

2023-12 | Climate insurance for breeders and pastoralists, Senegal

Financial sector partner (FSP)	Compagnie Nationale d'Assurance Agricole du Sénégal (CNAAS)	SCBF contribution	CHF 58,715 (70%)
Grantee/TA provider	IBISA S.A	Matching contribution	CHF 16,400 (20%) - FSP CHF 8,940 (11%) - Grantee
Country	Senegal	Theme	Financial Resilience
Duration	Jun 2023 – Aug 2024	Product	Index-based livestock insurance
Potential outreach	4,000	Target group	Low-income clients (Pastoralists and breeders)
Thereof women	n/a		

CONTEXT

The economy of Senegal is compelled with sectors of tourism, mining, construction, agriculture, and fisheries which provide large numbers of employment in the country. Livestock is one of the key economic factors which contributed to 31% of GDP in Senegal. However, most of the livestock farmers are extremely poor, and their livelihoods mainly rely on pastoralism which is one of the main sustainable resources and the primary source of income for agro pastoralists, who represent about 1/3rd of the rural population in Senegal. The economic loss of livestock and livestock-based products and death of animals due to climate change, especially droughts in the Sahel region are extremely high and pastoralists bear a large part of it. This project proposes an innovative drought risk financing and insurance solution which will be formed by a weather index satellite-based insurance product covering deficit rainfall for pastoralists and breeders in Senegal. The product has been co-developed with CNAAS (Senegal agriculture insurer) and RBM (the network of breeders and pastoralists of West Africa), IBISA, a technology company with capability of designing and operating index insurance products, has joined forces with them set up the tailored parametric insurance product.

CURRENT STATUS OF THE FSP

CNAAS is an insurance company specializing in the coverage of agricultural risks. It is a public limited company with a capital of FCFA 3,155,490,000 governed by the CIMA Insurance Code, divided between the State of Senegal (45%), farmers' organizations, Senegalese insurance, and reinsurance companies, an Ivorian reinsurance company, and private nationals. CNAAS's mission is to insure farmers and livestock breeders against risks that may affect their assets.

OBJECTIVES AND MAIN ACTIVITIES

Overall objective is to increase the resilience of livestock farmers to climatic shocks by developing a pastoral insurance with drought cover that is accessible and affordable for pastoralists in Senegal. The long-term objective is to establish and operationally secure the value chain of the insurance product between IBISA, RBM, CNAAS, and the reinsurer for the benefit of the pastoralists in Senegal. To achieve these, following activities will be taken up:

1. Product refinement and its distribution to enable the scale-up by PFI (CNAAS).
2. Improvements to the onboarding app to enable remote onboarding of farmers.
3. Streamline communications with agents to enhance speed, frequency and quality of the messaging delivered to farmers throughout the drought season.
4. Launch of the Product: Onboard all customers
5. Adapt and enhance the claims process automation - the notification and policy validation processes and explore the adjustment of the pay-out via a dedicated policy management platform for CNAAS with real-time data.
6. Explore the market opportunity and development of new insurance products with the CNAAS.

Upon completion of this project, the financial institution should be able to take up this initiative and implement the national level insurance programme for the proposed product.

Partnering with:

