

PERCEPTION AND ADOPTION PROCESSES REGARDING INDEX-BASED INSURANCE FOR MANAGING CLIMATE RISKS IN AGRICULTURE IN BENIN

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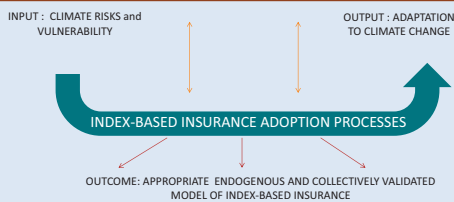
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1. RATIONALE

CONCEPTION AND PROMOTION OF SUSTAINABLE RISK TRANSFER MECHANISMS



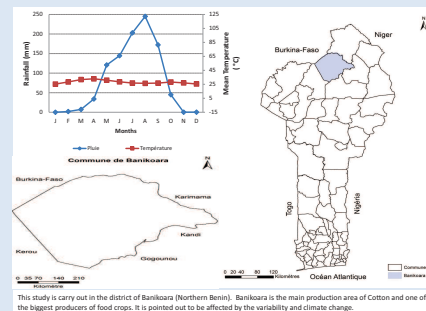
PROBLEMATIC

- Agricultural productions affected by various climate events
- Farmers vulnerable to climate change
- Existence of a diversity of coping and adaptation strategies
- Non-existence of risk transfer solution for farmers in rural Benin
- Emergence of recent innovation oriented toward index-based insurance

OBJECTIVES

- To list the insurers proposing an index-based insurance to farmers
- To understand the content of the index-based products
- To analyse the perceptions of farmers on these products
- To analyse the adoption process in rural Benin
- To pattern the local model expected by farmers

2. STUDY AREA



This study is carried out in the district of Banikara (Northern Benin). Banikara is the main production area of Cotton and one of the biggest producers of food crops. It is pointed out to be affected by the variability and climate change.

3. METHODOLOGICAL FRAMEWORK

Interviews with farmers on farm



- TOOL**
- Semi-structured interviews and direct observations
- OUTPUTS**
- Farmers' perceptions on climate change and its impacts on their agricultural productions (cotton and food crops)
 - Point on their adaptation and coping strategies

Interviews with farmers at home



- TOOL**
- Semi-structured interviews and direct observations
- OUTPUTS**
- Farmers' perceptions on risk transfer mechanisms; diffusion channels and current relationship between promoters and farmers
 - Listing of adoption criteria; requisite information related to different aspects of index-based insurance

Half-day Validation Workshop



- TOOL**
- Participative workshop
- OUTPUTS**
- Review of adoption criteria evoked by farmers
 - Definition of the correlations between parameters and validation of an accepted common model of index-based insurance for agricultural productions.

4. RESULTS

PlaNet Finance as new financial institution (promoter of index-based insurance)



- TYPE**
- PlaNet Finance
 - Guarantee of PlaNet Finance in partnership with Allianz
- INDEX-BASED PRODUCT**
- « Assurance Récolte Sahel » based on a satellite index through the financial support of GIIIF (Global Index Insurance Facility)
 - Product technically shaped, formally registered, but is waiting for the permission of the CIMA (Inter-African Conference of Insurance Markets)
 - Product at pre-vulgarisation phase

AMAB as existing mutual insurance of farmers (promoter of index-based insurance)



- TYPE**
- AMAB is a mutual insurance under the control of the public authority
- INDEX-BASED PRODUCT**
- AMAB was essentially involved in six different insurance products for rural actors
 - Only the AMR (Assurance Multirisques Récoltes) is oriented toward the yields of crops in regard with climate situation
 - AMAB benefited from the support of the Global Index Insurance Facility (GIIIF) to develop and to experience an agricultural insurance based on the rainfall index

ONS as public institution for agricultural funding and security



- TYPE**
- ONS is a governmental institution in charge of the protection of agricultural income
- POSITION ABOUT INDEX-BASED INSURANCE**
- Support agricultural funding systems, secure farmers' income by regulating different insurance innovations
 - Involved in the shaping and the monitoring of the index-based insurance products
 - Find solutions for the recurrent problems related to the existing agricultural funding mechanisms

Furthermore, the involvement of farmers' organisations incites and reassures grassroots farmers

Farmers' organisations agree with the climate IB insurance!!

Facts & Events

- ✓ The biggest farmers' organisation in Benin (FUPRO) is involved in different communications, meetings around the index-based insurance
- ✓ The FUPRO is a great partner of AMAB and has an important part in the IBI product of PlaNet Finance.

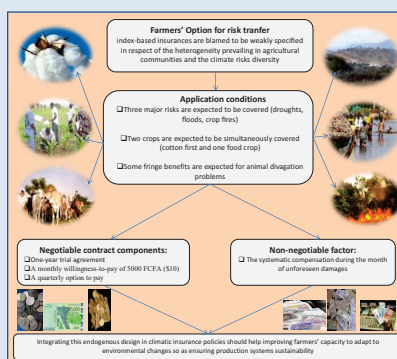
Issues

- ✓ Grassroots farmers are cheered up for the implication of their leaders
- ✓ Farmers are ready to adopt after better understanding of the IBI products



Photo : Executive Director of FUPRO justifying the agreement of their organisation with the agricultural insurance products (Sarah, TN, 2012)

5. CONCLUSION AND OUTLOOK



However, national financial scandals represent a hard barrier for farmers' adoption

The financial scandals as barrier for IBI adoption!!

Facts & Events

- ✓ Some illegal financial institutions (ICC services and others) proposing prohibitive rate have robbed populations
- ✓ The actors have not been repaid and the situation has induced a lot of social perturbations

Issues

- ✓ Farmers are very careful to avoid to be again despoil
- ✓ There is a general reluctance of rural actors in subscribing to index-based insurance



Photo : Mrs. Marthe as Minister of Economy and Finance of Benin explaining some aspects of the crisis (Fav, C. 2011) / Quotidien l'Africain, 13.03.2011