

A STATEMENT MADE BY THE PERMANENT SECRETARY, MINISTRY OF FINANCE AND PLANNING WHILE OFFICIATING AT THE OPENING SESSION OF THE ROUND TABLE DISCUSSIONS ON ESTABLISHMENT OF AGRICULTURAL INSURANCE IN TANZANIA ON 22ND JUNE 2016, AT JULIUS NYERERE CONVENTION CENTRE – DAR ES SALAAM



**The Permanent Secretary, Ministry of Finance and Planning
Dr. Servacius B. Likwelile**

Distinguished guests,

Ladies and Gentlemen,

I thank you for inviting me to participate in this round table discussion on agricultural insurance in Tanzania. Let me begin my remarks by acknowledging the rapid growth and development of the insurance industry in Tanzania in the last few years. The sector has grown by close to 20% in the last five years with the number of insurance companies increasing from 27 to 31 between 2010 and 2015 and insurance brokers increasing from 80 to 130 during the same period. It is estimated that the sector will grow by 18% this year which is significantly higher than the estimated Gross Domestic Product (GDP) growth rate.

Ladies and Gentlemen,

Despite the high growth in the sector, Tanzania's penetration rate just like in most of the countries South of the Sahara, remains low at one percent which means that the sector still has a huge growth potential if the challenges that undermine its growth are

Turning to the subject of agricultural insurance, it is well known that Tanzania's economy is largely driven by agriculture, with the sector employing 80% of the country's workforce and contributing up to 40% of the GDP.

With agriculture playing such a significant role, it is imperative that we pay attention to risks associated with farming, which if left unmitigated, can be detrimental to small scale farmers and poor households. Such risks include; unpredictable weather patterns, non-germination of seeds, pests, and damage to crops by wild animals. These events which are often beyond the farmer's control, can cause heavy losses and pose a major threat to production and incomes. The Government of Tanzania has made significant strides in supporting of agriculture not only through policy instruments but also establishment of an agricultural bank to address accessibility to loans by farmers.

These efforts are yet to lead to the increase in subsistence crop productivity due to lack of sustainable agricultural insurance practice in Tanzania. As a result, weather risks continue to pose threats to whatever gains the Government is making in the agricultural sector. Therefore, it is imperative to put in place risk management mechanisms to protect the farmers. Agricultural insurance is one of the most reliable ways in which small farmers' access to seasonal loans for improved farming, use of certified seeds, fertilizers and plant protection chemicals can be enhanced.

Ladies and Gentlemen,

We know that agriculture is considered as a high risk sector by insurers and financial institutions and consequently, the sector suffers from inadequate financing and risk mitigation. Moreover, studies on the status of agriculture insurance in Tanzania show that with the exception of a few pilot schemes, agriculture insurance for smallholder farmers does not exist in the market.

I wish to indicate that we in the Government recognize the importance of agricultural insurance and we are ready to initiate stakeholder discussions like this one today, with the aim of agreeing on policies and guidelines that will give incentive to insurance companies to venture into this business.

This is because we appreciate that providing insurance coverage to farmers against crop failure, natural calamities, pests and animal diseases requires specialization and heavy investment in technology, infrastructure and training programs.

I expect this round table to discuss ways in which the private sector and the government can partner to design programs where the Government and private sector complement each other in mitigating these risks.

Ladies and Gentlemen,

It has been demonstrated in several countries including India which has undergone an agricultural revolution and is self-sufficient in food production that crop and agricultural insurance is fundamental to the social-economic development. In these countries governments have put in place specialized institutions targeted exclusively at providing risk mitigation for all agricultural and associated risks.

In the case of Tanzania, given the fiscal challenges facing the government and our current agenda of delivering public services more efficiently and building an infrastructure to support the economy, a public sector oriented body will be difficult without support from private Insurers and development partners.

Ladies and Gentlemen,

As I conclude, let me take this opportunity to call upon insurance players in this room to seize this opportunity of meeting with experts on agricultural insurance and seek ways of partnering with them with a view to coming up with a sustainable agricultural insurance sector in Tanzania.

That way, insurance industry will have taken its expected centre stage position in building the economy.

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Ladies and Gentlemen,

With these few remarks, let me declare that the Round Table Discussion on Agric-Insurance in Tanzania is officially opened.