

2025-10 | Securing Coffee Farmers Livelihoods: Climate-Resilient Coffee Farming through Consumer-Funded Parametric insurance, Indonesia

Financial Sector Partner (FSP):	MSIG Indonesia	SCBF Contribution:	147,200 (37%)
Grantee:	CelsiusPro	Matching Contribution:	CHF 36,200 (9%) - FSP CHF 41,900 (11%) - Grantee CHF 173,040 (43%) - Third Party
Country:	Indonesia	Duration:	Dec 2025 – Nov 2027
Potential Outreach:	10,000	Product(s):	Parametric Insurance
Thereof Women:	~50%	Target Group:	Smallholder farmers

PURPOSE AND VISION

Coffee production in Indonesia is highly sensitive to climate variations, such as excess rainfall. For instance, Indonesia's coffee production for the 2023/24 season decreased by 18% mainly due to heavy rainfall that disrupted cherry development in key producing regions. Such climate disruptions are threatening the livelihoods of smallholder coffee farmers, who own only 1-2 hectares of land.

Despite the critical role that insurance can play in safeguarding coffee farmers, current initiatives lack a truly sustainable and scalable delivery mechanism. An existing initiative launched by Nestle and Blue Marble demonstrates the value of parametric insurance. However, with premiums currently 90% subsidised by Nestle, sustaining such initiative would require a significant annual financial commitment that increases with scale.

Leveraging ECOM's coffee supply chain, this initiative aims to protect coffee farmers through implementing a "Consumer Pay" approach - costs associated with climate insurance are passed on to consumers who purchase coffee sourced from certified, climate-insured farms.

PROGRAMME DESIGN AND DELIVERY

The project is delivered through a consortium of partners. ECOM will lead the implementation of this project and the insurance pilot, facilitating industry interactions, providing networks for promoting the insurance product, facilitating and delivering awareness and capacity-building activities, and facilitating the insurance transaction. CelsiusPro Group will lead parametric product design, support capacity-building, provide solutions to assist farmer enrolment and policy monitoring, and facilitate the insurance transaction as well as reinsurance capacity contracting. University of Southern Queensland will lead data collection and analysis, support parametric product design, develop the Season Tracker Tool, and support capacity-building activities. MSIG Indonesia acts as the local insurer, supported by MSIG Asia, which enables cross-country scaling.

The project is delivered by both the international consultants and ECOM's team on the ground, with an intentional plan for progressive localisation of expertise. There will be virtual workshops and in-person sessions to build local knowledge on foundation concepts as well as to provide hands-on training. By the end of the project, ECOM's local staff are expected to have developed certain operational and technical capacities to support scale-up to other ECOM operating countries.

OUTCOMES, IMPACT AND LEARNING

The programme aims to protect 5,000 policyholders during the 2026 season, scaling to 10,000 policyholders in the 2027 season.

Additionally, the project aims to validate and operationalise the "Consumer Pay" premium financing model, which is expected to fund 90% of premium payment by 2028.

Partnering with:

