

INDONESIA



BACKGROUND

Rice farming is a source of livelihood and food security for a large proportion of rural families in Indonesia. Despite the government's policy of achieving self-sufficiency in rice, the country continues to experience a deficit in rice production. Farmers are facing more frequent harvest failures and yield losses due to natural disasters and pests. Exacerbated by climate change, such risk areas call for prompt but well thought-through policy responses. In this context, crop insurance can be part of a strategic policy response.

The pilot for Indonesia's first Rice Farming Insurance (Asuransi Usaha Tani Padi, or AUTP) started in the planting season from October 2012 to March 2013 in South Sumatra and East Java, covering an initial 600

hectares of cultivated area. The state-owned insurance company PT Asuransi Jasa Indonesia (Jasindo) was appointed by the government to implement this trial programme with support of the Ministry of Agriculture. Further parties involved were the public agrochemical companies PT Semen Gresik, PT Pupuk Kujang and PT Pupuk Sriwijaya. In the existing rice crop insurance programme, Jasindo indemnifies damage or loss of crops at an agreed cost of production value, subject to a damage ratio reaching 75%. This arrangement incentivizes the farmers to adhere to good farming practices and to minimize any losses that might be attributed to the rice planting practices. Damage is estimated by loss adjusters on individual field level.



APPROACHES

- ◆ Indonesia has not yet adopted the RIICE technology, however, several discussions with the government through the Ministry of National Development Planning (also known as BAPPENAS) has indicated a strong interest. The Ministry recently expressed its wish to explore the potential of RIICE technology for AUTP and its possible applications for monitoring purpose during their crop insurance study visit to Thailand as well as in government workshops held in Jakarta afterwards. To support this interest, a feasibility study has been conducted on the use of remote-sensing technology for a rice farming database.
- ◆ Technology can generally help to improve efficiency and up-take of crop insurance: For example, BAPPENAS and Jasindo aim to establish a web-based application to make registration of crop insurance policies more efficient. GIZ supports further expanding this application to the full insurance process chain, from registration until the payment of claims. This would be another opportunity to apply RIICE technology.
- ◆ Capacity-building activities implemented by GIZ sister projects such as crop insurance workshops with authorities and officials as well as farmer field schools contributed to generating this interest and momentum for future cooperation.



ACHIEVEMENTS

- ◆ Capacity building and engagement activities in 2018 and 2019 included a national workshop on risk management, focus group discussions on crop insurance as well as expositions and workshops on remote-sensing technology and a study visit. These activities all helped to raise awareness of crop insurance as a risk management tool and the potential of remote-sensing technology as an innovation to complement the existing crop insurance programme.
- ◆ The RIICE project itself directly engaged and consulted with the stakeholders of AUTP during a study visit on crop insurance to Thailand in April 2019. This visit offered a platform to learn about and exchange experiences from both technological and policy perspectives, for example from the Thai National Rice Insurance Scheme, or the RIICE-supported prevented-sowing insurance in India.
- ◆ As part of the efforts to increase insurance literacy, farmer field schools implemented by the GIZ project BRIA (Better Rice Initiative Asia) have included modules on crop insurance since 2014. Over 300 field schools with almost 7,000 farmers have been conducted.

LESSONS LEARNED AND CHALLENGES

- ◆ General insurance literacy modules are helpful for raising awareness. But there will only be an impact on actual insurance uptake when the benefits of a crop insurance product or scheme are clearly demonstrated and communicated to the individual farmers.
- ◆ Farmer field schools present a good opportunity to introduce the topic of crop insurance. However, modules should be designed bearing in mind the circumstances of the farmers, in order to secure their participation in the programme.
- ◆ Technology can help to ease limitations on human resources and contribute to improved customer experience through faster and smoother processes. Continued and consistent engagement with stakeholders such as the government through different channels is needed to showcase the full potential of a technology like remote sensing. Proven impact and evidence-based knowledge are also needed to convince different stakeholders and enable them to justify their decisions and choices regarding a given technology.

