



29TH AIO CONFERENCE
27TH – 30TH MAY KHARTOUM, SUDAN



**MICROINSURANCE AS STIMULUS
FOR MICROFINANCE**
“ SUDAN VIEW ”

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MICROFINANCE SYSTEM IN SUDAN

A: REGULATOR : CENTRAL BANK OF SUDAN [CBOS] – MICROFINANCE UNIT

- LEGISLATIONS
- CAPACITY BUILDING
- PROMOTER OF MICROFINANCE SECTOR IN SUDAN.
- CBOS DIRECTED COMMERCIAL BANKS TO ALLOCATE 12% OF THEIR TOTAL LENDING PORTFOLIOS TO MICROFINANCE
SDG 3 BILLION [ABOUT \$ 1. BILLION] 1 SDG = 0.36.00

MICROFINANCE SYSTEM IN SUDAN

B: MICRO FINANCE SUPPLY:

1/ BANKING SYSTEM

- 33 COMMERCIAL BANKS ARE FUNCTIONING, 20 BANKS PROVIDING MICROFINANCE SERVICES
- AMAN FUND
 - SDG 200,000,000 [\$ 72,000,000]
 - 75% BANKS
 - 25% ZAKAT AUTHORITY
- LOAN SIZE UP TO SDG 20,000.00 [ABOUT \$7,000]

MICROFINANCE SYSTEM IN SUDAN

2/ SOCIAL FUNDS

A. NATIONAL PENSIONERS' FUND

B. GRADUATE EMPLOYMENT PROJECT

C. OTHERS

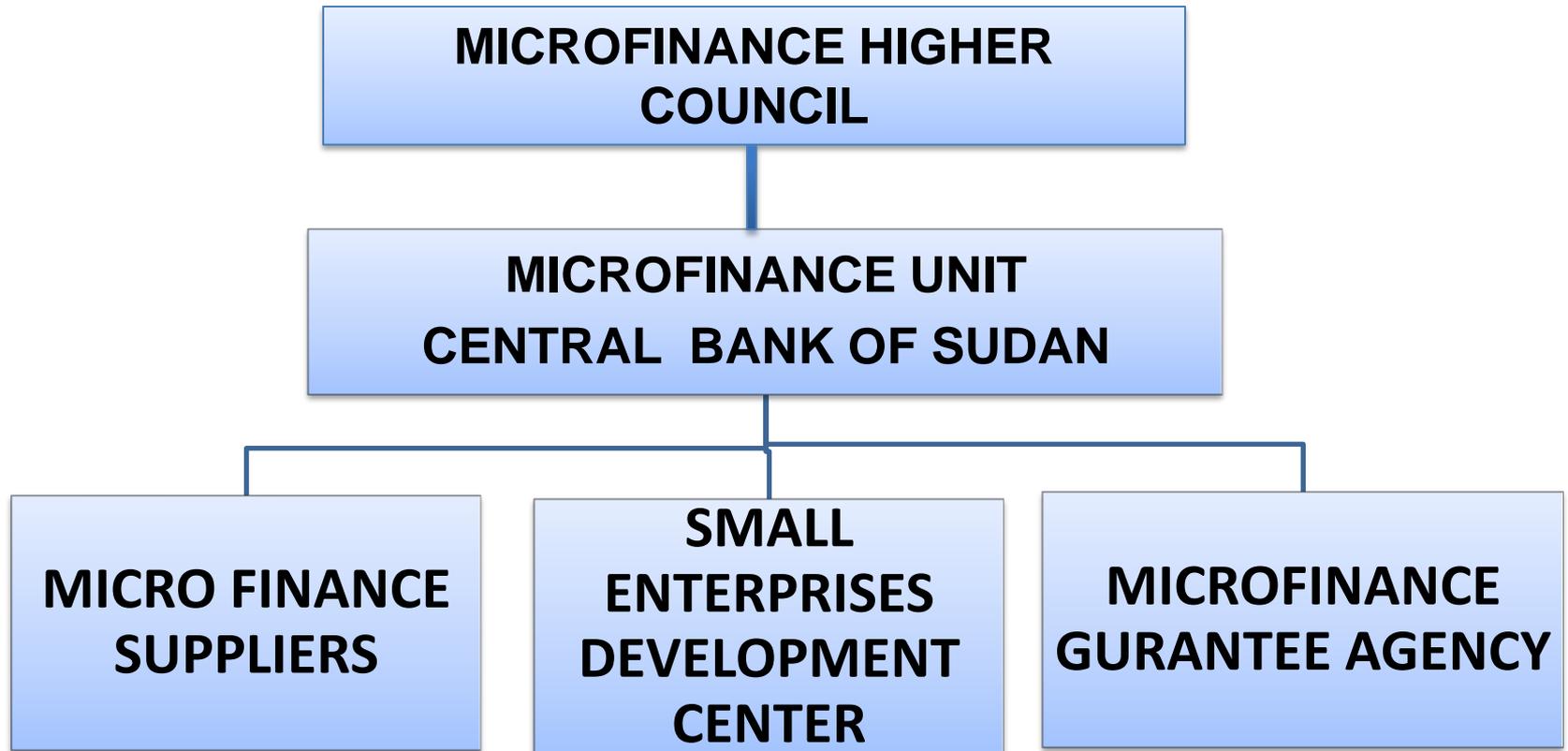
- PROVIDE SUPPORT TO POOR AND LOW INCOME GROUPS, INCLUDING WOMEN, THE ELDERLY, STUDENTS, GRADUATES , AND PENSIONERS

MICROFINANCE SYSTEM IN SUDAN

C: KEY STAKEHOLDERS / SUPPLIERS

- FEDERAL GOVERNMENT
- STATE GOVERNMENTS
- LOCAL GOVERNMENTS BELOW STATE LEVEL
- BANKING SYSTEM
- INSURANCE SECTOR
- PROJECTS , FUNDS, PROGRAMS, SCHEMES
- NGOs
- PRIVATE SECTOR
- TRAINING INSTITUTIONS AND UNIVERSITIES

MICROFINANCE SYSTEM

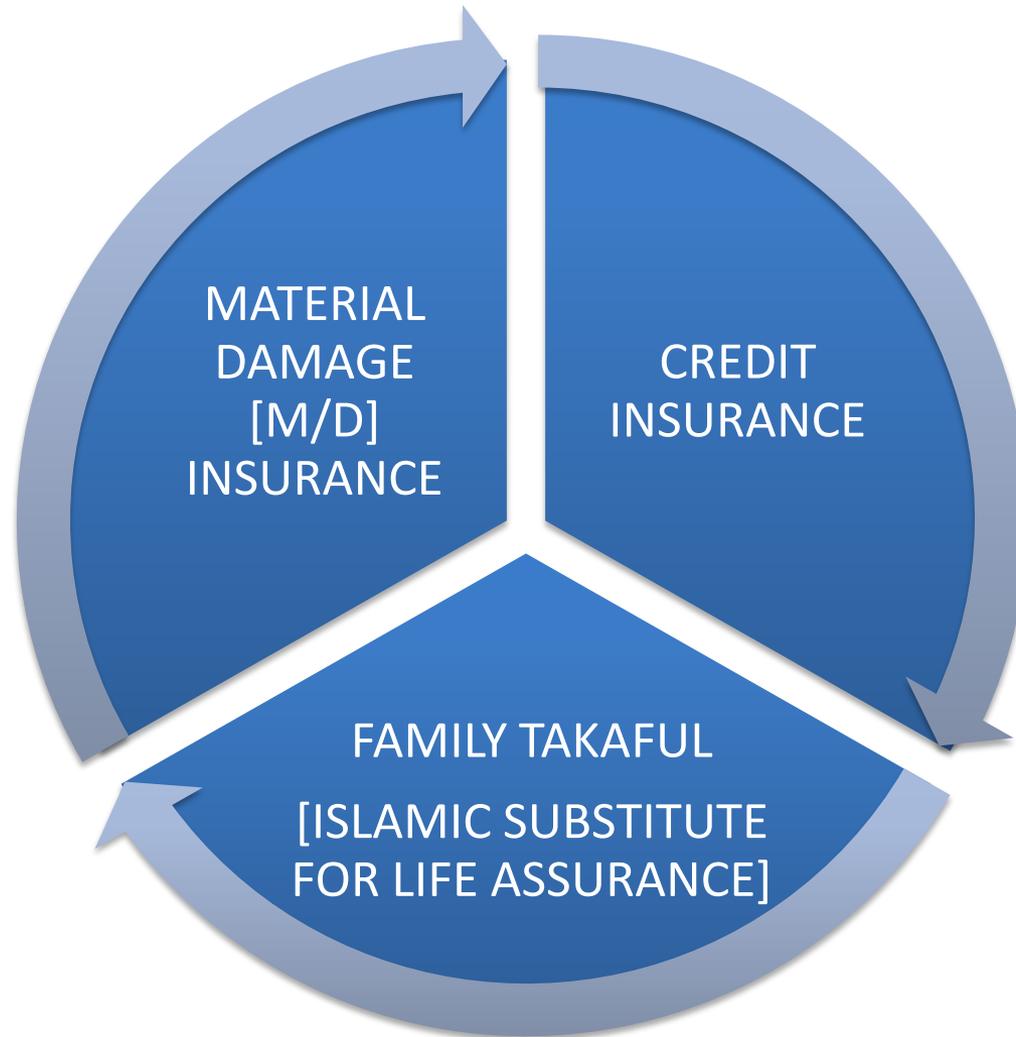


MICROINSURANCE AS STIMULUS FOR MICROFINANCE

- IN 2008 SUDANESE INSURANCE MARKET LAUNCHED MICROINSURANCE PRODUCT IN RESPONSE TO THE CBOS DIRECTION TO THE COMMERCIAL BANKS TO PROVIDE MICROFINANCE .
 - TO FILL THE GAP IN MICROFINANCE CYCLE.
 - TO ENCOURAGE BANKING SYSTEM TO FINANCE SMALL ENTERPRISES TO HELP POVERTY ALLEVIATION.
 - TO PROTECT MICROFINANCE FUNDS AGAINST DEFAULT RISK.
 - TO HELP IMPLEMENTATION OF CBOS MICROFINANCE STRATEGY.

❖ HOW PACKAGE OF COVERS CONTROLS MICROTAKAFUL RISKS

SHIEKAN AS A MULTI-LINES INSURER PROVIDES A PACKAGE OF COVERS



*** MATERIAL DAMAGE CLASSES**

- LIVESTOCK.**
- FIRE & BURGLARY.**
- MB.**
- EE.**
- MOTOR.**
- AGRICULTURAL.**

INSURED PERCENTAGE :

- **CREDIT INSURANCE** **90%**
- **MATERIAL DAMAGE INSURANCE** **100%**
- **FAMILY TAKAFUL [LIFE]** **100%**

MICROINSURANCE SUCCESSFUL PRACTICES

- **MICROINSURANCE PILOT PROJECT 2008 -2011**
- **CONNECTING FARMERS TO MARKETS PROJECTS 2011**

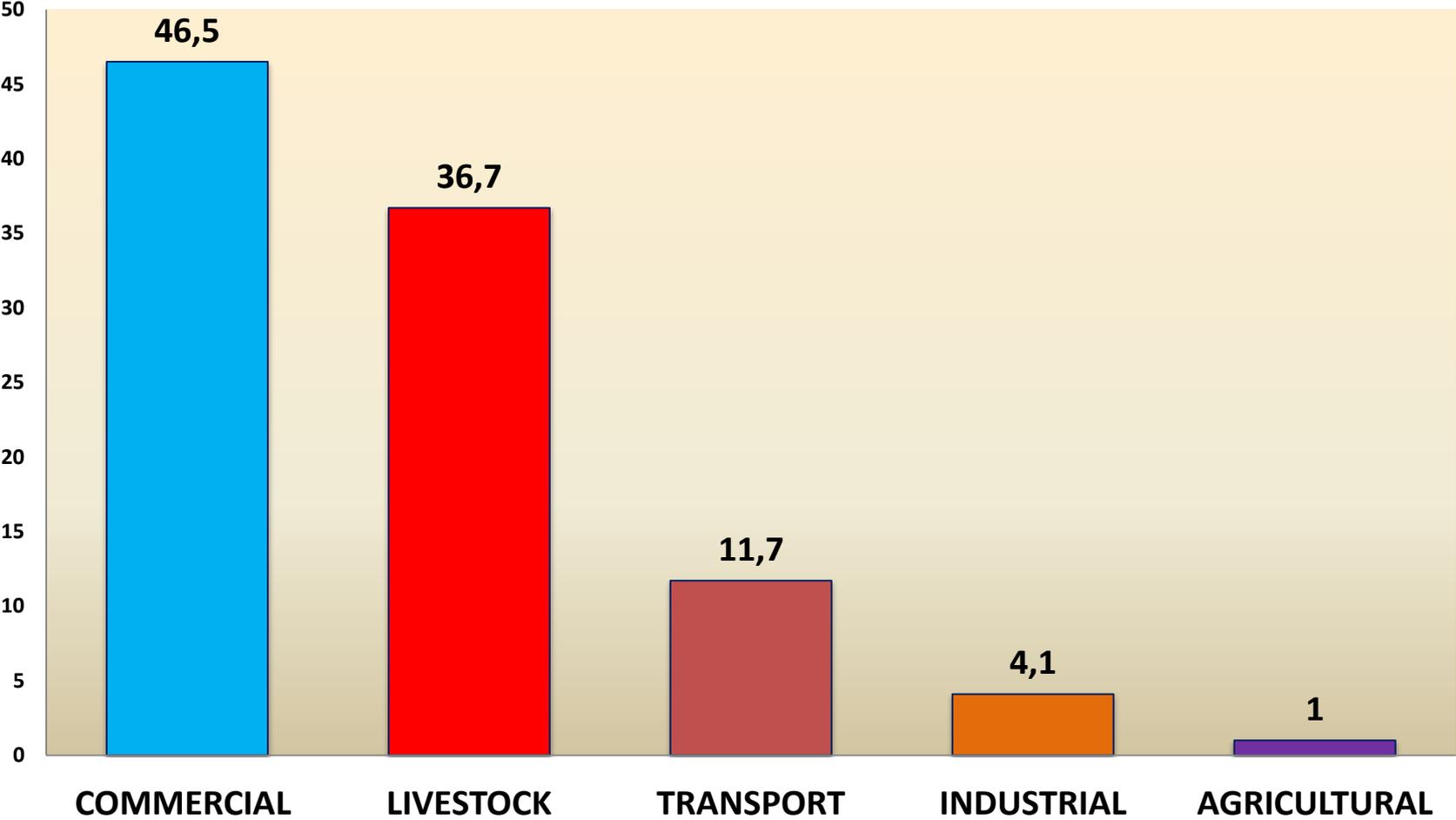
MICROINSURANCE PILOT PROJECT 2008 -2011

PARTICIPANTS:

- SAVINGS AND SOCIAL DEVELOPMENT BANK.**
- FAMILY BANK.**
- REAL ESTATE COMMERCIAL BANK.**
- FARMER COMMERCIAL BANK.**
- SUDANESE AGRICULTURAL BANK.**
- ISLAMIC CO-OPERATIVE DEVELOPMENT BANK.**
- ANIMAL RESOURCES BANK.**
- INDUSTRIAL DEVELOPMENT BANK.**
- AL SHAMAL ISLAMIC BANK.**
- OMDURMAN NATIONAL BANK.**



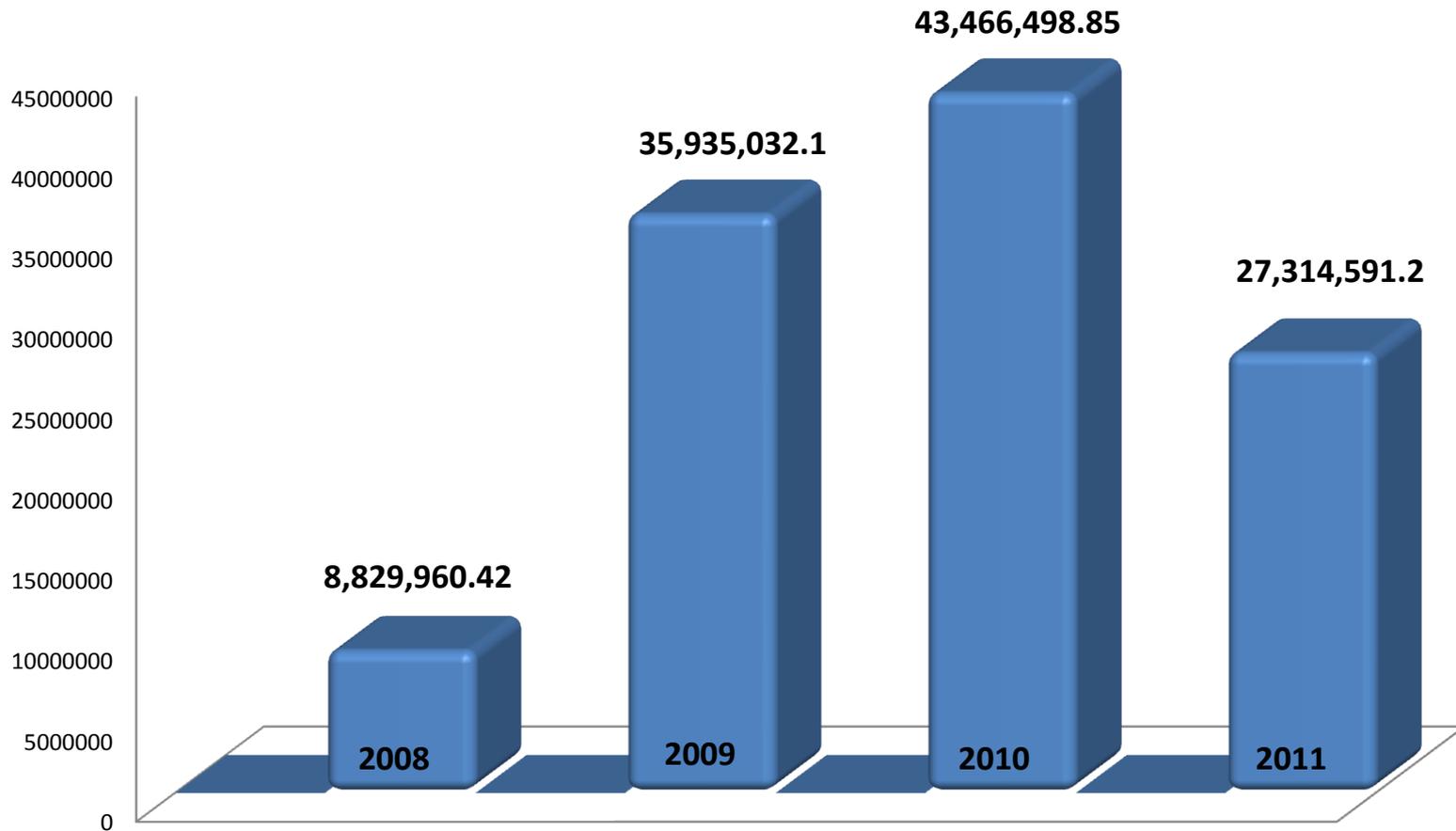
SECTORS INSURED: 2008 TO 2011



MICROINSURANCE PILOT PROJECT BUSINESS 2008 - 2011

YEAR	BUSINESS INSURED SDG	PREMIUM SDG	BENEFICIARIES
2008	8,829,960.42	382,371.21	752
2009	35,935,032.10	2,112,768.70	8555
2010	43,466,498.85	2,228,223.05	6099
2011	27,314,591.20	1,615,477.00	1759
TOTAL	115,546,082.57	6,338,839.96	17,172

PILOT PROJECT BUSINESS INSURED 2008 - 2011











YINXIANG

YX200CC

Bike Boys

YINXIANG











CONNECTING FARMERS TO MARKETS PROJECT

KEY CONCEPT / THEME OF THE PROJECT:

- TO ENABLE SMALL- SCALE FARMERS TO GET OUT OF THE CYCLE OF UNDER –PRODUCTION AND POVERTY.**
- BECOME SELF- SUFFICIENT AND PRODUCE A SURPLUS.**

MAIN OBJECTIVES:

- **TO CONNECT SMALL – SCALE FARMERS [LESS THAN 5 TO 10 FEDDANS] TO FOUR “MARKETS” .**
- **MARKET FOR MICR- CREDIT.**
- **MARKET FOR MICRO- INSURANCE.**
- **MARKT FOR EXTENTION SERVICES.**
- **MARKET FOR SALE.**

CONNECTING FARMERS TO MARKETS:

PARTENERS:

- **MICROFINANCE UNIT, CENTRAL BANK OF SUDAN (MFU).**
- **UN WORLD FOOD PROGRAMME (WFP).**
- **UNDP.**

CONNECTING FARMERS TO MARKETS

1

**MICRO
FINANCE**

2

**MICRO
INSURANCE**

3

**AGRICULTURE
EXTENTION
SERVICES**

4

**AGRICULTURE
CROPS
MARKETS**

CONNECTING FARMERS TO MARKETS:

- PARTICIPANTS

- BANK OF KHARTOUM .**

- FAMILY BANK.**

- SAVINGS AND SOCIAL DEVELOPMENT BANK.**

CONNECTING FARMERS TO MARKETS:

FINANCE SDG	PREMIUM SDG	BENEFICIARIES (FARMERS)
17,000,000.00	935,000.00	66,000

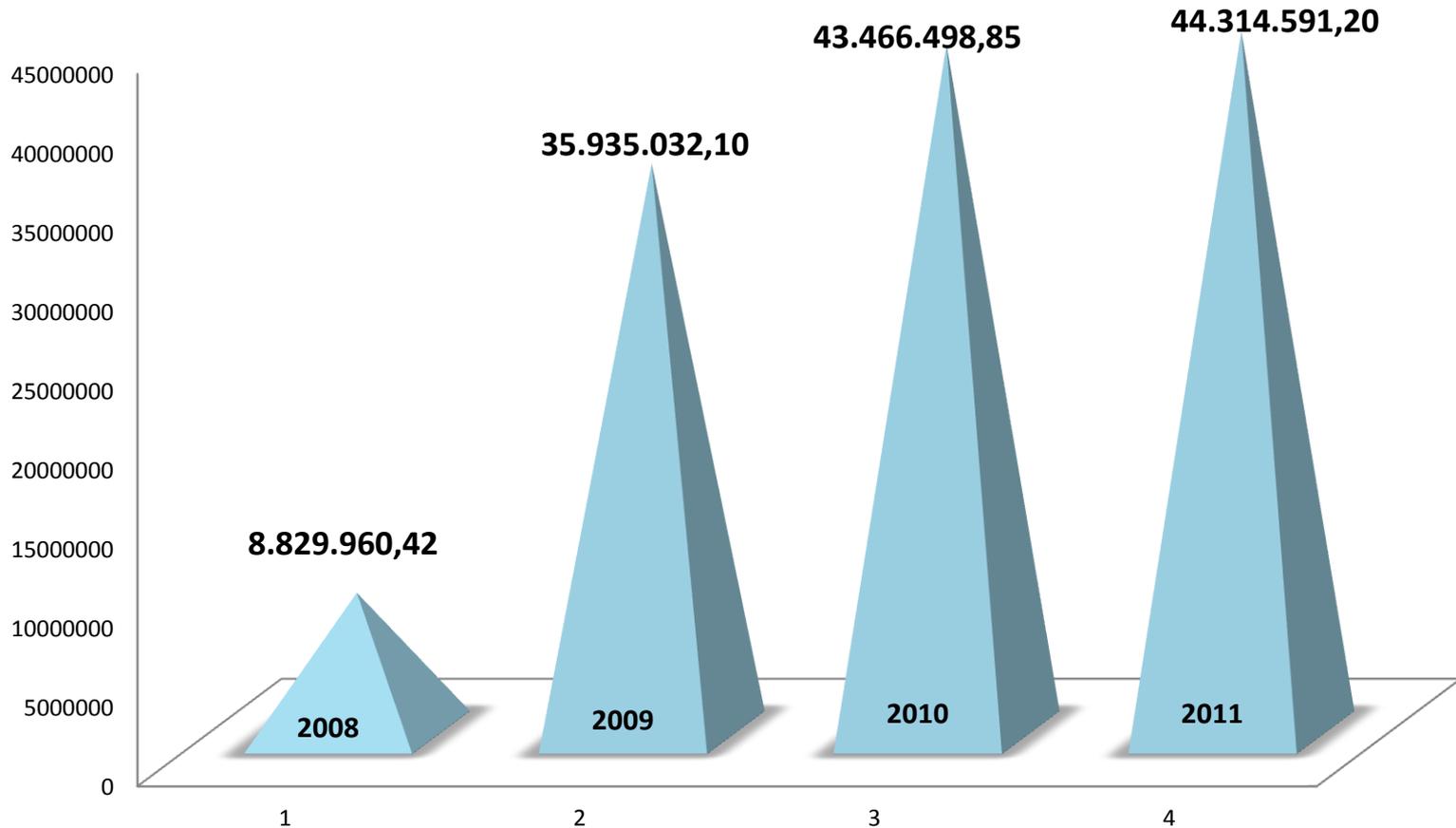


MICROINSURANCE PILOT PROJECT & CONNECTING FARMERS TO MARKETS BUSINESS 2008 - 2011

YEAR	BUSINESS INSURED SDG	PREMIUM SDG	BENEFICIARIES
2008	8,829,960.42	382,371.21	752
2009	35,935,032.10	2,112,768.70	8555
2010	43,466,498.85	2,228,223.05	6099
2011	44,314,591.20	2,550,477.00	67,760
TOTAL	132,546,082	7,273,839	83,172

BUSINESS INSURED 2008 – 2011

PILOT PROJECT & CONNECTING FARMERS TO MARKETS



GOVERNMENT SUPPORT:

- ❖ GOVERNMENT PAY 50% OF AGRICULTURAL INSURANCE PREMIUM TO INSURANCE COMPANIES.

WHO BEAR THE PREMIUM:

- MATERIAL DAMAGE COVER – BENEFICIARIES OR PARTICIPANT**
- FAMILY TAKAFUL (LIFE) COVER - BENEFICIARIES OR PARTICIPANT**
- DOMESTIC CREDIT COVER – PARTICIPANT (BANK) ONLY.**

LOSS PREVENTION MEASURES AS RISK CONTROL TOOL FOR MICROINSURANCE:

LOSS PREVENTION DEPARTMENT:

- THE MEASURES TAKEN TO REDUCE THE PROBABILITY OF OCCURRENCE OF A LOSS INCLUDE:-

1/ RISK ASSESSMENT

2/VETERINARY SERVICES

3/TECHNICAL SUPPORTS

4/POST LOSS SURVEY

5/RISK IMPROVEMENT ADVICE

6/CORRECTIVE ACTIONS.

- **MICROINSURANCE OPERATORS :**
- **SHIEKAN INSURANCE & REINSURANCE CO.**
- **ISLAMIC INSURANCE CO.**
- **AL TAWONIA INSURANCE CO.**
- **AL BARAKA INSURANCE CO.**
- **MICROINSURANCE POOL (UNDER ESTABLEISHMENT).**

MICROINSURANCE OPPORTUNITIES :

- HUGE MICROFINANCE FUND.**
- MICROFINANCE INFRASTRUCTURE.**
- REGULATOR**
- MICROFINANCE SYSTEM.**
- LEGISLATIONS.**
- GOVERNMENT'S SUPPORT.**

MICROINSURANCE CHALLENGES :

- MICROFINANCE AWARENESS.**
- EFFICIENT RISK MANAGEMENT TOOLS.**
- LACK OF CREDIT INFORMATION.**
- MORAL HAZARD.**
- REINSURANCE CAPACITY.**
- INSURANCE PRODUCTS EXPANSION**

BENEFITS OF MICROINSURANCE

- **LOAN GURANTEE FOR FINANCE PROVIDERS**
- **POLICY HOLDERS ENTITLED TO SURPLUS**
- **REDUCE INSURANCE COST**
- **POLICYHOLDERS BENEFITS FROM LOSS PREVENTION SERVICES**
- **REDUCE ECONOMIC WASTE**
- **SOCIAL RESPONSIBILITY**
- **HELP POVERTY ALLEVIATION**
- **A METHOD OF CO-OPERATION BETWEEN PARTICIPANTS**

