



SWISS CAPACITY BUILDING FACILITY
Association for Income and Employment Generation

Annual Report **2017**



MISSION

The Swiss Capacity Building Facility (SCBF) is a public-private development partnership dedicated to improving the lives and livelihoods of low-income people, microentrepreneurs and smallholder farmers in developing and emerging economies, through responsible financial inclusion as a strategy for alleviating poverty.



Photo © LOLC Cambodia

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LIST OF ACRONYMS

AG	Affinity group
CLP	Credit life plus
CPG	Consumer packaged goods
CVP	Customer value proposition
FEW/FE	Financial education window / financial education campaign
FI	Financial Inclusion
FSP	Financial service provider
FSW/FS	Feasibility study window
G2P	Government to people
GL	Group Loan
KYC	Know your customer
MFI	Microfinance institution
MIS	Management information system
MSME	Micro, small and medium enterprises
PFI	Partner financial institution
PPP	Purchasing power parity
PPDP	Public Private Development Partnership
PUW/PU	Product up-scaling window / product up-scaling support
SCBF	Swiss Capacity Building Facility – Association for Income and Employment Generation
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SE	Small enterprises
SME	Small and medium enterprises
TA	Technical assistance

MESSAGE FROM THE SCBF CHAIR



Olga Speckhardt
SCBF Chair

The year 2017 saw a record number of approved projects. With 15 new projects starting in 2017, and a further 13 to be launched in the first half of 2018, the SCBF committed CHF 2.7 million towards building a financially inclusive world.

Since its inception in 2011, the SCBF has matured into a flexible and agile association, with innovation driving its agenda. From working with fintech and insurtech companies to roll out innovative distribution channels to better reach the underserved in complex and new markets, to piloting a credit product for access to low-pressure irrigation technologies for small producers of high-yield crops. SCBF's supports business models that are on the cutting edge of pro-poor financial innovation, for example by creating partnerships with affinity groups as the main aggregators for life insurance in Sub-Saharan Africa.

The ultimate goal of the SCBF remains the alleviation of poverty maximising its contributions to ten of the Sustainable Development Goals (see Appendix 4). The SCBF has helped hundreds of thousands of people living in poverty by working with 69 partner financial institutions in 33 countries.

Achievement of food security and promotion of sustainable agriculture, with smallholder farmers and rural people at the centre of this objective, are high on the 2030 Agenda for Sustainable Development. The SCBF mobilised additional resources in this area by obtaining CHF 750'000 from the SDC Global Programme Food Security to finance projects in agricultural insurance and related risk-reduction measures. The SCBF will leverage these funds to continue helping low income rural populations who are particularly vulnerable to the effects of natural hazards, build resilience in the face of the climate-related risks and augment their income-generating capabilities.

Pooling the respective strengths of the public and private sectors and providing a platform to interact and jointly take decisions to reach sustainable development results is central to SCBF's mission. The ability to be flexible and innovate in order to provide new impulses to the financial inclusion sector, has been named by the SCBF's members, themselves global leaders in financial inclusion, as SCBF's key value proposition.

Since inception, the association has been able to leverage significant the private sector participation in the following forms: i) expertise and capacity building of 19 members as in-kind contributions (CHF 825'500), ii) project-level funding with an average of 43% self-contribution by partner financial institutions and private sector members (over CHF 9 million), iii) institutional financial contribution (CHF 450'000 from the Credit Suisse Foundation), and iv) over CHF 800 million in terms of private investments by SCBF social investors co-financing the expansion of the partner financial institutions.

While this demonstrates a very high ownership and contribution of the private sector (98% including the private investments), the SCBF sets itself the task of exploring new strategic alliances to diversify its funding base and to enhance the effectiveness of its operations in advancing responsible, inclusive growth globally.

SCBF AT A GLANCE

ABOUT SCBF

The Swiss Capacity Building Facility (SCBF) is a public-private development partnership, established in 2011 in Switzerland. Simultaneously an innovation and capacity building facility, the SCBF offers partner financial institutions (hereafter PFIs) in developing and emerging countries tailor-made support for them to up-scale client-oriented financial services offered responsibly to low-income people. Its social mission is to combat poverty through financial inclusion of low income populations.

SCBF also functions as an early grant provider to bridge finance the piloting of innovative financial inclusion business models so as to help mobilize the first social/venture investors. It acts in the public interest and is not profit-oriented.

Since its inception in April 2011, SCBF has provided technical assistance through 99 projects to 69 partner financial institutions in 33 countries.

CO-FUNDING WINDOWS

SCBF's operations are organized around the following three co-funding windows:

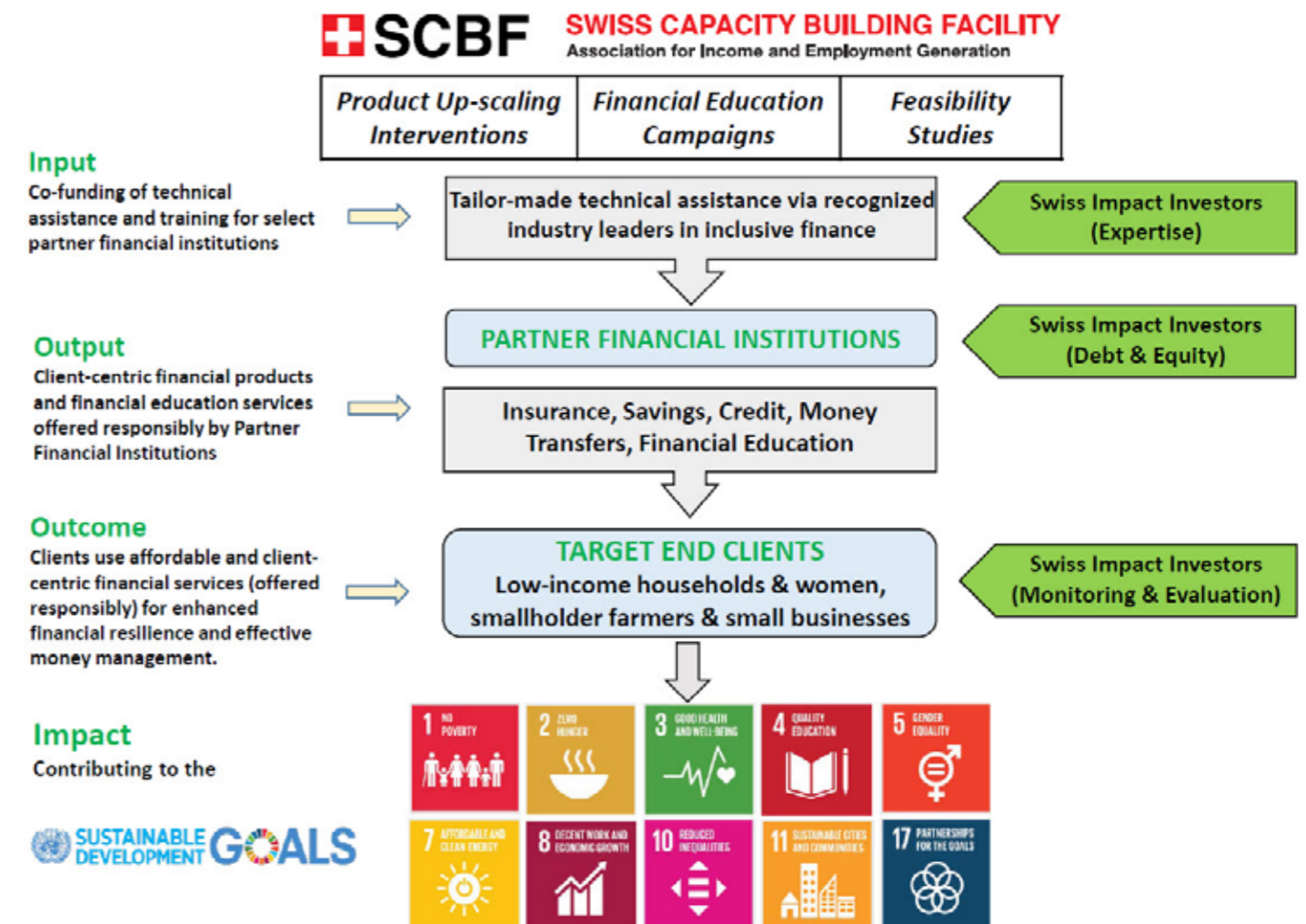
- The primary “product up-scaling window” (hereafter referred to as PUW) co-funds the development, testing, launching, and up-scaling of both client-oriented financial products and product distribution channels that meet the needs of low-income households, smallholder farmers and micro, small and medium enterprises (hereafter referred to as MSMEs) with a particular focus on women and rural areas. The SCBF-supported PFIs are assisted in overcoming key constraints that have hampered their ability to up-scale their pro-poor banking and/or insurance operations in a responsible and institutionally sustainable manner.
- The supportive “financial education window” (hereafter referred to as FEW) co-funds financial education campaigns that are pre-conditions for introducing insurance and other new financial services in operational areas of PFIs where financial literacy levels are low. It is earmarked for members and SDC partners only.
- The supportive “feasibility study window” (hereafter referred to as FSW) co-funds in exceptional cases the preparation of feasibility studies and dry runs that are pre-conditions for (1) introducing insurance and other new financial services and (2) establishing greenfield financial institutions in environments in which the existing financial institutions are unable or unwilling to engage in inclusive financial services. The FSW helps prepare the groundwork for developing subsequent proposals for the PUW. It is earmarked for members and SDC partners only.

OBJECTIVES

The association's objectives are:

- Foster the development of inclusive financial sectors that offer responsible, client-oriented and economically sustainable services that help reduce vulnerability and contribute to income and employment generation among low-income people (notably women), smallholder farmers, and micro, small and medium enterprises (MSME).
- Pool the financial expertise and resources of the private and public sectors and leverage private investment to enhance the scale and effectiveness of Swiss contributions to the growth of inclusive financial services in developing and emerging countries.

IMPACT LOGIC OF SCBF



MEMBERS AND A SHORT HISTORY 2010 – 2017



From left to right: Laure Hemrika (Credit Suisse), André Lottersberger (responsAbility), Peter Beez (SDC), Miachel Kortenbusch (BFC), Olga Speckhardt (Syngenta Foundation & SCBF Chair), Hans Ramm (SDC), Gertrud Stäuber (SCBF), Alexandre Berthaud (E-savings.club & SCBF Vice-Chair), Mriano Larena (Symbiotics), Maren Richter (SCBF), Isaac Magina (Swiss Re), Bilal Mughal (Zurich Insurance), Anke Luckja (Opportunity International), Cristian Canis (Venture South International), Mario Wilhelm (Swiss Re), Markux Schär (SMH)

SCBF began in 2010 as an informal collaboration to promote social and economic development in emerging countries between six leading institutions in international financial sector development. As SCBF's potential became clear, the organization was formally registered as a non-profit in Fribourg, Switzerland in 2012, over time attracting additional members, broadening the scope of SCBF's activities and geographic range.

Currently SCBF has 19 members and is home to a unique repository of knowledge in the fields of financial inclusion, financial sector development and microfinance, with a special focus on insurance and savings. Member organizations provide technical assistance in collaboration with international and local experts engaged by SCBF to bring these solutions directly to where they are needed on the ground. Through extensive collaboration with local and international actors, SCBF offers the opportunity for financial institutions to bring much-needed financial products and services to millions of people traditionally excluded from formal financial services.

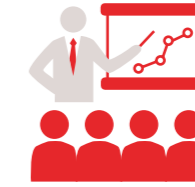
MEMBERS



KEY FIGURES



The SCBF worked with **69 PFIs** in **99 interventions** that took place in **33 Countries**.



More than **700.000 clients** received **financial literacy training**.



More than **800'000'000 CHF** has been **invested** by SCBF's **private sector** members in PFIs that received SCBF support.



More than **470'000 loans**, individual and group for agriculture, MSMEs, solar energy and more, disbursed with an average loan size of **1'299 USD**.



More than **1'300'000 low income clients** reached.



More than **400'000 end clients insured**, mainly agricultural, health, life and credit-life coverage, with a **total sum insured** of more than **250'000'000 USD**.



There are more than **2'000 employees** working with SCBF supported financial services and products **worldwide**.



SCBF supported mobile payment systems that handles more than **4'452'606 transactions** worth at least a **combined 240'000'000 USD**



More than **70%** of SCBF's end clients are **female**.



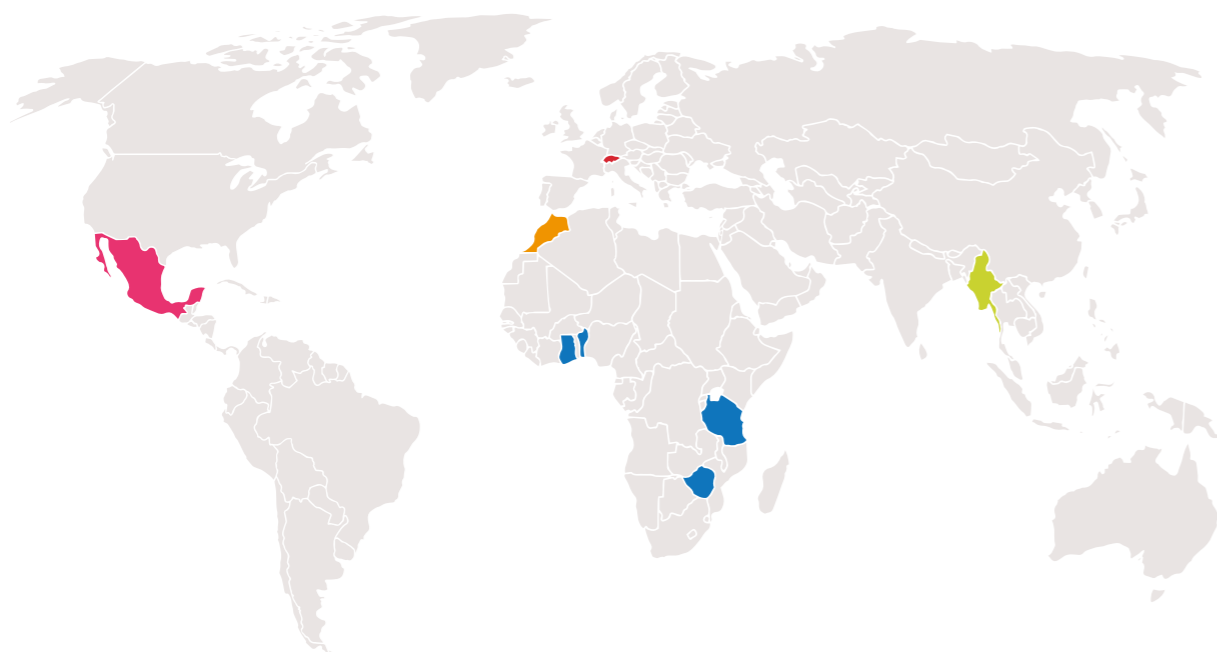
The SCBF supported products and services for **savings** which serve more than **250'000 clients**, with an average **account balance** of **1'100 USD**,



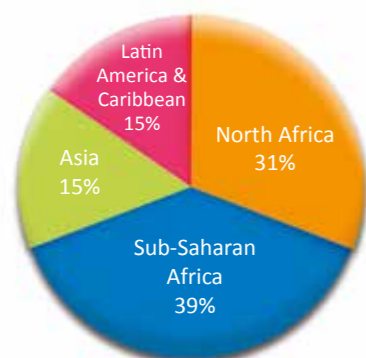
More than **50%** of SCBF's end clients live in **rural areas**.

Source: These figures come from a survey conducted by the SCBF among technical assistance providers and partner financial institutions in March and April 2018.

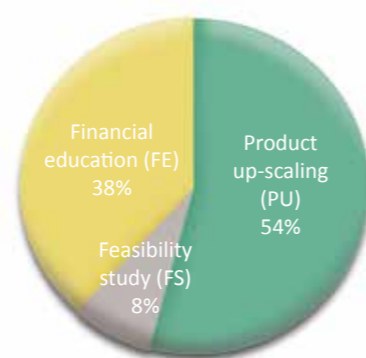
OVERVIEW OF INTERVENTIONS COMPLETED IN 2017



REGIONS OF IMPLEMENTATION



TYPE OF INTERVENTION



Five interventions were conducted in the Sub-Saharan Africa region, two interventions in Latin America & the Caribbean, four interventions in North Africa and two interventions were conducted in Asia.

Seven product up-scaling (PU) interventions, one feasibility study (FS) and five financial education (FE) campaigns were completed, which account for 54%, 8% and 38%, respectively, of the total completed interventions in 2017.

Region	Country	Type of intervention	Type of product	Total budget	% SCBF co-funding	% PFI / public sector co-funding
Sub-Saharan Africa	Benin	Product upscaling	Banking - savings	CHF 256'000	31%	69%
Sub-Saharan Africa	Ghana	Feasibility studies	Banking services	CHF 156'220	65%	35%
Sub-Saharan Africa	Tanzania	Financial education	Insurance - agriculture	CHF 300'270	50%	50%
Sub-Saharan Africa	Tanzania	Financial education	Insurance - agriculture	CHF 305'020	49%	51%
Sub-Saharan Africa	Zimbabwe	Product upscaling	Insurance - life	CHF 519'725	20%	80%
Latin America & the Caribbean	Mexico	Product up-scaling	Banking - money transfers	CHF 181'500	79%	21%
Latin America & the Caribbean	Mexico	Financial education	Banking - money transfers	CHF 181'500	81%	19%
North Africa	Morocco	Product up-scaling	Insurance - health	CHF 362'681	31%	69%
North Africa	Morocco	Product up-scaling	Banking - delivery channel development	CHF 170'005	85%	15%
North Africa	Morocco	Product up-scaling	Banking - delivery channel development	CHF 325'900	27%	73%
North Africa	Morocco	Financial education	Banking - money transfers	CHF 237'350	22%	78%
Asia	Myanmar	Product up-scaling	Banking - MSME lending	CHF 212'590	68%	32%
Asia	Myanmar	Financial education	Banking - microcredit	CHF 194'740	70%	30%

To see the final reports for these interventions, please refer to the SCBF website: <http://scbf.ch/product-upscaling-interventions> for product up-scaling interventions, and <http://scbf.ch/financial-education-campaigns> for financial education campaigns.

NORTH AFRICA

Morocco, product up-scaling, 2013-05

Al Amana redesigned and rebranded its existing health insurance product to “Tayssir Al Amana” and developed a strong marketing campaign leading to an increase in uptake and usage of the product. That, in concert with the supportive management systems for product monitoring and evaluation, resulted in substantial growth of Al Amana’s microinsurance portfolio from 2013 through 2016. For further details, see the interview with Youssef Bencheqroun, CEO of Al Amana Association, on pp. 20-22.

Morocco, product up-scaling 2013-08

Al Barid Bank (ABB) intended to develop a new payment agent network to deliver social benefits (G2P – government to people) to rural areas in Morocco through adapting its existing mobile banking platform (developed concurrently with SCBF support under 2013-01). However, this switch from cash-based to mobile-based distribution system was thwarted by changes in the national regulatory framework. For further information, see the interview with Rédouane Najm-Eddine, CEO of Al Barid Bank, on pp. 23-24

Morocco, product up-scaling 2014-03 & associated financial education, FEW-04

KiWi aimed to launch its eKiosk (an adapted ePayment solution allowing micro-merchants to receive and make payments) in Morocco. However, difficulties arose due to delays in obtaining the necessary licenses through its initial partner ABB, worsened by the long negotiation processes with the license provider, KiWi, as a start-up, was not able to endure these delays and the project was terminated prematurely. See the interview with Christian Sinobas, CEO of KiWi, on pp. 25-26.

SUB-SAHARAN AFRICA

Benin, product up-scaling, 2015-01

The goal of the intervention was to use technology to increase formal micro-savings at La Poste du Benin by digitising and building bridges with traditional savings practices known as ‘tontines’. Over the short duration of the project 6’680 savings accounts were opened. The United Nations Capital Development Fund promised substantial donor funding to piggy-back on the high-potential market entry of E-Savings.club. As a result, La Poste’s commitment to E-Savings.club weakened, leading to its crowding out from the market, and the early closure of the intervention. See the interview with Alexandre Berthaud, CEO of Akiba, on pp. 29-32.

Zimbabwe, product up-scaling, 2016-02

Zingsure Limited set up an insurance company, InsureCo, in Zimbabwe in partnership with faith-based affinity groups to increase insurance penetration and stimulate wealth creation. This insurance business is very likely to become the largest insurer in Zimbabwe within five years! Zing has created more than 300 jobs at the grass roots and the corporate level, and could create 15,000 jobs by end of 2018. Zingsure is using the same business model to expand its operations in Malawi and Zambia. See the interview with Marc Tison, founder of Zingsure, on pp. 35-39.



Photo © Zing

Tanzania, financial education, FEW-02 & FEW-03
ACRE Africa (formerly Kilimo Salama) developed a financial education strategy to reach smallholder farmers at different points in the agricultural value chain: microfinance institutions, input companies, mobile network operators, and contract growers for agribusinesses. Over 70'000 farmers were trained in the Arusha and Iringa regions combined, with 27'500 taking up insurance - developed with the assistance of a separate SCBF grant - within two years. For further details, refer to pp. 40-41.

Ghana, feasibility study, FSW-13
Swiss Microfinance Holdings (SMH) worked together with Allianz on a holistic outgrower finance model to find a win-win situation between agribusiness/food companies and their contract cocoa farmers through the provision of sustainable financial services in Ghana. The concept was convincing enough for Armajaro to develop its own financial services and offer them to a large number farmers as an additional income stream.

ASIA

Myanmar, product up-scaling, 2015-07
Alliance for Microfinance in Myanmar successfully developed, piloted and rolled out a Small Enterprise (SE) loan product, leading to an uptake of 10'713 loans by project end and aiding the successful development of the institution in the past two years. The SE loans now comprise 41% of the total loan portfolio and yielded 40% of Alliance's income in 2017. See the interview with Kim Guenkel, CEO of Alliance, on pp. 33-34.

Myanmar, financial education, FEW-08
Alliance for Microfinance in Myanmar successfully integrated financial education into its business model and does not depend on access to external funding after the initial phase of development. Alliance adapted the content of the programme to serve the varying needs of its group loan (GL) clients and small enterprise (SE) loan clients. At project end, all GL clients (over 45'000) have been trained with the presentation guide and at least 20'000 GL and 1'500 SE clients have watched the video at disbursement.

In addition, 225 SE clients took part in one or more financial education training sessions. To find out more, refer to pp. 42.

LATIN AMERICA & THE CARIBBEAN

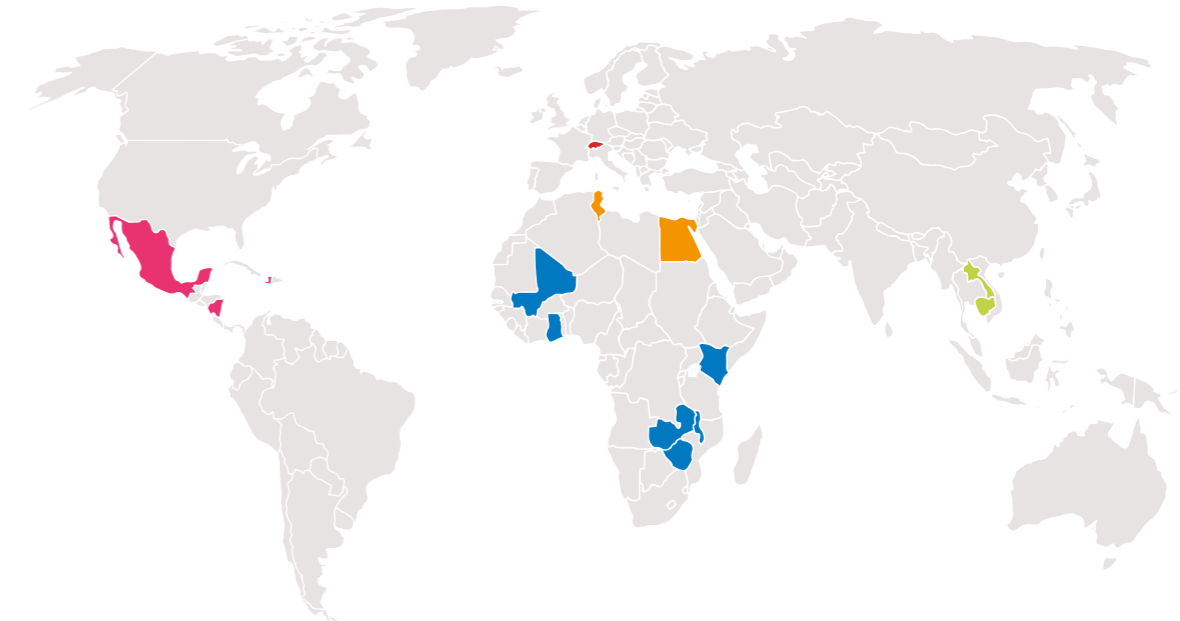
Mexico, product up-scaling, 2016-01
KiWi Mexico up-scaled its digital payment solution for micro-merchants using distribution models in partnerships with direct sales companies and consumer packaged goods distributors, providing a strong merchant network, and through digital marketing and online e-boarding. They reached over 1'000 active users (30 days) before project end and registered 2'600 users by the project closure. See interview with Christian Sinobas, CEO of KiWi, on pp. 27-28.

Mexico, financial education, FEW-10
As part of the financial education campaign, KiWi Mexico designed a variety of tools and materials, such as user manuals, videos on YouTube, FAQ, and new scripts explaining how the digital platform for micro-merchants works (see reference to 2016-01) and how it contributes to better financial control, credit-worthiness and sales. For further details, refer to pp. 44-45.

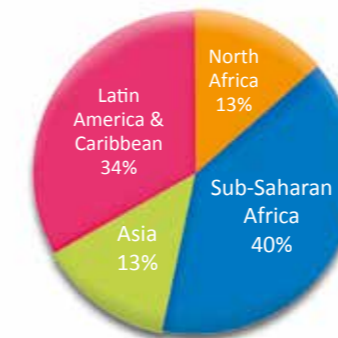


Photo © Women's World Banking / Alice Dufour-Feronce

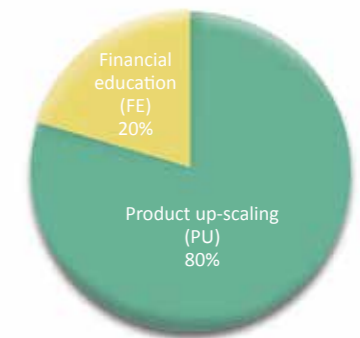
OVERVIEW OF INTERVENTIONS APPROVED IN 2017



REGIONS OF IMPLEMENTATION



TYPE OF INTERVENTION



Six interventions were approved in the Sub-Saharan Africa region, five interventions in Latin America & the Caribbean, two interventions in North Africa and two interventions were approved in Asia.

Twelve PU interventions and three financial education FE campaigns were approved, which account for 80% and 20%, respectively, of the total approved interventions in 2017.

Region	Country	Type of intervention	Type of product	Total budget	% SCBF co-funding	% PFI / public sector co-funding
North Africa	Tunisia	Product up-scaling	Banking - Rural lending	CHF 128'060	57%	43%
North Africa	Egypt	Financial education	Insurance - Credit Life- inpatient hospital health	CHF 71'197	75%	25%
Sub-Saharan Africa	Mali	Product up-scaling	Insurance - Agriculture	CHF 68'030	66%	34%
Sub-Saharan Africa	Kenya	Product up-scaling	Banking - Energy	CHF 145'364	77%	23%
Sub-Saharan Africa	Ghana	Product up-scaling	Banking - Energy	CHF 171'529	72%	28%
Sub-Saharan Africa	Malawi	Product up-scaling	Insurance - Life	CHF 449'745	33%	67%
Sub-Saharan Africa	Zambia	Product up-scaling	Insurance - Life	CHF 1'423'045	10%	90%
Sub-Saharan Africa	Zimbabwe	Financial education	FE campaign for insurance company set-up	CHF 432'720	34%	66%
Asia	Cambodia	Product up-scaling	Insurance - Credit Life Plus	CHF 35'875	68%	32%
Asia	Laos	Financial education	Insurance - Credit Life Plus	CHF 51'997	69%	31%
Latin America & the Caribbean	Mexico	Product up-scaling	Banking - Money transfer	CHF 200'800	73%	27%
Latin America & the Caribbean	Nicaragua	Product up-scaling	Banking - Housing	CHF 183'431	70%	30%
Latin America & the Caribbean	Nicaragua	Product up-scaling	Banking - credit for dry-irrigation systems	CHF 188'273	53%	47%
Latin America & the Caribbean	Haiti	Product up-scaling	Banking - SE lending	CHF 202'917	61%	39%
Latin America & the Caribbean	Mexico	Product up-scaling	Banking - Delivery channel development	CHF 235'175	59%	41%

To see the factsheets for these interventions, please refer to the SCBF website at www.scbf.ch

NORTH AFRICA

Tunisia, product up-scaling, 2017-08

Advans Tunisie aims to expand its outreach and impact in rural areas through the expansion and launch of 1) rural lending through alternative delivery channels, and 2) agricultural lending via the value chain for agricultural products. It aims to reach 500 rural and 113 agricultural clients by project end, representing 5% of the lending portfolio, and over 3'000 new clients by 2020.

Egypt, financial education, FEW-12

The main objective of this intervention is to design, implement and monitor a financial education campaign to scale up and improve usage of Hemaya, a credit life and in-patient hospital cash health insurance product, which Lead has rolled out in all 18 branches since September 2016. Ten video cartoons and ten e-learning modules will be developed together with a follow-up and data reporting system. The campaign aims to reach more than 10'000 clients and train at least 50 staff members.

SUB-SAHARAN AFRICA

Mali, product up-scaling, 2017-03

The Réseau de Micro Institutions de Croissance des Revenus (RMCR) in Mali is seeking to improve agricultural risk management for both farmers and itself by bundling seasonal credit with crop insurance based on weather indices. This will also provide sources of financing to RMCR as the insurance premium will be financed with an investor. RMCR aims to reach 5'000 farmers with the product by project end after 12 months.

Kenya, product up-scaling, 2017-04

Biashara na Fedha intends to strengthen its position in solar lending with new solar loan products for MSMEs and by extending its base of solar partners. By providing financing to several mid-sized solar players Biashara na Fedha helps level the playing field and avoid over-concentration by the largest solar providers.

Ghana, product up-scaling, 2017-06

This intervention will enable Advans Ghana to conduct a post-pilot review of the rural expansion

done so far to guide the roll-out of rural financial services (loans and savings) through alternative delivery channels (mobile solutions, mobile money, point of sales and agri-value chains). By April 2019, it is expected that at least 10'000 rural clients (3'300 borrowers) will be served and rural lending (micro & SME) will represent 22% of the total loan portfolio.

Malawi, product up-scaling, 2017-07

Zingsure will build up the local human resources (2'700 members as agents) to assist the Muslim Association of Malawi to register its members and to collect monthly premium contributions from them. Upon project completion, Zingsure should be in a position to provide life insurance through group scheme coverage to 1 million members in Malawi.

Zambia, product up-scaling, 2017-11

To start its greenfield insurance operations in Zambia, Zingsure will build up the local human resources of three affinity groups to register their members and to collect quarterly membership fees from their members incl. the distribution of membership cards with the Zingsure embedded insurance offering. Upon project completion, Zingsure should be in a position to provide initial life insurance group scheme cover to 1 million members in Zambia.

Zimbabwe, financial education, FEW-13

The aim of this financial education campaign is to build and train the needed local human resources in Zimbabwe (133 financial education consultants, 367 microentrepreneur agents, and 117 assessors) who will be a focal point for information on insurance and financial services on an ongoing basis to the millions of members of large faith-based affinity groups and their extended family.



Photo © Acre Africa

ASIA

Cambodia, product up-scaling, 2017-01

The aim of this intervention is to prepare Amret Cambodia, the country's second largest microfinance institution, to enter the market as an insurance distributor and to assume a leading role vis-à-vis the underwriter. Amret will design and launch a mandatory credit life plus product for clients who are group borrowers, over 160'000 individuals. In addition Amret will build an in-house microinsurance capacity to offer microinsurance products as an additional value to its clients.

Laos, financial education, FEW-11

Ekphatthana Microfinance Institution (EMI) seeks to develop insurance literacy training and product explanation methodologies and tools for its clients to better understand EMI's credit life plus group policy, the first microinsurance product in Laos. The financial education campaign is designed to enhance the clients' understanding of insurance and to help them use the product effectively.

LATIN AMERICA & THE CARIBBEAN

Mexico, product up-scaling, 2017-02

The project aims to scale up KiWi's cash disposal product as the next step in making KiWi a fully-fledged cash-flow management facility in Mexico. The main activities will be centred around developing and marketing a loan product that will be both sustainable for KiWi and meaningful for the merchants.

Nicaragua, product up-scaling, 2017-05

Habitat for Humanity International plans to develop a virtual tool to simplify the home improvement process for Nicaraguan families, thereby improving the effectiveness and outreach of the housing microfinance products of two partner financial institutions, FUEMI and FUNDENUSE. Upon project completion, both institutions should be in a position to improve access to financial products for local communities, while addressing gaps that hamper access to quality housing.



Photo © Ekphatthana Microfinance Institution

Nicaragua, product up-scaling, 2017-09

The objective is to promote an appropriate financial product for access to low-pressure irrigation technologies. This will modernise agricultural methods and increase income of small producers in Nicaragua, reaching 140 credit placements by end of pilot, and 5'000 three years thereafter.

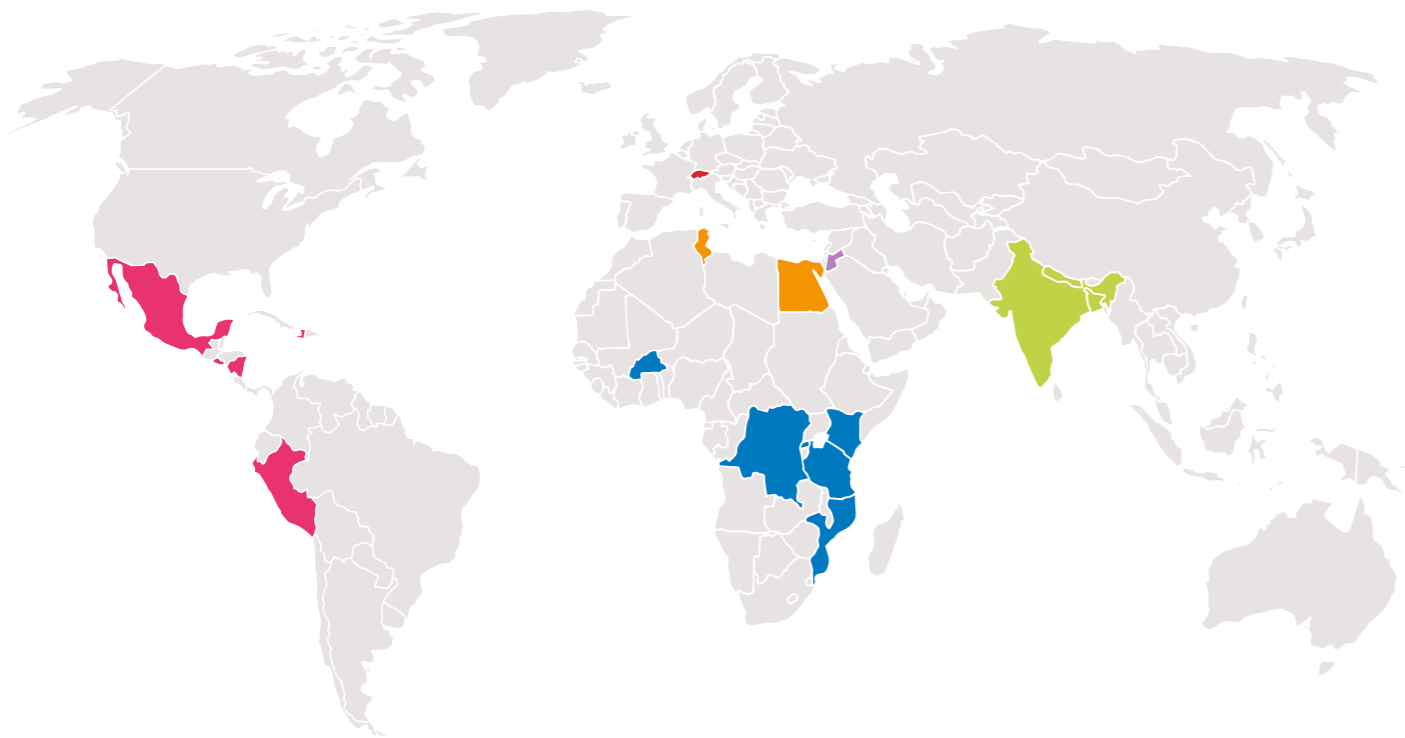
Haiti, product up-scaling, 2017-10

The overall goal of this intervention is to sustainably scale up Sèvis Finansye Fonkoze's (SFF) individual small business loan product from 4'718 clients in 2017 to 13'532 clients by 2020. To accomplish this, it is essential for SFF to review the operations of the current product, identify critical weaknesses, improve staff capacity, and develop options for the product going forward.

Mexico, product up-scaling, 2017-12

The aim of this project is to digitalise the loan origination process of the PFI Pretmex and offer Akiba's own digital MicroCreditLine product (MCL). Online lending is a relatively new concept in Mexico with only a few providers, generally in the consumer lending sector and often at usurious rates. The MCL product specifically targets the funding needs of low-income workers who often have to borrow at very high costs and unreasonable conditions when facing short-term financial emergencies.

OVERVIEW OF INTERVENTIONS UNDER IMPLEMENTATION IN 2017



Sixteen product up-scaling interventions, five financial education campaigns and two feasibility studies were approved prior to 2017, and thus treated as ongoing in 2017.

Product up-scaling interventions under implementation in 2017

2014-01	Tanzania	Acre Africa	Introducing agricultural insurance to smallholder farmers in the Arusha region
2014-02	Tanzania	Acre Africa	Introducing agricultural insurance to smallholder farmers in the Iringa region
2014-05	Nepal	Manushi	Up-scaling of innovative microinsurance products for the rural poor
2014-06	Burkina Faso	SONAPOST	Development of savings and insurance products for migrants through international postal transfers
2014-08	Rwanda & DRC	Urwego Opportunity Bank & Hekima	Building capacity to expand housing microfinance
2014-09	Rwanda	Equity Bank Rwanda	Fanikisha+ Rwanda: promotion and support for women-run small businesses
2014-10	Tunisia	Enda Inter-arabe	Support for the launch of the first commercial microinsurance product in Tunisia
2015-02	Peru	FENACREP, Cabanillas Mañazo & Tikari	Microleasing for quinoa and dairy producers
2015-03	Nicaragua	Fondo de Desarrollo	Microleasing pilot for the agroindustrial sector
2015-04	El Salvador	Fundación Campo	Microleasing pilot at Fundación Campo
2016-04	Mexico	Akiba	Digital platform for rotating savings and credit associations
2016-05	Jordan	Microfund for Women	Gender-focused savings-linked insurance
2016-06	Kenya	Acre Africa	Phone ergonomics to improve uptake of mobile microinsurance in Kenya
2016-07	Egypt	Lead Foundation	CareGiver health insurance roll-out at Lead Foundation
2016-08	Jordan	Microfund for Women	Expanding outreach of group lending and non-financial services to Syrian women refugees
2016-09	Haiti	FINCA Haiti	Strengthening outreach to rural clients with e-wallets: integrating disbursements and improving delivery channels structure

Financial education campaigns under implementation in 2017

FEW-01	India	Utkarsh Micro Finance	Financial education for underserved clients
FEW-06	Rwanda	Equity Bank Rwanda	Fanikisha+: promotion and acceleration of women's SMEs
FEW-07	Tunisia	Enda Inter-arabe	Financial education campaign to support the first Tunisian microinsurance product
FEW-09	Mexico	Akiba	Financial education campaign to support digital rotating savings and credit associations

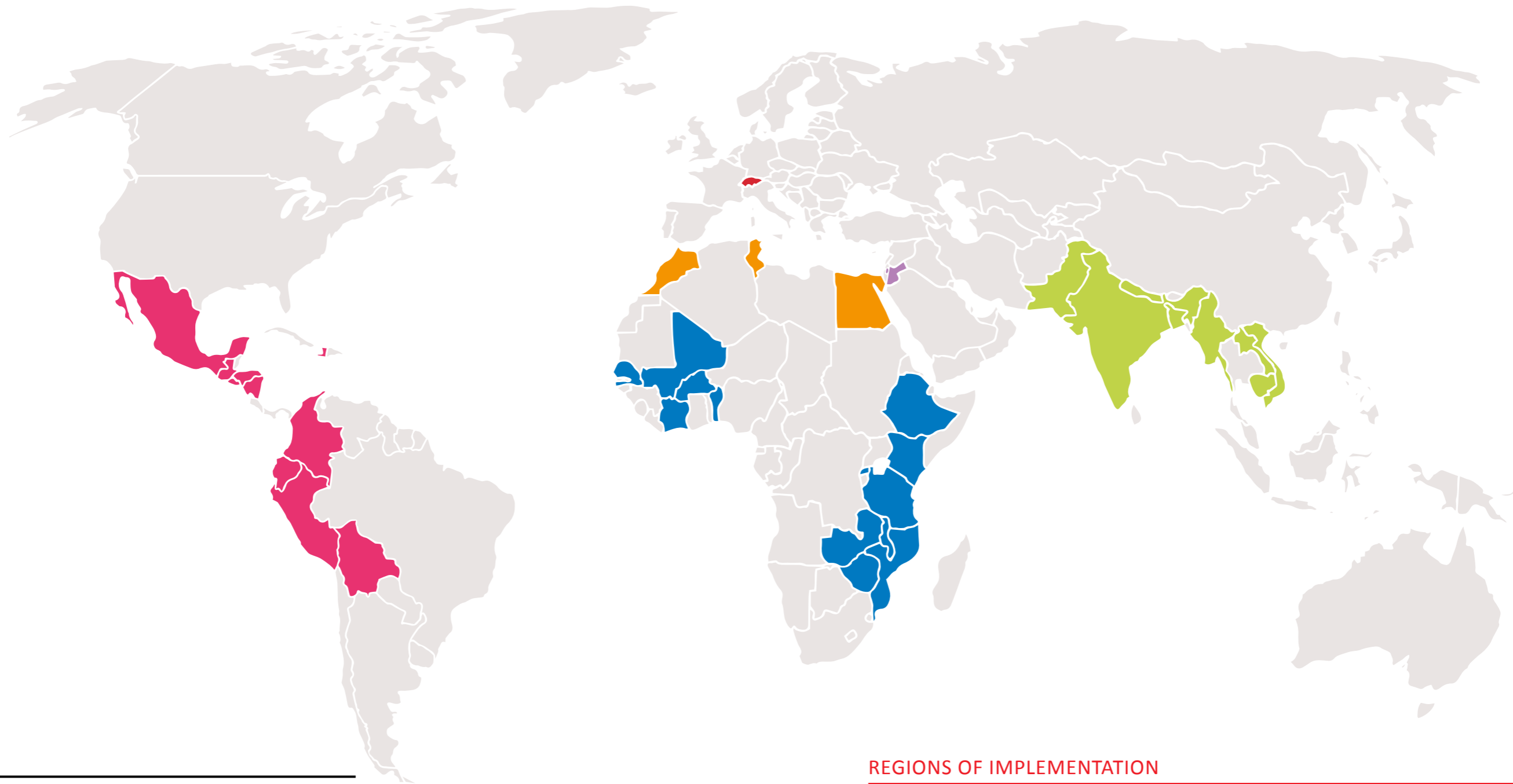
Feasibility studies under implementation in 2017

FSW-14	Bangladesh	Syngenta Foundation	Feasibility study on agricultural insurance
FSW-15	Myanmar	Syngenta Foundation	Feasibility study on agricultural insurance



Photo © NMB Bank Limited

SCBF OPERATIONS SINCE INCEPTION IN 2011 – GLOBAL OVERVIEW



LEGENDS

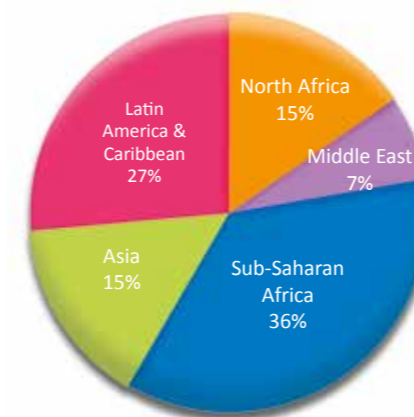
MIDDLE EAST	SUB-SAHARAN AFRICA	NORTH AFRICA
Jordan	Benin	Egypt
Palestine	Burkina Faso	Morocco
	Ethiopia	Tunisia
	Ghana	
	Ivory Coast	
LATIN AMERICA & THE CARIBBEAN	Kenya	ASIA
Bolivia	Malawi	Bangladesh
Ecuador	Mali	Cambodia
El Salvador	Mozambique	India
Guatemala	Rwanda	Laos
Haiti	Senegal	Myanmar
Honduras	Tanzania	Nepal
Mexico	Zambia	Pakistan
Nicaragua	Zimbabwe	Vietnam
Peru		

FINANCIAL PRODUCTS PER COUNTRY

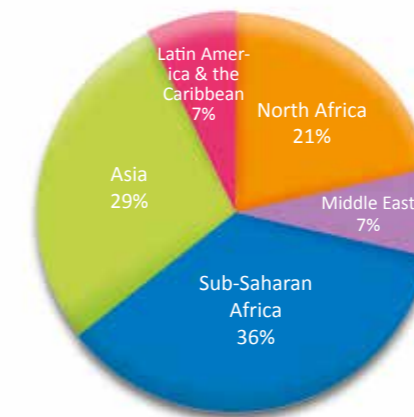
PRODUCT UP-SCALING	INSURANCE
Indiv. & group lending	Health
MSME lending	Credit life plus
Savings	Agriculture
Delivery channel	Life
Microlending & energy	COMBINED
Microlending & housing	Savings & insurance
Microlending & water	FINANCIAL EDUCATION & FEASIBILITY STUDIES
Microleasing	Financial education
Money transfers	Feasibility study

REGIONS OF IMPLEMENTATION

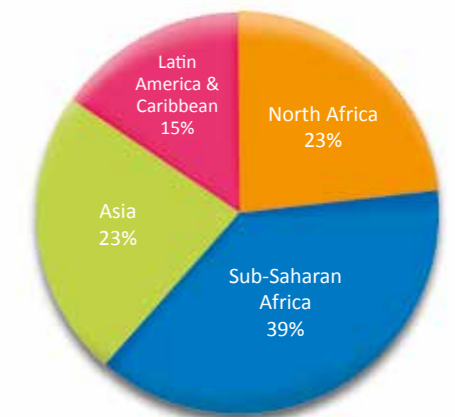
PRODUCT UP-SCALING



FEASIBILITY STUDIES



FINANCIAL EDUCATION



INTERVIEWS



AL AMANA UP-SCALING HEALTH MICROINSURANCE TO LOW-INCOME CLIENTS IN MOROCCO (2013-05)

Interview with Youssef Bencheqroun, CEO of Al Amana Association

Clients come to your institution primarily to apply for loans. Why was Al Amana interested in also providing insurance and can you lay out the unique insurance product that you offered?

We already had a solidarity fund which is a sort of death disability insurance and we saw that health insurance was both desperately needed and lacking among our client base. To meet this need, we wanted to offer our clients a unique, diversified insurance product combining the two.

On the health insurance side, we offer coverage of up to \$500 for the immediate costs of hospitalization, lost income due to being unable to work, and a cash payout in case of childbirth. In terms of life insurance we offer a similar amount to cover funeral costs, transportation costs and related administrative costs. Clients are covered for the duration of their loan and pay roughly \$1 per month for coverage.

The game-changer for us is our connection to local assistance providers who can assist our clients in making the necessary arrangements in case of illness and death. They also have direct

connections to healthcare personnel who are able to immediately verify claims, sometimes even making payouts before clients have made the claims themselves. Thus, our clients receive two significant benefits: 1) assistance in navigating the Moroccan health care system, and 2) insurance coverage for the costs associated with this system.

At the same time, we are working to expand beyond our current constraints. As we cannot currently cover long-term illnesses such as cancer, we are exploring how to integrate our offering with the subsidized (but still relatively expensive) state-based insurance scheme for low income people.

Tayssir Al Amana is a mandatory, value-added product offered to all your credit clients. Do you think a voluntary health insurance scheme would have been as successful and can you talk about the roll-out of the program?

We think a voluntary product would not have been as successful for two main reasons. First, insurance culture is still not really developed in Morocco and many people do not understand why they need insurance or how to use it if they

do have it. It took some time for our agents and clients to understand the product well, which is generally the case in inclusive insurance. Second, and perhaps more importantly, adverse selection is a major problem with any voluntary insurance scheme. At the moment we are developing a voluntary insurance scheme as well because we think it is a very important product to offer, but the mandatory scheme allowed us to efficiently cover our clients through a group coverage approach.

The biggest challenge was informing people about their rights and obligations. We had a very successful awareness campaign, but we discovered that maintaining flexibility with our clients is just as important as financial education. For example, if a client wants to make a claim, according to our contract it must be done within 48 hours, but many of our clients forget and call us maybe ten days after the incident. We cannot just reject claims for everyone who misses the deadline or we would lose trust. While financial education is necessary, it is just as important to be flexible with one's clients during the process.

What led you to move from health insurance plans providing individual coverage to plans providing family coverage?

The difference in price was very small so we knew this change would not hit our clients hard on the cost side. More importantly, we were very excited to be able to provide coverage to all of the family members of our clients, which we have found makes it easier for families to understand when they can and cannot make claims. This was a win-win-win: our clients did not feel a big price increase, we expanded insurance coverage, and we simplified the claim process.



Since Tayssir Al Amana was introduced, insurance claims have steadily risen while rejected claims have steadily fallen, showing that your clients increasingly appreciate and understand the product. What is driving this trend?

Yes, the client experience is better than before, as is the experience of our agents. One aspect of this I already mentioned – we are making more commercial decisions and being more flexible with our clients. This keeps them satisfied and appreciative of the insurance products. Another aspect is simply that as time goes by people understand the idea behind the insurance better and our agents develop better relationships with our clients.

How has introducing the health insurance product impacted the loan operations of Al Amana?

There has not been a big impact. The mandatory insurance offering was truly innovative when we began offering the product and at first, we had a real strategic advantage. It only took a few months before our competitors approached us and said that they would copy the product. We said OK, good luck to you, and now most Moroccan MFIs offer an insurance product similar to ours.

So while this changed the Moroccan micro-insurance market more generally, it did not affect our operations very much because our competitors saw the potential and quickly made this a standard product offering. People outside Morocco are often surprised that I am so happy about this, but it is a result of the special relationship that we have in the microfinance industry in Morocco – we are competitors and we fight hard for our market share, but we are in this business to help people, not just make a profit. So if my competitors copied a product that improves people's lives, how could I be anything but content?



The introduction of a data-based performance monitoring system is credited as a critical part of your success. Can you give a concrete example of how this system improved operations?

The most important aspect of our data-based performance system is that it drives an “open book” policy with our insurance partner, Anth Saham. In other words, we are extremely transparent with our insurance partner, which builds trust on both sides, and allows us to react quickly to changes on the ground. We can negotiate with Anth Saham to change guarantee amounts and ensure profitability for both of us in the face of a complicated insurance market.

In addition, the trust and transparency between us and our insurance partner streamlines the claims process, making it faster and more reliable for our clients.



What advice would you give to Mr. Karim Fanous, the CEO of Lead Foundation and one of SCBF's partners, in replicating your family insurance coverage scheme in Egypt?

My first piece of advice is related to the last question: it is extremely important to find a good partnership with an “agile” insurer that is results-minded and has a win-win vision. Part of the story of our success is without a doubt the relationship we have with our insurance partner.

Second, I would say try to enter into direct relationships with medical assistance providers. Having a strong connection to ambulance companies, clinics and call centers is another potential win-win: insurance providers can offer clients additional services and simplify claim verification, while these medical assistance providers are more likely to receive the proper payment for their services.



Photos © Women's World Banking / Alice Dufour-Feronce



SCALING UP MOBILE BANKING: DELIVERING SOCIAL BENEFITS TO RURAL AREAS IN MOROCCO BY AL BARID BANK (2013-08)

**Interview with Rédouane Najm-Eddine,
CEO of Al Barid Bank**

Morocco has a rate of financial inclusion among the highest in the region, much of that thanks to the work of Al Barid Bank. To what do you attribute this success?

The success of Al Barid Bank is due in large part to the high confidence our clients accord to the Postal Group. Having inherited the financial services offered by the Postal Group, the Moroccan Postal Bank was able to profit from its own notoriety as well as from the image of its Postal Group more generally. In fact, the Postal Bank has an expansive network, covering almost all corners of the Kingdom, which allows us to be in proximity of our Moroccan countrymen, even in rural areas. Finally, we modernised our IT systems and created innovative and attractive products.

Why did you focus on deploying Barid Cash kiosks in rural areas as a pillar of your strategy to expand financial inclusion?

The purpose of the deployment of Barid Cash kiosks was to reinforce the already dense network of Al Barid Bank. The proximity of the Barid Cash network to poor and rural communities will allow us to offer them products and banking services even more adapted to their specific needs. In the framework of a new law regarding payment institutions, Barid Cash could, in the near future, commercialise accounts and new monetary products.

After three years of collaboration with the SCBF, what were the biggest success and challenges, and how can SCBF better support institutions like Al Barid Bank?

We can affirm that the different collaborations through which the SCBF aided Al Barid Bank were all very important for our development. Our only “frustration” would be that the regulatory context evolved during these projects in a way that was not beneficial to the projects that we were putting in place at the time.

As far as advice, we can offer the following: it would be judicious, before any project, to run diagnostics in order to anticipate challenges, consider potential project impacts, and evaluate the suitability of each project for each specific context. In addition, we believe that it is important to avoid as much as possible duplicating projects in too similar a manner from one region to another. Even if this approach was fruitful elsewhere, each context potentially requires a unique approach.

In your opinion, what is the role of financial education in projects that target financial inclusion?

At Al Barid Bank, we have a firm conviction that financial education constitutes a fundamental prerequisite for financial inclusion. Our poorest clients need to take consciousness of

the utility of the products and services that are available, and more importantly, how they can use these products to advance their own life projects. It is thus primordial to explain to these clients first how useful these products are and how being “banked” is to their advantage. For this reason, Al Barid Bank has always made financial education a pillar of our financial inclusion efforts.

Did Al Barid Bank put in place such financial education programs as part of its strategy for improving access to banking services?

Yes, for the above reason we developed a number of financial education programs which we transmitted through different delivery channels for diverse target audiences. One example of how we integrated financial education into our product offerings is a savings account for young people – “Tawfir Al Ghad” - to which we added a financial education program. The central piece of this program is a series of short educational videos on YouTube in which actors demonstrate how to handle every-day life situations in a fiscally advantageous way. We also conceived two programs, one television and one radio, in which experts give advice on budget management, expense planning, and the role of banking in peoples’ lives.

In five years, what products do you think will be most important for Al Barid Bank’s financial inclusion strategy?

In an era of increasing digitalization, we are supporting the development of mobile banking to spearhead our efforts to improve financial inclusion. At the same time, we need to ensure that clients have access to other financial products and services adapted to their needs. We think one promising example of this is the combination of banking and insurance, which provides a needed financial service alongside a more traditional mobile banking offering.

Mobile banking services have become more and more popular over the last few years, yet at the same time it has become clear that mobile banking services and mobile payment services are not synonymous with financial inclusion. Why is access to a mobile banking or payment system not already « inclusive » enough and how did Al Barid Bank handle this fact?

True, putting in place a mobile payment system cannot be the only avenue by which people become banked. A client can use a mobile payment system without really understanding the need to be banked or the benefits of financial products and services. Many regions of Sub-Saharan Africa demonstrate this: mobile payment systems are widespread and function well, but the use of banking services is very low.

Instituting a global ecosystem is necessary, along with the proper legal framework. A mobile payment system should be properly designed such that users have access to an array of other financial products and services. We must add that an adapted and accessible pricing system is extremely important for clients.

It is by understanding the entire ecosystem and by devoting the resources necessary to accompany clients through financial education programs that financial inclusion is accomplished. This is the approach taken by Al Barid Bank as we developed our strategy to expand financial inclusion in Morocco, and especially accelerate this process among people with low and irregular incomes.

Photo © Al Barid Bank



**KiWi eKIOSK:
PIONEERING INTEGRATED CARDS
AND MOBILE PAYMENTS FOR
MERCHANTS IN MOROCCO
(2014-03 & FEW-04)**

Interview with Christian Sinobas, CEO of KiWi

What is your vision for the KiWi e-Kiosk application and how did each of its key features fit into this vision?

Our vision is to build a fully functional platform that supports merchants as they build a strong business. The main features for now are e-payments, loan operations, a digital cash register application, data analytics and airtime top-ups. Due to the growth of credit, debit and prepaid cards in the emerging world, far outstripping the use of mobile payments for non-airtime transactions, we see our value as enabling merchants to become points of service (POS) for these cards as well as to offer them a full suite of services that would normally be reserved for corporate chains.

This application is designed for small scale merchants, so can you talk more about the people for whom your application was tailored and the revenue streams you hoped it would open for them?

Hairdressers, taxi drivers, door-to-door sales people are just some of our users: we have a very diverse client base! The biggest revenue stream we want to open for them is to allow them to be points of service for card payments. The upfront investment and maintenance costs inherent in traditional card readers are beyond the capability

of most merchants – similar for a cash register, which can be expensive and unwieldy and perceived as not worth the investment.

Through our application, merchants can benefit from the insights that we glean from the data entered into the cash register and collected through the electronic payment system, allowing merchants to optimize existing revenue streams. We also open doors to other sources of revenue, such as airtime top-ups, and we are developing products for our merchants to sell directly to their customers.

Talk about some of the “frictions” encountered during roll-out of the application and the kind of support Moroccan merchants asked KiWi to provide.

We never really managed to push the full application in Morocco, but tests revealed that in general merchants were still very reluctant to use the technology compared to their counterparts in Latin America or Asia. They constantly challenged the application and showed that a lot of work was required from us in order to make it really easy to use and useful for Moroccan merchants.



This was our first launch and especially since it was in a difficult market where people are reticent to quickly adapt technology we really improved our value offering thanks to our customers. The lessons that we learned, and features we added, due to the feedback we received in Morocco were key to our success in Mexico.

Why did you include financial education as a key component of your strategy and how did you plan to integrate it into your operations?

We have a unique approach to financial education. Often, financial education is a top-down system that results in a somewhat paternalistic attitude towards merchants in developing countries. We wanted to take a different approach: financial education is important for micro-merchants to understand how payments work, how the application works, etc, so that they can take ownership of the service we offer, making the best use of it, and even providing us quality feedback to continue improving it. On top of that, once you have data on transactions and products, you can use analytics to show merchants tailored information to guide them toward efficiency, productivity, better pricing, and, of course, cash flow management.

As we know, regulatory risk is always a danger, but why are start-ups, and fintech start-up in particular, especially exposed to regulatory risk? What advice do you have for implementers responding to such impediments?

A 6-month delay is a huge threat for a start-up's cash flow, while corporates can lose money on a project for years. This can be very hard to predict, and it is important to use the key strength of a start-up, quick reactivity, to maximum advantage. Obviously, that is too general, but it is difficult to give advice: look at Uber, did they care about regulation? Sometimes things went wrong for them, but it mainly went well. One piece of advice I can give to other start-ups is that it is better to be ready to pivot quickly than to spend a lot of money and time on resolving complicated, unforeseen regulatory challenges.



Photos © KiWi

KiWi – MAKING FINTECH WORK FOR MICRO-MERCHANTS IN MEXICO: HOW TECHNOLOGY CAN TRANSFORM THE INCLUSIVE FINANCE INDUSTRY (2016-01)

Interview with Christian Sinobas, CEO of KiWi

What was the “minimum viable product” with which KiWi initially launched operations in Mexico, and how did KiWi change the value proposition to suit the needs of Mexican micro-merchants?

We used the same basic application we pioneered in Morocco and added more functionality, especially on the e-payment side. The key new feature was the integration of a debit/credit/prepaid card reader with mobile phones, allowing merchants to process card payments.

We made many other changes, week after week, but not really because of Mexico: it was more because we keep learning about what merchants' needs. I think that what we do in Mexico will be highly replicable.

How does the e-payment system synergize with KiWi's loan program?

No doubt about this, it is fantastic! First, it is the end of the information asymmetry that has prevented microfinance institutions from expanding operations. We have cash flow data generated through use of the application which gives us a unique insight into the repayment capabilities of our clients. This data can be used for much more than that, and we recently began a partnership with the École Polytechnique Fédérale de Lausanne (EPFL) and DLAB to explore the analytics that we can offer our clients.

Second, as card payments made through the application and the card reader are sent

through KiWi, we can automatically withhold the loan repayment simplifying life for both us and our clients.

KiWi Mexico initially partnered with Mexican MFIs, then quickly changed strategy to create partnerships with direct sales companies and consumer packaged goods distributors. Can you explain the reasoning behind this shift?

And after that we finally decided to focus on digital sales, mainly through Facebook! It is difficult to ask a loan officer to sell multiple products; this is one of the main reasons why it did not work with MFIs. In fact, I actually think the value of partnerships in general is overestimated. We found that even when you sign a contract and get the CEO enthusiastic, you have only done 10% of the work related to making the partnership fruitful. In hindsight we felt that this was not really the most efficient use of our time and resources so we looked at Silicon Valley start-ups and said: let's go direct and digital.

In fact, I see a huge role for digital advertising and outreach campaigns in general and especially through Facebook, due to its ever-growing presence in Mexico and Latin America.

How do you keep your customers actively engaged in using the application?

We want to avoid the high number of empty/never used bank accounts that are so common among savings operations in emerging countries. Many people receive their salary electronically, there has been enormous progress on this in the last few years, yet they immediately run to the ATM and withdraw as much of it as possible – often this is difficult due to everyone doing this at the same time and draining local banks and ATMs. To accustom merchants to keeping money in their accounts, KiWi adds the amounts dozens of times per day, so that merchants always have money in their account even if they try to empty it. This will encourage people to use their savings account more.

On a more general note, we have a project called “love by process.” It is all about automation and usage patterns detection. The partnership I mentioned with the EPFL and DLAB is a part of this as well. We want to develop analytics and services that are done algorithmically, so that we can easily offer millions of clients quality insights that they can use to improve their business. We apply this process to the application itself so that we can adapt the functionality for our clients and enable to benefit as much as possible from it without requiring them to be an IT specialist.

As an early stage start-up what advantages does this give you compared to established actors in either the private sector, the non-profit sector or the public sector? Disadvantages?

Our biggest advantage is that we can react quickly to obstacles that come up and make significant changes to our operations in response to needs from the ground. At the same time, we do not have the resources of a large, established organization and we are forced to spend a certain amount of these resources looking for money instead of perfecting our product.

Still, for the type of service KiWi offers across the geographical span in which we want to offer it, I think the flexibility and reactivity of our start-up attitude is a huge advantage compared to established institutions, even if they have more financing.

Merchants’ financial data generated by KiWi’s tool could give them access to retail banks, perhaps bypassing traditional MFIs altogether. How does this fit within KiWi’s broader financial inclusion strategy, and could this impact KiWi’s own lending services?

True, the data that we generate and capture could put merchants on the path to retail banks. At the same time, we still don’t know if we will partner with banks or continue to give the loans ourselves as it is not clear if the move will benefit either us or our clients. Right now, our direct lending operations are going well and we are not happy with negotiations with banks - we do everything and get very little from them. At the same time, I think many of our clients are happy with the services we offer, and I do not believe they would receive a better-quality loan from a traditional Mexican retail bank.

Why did you choose Mexico to be the second country (after Morocco) of implementation for KiWi’s e-kiosk application and what other markets are you planning to enter?

Mexico is great for a few reasons. There are many acquiring banks so we avoided the problems we encountered due to monopolies preventing market entry in Morocco. Also, we see demand for our products: there are many merchants and many credit & debit cards, but few points of service in poor urban and rural areas for people to use these cards.

Next, we might go regional (Colombia) or just pick another huge market elsewhere in the world.



**E-TONTINE FOR LA POSTE DU BÉNIN
(2015-01)**

**Interview with Alexandre Berthaud,
CEO of E-Savings.club**

What is a “Tontine” and how widespread is it in Benin and the region?

“Tontine” is a French word which encompasses different types of informal savings mechanisms in francophone Africa. The “Tontines mutuelles” are rotating savings and credit associations (ROSCAs) which are widespread in the developing world. However, in the particular context of francophone West Africa, “Tontine” can also refer to the “Susu collector” scheme.

The Susu collector is an informal mechanism most common in West Africa where a person collects savings on a regular basis (usually daily) from their clients. The savings cycle lasts for a month with the Susu collector coming to the client’s doorstep or shop to collect the daily savings contribution, in exchange for marking a cross in a paper passbook. Once the passbook is full, typically after 31 days, he or she reimburses the client’s month worth of savings minus a fee which corresponds to one day of savings. This is the “Tontine” that we have digitized and formalized in Benin.

When you began creating the “E-Tontine,” why did you think “leveraging, digitizing and improving existing, well-entrenched informal financial practices” would be more successful than adopting imported financial products and services?

Benin is one of the poorest countries in the world and one with extremely low financial inclusion levels. Banks have been operating

in the country for at least a century and yet the vast majority of people remain unbanked. However, when you go to the markets and speak to the women selling their produce you realize that people are not totally financially disenfranchised because they rely on informal traditional mechanisms like the tontine.

Coming from a financial inclusion (FI) background as a lead FI expert at the United Nations and the World Bank, I have seen many approaches to banking the unbanked fail in the “Global South”. My understanding is that we have failed to address the cultural part of finance. We keep trying to export a European/American way of conceiving finance to countries which are culturally different. For instance, in most countries in Latin America, Africa and Asia, finance is conceived in a collective manner, not as an individual process like in Europe.

Have you identified other informal financial practices that can be similarly formalized?

Yes, we have identified several other informal and traditional financial practices that can be formalized and actually we have formalized them in different parts of the world.

For instance, we have digitized the ROSCA which, as mentioned above, is a widespread practice in Latin America, Africa, MENA and Asia. More precisely, we adapted the bidding ROSCA, a special type of ROSCA which is

considered to be the best way to pool and allocate capital in capital-scarce environments. Bidding ROSCAs are the traditional way of saving and lending in groups in East Asia.

On top of that, we have digitized the accumulating savings and credit associations (ASCA) in Mexico. In Mexico these are called “Cajas de ahorro de trabajadores” or employee savings funds and are a legal benefit offered by employers to their employees. In most cases, these employee savings funds have not changed over the past 50 years. We digitized them thanks to the support of the SCBF, thus improving employee financial well-being through improved and affordable access to digital savings and loans. Our application for employee savings funds is called Akiba.



Was Benin’s low level of literacy an obstacle to adoption of the E-Tontine product and if so, what was your strategy for overcoming it?

Literacy level does indeed affect the adoption of new technologies; however, we were surprised to discover that the impact was less than expected. Ladies selling in market stalls in Benin are in many cases illiterate. Since our system was based on a SMS reaching the

client on their feature phone this could have been an obstacle. However, we soon realized this was not a major impediment to growth.

First, clients trusted the SMS reaching their phone as a sign even if they could not read it fully. Second, while literacy is not widespread, essential numeracy is, meaning most users know how to read numbers.

On top of this, the fact that the service was provided by the post office meant clients could go to their local post office and check their balance in person, helping build trust.



Customers clearly valued the development of a personal, face-to-face relationship with agents. Why do you think this was important to them and how did you keep costs low while providing customers with this service?

In my view, finance is about building trust, be it at an exclusive private bank in Zurich or in a market in Porto Novo. To build trust you need to build a rapport with the client and this is particularly the case with low-income, illiterate micro-entrepreneurs.

Moreover, local financial culture depends a lot on building trusted relationships, as people already do with the Susu collector, so we replicated this feature completely. But it is worth noting that the most productive field officers were the ones that were better at establishing an almost friendship rapport with their customers. Clients said they appreciate dealing with their field officers especially once they got to know the best time to stop by their shop to collect deposits. So it is not just about being a friendly character, it is also adapting to the needs of the customer to the point that you arrive at the right time.

Face-to-face interaction is expensive in general. In the case of the E-Tontine we pushed for higher productivity by creating routes for the field officers and encouraged them to concentrate on certain areas.



What led uptake to be higher among female merchants than among their male counterparts?

Indeed, two thirds of users were women and 85% were micro-entrepreneurs which is quite a feat. There were two things at play here to achieve that result:

- Specific targeting of these segments: We agreed with the Post that our E-Tontine product would specifically target women micro-entrepreneurs in markets where the Post’s financial services were not as present as in other segments. Other postal financial services require the customer to go to the post office during opening hours, something most market sellers cannot do because they cannot leave their stand. Thus, by offering a service on their doorstep we were able to include these micro-entrepreneur women.
- Demography: In Benin, most sellers in markets are women. Since the purpose of the product was to offer the product to informal sellers in markets and shop-keepers on the side of the road, it makes sense that we had such a high participation of women among customers.



Trust in state institutions is not uniformly high. Why do you think La Poste du Bénin was trusted among Beninese and would the project have been possible without such an institution?

Clearly state institutions in developing countries are not necessarily highly trusted. However, in the case of Benin the Post is a trusted institution. Indeed, it is one of the oldest institutions and one that has been close to people with 100+ branches spread out throughout the country and offering financial services to more than 500,000 people.

Without a trusted partner like the Post, the project would not have been feasible. Actually, when we launched the pilot and went to the market to explain the product the merchants were extremely distrusting. They did not believe that we were from the Post. They literally said: “Anyone can buy a shirt with the Post logo and say they come from the Post.”

Unfortunately, there have been many scams in Benin with fraudulent institutions sending field officers to markets to collect deposits

and people at the bottom of the pyramid have lost a lot of money to these scams so they are afraid. In that context a start-up company offering the services on its own would not have had a chance or would have had to spend millions in building trust.

Has the success of the E-Tontine program led to other MFIs entering the newly-created E-Tontine market?

During the course of the project a private sector MFI in Benin contacted the Post to ask them if they could rent the E-Tontine product to them.

Since we launched the project, many MFIs in West Africa are looking for solutions to digitize the Tontine product and we believe there is a big market for our E-Tontine platform not only in Benin but across West Africa in French-speaking countries like Ivory Coast, Senegal, Mali or Burkina Faso, but also Nigeria and Ghana among the English-speaking countries. In all these countries the Susu collectors (“Tontiniers”) are widespread in the informal sector.



BUILDING CAPACITY TO DEVELOP A SMALL BUSINESS LOAN PORTFOLIO OF ALLIANCE FOR MICROFINANCE IN MYANMAR (2015-07)

Interview with Kim Guenkel, CEO of Alliance for Microfinance in Myanmar

How did you identify the untapped demand for the product offered by the small enterprise loan program and are you surprised at all by its success?

Before launching small enterprise (SE) loans we conducted detailed market research and found that a vibrant small business sector existed, especially in the area of light manufacturing, textile production and services, and that this group of clients was largely under-served by the finance or banking sector. So we were certain there is a strong demand for such a product, but we are nevertheless very satisfied to see that the expected results materialized.

Describe the “typical” recipient of the small enterprise loan program, and how does this compare with a “typical” client of the initial group lending program?

A good example of an SE client is the owner of a computer weaving machine. The assets and therefore the capital requirements for such a business are much higher than for traditional handweaving machines, the typical recipients of a group loan. It also requires more financial, operational and IT skill to manage such a business compared to the traditional weaver. So the average SE client tends to be more educated and has more bargaining power in the textile value chain.

As you expand the small enterprise loan program further into rural areas, what changes in your operational model, if any, are you anticipating?

The SE market in rural areas is naturally smaller and tends to be linked to agriculture, which still employs 70% of the workforce in Myanmar. We do not foresee any changes in the operating model, but might need to shift the client focus from production and services towards trading and processing in the agriculture sector. This also requires developing a deeper understanding of these sectors, value chains and risks in rural areas.



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How do you ensure loan repayment in lieu of the group-based accountability system of the “Grameen Model” and given Myanmar’s tightly regulated microfinance sector, including a near-ban on the use of collateral for microloans?

While collateral is used typically in SE lending as a psychological means of pressure, it is rarely enforced. So not being allowed to take collateral is a problem for us, but not a major one, as we can fall back on a number of safeguards built into the SE loan process. The biggest incentive to pay back for an SE client is getting a new loan with a higher amount. Our graduation principle and fee structure emphasize and incentivize clients to build mutually beneficial long-term business relations. In the rare number of cases where we do have payment difficulties, we can fall back on family members, business partners and guarantors who all get involved in the appraisal process to strengthen their sense of responsibility for the loan. In some cases we also tap into the social fabric of Myanmar which has a strong culture of honoring obligations and work with community leaders such as ward/village administrators or Buddhist monks. Pursuing legal action is a last resort, but this has not yet been necessary.

How did you reduce staff turnover rates from 43% to 13% and how important was this to the success of the project?

Three years ago staff rotation was a serious problem, so we sat together with our staff to come up with a roadmap to improve staff satisfaction. We brought salary and benefits to a more competitive level, developed training packages, and established a clear and transparent career path and employment policies. Step by step our staff developed more trust in the organisation and the growth and the promotions that come with it did the rest.

Today we have one of the lowest staff rotations (7%), attractive compensation packages and highest staff satisfaction in the Myanmar microfinance sector.

88% of clients are “satisfied” or “very satisfied” and repeat clients have been key to increasing average loan amounts, which are below initial projections. How important are repeat clients to your business model and what is your strategy to keep them with Alliance?

For the growth of the loan portfolio and efficiency gains, client loyalty is of key importance. To make sure we keep our clients we focus on providing easy and flexible products, fast delivery, and, most importantly, building effective relations. This starts with significant investments in the skills of our staff, developing structured communication processes and ensuring efficient delivery.

Now that competitors in the microfinance sector are offering comparable offers, how will you translate Alliance’s first-mover advantage into continued market leadership?

We are conducting extensive research on clients and competitors. So far client feedback and market data confirm that in our present market being positioned around strong communication, easy and flexible products, fast delivery, and strong relations, works well. We are confident that with focus and delivery in these areas, clients will help us maintain our market leadership. We, nevertheless, cannot rest on past and present success and continue to monitor the market and clients to further refine our products and services. We also recently launched a major marketing initiative to visibly signal our leadership.



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ZINGSURE READY TO UP-SCALE MICROINSURANCE IN PARTNERSHIP WITH FAITH-BASED AFFINITY GROUPS IN ZIMBABWE (2016-02)

Interview with Marc Tison, Founder of Zingsure

InsureCo was Zingsure’s first launch and was the very first recipient of Zimbabwe’s new microinsurance license, in the context of Zimbabwe having only a 2-3% rate of insurance penetration. What gave you the confidence to launch Zingsure in such a difficult market?

I do not think we were confident. I think we were just brave.

On a serious note, we knew it was never going to be easy, but we knew we would learn a lot from Zimbabwe, which we could apply to other territories. Today our choice has been vindicated. These learnings are already being applied in our other territories.

We are an agile business. It’s our ability to adapt fast and to recover fast that sets us apart. Fortunately, we had support from our shareholders to explore new blue ocean territories (i.e. untapped new market spaces ripe for growth).

In the case of Zimbabwe, we partnered with large faith-based affinity groups (AG), representing more than 6 million people. We are providing these people with exclusive access to insurance and banking. This will without any doubt have an impact on insurance penetration rates. It is also why the regulator was so excited by what we were doing and why we are the first recipient of this category of license.

What sets Zingsure apart from conventional insurers?

We differ on four main fronts:

- We are different in that our shareholders do not come first. Society and their members do. I guess in a way we are moving back to a mutual mind set.
- Committing to a mutual mind set costs more money for shareholders because one has to invest traditional profit margin in society. The only way one can do this is to be highly efficient so that one can share in the savings achieved. We significantly outperform all expense ratios and so are highly efficient.
- Our early research showed that customers hate insurance companies, mostly because of how they experience a claim. Therefore, we invented a new way to process claims (this is now a filed patent in several Sub-Saharan territories) that allows us to process a term life claim in five minutes. This is from notification to payment!
- The legacy insurers believe insurance has to be sold. A few are exploring ways to shift this so customers buy insurance. We have gone beyond this point and can offer insurance perpetually for free.

As a very early entrant to the market, how much of a role do you play in shaping the microinsurance environment in Zimbabwe?

It was enormously difficult if I think back on this. We had to win over the minds of the Zimbabwe government and the insurance

regulator. They had to understand that we were doing this to make a macro difference to the economy.

I was asked to speak at a microinsurance conference (before this category of license was available) and soon after this the Commissioner asked us to comment on the draft framework. Many of our comments ended up being adopted in the microinsurance policy framework.

Zimbabwe's Microinsurance Framework was formally adopted in July 2017. We were issued with the first license in October 2017. We have since assisted the Malawian government with their microinsurance framework.

Why do you think faith-based affinity groups make good distribution partners for group insurance schemes and how did you earn the trust of church leadership?

We discovered that faith-based affinity groups are great at handling spiritual matters! Unfortunately, most lack business acumen and are not good distribution partners. This is one of the key lessons we learned. We had to shift and take control of distribution and collections.

As you rightly point out, trust is at the heart of it all. You have to have genuine intent to create social and economic upliftment. These are not the things a traditional insurance business does. They cost more money and further reduce profit margins, which traditional shareholders do not want.

We discovered that microinsurance and economic development must go hand in hand. Microinsurance cannot work without an investment in economic development. We need to protect savings on the one hand, but also create the ability for people to enhance their lives, thus we developed a concept of a "life value proposition" and got to know a lot more about the lives of these people and their daily struggles. We now have four personas identified for each segment of customers in these faith-based affinity groups.

The leadership of these faith-based affinity groups have endorsed us as a company because they see a genuine attempt to make a difference in the lives of their members. We have started covering faith-based affinity group members in Harare and the excitement we see in their bishops and how highly they speak of us to their members is what drives us to work each day. We have his blessing and endorsement and because of that members want to engage and do business with us, knowing every time they spend money with us a significant part of that will be ploughed back into the social and economic uplift of their communities.

We need to keep investing in this trust. Trust is earned over a long time.



Can you outline Zingsure's life insurance scheme and talk about the process of designing life insurance for rural clients?

Although our model operates on the surface like a traditional group scheme, we are really an individual model. Hence we talk of group-individual. This is a key point of departure, because in order to become a participant in financial services, we must know your customer (KYC). A client on our platform is KYC'd and we deal with each customer

uniquely. On the other hand, we are able to price for risk on a group basis making products more affordable.

We do place a lot of emphasis on customer segmentation (as I said we have defined four personas), where we focus on the mid foundation to the mid-mass market income segment in order to understand spending behaviours and wants. We spend a lot of time in the field securing feedback from the market. Armed with this data, we are able to create a customer value proposition (CVP) that aims to delight most of our customers in our target segment. We see insurance as a journey for our target market. We start out by providing cover to the main member of each family. Thereafter, they can increase cover or look at providing more cover for their loved ones.

Our benefits are paid in cash (electronic money). The primary purpose is to provide for funeral expenses. This makes it far easier for us to process a claim for a customer living in rural areas (opposed to the delays associated with delivering a funeral service). As long as they have cell phone coverage, they will get their money paid instantly and can then spend this anywhere using their bank card or at a Zing merchant.

Going self-direct on a mobile phone sounds great, but it's not where these customers will start the journey. The challenge with the emerging customer segment is that they need to be assisted initially and this comes at a significant cost if we assume this requires branches, agents and call centres. Again, the only way this can be delivered is to introduce efficiencies elsewhere into the business.



A big part of our product design is about how efficient we can be so that we can afford to blend an assisted model (branches with tied agents and a call centre) with a self-direct (mobile and Internet) model. We are able to do both successfully. For example in Zimbabwe, we will be rolling out 84 branches with a tied agent work force, have a call centre in place and also have a mobile application.

At the centre of all design is to truly understand the CVP and to ensure one has the necessary efficiencies to provide both an assisted and a self-directed service.

In 2017, there were several new insurance products and services coming down the pipeline: can you give us a few updates on their development and roll-out?

Our model will always pay out a cash benefit directly to the beneficiary nominated by the main member.

Our license dictates what products we can distribute and controls what risks we can cover e.g. death, injury or loss of property.

Our microinsurance license allows us to provide both term life and general insurance cover and so we can cover most risks as long as the cover fits within the limits of cover we can provide. In our case cover ranges from as little as 25 to 4'000 USD.

So it is really a simple product, but there is so much we can do around pricing this for specific insured events. For example, we are engaging with a bus company to provide cover for their commuters in the event that they die whilst travelling. At the same time, we can provide for injury so people who survive an accident can get cash to pay towards their medical costs.

Extended family life cover is already bolted into our existing value proposition. This includes additional cover plus covers the spouse, children, the parents of the main member and/or spouse and extended family. The product is designed in such a way that

it is very easy to adjust coverage from month-to-month as and when one can afford to do so.

We are also proceeding with an acquisition of a general insurance company. This would never have happened had we not started out with microinsurance. This will allow us to provide higher levels of general insurance cover to those of our emerging market customers who require this and can afford to pay higher premiums.

There are numerous emerging and exciting opportunities that we are dealing with in the agriculture sector to assist smallholder farmers. We expect to be able to share more later in 2018.

You forecast the creation of 15,000 jobs by the end of 2018 in Zimbabwe alone – how do you plan to accomplish this?

We are creating employment for agents. These people can work inside our branches or be roaming in the communities. Our objective is to ensure we get these people to earn 10 USD or more a day. If we achieve this, we break their poverty cycle.

In addition, we are deploying a merchant model, which will see thousands more jobs created.

What is Zing’s vision for a social enterprise and how does microinsurance fit into your broader strategy for inclusive finance?

Our aim is to shift humanity to a world of financial freedom and abundant protection by providing affordable access to banking and insurance for all.

We are devoted to economic development and social uplift. Creating jobs, distributing some of the wealth we create and opening access to financial services (lending, banking and insurance) will ignite the markets and the economies we service.

We have calculated that it costs a society with 1 million members about \$6m to bury their loved ones per year. If this money was invested back into these societies, imagine how many schools and clinics one could build.

Inclusive finance for us means customers who have access to banking, lending and insurance. Microinsurance forms an integral part of this offering just like microlending and microbanking do.

Why lead with microinsurance? I am often asked this. The customers will want to lend first. The thing is an insurance businesses has the ability to create capital. Capital is what is required to develop full financial inclusion offering and so it makes sense for us to start there.

There are exciting developments in our business to land a fully financial inclusion value proposition in the market by the end of 2018. We are excited because it will bring free access to financial services to customers at the bottom of the economic pyramid.



Zing has leveraged a number of funding streams, ranging from crowd-investing, to partnerships with governments, aid agencies, local religious groups and multinational corporations. How did you appeal to all of these, often opposing, groups at once?

Fortunately, we come with experience dealing with funders who have very different investment mandates.

For now we have Swiss Re on board as a strategic investor. Because it is a strategic partnership, we have had the unique privilege to try, test and learn for two years in the worst possible country for opening an insurance business that anyone could have selected. This is something that works well for an agile business seeking blue oceans.

Like Swiss Re is a strategic shareholder, we see the SCBF as a strategic alliance partner for the business on the grant side. Introduced to us by Swiss Re, the SCBF is playing a significant role in assisting with funding to open up each territory. Through SCBF we know we will be exposed to other funders who may be interested in tacking much bigger projects as we pick up momentum in each territory around economic development initiatives.

For example, we are starting to look at how we can uplift small holder farmers so they can make a meaningful and sustainable contribution to increasing agricultural output. We know this will require significant investment well beyond the SCBF mandate and will require a different kind of grant funder to create a package for smallholder farmers.



Can you update us on Zingsure’s progress on extending operations across the African continent?

In Malawi and Zambia we signed up affinity groups with +6m members and expect our insurance license to be approved by Q2 2018, while in South Africa we have an exciting mobile retail offering to the Zimbabwean diaspora.

Post this, we will scale rapidly into other Africa territories. It is critical that for 2018 we settle on the above countries only. We are essentially a start-up fintech seeking the blue ocean. Profits have started to emerge. We need to ensure our model can scale rapidly beyond these initial territories. The business model is a franchise model in that it can easily be replicated. The other territories on our radar include: Botswana, Congo (DR), Egypt, Kenya, Mozambique, Namibia, Nigeria, Tanzania, and Uganda.



Photos © Zing

FINANCIAL EDUCATION

Financial literacy and seed management training empowers smallholder farmers to benefit from first agricultural insurance in Tanzania (FEW-02 & 03)

CONTEXT AND BOTTLENECKS

The Bank of Tanzania identified four primary obstacles to financial education: i) poverty; ii) the absence of appropriate, accessible and affordable products and services targeted specifically at the lower-income population; iii) a subsistence economy; and iv) poor infrastructure. The Government of Tanzania approved a National Financial Education Framework in 2011, although its implementation has been slow.

PARTNER FINANCIAL INSTITUTIONS

ACRE Tanzania Insurance Agency Limited (ACRE Tanzania) is a registered agent focusing on agricultural micro-insurance products. ACRE Tanzania links farmers to insurance products so that they can invest confidently in their farms.

UAP Insurance Tanzania: UAP Tanzania underwrites insurance products designed by ACRE Africa and Swiss Re re-insures them.

FINANCIAL LITERACY NEEDS ASSESSMENT

A feasibility study by ACRE Africa established that active measures were required to provide financial education (FE) alongside the introduction of insurance in Tanzania. The study found that 60% of the uninsured population does not have insurance because they cannot afford it; 24% do not know how insurance works; 18% do not know how to find out where to buy it; and 14% do not know what 'insurance' means.

Although insurance usage of adults had grown to 19% by 2012, FE is still required to enhance uptake of insurance products. As a result, Kilimo Salama (now ACRE Africa) developed a financial education strategy on how to reach smallholder farmers in several agricultural value chains through microfinance institutions, input companies, mobile network operators, and contract growers for agribusinesses.

OBJECTIVES, MAIN ACTIVITY AREAS AND OUTPUTS

The aim of this intervention was to educate smallholder farmers on innovative agricultural insurance products from MFIs and input companies. The intended knowledge to be passed on is:

- how to save towards future investments;
- how to prepare future budgets and track expenses;
- that the cost of insurance is lower than the losses;
- how to use mobiles for financial transactions;
- understand the benefits of hybrid seeds

Further, farmers grew accustomed to accessing insurance services through their mobile phones.

Achievements (September 2017)

35 insurance officers coached
325 agri-officers coached
37 bank officials coached
74 lead farmers trained
Live radio shows with 3 local radio stations in Swahili
Training of 77'878 farmers through farmer forums, radio and aggregators
1 Trainer kit for training consistency developed
15'000 farmers reached through SMS with insurance product explanations

Empowerment of more than 70,000 smallholder farmers through financial education unlocks economic potential in the Arusha and Iringa regions.



Photo © Acre Africa - The farmers display their insurance certificates

RESULTS ACHIEVED

With more than 70'000 farmers reached during the financial education campaign, and more than 27'500 farmers having signed up for insurance, financial literacy levels have increased significantly in the Arusha and Iringa regions. Farmers are not only better protected against risks, but have also been able to increase their incomes through access to hybrid seed. Ensuring financial inclusion has unlocked considerable economic potential and it is expected that there will be a long-term impact in terms of increased income and improved livelihoods.

Intervention	Behaviour and attitude changes	Impact
FE courses in savings, record keeping, insurance, use of mobile money, use of hybrid seeds	Farmers (i) use savings to pay for insurance and purchases; (ii) record the costs involved in production, as well as harvested yields and inputs on credit; (iii) have greater confidence in investing in insurance and in using their mobiles for financial transactions; and (v) set aside funds to purchase inputs bundled with crop insurance and have invested more in buying hybrid seed and fertilizer	(i) 49% of farmers opened a savings account and 33% are actively saving; (ii) farmers have a better understanding of their agricultural business and increased access to loans; (iii) are shielded from unpredictable risks and have access to credit for inputs bundled with insurance; (iv) save time conducting transactions via mobile phones; and (v) see increased yields and incomes.
Use of educational SMS	Farmers signed up for insurance and FE messages through their phones	Farmers now have continuous access to FE from the convenience of their phone.
Radio advertisements	Farmers signed up for the insurance product after listening to radio programmes about crop insurance	Farmers that did not have insurance took out crop insurance after the FE campaign and are protected from losses due to natural disasters.



Photo © Acre Africa - Ms Mwajuma assesses damage to her crops

CLIENT FOCUS

LOAN INSURANCE PREVENTS MAJOR LOSSES

In early 2015, Ms Mwajuma took out a loan from the One ACRE Fund, a nonprofit social enterprise working throughout Sub-Saharan Africa, and purchased several bags of hybrid maize seed on credit, to be paid back after harvesting season. Ms Mwajuma planted her seed on her 2.5-acre plot of land but, unfortunately, there was excess rainfall (El Niño) during that season, and instead of harvesting the expected 20 bags of maize, Ms Mwajuma harvested only half a bag. However, since she was insured, the

insurance company paid her loan from One ACRE Fund. As a result, Ms Mwajuma did not experience a major financial setback, and was still eligible for a loan in the subsequent planting season and could continue her business.

Design and implementation of an integrated financial education programme by Alliance for Microfinance in Myanmar (FEW-08)

CONTEXT AND BOTTLENECKS

Myanmar is an emerging market for inclusive finance. As the majority of the population still does not have access to formal financial services there is a huge unserved demand. The country's low education level and the recent exposure of its clients to formal financial services are the primary reasons why Alliance for Microfinance in Myanmar (Alliance) decided to integrate a financial education programme into its activities.

PARTNER FINANCIAL INSTITUTION

Alliance was founded in 2014 with the mission of responsibly offering a wide range of client-oriented financial services and financial education to unbanked entrepreneurs, particularly women, to strengthen their businesses and family welfare. A 3-year financial education plan has been integrated into Alliance's business model to maximize outreach since all clients who take loans must participate in one financial education program or another.

FINANCIAL LITERACY NEEDS ASSESSMENT

Qualitative research was conducted to develop a deeper understanding of the particular needs and vulnerabilities of Alliance's client segments and their particular business types. This supplemented a wider research project carried out by Alliance that focused on identifying financial education priorities and delivery mechanisms.

OBJECTIVES, MAIN ACTIVITY AREAS AND OUTPUTS

The aim of this pilot was to design a system where financial education will be an integrated part of the daily work of Alliance and will not depend on access to external funding after the initial phase of development. For group loan (GL) clients, financial education is fully embedded in the loan process in a way that leverages teachable moments within the service delivery process. To reinforce these messages, a video was produced that delivers messages on loan use, cash-flow management, saving, over-indebtedness, and explanations on products and contracts. The video is shown during loan disbursement in the branches. Small enterprise (SE) loan clients receive financial education through the FE video at loan disbursement supplemented by conventional classroom training to meet their more advanced needs. The content of the training focuses on financial product usage and business management topics, such as bookkeeping and cash flow management, business analysis and marketing. A total of seven training modules of one hour each have been designed.

Achievements (December 2017)

- All client officers and supervisors trained in financial education
- FE materials developed to be used during different steps of the loan process: presentation guide and videos
- Training modules in business management training for SE clients have been developed.
- More than 45'000 GL clients have been trained with the presentation guide and at least 20'000 clients have watched the video at disbursement.
- More than 6'000 SE clients saw the disbursement video and 225 SE clients participated in the business management training



Photo © Alliance for Microfinance in Myanmar - A client officer explains the presentation guide

With the help of this pilot, Alliance has designed a system where financial education has become an integrated part of the daily work. The continuation is not dependent on additional external funding.

RESULTS ACHIEVED ON CLIENT LEVEL

Intervention	Change in financial literacy levels	Behaviour changes	Impact
Presentation guide + disbursement video (GL and SE clients)	Group clients learned about: joint liability groups, products and processes, use of loan, cash flow, importance of saving, over-indebtedness risk and gained a better understanding of loan products and debt management.	<ul style="list-style-type: none"> • Clients adopted more regular saving habits. • Planning for expenses • Groups' repayment rate is 100 % (financial discipline) 	<ul style="list-style-type: none"> • Almost 50% of GL clients are actively saving. • Improved access to loans. • Increased use of medium/long-term savings strategies (i.e. term deposits)
Business management training	SE clients learned about: use of financial products, cash flow management, book keeping, business planning and analysis and gained a better knowledge of financial products available and the use of the same.	<ul style="list-style-type: none"> • Clients adopted methods for monitoring and thus improving the performance of their business. 	<ul style="list-style-type: none"> • Improved access to financial products. • Improved business performance and ability to plan for longer terms.

CLIENT FOCUS:

Win Win Mar runs a recycling business and is one of five members of a group loan product offered by Alliance. Since Alliance was her first experience borrowing money, she was hesitant at first to take a loan, because she feared it would be too risky. During the first group meeting, the client officer explained Alliance's products and processes, but also included information on how to manage the loan for her business – training she would otherwise have never received..

While applying for her second loan, she watched the newly made video and the messages regarding over-indebtedness stuck with her most strongly, as Win Win said: "I understood her mistake and made sure I didn't make it too."

After the training, Win Win said that she can better organize and manage her business resulting in better business performance. She was also encouraged to save more and regularly follow her savings plan, so that she is now better prepared in case of emergencies and can pay her son's school fees.



Photo © Alliance for Microfinance in Myanmar - Win Win Mar, group loan client

KiWi, the financial engine behind micro-merchants in Mexico (FEW-10)

CONTEXT AND BOTTLENECKS

According to the National Report on Financial Inclusion, the level of financial inclusion in Mexico remains low. With regard to electronic payments, there are 1.5 points of sale (POS) per 10'000 inhabitants, which is three times lower than in Brazil. The number of cardholders is growing rapidly, from five million cards in 2000, to 170 million in 2017, and social security benefits have been migrated from cash to e-payments. That said, cards still have a long way to go before they replace cash in day-to-day transactions, and their usage and cost are not well understood by either merchants or low-income cardholders. Financial education therefore plays a key role to increase the use of electronic payments by micro-merchants.

PARTNER FINANCIAL INSTITUTION

eBOP SA ('KiWi') is a Swiss start-up created in December 2013, with the mission of providing a mobile financial platform to merchants in emerging markets.

KiWi Mexico is a subsidiary of eBOP SA, running the KiWi programme in Mexico since 2015. The aim is to reach 200,000 micro merchants by 2021. KiWi Mexico focuses on peri-urban and urban micro merchants, including women, in a very broad range of industries.

INTERVENTION APPROACH

With the KiWi mobile application, merchants can manage their sales, products and customers. It increases merchants' understanding of electronic payments and shows that it is easy to accept card payments. The 'cash register' function tracks daily sales and facilitates better cash flow and working capital management. The KiWi card reader lets merchants accept card payments from their customers. KiWi then uses the data to offer them a pre-approved micro loan. Financial education is built into the application and customers are guided through the process by using it on a regular basis.

OBJECTIVES, MAIN ACTIVITY AREAS AND OUTPUTS

The principal aim of this financial education campaign was to reduce friction, make it easier to change habits, and to promote KiWi as a natural platform for merchants. This was intended to maximise the adoption, usage and – by extension – impact of the KiWi mobile platform.

Achievements (June 2017)

Design of the financial education campaign: gap analysis, action plan and specifications completed, ready for execution

Development of FE materials and tools: The following materials are online: videos (YouTube), user manuals, easier web onboarding, FAQ. The contact centre has new scripts explaining how e-payments and KiWi work. The 'love by process' project has been implemented. This detects merchants' problems with KiWi automatically, generating notifications, mails and support phone calls. New communication channels are in place, such as the app and website-based chats. FE content has also been published on Facebook.

More than 5'500 registered users have been reached with the financial education framework. More than 2'500 are using the KiWi card payment solution and more than 800 have made at least one card transaction in 30 days. As of January 2017, there had been more than 85'000 visits to the website, and the Facebook page has 36'000 followers. The most popular feature on the website has been the video, attracting more than 10'000 views.

Electronic payments are a key driver of both financial education and financial inclusion. As a cash flow management solution, the app itself contributes to increase financial literacy levels of micro merchants.



RESULTS ACHIEVED ON CLIENT LEVEL

Support to clients	Change in financial literacy	Behavior changes	Impact
<p>Create an understanding of how financial tools offered by KiWi and third parties work via videos, tutorials, and FAQs</p>	<p>Merchants understand that:</p> <ul style="list-style-type: none"> E-payments are simple and contribute to higher sales The cash register functionality is an opportunity to track sales efficiently and increase financial control Using KiWi facilitates access to micro loans A bank account is useful and reliable 	<ul style="list-style-type: none"> Customer cards are accepted Daily sales are tracked more proactively Micro loans have become part of cash flow management Merchants open bank accounts, and use them more frequently 	<ul style="list-style-type: none"> Increased trust and confidence in financial products: In KiWi's survey, 90% of merchants say that KiWi's service is easy to use and reliable. Increased use of financial services: 50 merchants have accessed loans and many more have drastically increased use of their bank account. At least 400 merchants were unbanked prior to the programme. Perception of doing better in business: 86% of users surveyed think KiWi improved their business and helped them save time and energy.
<p>Merchants receive instant support in the form of in-app messaging, web chats and notifications, a call centre, and frequent posting of relevant content on Facebook.</p>	<p>Merchants understand that financial services are tailored for them and that they are important customers, and that merchants feel secure while using financial services.</p>	<ul style="list-style-type: none"> Do not hesitate to get in touch when something is not clear enough Less inclined to give up when a problem arises More confidence, meaning more usage 	<ul style="list-style-type: none"> Increased trust and loyalty in financial institutions: 93% of people who got in touch with KiWi's contact centre are satisfied with their experience. On Facebook people rate KiWi 4.3 out of 5 as a financial service. More confidence to address problems through engagement with new technologies.

CLIENT FOCUS: CONVENIENCE STORE IN RURAL AREA OFFERS ELECTRONIC PAYMENTS

Patricia Saucedo set up a convenience store in the town of Tepetongo (883 inhabitants). The closest bank is 45 kilometres away. In a very rural area, Patricia has been the first traditional merchant to accept electronic payments. In the first three months, she has processed 32 transactions worth more than USD 650. Since financial education is an integral part of the application, Patricia has been 'learning by doing'. KiWi has tested improvements using merchants like Patricia as a result of the financial education campaign, and has made the promising observation that many merchants in rural areas have completed the whole process by themselves, demonstrating that it is useful and interesting to them. Patricia now offers a better service to her customers, accepts e-payments, and has increased customer loyalty and satisfaction. This has grown her customer base and helped to make her business secure and stable.

RECOMMENDATIONS FOR EFFECTIVE DELIVERY OF FINANCIAL EDUCATION

By Juan Vega Gonzales

How can financial education be effectively delivered?

Effectiveness of FE comes down to **clients' understanding**, accepting and applying over the long term the knowledge transmitted through the FE programme. To this end, we learnt that the fundamental challenge lies in **developing content and processes that are simple, easy to understand, attractive and useful for the target audience.**



Photo © ENDA Tunisia - Group of ENDA Tunisie staff learning to play a financial education game

Simplicity needs to be underlined as an important success factor for most, if not all, FE initiatives: “if a 10-year-old child or a 70-year-old granny cannot understand it, we must redo it.” **Effectiveness** also depends on the scale of the FE campaign, the importance ascribed to financial education programs by participating financial institutions and their staff, and the quality standards of the delivery mechanisms. Content choice and the availability of technology plays a critical role in keeping FE simple and effective.

Standardization solves one of the limitations of ‘classical’ person-to-person training, namely that often the quality, content and duration of these trainings varies from one teacher to another. We provide standardised educational materials and processes using videos, interactive e-learning and games, which are essentially “standard materials” that cannot be greatly modified by instructors, ensuring a consistent quality of financial education.

One key aspect of the sustainability of FE is the **motivation** of MFIs’ management and staff to implement the financial education program. Incentives for **management** are related to the results of financial education at the level of employees and clients, for example through improving their levels of savings and financial well-being as well as by reducing the risk of over-indebtedness. Staff are motivated by the level of engagement from management, economic incentives in the workplace, and the opportunity to improve their own savings (in the past in Central America we saw trainers increase their savings more than the clients they trained). **Client motivation** is related to the opportunity to improve the financial well-being of their family.



Photo © ENDA Tunisia - Group of ENDA Tunisie staff receiving financial education using audiovisual media

What is the role of technology in delivering customised financial education?

Technology plays an important role for FE primarily by:

- **Lowering the cost of delivery:** MFIs can improve their outreach and scale.
- **Automating the delivery of FE:** Improve the FE quality by standardising the format and content of FE programmes. This allows MFIs to monitor the number of clients that access the FE learning content, record results of FE learning evaluations, and receive immediate feedback and suggestions for improvement from MFIs’ clients and staff.
- **Enhanced accessibility:** Every person (staff of MFIs, clients and non-clients) can learn FE at their own pace with easily accessible online content that can be available 24/7 via their own mobile phones, thus reducing clients’ FE transaction costs.



TUNISIA

EGYPT

LAOS

Photo - Video cartoons of financial education developed with Enda (Tunisia), Lead (Egypt) and EMI (Laos).

Online financial education platforms featuring videos and other interactive materials make FE fast, simple, useful, customised and fun. Once the platform and the online materials have been developed, its cost of dissemination is very low.

A significant **limitation** is that low-income customers of financial institutions do not always have **access to smartphones and / or to the Internet**. There are some possible strategies that MFIs can apply to manage this:

- Offer a parallel loan to their customers to finance the purchase of low-cost smart mobiles or tablets, with access to the Internet (preferred option);
- MFI staff can copy the interactive content of financial education to local devices (cell phones) of customers for off-line access;
- The MFI can offer its clients printed versions of the FE materials.

The challenge is that we still need to educate decision makers within financial institutions about the advantages offered by such technologies and demonstrate their effectiveness in overcoming barriers to the provision of financial education.

What should be subsidised?

Fundamental to FE is subsidizing **developments that microfinance institutions would not normally carry out with their own resources:** For example, developing educational FE material and recruiting FE trainers to educate their staff.

It is critical to subsidise also the initial follow-up procedures to FE initiatives at the branch/local level and **to train the staff of the MFI to continue the follow up**, as local staff are in a unique position to:

- Ensure FE efforts are maintained after support has ended;
- Converse periodically with clients receiving FE and staff responsible for providing it; and
- Generate a learning process to improve FE materials and their provision to clients.

Smart subsidies decrease over time. At first, subsidies should be enough to finance development of the FE content, as well as a communication and dissemination strategy to start moving the “wheel of financial education.” By the end of the initiative, subsidies should be smaller, but will likely still be necessary for monitoring and evaluation as well as improvement of FE content and delivery processes.

It is important to subsidise **studies on the effects of FE** to identify what changes occurred at the client level (the recipient of FE) in terms of money management, savings levels, debt management, financial records, better use and understanding of financial services, etc. This can also be an incentive for the MFI - for example by reducing the risk of over-indebtedness of its clients and staff.

How can sustainability be achieved?

The basic concept is that to be sustainable, the benefits for MFIs to deliver FE must be greater than the costs of implementing the financial education program. Two common-sense strategies that we have already discussed will go a long way to make that a reality:

- Develop interactive material available online since the cost of distribution is minimal once the material is developed.
- Monitor and evaluate the changes FE has had on clients’ habits, such as changes in their savings levels, management of financial records and levels of indebtedness.

It is therefore important to continue monitoring the effects of financial education on clients at different time intervals following reception of the FE intervention.



Juan Vega has worked for more than 25 years in sectors related to banking and microfinance. Juan has been risk manager in international banks, director of programs supporting the development of financial services, financial education and team management trainer worldwide. Juan has worked developing and implementing innovative financial education materials and trainings in more than 20 countries in Africa, Asia, Europe and Latin America, including in a number of SCBF funded interventions.

INSTITUTIONAL CHANGES AND ACHIEVEMENTS**Independent empirical results studies**

The SCBF has launched three empirical results studies on past interventions to assess achievements and to generate key lessons for the SCBF and the overall financial inclusion industry. The studies are on the topics of digitised financial services with Al Barid Bank in Morocco, agricultural insurance with Acre Africa in Tanzania, and housing microfinance with LOLC and HKL in Cambodia and CrediCampo in El Salvador. The final studies will be published on the SCBF website in mid-2018.

Significant increase of project proposals in second half of 2017

After a slow start launching four projects in the first half of 2017 and a subsequent appeal to the members at the June General Assembly, the SCBF experienced a significant increase in proposal applications in the second half of the year, launching an additional 11 projects, and approving a further 13 to start in early 2018.

Feasibility studies

At the June General Assembly meeting, members agreed to be restrictive with future stand-alone feasibility studies (one or two studies per year) to lay the focus on direct development results instead of on preparing sectoral feasibility studies. Feasibility studies will be considered only if the PFIs concerned are strongly committed to launching new financial products as indicated in their strategic business and annual operational plans and verified by both preparatory operations and reasonable self-contributions. This change is aligned with the SCBF’s aim to contribute to global industry knowledge with demonstrated effect.

Members – change of insurance representatives at the SCBF

Allianz: Martin Hintz replaced Bahar Pirmadjid. Martin, in his position as Global Coordinator Emerging Consumers, has grown Allianz’s client base from 4 mil. to over 50 mil. emerging customers in 12 markets since 2011.

Zurich Insurance: Dr. Bilal Mughal replaced Rolf Marti. Bilal is on full-time secondment from Zurich, where he is Head of Emerging Consumers, to oversee Blue Marble’s global venture portfolio and platforms.

Board

In March, Ximena Escobar de Nogales (Bamboo Finance) shortened her extended one-year term due to her sabbatical leave and was succeeded in her position of the Vice-Chair by Alexandre Berthaud (E-Savings.club) for the term of three years. Alexandre brings a plethora of financial inclusion expertise both from his current engagement as CEO of Akiba, a start-up revolutionising employee savings funds in Mexico, and his past roles at the United Nations UPU and the World Bank.

In June, Olga Speckhardt’s term (SFSA) was extended by another year, making her the longest serving SCBF Chair, holding the position from 2014 to 2018.

In October, the public sector representation in the SCBF Board was strengthened by Dr. Peter Beez, (SDC) to advise on key strategic issues.

Secretariat

The human resources of the secretariat remained the same in 2017 with 1.3 full-time (FT) staff for all matters managerial and administrative (Dana Ellis, SCBF Manager, and Gertrud Stäuber, Chief Financial Administrator and Controller), and with additional 0.5 FT for monitoring of FE campaigns and FE knowledge management (Maren Richter, Senior Financial Education Specialist).

FUNDING AND CONTRIBUTIONS

Public-private funding of the SCBF

Technical Assistance Projects

The Swiss Agency for Development and Cooperation (SDC) has funded CHF 13,1 million or 57% of the 99 technical assistance projects of the SCBF since its inception in 2011. The private sector - comprising the partner financial institutions, the technical assistance grantees, and the 450'000 CHF contribution from Credit Suisse Foundation - has funded the remaining 43% of the total budget of CHF 22,3 million.

The self-contribution of the partner financial institutions varies greatly from 10 to almost 90% depending on the financial strength, the availability of other funders, and the development priorities of the SCBF. The partner financial institutions and the grantees propose the self-contribution shares and the project committees accept them as part the approval process on a project-by-project basis.

Operating Costs of the SCBF

The operation costs of the SCBF have reached so far around CHF 1.3 million which is 6% of the total budget or 10% of the SCBF share of financing of the 113 technical assistance projects. SDC has funded the staff of the Secretariat and all its expenses amounting to 62% and the private SCBF members have contributed in expert work (in-kind contribution) in the project committees and the board with an equivalent monetary value of 38% of total overheads. In 2017, the private members contributed 95,5 expert days valued at CHF 124'150. SDC dedicated 50 expert days, equivalent to CHF 65'000.

Investments into the partner financial institutions

The consolidated investments from six SCBF investor members amounted to over CHF 800 million since SCBF inception. However, it is not possible to quantify the investment amount that is attributed directly to the capacity building interventions of the SCBF. Noteworthy is that the interventions of the SCBF have also triggered investments from SCBF partners which have not yet been accounted for. In line with reporting standards of international finance organisations, SDC can claim to leverage with 1 CHF public money 49 CHF from the private sector through the SCBF.

Funding cycles of the SDC

SDC is funding the SCBF according to four-year funding cycles with an independent mid-term review at the end of each funding cycle. Funding comes from three different budget lines within SDC as follows:

SOC departments	Phase	From	To	Extended	Budget CHF
Latin America & the Caribbean	Phase 1	01.12.2010	30.11.2018	30.11.2016	6'600'000
North Africa Programme	Phase 1	01.12.2011	30.11.2014	30.11.2016	2'250'000
Latin America & Caribbean, incl. CHF 750'000 from Food Security Programme	Phase 2	01.01.2015	30.11.2018	–	7'500'000
North Africa Programme	Phase 2	01.12.2015	31.12.2018	–	1'500'000

A new credit line has been released from the Food Security Department of SDC, earmarked for **Agricultural Insurance**. Interventions in the scope of this credit line are not subject to the geographical limitations, notably the priority countries of SDC. Decisions on the financing are taken case by case.

SDC expects gradually a 50- 50% funding share with the private sector in managing the SCBF without considering the investments. The mid-term review in Q3 2018 will be an important indication for SDC departments on how much budget they may mobilise for the next four-year funding cycle of the SCBF.

FINANCIAL REPORT



REPORT OF THE STATUTORY AUDITOR TO THE GENERAL ASSEMBLY OF THE SCBF SWISS CAPACITY BUILDING FACILITY, FRIBOURG, FINANCIAL STATEMENTS 31 DECEMBER 2017

Report of the Statutory Auditor on the Limited Statutory Examination to the General Assembly of the SCBF Swiss Capacity Building Facility, Fribourg

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of the SCBF Swiss Capacity Building Facility for the year ended 31 December 2017.

These financial statements are the responsibility of the Management Committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Bericht der Revisionsstelle zur Eingeschränkten Revision an die Generalversammlung der SCBF Swiss Capacity Building Facility, Fribourg

Als Revisionsstelle haben wir die Jahresrechnung (Bilanz, Erfolgsrechnung und Anhang) der SCBF Swiss Capacity Building Facility für das am 31. Dezember 2017 abgeschlossene Geschäftsjahr geprüft.

Für die Jahresrechnung ist der Vorstand verantwortlich, während unsere Aufgabe darin besteht, die Jahresrechnung zu prüfen. Wir bestätigen, dass wir die gesetzlichen Anforderungen hinsichtlich Zulassung und Unabhängigkeit erfüllen.

Unsere Revision erfolgte nach dem Schweizer Standard zur Eingeschränkten Revision. Danach ist diese Revision so zu planen und durchzuführen, dass wesentliche Fehlaussagen in der Jahresrechnung erkannt werden. Eine Eingeschränkte Revision umfasst hauptsächlich Befragungen und analytische Prüfungshandlungen sowie den Umständen angemessene Detailprüfungen der beim geprüften Unternehmen vorhandenen Unterlagen. Dagegen sind Prüfungen der betrieblichen Abläufe und des internen Kontrollsystems sowie Befragungen und weitere Prüfungshandlungen zur Aufdeckung deliktischer Handlungen oder anderer Gesetzesverstösse nicht Bestandteil dieser Revision.

PRÜFAG Wirtschaftsprüfung AG

Badenerstrasse 141, Postfach, CH-8036 Zürich | Tel. +41 44 533 76 00 | www.pruefag.ch

EXPERTsuisse zertifiziertes Unternehmen



Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law, the Articles of Association and the regulation of the Association (Operation Policy and Procedures).

Bei unserer Revision sind wir nicht auf Sachverhalte gestossen, aus denen wir schliessen müssten, dass die Jahresrechnung nicht Gesetz, den Vereinsstatuten (Articles of Association) und dem Vereinsreglement (Operation Policy and Procedures) entspricht.

PRÜFAG Audit Ltd

PRÜFAG Wirtschaftsprüfung AG

Dirk Stingelin
Licensed Audit Expert
Auditor in Charge

Daniel Carotta
Licensed Audit Expert

Dirk Stingelin
Zugelassener Revisionsexperte
Leitender Revisor

Daniel Carotta
Zugelassener Revisionsexperte

Zurich, 19 March 2018
DIST

Zürich, 19. März 2018
DIST

Enclosure:
Financial statements
(balance sheet, income statement, notes)

Beilage:
Jahresrechnung
(Bilanz, Erfolgsrechnung, Anhang)

PRÜFAG Wirtschaftsprüfung AG
Badenerstrasse 141, Postfach, CH-8036 Zürich | Tel. +41 44 533 76 00 | www.pruefag.ch

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BALANCE SHEET AS OF 31 DECEMBER

	Notes	2017 in CHF	2016 in CHF
ASSETS			
Current assets			
Cash and cash equivalents	C1	5.696.245,77	4.960.973,74
Other receivables		87,50	87,50
Accrued income and prepaid expenses		5.148,90	18.286,90
Grants receivables	C2	1.200.475,00	2.500.000,00
Total current assets		6.901.957,17	7.479.348,14
TOTAL ASSETS			
6.901.957,17			
LIABILITIES			
Current liabilities			
Deferred income and accrued expenses		27.689,23	17.703,40
Committed financing contracts	C3	2.415.860,65	2.128.817,60
Total current liabilities		2.443.549,88	2.146.521,00
Fund capital (restricted)			
Income and Employment Generation Fund	C4	2.847.834,82	3.728.194,12
Earmarked for North Africa Fund	C4	860.572,47	1.604.633,02
Earmarked for Agricultural Insurance Fund	C4	750.000,00	0,00
Total fund capital (restricted)	C4	4.458.407,29	5.332.827,14
TOTAL LIABILITIES			
6.901.957,17			

INCOME STATEMENT AS OF 31 DECEMBER

	Notes	2017 in CHF	2016 in CHF
INCOME			
Income from contributions			
Contributions from Donors		1.500.000,00	0,00
Cancelled contributions from Donors		-549.525,00	-500.000,00
Total		950.475,00	-500.000,00
TOTAL INCOME			
950.475,00			
EXPENSES			
Contracts' financing			
Income and Employment Generation Fund		-1.357.709,00	-1.297.250,00
Earmarked for North Africa		-126.373,00	-107.474,00
Earmarked for UNWRA Fund		0,00	0,00
Total		-1.484.082,00	-1.404.724,00
Management and administrative expenses			
Personnel expenses		-227.382,25	-260.992,95
Administrative expenses	C5	-112.071,45	-67.517,20
Total		-339.453,70	-328.510,15
TOTAL EXPENSES			
-1.823.535,70			
Operating result			
-873.060,70			
-2.233.234,15			
Net financial income			
-1.359,15			
Net exceptional income			
0,00			
Total			
-1.359,15			
Result before change in fund capital (restricted)			
-874.419,85			
-2.233.217,15			
Contributions, net			
-950.475,00			
500.000,00			
Commitments, net			
1.484.082,00			
1.404.724,00			
Total			
533.607,00			
1.904.724,00			
Annual result before allocation of management and administrative expenses to fund capital (restricted)			
-340.812,85			
-328.493,15			
Allocation of mgmt. and admin. exp. to:			
- Income and Employment Generation Fund			
C4/D2		272.650,30	262.794,52
- Earmarked North Africa Fund			
C4/D2		68.162,55	65.698,63
Total			
0,00			
0,00			

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER**A Presentation**

The Swiss Capacity Building Facility Association (hereinafter SCBF) is a public-private development partnership with the Swiss Agency for Development and Cooperation (SDC) founded in December 2010 and established as an association within the meaning of Article 60ss of the Swiss Civil Code. The SCBF headquarter is located in Fribourg with a support office located in Zurich.

The SCBF objective is to financially support its partner financial institutions with a clear social mission to serve those on low incomes, particularly women and smallholder farmers.

B Significant accounting policies**B1 Accounting conventions**

The SCBF's financial statements are prepared in accordance with the provisions of the Swiss accounting law as stipulated in subtitle 32 of the Swiss Code of Obligations (CO). The financial statements are presented in Swiss francs.

B2 Accounting principles

Following accounting principles are relevant:

- New agreements signed with SDC are booked as grant receivable and simultaneously as funds increase;
- Payments from SDC reduce the account grant receivable;
- Commitments towards institutions are booked as committed financing contracts and simultaneously as funds decreases;
- Payments in the scope of these contracts reduce the liabilities.

C Additional information related to specific balance sheet and income statement positions**C1 Cash and cash equivalents**

Bank accounts with Credit-Suisse related to:	2017	2016
Income and Employment Generation	3'996'561.78	3'097'267.76
Income and Employment Generation - special	500'000.00	500'000.00
Earmarked for North Africa Account	1'199'683.99	1'363'705.98
TOTAL	5'696'245.77	4'960'973.74

C2 Grants receivables

Grants receivables from SDC related to:	2017	2016
Income and Employment Generation Standard	750'000.00	1'500'000.00
Earmarked for North Africa Account	450'475.00	1'000'000.00
TOTAL	1'200'475.00	2'500'000.00

C5 Administrative expenses

Administrative expenses	2017	2016
Office Rent	11'370.00	10'920.00
Audit and consulting charges	19'157.95	26'074.60
Outcome studies	52'587.00	0.00
Learning events / workshops	7'999.67	0.00
Travel costs	12'387.35	11'505.20
Other administrative costs	8'325.07	19'017.40
Communication / Marketing	244.41	0.00
TOTAL	112'071.45	67'517.20

The administrative costs have been further divided, the increase is due to the following facts:

- Outcome studies necessary for the mid-term review 2018
- Participation of employees in learning events / workshops

C3 Committed financing contracts

2017	1.1.	New commitments	Unused commitments	Commitments, net	Corrections	Payments	Refund	Cash-flow, net	31.12.
Income and Employment Generation Fund	1'603'322.10	1'422'914.00	-65'205.00	1'357'709.00	0.00	-1'039'218.00	0.00	-1'039'218.00	1'921'813.10
Earmarked for North Africa Fund	525'495.50	126'373.00	0.00	126'373.00	0.00	-167'396.00	9'575.00	-157'821.00	494'047.50
Earmarked for Agricultural Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	2'128'817.60	1'549'287.00	-65'205.00	1'484'082.00	0.00	-1'206'614.00	9'575.00	-1'197'039.00	2'415'860.60

C4 Fund capital (restricted)

2016	1.1.	New commitments	Unused commitments	Commitments, net	Corrections	Payments	Refund	Cash-flow, net	31.12.
Income and Employment Generation Fund	1'570'943.60	1'297'250.00	0.00	1'297'250.00	-41'665.50	-1'223'206.00	0.00	-1'223'206.00	1'603'322.10
Earmarked for North Africa Fund	563'349.00	107'474.00	0.00	107'474.00	41'665.50	-186'993.00	0.00	-186'993.00	525'495.50
Earmarked for UNWRA Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	2'134'292.60	1'404'724.00	0.00	1'404'724.00	0.00	-1'410'199.00	0.00	-1'410'199.00	2'128'817.60

2017	1.1.	New commitments	Unused commitments	Commitments, net	Corrections	Contributions SDC	"Reduction/Refund to DC"	Allocation of m/a expenses	31.12.
Income and Employment Generation Fund	3'728'194.12	-1'422'914.00	65'205.00	-1'357'709.00	0.00	750'000.00	0.00	-272'650.30	2'847'834.82
Earmarked for North Africa Fund	1'604'633.02	-126'373.00	0.00	-126'373.00	0.00	0.00	-549'525.00	-68'162.55	860'572.47
Earmarked for Agricultural Insurance	0.00	0.00	0.00	0.00	0.00	750'000.00	0.00	0.00	750'000.00
TOTAL	5'332'827.14	-1'549'287.00	65'205.00	-1'484'082.00	0.00	1'500'000.00	-549'525.00	-340'812.85	4'458'407.29

2016	1.1.	New commitments	Unused commitments	Commitments, net	Transfer	Contributions SDC	"Reduction/Refund to DC"	Allocation of m/a expenses	31.12.
Income and Employment Generation Fund	5'288'238.64	-1'297'250.00	0.00	-1'297'250.00	0.00	0.00	0.00	-262'794.52	3'728'194.12
Earmarked for North Africa Fund	1'777'805.65	-107'474.00	0.00	-107'474.00	0.00	0.00	0.00	-65'698.63	1'604'633.02
Earmarked for UNWRA Fund	500'000.00	0.00	0.00	0.00	0.00	0.00	-500'000.00	0.00	0.00
TOTAL	7'566'044.29	-1'404'724.00	0.00	-1'404'724.00	0.00	0.00	-500'000.00	-328'493.15	5'332'827.14

D Additional information**D1 Average number of employees (full-time equivalents)**

The annual average number of employees (FTE) for the reporting year, as well as the previous year was below 10.

D2 Allocation of management and administrative expenses to fund capital (restricted)

According to the agreement with SDC and as stipulated in contract No. 81039703 concerning the granting of a core contribution earmarked for North Africa, the management and administrative expenses are charged to the fund capital in the ratio of 80% standard credit, 20% North Africa.

There are no management and administrative costs charged to the new credit for Agricultural Insurance as this credit was only released in December 2017.

D3 Significant events after the balance sheet date

There are no significant events after balance sheet date to report.

STRATEGIC OUTLOOK FOR 2018

Second external review of the SCBF

In November 2018, the SCBF will be at the conclusion of SDC’s second four-year funding phase. A second independent mid-term review of the SCBF, following the same CGAP portfolio review methodology (www.cgap.org/publications/portfolio-reviews-resource-guide-funders) and emphasizing the OECD/DAC evaluation criteria of relevance, effectiveness, efficiency, impact, and sustainability applied during the first external review in Q3 2014, will take place between July and October 2018.

Its findings and recommendations will lay the basis for the future steering and strategic planning of the SCBF. It will also influence the decision-making of SDC regarding its planned funding contribution for the next four years. At the same time, it will serve as an update of the assessment of the current positioning of the SCBF as an innovative Public-Private Development Partnership between SDC and the Swiss financial sector to advance the frontiers in responsible financial inclusion in emerging and developing countries.

Knowledge sharing

Through engagement with its members and partners the SCBF will continue focusing on knowledge-sharing, essential for advancing responsible financial inclusion for low-income and vulnerable populations, notably women and smallholder farmers. It will facilitate opportunities to share best practices and design solutions to increase their access to responsibly offered client-oriented financial and non-financial services.

The SCBF organized the SDC’s savings and credit forum on the digitised delivery of financial and non-financial services by SCBF partners in March 2018. The featured case studies presented new business models of SCBF partners ranging across fully digitised life insurance claims management and settlement processes by ZingSure, ePayments point of service solutions for micro-merchants by KiWi Mexico, and a cashless micro-equity solution by Allianz supporting small Indonesian entrepreneurs to scale their businesses. The forum also illustrated how the SCBF has supported selected partner financial institutions in developing and up-scaling financial education campaigns with digital technologies, notably cartoon videos and e-learning platforms.

Additionally, in June 2018 the SCBF will organise a workshop in Rabat for its partners to share best practices, success stories as well as challenges that these financial institutions face in offering financial education to their low-income clients in an effective and financially sustainable manner. The presentation will be centered around digital financial education methodologies and tools developed with the support of the SCBF.

Product up-scaling projects under preparation

In late 2017, in addition to the 15 approved product up-scaling interventions that started in the same year, the SCBF approved another eight product up-scaling interventions and two financial education campaigns for launch during the first half of 2018. They will support SCBF partners in the areas of insurance (savings-linked endowment, life, health), housing finance, institutional strengthening, currency loans and deposits, energy lending, and financial education. There are a number of initiatives in the pipeline, including on digital delivery of microinsurance, development of education finance products for cocoa farming communities, and up-scaling of agricultural insurance for smallholder farmers, to enumerate just a few.

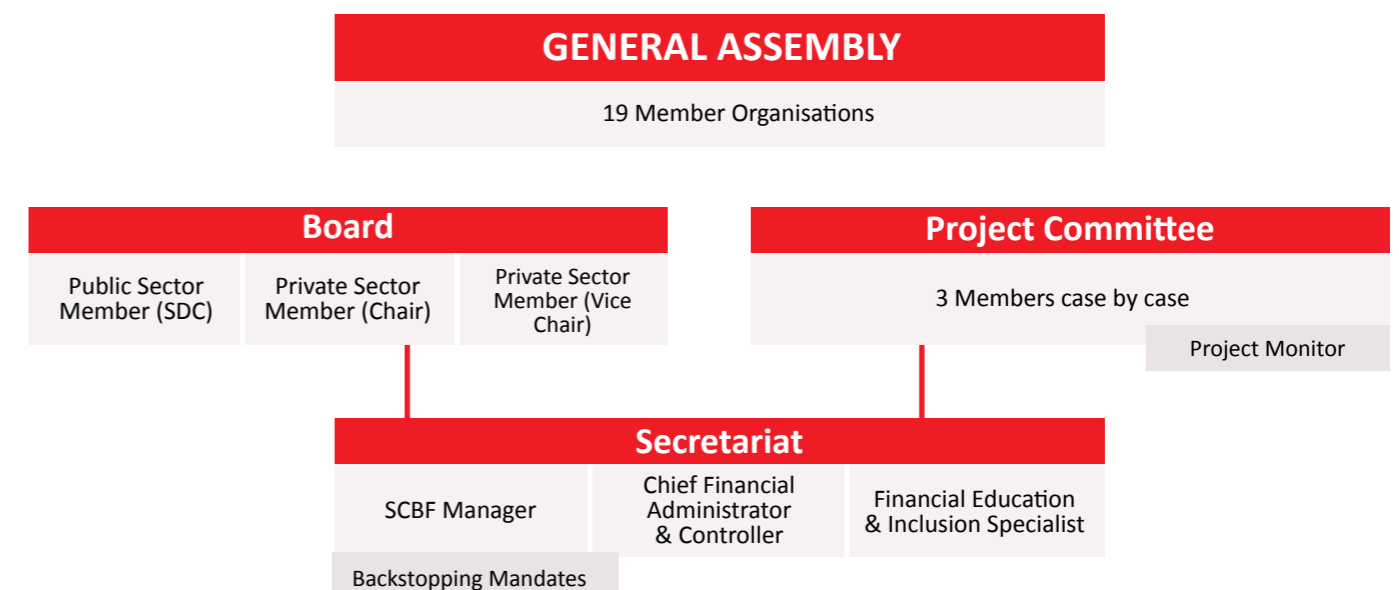
New strategic partners

To contribute to the association’s activities supporting financial sector development and for resource mobilisation, the SCBF is committed to enhancing its efforts to enter into new strategic alliances and partnerships, both in Switzerland and at a global level. Ongoing discussion of a partnership with AGFUND puts the SCBF on this path, most notably by deepening the SCBF’s engagement in the Middle East and North Africa.

APPENDIX 1

The SCBF Organisational Structure

SCBF is governed by a Board of three members (one representing the public sector) elected by its General Assembly, which currently comprises 19 member organisations, all but one based in Switzerland. The public sector is represented by the Swiss Agency for Development and Cooperation (SDC). The SCBF secretariat reports directly to the Board and employs, on a part time basis, three core staff members: a manager, a chief financial administration officer & controller, and a financial education and inclusion specialist. The SCBF is also supported in specific operational tasks by four consultants, each working on a specific mandate: inclusive insurance, financial inclusion in the MENA region, financial education & coordination of outcome studies.



APPENDIX 2

Financial Overview Since Inception

Product Up-scaling Window (PUW)	Since inception (2011)
Product up-scaling interventions approved	72
Total product up-scaling intervention budget (CHF)	16'149'279
Approved SCBF contribution (CHF)	8'894'983
Average SCBF contribution (CHF)	123'541
Average cost share of PFIs and third parties	37%

Feasibility Study Window (FSW)	Since inception (2013)
Feasibility studies approved	14
Total feasibility study budget (CHF)	2'154'172
Approved SCBF contribution (CHF)	1'391'868
Average SCBF contribution (CHF)	99'419
Average cost share of PFIs and third parties	33%

Financial Education Window (FEW)	Since inception (2014)
Financial education campaigns approved	13
Total financial education campaign budget (CHF)	2'642'074
Approved SCBF contribution (CHF)	1'416'866
Average SCBF contribution (CHF)	108'990
Average cost share of PFIs and third parties	40%

APPENDIX 3

Partner Financial Institutions and Technical Assistance Providers

Partner Financial Institutions

North Africa (12)	
ABA (Alexandria Business Association)	Egypt
Advans Tunisie	Tunisia
Al Barid Bank	Morocco
Association Al Amana	Morocco
Cairo Amman Bank	Egypt
CIL (Commercial International Life Insurance)	Egypt
Crédit Immobilier & Hôtelier (CIH)	Morocco
DBACD	Egypt
Egyptian National Post Organization (ENPO)	Egypt
ENDA Inter-arabe	Tunisia
KiWi Morocco	Morocco
Lead Foundation	Egypt

Middle East (3)	
Microfund for Women	Jordan
UNRWA Microfinance	Palestine
Vitas Jordan	Jordan

Latin America & the Caribbean (17)	
Akiba Mexico	Mexico
Apoyo Integral Guatemala	Guatemala
Banco Pichincha	Ecuador
Banco Popular	Honduras
COMIXMUL	Honduras
Cooperativa de Ahorro y Crédito Cabanillas Mañazo	Peru
Credifé	Ecuador
FENACREP (Federación de Cooperativas de Ahorro y Crédito)	Peru
FFDL (Fundación Fondo de Desarrollo Local)	Nicaragua
Financiera Fundeser	Nicaragua
FINCA Haiti	Haiti
FINCA Nicaragua	Nicaragua
FUDEMI	Nicaragua
Fundación Campo	El Salvador
FUNDENUSE	Nicaragua
KiWi Mexico	Mexico
Sevis Finansye Fonkoze (SFF)	Haiti

Partner Financial Institutions

Sub-Saharan Africa (24)	
Acre Africa Kenya (formerly Kilimo Salama)	Kenya
Acre Africa Tanzania (formerly Kilimo Salama)	Tanzania
Advans Ghana	Ghana
Advans Tanzania	Tanzania
ASA Initiative	Ghana
Bank of Kigali	Rwanda
Biashara na Fedha	Kenya
Buusaa Gonofaa	Ethiopia
EFC Zambia	Zambia
Equity Bank Rwanda	Rwanda
Equity Bank Tanzania	Tanzania
Hekima	DRC
Kenya Commercial Bank	Kenya
La Poste du Bénin	Benin
Microbanco FIDES Mozambique	Mozambique
PRIDE RFW	Tanzania
RMCR (Réseau de Micro-institutions de Croissance de Revenus)	Mali
SONAPOST	Burkina
Urwego Opportunity Bank	Rwanda
Wasasa	Ethiopia
Zingsure Malawi	Malawi
Zingsure Zambia	Zambia
Zingsure Zimbabwe	Zimbabwe
FIDES Microfinance Senegal	Senegal

Asia (13)	
Advans Pakistan	Pakistan
Alliance for Microfinance in Myanmar	Myanmar
AMRET Cambodia	Cambodia
Ekphatthana Microfinance Institution (EMI)	Laos
HKL (Hattha Kaksekar Limited)	Cambodia
LOLC (formerly TPC)	Cambodia
Manushi	Nepal
NMB Bank	Nepal
PACT Ventures	Myanmar
PGMF	Myanmar
Tinh Thuong Microfinance Institution	Vietnam
Ujjivan Financial Services	India
Utkarsh Micro Finance	India

Technical Assistance Providers

Organisations
Accion
Advans International
Bamboo Finance
Business & Finance Consulting
E-Savings.club
Financial Systems Development Services
FINCA International
GFA Consulting Group
Grameen Crédit Agricole Microcredit Foundation (GCAMF)
Habitat for Humanity International
Horus Development Finance
IDEal Tecnologías & Cía
KiWi
M-CRIL
Microfinanza Srl
Microinsurance Centre
Opportunity International
Pamiga
Positive Planet
responsAbility
Swiss Microfinance Holding
Stonestep
Symbiotics
Syngenta Foundation for Sustainable Agriculture
Swisscontact
Venture South International
Women's World Banking
Zingsure

Freelance Consultants
Alexandre Berthaud Purata
John Wipf (Denis Garand & Associates)
Juan Vega Gonzales
Lene Hansen
Sally Yacou

APPENDIX 4

SCBF CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



SDG	SCBF client-centric financial products & services	Impact on beneficiaries	Contribution to SDGs
SDG 1. No poverty	All SCBF outputs: insurance, savings, credit, money transfers, financial education, leasing of productive assets	Increased income, assets and economic security Better access to healthcare and education	Economic security and empowerment Poverty alleviation
SDG 2. Zero hunger	Agriculture insurance (weather-index based) Loans for irrigation technologies Rapid loans customised to farmers	Enhanced resilience to weather and disease/pest risks Reduced fluctuations in income of small producers and farmers	Food security Eradication of hunger and malnutrition Promoting sustainable agriculture
SDG 3. Good health and well-being	Health and life insurance Hospital cash Accident insurance	Improved ability to cope with medical emergencies Reduced financial distress in case of accident, hospitalisation or death	Population health improvement Better quality of life
SDG 4. Quality education	Financial literacy training Business skills training Education finance products and loans to schools (in pipeline)	Increased economic and social capital through ability to make informed investment decision	Provision of brighter future and safe environment for children Promotion of lifelong learning opportunities
SDG 5. Gender equality	Promotion and acceleration of women-led small businesses Gender-focused savings-linked insurance and lending	Financial independence Enhanced decision-making role of women in the households	Reduced gender gap in financial inclusion Women empowerment Equal access to financial products
SDG 7. Affordable and clean energy	Green energy loans (biochar stoves) Solar home systems Solar-powered water pumps Product & financial training	Better indoors air quality and cooking conditions Savings from kerosene & firewood Increased time for education	Less dependence on fossil fuels Reduced carbon print Promotion of renewable resources Healthier planet
SDG 8. Decent work and economic growth	Self-employment and business ownership through microfinance Digitised financial services allowing easier access to credit	Enhanced self-reliance Small value chains of benefit to neighbourhoods and communities Confidence in brighter future	Job creation through increased entrepreneurship Thriving local economies Reduced youth unemployment
SDG 9. Reduced inequalities	Group-lending to refugees Non-financial services Affordable money transfers for migrant workers	Increased income-generating opportunities Smoothing of fluctuating income Improved livelihoods	Reduced wealth disparity Promotion of social cohesion Empowered populations in conflict-prone communities
SDG 11. Sustainable cities and communities	Affordable and adequate housing improvement loans Micro-mortgages Construction technical assistance	Better housing alternatives Safety from hazards Education and health improvements	Reduced adequate housing deficit Inclusive human settlements
SDG 17. Partnerships for the goals	PPDP and civic societies Financial service providers Public authorities Social investors	Support achievement of the previous SDGs through international cooperation	Alliances between public & private stakeholders and civil societies Mobilised long-term investments to support sustainable development

NOTES

Swiss Capacity Building Facility

Seebahnstrasse 85

8003 Zürich | Switzerland

Tel: +41 44 585 12 55

E: info@scbf.ch

www.scbf.ch