



# ***HOW CAN WE ENSURE THAT PPPs ARE SUCCESSFUL IN DEVELOPING THE INSURANCE MARKET***



**SESSION HOSTED BY ILO**

**October 25<sup>th</sup> 2022**

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## ***NATIONAL AGRICULTURE INSURANCE SCHEME (NAIS)***

*This scheme was designed & introduced by the Government of Rwanda through the Ministry of Agriculture in 2018.*

*It was particularly designed to support both large & smallholder farmers against yield losses due to non - preventable risks, such as climatic conditions, disease and epidemics.*

***The Government contributes 40% as premium subsidy and the farmer 60%***

***It's a Public Private Partnership ( PPP ) Scheme***



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Rwanda's leading agricultural insurance company



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## WHY NATIONAL AGRICULTURE INSURANCE SCHEME?



- 👍 Overall purpose of this scheme is to reduce impact of risks in agriculture since Agriculture contributes **26% of** the National gross domestic product (GDP), **70%** of the Country's export
- 👍 Build resilience of poor farmers; ability to remain in production; bounce back after set back  
- Agriculture employs **70%** of the working population
- 👍 Increase farmers' access to credit and inputs
- 👍 Improve agricultural productivity, transition from subsistence to commercial farming
- 👍 Provide social protection to the poor
- 👍 Farmers compensated for losses associated with agriculture risks & able to continue farming

## Stakeholders



### **Ministry of Agriculture, Ministry of Finance and Access to Finance Rwanda (AFR)**

- Lay down procedures, operational principles , guidelines and modalities for the operation of the scheme
- Monitor the implementation of the scheme, risk pool strategy – reinsurance coverage & set premium rates etc.



### **National Bank of Rwanda (Insurance Regulator)**

- Approval of the product structure in terms of benefits and premium payables
- Approves the overall architecture for implementation of the scheme



### **Insurance Companies (Underwriters)**

- Accept the common policy terms and conditions set by the government team and underwrite the policies
- Implement systems for administration of the scheme, premium collection & claim pay-outs



### **Channel Partners for distribution (e.g.Crop Coops, Dairy Coops; Milk Collection Centers, Banks, MFIs, SACCOs)**

- Distribute insurance using existing infrastructure (individual and cooperative farmers)
- Explain the details of insurance cover to farmers



### **Access to Finance Rwanda ( AFR)**

- Assist in project management and in liaising with private sector financial and non-financial institutions
- Technical assistance in specific areas e.g. pricing & risk pool management



## **Roles and Responsibilities of Key Stakeholders -**

### **(Insurance Company)**

**Furnish the necessary details** to MINAGRI as may be required as per the notification. Provide **monthly progress reports/ returns** to the MINAGRI

**Underwriting – responsibilities for processing and acceptance of the risk.** Develop databases on the policies underwritten.

**Claim processing & finalization** on receipt of the yield data either from the Government appointed institution or the medical certificate from the appointed vet practitioners for certifying the death of livestock

**Deployment of sufficient manpower to mobilize farmers and for claims assessment** & to ensure timely payment of commission to cooperatives & other agents engaged in the implementation of the Scheme

**Establish a functional office in each District** even at Sector level and at least one staff should be deployed at each district.

**Awareness and publicity** – extensive efforts to create awareness and generate publicity for NAIS at grass-roots level including cooperatives, MCCs and bank/ MFI/ SACCO branches.



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## Roles and Responsibilities of Key Stakeholders -

### MINAGRI

**Supports and Coordinates other Government Institutions for implementation of NAIS** including its awareness and publicity and issue of necessary instructions/ guidelines from time to time for smooth and effective implementation.

**Issues directives to Insurance Companies and Cooperatives** for compliance with the terms and conditions of NAIS and its operational modalities. Setting of the technical unit within PMU (**Project mgt unit**) with adequate infrastructure and expertise

**Release of premium subsidy equivalent to 40%** of the overall premium to the Insurance Companies within 30 days of enrolment of farmers into the scheme.

**Reviews and monitors the implementation of NAIS** including premium rates, reinsurance arrangements; product-benchmarking and other matters/ and issues necessary directives. Review of performance of participating institutions.

**Organizes Capacity building trainings & workshops** for the District officials and key stakeholders engaged in the implementation of the scheme.

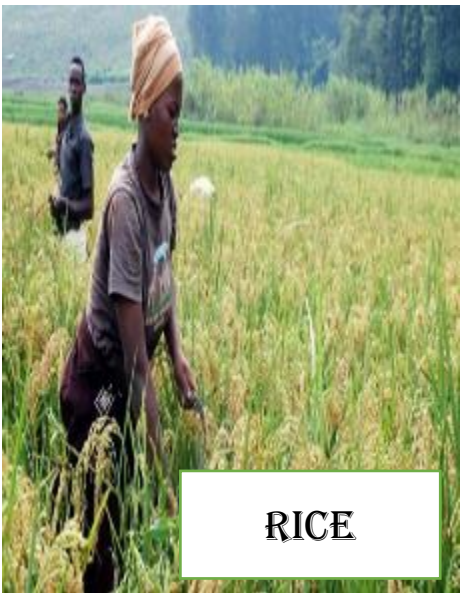
**Develops methodology for assessment of yield and suggest improvements** in the method for yield assessment through Crop Cut Experiments.

**Collaborates with the international reinsurers** with the support from the technical assistance team and facilitate the provision in the collection of relevant data related to crop / Livestock

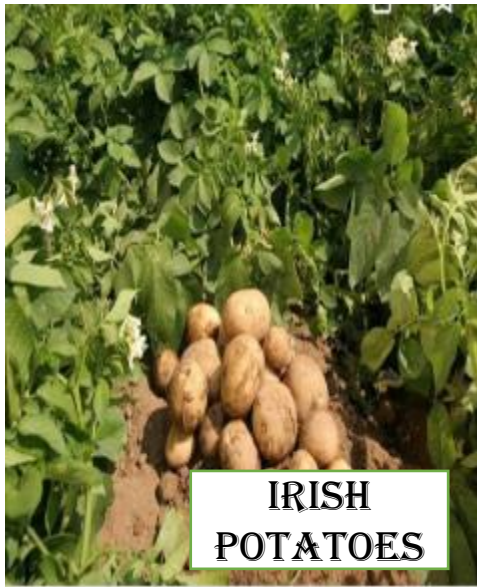




## ***INSURED VALUE CHAINS IN NAIS***



**RICE**



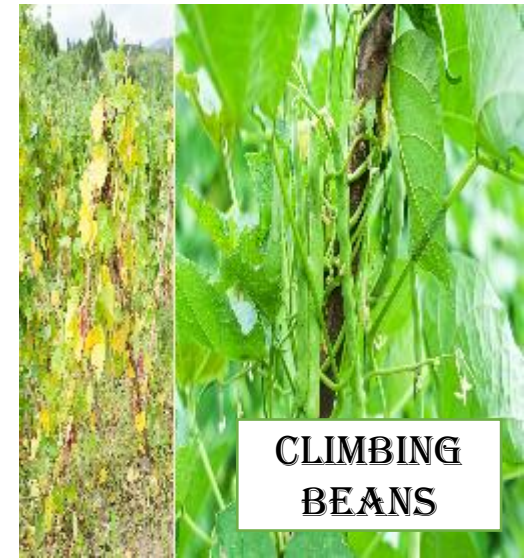
**IRISH  
POTATOES**



**FRENCH  
BEANS**



**SHORT  
BEANS**



**CLIMBING  
BEANS**



**MAIZE**



**CHILI**



**CASSAVA**

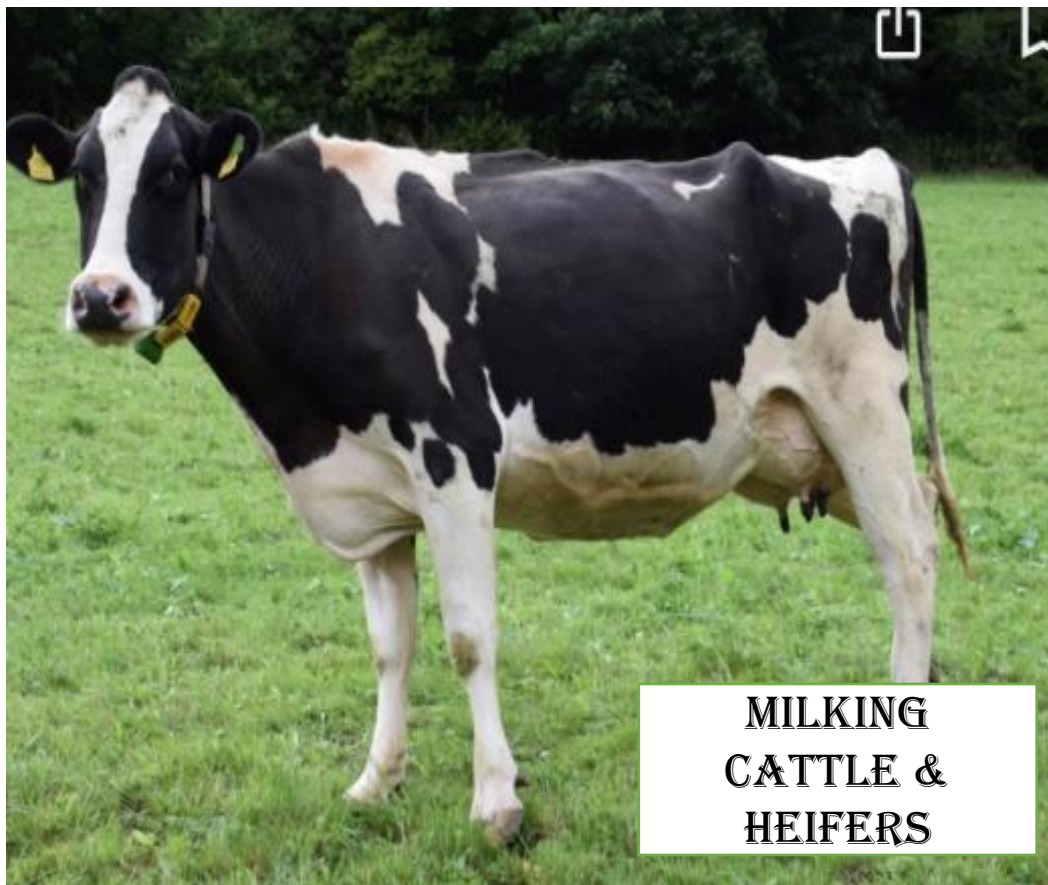


**SOYA  
BEANS**





***RADIANT Yacu is venturing into coffee and Tea and we're currently doing market research on these two value chains  
They will also be incorporated in to the NAIS scheme as soon as the product design is completed.***



**MILKING  
CATTLE &  
HEIFERS**



**PIGGERY**



**POULTRY**





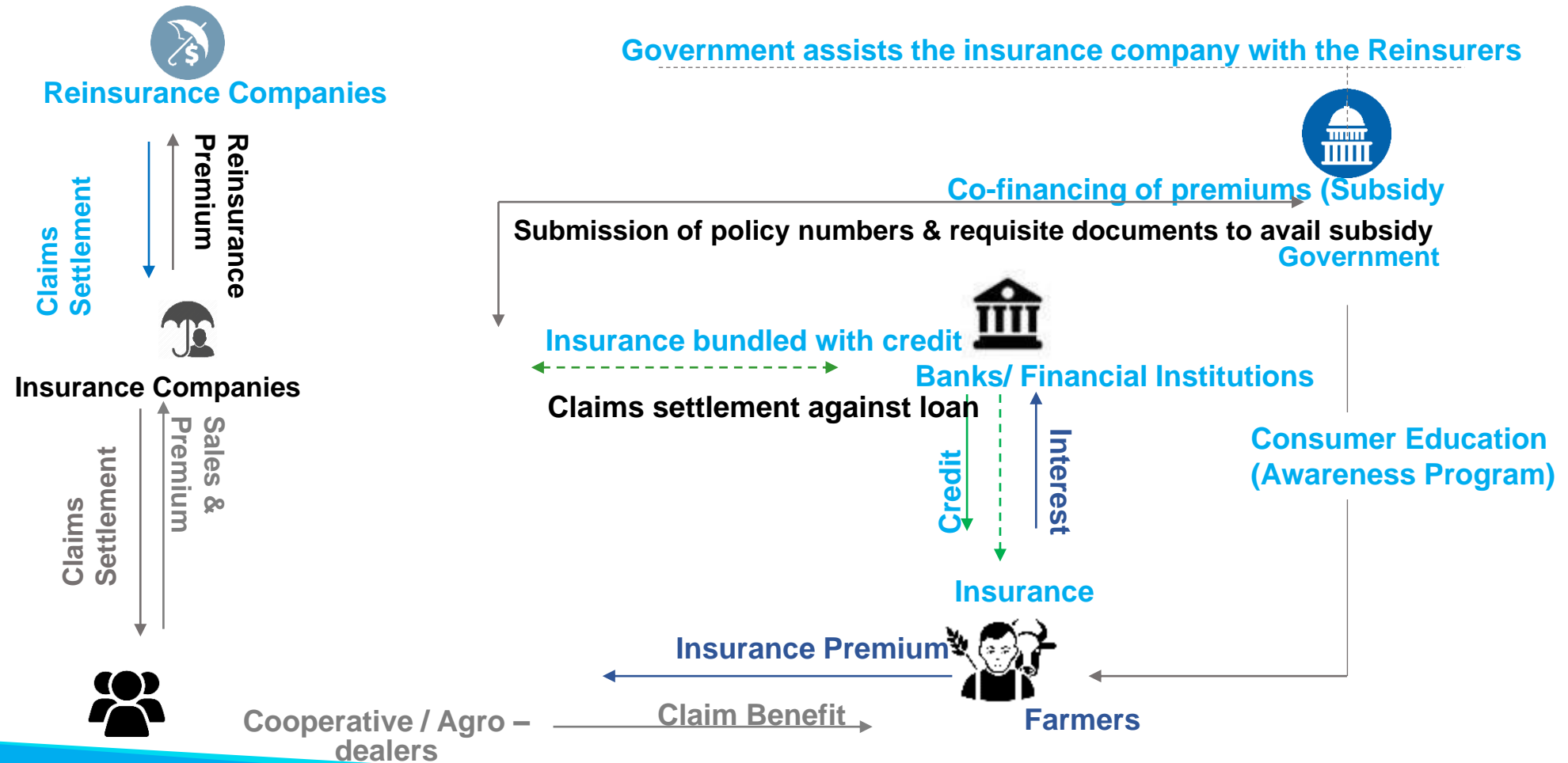
## Supply Chain » Agriculture Insurance

	Reinsurer	Insurer	Delivery Channel	Policyholder
What they do? (Responsibility)	<ul style="list-style-type: none"><li>• Provide insurance to insurers for catastrophic risks (helps spread the risk further)</li></ul>	<ul style="list-style-type: none"><li>• Carries the insurance risk</li><li>• Pays claims</li><li>• Receives premiums</li><li>• Manages regulatory compliance</li></ul>	<ul style="list-style-type: none"><li>• Sells the insurance product</li><li>• May aid clients with, or settle claims</li><li>• Collect premiums</li></ul>	<ul style="list-style-type: none"><li>• Buys the insurance scheme (bundled either with livelihood or other products e.g. credit linkage)</li></ul>
Examples	<ul style="list-style-type: none"><li>• <b>International reinsurers</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Domestic commercial insurers</b></li></ul>	<ul style="list-style-type: none"><li>• Insurance Agents</li><li>• Multi – purpose NGOs</li><li>• <b>Cooperatives</b></li><li>• Banks/ MFIs</li><li>• Agricultural Product Buyers and Processors</li></ul>	<ul style="list-style-type: none"><li>• <b>Farmers</b></li><li>• <b>Cooperatives</b></li><li>• <b>Milk Collection Centers</b></li><li>• Banks / Micro Finance Institutions</li></ul>
Support Structures - Associates, adjustors (vet clinics; vet practitioners), extension agents				
Regulations & Supervision				





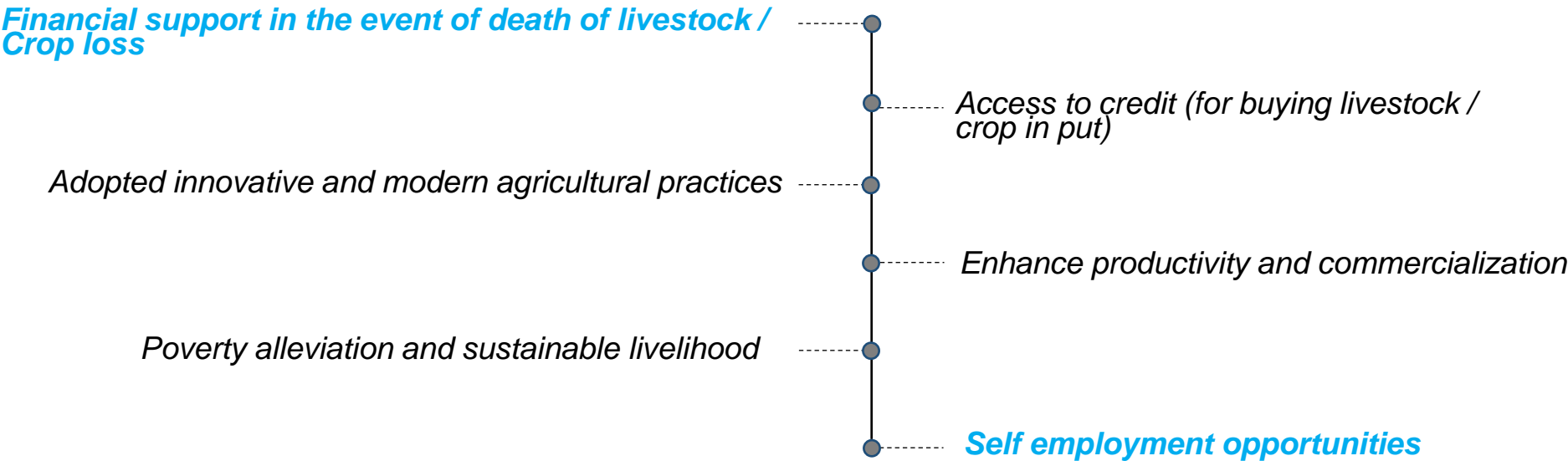
# Implementation Architecture of this PPP Model





# Farmers *Benefits from the Scheme*

## Insurance Benefits



## Other benefits

- Policy is Simple, easy to understand and transparent
- Simple claims process
- Affordable premium + 40% subsidy
- No waiting period (**except Girinka cattle**) and deductibles
- Usage of RFID Microchips for unique identification of cattle



## **Benefits of the NAIS to insurers**

***This Public-private partnerships (PPP) has created an environment that is more conducive to agricultural insurers. The essential pillars and achievements of this PPP model include:***

- ❖ The 40% Premium subsidy from the Government has encouraged many farmers to join the scheme & this has given us client base .***
- ❖ It has enabled setting up uniform terms and conditions so no cheating!***
- ❖ Efficient, transparent and uniform settlement of claims has strengthened Coinsurance & its benefits***
- ❖ Has helped to cross sell some of other insurance products to farmers***





## ***Challenges in implementing the NAIS***

- ❖ ***Low levels of client awareness / Education***
- ❖ ***High costs of client mobilization & enrollment***
- ❖ ***Delayed subsidy payments***
- ❖ ***Fraud –through emergency slaughters***
- ❖ ***Challenge of not involving insurers in Reinsurance treaties negotiations***
- ❖ ***Lack of IT infrastructure for Client & claims management in Crop insurance***
- ❖ ***Biased / unsatisfactory results from crop cut experiments***



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# THANK YOU



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