



SENEGAL

BACKGROUND

Senegal is located in the westernmost part of Africa’s Sahel region, and its population is estimated at 14.3 million. In 2015, Senegal’s macroeconomic performance was strong, with a growth rate of 6.5 percent, a rate that had not been achieved since 2003. Its 2014 GDP per capita (in Purchasing Power Parity) was recorded at US\$2,431, an all-time high record. The primary sector accounted for almost 34 percent of GDP growth in 2015, thanks to a rapid growth in agriculture boosted by good rainfall and various targeted government programs in favor of groundnut and rice production and horticultural value chains. The main drivers of growth were buoying exports and higher private sector demand, also stimulated by lower energy and transport prices. An ambitious public investment program carried out by the government also helped increase demand.

PROJECT DESCRIPTION

In March 2016, PlaNet Guarantee (PG) entered into a contract with the World Bank Group to offer solid technical support to Global Index Insurance Facility (GIIF) projects that are focusing on capacity-building activities, with special emphasis on training and skills transfer to selected insurers.

The products currently offered in Senegal are:

- Rainfall indexes developed by PG in partnership with CIRAD, and in close collaboration with local experts from National Agricultural Insurance Company of Senegal (CNAAS), the civil aviation agency of Senegal (ANACIM), the World Bank, Naatal Mbay networks, and the Senegalese Association for the Promotion of Development at the Grassroots (ASPRODEB);
- A satellite index developed by International Research Institute for Climate and Society (IRI) in the framework of the R4 Initiative (sponsored by the World Food Program (WFP) and OXFAM), and in close collaboration with international experts from WFP and local experts from CNAAS, ANACIM, PG and R4 beneficiaries

These products are designed for maize, millet, groundnut, rain-fed rice, and multicereal. They cover the forest area called the “groundnut basin” and southern Senegal.

RESULTS AND IMPACTS

Benefiting from robust participation from the State of Senegal, which capitalized CNAAS as a public private partnership and provides 50 percent subsidies on all crop-insurance premiums, this index-based insurance program is built on strong pillars. The distribution model, based on farmer organizations, allowed for effective awareness raising and the sharing of concrete experiences among farmers who have adopted index-based insurance as a new climatic risk mitigation tool.

Using a participatory approach during the design phase that was directly tailored to the farmers’ profiles, and a significant global claims ratio of 50 percent (from 2012 to 2015), which was evaluated every year in the field, these insurance products offer a real added value to the farmers, and are now associated with offering an important development potential.

NEXT STEPS

The scaling-up strategy is to bundle the index-based insurance products with agricultural loans and savings programs provided by both microfinance institutions (MFIs) and agricultural banks. The network of weather stations is currently being developed to increase the covered areas, and the bundling of credit-insurance distribution for professional farmers is scheduled to begin in 2017. A saving-insurance mechanism for more vulnerable farmers is currently being developed with the World Food Program (WFP) and OXFAM.

| PROJECT SNAPSHOT | |
|-------------------------------|--|
| Market Launch | 2012 |
| Clients | 29,956 (12,948 in 2016) |
| Partners | - Insurers: CNAAS - Reinsurers: Swiss Re, Africa Re, CICA Re - Product design: PG, CIRAD and IRI |
| Capital Insured | USD 4,662,860 |
| Insured Assets | Maize, millet, groundnut, rain-fed rice and multicereal |
| Insured Perils | Drought |
| Regulatory Environment | CIMA, Book 7 on Microinsurance |
| Data | Rainfall Data (ANACIM) & RainFall Estimate (ARC2 RFE_IRI) |

PARTNER FOCUS



Partner Information

PlaNNet Guarantee activities in Senegal started in 2012 through a partnership with the World Bank Group’s Global Index Insurance Facility (GIIF) and CNAAS, the National Agricultural Insurance Company. These activities are aimed at developing and implementing a range of index-based insurance and microinsurance solutions for smallholder farmers, called “Kaarangue Mbay” (crop protection). Groundnut and maize drought indexes have been developed with CIRAD, based on rainfall data provided by ANACIM, the National Meteorological Agency. Millet and rainfall rice insurance solutions were introduced in 2014 and 2015 respectively, with the support of Feed the Future Senegal (USAID).

PG also provides technical assistance to CNAAS within the framework of the R4 initiative led by the World Food Program (WFP) and OXFAM. A climatic risk transfer mechanism using the “Insurance for Work” and “Cash for Insurance” methodologies, targeting more vulnerable farmers, has been developed based on a satellite index data provided by the International Research Institute for Climate and Society (IRI).

Product available

Rainfall or satellite-based weather index insurance (for groundnuts, maize, millet, rice, sesame, generic), area-yield index insurance (for cotton)

Total Insurance Portfolio

78,856 insured farmers and US\$1,058,810 collected premiums in Senegal, Mali, Burkina Faso, Benin, and Côte d’Ivoire.

Insurance Payouts (2015)

US\$412,656 in Senegal, Mali, Burkina Faso, and Benin (2015), with a 69% claims ratio (2015)

Average Cost of Insurance

11%, \$13 per farmer

Local insurance companies

CNAAS, Allianz Mali, Allianz Burkina Faso, AMAB Benin, AXA Côte d’Ivoire

International Reinsurers

Swiss Re, Africa Re, Cica Re, and Hannover Re

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About Global Index Insurance Facility

The Global Index Insurance Facility (GIIF) is a multi-donor trust fund that works to provide access to finance to smallholder farmers, microentrepreneurs, and microfinance institutions. GIIF supports the development and growth of local markets for indexed/catastrophic insurance in 31 developing countries, primarily in Sub-Saharan Africa, Latin America and the Caribbean, and Asia Pacific. The facility is part of the World Bank Group’s Finance & Markets Global Practice.

For more information, please visit www.indexinsuranceforum.org.

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