

NEWSLETTER

Imagine Sustainable Farming!

Issue 001



Agriculture Insurance Has Come of Age

The Short History and Incredible Achievements of
Agriculture Insurance in Uganda

“We Have Bigger Dreams Now”

How a Chance Meeting at a Church Event Transformed
Agribusiness for a Farmers Group in Nansana

The National Provider of Insurance Services Under the Uganda Agriculture Insurance Scheme

Participating Insurance Companies



Supported by



We offer a variety of products



Multiperil Crop Insurance



Livestock Insurance



Drought Index Insurance



Aquaculture Insurance

Enjoy the Government agriculture insurance subsidies.

For more information, Contact us at

Agro Consortium, 24A Acacia Avenue, Kololo, Kampala
Telephone: +256 414 500946 • E-mail: info@aic.ug • Visit www.aic.ug



Foreword

Dear Reader,

Welcome to the inaugural magazine of the Agro Consortium.

The publication could never have come at a better time, as we conclude the pilot phase and look forward to a further 4-year rollout cycle of the Uganda Agriculture Insurance Scheme (UAIS).

The response to agriculture insurance in Uganda is very encouraging, with about 200,000 farmers insured so far.

By mid-2020, at least UGX 7.4 billion had been paid out in claims to farmers out of insurance premiums worth UGX 26.7 billion, representing a loss ratio of 28%.

Significantly, we have also had impressive growth in insured agriculture loans, registering over UGX 813 billion by the end of the 2019/2020 financial year.

What these numbers demonstrate is a great appetite for agriculture insurance across the country; which bodes well for the growth of the sector in general.

Importantly, without the government subsidy such commendable success would have been difficult to achieve.

Agriculture insurance costs had remained out of reach for most farmers, until the government came on board to subsidize the premiums. The premium subsidy of UGX 20 billion provided by the government was fully utilised over the course of the UAIS pilot period.

These numbers notwithstanding, it is still a small fraction of the insurable farmers; with many remaining uninsured for various reasons including unawareness.

This journal is an important addition to our communication tools.

We are positive that the information shared herein will go a long way in highlighting the developments in the agriculture insurance space and in turn encourage many farmers to make use of insurance as one of their risk mitigation tools.

Happy New Year, 2021

Munyaradzi Daka

Technical Manager



05/ Agriculture Insurance Has Come of Age

John Makosya
Consortium Officer, AIC

08/ Insurance Boosts Agribusiness Financing

Josephine Mukumbya
CEO, aBi Group

10/ Losses Are Inevitable

Benson Atim
Farmer, Nwoya District

12/ Okongo Promotes Insurance After Compensation

Peter Okongo
Farmer, Insurance Practitioner

14/ We Have Bigger Dreams Now, Thanks to Insurance

Kavule Organic Farmers Group

16/ MAAIF Structures Will Extend Insurance

Dr Charles Mukama
Commissioner, MAAIF

20/ Govt Subsidizes Tech To Boost Rural Farming

Mr. Pius Wakabi Kasajja
Permanent Secretary, MAAIF

24/ Digital Innovations Helping Farmers Access Insurance

Smallholder farming meets technology, meets Agriculture Insurance

26/ Facts, Figures

An Overview of The Agriculture Insurance Scheme

EDITORIAL, LAYOUT & DESIGN

Deep Earth International Ltd
mugenyi.assad@gmail.com
info@deepearthint.com
+256 776 428 612

CONTRIBUTORS

Mr. Munyaradzi Daka
Mr. John Makosya
Ms. Eva Namanya

CONTACT US

Phone (Toll Free): 0800105050
Phone (General Inquiries) : +256.414.500.946
Email: info@aic.ug
Website: www.aic.ug

Twitter: @AgroConsortium
Facebook: AgroConsortium
LinkedIn: Agro Consortium
Instagram: AgroConsortium

PHYSICAL ADDRESS

INSURERS' HOUSE,
24A ACACIA AVENUE,
KOLOLO,
KAMPALA, UGANDA

IN NEXT EDITION.. DON'T MISS

Agriculture loans – Equity Bank insight
Agriculture loans – Beneficiaries' Testimonies
Interview with Ministry of Finance
Interview with AIC

And many more insightful articles about agriculture in general

Agriculture Insurance has Come of Age

Before the Uganda Agriculture Insurance Scheme (UAIS), there was the Kungula Agri-Insurance Consortium – a group of seven insurance companies that pooled their resources to offer agriculture insurance.

Kungula itself had been preceded by about three or so companies that independently tested out agriculture insurance in targeted districts. Their products were however very limited and lacked the ingredients to make for a lasting robust program.

On the other hand, after launching in 2013, Kungula steadily grew with the support from aBi Trust.

With time however, this initiative also hit a growth ceiling since the premiums on offer were too expensive for the average farmer to afford.

Later, research of successful programs in Brazil, USA, Mali, Senegal, Malawi and India, suggested that government subsidies were fundamental to the growth of agriculture insurance in these countries.

Armed with this information, the Uganda insurance industry approached the government with a similar proposal to replicate these other countries' successes.

The team argued that it was absolutely necessary for the Ugandan government to

"RIGHT NOW WE ARE TALKING OF OVER 200,000 FARMERS ALREADY INSURED;

WE PROJECT THAT IN THE NEXT CYCLE OF THE SCHEME, WE MIGHT ACTUALLY BE INSURING MORE THAN A MILLION FARMERS.

SO WE SEE IT REALLY GROWING AND HAVING ESTABLISHED PRESENCE IN ALMOST EVERY MAJOR REGION AND DISTRICT IN UGANDA,"



get involved in agriculture insurance because farmers all over the country were losing their investments and livelihoods due to changing weather conditions, which uncertainty was also the reason banks were hesitant to issue agriculture loans which were considered too high risk and therefore charged very high interest rates.

Moreover, insurance would help address low agriculture production and productivity by securing the farmers' investment against production risks.

“The government of Uganda concurred on what was being proposed as it was already in line with their strategies for the agriculture sector; subsequently UAIS was born on July 1, 2016.

With government subsidies the consortium expanded into what it is today with Kungula disbanding and 10 insurers forming a new consortium called the Agro Consortium (AIC),” says John Makosya, the consortium officer at AIC.

The AIC is charged with developing the agriculture insurance products and planning how they will be offered, handled and distributed. AIC also regularly interacts with various UAIS stakeholders including government ministries, the Insurance Regulatory Authority (IRA) and the insurance companies that are part of the AIC.

While the insurance companies may offer other products to farmers outside the Scheme, so far the only products eligible for government subsidies through the Scheme include Crop Weather Index Insurance and Livestock Drought Index Insurance (both under the Weather Index Insurance), All Risk Mortality (for livestock) and Multi-Peril Crop Insurance.

The government subsidy ranges from 30% to 80% depending on the categorization of the insurance product and geographical location of the farm.

Agriculture insurance has rapidly grown in popularity because it protects farmers and agribusinesses against losses from factors which they have limited or no control such as drought, floods, hailstorms, wind, pests and diseases, lightning, earthquakes, riots and strikes, malicious damage, explosion, death of animals and fire.

It also improves the risk profile of agribusinesses and therefore their ability to access credit from financial institutions like banks.

“More access to finance means farmers can invest in say mechanized agriculture which allows them to scale up production and therefore increase their income,” notes Makosya.

In addition to the security it offers, it has also been observed that insurance is leading to better appreciation of farming practices by farmers. This is mainly because apart from insurance professionals the AIC engages agronomists or veterinary experts for farm visits who provide technical advice where need be.

“We go beyond insurance solutions when dealing with farmers and always provide other advisory services through the expert teams we collaborate with. These agronomists and veterinary officers are exceptionally experienced in crop farming or livestock rearing and will share the best farming practices when assessing a farm before or after a loss,” says Makosya.

UNAVOIDABLE

In the past, without any form of insurance available on the market, a farmer had to either absorb a loss and hope for the best or sell off some personal assets like livestock and land to cover their losses.

The latter option was especially considered when a farmer had taken out a bank loan. In some cases the only respite for small scale farmers in case of a loss were their saving groups which offered them solace through their small personal savings.

As agriculture becomes more commercialized such options as above may no longer be applicable which increases the relevance of and need for agriculture insurance.

“Serious farming requires a lot of inputs; but

for a farmer to feel at peace they will want their investment protected. Hence increased commercial farming in Uganda will make agriculture insurance unavoidable in future,” says Makosya.

Having enjoyed exceptional success already at only the piloting stage, Makosya sees the UAIS growing in leaps and bounds in the next phase, after the impressed government of Uganda pledged to continue providing the agriculture insurance subsidy for another 4 years.

“Right now we are talking of over 200,000 farmers already insured; we project that in the next cycle of the scheme, we might actually be insuring more than a million farmers. So we see it really growing and having established presence in almost every major region and district in Uganda,” says Makosya.

ABOUT UAIS

The Uganda Agriculture Insurance Scheme is a Public Private Partnership (PPP) arrangement in which the Government subsidizes agriculture insurance premiums for farmers.

Initially a 5-year project when it was launched on July 1, 2016, the UAIS has since been extended for another 4 years following resounding success in uptake and growth across the country. The Project's general objective is to ensure that a Ugandan farmer is largely protected against the effects of agriculture risks, especially the production risks by introducing measures which shall ensure an indemnity sufficient to keep the farmer in business.

Specifically UAIS seeks to make agriculture insurance affordable to Ugandan farmers and make it easy for them to access agriculture loans by protecting credit given out by financial institutions like banks from the effects of specified agriculture risks.

The scheme is insured by a consortium of 11 insurers called the Agro Consortium.

Insurance Boosts Agribusiness Financing - aBi



Josephine Mukumbya
C.E.O, aBi Group

A

As a social enterprise with a mandate to support and deepen agribusiness financing, it is strategic that the Agricultural Business Initiative (aBi) backs agricultural insurance.

Indeed aBi Finance has so far contributed UGX 687.5m to the Uganda Agricultural Insurance Scheme (UAIS), becoming the biggest supporter of the scheme outside the Government of Uganda.

The cash is targeted towards two main aspects: the

ABOUT ABI

aBi WAS FOUNDED BY THE AGRIBUSINESS DEVELOPMENT AND SMALLHOLDER FINANCING INITIATIVE (ESPECIALLY IN REGARD TO

ABI DEVELOPMENT WORKS ON EXPORTS, SUPPORTING AGRIBUSINESS DEVELOPMENT IS A WHOLESALE LENDER TO AGRIBUSINESS INSTITUTIONS RANGING

dissemination of information about the UAIS to small holder farmers and financial service providers through training, local language printed materials like brochures, local language radio programming and advertisement plus also catering for the operational costs of the UAIS as it carries out its dissemination activities.

“As we deepen agricultural insurance, we improve the risk profiles of agribusinesses hence the success rate of agribusiness financing,” says Josephine Mukumbya, Group Chief Executive Officer, aBi.

Adding, “A key result area for aBi Finance in our current business plan (2019-2023) is increasing access to serviceable financial services for smallholder farmers.

The UAIS contributes to this ambition since its overall objective is ensuring that the Ugandan farmer is affordably protected against agricultural risks, especially production risks, which in so doing, improves the risk profile of agribusinesses hence their access to credit.”

It has been observed that improved credit access often leads to increased investment by farmers or agribusinesses, resulting into increased profits and incomes.

The scheme has recorded remarkable success including a 78% growth in adoption of agricultural insurance since 2017

There has also been significant growth in loans booked under the UAIS, whose value has been

growing at an annual average rate of 674% with UGX 385.9 billion booked as at June 30, 2020.

Maize has been the most insured mono-crop following mixed crops and poultry the most insured livestock.

However, a small number of the total population of subsistence farmers are currently insured under UAIS which points to the need for more sensitization especially in Northern Uganda.

“We would like the scheme to reach as many farmers as possible given the low uptake at the moment,” says Mukumbya, noting the long-term commitment of her enterprise to UAIS.

THE GOVERNMENTS OF UGANDA AND DENMARK, AND IS DEVOTED TO PRIVATE SECTOR DEVELOPMENT. IT IS COMPRISED OF TWO ARMS: ABI FINANCE THAT FOCUSES ON AGRIBUSINESS FINANCING AND ABI DEVELOPMENT THAT FOCUSES ON VALUE CHAIN DEVELOPMENT (FROM PRODUCTION TO COFFEE, DAIRY, PULSES, GRAIN, OIL SEEDS AND HORTICULTURE).

WORKS DIRECTLY WITH THE VALUE CHAIN ACTORS FROM PRODUCTION TO PROCESSING AND MARKETING THEM THROUGH GRANT FINANCING AND TECHNICAL ASSISTANCE WHILE ABI FINANCE PROVIDES FINANCIAL SUPPORT, PROVIDING LIQUIDITY AND COLLATERAL SUPPORT, WORKING THROUGH FINANCIAL INSTITUTIONS FROM THE REGULATED ENTITIES TO THE NON-REGULATED ENTITIES (TIER I TO TIER IV).

“I Insure Because Losses Are Inevitable”



Benson Atim
Farmer, Nwoya

A

griculture has been Benson Atim's primary source of income for 10 years now.

He currently grows soybeans on 50 acres and groundnuts on 15 acres of land, most of which he has leased across Nwoya District.

However, like many Nwoya farmers, he suffered the full brunt of changing weather patterns, season after season.

While one season he would endure the ravages of drought, the next one would come with excessive rainfall.

The problems were exacerbated by wild

animals from the nearby Murchison Falls National Park that regularly wandered on his farmland and destroyed his crop.

Then Atim met a Minet Insurance representative and learned about the Uganda Agriculture Insurance Scheme (UAIS). Spotting its potential to transform his operations, he immediately took up agriculture insurance for the first season of 2019 and has not looked back since.

“Whether you are a large or small scale farmer, insurance is the way to go because losses are inevitable. Farming without insurance is surely a gamble since weather has become unpredictable. Luckily it is also affordable because of the government subsidy,” he says.

Though he cannot stop singing the praises of agriculture insurance, he believes the UAIS can still be improved especially in regard to communication.

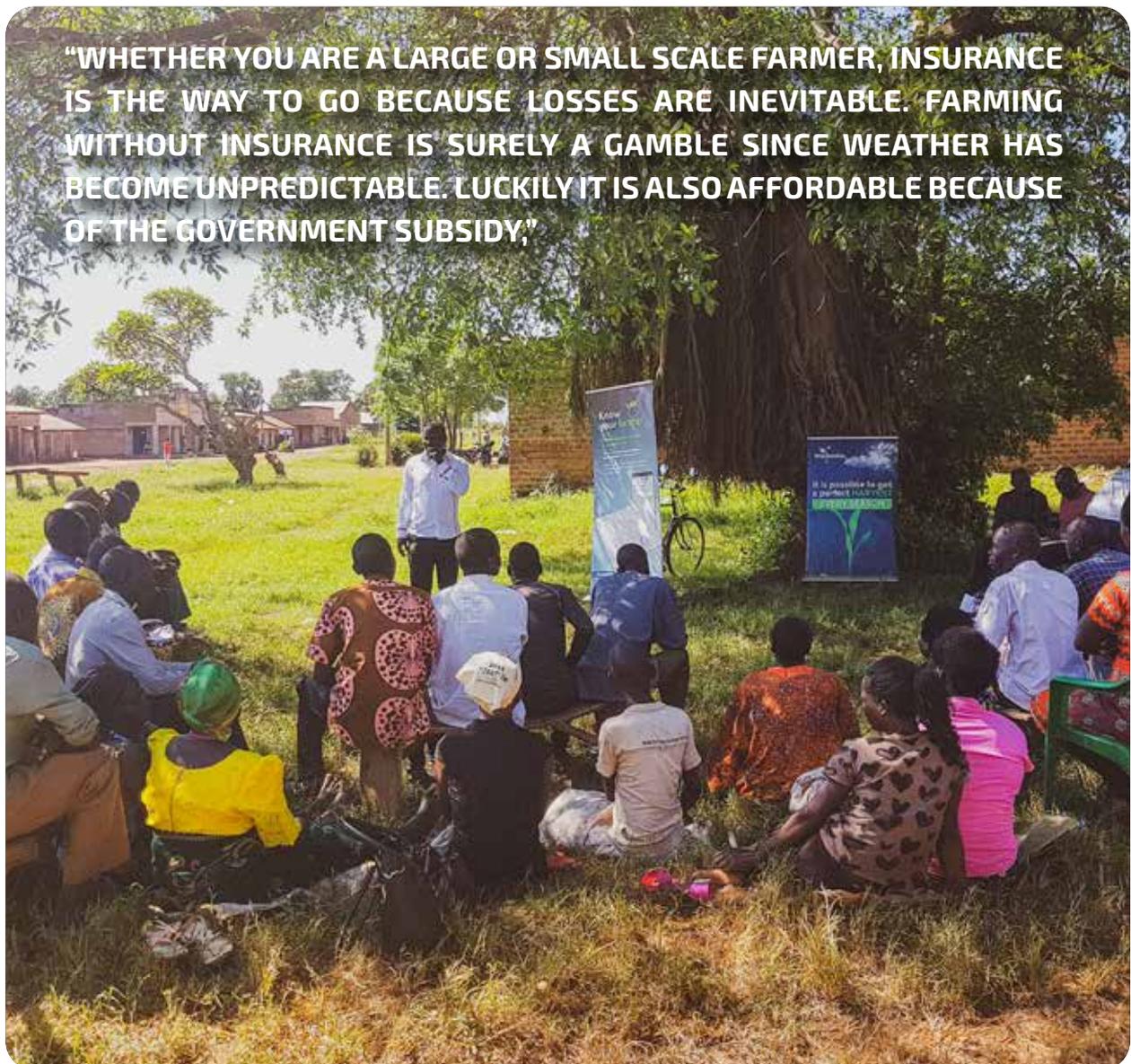
“Timely information helps us plan well. Apart from informing farmers when the next planting season starts, more information about potential weather changes would come in handy,” says Atim.

And since farmers do not have access to the UAIS monitoring system, only relying on results from the consortium,

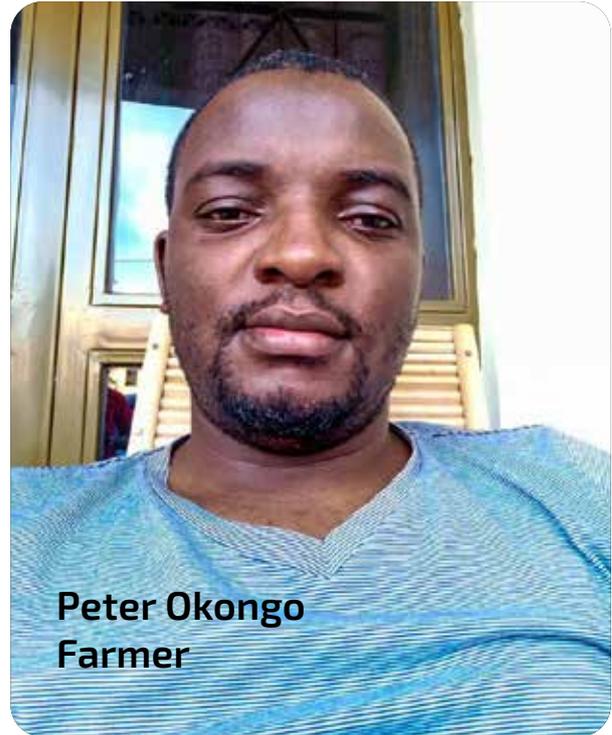
he wishes assessment reports from the insurers would be quicker and therefore compensation done faster to help with planning.

Furthermore, Atim feels field inspection is not enough to determine whether a crop did well or not.

“The groundnuts may look healthy in the garden but during threshing, you realize many pods have fewer nuts than the rest. Such losses are not being captured,” he notes.



Spreading The Word About Agriculture Insurance



Peter Okongo
Farmer

One man's mission to educate his fellow farmers about how Agriculture Insurance saved his agribusiness.

Peter Okongo always insures his rice plantation in Nwoya district against drought and excessive rainfall, because he has special appreciation of the advantages that come with agriculture insurance.

The youthful farmer has not only worked at several insurance companies in the past, but he continues to hold a day job in the industry, when he is not getting his hands dirty on his plantation.

"Insurance in general is important because it protects us against risk. Agriculture insurance on its part may be fairly new in Uganda but it has already helped many farmers avoid big losses.

More should subscribe to it as the

government subsidy makes it even much cheaper than any other type of insurance on the market," says Okongo.

The first time he sought protection was for the second season of 2019 when he paid a subsidized premium of only UGX 276,000 to insure his 5-acre rice plantation against the unpredictable weather that had destroyed his crop on several occasions previously

"That Weather Index Insurance I took out really came in handy since the heavy rains destroyed most of the crop. With the compensation from the Agro Consortium I was able to reinvest in the farm," he says.

The total value of Okongo's crop for that season (Sum Insured) was calculated at UGX 20m, and the total compensation for the loss he suffered due to the heavy rains (the

Insurance Claim) was calculated at UGX 15m. This compensation enabled him to expand his plantation to 20 acres which he insured again.

Unfortunately he encountered another loss which led to a claim of UGX 12.8m against a sum insured of UGX 40m.

Aware that his fellow farmers in Nwoya were suffering similar setbacks, Okongo took it upon himself to persuade a number of them to join the insurance scheme as well, with his story providing the necessary evidence he

needed to convince them.

That second season of 2019, eight farmers took up agriculture insurance and just a year later that number had jumped to 825 farmers.

“With guaranteed earnings even after the worst of seasons, we are now living our dream,” says Okongo.



“THAT WEATHER INDEX INSURANCE I TOOK OUT REALLY CAME IN HANDY SINCE THE HEAVY RAINS DESTROYED MOST OF THE CROP.

WITH THE COMPENSATION FROM THE AGRO CONSORTIUM I WAS ABLE TO REINVEST IN THE FARM”

“WITH GUARANTEED EARNINGS EVEN AFTER THE WORST OF SEASONS, WE ARE NOW LIVING OUR DREAM”

“We Have Bigger Dreams Now, Thanks To Insurance”

When Mrs Proscovia Nabuuma Ssekandi had a conversation with an insurance agent at an exhibition hosted by her Namirembe Mothers’ Union group about three years ago, she had no idea how profoundly that chance encounter would transform the lives of her fellow farmers back home in Lulagala-Buso village, Gombe division in Nansana municipality.

On returning home Nabuuma, the chairperson of the Kavule Organic Farmers Group, convened a meeting with her members and relayed the details of her conversation with the

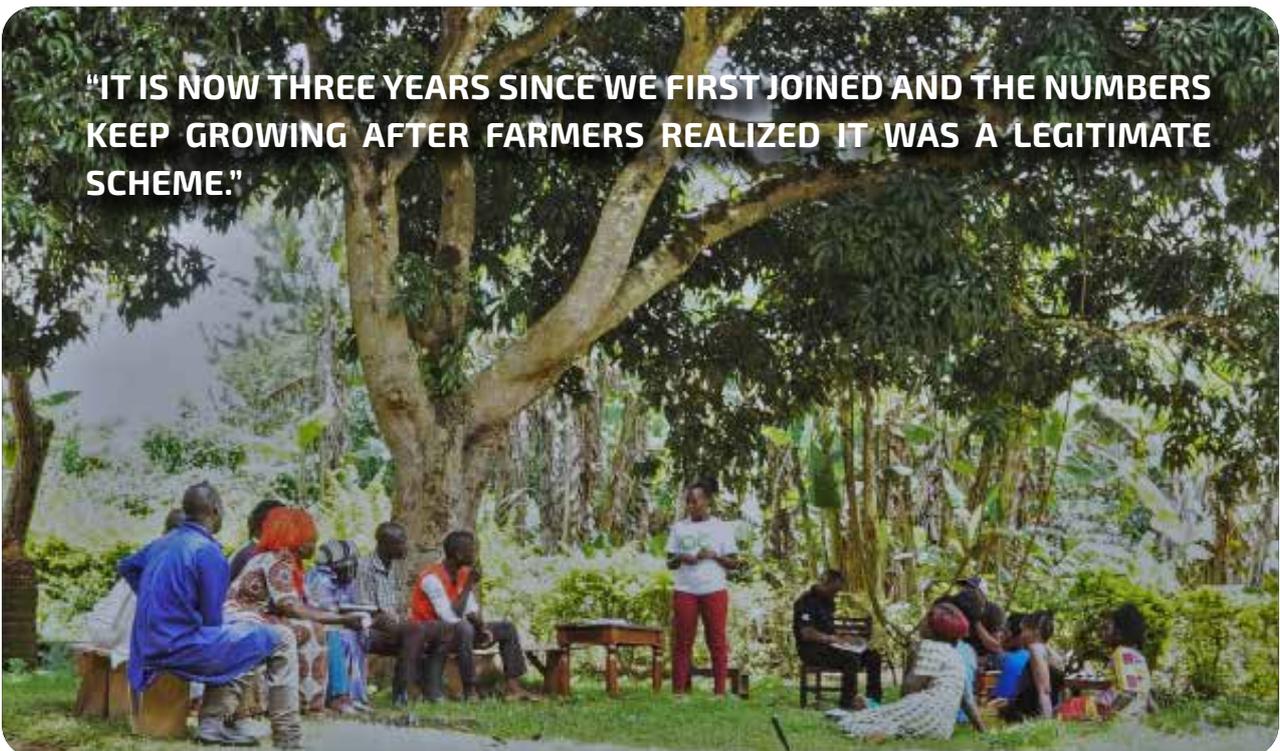
agent about agriculture insurance.

This was characteristic of the group whose members always looked out for each other by sharing useful farming information to complement what they learned from agriculture organizations like AFIRD, their founders.

All the members were immediately sold on the potential of this solution to a long standing problem, but they nevertheless recognized the need to learn more from the insurance project’s experts before committing their resources.

With the group’s blessing Nabuuma

“IT IS NOW THREE YEARS SINCE WE FIRST JOINED AND THE NUMBERS KEEP GROWING AFTER FARMERS REALIZED IT WAS A LEGITIMATE SCHEME.”



"IT IS NOT UNUSUAL FOR US FARMERS TO LOSE OUR CROPS TO POOR WEATHER, DISEASES AND PESTS;

BUT UNLIKE PREVIOUSLY WHEN SUCH SETBACKS MEANT A TOTAL LOSS OF WHATEVER WE HAD INVESTED, WE ARE NOW ASSURED OF SOME COMPENSATION TO HELP US GET BACK ON OUR FEET"

Proscovia Nabuuma, Chairperson
Kavule Organic Farmers Group



contacted the AIC to request for more training and they dispatched a Uganda Agriculture Insurance Scheme (UAIS) field officer to Kavule to further educate the farmers about how the scheme works, and what their options were.

On completion of the training session more than 20 members were in agreement on the scheme's merits and collectively signed on to the UAIS program for the next season.

Herman Kizito Walabyeki, the group secretary and as it happens Nabuuma's son, was there to witness the effects of agriculture insurance on the group members from the very beginning.

He says, *"In the first year of joining, we were pleasantly surprised when our losses that season were compensated.*

This was all we needed to continue engaging with the insurance program. It is now three years since we first joined and the numbers keep growing after farmers realized it was a legitimate scheme."

Each of the farmers plant one or two varieties of crops on their small plantations

depending on their preference.

They have thus far received cover and been compensated for various types of crops including eggplants, sukuma-wiki, dodo, spinach, pepper, beans, maize, potatoes and cassava among others.

Other members involved in the rearing of livestock are now preparing to sign up for livestock insurance as well.

"It is not unusual for any of us farmers to lose our crop to various catastrophes like poor weather or diseases and pests.

But unlike before when such a setback meant a total loss of whatever little we had invested in, we are now assured of some compensation. I call upon all farmers out there to sign up," says Nabuuma.

With insurance providing them peace of mind, several of the group members are now working at expanding the sizes of their farms to further boost their earnings.

MAAIF Structures Will Extend Insurance Countrywide

"UGANDA'S ANNUAL ECONOMIC LOSSES DUE TO AGRICULTURAL RISKS ARE BETWEEN US\$ 606 MILLION AND US\$ 804 MILLION.

PROMOTING AGRICULTURE INSURANCE HAS BEEN INCLUDED IN THE NEW AGRICULTURE SECTOR STRATEGIC PLAN (ASSP) AS ONE OF THE STRATEGIC OBJECTIVES TO INCREASE PRODUCTION OF AGRICULTURAL COMMODITIES"



Dr. Charles Mukama

**Senior Veterinary Inspector
& Head of Insurance
Management, MAAIF**

Like any other type of insurance cover, agriculture insurance has historically struggled to take root across the country largely because of a lack of knowledge and information about how it functions.

Presently under the supervision and coordination of the Ministry of Finance, the Uganda Agriculture Insurance Scheme (UAIS) has just concluded its pilot stage with a small fraction of its finances used for sensitization and training of technical personnel that will deepen the scheme into the agricultural sector.

Successful countrywide implementation of the UAIS however requires the full involvement of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), which has the necessary structures and network of extension services up to the grassroots level to deliver this, according to Dr Charles Mukama, a Senior Veterinary Inspector and the focal

point for Agriculture Risk Management at MAAIF.

Equipping these grassroots extension workers with the necessary information about agriculture insurance would play a pivotal role in its uptake.

This would ultimately reduce the costs incurred in availing such products to farmers which will result into lower cost of premiums, ultimately ensuring the general growth of the agricultural sector, he adds.

Dr Mukama, shares more about the relationship between MAAIF and UAIS in this interview:

QN: How has the journey to establish agriculture insurance in Uganda been?

ANS: Instituting agriculture insurance in Uganda has not been easy, as is the case with insurance in general.

Between 2010 and 2013 under a COMESA project, MAAIF, worked with Centenary Bank and Lion Assurance to facilitate the development of the Weather Index Insurance (WII) that was piloted by Micro Insure in Lira.

The objective was to mitigate agricultural risks

and encourage finance institutions to provide loans to small-scale farmers.

In 2015, after the MAAIF project, UNDP picked interest and funded the promotion of WII; contracting Lion Assurance to design and pilot it, as well as developing a policy recommendation to MAAIF and MoFPED.

The program was piloted in Kamuli and Nakasongola.

At the same time, a 2015 study on Agricultural Risks and Management in Uganda by the Platform for Agricultural Risk Management (PARM) revealed that the overall annual economic loss due to agricultural risks fell between \$606 million and \$804 million.

The study identified and ranked the top six risks that make up more than 99% of average annual losses in Uganda as:

- i) crop pests & diseases,
- ii) post-harvest losses,
- iii) prices,
- iv) livestock pests and diseases,
- v) drought and
- vi) counterfeit inputs.

As such, the study recommended the urgent development of

a comprehensive risk management approach to mitigate these risks.

By then, the Kungula Consortium was already running a private sector led agriculture insurance program which had been launched in 2013 with support from aBi Trust Uganda.

So far the products on the market include the Weather Index Insurance (which included both Crop Weather Index Insurance and Livestock Drought Index Insurance), All Risk Mortality (for livestock) and Multi-Peril Crop Insurance.

The premium rates then averaged 16% of the sum assured depending on risks insured and location of the farmer among others.

It is the policy recommendations from the UNDP/Lion Assurance and the PARM studies that informed the development of the UAIS in its current form.

In 2016 mid-budget, His Excellency the President directed the Ministry of Finance to fund and develop the UAIS.

A multi-sectoral committee including us at MAAIF

was constituted and it developed the UAIS which started in fiscal year 2016/17, under the coordination and implementation of the Finance Ministry.

QN: How has insurance transformed the agriculture industry so far?

ANS: Agricultural risks impede prosperity by preventing Ugandans from investing in and developing their agribusinesses.

The current production structure of agriculture in Uganda is dominated by small-scale farmers

comprising of an estimated 2.5 million households, which is 90% of the total farming community.

The majority of these own less than 2 acres of land each and have no capacity to manage risks.

This means agricultural risks are more impactful in Uganda.

Agricultural insurance is one of the tools used to transfer some of these risks from producers to other parties. Importantly, this insurance can be applied at any level of the value chain.

It hedges farmers against

agricultural risks and hedges banks against lending risk.

Farmers with insured risks become credible bank borrowers and are able to invest more in their enterprises.

The good management of all these risks is a great opportunity to boost investment in Ugandan agriculture and improve food security.

QN: The largest claims are related to climatic change effects. What long term interventions can address this problem?



Kungula Agri-Insurance Consortium members celebrating back then

ANS: Climatic change is the major contributor of agricultural risks because it affects the prevalence of rains, hailstones, strong winds, pests and diseases.

One of the strategic objectives of the previous and current five-year Agricultural Sector Strategic Plan is to increase productivity and production through prevention of pests and diseases and provision of water for agricultural production.

Over these years MAAIF has dug and built several water dams and valley tanks as well as rehabilitating irrigation schemes for livestock and crop production.

That entire water infrastructure including dams, valley tanks and irrigation schemes is used by farmers at no cost.

QN: What other broader lessons has the Agriculture Ministry learnt from the UAIS?

ANS: Probably more crop or livestock diversification will be considered, Diversification is one of the risk management tools in agricultural production since risk affects different

enterprises differently.

In the same vein, the Ministry has divided the country into different ecological zones and has selected 12 priority commodities and 4 strategic enterprises for value chain development due to the above reasons.

Through MAAIF's Agriculture Sector Strategic Plan (ASSP), we are implementing various approaches to improve crop yields and livestock production and better value addition among other interventions, in the strategic objective of increasing productivity and production.

QN: What is the long-term future of agriculture insurance in Uganda?

ANS: Promoting agriculture insurance has been included in the new Agriculture Sector Strategic Plan (ASSP) as one of the strategic objectives to increase production of agricultural commodities for driving agro industrialization and food security.

Agricultural insurance plays an important role in securing farmers' confidence and credit worthiness which boosts efficiency in the sector and improves livelihoods.

Insurance can be part of a broader strategy that creates capacities and incentives for agricultural risk management and can also be leveraged for social protection purposes.

It is an economically efficient smart subsidy and social service tool.

I therefore think agriculture insurance will be scaled up and be part and parcel of all agricultural development programs.



" AGRICULTURAL INSURANCE IS ONE OF THE TOOLS USED TO TRANSFER SOME OF THESE RISKS FROM PRODUCERS TO OTHER PARTIES.

IMPORTANTLY, THIS INSURANCE CAN BE APPLIED AT ANY LEVEL OF THE VALUE CHAIN. "

Govt Subsidizes Tech To Boost Rural Farming

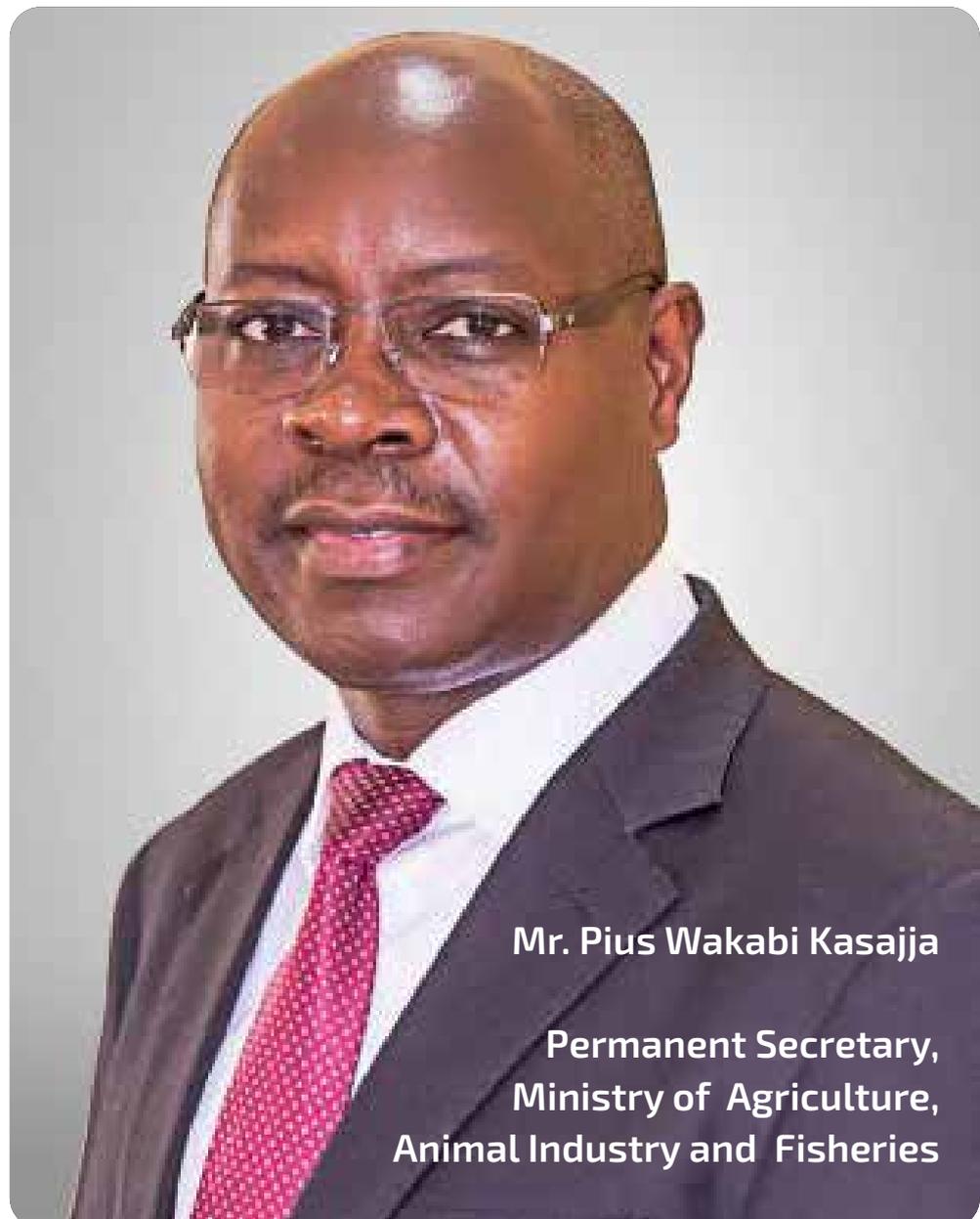
BY MR PIUS WAKABI KASAJJA, THE PERMANENT SECRETARY, MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES (MAAIF),

The year 2020 was a challenging one for farmers throughout Uganda, says

Mr Pius Wakabi Kasajja, the Permanent Secretary, of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

During the Ministry's inaugural digital engagement with the public in December, the PS shared his thoughts on where Uganda's agricultural industry is at present, as well as some of the improvisation that has helped it overcome the 2020 tide.

Below are excerpts:



Mr. Pius Wakabi Kasajja

**Permanent Secretary,
Ministry of Agriculture,
Animal Industry and Fisheries**



ON COVID19 IMPACT

The limitations imposed on international travel due to Covid19 heavily disrupted all of agriculture, and specifically the horticulture business which is a high forex earner for Uganda.

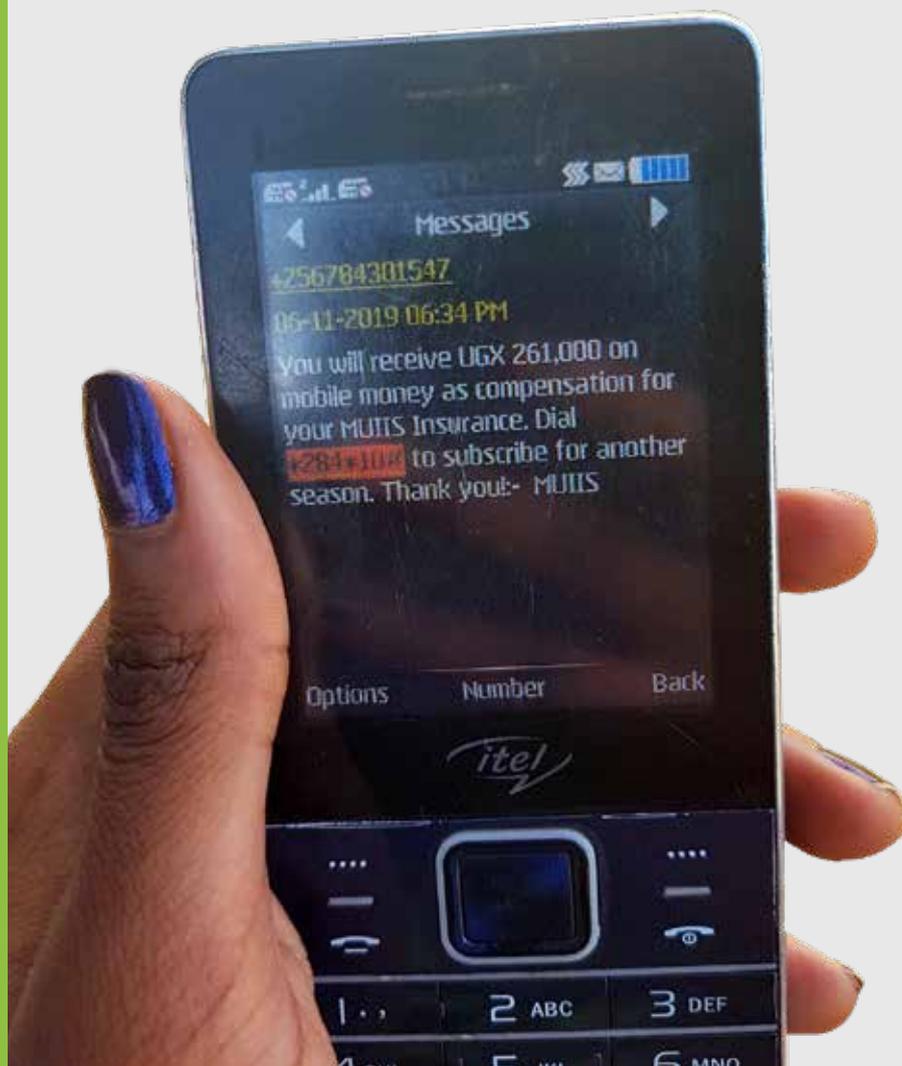
During the lockdown workers were required to stay on the farms, or not to work at all.

The few farms that tried to follow the Covid19 prevention SOPs soon realized it was very expensive and as a result stability, quality and production were compromised.

It was not until after we opened up that normal production resumed in the horticulture subsector and farming in general.

All in all, we thank the farmers that continued planting despite the global pandemic challenges. Today, the country has a food surplus and is largely food secure.

Did You Know?



THE UGANDA AGRICULTURE INSURANCE SCHEME EMPLOYS SEVERAL CUTTING-EDGE TECHNOLOGY SOLUTIONS FOR FARMERS ALLOVER UGANDA, FROM FARMER LIAISON, PREMIUM PAYMENT SYSTEMS, WEATHER MONITORING AND COMPENSATION/ CLAIM SETTLEMENT SYSTEMS.



ON THE LOCUST THREAT

Many Ugandans underestimated the locusts because we limited their damage early. Farmers would have lost out but for our high levels of preparedness.

We deployed surveillance teams in advance after seeing the damage the locusts had caused in Kenya.

With the support of the Uganda People's Defense Forces (UPDF), we successfully assessed the travelling patterns of the swarm and determined the sites where they laid eggs.

That greatly helped us make informed decisions while spraying the locusts, particularly the eggs before they could hatch.

We also invested heavily in awareness creation in the affected districts, trained extension workers and surveillance teams with support from FAO, UN and NARO among others.



ON FAKE SEEDS & INPUTS

We have got both the short and long term approach to addressing the fake inputs challenge.

The long term approach requires putting up a robust traceability system for all agro products – tracing products from the factory to the farmer – which will make it easy to know the origin of any fake input that will be detected.

The short-term approach is intensifying enforcement on the market.

No issue has come up concerning fake seeds in the last four years, on the other hand.

ON EU BAN THREATS

The European Union had expressed concern over our horticulture exports to Europe but a 2019 audit they instituted revealed a good and functional system.

That's why Uganda still exports horticultural products to the EU.

The government has increased the number of inspectors to ensure standards are maintained.

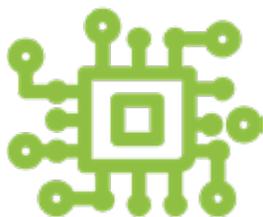
Modern fumigating methods have also come in handy, for crops like simsim (sesame).

Sanitary measures have also been improved.

Meanwhile, the electronic certification systems have locked out smugglers that were exporting poor quality products to the EU market through back channels.

With these initiatives, the EU market will remain open for Ugandan products.





ON TECH & RURAL FARMING

Government has opened regional mechanization centres in Buwama and Agwata in Dokolo district to serve the central and northern regions respectively.

Another one will be opened in Mbale for the eastern region and later several others will be set up in other areas. The intention is to reduce on the cost of hiring equipment for smallholder farmers.

322 tractors have also been given out, with every district benefitting. Hiring these government tractors costs UGX 40,000 per acre as opposed to UGX 120,000 from private owners.

We have also put up big irrigation schemes in different areas to provide water for production. For the small-scale irrigation schemes being started nationwide, usage will be on cost sharing basis with the government clearing 65% of the costs and the farmer, the rest.



ON REGIONAL FOOD STORES

This is planned for under NDPIII which focuses on agro industrialisation.

Regional food stores are part of the value chain.

The Government is investing £130 million into pre and post-service handling with agroprocessing countrywide for produce like cereals, cassava, and tea.

Centers will mainly be put up in areas of mass production. A lot of grain will be needed to produce animal feed due to the increasing need of milk and beef production.

The future is bright for agribusiness.



Digital Innovations Helping Small Farmers Access Insurance



The GSMA AgriTech Programme's report, 'Agricultural Insurance for Smallholder Farmers', explores the challenges service providers face in scaling index insurance and the potential opportunities for growth through partnership-based approaches.

Below is a summary of the findings from www.agrilinks.org:

Smallholder farmers are increasingly affected by financial shocks and natural forces beyond their control.

This includes extreme weather or crop damage from pests and diseases. Globally, less than 20 per cent of smallholders have insurance coverage to protect themselves against the impact of such unexpected events.

Farmers have been unable to access indemnity-based insurance services, which

require farm level loss assessments.

Low awareness and knowledge of insurance - coupled with the high cost of premiums - have restricted farmer uptake. Insurance providers have largely overlooked smallholder farmers; the cost of acquiring and serving rural customers in remote locations makes farmers a less profitable customer segment for the industry.

The emergence of index

insurance, which leads to payouts based on predetermined indices rather than on-farm visits, has tackled some of the challenges of indemnity-based models.

This includes overcoming high operational costs, the cost of premiums and the ease of settling claims.

Over the last 10 years, index insurance services have been using mobile and satellite technology to digitize service creation and delivery — enhancing their potential to scale in the process.

There are further opportunities for mobile network operators (MNOs) to use mobile technology to register and locate farmers, as well as to use mobile money to collect premiums and pay out claims.

Many smallholder farmers are increasingly using index insurance services as a safety net against crop or livestock losses.

However, despite the ease of access and stronger digital value propositions, most smallholder farmers have yet to fully adopt index insurance. Index insurance service providers face a variety of challenges.

These include poor availability of historical and current weather data; difficulties providing certain services (e.g. area-yield index insurance) without government support; and distributing services efficiently.

There are a number of ways to overcome the challenge of weather data scarcity and complement existing data sources, such as remote data from satellites.

MNOs, in particular, have an opportunity to use base stations to co-locate automated weather stations and commercial microwave link data from mobile networks to monitor rainfall.

Commercial microwave links (CML) are ground-level radio signals used in mobile telecommunication networks globally.

During rainfall, these signals are attenuated, leading to changes in the signal strength between transmitting and receiving base stations.

Using an algorithm, CML data can be analyzed and converted into realistic and accurate rainfall measurements, effectively turning a mobile network

into a virtual network of rain gauges.

Different actors can be the lead service providers of index insurance services — such as insurers, technical service providers (companies that offer administrative and technical input for insurance services), or MNOs.

Under each model, partnerships with organizations trusted by farmers - such as agro-dealers, extension agencies, and NGOs - are key to distributing and scaling index insurance services.

Meanwhile, bundling and cross-selling index insurance with other value-added services is key to driving uptake amongst farmers.

Bundling allows farmers to access a suite of relevant services, such as agronomic advisory and input loans.

Cross-selling index insurance with other types of insurance such as health insurance offers farmers greater cover for their risks and can often allow insurance providers to cross-subsidize the cost of index insurance services.



Facts, Figures

THESE HERE ARE SOME NUMBERS AND SPECIFICS THAT MAKE THE UGANDA AGRICULTURE INSURANCE SCHEME (UAIS) ONE OF THE MORE USER-FRIENDLY FORMS OF INSURANCE ON THE MARKET:



5.5%

As a small scale farmer, if your crop yield is valued at UGX 2 million, you will only need UGX 110,000 (or 5.5%) to insure it against the unpredictable weather under the Weather Based Index Insurance (WBII) cover for drought and excessive rainfall.

30%

50%

80%

The UAIS provides insurance premium subsidies to farmers of 30%, 50% and 80% depending on whether they are large scale, small-scale farmers or they are located in defined high-risk areas.

But since it is subsidized, you will only pay half of the premium (UGX 55,000) and the government subsidy caters for the rest.

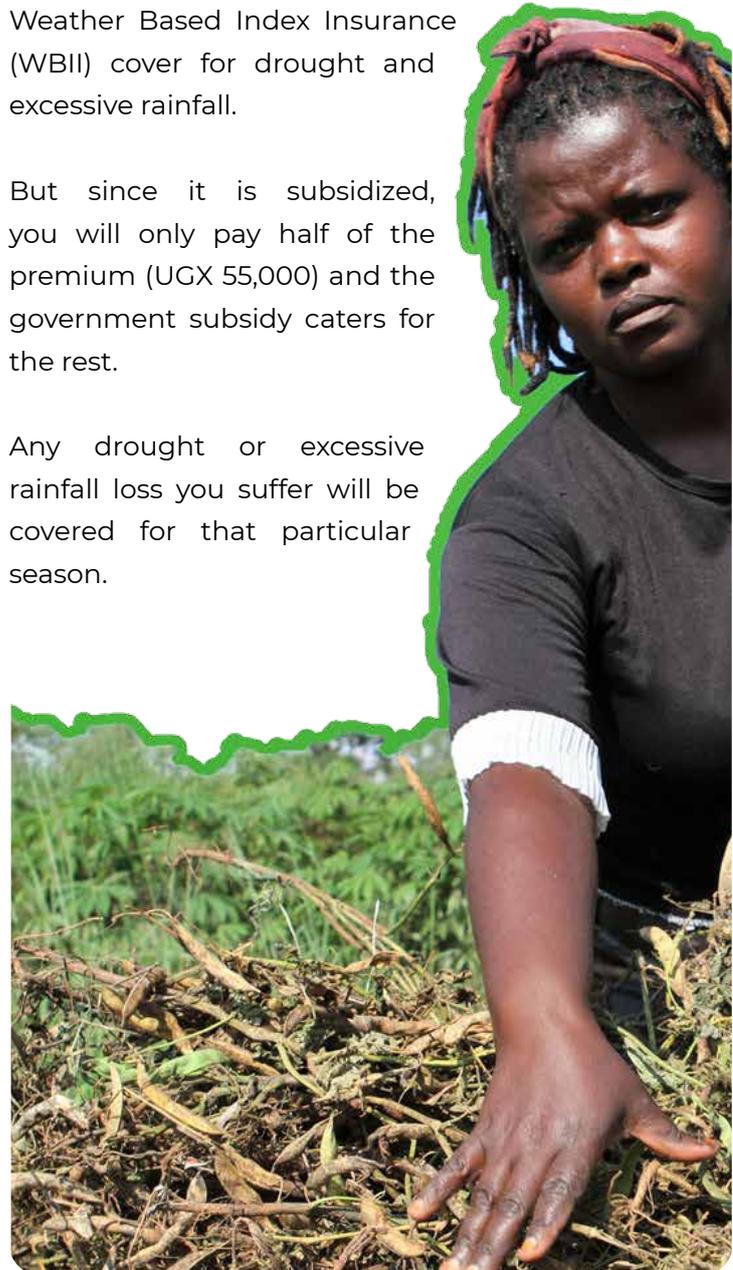
Any drought or excessive rainfall loss you suffer will be covered for that particular season.

5 ACRES

Farmers access specific types of insurance based on the category they belong to.

A small-scale farmer is one cultivating less than 5 acres

They are insured using weather based index insurance.



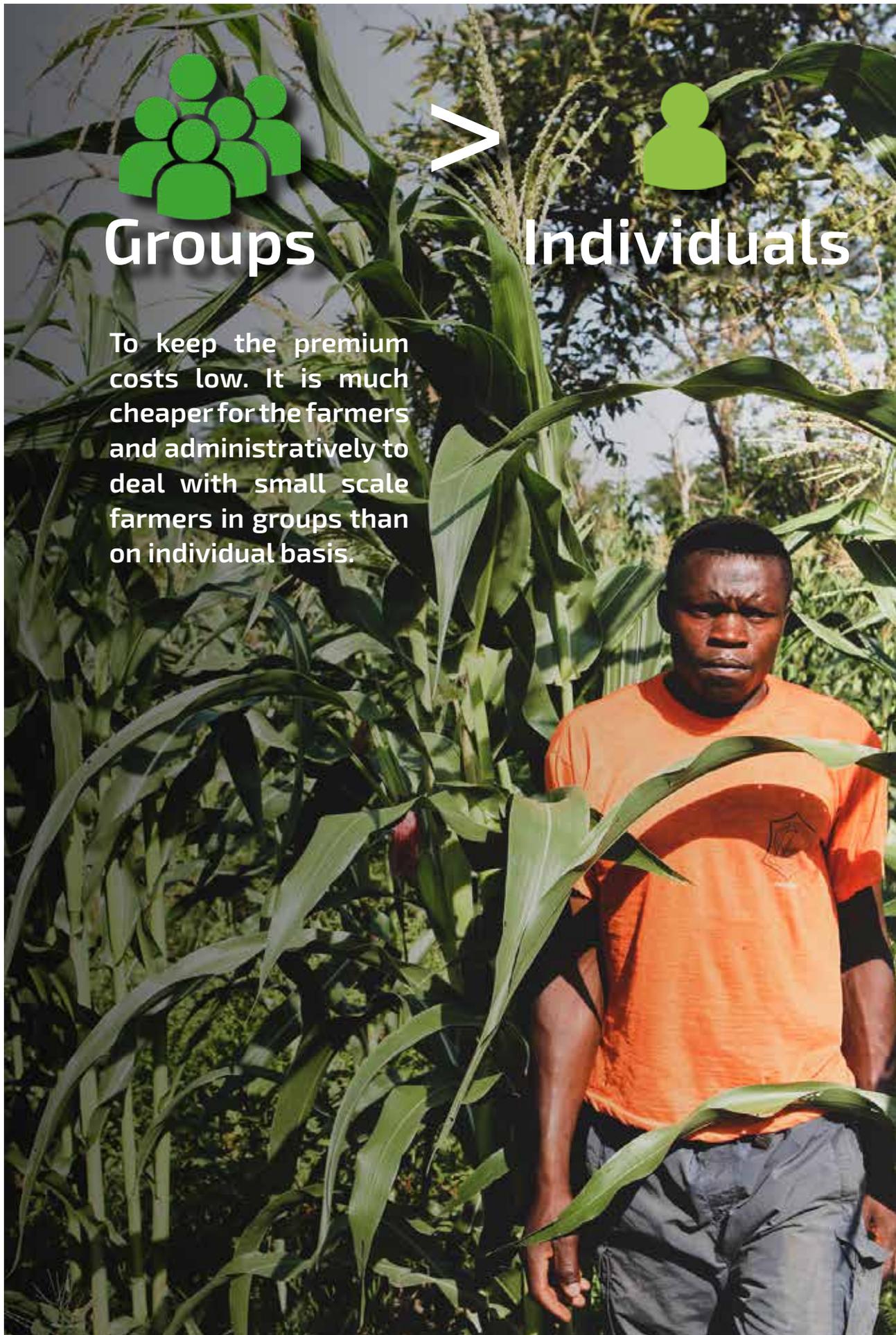


Groups

To keep the premium costs low. It is much cheaper for the farmers and administratively to deal with small scale farmers in groups than on individual basis.



Individuals



OUR PRODUCTS

From small rural acreages to traditional production farms to the largest farms with commercial exposures, the Agro Consortium offers a variety of products:

WEATHER BASED INDEX INSURANCE (WBII)

Weather Based Index Insurance (WBII) is offered to small scale farmers with less than 5 acres.

It covers two named risks, drought and excessive rainfall.

WBII uses innovative satellite technology, jointly with the District's Average Area Yield determined over several years as a benchmark to establish as closely as possible the crop yield loss likely to be experienced by the farmer due to drought and/or excessive rainfall.

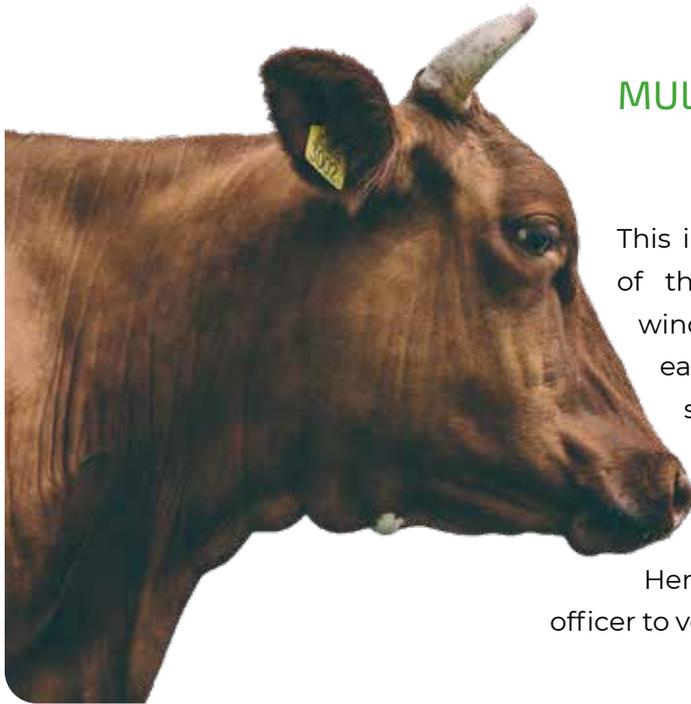


MULTI-PERIL CROP INSURANCE (MPCI)

MPCI covers large scale farmers with more than 5 acres under cultivation.

It pays for the yield shortfall below guaranteed level resulting from physical loss or damage of growing crops directly by defined perils like drought, excessive rainfall, uncontrollable pests and diseases, fire, lightning, malicious damage, earthquake, riot and strikes, explosion and windstorms.





MULTI-PERIL LIVESTOCK INSURANCE (MPLI)

This insurance covers death of animals from any of the following: lightning, floods, rainstorms, windstorms, hailstorms, snow, hurricanes, earthquakes, landslides, diseases, inundations, surgical operations and impact accidental damage by animals, trees or vehicles, aircraft or motorized machinery.

Here, animals are inspected by a veterinary officer to verify the information provided in the proposal form before being insured.



POULTRY INSURANCE

Cover is in respect of death of birds (layers, broilers or kroilers) occurring due to accidents like and including fire, lightning, flood, cyclone, storm, tempest, earthquake, strike, riots, or act of terrorism and diseases except those specifically excluded.

Agriculture Loans

UGX 813.1 billion

Insurance Premiums

UGX 26.7 billion

Insured Farmers

200,000



Lira



Kapchorwa



Apac



Masaka



Purongo



Mbarara



Gulu



Mbarara



Supported by



**Insure Your Livestock Today
With The
Uganda Agriculture Insurance Scheme**

**Call on our FREE Line
0800 10 50 50**

**Plot 24A Insurers' Hse, Acacia Ave. Kololo
P.O. Box 8912, Kampala, Uganda**



INSURERS' HOUSE, 24A ACACIA AVENUE, KOLOLO, KAMPALA

Phone (Toll Free): 0800 105050

Email: info@aic.ug

(General Inquiries) : +256 414 500946

Website: www.aic.ug

Twitter: [@AgroConsortium](https://twitter.com/AgroConsortium)

LinkedIn: [Agro Consortium](https://www.linkedin.com/company/agro-consortium)

Facebook: [AgroConsortium](https://www.facebook.com/AgroConsortium)

Instagram: [AgroConsortium](https://www.instagram.com/AgroConsortium)