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# SUSTAINABLE FISHERIES MANAGEMENT PROJECT (SFMP)

## Millennium Insurance Strategic Partnership Concept Paper



**Hɛn Mpoano**



**SNV** SMART  
DEVELOPMENT  
WORKS



**SPS** | SPATIAL  
SOLUTIONS

This publication is available electronically on the Coastal Resources Center's website at <http://www.crc.uri.edu>

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## ACRONYMS

CEDECOM	Central Region Development Commission
CEWEFIA	Central and Western Region Fishmongers Improvement Association
CLaT	Child Labour and Trafficking
DAA	Development Action Association
DSW	Department of Social Welfare
FoN	Friends of Nation
SFMP	Sustainable Fisheries Management Program
SNV	Netherlands Development Organization
USAID	United States Agency for International Development
WFCL	Worst Forms of Child Labour

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## **BACKGROUND**

While the Government of Ghana recognizes the importance of extending life and vessel insurance to the country's fishermen, Ghana currently lacks a customized, comprehensive insurance package for the fishing sector. Local insurance companies typically view the artisanal fishing sector as too unstructured and thus unattractive for investment. Without insurance for themselves, their crew and their equipment, fishermen are vulnerable to the effects of accidents, illness, and unanticipated natural disasters and shocks, and they lack a pension plan for retirement.

A partnership between SFMP and Millennium Insurance would provide life and vessel insurance for fishermen and their fishing equipment to advance Government of Ghana policy efforts to support the fishing sector. Millennium Insurance is a relatively young insurance company, and it is eager to tap a new market for its products by extending insurance to the fishing sector. A partnership with Millennium has the potential to reduce the burden on the Government of Ghana to provide insurance to the sector, and it will provide financial security and improved access to health services for fishermen and their families.

Elsewhere, insurance for the fishing sector is a serious policy initiative. In the Philippines, the Bureau for Fisheries and Aquatic Resources (BFAR) provides a free insurance (life and non-life) package for fishermen. The initiative serves as an incentive for fishermen to register their vessels with the government, providing valuable data for the government to develop policies for the sector.

This concept note outlines a proposed partnership to pilot an insurance program for artisanal fishermen and their equipment in the Central and Western regions of Ghana. As in the Philippines, this insurance program would be linked to registration of canoes and vessels.

## **PARTNERSHIP STRATEGY**

The partnership between Millennium Insurance, the Ghana Sustainable Fisheries Management Project (SFMP), and the Government of Ghana would pilot an insurance program tailored to fishermen in Ghana's Central and Western regions.

The key actors for the partnership would be the Ministry of Fisheries and Aquaculture Development (MOFAD), the Fisheries Commission (FC), the National Insurance Commission (NIC), Fishermen Associations and Millennium Insurance. The USAID/Ghana SFMP would play a central, coordinating role for the partnership.

Millennium Insurance would design the insurance package and provide insurance under the pilot program. It would design its insurance offering with the input of local Fishermen Associations—representing the key beneficiaries for the partnership—and the guidance of the NIC, which regulates the insurance industry in Ghana.

The pilot insurance program could be bundled with the pending SFMP-Vodafone Farmers' Club partnership to deploy Vodafone Cash (or mobile money) for insurance premiums. In the short term, the partners could encourage all fishermen who are members of the Vodafone Farmers' Club to also enroll in the insurance package. The payment for the insurance premiums could then be done via mobile phone through Vodafone Cash. In the medium- to long-term, insurance could be a prerequisite for enrolling in the Vodafone Farmers' Club, with premium payments handled via Vodafone Cash.

Successful implementation of the partnership will require a comprehensive community outreach campaign, to explain the insurance program to fishermen and to tailor it to their needs. The partners (SFMP and MOFAD/FC) will also need to work closely with Millennium

to establish a premium rate that will be attractive to the fishermen while also profitable to the company.

Further, Government of Ghana leadership will be crucial to the success of the partnership. MOFAD and FC will be key partners, ensuring that the partnership is in line with and supported by government policy agendas. MOFAD and FC will be closely engaged in each stage of the pilot’s design and implementation. MOFAD and FC will be critical to providing Millennium Insurance with baseline data on the fishing sector in Ghana (e.g., number of fishermen, number of canoes, average age, geographical distribution, etc.), needed to support insurance design. Also, to the extent that the insurance pilot may be linked to vessel registration, FC and MOFAD will be responsible for hosting and maintaining the registration system.

## **PARTNERSHIP OBJECTIVES**

- To increase the security and resiliency of fishermen, by providing life insurance, health insurance, and a pension for retirement.
- To reduce the need for government expenditure on the fishing sector in times of disaster and unforeseen shocks.
- To provide financial security to fishermen in the event of the destruction of their vessels or other key equipment, linked to accidents and natural disasters.
- To reduce dependence on the sea by encouraging voluntary retirement of aged fishermen via a pension scheme.

## **PROPOSED ROLES AND RESPONSIBILITIES OF PARTNERS**

<b>USAID/SFMP Project</b>	<ol style="list-style-type: none"> <li>1. Collate fishing sector data to inform the development of the insurance package.</li> <li>2. Undertake monitoring and evaluation of pilot progress and accomplishments based on agreed indicators and deliverables.</li> <li>3. Lead community sensitization and awareness building, to inform the creation of the insurance package and encourage enrollment of fishermen.</li> <li>4. Serve as partnership secretariat.</li> </ol>
<b>Millennium Insurance</b>	<ol style="list-style-type: none"> <li>1. Outline insurance package – eligible equipment, premiums, claims, etc.</li> <li>2. Refine insurance package with input of government partners and Fishermen Associations.</li> <li>3. Recruit and train insurance sales agents/personnel.</li> <li>4. Open office outlets to bring insurance offerings closer to key fishing communities.</li> <li>5. Conduct community sensitization and awareness.</li> <li>6. Undertake monitoring and evaluation of pilot progress and accomplishments based on agreed indicators and deliverables.</li> </ol>

<b>USAID/SFMP Project</b>	<ol style="list-style-type: none"> <li>1. Collate fishing sector data to inform the development of the insurance package.</li> <li>2. Undertake monitoring and evaluation of pilot progress and accomplishments based on agreed indicators and deliverables.</li> <li>3. Lead community sensitization and awareness building, to inform the creation of the insurance package and encourage enrollment of fishermen.</li> <li>4. Serve as partnership secretariat.</li> </ol>
<b>MOFAD/FC</b>	<ol style="list-style-type: none"> <li>1. Provide Millennium with available data on the fishing sector—number of canoes, contact information, age of fishermen, geographic distribution, etc.</li> <li>2. Provide input into the design of the insurance package.</li> <li>3. Assist in community sensitization and awareness building for enrollment.</li> <li>4. If linked with insurance, host and maintain vessel/equipment registration system.</li> <li>5. Initiate policies to sustain the partnership (e.g., repurposing all or some of the funds meant for the fuel subsidy to subsidize insurance premiums for fishermen).</li> </ol>

## PROPOSED PHASES OF WORK

<b>Phase 1: Stakeholder Consultations</b>	<b>October - December 2015</b>	<p>Consultation activities include:</p> <ul style="list-style-type: none"> <li>• Government discussions – gathering input and securing early buy-in from FC and MOFAD.</li> <li>• Chief fishermen discussions – gathering input and securing early buy-in from target beneficiaries.</li> <li>• Informing National Insurance Commission (NIC) on insurance product – solicit concerns and advice.</li> <li>• Refining concept note.</li> </ul>
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<p><b>Phase 2: Strategic Partnership Forum</b></p>	<p><b>January 2016</b></p>	<p>Forum activities include:</p> <ul style="list-style-type: none"> <li>• Presentation of outline for insurance package – premium (life and non-life), claims, eligible fishing equipment, etc.</li> <li>• Presentation and discussion of stakeholders concerns and inputs.</li> <li>• Discussion of resources and partnership implementation – exploring and outlining what each partner will contribute.</li> <li>• Exploring and discussing strategy to link canoe/vessel registration to insurance scheme for fishermen who have yet to register their canoes with MOFAD/FC.</li> <li>• Exploring possible links with the Vodafone Farmers’ Club partnership (e.g., Vodafone Cash).</li> <li>• Discussing the <u>feasibility</u> of shifting some or the entire current fuel subsidy to an insurance subsidy, to reduce the premium to be paid by fishermen.</li> <li>• Refining concept note accordingly.</li> </ul>
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<p><b>Phase 3:</b> <b>Pre-Implementation of Partnership</b></p>	<p><b>January – May 2016</b></p>	<p>Pre-implementation activities include:</p> <ul style="list-style-type: none"> <li>• Finalizing and circulating concept note.</li> <li>• Follow-up on outstanding issues from partnership forum.</li> <li>• Negotiating partnership and insurance design elements (premium levels, resources from each partner, eligible claims, eligible equipment, etc.).</li> <li>• Developing partnership indicators and deliverables.</li> <li>• MOU development and signing.</li> <li>• Registering insurance product with NIC.</li> <li>• Sourcing fisheries sector data from FC and other stakeholders.</li> <li>• Sensitization and awareness creation in fishing communities.</li> <li>• Selecting appropriate communities for piloting the insurance/registration scheme.</li> <li>• Establishing insurance outlets in selected pilot communities.</li> <li>• Recruiting and training insurance sales personnel.</li> </ul>
<p><b>Phase 4:</b> <b>Pilot Implementation</b></p>	<p><b>May – December 2016</b></p>	<p>Implementation activities include:</p> <ul style="list-style-type: none"> <li>• Piloting insurance product, and experimenting with combining insurance product with vessel registration or Vodafone Cash.</li> <li>• Sensitization and awareness creation in target communities.</li> <li>• Expansion of Millennium office outlets.</li> <li>• Monitoring and evaluation – recording outcomes, drawing lessons learned and refining pilot model.</li> <li>• Continuously informing government of partnership outcomes to aid in policy decision-making.</li> </ul>

<p><b>Phase 5: Partnership Scale-Up</b></p>	<p><b>January – December 2017</b></p>	<p>Partnership scale-up activities include:</p> <ul style="list-style-type: none"> <li>• Extending insurance services to other communities.</li> <li>• Opening new Millennium Insurance outlets near fishing communities.</li> <li>• Expanded sensitization and awareness creation.</li> <li>• Monitoring and Evaluation – review partnership approaches, add new modalities where necessary, etc.</li> </ul>
<p><b>Phase 6: Partnership Transfer</b></p>	<p><b>January – September 2018</b></p>	<p>Partnership transfer activities include:</p> <ul style="list-style-type: none"> <li>• Design partnership management modalities and strategies with Millennium, SFMP and MOFAD/FC.</li> <li>• Work with Millennium and MOFAD/FC to gradually hand over responsibility for SSG’s partnership management tasks to ensure sustainability.</li> </ul>

## **PROPOSED M&E OUTLINE**

Success indicators will include the following:

- Increase in registration of fishermen, vessels/canoes, gears and other vital equipment.
- Improved fishing practices and use of approved and recommended fishing equipment.
- Decrease in the number of fishermen at sea (reduction in fishing effort) – voluntary retirement of aged fishermen.
- Expanded insurance coverage for fishermen: Enrollment targets met.
- Customer satisfaction with insurance products.
- Over time, greater economic security for fishermen and fishing communities; greater resiliency to natural shocks.