2026-07 | Piloting extreme heat income protection insurance for microfinance borrowers, Pakistan

Financial Sector Partners (FSPs):	TPL Insurance; & Mobilink Microfinance Bank Limited	SCBF Contribution:	CHF 101,475 (48%)
Grantee:	CelsiusPro	Matching Contribution:	CHF 70'000 (34%) – FSPs CHF 37,300 (18%) – Grantee
Country:	Pakistan	Duration:	Oct 2026 – Aug 2028
Potential Outreach:	22,800	Product:	Parametric Insurance *(Heatwave income protection loss insurance)*
Thereof Women:	25%	Target Group:	Low-income clients (*Microfinance borrowers)*

PURPOSE AND VISION

Pakistan is increasingly exposed to extreme heatwave events, driving health impacts and reducing labour capacity across the country: Pakistan lost an estimated 33 billion working hours in 2024 because of extreme heat. These vulnerabilities are concentrated among populations served by Pakistan's microfinance sector, which reaches vulnerable and underserved borrowers in sectors including the MSME and agriculture sectors. There is a critical gap in the industry for insurance that specifically covers heatwave risks within the MFI portfolio, with most existing parametric insurance products covering excess rainfall risks. Our proposed solution is to design a parametric heatwave income-loss protection insurance product for MSME and vehicle loan borrowers, with solution scalability at the forefront of the design process. The product will be

PROGRAMME DESIGN AND DELIVERY

CelsiusPro and Pakistan Microfinance Network will work with TPL Insurance and Mobilink Microfinance Bank Limited (MMBL) to design a parametric heatwave insurance product for MMBL's MSME and borrowers. The product will be designed with scalability as a key objective to facilitate uptake by other MFIs following conclusion of the pilot. The product will be distributed through MMBL's existing loan channels in Punjab and Sindh, and local policies issued by TPLI. CelsiusPro will support monitoring, settlement and reinsurance placement.The project begins with a client and portfolio-level data collection period, including client surveys and focus group discussions led by PMN, ensuring that the product design, training and distribution processes are informed by client needs and past experiences. The product will be piloted for two heatwave seasons under this grant funding, with the goal that this programme is then scaled after the grant funding pilot.

OUTCOMES, IMPACT AND LEARNING

By August 2028, the pilot aims to reach 22,800 unique policyholders, including 25% women, 60% youth and 40% rural clients. It will measure enrolment, training, client understanding and feedback, policy and payout performance, payout speed and use, and repayment resilience through a number of mechanisms. Baseline and end-of-project surveys, post-payout pulse surveys where a trigger occurs, and MMBL/TPL administrative data will generate practical evidence to refine the product and inform scale-up with other microfinance institutions. The project team will also produce several information sources to support the wider industry parametric heatwave insurance implementation. A core group of clients will be monitored throughout the project to produce detailed 'client profiles' that monitor the impact of participation in the insurance program. The project partners will also produce a 'practical toolkit for replication' to support other microfinance institutions to assess their readiness to introduce similar parametric insurance solutions.

Partnering with: