

# RESULTSTORIES

GLOBAL INDEX  
INSURANCE FACILITY

SENEGAL

## PROTECTING SENEGAL'S FARMERS AGAINST DROUGHT AND CROP FAILURE

The soil that Abdoulaye Ndiaye holds in his hand is dry and dusty. A little further away in the Kaolack region the groundnut plants are already beginning to spring up in the fields, but in Paskoto village Abdoulaye and his fellow farmers have not seen a drop so far this season.

"The most important challenge for us is the weather. It is God who decides. We have no choice, but are just left looking for ways to handle the situation," Abdoulaye says, now using his hand to shield his eyes against the stark sunlight.

### The Opportunity

The small-holder farmers in the Kaolack area mainly grow maize, groundnuts and millet. Most farmers start off each season by borrowing money from a microfinance institution to buy seeds and inputs, a process which they often co-ordinate through co-operatives.

"When a farmer here plants his seeds, he does so with the hope of achieving three things. First, he hopes the harvest will be good enough for him to earn enough money to pay back the credit he took to pay for inputs. He also hopes he will be able to feed his family, and that there will be enough harvest to sell some to make a little money," says Abdoulaye.

When the harvest fails farmers are left indebted. Sometimes that means they have to sell their tools to pay back the loan, sometimes it means they have to cut back on investments in health and education. Sometimes they have to borrow even more money, sinking deeper into debt.

"The weather lets you down and you run out of money. You can't look after your family, so you have to get a credit. Then you plant just to pay your credit. The whole problem stems from the weather."

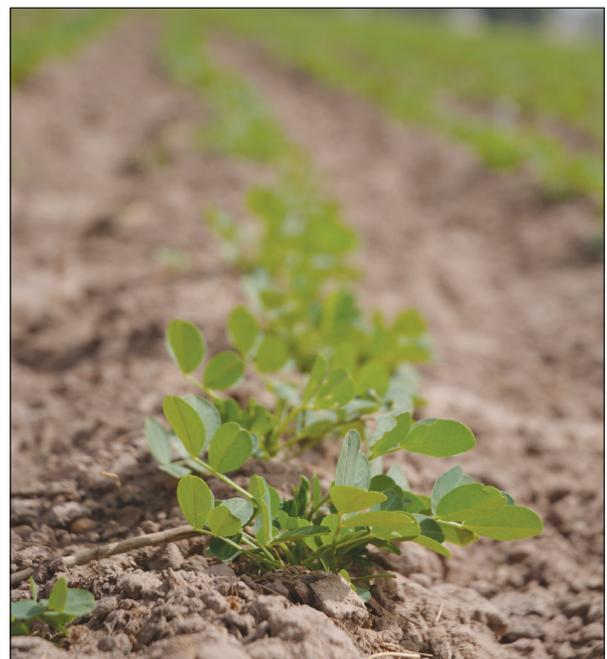


Photo Credit: Nitin Nambiar

## The Challenge

According to Ousmane Cisse, another farmer in Ndrame Escale village, the insurance has come at a critical time. A farmer for more than 25 years, he says the weather has become increasingly unpredictable and erratic in the last few years.

“When I started out it used to rain at the right time. Now, when the crop needs water to grow there is either too much or too little.”

## The Approach

In recent years, index insurance has helped change the situation. Offered locally by micro-insurance company PlaNet Guarantee, and supported by the World Bank Group’s Global Index Insurance Facility (GIIF), farmers like Abdoulaye Ndiaye are able to insure their crop against drought. It is based on data collected by automatic weather stations in the area.

“It’s a good thing this insurance because it provides a guarantee for us. When you are within five kilometers of a weather station and you are insured, you get the payout when the index hits a certain level,” Abdoulaye explains.

Seynabou Ndao, a groundnut farmer in Ndrame Escale village, also in the Kaolack area, echoes Abdoulaye’s sentiment.

“Last year it didn’t rain enough and we received a payout of 15,000 Central African Francs (CFA) per farmer in our cooperative. That money has been really helpful to us. We didn’t give it out to each farmer but kept it for buying seeds and inputs for the next season. So now, we only have to put in 10,000 CFA at the start of the season instead of 25,000 CFA. It would have been very hard at this time if we had not saved the money from the insurance.”

## Beneficiary Impact

By end of February 2014 PlaNet Guarantee had insured almost 20,000 small-scale farmers in Senegal, Benin, Burkina Faso and Mali and launched seven different index insurance products for crops such as maize, groundnut and cotton.

“Almost all farmers in this area subscribe to the insurance, even farmers who are not part of our co-operative. I don’t know of a single farmer who have been told about the insurance and has not subscribed. It would be stupid not to,” Abdoulaye Ndiaye says.

“To be honest, if I had a choice I would like not to have to take out insurance. I would prefer that the weather was stable, that production was good and that I had enough money. But since the weather is not reliable, I am happy to take out insurance.”

### KEY FIGURES

- 78 percent of the labor force is engaged in agriculture and agriculture contributes 15 percent of Gross Domestic Product
- Main crops are peanuts, millet, corn, sorghum, cotton, and tomatoes
- Insurance penetration is 1 percent
- Government provides up to 50 percent subsidy for selected crop insurance premiums
- Over 5,500 farmers have enrolled in an index insurance program as of end of 2013

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