

# Agricultural Insurance Reform in Nigeria

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*Making Risk Management and Insurance Solutions work for Vulnerable  
People in Africa*

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# Why agriculture matters

- The sector contributes 42.1% of the current GDP and remains a major source of food and raw material for agro-industrial processing.
- Agriculture has strong links to employment – between 19.2- 40.5 million employed
- About 80% of Nigeria 's population derives their livelihood from agriculture and related activities.
- Over 90% of Nigerian agriculture is rain-fed.
- Farmers experience more frequent crop losses as a result of changing weather conditions – making planning on the basis of past trends difficult.



# What to expect from future climate

- Average temperature will increase over Nigeria
- Average volume of precipitation all over the country may show little change, but noticeable decrease in already arid areas, especially in the North
- Sea level rise, perhaps up to 50cm by turn of the century
- Climatic impacts will grow steadily in time, more particularly in latter half of the century.
- Climate change may not be the lone driver of stress in agriculture.





# Crop risk management and insurance

- Farmers are confronted by risks such as drought, prolonged dry season, pests, flood, windstorm, etc. A changing climate will heighten these risks
- At the moment, only 1% of farmers in Nigeria are covered by agric insurance
- Banks and other financial institutions are often reluctant to extend financial services to farmers because of the high risk in crop farming



# Microinsurance coverage in Africa

Country	Number of people Covered	% Not covered
Mauritania	3,000	98%-100%
DRC	304,350	98%-100%
Uganda	1,618,236	87%-90%
Senegal	616,604	90%-94%
Mali	75,212	98%-100%
Cameroon	126,861	98%-100%
Zambia	64,000	98%-100%
Ghana	114,000	98%-100%
Nigeria	2,725	98%-100%

*Source: The landscape of microinsurance in the worlds 100 Poorest Countries, Jim Roth, Michael J McCord, and Dominic Liber, April 2007*



# Components of agricultural insurance reform in Nigeria

- Expansion of weather monitoring infrastructure and upgrading of agro-meteorological skills
- Legal and regulatory reforms
- Product design and capacity building for the insurance industry
- Farmer education and awareness creation
- Pilot projects



# National Committee for Reform Implementation

- Central Bank of Nigeria
- National Insurance Commission
- Federal Ministry of Agriculture
- Nigerian Insurance Association
- All Farmers Association
- Nigerian Agricultural Insurance Corporation
- International Centre for Energy, Environment & Development





# Challenges

- Vested Interests, especially resistance from incumbent national agricultural insurance institution
- Lack of awareness by the insurance industry and other financial institutions
- Lack of regulatory clarity
- Inadequate capacity within the regulatory agency
- Low level of awareness and trust among farmers





Thank you

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