



## **Global Parametrics launches new Water Balance Index to enable partners to provide extreme weather protection for smallholder farmers in India and Tanzania**

**London, 25<sup>th</sup> November 2020:** Global Parametrics (GP), provider of parametric protection against climate risks in emerging markets, has structured two risk transfer solutions using its new Water Balance Index (WBI), to enable partners to provide drought and excess rainfall protection for smallholder farmers in India and Tanzania.

The WBI is a multi-scalar meteorological index using monthly cumulative rainfall and potential evapotranspiration to estimate departure from the climatological norm. The Index utilises 40-years of daily atmospheric reanalysis data supplied by the European Centre for Medium Range Weather Forecasts (ECMWF) at a 31km resolution.

In the first of the two programs, GP has structured a risk-transfer solution for Luxembourg Insurtech, IBISA, providing them with a backstop that will mitigate the impact of extreme weather events allowing them to scale their operations in India.

IBISA's program, founded in partnership with the Development of Humane Action (DHAN) Foundation, utilises IBISA's unique technology platform to facilitate the provision of parametric drought and excess rain cover via mutual pools to low-income smallholder farmers.

The program targets 5,000 smallholder farmers in the Tamil Nadu and Andhra Pradesh regions. GP's solution will enable the program to scale and potentially reach more than half-a-million smallholder farmers by 2024.

### **Expansion into Africa**

In the second of the two programs, GP has partnered with One Acre Fund (OAF), a non-profit social enterprise which provides training and finance to smallholder farmers in East Africa.

The program will make use of the WBI in Tanzania to provide OAF with a tailored product to manage adverse impacts from drought and excess rain to its network of 70,000 maize farmers. Should the index trigger, payments will be made directly to OAF who will use the capital for loan forgiveness to the farmers across impacted sites.

Both solutions in India and Tanzania are structured as an over-the-counter derivative and are backed by GP's Natural Disaster Fund (NDF). Through its partnership with Hannover Re, the NDF cedes 50% of the risk, bringing the global reinsurer into the transaction.

Nearly 65% of the population in Tanzania is employed in agriculture and the incomes and livelihoods of much of the population are tied to annual yield, which is severely impacted by fluctuating rainfall levels.

Similarly, in India, agriculture employs over half of the workforce, yet 68% of cultivatable area is vulnerable to drought impact as a result of unexpected climate and weather events.

**Professor Jerry Skees, Director and co-founder of GP commented:** "Our Water Balance Index enables us to characterise agricultural risk anywhere in the world, particularly in areas where reliable information is not available. Deploying the Index means we can now extend our footprint into India and Tanzania and provide protection for communities who need it most."

**Maria Mateo Iborra, co-founder of IBISA, added:** "Smallholder farmers are particularly exposed to extreme weather and natural hazards. We are thrilled to have GP supporting us in scaling our program in India."

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#### **About Global Parametrics – *Rethinking Risk to build more Inclusive Resilience***

Extreme weather events and natural disasters are being intensified by climate change, increasing the frequency and intensity of economic shocks that disrupt lives and threaten livelihoods.

Global Parametrics, started with funding from the UK's Department for International Development and Germany's KfW, has a mandate to strengthen the resilience to extreme weather and natural disasters in developing countries.

Working with the public, private and third sector, GP uses its innovative climatic, seismic and financial risk modelling to rethink resilience for a new era of risk.

Global Parametrics products are backed by the Natural Disaster Fund (a blend of private and public capital). Like an insurer, the Natural Disaster Fund collects fees and makes pay-outs on parametric derivative contracts when extreme weather or natural disasters occur.

More information at: <https://globalparametrics.com/>

#### **About IBISA**

IBISA is a Luxembourg Insurtech with the mission to solve the lack of insurance for small-scale agriculture, especially in developing countries. It is at the crossroads of Space, Blockchain, Insurance and Agriculture with a strong multidisciplinary team.

IBISA started with support from the Luxembourg Space Agency (LSA) through the European Space Agency (ESA) in the framework of Business Applications programme and investment from the US based blockchain technology company ConsenSys through its Tachyon Accelerator.

More information at: <https://www.ibisa.network>

**About One Acre Fund**

One Acre Fund is a non-profit social enterprise that supplies financing and training to help smallholders grow their way out of hunger and build lasting pathways to prosperity.

More information at: <https://oneacrefund.org/>

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