


PART ONE

AGRICULTURE RISK FINANCING AND INSURANCE IN TANZANIA – “*A JOURNEY OF FOUR YEARS (2012 – 2016)*”

- In 2010 PMO tasked a working team of twelve (12) members (from Public and Private Sectors) to study the possibility of introducing a Methodology of CWII practice in Tanzania.
- In 2011 the team completed its work and submitted a report with eight (8) Recommendations:



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- It is possible to implement CWII pilots in Tanzania.
 - A TSU with a seasoned specialist in CWII pilots from any of the international development agencies needs to be in place.
 - The government should engage development partners and international donor agencies to support CWII pilots. The WB is quite active in this area and could be approached to give technical assistance to start the TSU and CWII pilots.
 - Weather infrastructure needs to be automated at the required density.
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- Extension services need to be strengthened in terms of personnel.
- Initially, the public sector needs to take the lead by bearing much of the risk and costs in enabling CWII to take off. The capacity and role of the private sector will be limited without public sector support during the initial stage.
- Skill and capacity building and awareness in crop weather index insurance for all stakeholders needs to be undertaken.



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- Of all the methodologies reviewed, the team found that the best methodology, in terms of the cost effective approach, for providing weather index insurance, lies in PPP participants to cooperate to share costs and risks and to allow realization of synergies in products and services in order to make weather index insurance scalable, affordable and sustainable in Tanzania. For this to start, in the initial stages the public sector has to take the lead as has been found true worldwide.



History of Agri-Insurance in Tanzania:

- Todate, Tanzania has experienced a number of CWII pilot studies offered by insurers.
- Just to mention a few of these:
 - The 1st CWII pilot was designed in 2005 with the assistance of the World Bank but did not take off due to the delivery channel pulling out of the project just before launching.



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- The 2nd CWII pilot was offered in 2009 with the initiative of Macro-Ensure who acted as the Technical support Unit. i.e. the Indexing, contract design and the end to end solution on the technical aspects of the product as well as the coordination of all stakeholders were provided by them, which might have led to its failure.
- Currently, there are a number of CWII pilots going on in the country, being run by insurers on a single crop of say, sunflower in Dodoma, Cotton in Mwanza, Cashew nuts in Mtwara and Beans/Maize in Iringa Regions.


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- It should be noted that in 1996 NIC launched a product on Livestock insurance.
- The product was designed to cover certain diseases while excluding others and it targeted zero-grazing livestock keepers. The product failed due to the fact that there were very few zero grazing livestock keepers as the majority are migratory pastoralists.



CRUCIAL FACTORS FOR CWII SUCCESS:

The team had come up with five key factors for CWII business to succeed in Tanzania:

- Making insurance affordable to farmers and other end-users.
 - Local insurers to have capacity to provide coverage.
 - Sensitization of all stakeholders on the importance of CWII
 - Technical support from development Partners.
 - Combination of efforts between the Government, Development Partners, Farmers and Insurers/Reinsurers.
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PROPOSED TECHNICAL SUPPORT ASSISTANCE PROGRAM:

- TIRA has since then been engaging various Partners especially the World Bank and MFW4A with a view to bringing together a multi-ministry and private sector grouping as the primary interface for the proposed technical assistant program.



OBJECTIVES OF THE ROUND TABLE DISCUSSION

- We intend to use this platform to:
 - Guide the development of a Government led National Strategy on Agricultural Insurance; and
 - Design and Launch of a pilot program for Key agricultural commodities, such as maize, rice and/or livestock in a few selected regions.



CHAPTER TWO

OBJECTIVES OF LIBERALIZATION OF INSURANCE BUSINESS

- Transforming the insurance industry into a sound and competitive agent for national savings mobilization and development investment channeling.
- Promoting insurance sector as an effective catalyst for enhanced economic growth.

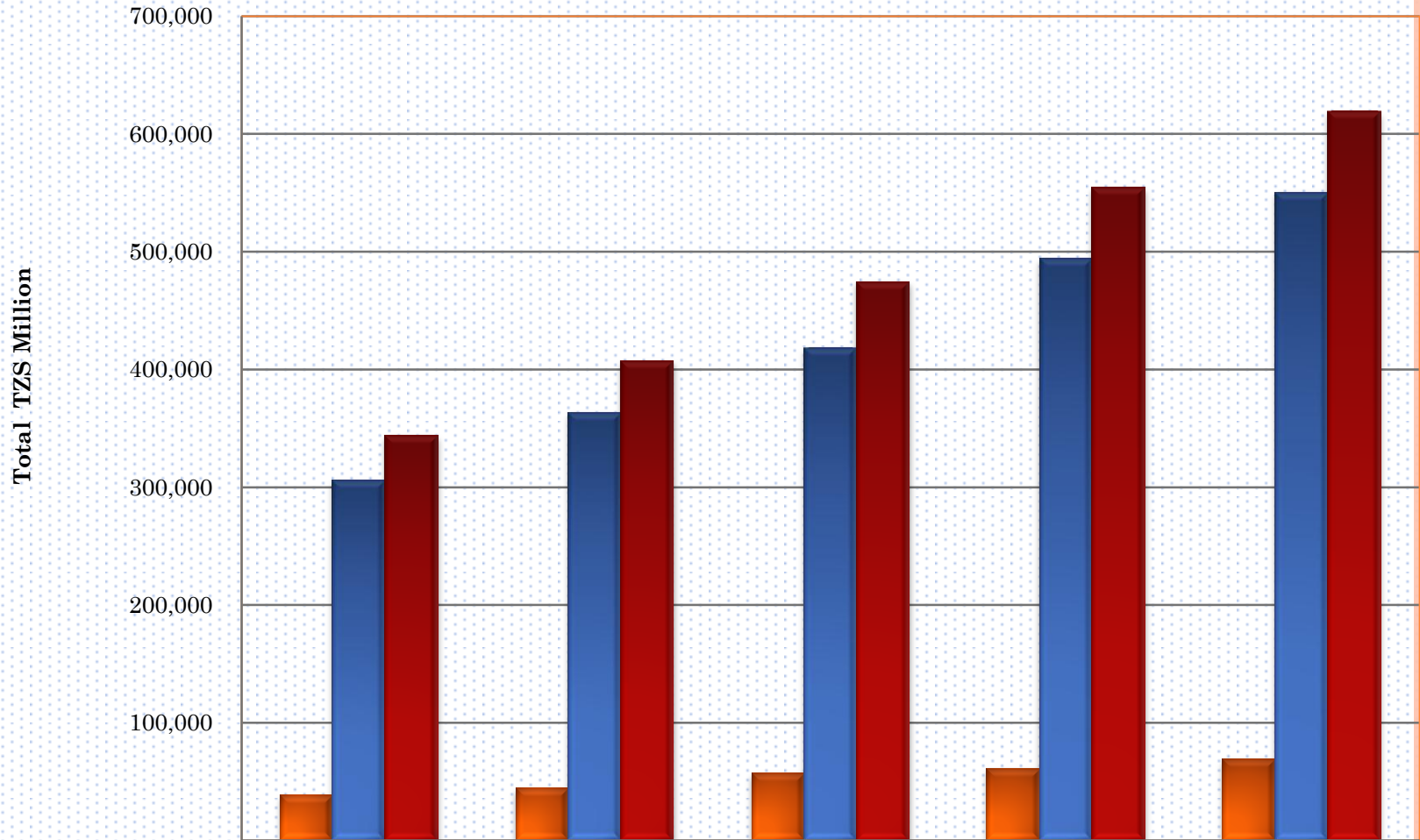


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- Strengthening and promoting the industry health and orderly growth through establishment of operating performance standards and prescriptions.
- Exempting the industry from undue interferences
- Developing efficient, cost effective, comprehensive and customer driven insurance services.



Chart 1: Trend of Business Growth - Gross Premium Written 2011 - 2015



	2011	2012	2013	2014	2015
■ Life Gross Premium Witten	37,864	43,662	56,410	60,420	68,691
■ Non-Life Gross Premium Witten	305,284	362,888	417,675	493,981	550,168
■ Total Gross Premium Witten	343,148	406,550	474,085	554,401	618,859

SOURCE: TIRA ANNUAL MARKET PERFORMANCE REPORTS

Thank You

