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**IFC, SANASA Insurance Contribute to Food Security in Sri Lanka through Weather Insurance**

**Colombo, Sri Lanka, January 10, 2012** —

IFC, a member of the World Bank Group through its Global Index Insurance Facility (GIIF), has entered into a project agreement with SANASA Insurance Company Ltd, to support the development and use of flexible and affordable weather index insurance products to help minimize the impact of crop losses due to floods or droughts on farmer livelihoods. The project objective is to expand access to insurance for food crops such as rice and in turn offer protection for up to 15,000 small-scale farmers against weather-related risks and natural disasters. The project will also raise **awareness amongst 50,000** farmers on the availability and benefits of an index-based insurance system.

Index-based insurance pays out benefits on the basis of a parameter or a pre-assigned value for losses resulting from weather and catastrophic events. When one of those events is triggered, the insured party receives an insurance payment according to the pre-defined payment formula (parameter or index). For example, insurance will be paid out in the event of drought, defined as a result of less than an anticipated amount of rain. This innovative approach to insurance provision means that policyholders qualify for pay-outs as soon as the statistical indexes are triggered, without having to wait for claims to be settled in the traditional way. Insurance will also pay out if the index is triggered irrespective of the actual loss.

 “IFC’s GIIF program forms part of a global World Bank Group effort to mitigate the impacts of climate change and contribute towards food security. The index-based insurance products designed by SANASA will go a long way towards helping farmers to access insurance, and build their livelihoods,” said Adam Sack, IFC Country Manager for Sri Lanka and Maldives.

Additionally, the IFC funding will also help **develop the institutional capacity** of SANASA to be able to effectively design weather index-based insurance products.

“SANASA Insurance’s partnership with IFC fits our commitment to empowering the Sri Lankan farmer, through offerings of flexible and affordable products which help build livelihoods and mitigate weather-related risks,” said **Dr. P. A. Kiriwandeniya**, Chairman, and SANASA Insurance.

IFC’s GIIF facility was jointly established with IBRD and the donors in 2009 to assist the development of index-based insurance for natural disasters and weather risks in developing countries, where insurance is rarely available. The European Commission is the primary donor to the initiative and has committed EUR 24.5 million to facilitate reaching the objectives of the facility. The GIIF Global Trust Fund (GTF) is also supported by Japan’s Ministry of Finance with an initial grant of $2 million, and the Dutch Ministry of Foreign Affairs, which provided $500,000 to establish the facility. The project in Sri Lanka is supported by the Japan Ministry of Finance.

Sri Lanka is a focus country for IFC’s program in South Asia. IFC’s $200 million committed investment portfolio covers projects across a range of sectors including infrastructure, tourism, renewable energy, banking, and health care. Through its Advisory Services, IFC promotes sustainable growth among small and medium enterprises by facilitating access to finance and offering capacity-building and training opportunities.

**About IFC**

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, we helped our clients create jobs, strengthen environmental performance, and contribute to their local communities—all while driving our investments to an all-time high of nearly $19 billion. For more information, visit [www.ifc.org](http://www.ifc.org).

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