



# *Assurance Récolte Sahel*

## PLANET GUARANTEE

### BUSINESS PLAN CROP INSURANCE IN WEST AFRICA





# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions





# PlaNet Guarantee: Vision & Product Idea

## Vision – Crop Insurance

PlaNet Guarantee aims at being the **No. 1 broker for agriculture index insurance products** helping clients **along the whole value chain to mitigate climate risks** – achieving **mutual benefits** and increasing **food security** in West Africa.

PlaNet Guarantee offers products tailored to the needs of its clients – small farmers to large corporations

## Products

---

- |                          |  |
|--------------------------|--|
| <i>Crop</i>              | <ul style="list-style-type: none"><li>▪ Development of state of the art Index Insurance Products</li><li>▪ Brokerage of products, partnering with major insurers</li></ul> |
| <i>Health &amp; Life</i> | <ul style="list-style-type: none"><li>▪ Product design &amp; development</li><li>▪ Brokerage of Micro-Insurance Products</li></ul>   |
| <i>Consulting</i>        | <ul style="list-style-type: none"><li>▪ Product development, risk analysis, feasibility studies</li></ul>  |

## Distribution

---

### Micro-Insurance Distribution

- To farmers
- Via cooperatives, banks & MFIs, agricultural businesses

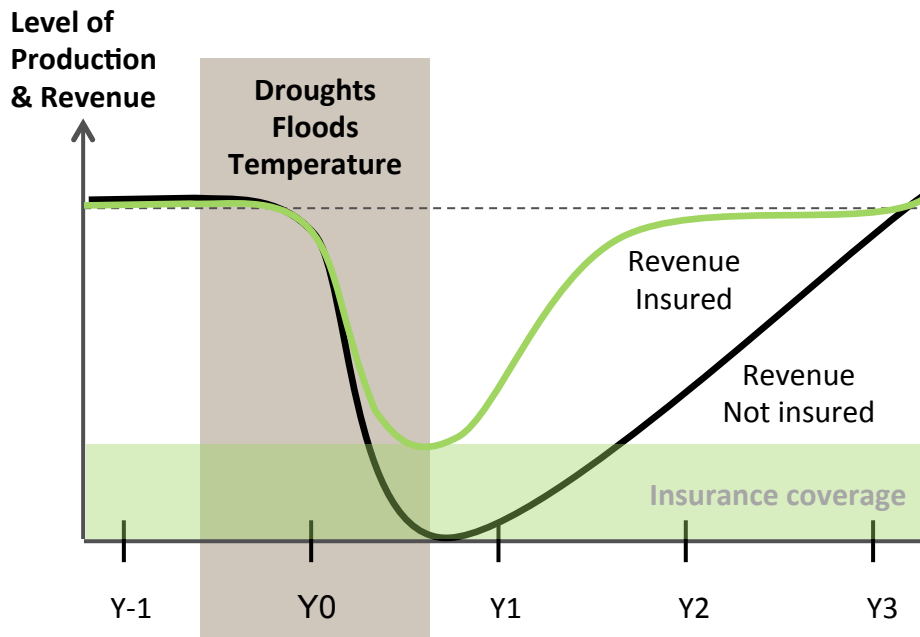
### Insurance to Industry (I2I) Distribution

- To corporations  
(cooperatives, banks & MFIs, agricultural businesses e.g.: cotton companies, maize millers, cocoa exporters)



# PlaNet Gurantee's insurance solutions mitigate the impact of climate events for all players in the value chain

Insurance mitigates the impact of climate events and secures future production...



...stabilizing income in the whole agriculture value chain

## Farmers

### Stabilized income

- Improved food security
- Secured future production (seed purchase)
- Secured financing options (stable income)

## Banks & MFIs

### Reduced Risk in the Portfolio

- Reduced write-offs & recovery costs
- Extended lending business

## Agriculture Businesses (seeds, fertilizers)

### Stabilized Demand/ Revenues

- Stabilized sales to farmers
- Hedged revenue decline
- Grown customer base (subsidizing insurance of farmers)

## Production Companies (millers, cotton companies...)

### Stabilized Supply/ Costs

- Stabilized supply (decreased duration of downturn)
- Hedged costs of climate events
- Grown supplier base (subsidizing insurance of farmers)



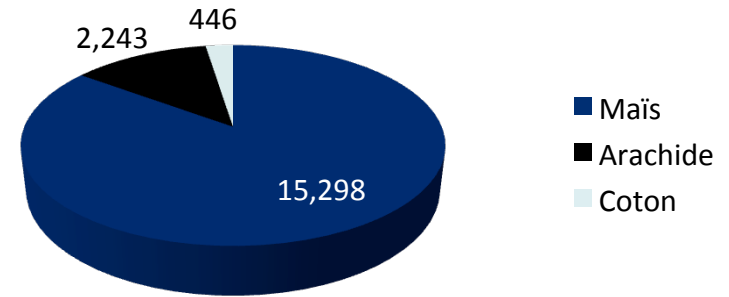
# The Index Insurance Product in West Africa

## Products

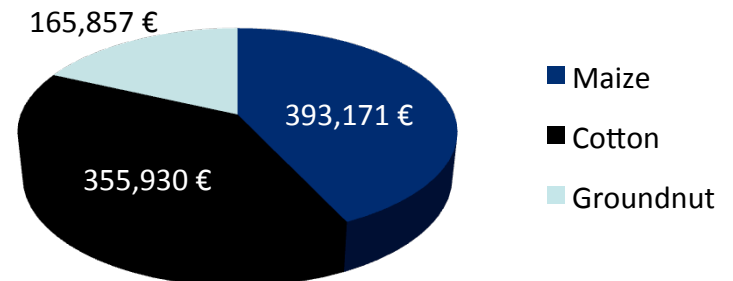
<b>Crop</b>	<ul style="list-style-type: none"> <li>▪ Maize</li> <li>▪ Groundnut</li> <li>▪ Cotton</li> </ul>
<b>Technology</b>	<p><i>Satellite Index</i> Drought Index (maize, cotton), designed with EARS</p> <p><i>Rainfall Index</i> Drought index (maize, groundnut), designed with CIRAD</p> <p><i>Area Yield Index</i> Cotton, designed with I4</p>
<b>Partner</b>	<p><i>Insures</i> Allianz Mali, Allianz Burkina, AMAB, CNAAS</p> <p><i>Reinsurers</i> Swiss Re Corporate Solutions, Cica Re, Africa Re</p> <p><i>Mains Subscribers</i> UNPCB, Ecobank Burkina, ACEP, FECECAM, SORO YIRIWASO, RNCPS, FEPROMAS, CCPA</p>

## 2013 Performance

Number of insured farmers:



Sum Insured (Euros)







# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions





# The intensification of Agriculture in West Africa and the exposure to climate change are driving the demand up for insurance products

## Factors Supporting The Agriculture Intensification

Population is increasing

- Population in West Africa increases by over 2% a year putting pressure on the agriculture value chain

Agriculture is a key concern for governments

- Senegalese Government, for instance spent 1342 billion CFA to support Agriculture (source : IPAR, Analyse du plan d'investissement du Sénégal 2011-2015)
- They are shaping the regulatory frameworks to produce more and better

Financial partners are supportive

- Central Bank estimates at 680 M € the financial needs for inputs every year
- West Africa is highly attractive for foreign investors

## Agriculture is taking off but is dependent on climate...

Facts and figures showing that agriculture in West Africa is intensifying:

- CAGR of agriculture output sector : + 18% in 2012/2013 and + 22% in 2011/2013 (source : BCEAO report)
- CAGR of agriculture productivity sector : 4% of annual growth from 1980 to 2006 on maize in West Africa (source : les potentialités agricoles en Afrique de l'Ouest, FARM)

Facts and figures on vulnerability

- Food security crisis of 2008 remains likely to occur in the coming years
- High demand on commodities will increase prices and negatively impact low income households situations.

## ... which increases the demand for insurances

The actors of the value chain are increasingly asking for new tools to support their activities and reduce the risks embedded into their operations due to climate change

Market size: (average total sum insured per country)

Insurance to Industry

Microinsurance

150 M €

150 M € \*

\*(for the 3 to 4 main crop sectors)



# We noticed an increasing demand for insurance from farmers and from the partners

## Micro insurance business models are currently running in Africa and PG is converting customers in West Africa

---

### 1 In Africa:

Micro-Insurance business models, similar to ours, are currently successfully running in East Africa:

- In 2012, **Kilimo Salama** converted 72 000 farmers in Kenya and Tanzania with index based products. In 2013, 137 000 farmers were insured.
- In 2012, R4 / Harita enrolled approximately 19,000 insurance clients in Ethiopia

### 2 In West Africa:

PlaNet Guarantee is converting customers:

- PG **converted customers** the last 3 years
- 2014 forecasts shows a **strong progression**
- 2014 forecasts are supported by **letters of intent**
- PG trends are close to the one successful players developed in East Africa

## Large corporations are increasingly demanding insurance products in Africa

---

### 3 In Africa:

Insurance to Industry business models, similar to ours, are currently successfully running in East Africa:

- **Kilimo Salama** distributes a large of its portfolio through agregators (large cooperatives).
- Insurers and Reinsurers are increasingly being contacted by agribusiness to set up agri-insurance schemes

### 4 In West Africa:

The Insurance to Industry market is large and PG is getting traction:

- 20 players representing 50% of the market contacted
- 100% interest
- 45% have already shared their data





# PlaNNet Guarantee has a strong position in a supportive environment in West Africa

## PG has the first mover advantage

- 1 Limited competition:**
  - The competition is very limited or non-existent in the regions where PG operates
  - Moreover, the players who want to develop activities in West Africa tend to partner with PlaNNet Guarantee as the company is a broker
- 2 As a first mover, PlaNNet Guarantee developed strong competitive advantages:**
  - Local footprint: In the past 3 years, PlaNNet Guarantee opened 5 offices in 5 different countries. The company employs around 20 people who understand the local constraints and generate business
  - Network: The company is now connected to the local distribution networks
  - Technical capabilities: The organization built strong technical knowledge to deliver state-of-the-art solutions at an affordable cost

## Government are supportive

- 3 Government support:**
  - Framework: Governments are setting up the legal framework to develop the crop insurance business
  - Incentives: Governments are providing incentives to farmers to buy insurances
  - Coordinate: Governments are coordinating end-to-end reviews to secure the agriculture value chain involving the cooperatives, the banks, the MFIs and the agriculture businesses.



# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions





# Planet Guarantee is offering state of the art innovative insurance products

## Key Products

### Insurance for farmers

- Specific coverage for one major risk : drought, decrease in yield...
- Crops : maize, groundnut, cotton
- Target : 2 standard products per country

### Insurance for the industry

- Tailor made product / Portfolio coverage
- Direct business impact and marketing / corporate social responsibility strategy (strengthen partnership with farmers, share insurance benefits...)

## Technologies

### Satellite based index :

Relative Evapotranspiration, designed by EARS  
Rainfall Estimates, designed in partnership with IFC and IRI

Rainfall based index:  
with CIRAD

Area Yield index : for  
cotton, with I4

## The process

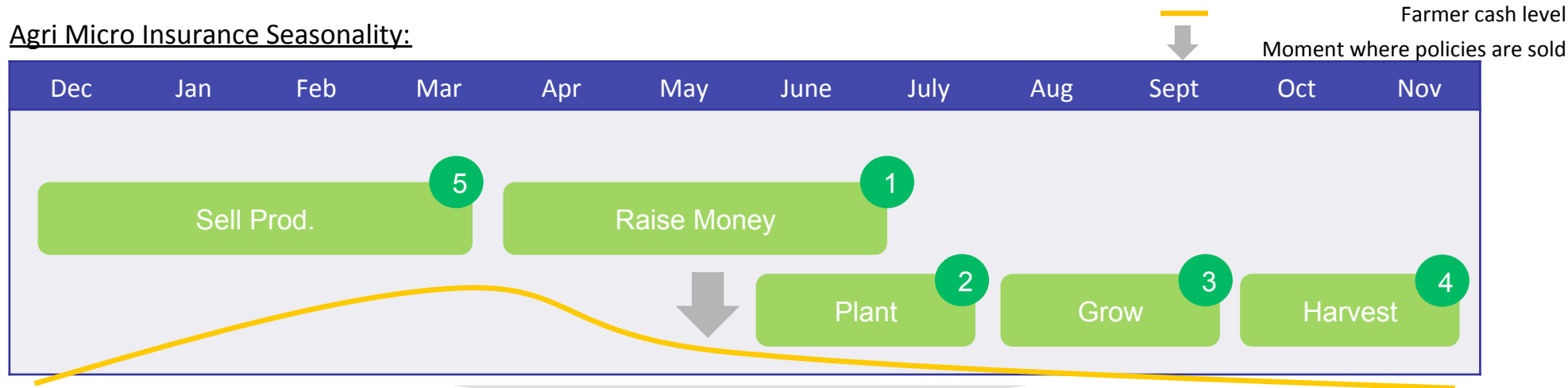
- Clear validation process conducted on the field with farmers, research institutes to make sure products are compliant with expectations  
→ lower basis risk
- Index insurance allows to maintain low management costs

- In-house products design  
→ better and quicker response to the demand
- Strong partnerships with research institutes  
→ high quality and innovative products
- Free available data is used as much as possible
- Insurance Partners : ALLIANZ AFRICA, CNAAS, SWISS RE CORPORATE SOLUTIONS



# External financing to farmers is key to PlaNet Guarantee; at the time insurances are purchased farmers have no money

## Agri Micro Insurance Seasonality:



### Process:

1. Raising money : input loans from MFIs, Banks, coops;
2. With the money raised, farmers buy crops to plant;
3. Once, crops are planted, farmers let them grow;
4. Farmers harvest;
5. Farmers collect money through sales.

### Remarks:

1. With the money collected from the sales, the farmers pay back the loan. You can't contract a new loan without paying back the first one.
  2. After the farmers buy the crops they do not have money.
- ➔ In most cases, microinsurance is sold based on a pre-financed premium by the lender, or on a co-payment.
- ➔ Insurance to industry must suffer from less cash issues



# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions

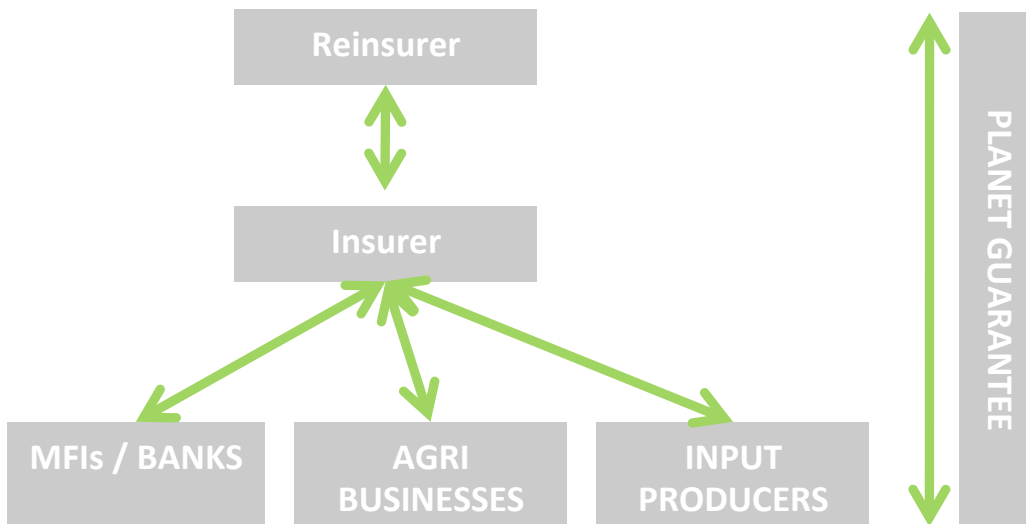




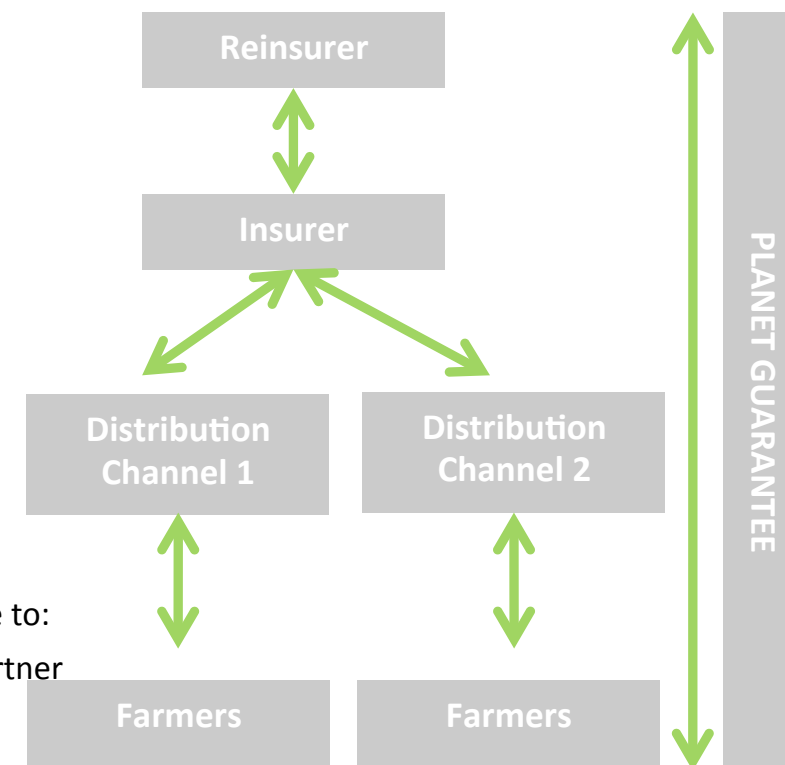


# The products are indirectly distributed to farmers & directly to the Agriculture Industry

## INSURANCE TO INDUSTRY DISTRIBUTION



## MICROINSURANCE DISTRIBUTION



Distribution is one of the main key factors of success in index insurance. It is imperative to:

- Find an efficient process to quickly access the sales data, without overwhelming the partner institution
- Collect the premium before the insurance coverage actually starts (for legal reasons)
- Once the distribution process is properly set up, other products will be sold to the farmers, in order to increase the profitability of this channel

Irrespective of the model (micro or aggregator) the farmer reaps direct and indirect benefits for example through increased access to finance, cash payout or loan cancellations.



# Distribution Strategy - Inclusive Distribution

- PlaNNet Guarantee works with MFIs, Banks, Cooperatives, Agri Businesses, Input dealers. They all have their business model and can be interested by insurance (see example value proposition for bank below).
- MFIs and Banks will now include the insurance scheme in their input loans. Cooperatives can purchase directly or through their financial partners. Agribusiness and Input dealers can distribute as a new business or deliver it as an additional service they offer
- Mobile technologies will certainly help distributing and managing the products

- Credit scalability through risk coverage**  
10% increased loan acceptance
- Potential simplification of credit worthiness checks**  
5% decrease in loan costs
- Reduction of efforts for loan recovery**  
10% reduction of loan costs
- Reduction of write-offs**  
Regular year 2,5% → reduction 20%  
Drought year 20% → reduction 50%

Exemplary loan portfolio	5,000,000 USD
<b>Net income - Baseline</b>	<b>250,000 USD</b>
1 <b>Credit scalability through risk coverage</b> 10% increased loan acceptance	50,000 USD
2 <b>Potential simplification of credit worthiness checks</b> 5% reduction of loan costs	42,000 USD
3 <b>Reduction of efforts for loan recovery</b> 10% reduction of loan costs	84,000 USD
4 <b>Reduction of write-offs</b> Regular year 2,5% → reduction 20% Drought year 20% → reduction 50%	25,000 USD 500,000 USD
<b>Potential income increase + cost reduction – regular</b>	<b>201,000 USD</b>
<b>Potential income increase + cost reduction – drought</b>	<b>676,000 USD</b>
<b>New Net Income – regular year</b>	<b>451,000 USD</b>



# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions



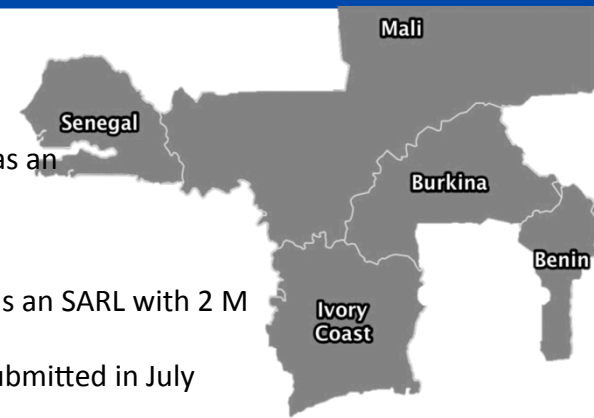


# PlaNNet Guarantee Key Figures

<b>Main Shareholders</b>	<ul style="list-style-type: none"> <li>Planet Finance</li> <li>Pléiade Conseil</li> <li>Finaréa</li> </ul>
<b>Headquarters</b>	<ul style="list-style-type: none"> <li>Planet Guarantee Paris</li> </ul>
<b>Global reach</b>	<ul style="list-style-type: none"> <li>5 offices in Western Africa</li> <li>Operations in 9 countries: LatAm, Southern Africa, France, Philippines, MENA</li> </ul>
<b>Established</b>	<ul style="list-style-type: none"> <li>2007 (Paris)</li> <li>2011 (Dakar office)</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>5 (Paris)</li> <li>19 (local offices)</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Agricultural Insurance</li> <li>Health &amp; Life Insurance</li> <li>Consulting Services</li> </ul>
<b>Number of insurances</b>	<ul style="list-style-type: none"> <li>&gt; 180.000 in health &amp; life</li> <li>&gt; 18.000 in agriculture</li> </ul>
<b>Revenues 2013</b>	1.5 mn EUR

## PlaNNet Guarantee Western Africa

Senegal	<ul style="list-style-type: none"> <li><b>Regional HQ</b></li> <li>Registered since April 2011 as an SA with 14 M FCFA in equity</li> <li>Brokerage license obtained</li> </ul>
Mali	<ul style="list-style-type: none"> <li>Registered since May 2012 as an SARL with 2 M FCFA in equity</li> <li>Brokerage license request submitted in July 2013</li> </ul>
Burkina Faso	<ul style="list-style-type: none"> <li>Registered since February 2012 as an SARL with 2 M FCFA in equity</li> <li>Brokerage license obtained</li> </ul>
Benin	<ul style="list-style-type: none"> <li>Registered since February 2012 as an SARL with 2 M FCFA in equity</li> <li>Brokerage license request submitted in March 2013</li> </ul>
Côte d'Ivoire	<ul style="list-style-type: none"> <li>Registered since March 2013 as an SARL with 2 M FCFA in equity</li> <li>Brokerage license obtained</li> </ul>



### Key Partners

Primary insurance companies

- CNAAS
- Allianz Mali
- Allianz Burkina
- AMAB (Benin)
- Allianz Côte d'Ivoire

Reinsurance companies

- Swiss Re Corporate Solutions, Africa Re, Cica Re

GLOBAL INDEX INSURANCE FACILITY



FUNDED BY



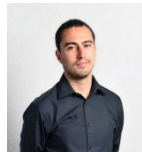


# Expert Team

## François-Xavier Albouy



PhD in Economics, François-Xavier built a strong experience both in insurance and economic development. First Director of Strategy, he became Director of International Development at Malakoff Mederic which he joined in 2007, after managing teams of technical assistance from 2004 to 2007 for several economic development consulting companies. He also held Direction of Development in several insurance companies. He also founded the “Risques” Revue, as well as a Master Degree of Insurance at the University of Paris-Dauphine.



## Mathieu Dubreuil

Mathieu Dubreuil – Programme Manager - Mathieu Dubreuil is responsible for all crop insurance programs for PlaNet Guarantee and has been based in Senegal since June 2011. He is also Development Manager of PlaNet Guarantee and heads the subsidiaries in Senegal, Mali and Burkina Faso. He started PlaNet Guarantee in 2007 as a subsidiary of PlaNet Finance Group and has specific expertise in index insurance.

## Sébastien Weber



Sébastien has been managing Microinsurance programs at PlaNet Guarantee’s Headquarters since May 2010. Previously, Sébastien was in charge of several local development projects for three years in Reunion Island, Madagascar and Chad. He then managed a two-year Technical Assistance program with two MFIs in. Sébastien holds a Master’s Degree in International Economy from the University of Paris – IX Dauphine and a Master’s Degree in Local Management and Economical Calculation from the University of La Réunion.



## Luc Kafando

Luc S. KAFANDO is the index expert of the Project based in Dakar, Senegal. He joined the project on 1<sup>st</sup> of September 2011. He is particularly in charge of the development of indices for agricultural insurance. Prior to this, Luc worked for the Ministry of Agriculture and Water Resources of Burkina Faso. He was in charge of crop monitoring and evaluation. He was the focal point of national pilot project to promote the cultivation of sesame in Burkina Faso. Luc is an Agrometeorological Engineer and graduate from AGRHYMET (Niamey / Niger).





# Agenda

1. Overview of Planet Guarantee
2. Marketplace & Competition:  
Crop Insurance in West Africa
3. Product Development and Pricing
4. Marketing and Distribution
5. Organizational Status
6. Risks & Mitigation Actions





# Risks & Mitigating Actions

## Supply chain risk

- **Global disorder in the financing of products** - manage the refinancing risk through partnerships with investment funds and banks ; increase the deals with large aggregators and retain the risk upfront
- **Distributers**
  - Too low incentives → Increase incentives (Price increase/ Renegotiations with Insurers) → Highlight benefits (increased customer retention, decreased credit risks, stabilization of income...)
  - High operational efforts for the distributor → Simplified distribution process (Compulsory distribution or portfolio insurance)
- **Affordability** - Too high price for farmers → Financing support (cooperations with banks & MFIs), Price decrease (optimization of insurance strikes), increase government support through premium subsidies or tax breaks

## Demand risk

- **Dependency on one/few major clients** - Diversify distribution partners and hire commercial director to maximise interest from a variety of channels

## Country risk

- **Insurance Regulatory Authority does not approve products** - Involve authorities in the process; provide trainings to regulatory authority

## Product Design Risk

- **High Basis risk** - Work with partners that have access to long series of data and quality data providers; involve farmers in process so they understand the risk



# Contacts

## PLANET GUARANTEE

44, rue de Prony  
75017 Paris - France

## PLANET GUARANTEE SENEGAL

Villa 9447 Sacré Coeur III  
BP 16 970 Dakar - Senegal

[ars@planetguarantee.org](mailto:ars@planetguarantee.org)

Tel : +221 33 867 33 28 / +221 77 801 83 11 / +33 6 21 91 45 37