



The GFDRR in Nepal: Country Snapshot

Floods, landslides, fires, droughts and other types of disasters are annually recurring events in Nepal that hamper agriculture production every year. The GFDRR is supporting the development of affordable and cost-effective agricultural insurance products targeted at poor farming communities, which in the last couple of years are bearing the brunt of decreasing food production due to climate change. The GFDRR is also assisting Nepal in ongoing hazard risk mitigation initiatives and programs and engagement in dialogue with government counterparts.

Strengthening the Disaster Risk Management Framework

In partnership with GFDRR, Nepal is taking concrete steps to implement proactive disaster risk reduction strategies such as making risk assessments and developing mitigation plans in key sectors and areas. The project includes an analysis of expected damages due to hazards, as well as social and institutional impacts of hazards. GFDRR projects are helping the Ministry of Education pursue a national strategy for seismic safety of schools in collaboration with the National Society for Earthquake Technology. Activities include workshops, investigations, school surveys, and the seismic retrofitting of schools. To form overarching policies, the Government is developing mitigation plans for glacial lake outburst flood sites together with the International Centre for Integrated Mountain Development (ICIMOD).

Reducing the Vulnerability of Farmers through Agricultural Insurance



The majority of the Nepalese farming population is dependent on a few crops such as rice, wheat and maize; the agricultural sector accounts for over two thirds of the labor force. Most farmers rely on rainfall for irrigation as access to major irrigation facilities is limited; livestock is often affected by drought. In this context, agricultural risk management products such as insurance are of critical importance, particularly for the small and marginal farmers. The non-life insurance market is small, very fragmented and dominated by one state-owned insurance company; agriculture insurance is not offered in Nepal.

With GFDRR support, Nepal aims to help reduce the vulnerability of Nepalese farmers to droughts and floods. This will be achieved by offering affordable and cost-effective agriculture insurance products that complement other risk mitigation activities. The initiative is based on a partnership arrangement between the government, the domestic insurance industry, and farmers' cooperatives. The study is investigating the feasibility of agricultural insurance in Nepal and identifying affordable and effective insurance products to be tested on a pilot basis. Results of the study have been submitted to the Government. A mission in Nepal has been planned for July 2009 to disseminate the findings and recommendations of the study and to discuss with Government and other stakeholders about the possible next steps, including (i) the development and implementation of crop and livestock insurance pilots, and (ii) institutional capacity building to further develop an enabling legal and regulatory environment. Results indicate good potential for private sector investments in the agricultural insurance market and provide much needed policy guidance to national planners for agricultural insurance. Moreover, the study provides a strong basis for developing a national program for agricultural insurance for farmers that are most vulnerable to hazards.