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Title: Managing Climate Change risks through innovative universal insurance scheme: A step towards a strong and resilient agriculture sector

Over the last three and a half decades, a general trend of rising economic losses from weather-related disasters has posed serious threats to human lives, livelihoods, socio-economic growth and development. Significant share of these losses remains uninsured and needs to be absorbed by the economy. Globally, the share of uninsured losses as a percentage of world’s GDP has increased and the gap is particularly pronounced in low-income countries where typically more than 95% of all losses remain uninsured. The sheer scale of this problem has spurred international policy dialogue on disaster risk reduction, climate change, sustainable development and poverty alleviation. Studies indicate the effects of climate change may have deleterious effects on agriculture and in achieving GDP growth in an agriculture-based economy. However, carefully designed and well implemented national agricultural insurance schemes may help soften the inevitable economic blow and economic fluctuation. The paper will illustrate the role of government and a public-private partnership in the successful implementation of effective and sustainable risk transfer and insurance programs. It examines few of the national schemes in Afro Asian region in the context of design and implementation which requires an in-depth understanding of the localised risks along with an appropriate consideration of the specific governance (law), institutional, financial (fiscal incentives), societal and cultural characteristics. An evaluation of some of these schemes (national programs) reveals that while it has done well on equity grounds, the coverage and insurance payments are biased towards a few regions and crops, and there are delays in overall settlement of claims and client servicing. In the context of climate change, it also evaluates potential policy opportunities within the government schemes to improve the climate adaptation capacity not merely as a risk transfer mechanism but as a potent device to reduce risk and crop loss by inducing desirable proactive responses amongst farmers. Finally, the paper highlights the impact of these national schemes in terms of the overall government policy objectives such as increased access to credit, improved agricultural productivity and farmer’s incomes, food security, nutrition, and overall in making the sector more resilient to shocks.