MICROTAKAFUL AS STIMULUS FOR ISLAMIC MICROFINANCE
" SUDAN VIEW "

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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 SDG 3.6 BILLION [ABOUT $ 650,000,000

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

B: MICROFINANCE SUPPLY:

1/ BANKING SYSTEM

- 33 COMMERCIAL BANKS ARE FUNCTIONING, 20 BANKS PROVIDING

ISLAMIC MICROFINANCE SERVICES

- AMAN FUND

  - SDG 200,000,000
  - 75% BANKS
  - 25% ZAKAT AUTHORITY

- LOAN SIZE UP TO SDG 20,000.00

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

2/ SOCIAL FUNDS

    A. NATIONAL PENSIONERS' FUND
    B. GRADUATE EMPLOYMENT PROJECT
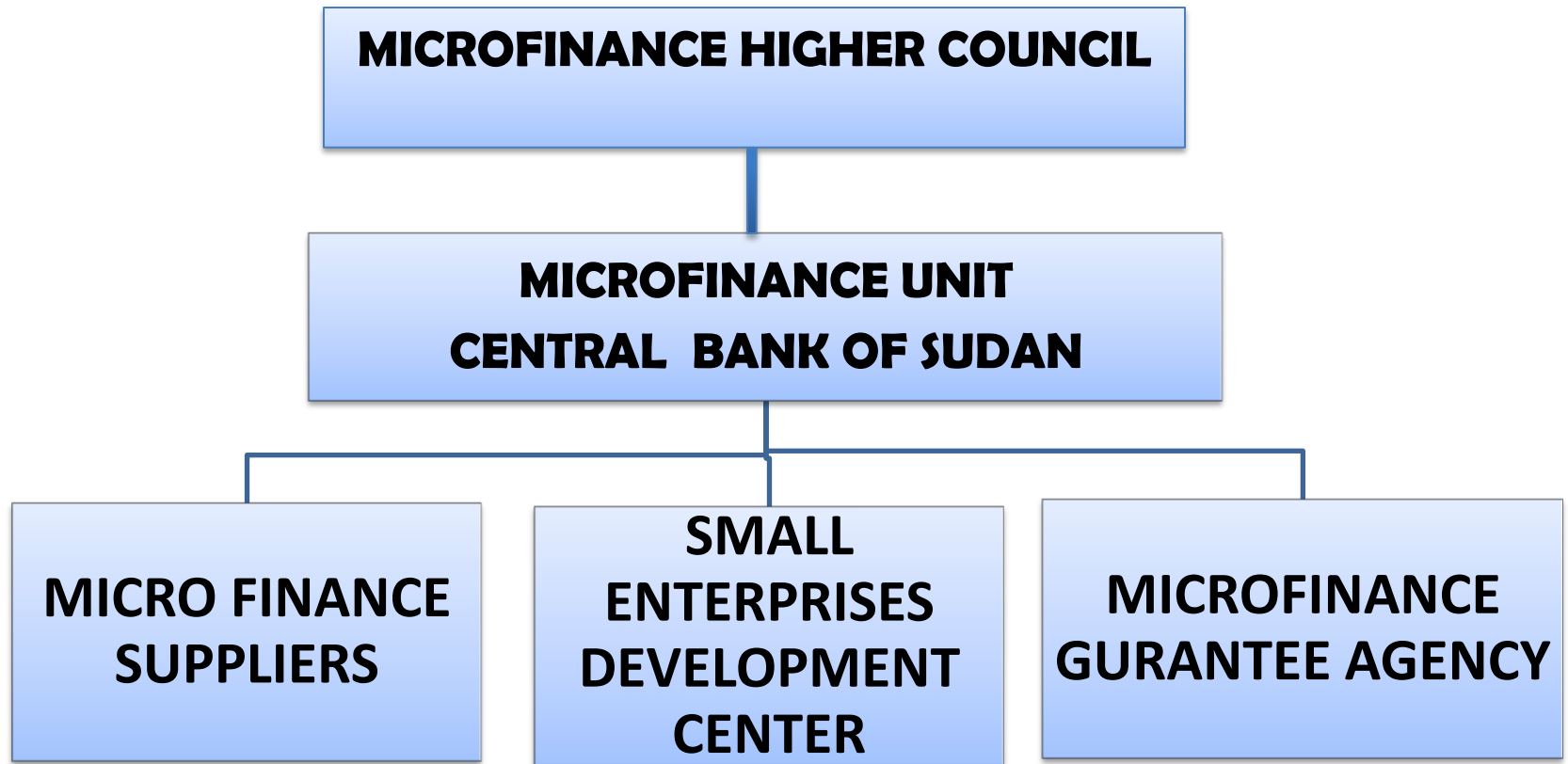   C. OTHERS

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

ISLAMIC MICROFINANCE SYSTEM IN SUDAN

D: KEY STAKEHOLDERS / SUPPLIERS

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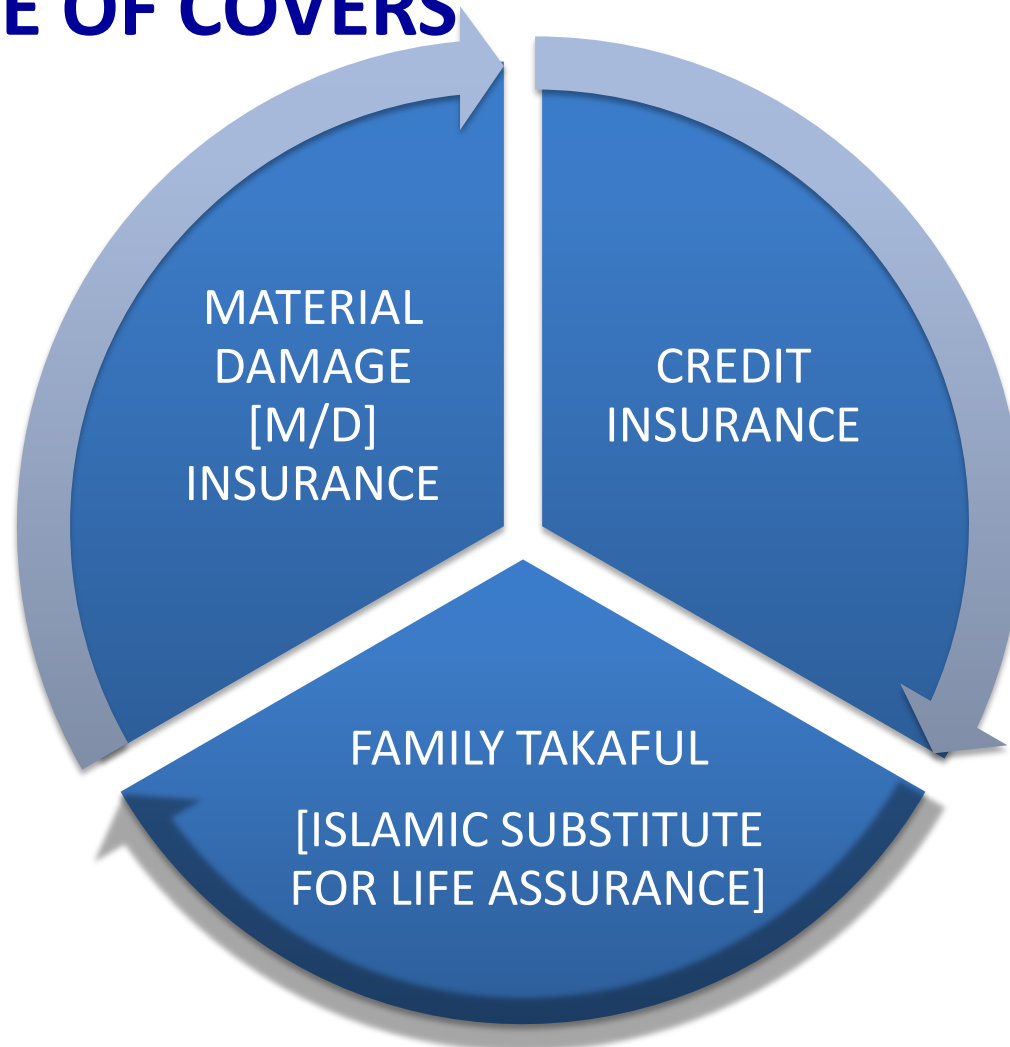- TRAINING INSTITUTIONS AND UNIVERSITIES

MICROFINANCE SYSTEM

MICROFINANCE HIGHER COUNCIL

**MICROFINANCE UNIT
CENTRAL BANK OF SUDAN**

MICRO FINANCE SUPPLIERS

SMALL ENTERPRISES DEVELOPMENT CENTER

MICROFINANCE GURANTEE AGENCY

MICROTAKAFUL AS STIMULUS FOR MICROFINANCE

- IN 2008 SUDANESE INSURANCE MARKET LAUNCHED MICROTAKAFUL PRODUST 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**

SHIEKAN AS A MULTI-LINES TAKAFUL OPERATOR PROVIDES

A PACKAGE OF COVERS

MATERIAL DAMAGE [M/D] INSURANCE

CREDIT INSURANCE

FAMILY TAKAFUL [ISLAMIC SUBSTITUTE FOR LIFE ASSURANCE]

* MATERIAL DAMAGE CLASSES
- **LIVESTOCK.**
- **FIRE & BURGLARY.**
- **MB.**
- **EE.**
- **MOTOR.**
- **AGRICULTURAL.**

INSURED PERCENTAGE :

- **CREDIT INSURANCE**   **90%**

- **MATERIAL DAMAGE INSURACE**   **100%**

- **FAMILY TAKAFUL [LIFE]**   **100%**

MICROTAKAFUL SUCCESSFUL PRACTICES

- MICROTAKAFUL PILOT PROJECT 2008 -2011
- CONNECTING FARMERS TO MARKETS PROJECTS 2011
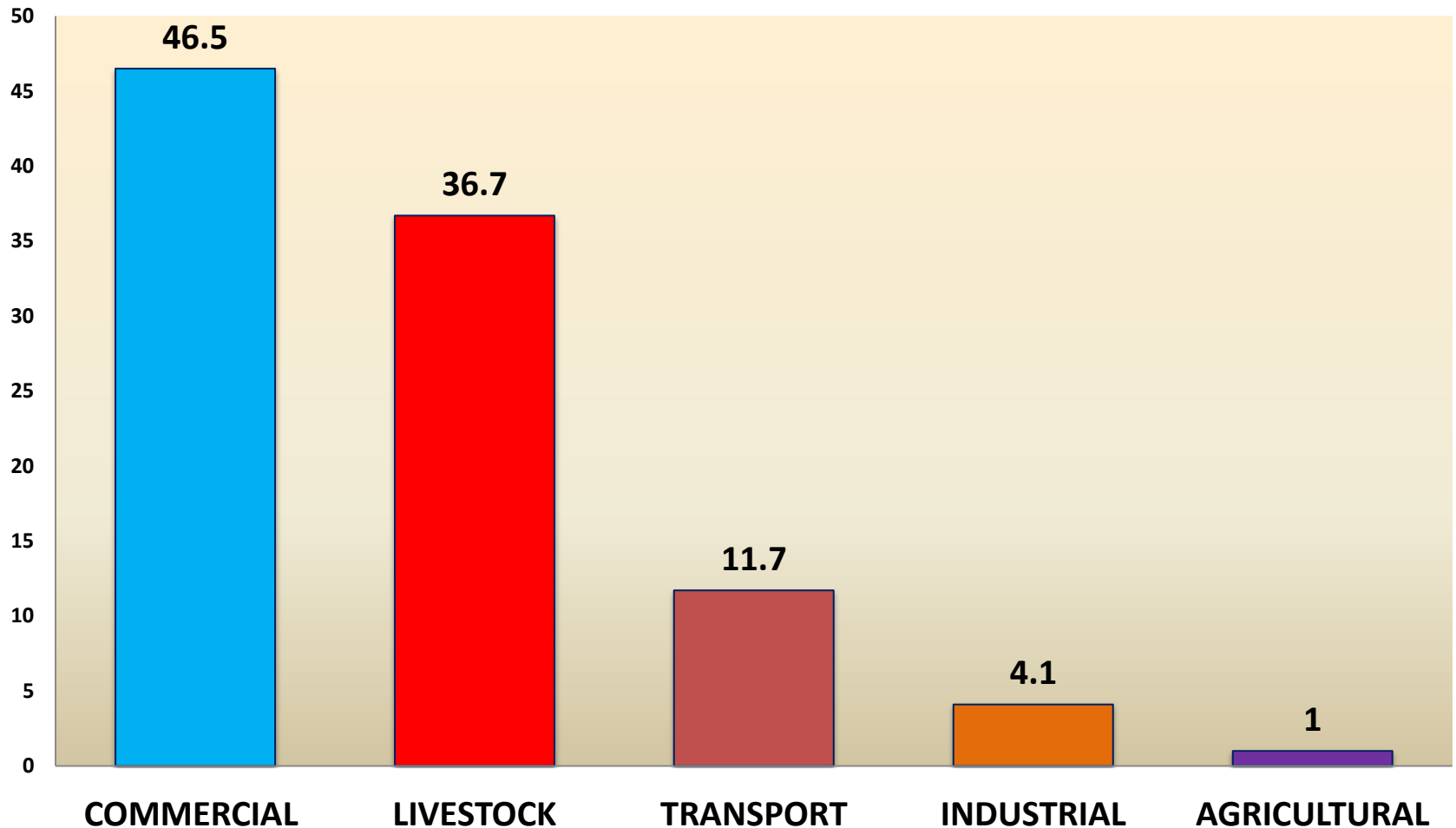
MICROTAKAFUL PILOT PROJECT 2008 -2011

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.

SECTORS INSURED: 2008 TO 2011

MICROTAKAFUL PILOT PROJECT BUSINESS 2008 - 2011

YEAR	BUSINESS INSURED SDG	PREMIUM SDG	BENEFICIARIES
2008	8,829,960.42	382,371.21	752
2009	35,935,032.10	2,112,768.70	8555
2010	43,466,498.85	2,228,223.05	6099
2011	27,314,591.20	1,615,477.00	1759
TOTAL	115,546,082.57	6,338,839.96	17,172

PILOT PROJECT BUSINESS INSURED 2008 - 2011
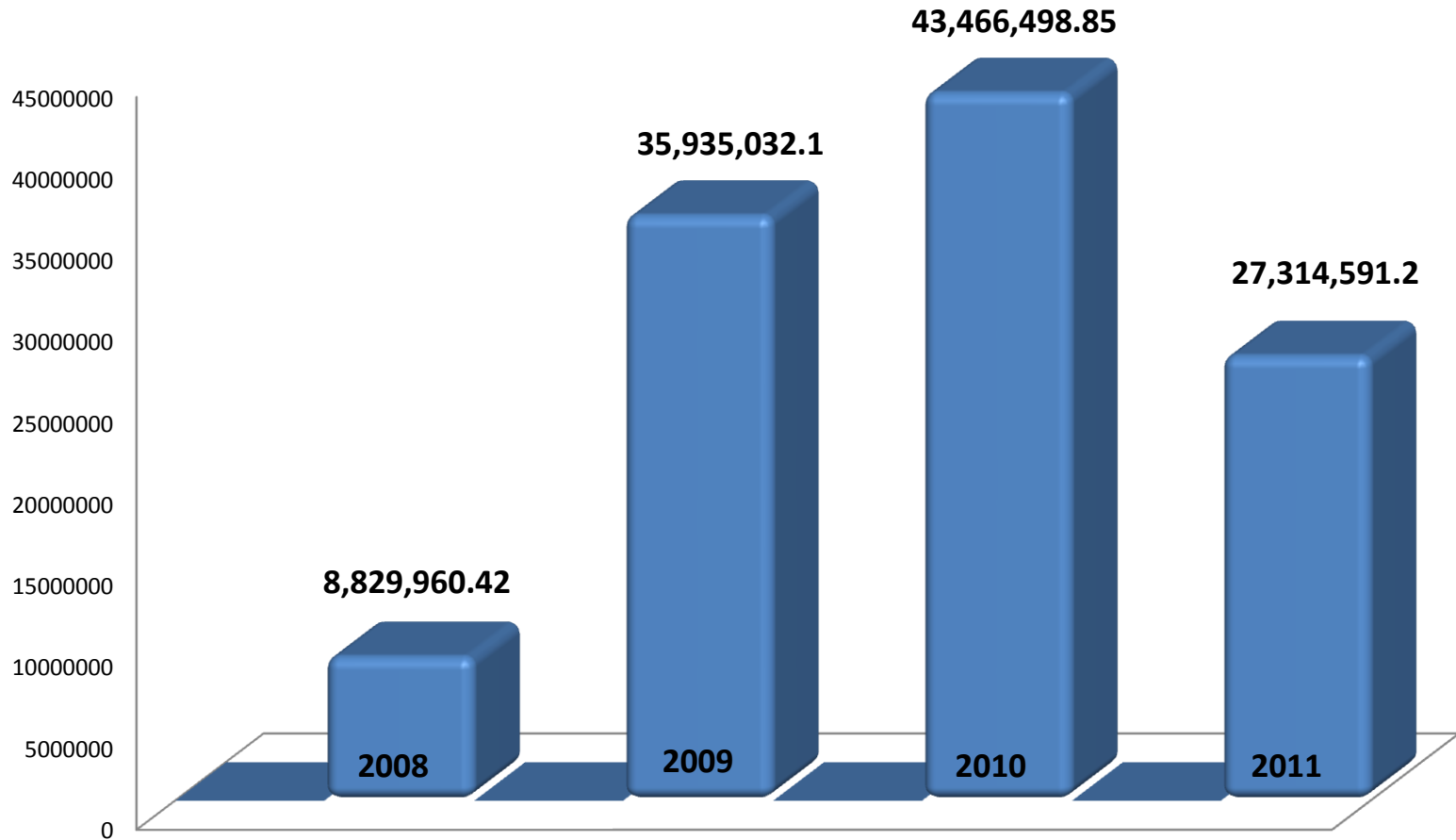
CONNECTING FARMERS TO MARKETS PROJECT

KEY CONCEPT / THEME OF THE PROJECT:
- TO ENABLE SMALL- SCALE FARMERS TO GET OUT OF THE CYCLE OF UNDER –PRODUTION AND POVERTY.
- BECOME SELF- SUFFICIENT AND PRODUCE A SURPLUS.

MAIN OBJCTIVES:

- **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, CENTERAL BANK OF SUDAN (MFU).**

- **UN WORLD FOOD PROGRAMME (WFP).**

- **UNDP.**

CONNECTING FARMERS TO MARKETS

1

MICRO FINANCE

2

MICRO TAKAFUL

3

AGRICULTURE EXTENTION SERVICES

4

AGRICULTURE CROPS MARKETS

CONNECTING FARMERS TO MARKETS:

- PARITICIPATS

    - BANK OF KHARTOUM .

    - FAMILY BANK.

    - SAVINGS AND SOCIAL DEVELOPMENT BANK.

CONNECTING FARMERS TO MARKETS:

| FINANCE SDG	PREMIUM SDG	BENEFICIARIES (FARMERS)
17,000,000.00	935,000.00	66,000

MICROTAKAFUL PILOT PROJECT & CONNECTING FARMERS TO MARKETS BUSINESS 2008 - 2011

YEAR	BUSINESS INSURED SDG	PREMIUM SDG	BENEFICIARIES
2008	8,829,960.42	382,371.21	752
2009	35,935,032.10	2,112,768.70	8555
2010	43,466,498.85	2,228,223.05	6099
2011	44,314,591.20	2,550,477.00	67,760
TOTAL	132,546,082	7,273,839	83,172

BUSINESS INSURED 2008 – 2011
PILOT PROJECT & CONNECTING FARMERS TO MARKETS
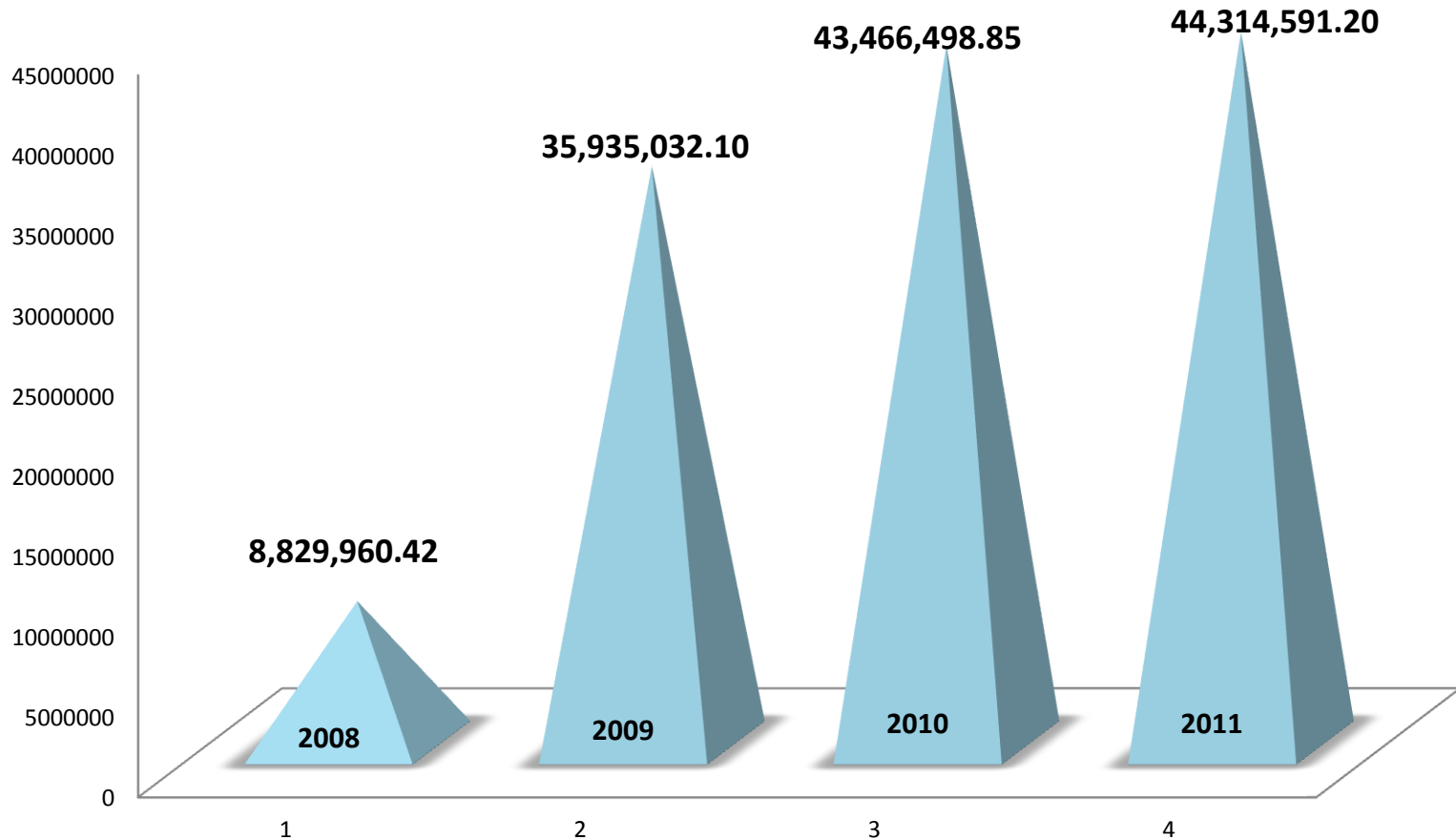
GOVERNMENT SUPPORT:

❖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 OPERATORS :**

- **SHIEKAN INSURANCE & REINSURANCE CO.**

- **ISLAMIC INSURANCE CO.**

- **AL TAWONIA INSURANCE CO.**

- **AL BARAKA INSURANCE CO.**

- **MICROTKAFUL POOL .**

MICROTAKAFUL OPPORTUNITIES :

- HUGE MICROFINANCE FUND.

- MICROFINANCE INFRASTRUCTURE.

- REGULATOR

- MICROFINANCE SYSTEM.

- LEGISLATIONS.

- GOVERNMENT'S SUPPORT.

MICROTAKAFUL CHALLENGES :

- MICROFINANCE AWARENESS.

- EFFICIENT RISK MANAGEMENT TOOLS.

- LACK OF CREDIT INFORMATION.

- MORAL HAZARD.

- REINSURANCE CAPACITY.

- INSURANCE PRODUTS EXPANTION

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**