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Maize farmers’ willingness to pay for agricultural insurance in the Plateau region of Togo

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Abstract

Maize producers in Togo experience significant losses due to unpredictable rainfall, floods, pest attacks, and technical failures, leading to increased vulnerability and reluctance to invest in production-enhancing technologies. Limited access to financing further exacerbates food insecurity and accelerates income reduction. Recent research support that agricultural insurance can help to withstand these adverse effects. However, the financing of the implementation of these risks’ management mechanisms still challenging. Thus, in order to trigger the establishment of agricultural insurance, this study investigates the perception of maize producers in the Plateau region regarding agricultural insurance, assess their willingness to pay (WTP) for such services, and identify factors influencing their WTP. Data collected from 385 maize producers were analysed using Heckman’s two-stage selection model. The majority of producers were male and viewed agricultural insurance positively. 80% of respondents expressed a relatively high willingness to subscribe, with an average WTP of 9155 FCFA (\$15.25). Factors influencing their WTP include membership in a farmers’ organisation, access to credit, information about agricultural insurance, and perception of insurance. Demographic and socioeconomic factors, such as age, education level, use of mineral fertiliser, income, and other income sources, further explain the amounts they are willing to pay for such insurance services.

Despite the strong desire of producers to adhere to the agricultural insurance project, the development of agricultural insurance must be coupled with actions to make resistant varieties available, to make production inputs (fertilisers, seeds, etc.) available in a timely manner, to organise producers into cooperatives and to strengthen their technical supervision, as well as to adopt an inclusive and iterative approach to be implemented within a multi-stakeholder framework brought together around a body for the implementation of agricultural insurance.

Keywords: Agricultural insurance, risk, Togo, willingness to pay