

TH2.3: Smallholder Farmers Willingness to Pay for Crop Insurance Among Women and Men in Kenya

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BACKGROUND AND OBJECTIVE

- There has been an increased incidence of drought due to climate change.
- Sub-Saharan Africa (SSA) is more vulnerable to weather shocks compared to other regions.
 - >363 million people affected by drought between 1980-2014 causing > US\$31 billion in losses -19 billion in East Africa (FAO, 2015)
- Agricultural insurance is a risk management tool for extreme weather events; however, its uptake remains lowest in SSA (Hess and Hazell, 2016). Even lower among women
- Insurance affordability is one of the reasons for low insurance uptake (Nshakira-Rukundo et al., 2021)
- Objective: Determine smallholder farmers Willingness To Pay (WTP) for different agricultural insurance bundles? Does it differ between men and women?

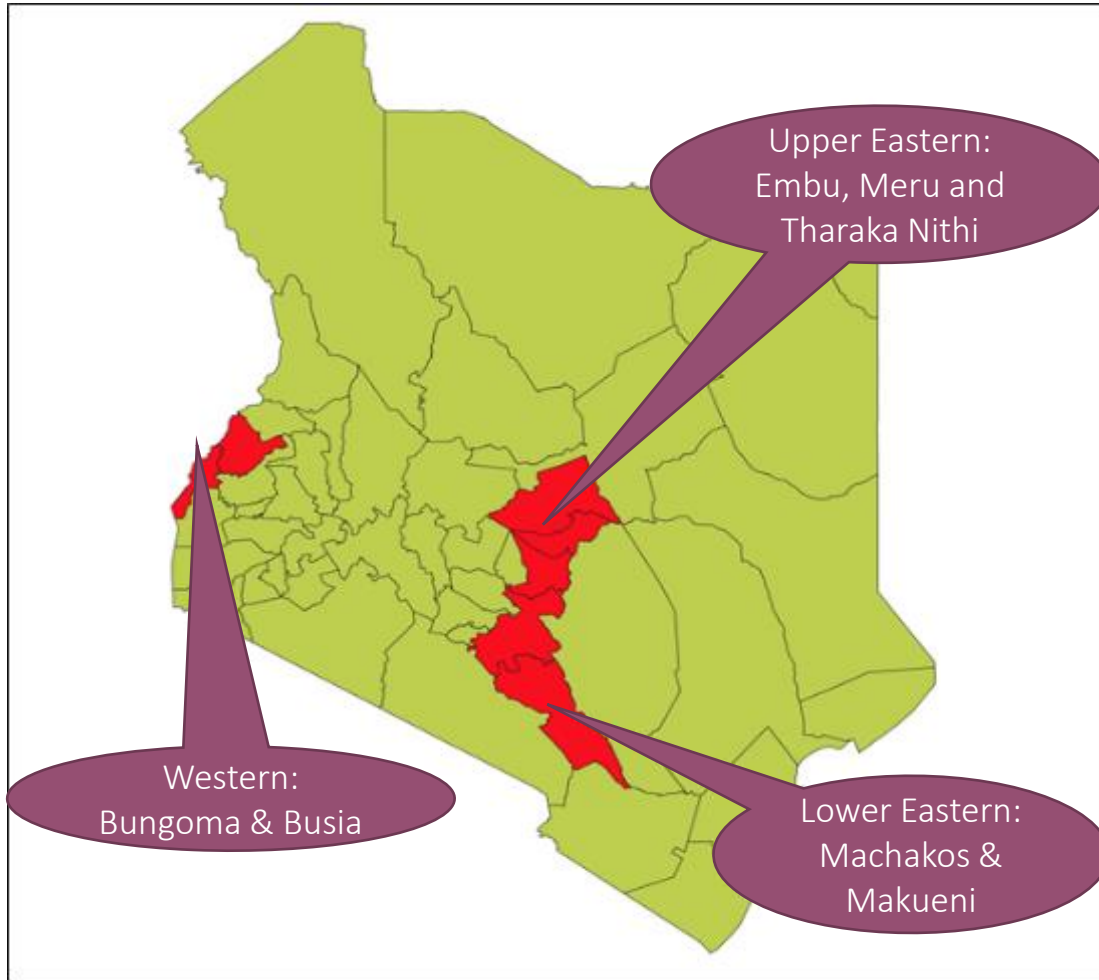
WORKING THROUGH CHAMPION FARMERS



PICTURE BASED INSURANCE



WHERE WE WORK



- Worked with 180 ACRE Africa champions
- Registration of >150 farmers per champion
 - Shortlisted 40 farmers (20-project and 20 non-project) from a subsample of randomly selected farmers
- Initial seasons: distribute seed trial packs and free insurance trials
- Later seasons: farmers could purchase seeds and insurance



DATA

- Start of Short Rains 2021/2022 (September): Incentivized measures of **WTP** for seed and insurance by champions. BDM auctions were used to shortlisted farmers
- Long Rains 2021 (March – August 2021): Detailed farming outcomes, practices and technology adoption; **Pro-WEAI**; consumption. A phone survey conducted by trained enumerators (IPA)

Insurance card

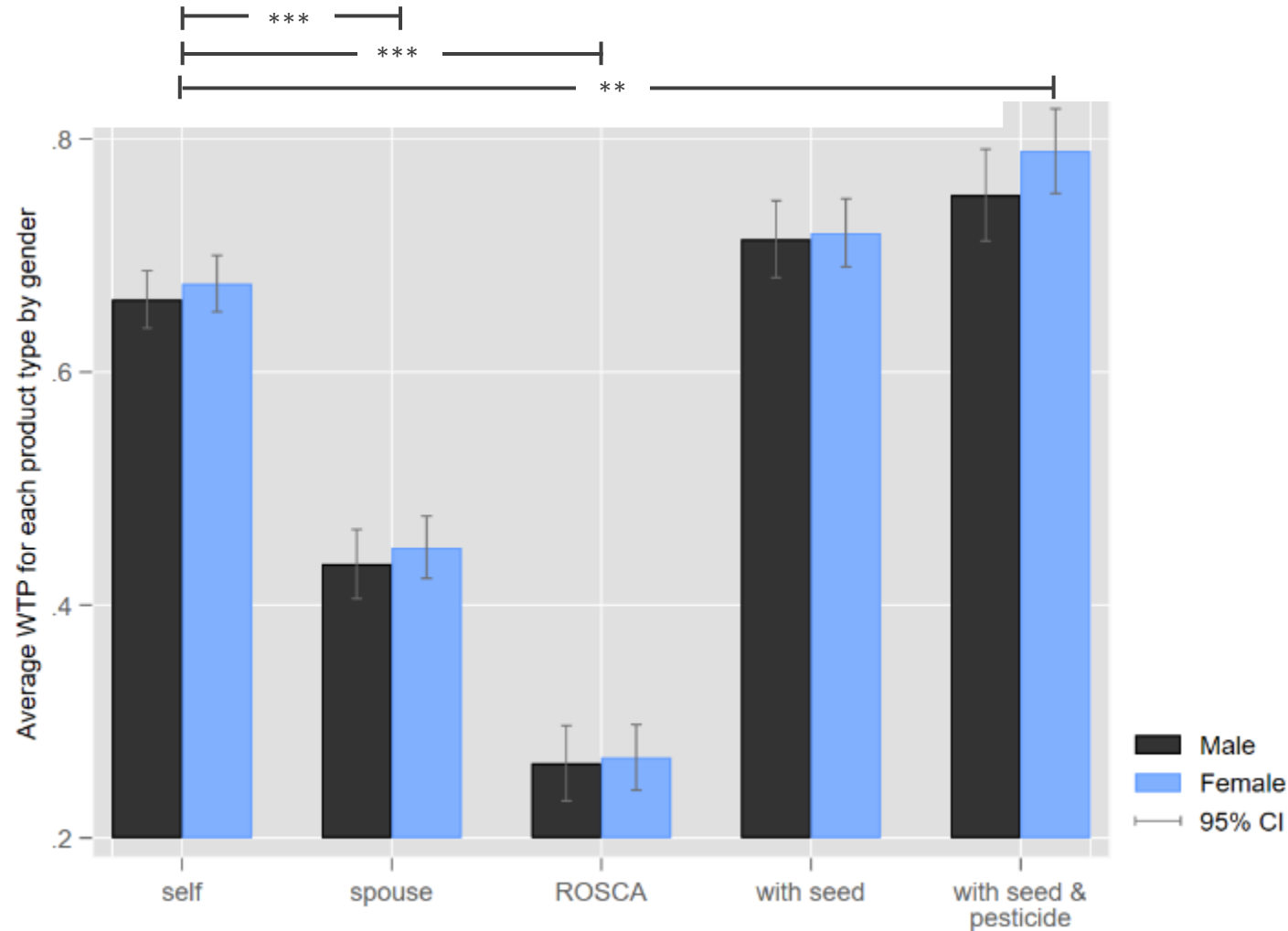
Insurance		Sum Insured  KES 2,000/-
Choice 1: Insurance Payouts going into your <i>Own</i> M-PESA account?	Choice 2: Insurance Payouts going into your <i>Spouse's</i> M-PESA account?	Choice 3: Insurance Payouts going into your <i>Chama's</i> (ROSCA) M-PESA account?
Max. Willingness to pay:	Max. Willingness to pay:	Max. Willingness to pay:
KES: _____	KES: _____	KES: _____
PRODUCT AND PREMIUM OFFER		CARD ID
_____		_____
Scratch to Reveal		

Seed card

Choice 1:	Choice 2:	Choice 3:	Choice 4:
			
Seeds only	Seeds + Insurance	Seeds + Pesticide	Seeds + Pesticide + Insurance
Max. Willingness to pay:	Max. Willingness to pay:	Max. Willingness to pay:	Max. Willingness to pay:
KES: _____	KES: _____	KES: _____	KES: _____
PRODUCT AND PREMIUM OFFER			CARD ID
_____			_____
Scratch to Reveal			

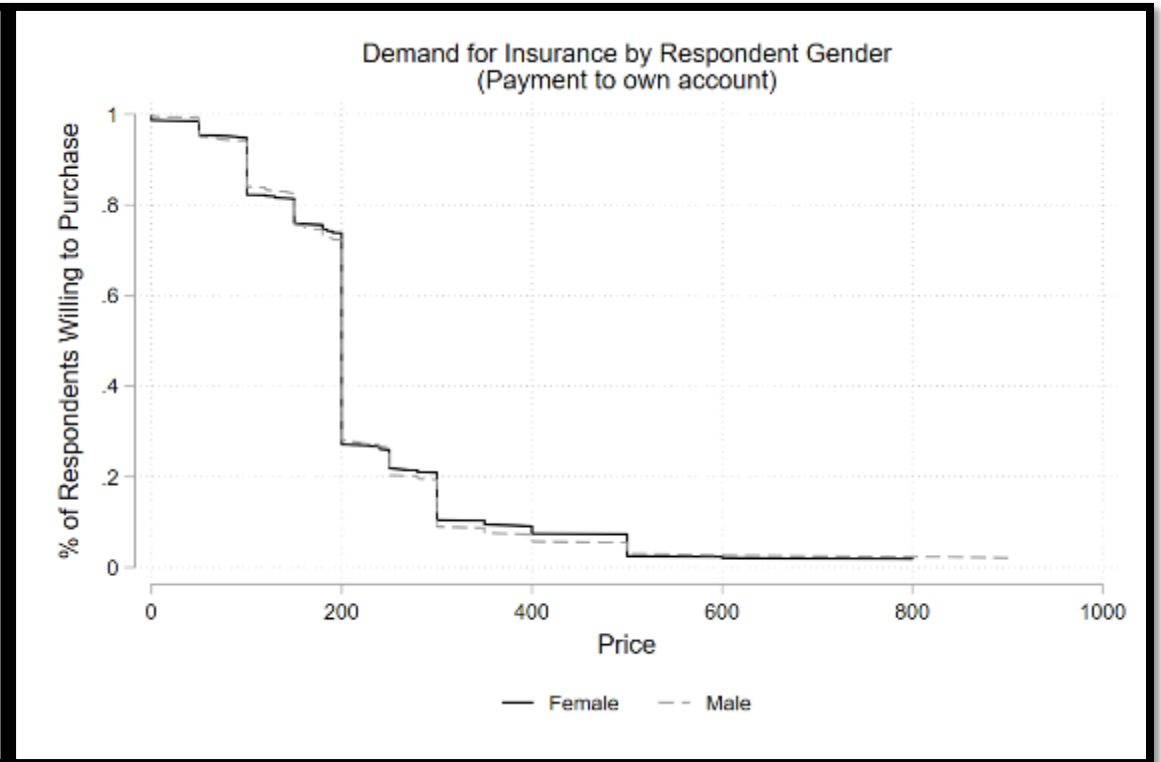
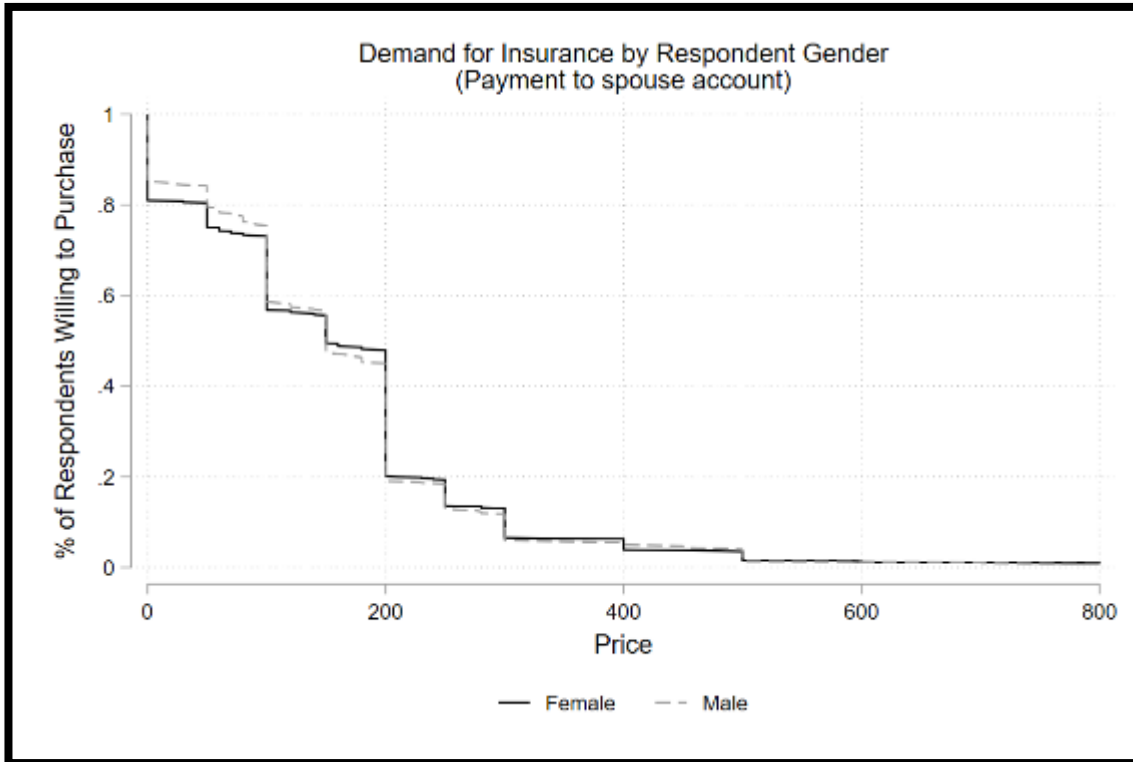
WILLINGNESS TO PAY FOR INSURANCE (AS A PROPORTION OF THE PREMIUM)

- Average WTP (excl. respondents with a WTP of more than 30% of sum insured) is highest when insurance pays the beneficiary directly, instead of via someone's spouse or ROSCA
- To make the model more sustainable, bundling with seeds; this has the added advantage that it increases WTP



*** $p < 0.01$, ** $p < 0.05$, in a regression of WTP on product indicator, controlling for gender, county and crop, with standard errors clustered by champion.

DEMAND FOR INSURANCE



WOMEN'S EMPOWERMENT IN AGRICULTURE INDEX (WEAI)

Established indicator to measure women's empowerment in the agricultural sector. Project WEAI (Pro-WEAI) is specifically adapted to monitor the empowerment of project beneficiaries.

Pro-WEAI measures 3 types of agency:

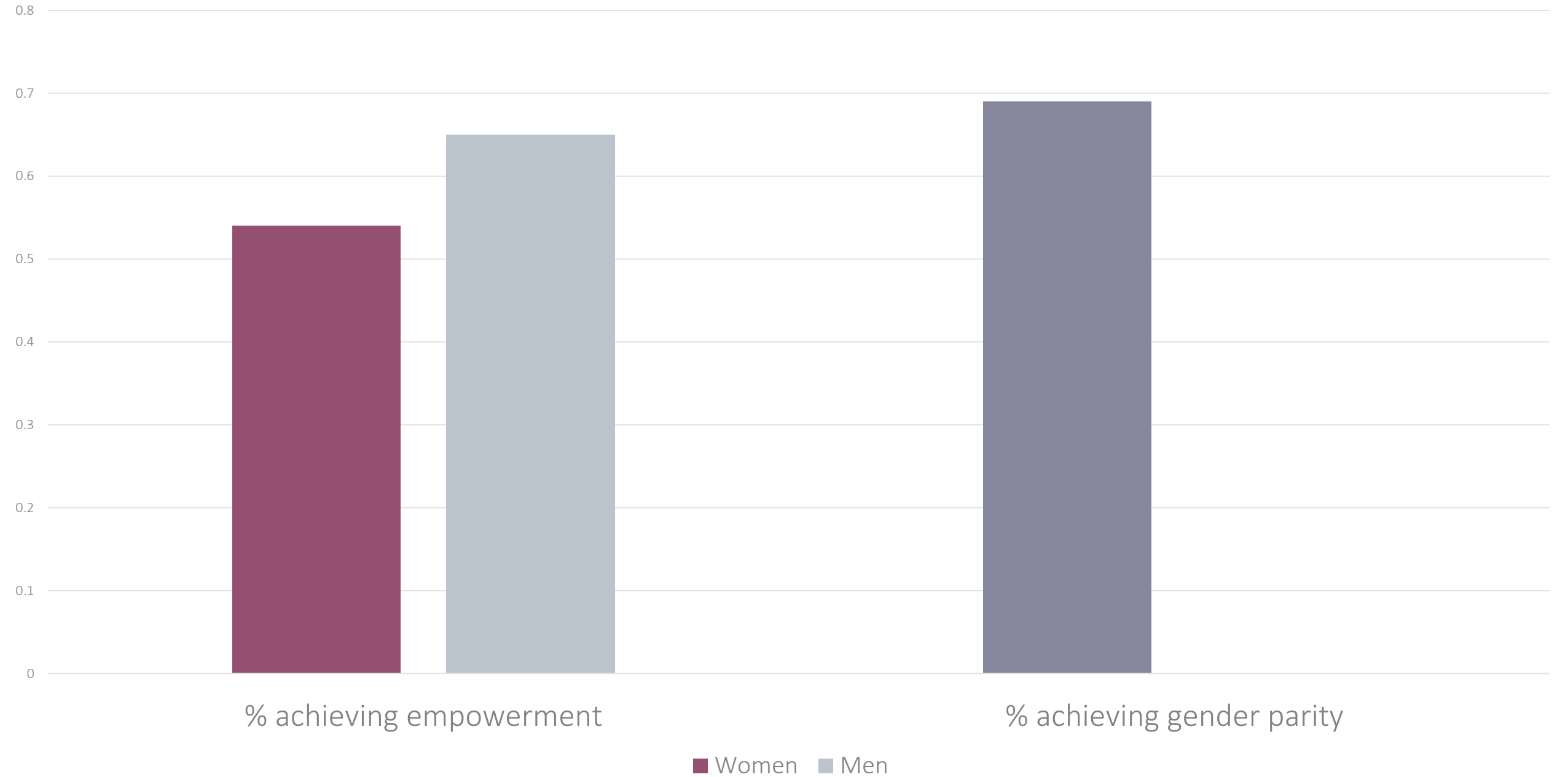
1. Intrinsic agency or Power Within: A person's internal voice, self-respect, or self-confidence
2. Instrumental agency or Power To: A person's ability to make decisions in their own best interest
3. Collective Agency or Power With: Power from acting together with others to achieve a common goal

These 3 types of agency are measured through quantitative surveys including 10 indicators, for both the man and woman in a household (usually husband and wife), administered individually and in private.

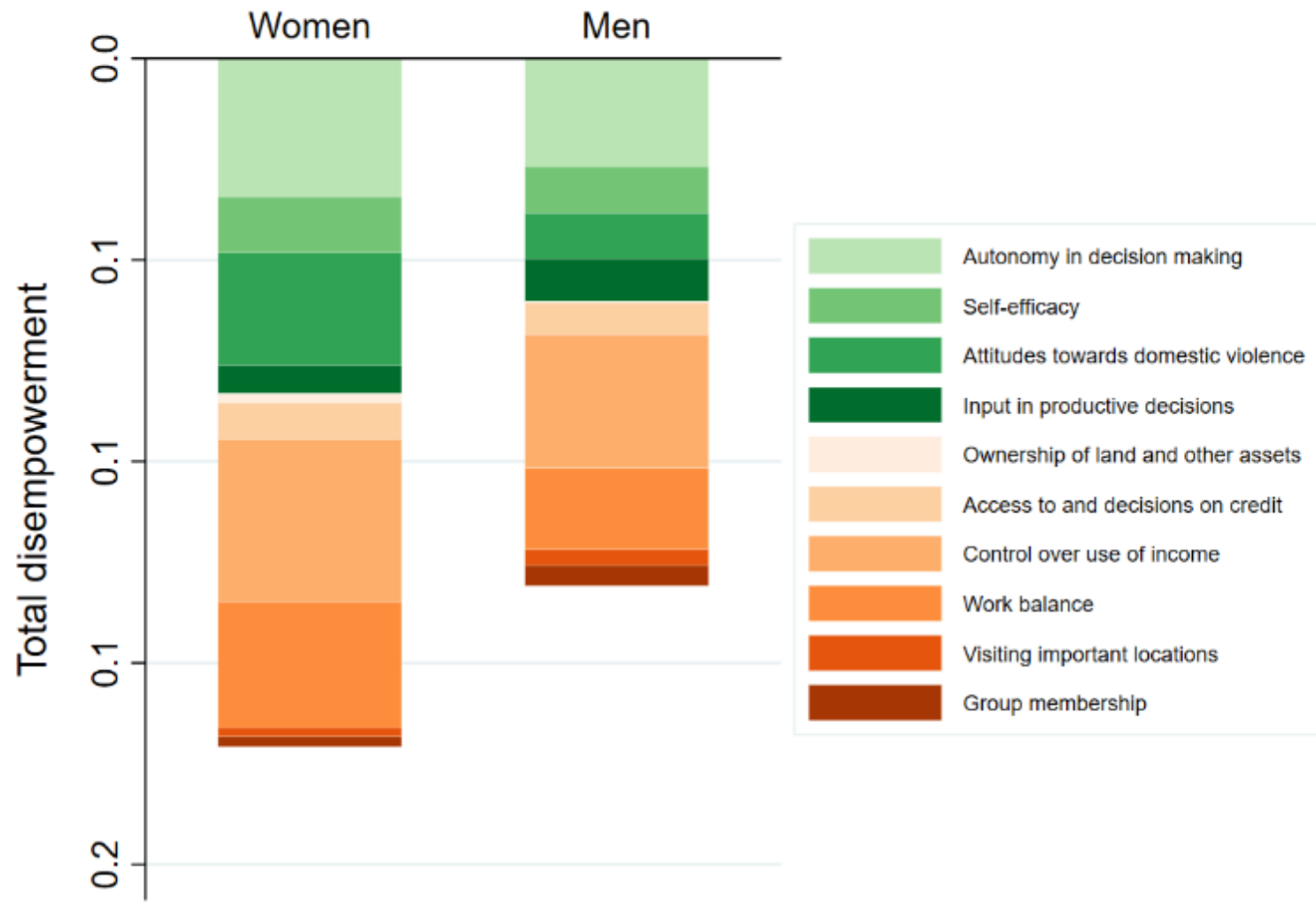
Survey respondents are scored on each of 10 indicators to yield various types of empowerment scores, incl.:

- Whether a beneficiary is empowered, and extent to which beneficiary is empowered
- Empowerment relative to the other respondent in the household ("gender parity")

Empowerment outcomes (Pro-WEAI)



Contributions to disempowerment



Pro-WEAI

CONCLUSION

- WTP is significantly higher when payment is made to self as opposed to the spouse's account-Ensure that agricultural insurance practitioners can promote gender empowerment by ensuring that insurance payouts are made directly to the policy holder's account
- Willingness to pay for insurance increases when insurance is bundled with other inputs such as seeds and pesticides. This provides wider risk coverage and improves insurance quality
- Willingness to pay for insurance is higher for women than for men, maybe due to the training approach that was used where we had more women champions than men champions



Thank you

