.

International Center for Tropical Agriculture (CIAT), Vietnam

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