

## Technical Brief: Endline Evaluation of the Improving Smallholder Farmer Resilience and Productivity in Zambia Project-Authored by FSD Zambia

### ABOUT THE EVALUATION

The endline evaluation was conducted to assess the overall performance, effectiveness, and outcomes of the Improving Smallholder Farmer Resilience and Productivity in Zambia Project. It examined whether the project achieved its intended objectives of increasing access to agricultural insurance and strengthening farmers' resilience to climate-related risk:

The evaluation adopted a mixed-methods approach, combining quantitative household surveys and qualitative interviews. A total of 500

respondents were sampled, including both crop insurance clients and farmers exposed to livestock insurance awareness

The evaluation focused on:

1. Farmers' socio-economic characteristics
2. Awareness, understanding, and uptake of insurance products
3. Contribution of insurance to resilience and financial inclusion
4. Overall programme performance and market system changes

### KEY FINDINGS

#### Farmer Profile and Financial Status

The findings show that 78% of respondents rely on farming as their main source of income, with an average monthly income of ZMW 1,984 compared to expenditure of ZMW 1,442.5. Poverty analysis indicates that 74% of respondents fall within the lowest categories (PPI 1 and PPI 2), while only 19% are classified as financially healthy, highlighting generally low financial resilience among the target population.

#### Insurance Awareness, Knowledge and Uptake

The project achieved high outreach, with 94% of respondents reporting receipt of insurance information, mainly through community meetings, and 62% demonstrating a good or very good understanding of insurance. Among those who received awareness, uptake varied significantly by product, with crop insurance recording very high adoption (98%) compared to only 2% for livestock insurance. Key barriers to livestock insurance uptake included lack of trust in insurers (53%), high perceived costs (40%), and limited understanding of the product (25%).

#### Insurance Claims and Payout Experience

Most farmers with crop insurance (95%) reported experiencing a loss, indicating high exposure to climate-related risks. Among those affected, 85% submitted insurance claims, and 75% received payouts. Despite this relatively strong claims utilisation, satisfaction with the claims process remained low, with 49% of respondents reporting dissatisfaction, largely due to delays in payouts and poor communication from insurers. However, willingness to continue using insurance remains high, with 81% of respondents indicating they are willing or extremely willing to continue using insurance as a risk management tool.

#### Programme Performance and System-Level Outcomes

**Relevance:** The project was highly relevant to the needs of small-holder farmers, addressing key challenges related to climate risks and financial vulnerability. Findings show that 45% of households experienced climate-related shocks, and 63% of respondents perceived agricultural insurance as beneficial in reducing financial losses and supporting recovery. Increased awareness and access to insurance

also contributed to reduced reliance on distress coping strategies, such as selling household assets, indicating strong alignment with farmers' priorities and needs.

### **Evidence of Market System Changes**

The project contributed to meaningful market system change by supporting the development and institutionalisation of inclusive agricultural insurance products within Zambia's insurance sector. Crop and livestock insurance products were integrated into insurers' portfolios, while partnerships with agro-dealers, mobile network operators, and other market actors strengthened distribution and delivery channels. The increased use of mobile money for premium payments and payouts improved efficiency and reduced transaction costs. Additionally, improvements in farmer awareness, risk understanding, and willingness to use insurance (81%) indicate emerging and sustained demand, signalling a shift towards a more functional and inclusive agricultural insurance market system.

### **Impact (Early Outcomes)**

The evaluation shows positive early outcomes among crop insurance farmers in strengthening resilience and financial inclusion. At least 65% reported saving specifically for climate-related risks, while more than half indicated they no longer rely on distress coping strategies such as selling household assets during shocks. In addition, over 90% demonstrated improved understanding of climate and agricultural risks, and increased use of insurance and mobile money reflects growing integration into formal financial services.

### **Sustainability**

The sustainability of the intervention is supported by both strong demand-side behaviour change and increased market ownership of insurance products. On the demand side, farmers have demonstrated sustained behavioural shifts, including improved risk awareness, increased savings for

climate-related shocks, and continued use of insurance as a risk management tool. Notably, 81% of respondents expressed willingness to continue using insurance despite challenges with claims processes, indicating strong perceived value of the product.

On the supply side, insurance products have been institutionalised within market actors, with insurers integrating crop and livestock insurance into their portfolios.

### **Conclusion**

The project made significant progress in increasing awareness, access, and use of agricultural insurance among smallholder farmers, particularly for crop insurance. While uptake of livestock insurance remained low due to trust, cost, and knowledge barriers, the intervention demonstrated clear improvements in farmer resilience, risk awareness, and financial behaviour. Strong willingness to continue using insurance and the institutionalisation of products within market actors indicate a solid foundation for sustainability. However, addressing challenges in claims processing, product design, and affordability will be critical to scale impact and strengthen long-term outcomes.

### **Recommendations**

To strengthen impact and scalability, the following three key actions are recommended:

- Improve the timeliness, transparency, and clarity of claims handling to build farmer trust.
- Review pricing models to enhance affordability and strengthen farmer awareness and trust through targeted education and community-based engagement.
- Enhance digital platform functionality to address system inefficiencies to ensure reliable processing of premiums and claims, particularly in low-connectivity rural areas.