Global Disaster Preparedness Center

EXECUTIVE SUMMARY

Evaluating the Multiplier Effect of Micro-Insurance on Climate Resilience among Motorcycle Taxi Drivers in Dar es Salaam

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Extreme weather events pose significant threats to the economy and to individual livelihoods. Major climate-related events, such as severe floods and heavy rainfall, have significantly contributed to vulnerabilities among different groups. A major issue surrounding these events is how different groups respond to enhance their resilience. This study examines how micro-insurance can enhance the resilience of motorcycle taxi drivers (commonly referred to as *boda-boda* drivers) in Dar es Salaam to climate-related shocks, such as floods and heavy rains. These drivers often work in risky conditions and are highly vulnerable to extreme weather, which can damage their motorcycles, reduce customer demand, and disrupt their daily income. To better understand the role of micro-insurance in supporting these drivers, the study surveyed 400 *boda-boda* drivers and interviewed four major insurance providers operating in Tanzania.

The findings suggest that climate-related events, such as flooding, have a significant impact on the income and well-being of boda-boda drivers. However, drivers with micro-insurance were more likely to recover quickly and avoid harmful coping strategies, such as borrowing money or cutting down on basic needs. Using a Climate Resilience Index (CRI), the study found that insured drivers had significantly higher resilience scores (0.51) than uninsured drivers (0.27). These results suggest that micro-insurance provides real protection, offering not only financial security but also emotional support by reducing stress and financial anxiety.

The study also found that micro-insurance has broader benefits. Drivers who are insured are more likely to save money regularly and less likely to depend on emergency loans. Nearly 67% of insured drivers said they would recommend insurance to others, indicating a growing trust in these financial products. However, only 41% of insured drivers reported receiving actual support after a climate-related event, suggesting gaps in implementation, awareness, and claims processing.

Interviews with insurance providers revealed that, although most companies recognize the risks faced by boda-boda drivers, many struggle with low awareness, distrust, and challenges in outreach. Providers emphasized the need for more effective educational campaigns, streamlined claims processes, and stronger partnerships with local associations and mobile platforms to make insurance more accessible and beneficial.

Overall, the study concludes that micro-insurance has the potential to reduce climate vulnerability and improve the financial stability of informal workers. With better policy support, improved product design, and stronger communication, micro-insurance can be a powerful tool for building resilience in Tanzania's informal urban economy.