

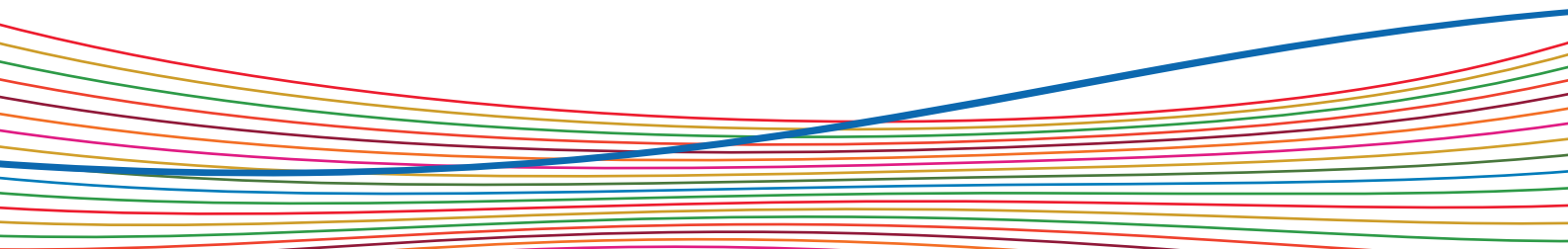


UNDP Insurance  
and Risk Finance  
Facility



# **Inclusive insurance and risk financing in Senegal**

## **Snapshot and way forward 2024**



# Why this report ?

This report summarizes the key findings of an inclusive insurance and disaster risk finance country diagnostic carried out by the UNDP's Insurance and Risk Finance Facility (IRFF) and UNDP Senegal. The objective of this summary report is to present a high-level overview of the following information for Senegal:

1

**Key risks,**  
especially  
climate risks

2

The current  
state of  
**inclusive  
insurance**

3

The current  
state of  
**disaster risk  
finance**

4

**Recommendations  
to advance** inclusive  
insurance, disaster risk  
finance and overall  
development.

This summary is a starting point for discussion and collaborative action planning on inclusive insurance and disaster risk finance between UNDP and critical stakeholders, including the insurance sector, government agencies and other development sector actors.

## IRFF goals

**Impacts:** Reduced vulnerability, enhanced resilience of countries and communities and strengthened prospects for sustainable development.

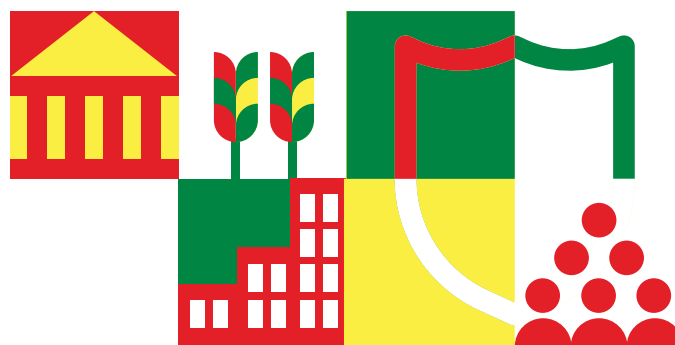
**Outcomes:** Country and community long-term resilience improved by development and delivery of integrated insurance, risk finance and investment solutions, from products, tools and services all the way leading to market transformation.

### Contact IRFF for questions:

If you wish to discuss the findings and recommendations of this report, reach out to:

[irff@undp.org](mailto:irff@undp.org)

# Key messages



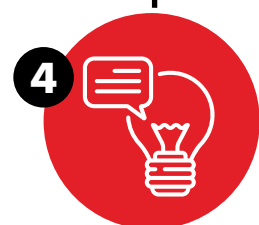
**Risks:** Senegal is at medium risk of major disasters, but it has high vulnerability when disasters occur. Drought affects the greatest number of people, while flooding is a more frequent risk. Bushfires, sea level rise, coastal erosion and locust invasions also cause significant loss and damage.



**Inclusive insurance:** Inclusive insurance: Gross written premiums (GWP) of the inclusive insurance market were approximately 1.79 billion West African CFA francs (XOF) in 2021 (US\$3.0 million<sup>1</sup>). In the same year, 64% of inclusive insurance contracts were non-life insurance, almost all of which were agricultural insurance. Agricultural insurance benefits from the presence of the dedicated public-private National Agricultural Insurance Company of Senegal (Compagnie Nationale d'Assurance Agricole du Sénégal, CNAAS), created in 2009 to increase the low penetration rate of insurance in agriculture.



**Disaster Risk finance:** Senegal has no disaster risk finance strategy, but a number of disaster risk financing mechanisms and instruments are in place. The country has particular experience with sovereign risk insurance. Two key agencies conduct monitoring and generate data and information on various risks, based on the weather observation network and on geospatial information, but no operational data platform exists to inform disaster risk financing planning and needs.



**Key recommendations include:** To support inclusive insurance development, proposed interventions include: promoting innovative products and arrangements tailored to targeted low-income populations; supporting insurance education; developing technology and digital tools for inclusive enrolment and premium payment processes; expanding the use of alternative delivery channels; modifying the regulatory environment for microinsurance; and implementing tax exemptions to promote other microinsurance product lines in addition to agriculture.

To improve disaster risk financing, key interventions are recommended on: supporting the development of a data platform; developing and implementing a disaster risk financing capacity-building plan; developing a disaster risk financing strategy; providing technical assistance to re-establish a national disaster relief fund; and supporting the development of insurance for public assets and infrastructure.

# Senegal's development and risk profile

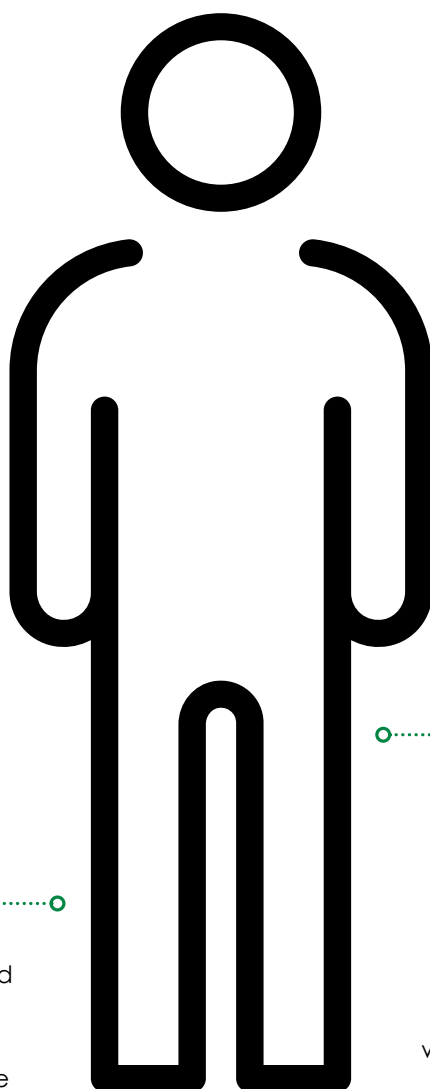
## Key macroeconomic and development indicators



**6%** annual average GDP growth was achieved between 2014 and 2019,<sup>2</sup> but growth slowed to **4.2%** in 2022 due to the impact of the COVID-19 pandemic and the war in Ukraine.<sup>3</sup>

**50%** of the country's GDP comes from services, with tourism and telecommunications the main sources of revenue. Industry contributes **24.5%** and agriculture **15.5%**.<sup>6</sup>

**37.8%** of the population lived in poverty in 2019. Although poverty rates have decreased since 2011, the absolute number of poor people has increased due to the sharp rise in population. Poverty is more prevalent in rural areas, where **51%** of people live, with a rate of **53.6%** compared to **19.8%** in urban areas.<sup>4</sup>



**41.6%** of people have access to a financial service, including mobile money. The highest rates of access to financial services are among urban dwellers, men and people with a high level of education.<sup>5</sup>

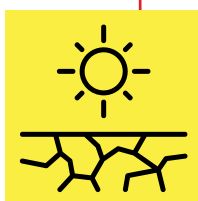
**80.1%** growth was seen in digital financial accounts between 2019 and 2020, and **572 million** transactions were made in 2020.<sup>7</sup> Senegal is one of the fastest growing countries for mobile money use, with **82%** of adult men and **66%** of adult women having used mobile money in the past 30 days in 2022.<sup>8</sup>

## Geographic context:

Senegal is located in the extreme west of Africa. It borders the Atlantic Ocean and has 718km of coastline. Senegal is a relatively flat country, with an average altitude of less than 50 metres. Soil suitability decreases from west to east, but is diversified. Several major river systems run throughout the country. The country has a tropical climate, with two seasons: the dry season (from October to June) and the rainy season (from July to September).

## Hazard context:

Senegal has medium exposure to major natural disasters, but has a high level of vulnerability to risks when they occur, ranking 79<sup>th</sup> of 193 countries in the WorldRiskIndex.<sup>9</sup> A total of 83 major incidents were recorded in the country between 1980 and 2022.<sup>10</sup> The country's climate is expected to undergo significant changes by the 2060s, as slow-onset climate risks lead to reduced drinking water supply and degradation of water quality. By the 2060s, average annual temperatures are predicted to rise by 3.1°C; hot days and nights will substantially increase, especially in the south and east of the country; and heavy rainfall events will become more frequent. In addition, sea levels are expected to rise by one metre by 2100.<sup>11</sup>



# Key risks and hazards

## Bushfires

Bushfires are common in Senegal and can cause significant damage. Over three crop seasons between 2016 and 2019, the country recorded a cumulative total of nearly 1.5 million hectares burned, corresponding to an average of approximately 500,000 hectares per year.<sup>12</sup>

The potential maximum impact of Senegal's exposure to bushfires has been estimated at just over **\$4.9 billion**, including potential losses and spending needed to cover the loss of forest goods, environmental forest services and forest ecotourism; losses due to land degradation and loss of soil biomass and organic matter; and to cover the reduction of the water reserve.<sup>13</sup>

## Drought

Drought is the risk that has the potential to affect the highest number of people in Senegal. Between 1980 and 2022, five major drought events were recorded.<sup>15</sup> Drought causes estimated annual losses of XOF 98 billion (approximately **US\$162 million**) and approximately **5 million** people are exposed to drought risk every year.<sup>16</sup>

Climate change is likely to increase the frequency and severity of droughts in the country. Agricultural production is particularly vulnerable to drought risk, threatening both food security and the livelihoods of smallholder farmers.

## Locust invasions

In 2004, a locust infestation caused losses of 22% of basic cereal production, amounting to more than XOF 7 billion (**\$11.5 million**). Half of the pastures in the north and 80% of the pastures in the Diourbel region were devastated. An estimated 124,000 households were affected, representing 20% of rural households and **1.2 million** people.<sup>14</sup>

## Floods

Senegal faces significant risk from flooding, exacerbated by sea level rise and coastal erosion. More than 50% of the coastline is classified as being at high risk of erosion, which is of particular concern since the majority of the population and industry are located on the coast.

There were four major floods between 2009 and 2022:

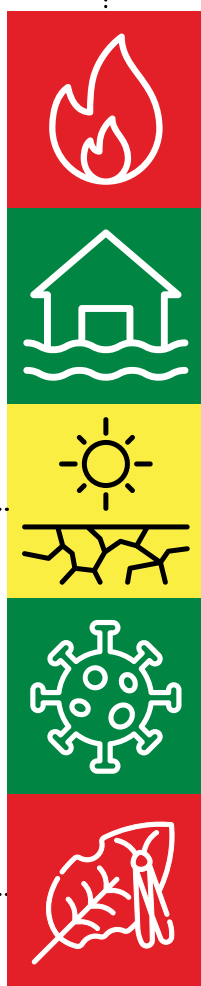
- In 2009, **380,000** people were impacted by floods, with estimated losses of **\$104 million** and recovery costs of **\$204.5 million**.<sup>17</sup>
- In 2012, **264,000** people and 7,737 homes were affected.<sup>18</sup>
- In 2020, **77,260** people were affected and 12,475 households were flooded.<sup>19</sup>
- In 2022, torrential rains hit Senegal, with rainfall exceeding 200% above normal levels. The rains caused extensive flooding, resulting in loss of life, extensive property damage and road disruptions.<sup>20</sup>

Given that over 90% of Senegal's workers can be classified as informal,<sup>21</sup> it is difficult to fully assess the economic damage caused by such disasters.

## Diseases, epidemics and pandemics

Malnutrition, air pollution and water, sanitation and hygiene problems are principle contributing factors to death and disability.<sup>22</sup> The Spanish flu, cholera, malaria, human immunodeficiency virus (HIV), Ebola and most recently, COVID-19, have all affected the country.

Senegal considers six zoonotic diseases to be priority risks: rabies, tuberculosis, anthrax, Rift Valley fever, highly pathogenic avian influenza and haemorrhagic fevers (Ebola and Marburg).



# Inclusive insurance:<sup>23</sup> Status

## Enabling environment

### Highlights from the enabling environment for inclusive insurance in Senegal

#### Regulations

#### Inclusive insurance related regulations

- The CIMA Insurance Code's Book 7 on Microinsurance (Livre VII Microassurance) was adopted in 2012 and established a framework for microinsurance regulation in CIMA member states.<sup>24</sup>
- CIMA defines microinsurance as aiming to protect low-income people against specific risks in exchange for the payment of premiums. Under this definition, microinsurance is characterized primarily by low premiums and/or capital insured, simple covers and straightforward enrolment and claims settlement processes.<sup>25</sup>
- Book 7 provides for the promotion of microinsurance and the commercialization of agricultural index-based insurance products. It also defines microinsurance provisions including product approval processes, maximum sum insured and claims turnaround times.
- Under Book 7, the maximum premium per person for a microinsurance policy should not exceed XOF 3,500 (c. \$6) per month and XOF 42,000 (\$69) per year. However, this maximum premium was defined in 2012, and some stakeholders have said that the figure no longer corresponds to the reality of the Senegalese market.<sup>26</sup>
- Insurance companies must obtain a licence to offer microinsurance and each licensed company is required to submit its microinsurance performance ratios annually to CRCA and DA.
- Index insurance is defined and governed by a circular within the CIMA Insurance Code.<sup>27</sup>
- CIMA has also issued a regulation on Takaful microinsurance.<sup>28</sup>

#### Insurance education initiatives

- SNIF includes a specific objective of establishing a national mechanism to promote and coordinate financial education and consumer protection.
- OQSF regularly holds training sessions in rural areas on insurance and finance, but the resources allocated are limited, so building impact and reach is challenging.
- OQSF led the development of the 2024–2028 National Financial Education Programme (Programme National d'Education financière, PNEF). This programme involves many stakeholders, including DA and AAS.
- In collaboration with CNAAS, the World Food Programme (WFP) is also organizing insurance and financial education workshops for vulnerable rural populations.



#### Insurance Acts

The main legislation governing the Senegal insurance industry is the CIMA Insurance Code (Code des Assurances), which was updated in 2019.<sup>29</sup>

#### Emerging Senegal Plan (Plan Sénégal Emergent, PSE)

The PSE aims to strengthen the resilience of vulnerable populations.<sup>30</sup> As one of its activities, the PSE has since 2016 been engaged with the Central Bank of West African States (Banque Centrale des Etats de l'Afrique de l'Ouest, BCEAO), headquartered in Senegal, to facilitate access to financial services for vulnerable populations and to contribute to the development of a range of affordable and appropriate financial products.

#### National Financial Inclusion Strategy 2022–2026 (Stratégie Nationale d'Inclusion Financière, SNIF)

- SNIF 2022–2026 is based on four main pillars: developing suitable financial products; developing digital infrastructure and economic activities; improving financial literacy and protecting financial service users; and building enabling and effective regulatory and institutional frameworks.<sup>31</sup>
- SNIF has as one of its targets extending insurance coverage to 5% of adults and 10% of SMEs by 2026.



**Inter-African Conference on Insurance Markets (Conférence Interafricaine des Marchés de l'Assurance, CIMA) and the Regional Insurance Control Commission (Commission Régionale de Contrôles des Assurances, CRCA)**

- The insurance market in Senegal is governed by the regional decision-making body CIMA, which has 14 member states in West and Central Africa.
- The objectives of CIMA are to harmonize national laws and regulations; coordinate between insurance companies; and train insurance executives from its member states.
- CRCA is CIMA's insurance regulatory body.

**Federation of National Insurance Companies of Africa (Fédération des Sociétés Nationales d'Assurance d'Afrique, FANAF)**

- As of 2022, FANAF's members included 203 insurance and reinsurance companies and motor guarantee funds from 29 (primarily Francophone) countries.
- The organization promotes insurance and reinsurance in Africa; represents the interests of the profession; establishes structures for discussion and cooperation; trains insurance sector personnel; and facilitates professional relationships between member companies.
- FANAF also conducts knowledge-sharing and other activities to support the development of microinsurance in the CIMA zone.<sup>32</sup>

**Insurers Association of Senegal (l'Association des Assureurs du Sénégal, AAS) and the Senegal Association of Brokers (l'Association Sénégalaise des Assureurs Conseil, ASAC)**

- AAS represents insurers in Senegal and ASAC represents brokers. Both organizations work to promote their members' interests and represent members in dealing with government authorities.
- The two associations collaborate with the Observatory of the Quality of Financial Services (OQSF) on insurance education issues.

**National Insurance Directorate (Direction des Assurances, DA)**

- DA is a unit of the Directorate General for the Financial Sector and Competitiveness (Direction Générale du Secteur Financier et de la Compétitivité), which reports to the Ministry of Finance and Budget.
- It works closely with CRCA and represents them on regulatory issues at the national level.
- DA's objectives are to promote the insurance sector; safeguard the interests of policyholders and beneficiaries; guarantee prompt claims settlement; protect savings held by insurance companies and ensure companies' medium-term solvency; increase the sector's contribution to the national economy; represent the insurance industry with government authorities; monitor the insurance market; and interact with CIMA and CRCA to present an overview of the Senegal insurance market and its evolution.

**Observatory for the Quality of Financial Services (Observatoire de la Qualité des Services Financiers, OQSF)**

- Part of the Ministry of Finance and Budget, OQSF is responsible for client protection, financial inclusion, financial education and insurance education.
- For the past three years, OQSF has led the development of the 2024–2028 National Financial Education Programme (Programme National d'Education Financière, PNEF).

**National Agricultural Insurance Company of Senegal (Compagnie Nationale d'Assurance Agricole du Sénégal, CNAAS)**

- CNAAS is the main player in the agricultural insurance market in the country and offers inclusive products targeting smallholder farmers.
- It was created in 2009 to address the low penetration rate of insurance in the country's agricultural sector.
- CNAAS is a public-private partnership with shareholdings divided between the State and various private players, including a group of the 10 largest insurance companies in Senegal.



## Supply-side snapshot

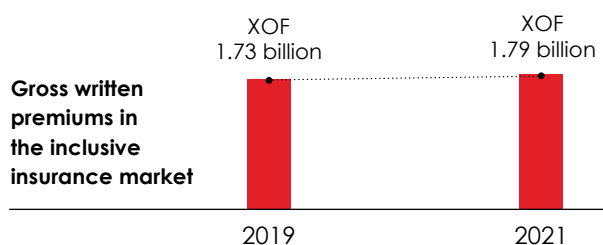
### Overall insurance coverage (traditional and inclusive): Fast facts<sup>33</sup>

**29** insurance companies were active in Senegal as of 2020, including **10** life insurance companies, **19** non-life insurance companies and **1** national reinsurance company. In addition, the country has 282 agents, 81 brokerage firms and 1,451 non-salaried agents.



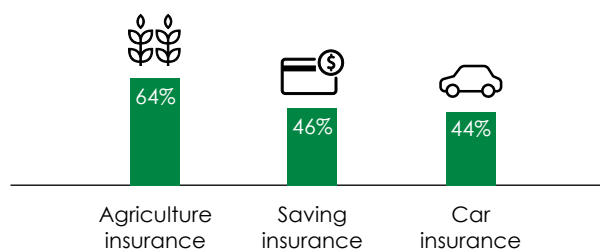
**1.45%** insurance penetration rate (gross written premium as a percentage of GDP) was achieved in 2020, up from **1.44%** a year earlier, with an average insurance density (premium per capita) of \$20 in 2020.

### Inclusive insurance: Fast facts



- **XOF 1.79 billion (\$3.0 million)** was the total of gross written premiums in the inclusive insurance market in 2021, up from **XOF 1.73 billion (\$2.9 million)** in 2019.<sup>34</sup>
- **Nearly 500,000** inclusive insurance policies existed in 2021, down significantly from pre-COVID levels of 1.28 million policies in 2019. Numbers are expected to rise again as the market continues to recover from the COVID-19 pandemic.<sup>35</sup>

- **6** insurers are authorized to distribute inclusive insurance products (ALLIANZ Life, Assurance ASKIA, AXA Insurance, CNAAS, La Providence Insurance and SUNU Life), although there are no specialized microinsurers in Senegal.
- **64%** of inclusive insurance contracts in 2021 were non-life insurance, almost all of which were agricultural insurance.<sup>36</sup>
- **3%** of SMEs have an insurance policy, most commonly agriculture insurance (**64%**), savings insurance (**46%**) and car insurance (**44%**).<sup>37</sup>



## Products offered

According to DA, the main microinsurance products offered in Senegal are crop insurance, life insurance (death insurance or death insurance with additional hospitalization or permanent disability coverage), health insurance, personal accident insurance and property damage insurance.

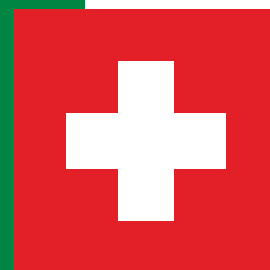


### Agricultural insurance

- More than **10%** of smallholder producers in Senegal have insurance.
- The public-private agricultural insurance company, CNAAS, had **612,000** total clients in 2022.<sup>38</sup> CNAAS offers agricultural insurance products for larger farmers and commercial enterprises, as well as for smallholder farmers, primarily through parametric (index-based) insurance. Weather index-based crop insurance is the main product for smallholders, who are mainly covered under group contracts.<sup>39</sup>
- The Government subsidizes **50%** of the premium cost for agricultural insurance and provides a tax exemption on any agricultural insurance contract.

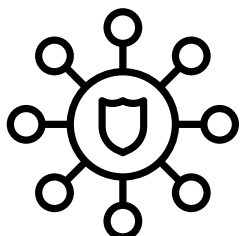
### Health insurance

- Senegal's Universal Health Coverage programme (Couverture Maladie Universelle, CMU) was launched in 2013.<sup>40</sup> It has brought about free health care initiatives for vulnerable groups and promoted mutual health insurance companies. As a result, the national health coverage rate increased from **20.12%** in 2013 to **49.64%** at the end of 2018.<sup>41</sup>
- A health microinsurance pool (Pool Micro-assurance Santé, PMAS) was set up by five companies and operated from 2013 to 2017, but is no longer active due to low profitability and a variety of structural challenges.



## Distribution

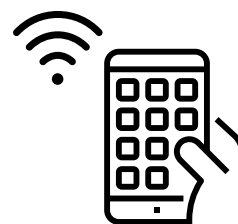
### Common channels



- Microinsurance products are mainly distributed through microfinance institutions (MFIs), civil society associations and Economic Interest Groups (EIGs), such as cooperatives in the agricultural sector.
- SMEs mainly purchase insurance directly from insurance companies, with the next most common channel being insurance brokers.

### Other potential channels

- Digital sales through mobile phones or cell phone operators have growth potential. However, despite the increase in the use of mobile money in Senegal, only **3%** of mobile money users said they used mobile money to purchase insurance in the last 12 months.<sup>42</sup>
- The use of payment apps such as Wave for insurance payments has yet to be investigated by insurers in the country. Brokers have been underused to date in microinsurance, but are very interested in collaborating in this market.<sup>43</sup>



## Demand



- Public studies on microinsurance demand in Senegal are lacking.
- Demand-side challenges reported by stakeholders consulted for the diagnostic included lack of awareness; a belief that insurance is for wealthy people; and lack of trust in insurers, and in particular in clauses hidden in the fine print.
- In a survey of SMEs, **43%** reported the main reason for not taking out an insurance policy is lack of information, followed by insufficient income (**39%**) and religious considerations (**8%**).<sup>44</sup>
- Product gaps and needs identified by sector stakeholders mainly centred around more solutions for health and for agricultural risks. Stakeholders highlighted that solutions are needed specific to MSMEs, informal sector entrepreneurs and fisher workers, as well as to meet the needs of women.

# Disaster risk financing: Status

## Disaster risk assessments and data systems



**Weather and climate forecasts.** The weather observation network for Senegal is managed by the National Agency of Civil Aviation and Meteorology (Agence Nationale de l'Aviation Civile et de la Météorologie, ANACIM), which develops weather and climate forecasts.

**Early warning system.** ANACIM works with a network of partners to create and distribute climate risk forecasts, particularly for agriculture. These are also distributed to people via the ANACIM website, SMS and WhatsApp.<sup>45</sup>



**Natural resource and environmental monitoring.** Using geospatial information, the Ecological Monitoring Centre (Centre de Suivi Écologique, CSE) evaluates and monitors the impact of climate and weather events on the environment and provides data for disaster risk management (DRM) decision-making, including:

- **Environmental monitoring on pasture and bushfires.** From June to October, CSE, in collaboration with ANACIM, conducts agro-pastoral vegetation monitoring using satellite data. Information is shared through mobile phone communication channels and weekly alert bulletins. From the end of October, CSE monitors the risk of bushfires occurring based on biomass analysis.
- **Coastal zone monitoring of erosion and pollution risks.** This is carried out in partnership with the High Authority for the Coordination of Maritime Safety and Marine Environmental Protection (la Haute Autorité chargée de la Coordination de la Sécurité Maritime et de la Protection de l'Environnement Marin, HASSMAR).
- **Flood monitoring.** A flood forecasting system is being tested by CSE in coordination with the Global Monitoring for Environment and Security and Africa.<sup>46</sup>



**Disaster impact data** is generally lacking. Budget forecasts are made based on historical information and risk assessments by sector experts.<sup>47</sup> The Harmonization and Improvement of Statistics in West and Central Africa (HISWACA) programme initiated in 2023 aims to improve and harmonize data systems in the region, including in Senegal. It aims to enhance evidence-based decision-making, but it is not yet clear whether the programme will include data on disaster risk and its impacts.<sup>48</sup>

## Existing legal, institutional and policy frameworks

### Legal

No existing laws cover disaster risk management (DRM) and disaster risk finance (DRF), but a National Disaster Risk Reduction Strategy for 2023–2027 (la Stratégie Nationale de Réduction des Risques de Catastrophe, SNRRC) was being finalized as of late 2023.<sup>49</sup>

### Institutional



- The **Directorate of Civil Protection (la Direction de la Protection Civile, DPC)**, under the Ministry of Interior, is one of the main stakeholders in DRM. It is responsible for activating the National Emergency Organization Plan (Plan National d'Organisation des Secours, ORSEC plan); coordinating all stakeholders involved in disaster risk reduction, their financing, and their provision of relief; implementing awareness measures for the population; and developing the SNRRC.<sup>50</sup>
- The **Ministry of Finance and Budget** is responsible for DRF allocations, as well as for reporting on their use.<sup>51</sup> Budget provisions are made following assessment of requests from line ministries. Allocations are discussed and decided within the interministerial working group coordinated by DPC.
- **ANACIM** is responsible for oversight and coordination of all weather, climate and science activities related to climate change.<sup>52</sup>

### Policies

- The **Emerging Senegal Plan (PSE)** aims to improve the resilience of the Senegalese population to climate change and natural disaster risk and prioritizes the development of DRM and DRF strategies, among other objectives.<sup>53</sup>
- The **National Disaster Risk Reduction Strategy (SNRRC) 2023–2027** is being finalized. The SNRRC focuses on four priorities: strengthening understanding of risks; strengthening risk governance; investing in DRR to increase resilience; and strengthening preparedness for response and recovery.<sup>54</sup>
- The **National Relief Organization Plan (ORSEC plan)** is activated during major emergencies to ensure response coordination and management. The ORSEC plan is being revised to improve the efficiency and clarity of its processes. DPC is leading the review, with support from UNDP, and the plan will be partially integrated into the SNRRC.

# Disaster risk finance mechanisms and instruments



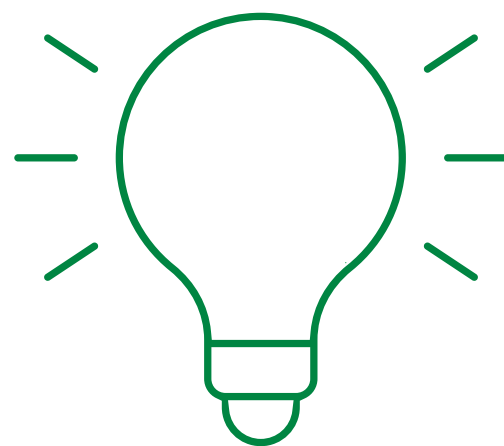
## Existing instruments:

- **State reserves/allocations.** Between 1% and 3% of the total expenditure of the state budget is allocated annually for disasters, based on requests from line ministries.
- **Insurance:**
  - **Sovereign risk insurance.** Senegal has participated in almost every risk pool of the African Risk Capacity (ARC) since 2014. During Risk Pool VIII 2021–2022, Senegal was covered by three insurance policies: drought, epidemic and livestock. Compensation is capped at \$30 million. The drought risk insurance policy is financed by the Government, while newer products are financed or co-financed by development partners. A flood policy is under discussion.<sup>55</sup>
  - The **ARC Replica** programme allows humanitarian agencies to purchase insurance coverage matching the terms and conditions of the government ARC policy, in order to increase coverage to vulnerable populations. The Start Network purchased an ARC Replica policy against drought in Senegal in 2019 and 2023.<sup>56</sup>
- **Ex-post financing** consists of budget reallocations, international aid and international borrowing.

## Instruments under development:

- **National disaster relief fund.** Senegal had a civil protection fund in the 1990s, which eventually fell into disuse. According to DPC, plans are under way to reactivate the fund through contributions from the Government, the development sector, civil society, the private sector and individuals.
- **Global Shield against Climate Risks.** As a 'pathfinder' country, Senegal is expected to receive support for the development of climate and disaster risk financing and insurance solutions.<sup>57</sup>
- **Insurance for public assets.** The State acts as its own insurer for public assets, but insurance is limited and largely covers only the construction phase. AAS is leading discussions on shifting insurance for public property to private insurers.<sup>58</sup>

# Way forward for inclusive insurance and risk financing



The following recommendations support the development of inclusive insurance and disaster risk financing in the Senegal.

## 1

### Recommendations for the development of inclusive insurance

#### 1.1

#### **The inclusive insurance product range is relatively limited.**

##### **Promote innovative products and arrangements tailored to targeted low-income populations.**

- Tax exemption could be allowed for health microinsurance to encourage insurers to offer competitive products. Lessons should be drawn from the failure of the health microinsurance pool and a CNAAS-type model should be designed, specialized in health insurance for vulnerable people and complementary to the CMU.
- To encourage MSME uptake of insurance products, insurers should be assisted to understand specific risk profiles and develop innovative solutions tailored to MSMEs, especially the informal sector, for example on areas such as loss of income due to hospitalization for microentrepreneurs, or loss of business assets due to fire or natural disasters.
- CNAAS should be supported to research and develop products against cattle theft and bushfires.
- CNAAS's work should also be leveraged to tailor health and life coverage to the needs of smallholders and fisher workers.
- Other products that could be developed include ones aimed at women, such as continued coverage of children's school fees in the event of death or hospitalization of the payer and tailored health products.

## 1.2

**Lack of understanding and trust in insurance among all key segments is a major barrier to insurance adoption.**

**Support insurance education within the framework of the SNIF and PNEF.**

- A significant insurance component should be included in the PNEF and sufficient resources should be allocated by the Government and development partners for insurance education.
- A section should be included on the importance of insurance in managing climate risks.
- Regional education efforts organized by OQSF should be strengthened and supported and information should be developed through various channels.
- A network of 'ambassadors' among key target populations (e.g. SME associations and cooperatives, fishers' associations, etc.) should be created and trained so as to build trust among these segments.

## 1.3

**Technology and digital tools are not widely available to efficiently manage enrolment and premium payment processes.**

**Develop technology and digital tools for inclusive enrolment and premium payment processes.**

- A feasibility study should be conducted to understand the tools available and best practices used in other countries, and to assess tools that exist in or could be adapted to the Senegalese market.
- Partnerships with IT service providers and insurers should be promoted to develop and roll out tools.

## 1.4

**Delivery channels to reach low-income segments, especially digital distribution, are currently underused.**

**Expand the use of alternative delivery channels to accelerate access to microinsurance.**

- Explore the use of digital applications.
- The development of existing channels such as MFIs should be supported through training in insurance products and establishing appropriate incentive models.

## 1.5

**The regulatory environment reportedly creates some bottlenecks for innovation.**

**Support the modification of the regulatory environment for microinsurance within the context of CIMA.**

- CIMA's current definition of microinsurance should be reconsidered and/or refined, in particular in relation to the maximum premium amount.
- The feasibility of creating a regulatory sandbox environment should be assessed.
- Access to up-to-date regulatory information related to microinsurance should be facilitated.
- Coordination and consultation mechanisms should be established between DA and other regulatory authorities involved in microinsurance (e.g. the telecommunications regulatory authority).



## 1.6

**Insurers do not benefit from tax incentives for the provision of microinsurance products, with the exception of CNAAS for agricultural insurance.**

**Implement tax exemptions to promote other microinsurance product lines.**

- The appropriate level of tax incentives to promote the development of inclusive insurance programmes should be identified.
- An advantageous tax policy should be implemented for insurance companies that develop and distribute microinsurance products.
- Tax benefits should be strengthened through additional financial support for products aimed at priority targets.

## 2

## **Recommendations for the development of disaster risk financing**

## 2.1

**Centralized, reliable, accessible and practical up-to-date data are needed to inform decision-making by all relevant stakeholders.**

**Support the development of a data platform that meets the needs of users (government, private sector, development sector/civil society).**

- Public-private cooperation should be promoted to jointly decide on the platform's objectives and requirements.
- A national digital platform should be developed including reliable and up-to-date data.
- The implementation of predictive tools for forecasting and assessment of catastrophic disaster risks should be supported.
- Funding for regular maintenance of the platform should be ensured and a lead organization should be identified.
- The dissemination of usable information formats and tools such as early warnings should be supported.

## 2.2

**Gaps in knowledge and awareness of disaster risk financing exist at all levels of government and the private sector.**

**Develop and implement a disaster risk financing capacity-building plan.**

- Public sector stakeholders from local authorities and the national level should be targeted for education and relevant private sector stakeholders (from the insurance sector, for example) as well as civil society representatives should also be included.
- The possibility should be considered of integrating related topics into the national financial education curriculum.

### 2.3

#### **No national disaster risk financing strategy exists.**

##### **Develop a disaster risk financing strategy.**

- The strategy should build on the finalized SNRRC and the revised ORSEC plan.
- The needs of and responses for vulnerable populations should be integrated into the strategy, including women, the elderly, children and people with disabilities or chronic illness.

### 2.4

#### **A dedicated disaster relief fund is no longer active, although DPC is currently developing plans to re-establish a permanent national disaster fund.**

##### **Provide technical assistance to DPC to recreate a national disaster relief fund.**

- Uses for the fund should be defined and the corresponding amounts should be allocated based on the finalized SNRRC and in line with the development of a disaster risk financing strategy.
- A comparative study should be conducted to take account of other models at the global level.
- The feasibility of and mechanisms for relevant sources of funding should be assessed.
- The development of governance of and allocations to the disaster fund should be supported.

### 2.5

#### **Public assets and infrastructure are only insured during the construction phase.**

##### **Support the development of insurance for public assets and infrastructure.**

- Critical public assets and infrastructure should be mapped, along with their potential exposure to disasters.
- The feasibility of different options for transferring public assets and infrastructure risks to the private insurance sector should be assessed.
- Options should be explored for financing public property insurance premiums.

### 2.6

#### **A sovereign insurance portfolio has been growing via ARC, but rising premium costs are a concern.**

##### **Support the development and financing of the instruments put in place with ARC.**

- Cost and financing modalities of the growing sovereign risk insurance portfolio with ARC should be assessed.
- The development of a new flood coverage should be supported and collaboration should be strengthened with ARC Replica partners.

# Endnotes

- 1 In this report, the conversation rate applied is US\$1 = 606 XOF. This rate reflects the rate in effect at the time of finalizing this publication (February 2024), as per Oanda.com, available at <https://www.oanda.com/currency-converter>. In some cases, the underlying figure was only in US\$, and here no conversion is provided.
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