



## Bangladesh: Pilot Project on Weather Index-Based Crop Insurance

Project Name	Pilot Project on Weather Index-Based Crop Insurance
Project Number	46284-001
Country	Bangladesh
Project Status	Approved
Project Type / Modality of Assistance	Grant
Source of Funding / Amount	<b>Grant 9172-BAN: Pilot Project on Weather Index-Based Crop Insurance</b> Japan Fund for Poverty Reduction US\$ 2.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Partnerships Private sector development
Sector / Subsector	Agriculture and Natural Resources - Agricultural policy, institutional and capacity development
Gender Equity and Mainstreaming	Some gender elements
Description	The proposed grant aims to develop and implement weather index-based crop insurance in Bangladesh as an adaptation tool to reduce the climate variability and extreme weather vulnerability of agriculture sector, especially impacting small farm households. Climate induced disasters and other extreme weather events mostly affecting the country's agricultural production such as flood, drought, cyclone, storm surge and salinity intrusion are directly related to climate change which are threatened to have more intense and frequent occurrence.
Project Rationale and Linkage to Country/Regional Strategy	Effective disaster risk management and climate change adaptation approaches should go beyond traditional credit provision and disaster relief programs to effectively safeguard and reach wider rural population. This can be achieved through weather index-based crop insurance as an innovative risk adaptation tool for all types of farmers including small farm households. Weather index-based is recognized to overcome the weaknesses of traditional agricultural insurance, such as moral hazards, adverse selection, costly and time consuming farm assessment, earlier introduced in the country.
Impact	Increased resilience of farm households to climate and disaster risks

### Project Outcome

Description of Outcome	Improved access to risk financing for weather risks
Progress Toward Outcome	Technical advisory group (TAG) mobilized on 27 May 2015. Activities have kicked-off, including procurement of automated weather-stations equipment that was delayed pending identification of delivery points by the TAG consultants.

### Implementation Progress

Description of Project Outputs	1. Viable WIBCI products are pilot tested. 2. The policy and regulatory framework and guidelines for promoting WIBCI are formulated and strengthened. 3. Capacity building and awareness activities implemented and weather infrastructure upgraded 4. Project Management Support strengthened.
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories	
Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
Environmental Aspects	Since the project will not have any physical intervention, it will also not create any adverse environmental impacts.
Involuntary Resettlement	The project will not involve any land acquisition, and none of the project activities will result in any physical or economic displacement of people.
Indigenous Peoples	Indigenous peoples will not be directly or indirectly affected by any of the project activities.

Stakeholder Communication, Participation, and Consultation	
During Project Design	During the project conceptualization and design stage, extensive consultations were undertaken with key government and nongovernment stakeholders, international partner organizations, and community members. All the stakeholders' views on the relevance and potential challenges of implementing WIBCI have been factored into the project design. Participation by key stakeholders such as insurance companies, distribution partners, farmers, and concerned government agencies will be an integral part of the WIBCI product and process design. A strong feedback and monitoring system will be built into the project to ensure that the views of rural clients, especially small and marginal farmers, are being taken into consideration in the iterative process of improving the pilot product.
During Project Implementation	Participation by key stakeholders such as insurance companies, distribution partners, farmers, and concerned government agencies will be an integral part of the WIBCI product and process design. A strong feedback and monitoring system will be built into the project to ensure that the views of rural clients, especially small and marginal farmers, are considered in the iterative process of improving the pilot product. Capacity building and awareness-raising activities will also enable farmers to grasp the concept in the early stages of development of the WIBCI, help manage their expectations from the project, and provide feedback as implementation progress.

Business Opportunities	
Consulting Services	Consultants will serve as a Technical Advisory Support Group and a Project Management and Finance Support Group. These consultants and others will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time) to provide services for technical support, implementation, management, and progress monitoring of the JFPR grant.
Procurement	All procurement under the JFPR grant will be conducted in accordance with ADB's Procurement Guidelines (2010, as amended from time to time).

Responsible ADB Officer	Rezaul K. Khan
Responsible ADB Department	South Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SARD
Executing Agencies	<i>Bank and Financial Institutions Division-MOFARIJIT@FINANCE.GOV.BD</i> <i>Bangladesh Secretariat</i> <i>Dhaka-1000 Bangladesh</i> <i>Ministry of Finance</i> <i>Economic Relations Division (ERD), MOF</i> <i>Sher-e-Bangla Nagar, Dhaka_1207</i> <i>Bangladesh</i>

Timetable	
Concept Clearance	02 Jul 2012
Fact Finding	04 Jul 2012 to 18 Jul 2012
MRM	22 Aug 2012
Approval	27 Mar 2013
Last Review Mission	-
Last PDS Update	27 Jul 2015

#### Grant 9172-BAN

Milestones
------------

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Mar 2013	25 Mar 2014	25 Mar 2014	31 Dec 2016	-	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	2.00	Cumulative Contract Awards			
ADB	0.00	27 Mar 2013	0.00	1.09	55%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	2.00	27 Mar 2013	0.00	0.27	14%

Project Page <http://www.adb.org/projects/46284-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=46284-001>

Date Generated 22 August 2015

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.