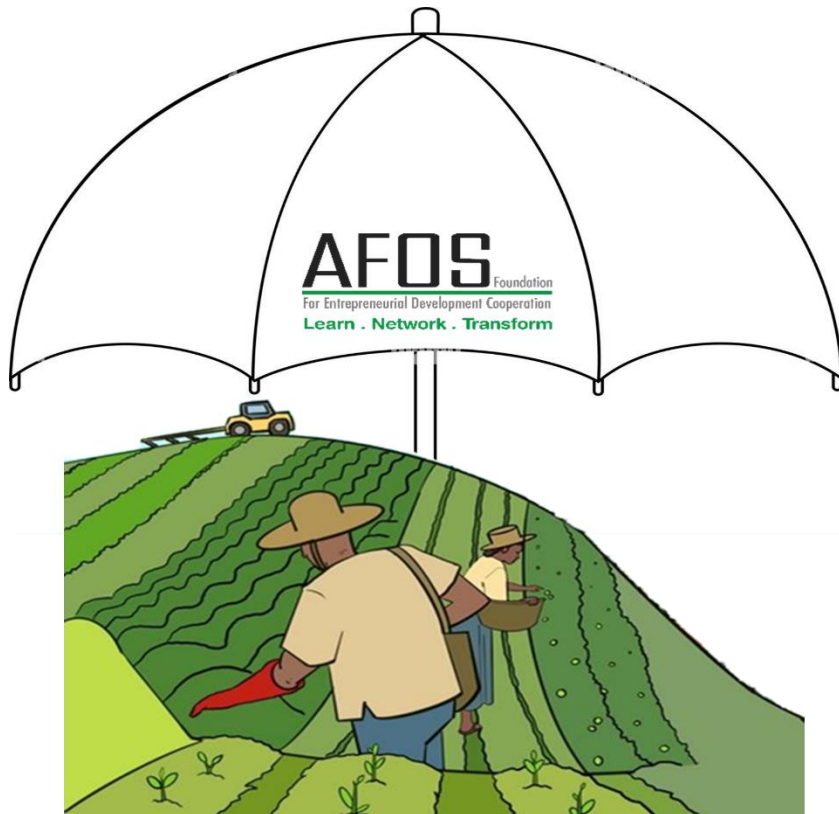


Business Continuity and Microinsurance – *Projects in AGRAR II are Boosting Sustainable Enterprise Development*

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AFOS-INGO-NIG projects in Micro Insurance and Business Continuity is equipping the Microfinance Banks to recover from loan loss and to support Micro-entrepreneurs quickly recover from financial shock and business crisis

Crisis such as natural disasters, pandemics and terrorist activities are potential risks to the macroeconomic performance of an economy primarily due to the large-scale destruction of the productive capital stock. In particular, the Covid-19 pandemic have had an unprecedented impact on people and institutions, more importantly, it has threatened various poverty alleviation institutions such as the microfinance institutions (MFIs) that serve the poor

and vulnerable households in lower -income and emerging economies such as Nigeria.

Through the AGRAR II project in Nigeria, AFOS is giving attention to Business Continuity Planning and Micro Insurance, to prepare microfinance institutions in Nigeria for economic shock absorbance and resilience to provide immediate support to small businesses and vulnerable people in the face of crisis and resultant economic disruptions.

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Cover Illustration:
AFOS-INGO-NIG project is promoting coverage from business and economic shocks

Background to the AFOS Business Continuity Plan Programme

2020 marked the dawn of significant events in the business and social environment - increased banditry and terrorist activities, the COVID19 Pandemic, EndSARS movement, currency devaluation and the sharp depreciation of the Naira in the parallel market, as well as the impending Microfinance Banks recapitalization programme, etc. The effect of these shocks is disruptive to businesses, but more especially critical for microfinance institutions that serve as last line of defense for the poor and vulnerable groups, helping these ones to invest in microenterprises, save and maintain liquidity - services that are particularly critical during these periods of crisis and economic downtime in Nigeria when small and medium-scale enterprises have a need to remain capitalized.



The extent to which MFIs can mitigate these business disruptions depends to a great extent on their nature, and strength, hence, the concept of the Business Continuity Plan (BCP) programme is to establish risk management techniques and practices that aim to prevent disruptions to mission-critical services of the microfinance institutions, ensure the MFIs maintain vital operation during and after a crisis or disaster occurs and to quickly restore an institution to its full functionality. Hence, it directs the MFIs to focus on their preparedness to adequately respond to both planned and unplanned changes to the business environment.



Participating MFIs were taken through a journey of capacity building and organizational development climaxing with the development of a Business Continuity Plan Workbook - a procedural manual that outlines systematized proactive plan in preparedness for, and in response to business disruption.

The document is produced simultaneously with the review of the existing Standard Operational Policies and Procedures (SOPP), and action processes required for the prevention, management and containment of banking systemic distress and crisis which may be engendered by the inability to make up cash flow short falls in significantly adverse situations and the inability of other microfinance banks to meet the CBN capitalization requirement. Since there is no specific framework for BCP compliance for Microfinance Banks in Nigeria, the components of the BCP document relied mainly on the Framework for Contingency Planning for Banking Systemic Distress and Crises issued by the Banking Supervision Department of the Central Bank of Nigeria (CBN) for Commercial Banks

To this end, the Business Continuity Plan Workbook has been properly articulated from risk identification and careful analysis of their impact on the business, exposure limitation through containment measures and the attendant recovery measures to facilitate establishment of interim processing capability during an emergency to ensure adequate business protection and continuity and to restore the original business location after an emergency/crisis/disaster.

Approach and Rollout

Project activities commenced with a conceptualization and stakeholders' sensitization workshop aimed at creating awareness and to achieve stakeholders buy-in, focusing on the project goals, its social impact, and benefits as well as to engender stakeholders' engagement in project development in order to implement a demand-driven project that have stakeholders' ideas fully built-in to capture their needs. The workshop attracted representatives from the Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), Fire Service, Civil Defense Corps, Federal Road Safety Corps, the Nigerian Police, and other relevant agencies in Nigeria responsible for emergency response and crisis/disaster management.

In line with AFOS methodology for projects launch and execution, this all-inclusive workshop was designed to reach every relevant stakeholder within the Nigerian emergency and crisis management system. Held in Q3 2020, the BCP conceptualization workshop was packed with different presentations bothering on various topics as it concerns procedures for disaster management and business continuity.



A high demand from MFBs for the AFOS BCM capacity development activity necessitated a budget increase for a 2nd stream of the training in all the 5 geopolitical zones



The Business Continuity Management (BCM) training is an 8-module programme delivered in 2 days in these locations:

North-Central: Abuja

North-West: Kano

South-West: Lagos and Ibadan

South-East: Owerri

South-South: Calabar



THE workbook, developed in the course of the capacity development activity have been distributed to MFBs across the microfinance industry.

So far, about 5 microfinance banks have used the workbook as a guide to develop/review their own Business Continuity Management manual.

Microinsurance Project

The AFOS Microinsurance project targets low-income individuals and micro to small-sized business enterprises through the Nigerian microfinance industry because microfinance is a proven vehicle to reach the low-income people and economically active poor. Working with microfinance banks in Nigeria, the objective of the project is to create a microinsurance product that will provide Micro, Small and Medium Enterprises (MSMEs) with access to insurance services to cover for common risks such as death, injury or illness, crisis/disasters, and theft which can obviously cause declines in their well-being and productivity and threaten sustainability of their businesses.

8 modules delivered in the Business continuity project: Introduction to Business Continuity Management (BCM), Purpose of BCM, BCM Life Circle, Guide to BCM Policy Design, Business Impact Analysis & Risk Assessment, Guide to Designing BCM Solutions, Guide to BCM Implementation, and Guide to BCM Validation.

Microinsurance is a vital precondition for economic development as it provides a reliable mechanism for MSMEs to assume risk in an affordable and sustainable manner. The AFOS MI project was developed as a result of COVID-19 pandemic which saw many MSMEs lose their businesses, having no form of insurance cover to enable their business recapitalization. Apparently, insurance is still being perceived as a service for the “elite” and something the common man cannot and need not enroll for. This called for a scale down version of insurance which would effectively capture economic activities within the most vulnerable group.

Projected outcomes for MI project:

1. Microfinance Banks in Nigeria are adequately prepared to lead their banks to growth and sustainability in times of crisis, disaster, and other challenges
2. The Microfinance industry continuously make access to affordable financial products and services available to MSMEs, thus successfully delivering its mandate of financial inclusion for the active low-income earners.



3. The Microfinance banks can collectively establish a Microinsurance company that can cater for the insurance needs of the poor, coverage to MSME business risks, as well as provide recapitalization opportunities for their micro clients in the face of disaster, crisis, or pandemic.
4. Affordable microinsurance products are made available for the interest of MSMEs to improve on business continuity and poverty alleviation in Nigeria.

A conceptualization workshop was held with the participation of the National Insurance Commission (NAICOM), the Nigerian Agricultural Insurance Corporation (NAIC), Cornerstone Insurance acting as the underwriting agent, Venus Medicare HMO and Macfema HMO, in addition to the Central Bank of Nigeria (CBN) and the Nigeria Deposit Insurance Corporation (NDIC).

MI Project Deliverables and Update

AFOS-NIG INGO has so far, trained 298 participants across 185 microfinance banks in all the six geopolitical zones in Nigeria on the topic - *Microinsurance Product Development*. The project is now ultimately leading to a sector-wide drive that would help micro, small and medium-sized businesses become more productive and sustainable even in the face of disaster.

Microinsurance products developed under this project:

1. *Credit Life Cover,*
2. *Operational Risk,*
3. *Dokinta HMO,*
4. *Farmsafe, and*
5. *Special Perils*



The journey from conceptualization and project design to stakeholder sensitization and training of MFBs, to the development of microinsurance products and pilot testing phase - the project is being delivered with collaboration from key partners and major stakeholders within the insurance and microfinance industries.



The project is increasing the awareness and uptake of insurance at the micro levels and helping to desist the MFBs from self-insurance.



The microinsurance company under development. Updates as at end of 2022 ...

1. a steering committee, made up of representatives from the National Association of Microfinance Banks (NAMB), the Nigerian Microfinance Platform (NMP) and AFOS, is in place.
2. a rollout plan for sensitization, which is to commence in January 2023, is also in place
3. the strategy document has been developed.
4. project is presently at the stage of set-up
5. project is approaching the investment stage; investors would be drawn from other industries while the MFBs would have the controlling share.
6. a signed partnership agreement has been executed with Cornerstone insurance as the underwriting agent.

Work in Progress - Chi Farms' Construction Site for an Agricultural Training Centre



SIDE VIEW OF THE AGRICULTURAL TRAINING CENTER

The Agricultural Training Centre is an initiative of AFOS Foundation for advancing capacity development in the Nigerian agricultural sector to increase the availability of affordable food products in Nigeria by improving the quality, productivity, and efficiency of local Agro-allied enterprises through the creation of a varied and highly skilled workforce, which will contribute to the creation of sustainable jobs and incomes in rural Nigeria.

The Agric industry partner Chi Farms has committed to a partnership contribution which includes making available for use, a state-of-the-art training facility which would include fully equipped and conducive large and small training rooms, office space with provision for monthly office supplies, as well as assume responsibility for monthly facility fees due to the centre.



TOILET



RECEPTION OF THE AGRICULTURAL TRAINING CENTER



POULTRY TRAINING ROOM



OFFICE SPACE

Other Activities in Q3



Through our Agricultural Linkage Programme, we are bringing together a network of stakeholders from microfinance banks, the government, smallholder farmers, and Agro-allied industries to achieve impact. The objective is to create mutually beneficial value to multiple stakeholders leveraging on their various value chains and expertise to create improved services, product enhancement, market demand and shared services that result in reduced cost.

Starting first with aquaculture value chain, fish drying centers at a price consideration is being developed to create mutually beneficial value to all parties. 25 smoking hubs has been reviewed and 10 has been shortlisted to kick-start the linkage activity, thereafter others will join gradually.

E-Learning Modules in Agric Finance is being Developed and Piloted to promote Self-paced Learning

AFOS is partnering with the Microfinance Learning and Development Centre (MLDC) and the Frankfurt School to develop and pilot e-learning modules of the Agricultural finance programme. The clips now being developed and delivered directly from Germany by Helmut Grossmann, the Micro and Agricultural Finance Specialist of the Frankfurt School of Finance & Management, alongside the local training representatives of the School are recorded, edited, and converted into short e-courses which would be hosted on the Learning Management System (LMS) within the website of MLDC so that learners can freely login and take these courses.

The objective is to develop self-paced e-learning modules for the Agricultural Training Centre.



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