PROJECT FACTSHEET

Title of project	**SCBF 2012-01: Introduction of microinsurance in rural Senegal**
Country / region	**Senegal / Saint Louis**
Financial Intermediaries	**Saint Louis Finances**, a limited liability company ("Société Anonyme"), operating within the framework of the local regulation for the MFIs. **Caurie Microfinance**, Registered microfinance Institution created in 2005 from Catholic Relief Services in Senegal and Caritas Senegal, 6 agencies.
Competence Centre mandated for execution	**Financial Systems Development Services AG (FIDES),** Rte. de la Fonderie 2, CH-1700 Fribourg
Overall project budget	CHF 204'390 (**31%** self-contribution by partners)
SCBF contribution	**CHF 140'300** (69% SCBF funding share)
Date of project approval	03.2012
Project period	05.2012 until 04.2014
Context	The financial sector of Senegal is characterized by a combination of banks and microfinance institutions (MFI), which focus primarily on households and small and medium entrepreneurs in the urban centres, and a larger number of small local MFIs operating in rural areas. The small rural institutions, most of them cooperatives founded under projects, have not addressed so far the needs of rural populations, lacking the necessary knowledge, appropriate tools and often financial strength. Insurance companies have only clients in urban areas, rural distribution channels do not exist. Less than 10% of the population is up to now formally insured. At the same time large portions of the population would benefit from access to insurance in small ticket sizes. Given the low population density and the modest economic level of the population, building a specific distribution channel for insurance would be too expensive and not sustainable. At the same time, MFIs have built distribution channels for savings and credit up to village level. Microinsurance products should be loaded on the existing logistics for microfinance at a marginal cost – in order to provide more crucially needed services to the clients and in order to increase profitability and sustainability of MFIs.
Current status	The two MFIs Saint Louis Finances SA and Caurie Microfinance do not offer microinsurance products at present. By law they cannot insure their clients on their own balance sheet. Nevertheless, they have identified the crucial need for insurance of their clients. The clients belong exclusively to low income population segments being in most cases rural, female and poor, thus cumulating different forms of vulnerability. First results of the SPM-system (Social Performance Management) indicate that the risk profile is large, including illness, accidents, theft, draught, divorce, death of a family member, etc. and that insured savings products would have the best impact (to be confirmed under this initiative).
Objective and main activities	The **aim** of the project is to enable low-income households and micro enterprises to implement longer-term asset building strategies and to strengthen their shock absorption capacity through access to insured savings products and other microinsurance services. The **objective** of this project is that the two MFIs are enabled to act as agents for an existing and licensed insurer through capacity building, research and development of appropriate products and delivery mechanisms. Besides the distribution channel through the MFIs, alternatives will be evaluated: selling through post offices, telephone companies, professional organizations and other third parties. The **challenge** assigned to this project is to bring together a licensed insurance company and two innovative MFIs in order to create on both sides the capacity to deliver small ticket insurance services in rural areas. The approach builds on the experience of FIDES in product development with VIMO SEWA, one of the bigger Indian microinsurers, and the joint venture with the same partner and Hollard in Namibia, targeting also micro insurance in rural Africa.