

11TH INTERNATIONAL TAKAFUL SUMMIT

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MICROTAKAFUL AS STIMULUS FOR ISLAMIC MICROFINANCE

“ SUDAN VIEW ”

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CONTENTS

- ISLAMIC MICROFINANCE SYSTEM IN SUDAN**
- ISLAMIC MICROFINANCE FUNDS IN SUDAN.**
- MICROTAKAFUL AS STIMULUS FOR ISLAMIC MICROFINANCE.**
- HOW PACKAGE OF COVERS CONTROL MICROTAKAFUL RISKS.**
- MICROTAKAFUL SUCCESSFUL PRACTICES.**
- LOSS PREVENTION MEASURES AS RISK CONTROL TOOL FOR MICROTAKAFUL**
- OPPORTUNITIES AND CHALLENGES.**
- BENEFITS OF MICROTAKAFUL.**

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

A: REGULATOR : CENTRAL BANK OF SUDAN [CBOS] – MICROFINANCE UNIT

- LEGISLATIONS
- CAPACITY BUILDING
- PROMOTER OF MICROFINANCE SECTOR IN SUDAN.
- CBOS DIRECTED COMMERCIAL BANKS TO ALLOCATE 12% OF THEIR TOTAL LENDING PORTFOLIOS TO MICROFINANCE

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

B: MICRO FINANCE SUPPLY:

1/ BANKING SYSTEM

- 34 COMMERCIAL BANKS ARE FUNCTIONING, 20 BANKS PROVIDING ISLAMIC MICROFINANCE SERVICES
- AMAN FUND
 - SDG 200,000,000 [\$ 72,000,000]
 - 75% BANKS
 - 25% ZAKAT AUTHORITY
- LOAN SIZE UP TO SDG 20,000.00 [ABOUT \$7,000]

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

2/ SOCIAL FUNDS

A. NATIONAL PENSIONERS' FUND

B. GRADUATE EMPLOYMENT PROJECT

C. OTHERS

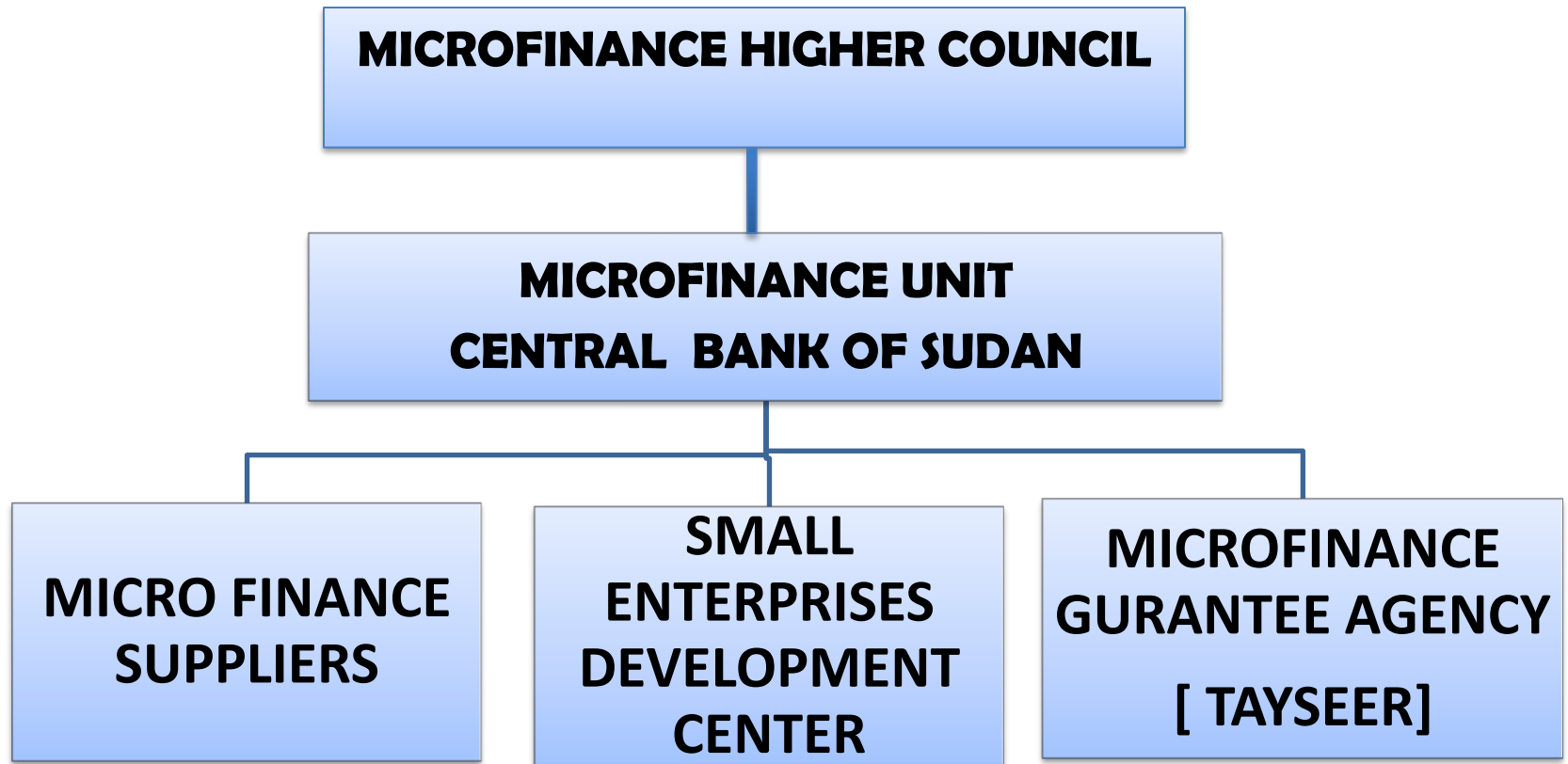
- PROVIDE SUPPORT TO POOR AND LOW INCOME GROUPS, INCLUDING WOMEN, THE ELDERLY, STUDENTS, GRADUATES , AND PENSIONERS

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

C: KEY STAKEHOLDERS / SUPPLIERS

- FEDERAL GOVERNMENT
- STATE GOVERNMENTS
- LOCAL GOVERNMENTS BELOW STATE LEVEL
- BANKING SYSTEM
- INSURANCE SECTOR
- PROJECTS , FUNDS, PROGRAMS, SCHEMES
- NGOs
- PRIVATE SECTOR
- TRAINING INSTITUTIONS AND UNIVERSITIES

MICROFINANCE SYSTEM

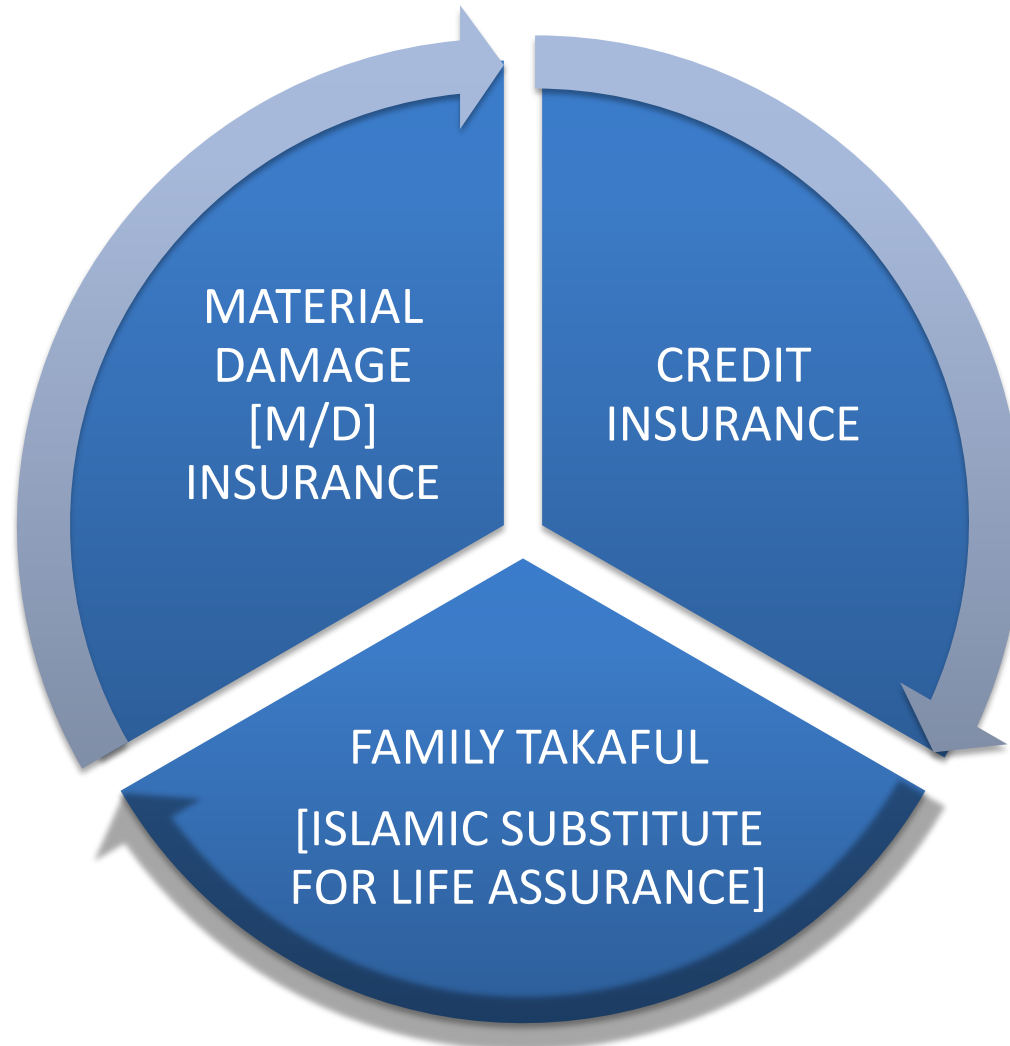


MICROTAKAFUL AS STIMULUS FOR ISLAMIC MICROFINANCE

- IN 2008 SUDANESE INSURANCE MARKET LAUNCHED MICROTAKAFUL PRODUCT IN RESPONSE TO THE CBOS DIRECTION TO THE COMMERCIAL BANKS TO PROVIDE MICROFINANCE .
 - TO FILL THE GAP IN MICROFINANCE CYCLE.
 - TO ENCOURAGE BANKING SYSTEM TO FINANCE SMALL ENTERPRISES TO HELP POVERTY ALLEVIATION.
 - TO PROTECT MICROFINANCE FUNDS AGAINST DEFAULT RISK.
 - TO HELP IMPLEMENTATION OF CBOS MICROFINANCE STRATEGY.

❖ HOW PACKAGE OF COVERS CONTROLS MICROTAKAFUL RISKS

PACKAGE OF COVERS



*** MATERIAL DAMAGE CLASSES**

- LIVESTOCK.**
- FIRE & BURGLARY.**
- MB.**
- EE.**
- MOTOR.**
- AGRICULTURAL.**

INSURED PERCENTAGE :

- **CREDIT INSURANCE** **90%**
- **MATERIAL DAMAGE INSURANCE** **100%**
- **FAMILY TAKAFUL [LIFE]** **100%**

MICROTAKAFUL SUCCESSFUL PRACTICES

- **MICROTAKAFUL PILOT PROJECT**
- **CONNECTING FARMERS TO MARKETS PROJECT**

MICROTAKAFUL PILOT PROJECT

PARTICIPANTS:

- SAVINGS AND SOCIAL DEVELOPMENT BANK.**
- FAMILY BANK.**
- REAL ESTATE COMMERCIAL BANK.**
- FARMER COMMERCIAL BANK.**
- SUDANESE AGRICULTURAL BANK.**
- ISLAMIC CO-OPERATIVE DEVELOPMENT BANK.**
- ANIMAL RESOURCES BANK.**
- INDUSTRIAL DEVELOPMENT BANK.**
- AL SHAMAL ISLAMIC BANK.**
- OMDURMAN NATIONAL BANK.**





















CONNECTING FARMERS TO MARKETS PROJECT

KEY CONCEPT / THEME OF THE PROJECT:

- TO ENABLE SMALL- SCALE FARMERS TO GET OUT OF THE CYCLE OF UNDER –PRODUCTION AND POVERTY.**
- BECOME SELF- SUFFICIENT AND PRODUCE A SURPLUS.**

MAIN OBJECTIVES:

- **TO CONNECT SMALL – SCALE FARMERS [LESS THAN 5 TO 10 FEDDANS] TO FOUR “MARKETS” .**
- **MARKET FOR MICR- CREDIT.**
- **MARKET FOR MICRO- TAKAFUL.**
- **MARKT FOR EXTENTION SERVICES.**
- **MARKET FOR SALE.**

CONNECTING FARMERS TO MARKETS:

PARTENERS:

- **MICROFINANCE UNIT, CENTRAL BANK OF SUDAN (MFU).**
- **UN WORLD FOOD PROGRAMME (WFP).**
- **UNDP.**

CONNECTING FARMERS TO MARKETS

1

**MICRO
FINANCE**

2

**MICRO
INSURANCE**

3

**AGRICULTURE
EXTENTION
SERVICES**

4

**AGRICULTURE
CROPS
MARKETS**

CONNECTING FARMERS TO MARKETS:

- PARITICIPATS

- BANK OF KHARTOUM .**
- FAMILY BANK.**
- SAVINGS AND SOCIAL DEVELOPMENT BANK.**



GOVERNMENT SUPPORT:

- ❖ GOVERNMENT PAY 50% OF AGRICULTURAL INSURANCE PREMIUM TO INSURANCE COMPANIES.

WHO BEAR THE PREMIUM:

- MATERIAL DAMAGE COVER – BENEFICIARIES OR PARTICIPANT**
- FAMILY TAKAFUL (LIFE) COVER - BENEFICIARIES OR PARTICIPANT**
- DOMESTIC CREDIT COVER – PARTICIPANT (BANK) ONLY.**

LOSS PREVENTION MEASURES AS RISK CONTROL TOOL FOR MICROTAKAFUL:

LOSS PREVENTION DEPARTMENT:

- THE MEASURES TAKEN TO REDUCE THE PROBABILITY OF OCCURRENCE OF A LOSS INCLUDE:-

1/ RISK ASSESSMENT

2/VETERINARY SERVICES

3/TECHNICAL SUPPORTS

4/POST LOSS SURVEY

5/RISK IMPROVEMENT ADVICE

6/CORRECTIVE ACTIONS.

MICROTAKAFUL OPPORTUNITIES :

- HUGE MICROFINANCE FUND.**
- MICROFINANCE INFRASTRUCTURE.**
- REGULATOR**
- MICROFINANCE SYSTEM.**
- LEGISLATIONS.**
- DISTRIBUTION CHANNELS**
- GOVERNMENT'S SUPPORT.**

MICROTAKAFUL CHALLENGES :

- MICROFINANCE AWARENESS.**
- EFFICIENT RISK MANAGEMENT TOOLS.**
- LACK OF CREDIT INFORMATION.**
- MORAL HAZARD.**
- RETAKAFUL CAPACITY.**
- TAKAFUL PRODUCTS EXPANSION**

BENEFITS OF MICROTAKAFUL

- **LOAN GURANTEE FOR FINANCE PROVIDERS**
- **POLICY HOLDERS ENTITLED TO SURPLUS**
- **REDUCE INSURANCE COST**
- **POLICYHOLDERS BENEFITS FROM LOSS PREVENTION SERVICES**
- **REDUCE ECONOMIC WASTE**
- **SOCIAL RESPONSIBILITY**
- **HELP POVERTY ALLEVIATION**
- **A METHOD OF CO-OPERATION BETWEEN PARTICIPANTS**

