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## PRESS RELEASE

### Satellite based flood insurance product set to be launched in Bihar

#### *Experts meet in Delhi to discuss a new initiative to “future-proof” livelihoods of one million smallholder farmers in South Asia*

**(Delhi, December 9):** An innovative Index Based Flood Insurance (IBFI) product was launched today in Delhi at a regional workshop organized by the International Water Management Institute. This insurance product would drastically reduce the time taken for farmers to receive money for claims, from months to weeks. The efficiency gains in payouts is achieved by employing satellite data for damage assessments and by using simple to use mobile technology for the entire spectrum of insurance provision - from enrollment to eventual payouts. “IBFI directly contributes to one of the core objectives of Pradhan Mantri Fasal Bhima Yojana (PMFBY) which aims to reduce the time gap for compensation from more than a year to less than 6 months.”, said Dr Kalanithy Vairavamoorthy, Deputy Director General at the International Water Management Institute (IWMI).

Speaking at the event, Mr. Ashish Kumar Bhutani, Joint Secretary, Ministry of Agriculture said, “Some of the states are raising bills as high as 4000 crores for crop insurance claims for 2015-16 Kharif season. We need a robust mechanism to assess risks and damage. Technology is the answer. We are stuck with traditional way of implementing schemes and we at the Ministry of Agriculture are looking for rigorously tested, implementable new approaches in which IBFI could potentially be a part of. There is a firm commitment from the ministry’s side to support such interventions”.

The workshop saw participation from Indian government officials, private insurance companies, NGOs and development partners, brainstorming strategies for scaling-up agricultural insurance policies for smallholder farmers, so as to enhance agriculture resilience and minimize risk to livelihood from climate and weather shocks. The IBFI product will be piloted first in Bihar during 2017 monsoon season and scaled up in other South Asian countries.

Bihar is one of the most flood prone state in India. The recent spate of floods in August 2016 is estimated to have killed more than 200 people and affected almost 40 lakh (4 million) people in more than 1,800 villages in South Bihar. Departing from the usual patterns of regular floods in Northern districts of Bihar,, this year several southern districts were severely affected by floods.

According to the Flood Management Information System Center (FMISC), Muzaffarpur district alone suffered over 3 Million USD losses per year from 2001 to 2012 due to floods. "It is the rural poor in developing countries who are the most vulnerable to a range of climate related risks and shocks that impede their socio-economic development" said Dr Alok Sikka, IWMI India Representative at New Delhi.

As an outcome of four year research project, IBFI is being implemented by IWMI with the support from the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) Japan.

IBFI is a comprehensive approach which integrates hi-tech modelling and satellite imagery with other data to predetermine flood thresholds, triggering swift compensation payouts. The approach uses long-term climate and weather information to determine historical patterns of flooding. It determines the likelihood of floods with varying severity using satellite data and collects socio-economic information to assess the impacts of flooding on households. All the information is combined to develop insurance products for smallholder farmers. The insurance scheme is being tested initially in Bihar.

According to Dr Giriraj Amarnath, the project leader at IWMI, "The IBFI is a unique product which has overcome many of the challenges that have previously hindered the development of index-based insurance, such as access to data, detailed crop loss information and lack of financing. It has the potential to scale-up to reach millions of smallholder farmers in some of the poorest areas of the world, many of which were previously considered uninsurable due to the high costs associated.",

Mr Anil K Sinha, the ex-chairman of Bihar State Disaster Management Authority added on, "It would be good if IBFI can be integrated into National Disaster Mitigation Fund and district disaster management plans. Role of District Disaster Management Authority is crucial for what IWMI is doing in order to reach farmers."

The workshop also discussed technological innovations that could support Pradhan Mantri Fasal Bimal Yojana (PMFBY) and a range of business models to support farmers, (re)insurer and government agencies. It concluded that scaling up index-based insurance is a commercially viable option for the rural poor. "Incidence of flooding has been on the rise due to an increasingly unpredictable climate. Therefore, it is important to prepare for floods. The Index based flood insurance product is a unique attempt to help millions of people safeguard their livelihoods from natural disasters" said Giriraj Amarnath, IWMI.

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## Additional information

- The **International Water Management Institute (IWMI)** is a non-profit, scientific research organization focusing on the sustainable use of water and land resources in developing countries. It is headquartered in Colombo, Sri Lanka, with regional offices across Asia and Africa. IWMI works in partnership with governments, civil society and the private sector to develop scalable agricultural water management solutions that have a real impact on poverty reduction, food security and ecosystem health.  
[www.iwmi.org](http://www.iwmi.org)
- The **CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS)** is a strategic partnership of CGIAR and Future Earth, led by the International Center for Tropical Agriculture (CIAT). CCAFS brings together the world's best researchers in agricultural science, development research, climate science and Earth System science, to identify and address the most important interactions, synergies and tradeoffs between climate change, agriculture and food security. [www.ccafs.cgiar.org](http://www.ccafs.cgiar.org).
- **CGIAR** is a global partnership that unites organizations engaged in research for a food secure future. CGIAR research is dedicated to reducing rural poverty, increasing food security, improving human health and nutrition, and ensuring more sustainable management of natural resources. It is carried out by the 15 centers who are members of the CGIAR Consortium in close collaboration with hundreds of partner organizations, including national and regional research institutes, civil society organizations, academia, and the private sector. [www.cgiar.org](http://www.cgiar.org)
- **The Ministry of Agriculture, Forestry and Fisheries (MAFF)**, is an important sector of Japan's economic structure, contribute outstandingly to the development of national economy and stabilization of national life through their role of providing stable supply of foods indispensable to our daily life. MAFF has continually supports the program of water-related disaster risk and enhancing agriculture resilience for smallholder's farmers in developing countries. <http://www.maff.go.jp/e/index.html>