

# DONORS AND MICROINSURANCE

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<b>A2II</b>	Access to Insurance Initiative
<b>ADA</b>	Appui au Développement Autonome
<b>ADB</b>	Asian Development Bank
<b>EIB</b>	European Investment Bank
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CRIF</b>	Catastrophic Risk Insurance Facility
<b>FMO</b>	Neerlandse Financierings Maatschappij voor Ontwikkelingslanden
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>IFAD</b>	International Fund for Agricultural Development
<b>ILO</b>	International Labour Organization
<b>MENA</b>	Middle-East and North Africa Region
<b>MFI</b>	Microfinance institution
<b>MIF</b>	Microinsurance Innovation Facility
<b>MIS</b>	Management Information System
<b>NGO</b>	Non-Governmental Organisation
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SECO</b>	State Secretariat for Economic Affairs
<b>WB</b>	World Bank
<b>WFP</b>	World Food Programme

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# DONORS AND MICROINSURANCE

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# SUMMARY

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The involvement of donors in microinsurance has increased significantly in recent years. This study, which was conducted by the Microinsurance Network in 2010 and 2011 as part of its efforts to disseminate the lessons learned and good practices in microinsurance, aims to identify the determining factors and motivations of this greater involvement.

The purpose of this study, which was initiated by Paola Romero Marquez and reviewed by Lisa Chassin, is to identify the activities and strategic directions of donors as well as their potential motivations to cooperate with each other in the field of microinsurance.

Twenty-two donor organisations participated in the study and made themselves available for questions and clarifications when necessary.

The main conclusions of this study are:

1. The involvement of most donors in microinsurance is relatively new. The first initiatives date back to the late 1990s, but for two-thirds of the participants, the involvement began later than 2006, a trend also followed by commercial insurers.<sup>1</sup>
2. Donors' motivations to get involved in microinsurance are mainly oriented towards increasing access to financial services for the excluded and towards poverty alleviation.
3. Microinsurance activities are typically managed by several departments within the various organisations but for half of the respondents, microinsurance is incorporated into either the microfinance department or the financial sector development department.
4. Of the 22 organisations surveyed, 15 have in-house expertise in microinsurance. This expertise is primarily in field activities (e.g. feasibility studies, product design and innovation), and in the areas of policy, legislation and supervision.
5. In general, the involvement of donors in microinsurance has increased over the years in all topics<sup>2</sup> and this trend is expected to continue in the years to come. There are nonetheless some topics that receive more attention than others, such as agriculture and health.
6. Donors prioritise microinsurance interventions in Africa and Latin America. We note that in most cases, donor organisations stick to their institutional geographic mandate.
7. Donors adapt and follow new trends in microinsurance. Of late, they have moved away from the partner/agent distribution models to focus more on new models that are currently arising, such as for example franchise and hybrid models.<sup>3</sup>
8. A very large consensus emerged from the study relating to the utility of and need for collaboration with other donors, in order to share lessons learnt and maximise effectiveness.

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<sup>1</sup> Coydon, Marie-Amandine and Véronique Molitor, COMMERCIAL INSURERS IN MICROINSURANCE, Microinsurance Network, 2011. [www.microinsurancenetWORK.org/publication/fichier/MiN\\_Commercial\\_insurers\\_study\\_2011.pdf](http://www.microinsurancenetWORK.org/publication/fichier/MiN_Commercial_insurers_study_2011.pdf)

<sup>2</sup> In this study, "topics" generally refers to products, activities and/or areas of intervention of donors.

<sup>3</sup> By hybrid models, we mean a combination of several distribution models, with more than one provider. For more information, please refer to Radermacher, Ralf and Iddo Dror, Institutional Options for Delivering Health Microinsurance, PROTECTING THE POOR - A MICROINSURANCE COMPENDIUM, Churchill, C., ed., Munich Re Foundation/ILO, 2006. [www.munichre-foundation.org/StiftungsWebsite/Projects/Microinsurance/2006Microinsurance/Microinsurance\\_Compodium.htm](http://www.munichre-foundation.org/StiftungsWebsite/Projects/Microinsurance/2006Microinsurance/Microinsurance_Compodium.htm)

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Twenty-two donor organisations participated in the study and made themselves available for questions and clarification when necessary.

## METHODOLOGY

The survey, consisting of 34 questions, was completed by 22 donor organisations, which were identified by the Microinsurance Network as active donors in microinsurance.

The overall objective is to examine the various aspects of donors' involvement in microinsurance. More specifically, we will look at their modes of intervention, the topics and regions in which they are involved, the motivation to work in this area, and finally expectations of the Microinsurance Network in relation to their work.

In this study, microinsurance is defined as "a way to protect low-income households against specific risks in exchange for regular payment of a premium, which amount is proportional to the probability and damage of hedged risk".<sup>4</sup>

A number of different types of donor organisations participated in the study. These include 4 foundations, 5 financial development institutions, 3 governments, 4 bilateral organisations and 2 multilateral organisations. The 4 "other" organisations were categorised as a co-financing agency, a research centre, an international organisation and an investment fund in microfinance.

All these organisations are active in microinsurance to the extent that they support microinsurance projects, either via a financial contribution or via technical assistance. However, it should be noted that their level of involvement, in terms of financial contribution, the amount of time allocated and the number of staff involved, varies greatly.

A total of 26 responses were completed by the 22 organisations. This variation is due to the fact that in some organisations several departments are involved in microinsurance, and these departments replied individually. In these cases, the responses were combined and matched.

In addition to the survey results, we added some examples of donor collaborations to illustrate current activities.

## METHODOLOGICAL LIMITATIONS

Although much care was taken regarding the nature of the data collected to make sure that it corresponds to the general level of the organisation, and not only to a specific department, it was sometimes difficult to create an overview of the activities from the different departments.

Furthermore, it has been difficult for participants to provide exact data for some questions. For this reason, the data collected can only be considered as indicative (i.e. the microinsurance budget).

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<sup>4</sup> [www.microinsurancenetWORK.org/keywords.php](http://www.microinsurancenetWORK.org/keywords.php)

# INVOLVEMENT IN MICROINSURANCE

In order to have an overview of the involvement and experience of donors in microinsurance, the donors were asked to state the year they started activities in microinsurance. The answers range between 1997 and 2010.

The first donor initiatives in microinsurance date from 1997, and can be attributed to the German agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), which embarked on an experimental project with community health insurance programmes and social protection schemes.

**A sharp increase in involvement can be observed since 2006.** Indeed, two-thirds of participants (14 out of 22) said they started in, or after, 2006. This follows the same trend as the commercial insurers, the majority of whom got involved around the same time.<sup>5</sup> Unlike microfinance, microinsurance was not dominated by donors before the arrival of commercial players. As illustrated in the graph, the trends of these **two different stakeholders are very similar.**

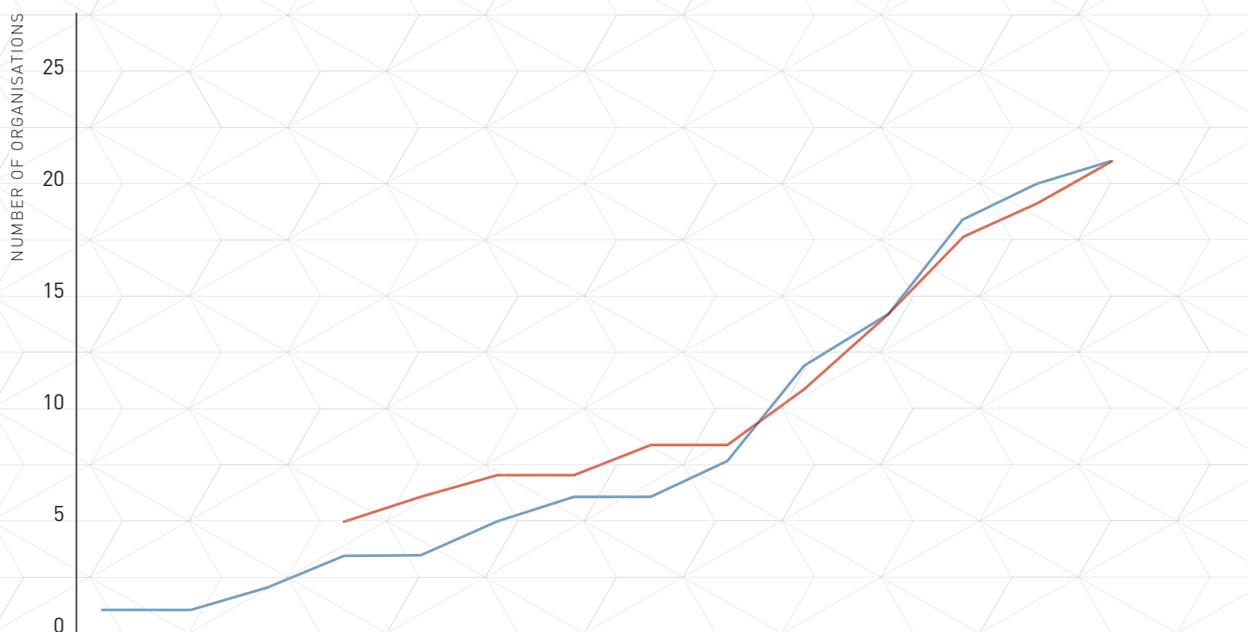
2006 was a significant year for microfinance due to the public attention it received when Mohammad Yunus won the Nobel Peace Prize.

Ever since, the benefits of microfinance in the economic and social development from the bottom up have been publicly acknowledged, and the interest of lenders and financial partners has greatly increased.

With this success, microfinance stakeholders therefore began to think about how they could diversify microfinance products. Indeed, in order to protect the assets generated by the microfinance sector, and thus keep microfinance institutions' (MFIs') clients from falling back into poverty, it was necessary to enhance the offering of financial services, which means going beyond the usual microcredit products and investing in savings and insurance.

This greater involvement of donors in microinsurance can also be linked to major achievements in the sector, such as the 1st International Microinsurance Conference in 2005<sup>6</sup> and the publication of PROTECTING THE POOR: A MICROINSURANCE COMPENDIUM<sup>7</sup>, a guide bringing together for the first time elements of analysis and reflection by scholars, actuaries and professionals from insurance and development, and constituting a reference in the field of microinsurance.

YEAR OF INVOLVEMENT IN MICROINSURANCE



<sup>5</sup> Coydon, Marie-Amandine and Véronique Molitor, COMMERCIAL INSURERS IN MICROINSURANCE, Microinsurance Network, 2011.

<sup>6</sup> [www.microinsuranceconference.org](http://www.microinsuranceconference.org)

<sup>7</sup> PROTECTING THE POOR - A MICROINSURANCE COMPENDIUM, Churchill C., ed., Munich Re Foundation/ILO, 2006.

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## DEPARTMENTS INVOLVED

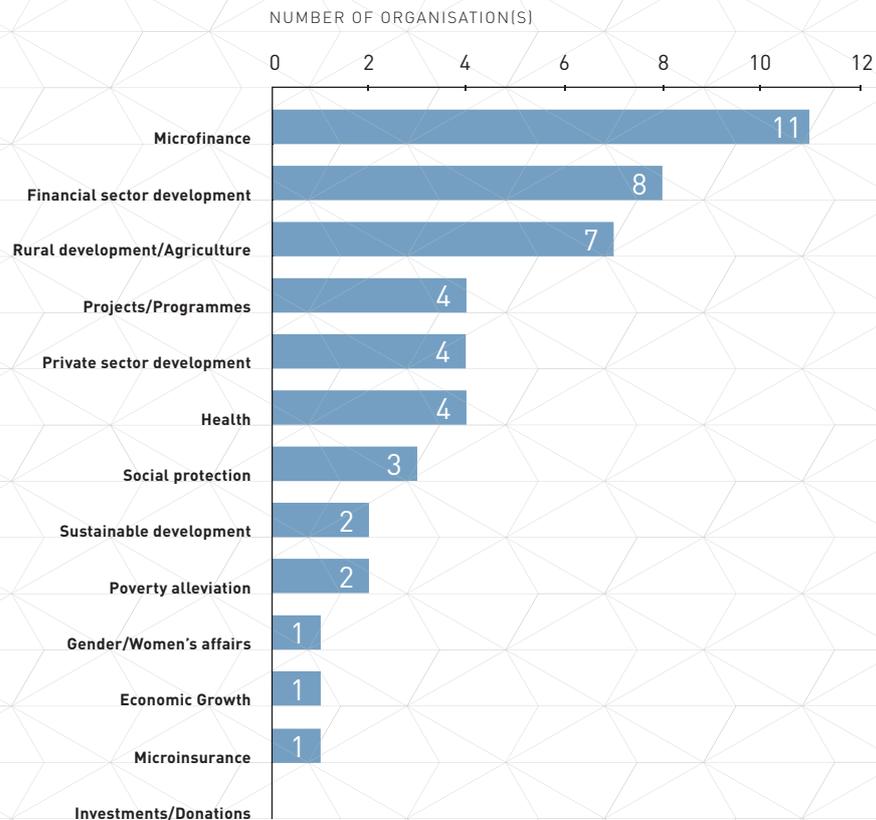
The study asked whether the organisations involved in microinsurance have a department specifically dedicated to microinsurance and, for those which do not, which departments are involved.

In general within one organisation, **microinsurance activities are managed by several departments**, on average by four. The World Bank and ICCO & Kerk in Actie record the highest number of departments involved in microinsurance. The International Labour Organisation (ILO), through

the Microinsurance Innovation Facility (MIF), is the only organisation with a separate department dedicated to microinsurance activities.

Considering the type of departments involved, the survey highlights that donors are interested primarily in **improving access to financial services**, as nearly half of the survey respondents associate microinsurance activities with their **microfinance** department (11 out of 23) or the **financial sector development department** (8).

## DEPARTEMENTS INVOLVED IN MICROINSURANCE



# EXPERTISE IN MICROINSURANCE

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The study also sought to identify the areas in which donors have in-house expertise in microinsurance. The goal is to determine, on a larger scale, which microinsurance activities are mostly pursued by donors. Therefore, participants were asked whether their organisations had in-house expertise in microinsurance, and if so, in which areas.

70% of donors have in-house microinsurance expertise in at least one area. These vary and cover many of those proposed in the survey. However, three areas of expertise are mostly provided by donors: **Innovation and microinsurance product design, feasibility studies, and policies and legal framework**, in which nearly a third of the survey respondents have developed a particular expertise.

It appears that donors focus on field activities while also taking advantage of their relations with policy partners. In contrast, the areas of information systems management and marketing are currently not the focus of donor funding.

The three organisations with the highest spread of in-house expertise are GIZ, ILO and the World Bank, with over ten areas of expertise listed. These organisations are heavily involved in the field of microinsurance, not only through their activities, but also through their involvement in the Microinsurance Network.

Financial institutions, bilateral and multilateral agencies are much more likely to develop expertise in microinsurance than foundations, governments and “other” organisations, which tend to call upon external consultants and experts.

## COLLABORATION BRIEF 1: ACCESS TO INSURANCE INITIATIVE (A2II)

In 2009, the International Association of Insurance Supervisors (IAIS), Consultative Group for Assisting the Poor (CGAP), ILO, FinMark Trust and the German Federal Ministry for Economic Cooperation and Development (BMZ) along with the Asian Development Bank (ADB), the Microinsurance Network, First Initiative and Making Finance Work for Africa, joined together to launch the Access to Insurance Initiative.

This initiative, hosted by GIZ, is a new collaborative approach between international development agencies and insurance supervisors through the IAIS. This global programme is designed to strengthen the capacity and understanding of insurance supervisors, and to facilitate their role in expanding access to insurance markets. The goal is to contribute towards an improved policy, regulatory and supervisory environment consistent with international insurance standards, encourage investment in the insurance sector, and develop sustainable microinsurance operations in emerging markets.

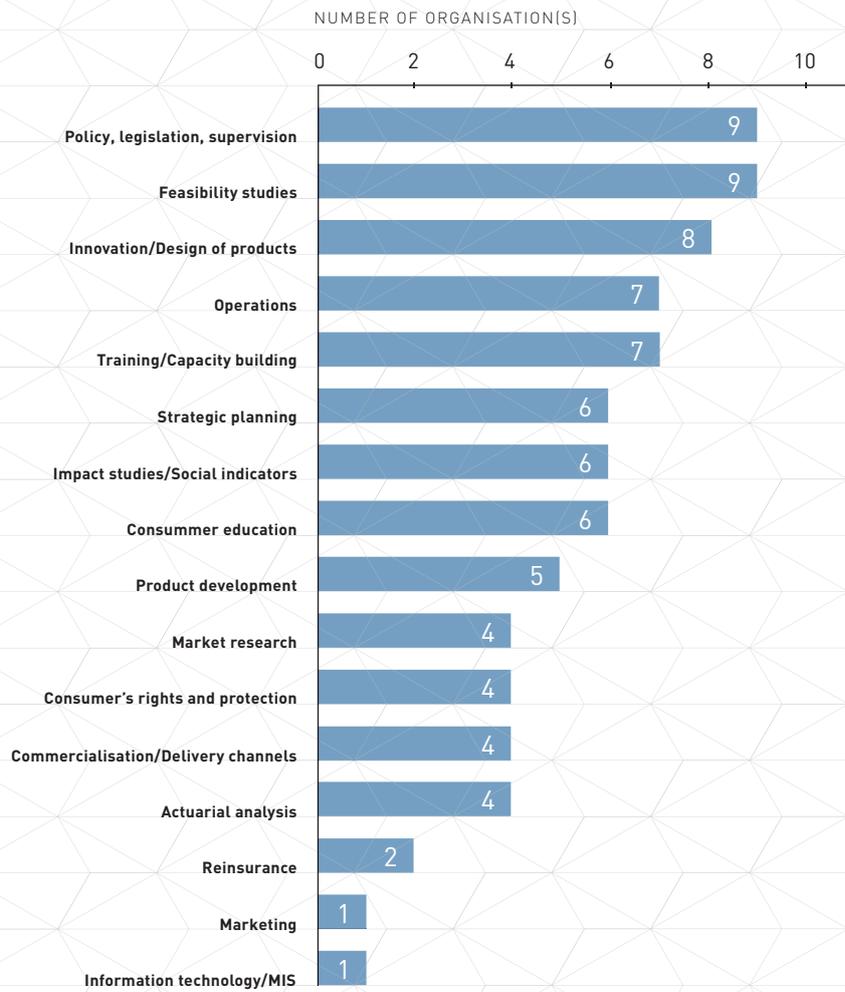
More information: [www.access-to-insurance.org](http://www.access-to-insurance.org)

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## EXPERTISE IN MICROINSURANCE



# GEOGRAPHICAL DISTRIBUTION

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To establish the geographical focus, donor organisations were asked to state the regions in which they were active over three different periods: before 2009, in 2009, and forecasts for the near future. This allows us to see regions with the highest potential and to observe trends.

**Sub-Saharan Africa, and Latin America and the Caribbean** are the two geographical areas with a very high level of donor involvement in all periods. Before 2009, there were already respectively 13 and 11 of the surveyed organisations (more than half of our sample) active, with an upwards trend. Ultimately, three-quarters of the organisations surveyed will support microinsurance projects in the near future in these regions.

**South Asia, and the East Asian and Pacific** regions are of great interest, with half of the donors interviewed present. However, these areas will not attract new activities in the near future. Their number remains relatively stable over the three periods.

**Europe, Central Asia and Middle East and North Africa** are, in turn, regions where the involvement of donors is relatively low. Before 2009, there were only isolated cases of donor microinsurance projects. However, these regions have development potential, considering the fact that the number of projects undertaken is planned to increase sharply in the years to come.

According to the Network's study on commercial insurers in microinsurance, commercial insurance companies invest heavily in the Asian markets, where the potential is higher to reach the scale needed for microinsurance products to become sustainable. Donors, however, invest primarily in the poorest

areas, where private initiative is lacking. This could be why Africa, with around thirty-five of the least developed countries in the world,<sup>8</sup> is a focus for interventions.

It appears that the preferred regions are those where organisations work on a larger scale. This could be related to the fact that microinsurance activities are usually linked to other areas of interventions, like for example, microfinance, health or the development of the financial sector. The other factor to take into account is that some organisations have geographical mandates where the activities must coincide with their target countries, like for example the Inter-American Development Bank and the Asian Development Bank.

## COLLABORATION BRIEF 2: THE CATASTROPHIC RISK INSURANCE FACILITY (CRIF) PROGRAMME

The Swiss State Secretariat for Economic Affairs (SECO), the Government of the Netherlands and the World Bank have set up the Catastrophic Risk Insurance Facility (CRIF), implemented in South East Europe and Central Europe. The objective of this project is to increase the number of individuals and small and medium enterprises insured against catastrophic risk in these areas by providing technical assistance for the development of financial products. This project is set up for five years and has a budget of around 20 million Euros.

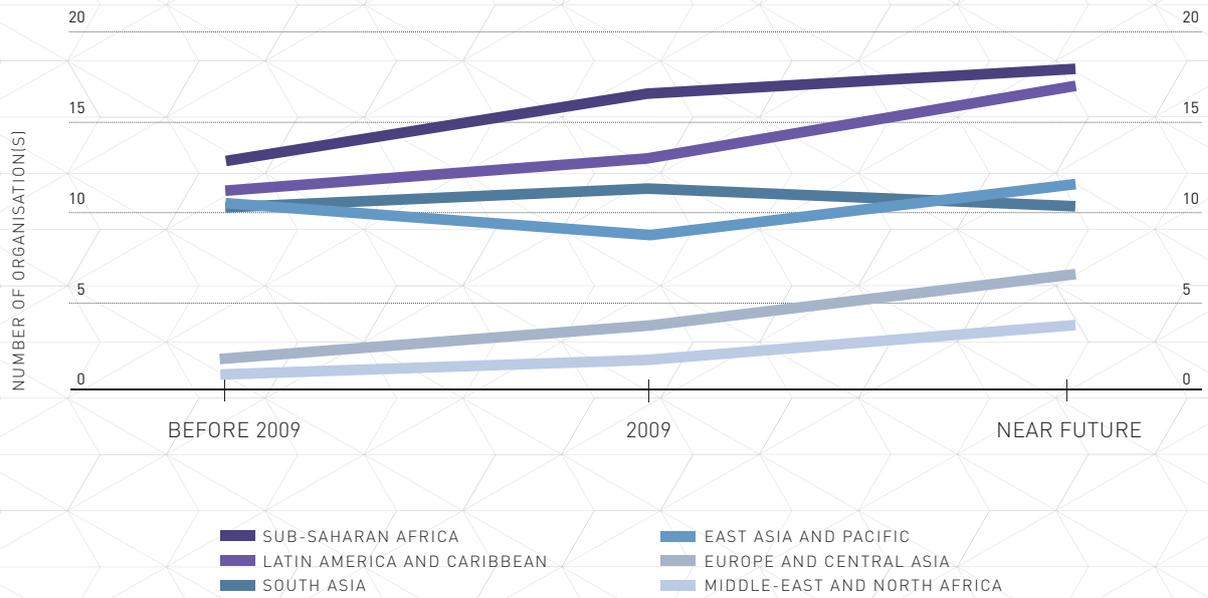
More information: [www.swiss-cooperation.admin.ch/albania/en/Home/Programs\\_and\\_Projects/Economic\\_Development/Catastrophe\\_Risk\\_Insurance\\_Facility\\_Programme\\_CRIF](http://www.swiss-cooperation.admin.ch/albania/en/Home/Programs_and_Projects/Economic_Development/Catastrophe_Risk_Insurance_Facility_Programme_CRIF)

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<sup>8</sup> UNDP Index of human development, 2011.

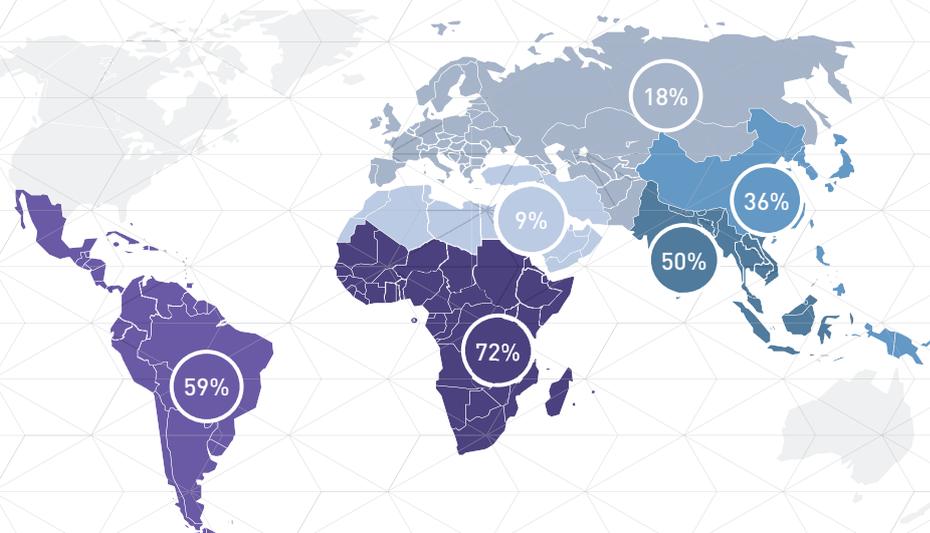
## GEOGRAPHICAL DISTRIBUTION

### TRENDS OF DONORS INVOLVEMENT PER REGION



### SNAPSHOT 2009

#### PERCENTAGE OF ORGANISATIONS PER REGION <sup>9</sup>



<sup>9</sup> Please note that some organisations are active in more than one region.

# TOPICS AND PRIORITIES

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The study sought to identify trends in the various topics in which donors were involved during three different periods: before 2009, in 2009, and forecasts for the near future. In this study, topics generally refer to products, activities and/or areas of intervention of donors.

In general, donor involvement in microinsurance tends to intensify over the years for almost all topics, and this trend is expected to continue in the years to come.

In terms of topics, the efforts of donors are directed towards agriculture (17) and health (13), topics that record high levels of demand by low-income populations.<sup>10</sup> These are also areas where at the moment, private investors are few and far between, maybe due to the complexity in product development and the challenges in achieving financial sustainability.

Several studies have shown that agricultural insurance is a way to boost farmers' investment and thus increase their yields and productivity.<sup>11</sup> However, agricultural development and risk management is generally a complex sector of intervention due to costly development of new products and limited profitability. Donors have made great efforts to boost the sector, particularly through their agriculture departments or as part of their agricultural and rural development programmes.

The involvement of donors that support the development of agriculture microinsurance products is expected to increase in the coming years and should also lead to advancements in complementary areas of study such as catastrophic risk and climate change.

The demand for health services is of particular importance and is well documented in microinsurance market and demand research.<sup>12</sup> Illnesses and diseases are considered a priority risk with aggravating consequences for a low-income family not only due to the cost of treatments but also because of the loss of income if a person becomes unable to work.

Medical coverage represents a significant opportunity for the microinsurance sector, but its implementation is complex.<sup>13</sup> Health insurance depends on third-party stakeholders, in particular health services providers, and therefore its success relies on good collaboration between the two partners and an effective partnership.<sup>14</sup>

Donors have been heavily involved in health-related issues since the early 2000s, when health became one of the priority areas of the Millennium Development Goals. However, the number of initiatives in the field of health remains constant and is not expected to increase. This could be explained by the fact that since 2008, private insurers are increasingly becoming involved in micro health insurance programmes.<sup>15</sup>

The key activities of the survey respondents are in the field of product development (11), capacity building (11) and market research (10), which are typical activities for donor organisations to undertake. Other activities that were often mentioned include insurance education, legislation and policy activities.

## COLLABORATION BRIEF 3: IFAD, WFP AND THE BILL & MELINDA GATES FOUNDATION

International Fund for Agricultural Development (IFAD) and World Food Programme (WFP), with support from the Bill & Melinda Gates Foundation, teamed up in 2008 to create the Weather Risk Management Facility, which aims to support the sustainable development of weather risk management instruments in developing countries. This initiative focuses particularly on global warming, which can have dramatic impacts on rural populations. These organisations pool their expertise to increase the availability of climate risk management instruments: the expertise in rural finance comes from IFAD and the expertise in climate change and risk reduction from WFP.

More information: [www.ifad.org/ruralfinance/wrmf](http://www.ifad.org/ruralfinance/wrmf)

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<sup>10</sup> McCord, Michael, LANDSCAPE OF MICROINSURANCE IN THE WORLD'S 100 POOREST COUNTRIES, Microinsurance Centre, 2007. [http://www.microinsurancecentre.org/resources/documents/doc\\_details/634-the-landscape-of-microinsurance-in-the-worlds-100-poorest-countries-in-english.html](http://www.microinsurancecentre.org/resources/documents/doc_details/634-the-landscape-of-microinsurance-in-the-worlds-100-poorest-countries-in-english.html)

<sup>11</sup> McCord, Michael, DO CLIENTS GET VALUE FROM MICROINSURANCE? A SYSTEMATIC REVIEW OF RECENT AND CURRENT RESEARCH, Microinsurance Learning and Knowledge (MILK), by the Microinsurance Centre, 2011. [www.microinsurancecentre.org](http://www.microinsurancecentre.org)

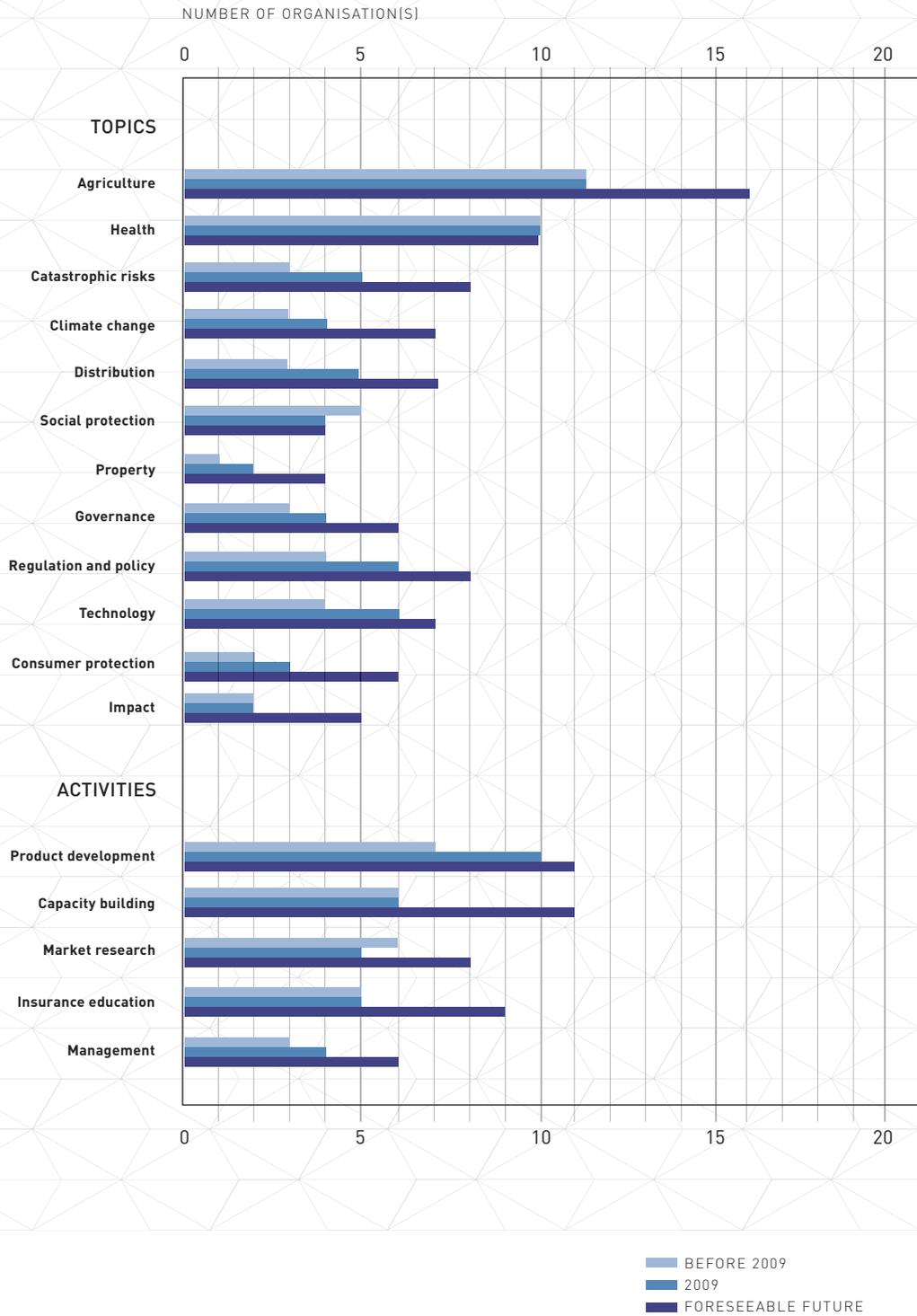
<sup>12</sup> PROTECTING THE POOR - A MICROINSURANCE COMPENDIUM, Churchill C., ed., Munich Re Foundation/ILO, 2006.

<sup>13</sup> McCord, Michael, LANDSCAPE OF MICROINSURANCE IN THE WORLD'S 100 POOREST COUNTRIES, Microinsurance Centre, 2007, pp. 25-29.

<sup>14</sup> Ibid.

<sup>15</sup> Coydon, Marie-Amandine and Véronique Molitor: COMMERCIAL INSURERS IN MICROINSURANCE, Microinsurance Network, 2011, page 11.

## TOPICS AND ACTIVITIES



# MODES OF INTERVENTION

The modes of intervention by donor organisations are very diverse, and may combine financial instruments, such as grants, loans, guarantees and equity investments, as well as non-financial instruments, such as technical assistance, research, in-kind donations and policy support.

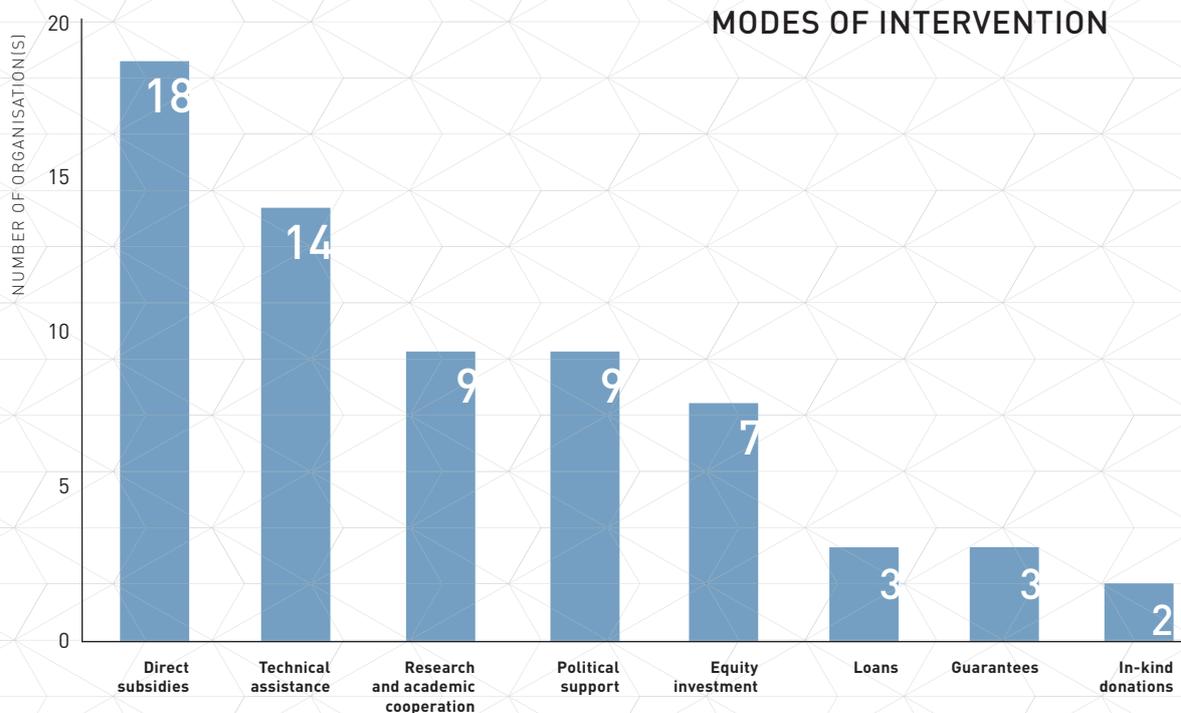
The results highlight that, in microinsurance, direct subsidies are most commonly used by the survey respondents. The few organisations that do not offer direct subsidies are mainly organisations referenced as “other”. These include a research centre and an international organisation, which both focus on research, technical assistance and/or policy support.

It appears that the modes of intervention chosen by donors match the general activities of the organisation’s defined mandate. For example, bilateral and multilateral agencies focus on three types of aid: grants, research and technical assistance. Financial institutions and governments focus on grants and other financial tools, such as loans, guarantees and investments.

## COLLABORATION BRIEF 4: LEAPFROG INVESTMENTS

In 2009, the European Investment Bank (EIB), the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) and other organisations such as KfW and the International Finance Corporation (IFC) have invested in the first commercial investment fund for microinsurance: LeapFrog Investment. The fund aims to help poor people in Africa and Asia to gain access to insurance products, including health insurance products, for which the costs of implementation can be high. 135 million USD has been made available to the fund to promote sector growth and innovation in developing products and distribution channels for microinsurance.

More information: [www.leapfroginvest.com](http://www.leapfroginvest.com)



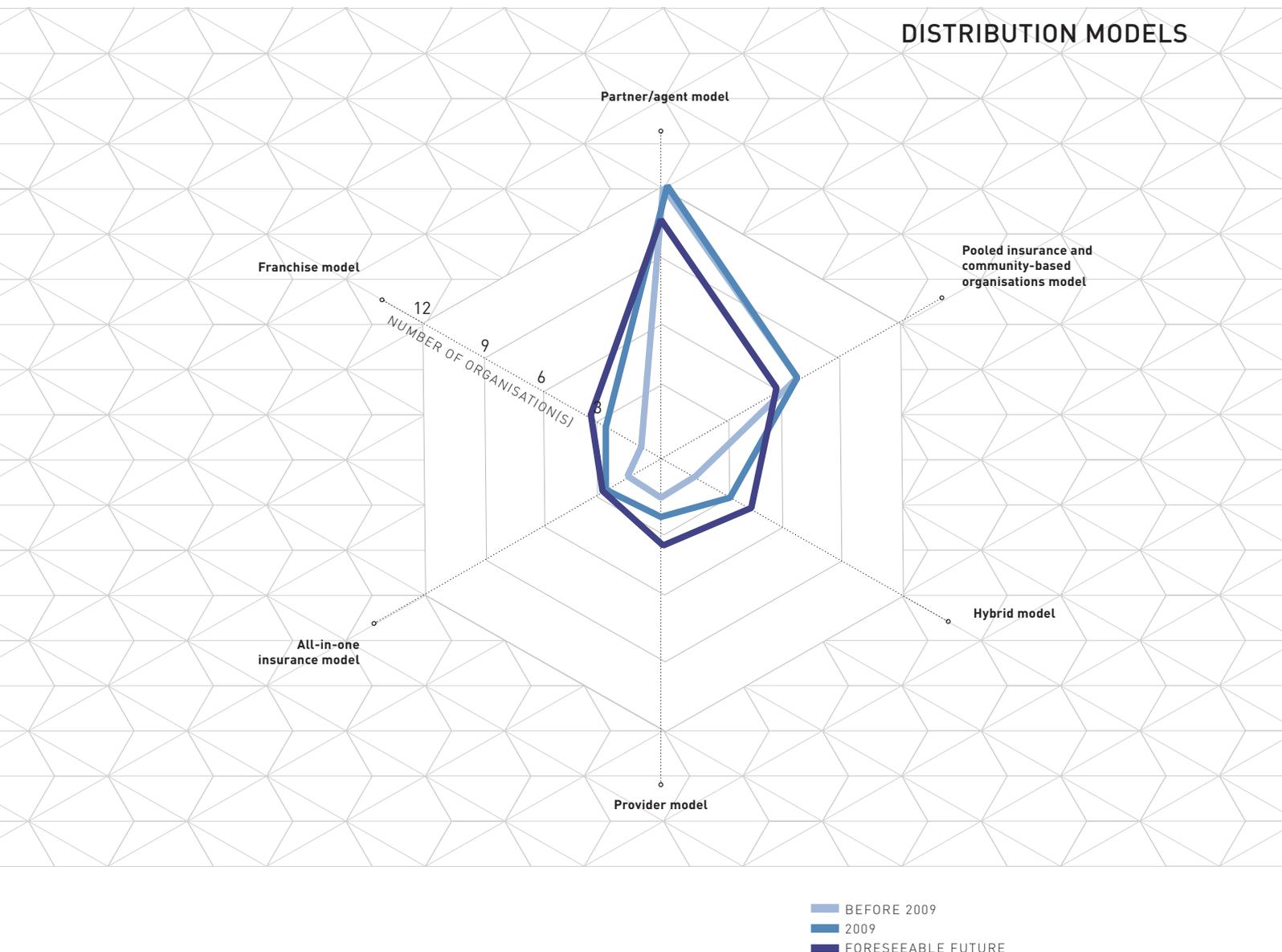
# DISTRIBUTION MODELS

One of the key challenges in microinsurance is efficient and low-cost distribution. For a microinsurance programme to become sustainable, it is crucial to have scale and a large risk pool. In order to achieve this, several models have been used, and the study aims to find out which of these models are preferred by donors and how this has evolved over time.

From a global point of view, donors are open to using a variety of distribution models that are available to them, including the new models that

have been emerging of late such as franchise distribution through retailers or telecommunications companies.

Even if partner/agent and community insurance models are still preferred, survey respondents will move towards more innovative models, such as franchises or hybrid ones – that are a combination of two or more models. These results illustrate the flexibility of donors as they are able to adapt to new trends that develop in the field.



<sup>16</sup> Smith, Anja; Herman Smit and Doubell Chamberlain (Cenfri), BEYOND SALES: NEW FRONTIERS IN MICROINSURANCE DISTRIBUTION, Briefing Note 7, International Labour Organization, 2011. [www.ilo.org/public/english/employment/mifacility/download/brnote7\\_en.pdf](http://www.ilo.org/public/english/employment/mifacility/download/brnote7_en.pdf)

# MICROINSURANCE BUDGET

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In order to identify the financial commitment of donors in microinsurance, this study sought to quantify the budget allocated to microinsurance activities. The respondents were hence asked to quantify their support to the sector during the year 2010.

However, as microinsurance is often linked to other departments and donors tend to collaborate with other organisations, estimating the funding levels proved difficult. One-third of donors were not able to estimate the amount of funding allocated to their microinsurance activities, and for the others, the answers were very disparate. Only limited observations can therefore be derived from this question.

It appears that the allocated budget is, for most donors, less than 10 million USD. The biggest investors are financial institutions, governments and foundations, which can be explained by the fact that these organisations often intervene through financial support, mainly through direct subsidies and/or equity investment.<sup>17</sup>

The total funding as registered by this survey amounts to nearly 250 million USD. However, we must consider the possibility of having double-counted segments of the funding allocated to microinsurance projects as some donors may be channelling their contributions through other donors before reaching the implementation of projects.

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<sup>17</sup> Refer to the section about the modes of intervention, p14 of this study.

# STRATEGIC VIEW

Survey respondents were asked to state their priorities with respect to their involvement in the support of microinsurance projects, as well as the results they expect, in the short and medium term. The aim was to identify donors' motivations for engaging in microinsurance activities and to compare strategic directions.

Donors share similar incentives to support microinsurance projects. The two strategic directions that stand out are increased access to financial services for excluded populations and poverty alleviation.

It is interesting to note that survey respondents also linked their involvement in microinsurance with the objective of managing risks, which is how the Microinsurance Network, which was initiated by donor organisations, perceives microinsurance.

This implies that even if survey respondents focus primarily on a microinsurance practice orientated towards customers, the "product" orientation – basically microinsurance as a risk management tool – also plays a major role in donors' motivations to be involved in microinsurance projects.



# GOOD PRACTICES IN MICROINSURANCE

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A very large consensus emerged among donors on the utility and necessity of working together to increase the impact of microinsurance activities.

The donors agree on the need to work together to:

- Share lessons learned through publications, workshops, etc.;
- Maximise effectiveness;
- Participate in the development of good practices;
- Reinforce their capacities; and
- Encourage the recipient organisations to have various counterparties.

Moreover, the survey respondents unanimously state that working together requires a good understanding of microinsurance market conditions and a clear strategy in terms of objectives, expertise and monitoring. They also agreed on the need to have the necessary technical skills within their staff and the appropriate instruments of intervention. Finally, collaboration between donor organisations should include an in-advance definition of the desired outcomes and performances in order to be accountable for results.

These results are consistent with the recommendations compiled in the publication **LESSONS LEARNT AND RECOMMENDATIONS FOR DONORS SUPPORTING MICROINSURANCE**, which was based on the reflections of the Consultative Group to Assist the Poor (CGAP) Working Group on Microinsurance (nowadays, the Microinsurance Network) and published by CGAP and USAID in September 2008. This note makes recommendations to enhance donor effectiveness.

Nearly half of surveyed organisations mention that they use these recommendations and distribute them to staff members.

These organisations state that the recommendations provide:

- An overview of the donor's different approaches, their practices and the lessons learnt;
- Basic information on how to set up microinsurance programmes, how to make strategic choices on which models to develop, providing concrete examples and well-informed suggestions.

However, some considered that these recommendations could also:

- Focus on specific issues, such as impact of micro insurance activities;
- Be updated by including advice on the specific details of microinsurance products – micro health insurance, for example.

We observe in practice that donors often prefer collaborative actions as nearly 80% of the respondents are currently developing microinsurance projects in partnership with other donors.<sup>18</sup>

## **COLLABORATION BRIEF 5: PUBLIC-PRIVATE PARTNERSHIP BETWEEN SDC, ILO AND Z ZURICH FOUNDATION.**

In 2007, the International Labour Organization (ILO), the Swiss Agency for Development and Cooperation (SDC) and Z Zurich Foundation decided to work together in establishing credit life insurance in South Africa and Latin America in order to reduce the vulnerability of low-income households. The microinsurance department in Zurich manages the microinsurance operations; ILO provides technical assistance while SDC provides financial support. The three partners have agreed to recognise that the pooling of resources is a key factor in the success of the initiative.

More information: [www.sdc.admin.ch/ressources/resource\\_en\\_164114.pdf](http://www.sdc.admin.ch/ressources/resource_en_164114.pdf)

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<sup>18</sup> Examples of collaboration are illustrated throughout this study.

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## ROLE OF THE NETWORK

The Microinsurance Network was established in 2002 as the CGAP Working Group on Microinsurance. This platform was initiated by donors, and then gradually extended to include multilateral agencies, insurance professionals, microinsurance providers and other stakeholders engaged in promoting and supporting microinsurance activities in developing countries.

The Network's mission is to promote the development and distribution of insurance services for low-income households by sharing information and coordination of all stakeholders.

To achieve its mission, the Microinsurance Network :

- Distils and disseminates lessons learned to promote client-driven and good-value insurance ;
- Raises awareness on the demand and potential for microinsurance among key stakeholders ; and
- Contributes to the development of good practices in the area.

With regard to the role of the Microinsurance Network, the survey results are very homogeneous in the sense that respondents agreed on the role and utility of the Network. Indeed, they consider that it is very important to build a network which also includes other microinsurance stakeholders, to increase their skills and effectiveness. In order to achieve this and facilitate the work of its members, the Microinsurance Network should

- Serve as a forum for discussion and sharing new ideas ;
- Serve as an information platform for projects and good practices in microinsurance ;
- Set up regular video and/or telephone conferences and organise regular member meetings so that communication is effective ; and
- Collect and disseminate microinsurance knowledge with the objective of sharing experiences and information between donors and other key players.

For some of the respondents, the Microinsurance Network should also act as a think-tank, be able to conduct research and publish articles on microinsurance, make recommendations to members and regularly update the list of microinsurance projects and key players.

In summary, the results of the study highlight the match between donors' expectations and the Microinsurance Network's activities whilst adding some new suggestions. The Network was also recommended to strengthen its communication as some organisations state that they are not sufficiently familiar with the Network's activities.

### COLLABORATION BRIEF 6: THE MICROINSURANCE NETWORK

CGAP along with several other donors launched the Microinsurance Network and is today still involved in several of the working groups and the Executive Committee. The Ministry of Foreign Affairs of Luxembourg – Development Cooperation supports the Network financially through framework agreements with the ILO and Appui au Développement Autonome (ADA), a Luxembourg-based NGO. The Munich Re Foundation organises every year, in close collaboration with the Network, the International Microinsurance Conference, which brings together a large number of experts worldwide to discuss and exchange on key topics of microinsurance. Without these collaborations, the Network would not be able to achieve its objectives.

More information: [www.microinsurancenet.org](http://www.microinsurancenet.org)

# CONCLUSIONS

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This study, in which 22 selected donor organisations participated, revealed that two-thirds of the survey respondents only entered the microinsurance sector after 2006. However, the sector has grown very quickly, and the level of involvement is expected to be consolidated in the coming years, both in terms of geographical distribution and sectors of interest.

Microinsurance activities are usually managed by several departments. In most cases, these activities are associated with microfinance and/or financial development, which is in line with the motivation to increase access to financial services and to alleviate poverty.

A very large consensus emerged from the study regarding the necessity and usefulness of collaborations between donors. All of the surveyed organisations stated that they need to work together to maximise their effectiveness and help develop good practices in microinsurance. In this regard, the Microinsurance Network has a role to play, primarily as a platform for exchanging information and discussing new ideas in microinsurance.

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# LIST OF CONTACTED DONORS

(APPENDIX 1)

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## A

Agence Française de Développement (AFD)

Asian Development Bank (ADB)

## B

Bill & Melinda Gates Foundation

## C

Consultative Group to Assist the Poor (CGAP)

## E

European Investment Bank (EIB)

## F

FIRST Initiative

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO)

## H

Hivos

## I

Icco & KerkinActie

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

Inter-American Development Bank (IADB)

## M

Ministry for Foreign Affairs of Luxembourg –  
Development Cooperation

Ministry of Foreign Affairs of Switzerland

Ministry of Foreign Affairs Netherlands

Munich Re Foundation

## S

State Secretariat for Economic Affairs (SECO)

Swiss Agency for Development and Cooperation (SDC)

## T

The World Bank

## U

USAID

## W

World Food Programme (WFP)

## Z

Z Zurich Foundation

# MICROINSURANCE PROFILES

## (APPENDIX 2)

Some organisations that participated in the survey were happy to provide these brief snapshots. The information marked with \* has been added by the organisation after the study was concluded.

**Organisational type:**

Financial development institution

**Contacts:**

Office of Regional Economic Integration, Qifeng Zhang,  
qzhang@adb.org and Arup Chatterjee, a chatterjee@adb.org

Private Sector Operations Department,  
Hasib Ahmed, hahmed@adb.org

**Regional departments:**

Central and West Asia Department, Lotte Schou- Zibell,  
lschouzibell@adb.org  
East Asia Department, Betty Wilkinson, bwilkinson@adb.org  
Southeast Asia Department, Hiroyuki Aoki, haoki@adb.org  
and Kelly Hattel, khattel@adb.org  
South Asia Department, Mayumi Ozaki, mozaki@adb.org

**Active in the following regions:**

East Asia/Pacific  
Central and West Asia\*  
South Asia\*  
South East Asia\*

**Involved in the following topics:**

Capacity building  
Health  
Market research  
Regulation and policy  
Social protection

**Asian Development Bank**

6 ADB Avenue  
Mandaluyong City  
Philippines  
[www.adb.org](http://www.adb.org)

**Organisational type:**

Bilateral organisation

**Contacts:**

Health and Social Protection, Bénédicte Brusset, brussetb@afd.fr

Microfinance, Philippe Serres, serresp@afd.fr

Agriculture and Private Sector Development (soon),

Olivier Luc, luco@afd.fr

**Active in the following regions:**

East Asia/Pacific

Middle East and North Africa\*

Sub-Saharan Africa

**Involved in the following topics:**

Agriculture

Health

Political risk

Social protection



**Agence Française de Développement**

5 rue Roland Barthes

Paris Cedex 12

France

[www.afd.fr](http://www.afd.fr)

**Organisational type:**

Research centre

**Contacts:**

Alexia Latortue, alatortue@worldbank.org

Aude de Montesquiou ademontesquiou@worldbank.org

**Active in the following regions:**

East Asia/Pacific

Europe and Central Asia

Latin America/Caribbean

Middle East and North Africa

South Asia

Sub-Saharan Africa

**Involved in the following topics:**

Consumer protection

Regulation and policy\*

Role of donors



**Consultative Group to Assist the Poor**

1818 H street NW

Washington DC

United States

[www.cgap.org](http://www.cgap.org)

**Organisational type:**

Investment fund in microfinance

**Contacts:**

Projects and Programmes, Loretta Foran, lforan@worldbank.org  
and Roman Didenko, rdidenko@worldbank.org

**Will soon be active in the following regions:**

East Asia/Pacific  
Europe and Central Asia  
Latin America/Caribbean  
Middle East and North Africa  
South Asia  
Sub-Saharan Africa

**Will soon be involved in the following topics:**

Capacity building  
Consumer protection  
Regulation and supervision\*  
Policy\*



**FIRST Initiative**  
1818 H Street NW  
Washington DC  
United States  
[www.firstinitiative.org](http://www.firstinitiative.org)

**Organisational type:**

Financial development institution

**Contacts:**

Financial Sector Development/Microfinance, Andrew Shaw,  
a.sahw@fmo.nl

**Active in the following regions:**

Latin America/Caribbean  
South Asia  
Sub-Saharan Africa

**Involved in the following topics:**

Agriculture  
Capacity building  
Distribution  
Health  
Market research  
Technology



**Nederlandse Financierings-  
Maatschappij voor Ontwikkelings-  
landen**  
Anna Van Saksenlaan 71  
The Hague  
Netherlands  
[www.fmo.nl](http://www.fmo.nl)

**Organisational type:**

Bilateral organisation

**Contacts:**

Financial Sector Development, Brigitte Klein, [Brigitte.klein@giz.de](mailto:Brigitte.klein@giz.de)

Social Protection, Yvonne Deblon, [yvonne.deblon@giz.de](mailto:yvonne.deblon@giz.de)

**Active in the following regions:**

East Asia/Pacific

Latin America/Caribbean (soon)

South Asia

Sub-Saharan Africa

**Involved in the following topics:**

Agriculture

Capacity building

Catastrophic risk

Climate change

Consumer protection

Distribution

Governance

Health

Insurance education

Market research

Product development

Regulation and policy

Social protection



**Gesellschaft für Internationale  
Zusammenarbeit**

Dag-Hammarskjöld-Weg 1-5

Eschborn

Germany

[www.giz.de](http://www.giz.de)

GIZ is acting on the behalf of BMZ, the Federal Ministry for Economic Cooperation and Development of Germany.

**Organisational type:**

Financial development institution

**Contacts:**

FOMIN (Fondo Multilateral de Inversiones),

Maria Victoria Saenz, [mariavl@iadb.org](mailto:mariavl@iadb.org)

Financial Sector Development, Mark Wenner, [markw@iadb.org](mailto:markw@iadb.org)

Opportunities for the Majority, Susan Olsen, [susano@iadb.org](mailto:susano@iadb.org)

**Active in the following region:**

Latin America/Caribbean

**Involved in the following topics:**

Agriculture

Capacity building

Catastrophic risk

Consumer protection

Distribution

Governance

Insurance education

Management

Market research

Product development

Regulation and policy

Technology



**Inter-American Development Bank**

**Inter-American Development Bank**

1300 New York Avenue NW

Washington DC

United States

[www.iadb.org](http://www.iadb.org)

**Organisational type:**

Co-financing agency

**Contacts:**

International Programme, Ben Nijkamp, ben.nijkamp@iccoenkerkinactie.nl

## Other departments:

Financial sector development

Health

Microfinance

Poverty alleviation

Projects/Programs

Rural development/Agriculture

Social protection

Gender/Women's affairs

**Active in the following regions:**

East Asia/Pacific

Europe and Central Asia

Latin America/Caribbean

Sub-Saharan Africa

**Involved in the following topics:**

Agriculture

Market research

**ICCO & KerkinActie**

Joseph Haydnlaan 2<sup>a</sup>

Utrecht

Netherlands

[www.icco.nl](http://www.icco.nl)

**Organisational type:**

Multilateral organisation

**Contacts:**

Social Finance Programme, Microinsurance Innovation Facility, Jeanna Holtz, holtz@ilo.org

**Active in the following regions:**

East Asia/Pacific

Latin America/Caribbean

Middle-East and North Africa

South Asia

Sub-Saharan Africa

Europe and Central Asia are not excluded, but the Facility has not entered into specific collaboration in these regions at the time of this study.

**Involved in the following topics:**

Agriculture

Property

Capacity building

Catastrophic risk

Climate change

Consumer protection

Distribution

Governance

Health

Impact

Insurance education

Management

Market research

Product development

Social protection

Technology

**International Labour Organization**

4 route des Morillons

Geneva

Switzerland

[www.ilo.org/microinsurance](http://www.ilo.org/microinsurance)

**Organisational type:**

Government

**Contact:**

Microfinance, Daniel Feypel, daniel.feypel@mae.etat.lu

**Active in the following region:**

Sub-Saharan Africa

**Involved in the following topic:**

Agriculture



LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG

**Ministry of Foreign Affairs Luxembourg-  
Development Cooperation**

5 rue de la Congrégation  
Luxembourg-City  
Luxembourg  
[www.mae.lu](http://www.mae.lu)

**Organisational type:**

Government

**Contacts:**

Private sector development, Drs. Aaltje de Roos,  
aaltje-de.roos@minbuza.nl

**Active in the following region:**

Sub-Saharan Africa

**Involved in the following topics:**

Agriculture  
Capacity building  
Catastrophic risk  
Climate change (soon)  
Health  
Impact  
Insurance education  
Management  
Product development  
Regulation and policy  
Technology

**Ministry of Foreign Affairs Netherlands**

Bezuidenhoutseweg 67  
Den Haag  
Netherlands  
[www.minbuza.nl](http://www.minbuza.nl)

**Organisational type:**

Foundation

**Contact:**

Dirk Reinhard, dreinhard@munichre-foundation.org

**Active in the following regions:**

East Asia/Pacific  
Latin America/Caribbean  
South Asia  
Sub-Saharan Africa

**Will soon be involved in the following topics:**

Insurance education



**Munich Re Foundation**

Königinstrasse 107  
Munich  
Germany  
[www.munichre-foundation.org](http://www.munichre-foundation.org)

**Organisational type:**

Government

**Contacts:**

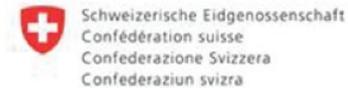
Private sector development, Eva-Maria Krummenacher,  
evamaria.krummenacher@seco.admin.ch  
Trade Promotion Division, Anne Schick,  
anna.schick@seco.admin.ch  
Macroeconomic Support Division, Matthias Feldmann,  
matthias.feldmann@seco.admin.ch

**Active in the following regions:**

East Asia/Pacific  
Europe and Central Asia  
Middle East and North Africa  
South Asia  
Sub-Saharan Africa

**Involved in the following topics:**

Agriculture  
Catastrophic risk  
Climate change  
Health  
Property  
Regulation and policy



**State Secretariat for Economic Affairs**

Holzikofenweg 36  
Bern  
Switzerland  
[www.seco.admin.ch](http://www.seco.admin.ch)

**Organisational type:**

Bilateral organisation

**Contacts:**

Focal Point Employment and Income, Hans Ramm, hans.rramm@deza.admin.ch

## Other departments:

Global Food Security Programme  
Global Climate Change Programme (soon)  
Country Cooperation Offices  
Swiss Capacity Building Facility

**Active in the following regions:**

Latin America/Caribbean  
South Asia  
Southeast Asia (soon)\*  
Sub-Saharan Africa

**Involved in the following topics:**

Agriculture  
Catastrophic risk  
Climate change (soon)\*  
Distribution\*  
Health  
Insurance education\*  
Management\*  
Market research\*  
Product development\*



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**

**Swiss Agency for Development and  
Cooperation**

Freiburgstrasse 130  
3003 Bern  
Switzerland  
[www.sdc.admin.ch](http://www.sdc.admin.ch)

**Organisational type:**

Financial development institution

**Contacts:**

Agriculture and Rural Development, Diego Arias, darias@worldbank.org  
Financial Sector Development, Insurance for the Poor Department,  
Michel Noel, mnoel@worldbank.org  
Microfinance, Michael Goldberg, mgoldberg@worldbank.org

**Active in the following region:**

Latin America/Caribbean

**Involved in the following topics:**

Agriculture  
Capacity building  
Catastrophic risks  
Distribution  
Health  
Management  
Market research  
Product development  
Property  
Regulation and Policy  
Social protection  
Technology

**The World Bank**

1818 H Street NW  
Washington DC  
United States  
[www.worldbank.org](http://www.worldbank.org)

**Organisational type:**

Bilateral organisation

**Contacts:**

Microfinance, Maria Stephens, mstephens@usaid.gov  
Global Climate Change, Nora Ferm, nferm@usaid.gov  
Bureau for Food Security, Lena Heron, lheron@usaid.gov

**Active in the following regions:**

East Asia/Pacific  
Latin America/Caribbean  
South Asia  
Sub-Saharan Africa

**Involved in the following topics:**

Agriculture (focus on parametric insurance\*)  
Catastrophic risk (soon)  
Climate change (focus on adaptation\*)  
Health  
Insurance education  
Product development  
Regulation and policy  
Social protection  
Technology



**USAID**  
FROM THE AMERICAN PEOPLE

**USAID**

1300 Pennsylvania Avenue  
Washington DC  
United States  
[www.usaid.gov](http://www.usaid.gov)

**Organisational type:**

International organisation

**Contact:**

Office of Beijing, Weijing Wang, weijing.wang@wfp.org

**Active in the following region:**

East Asia/Pacific

**Will soon be involved in the following topic:**

Agriculture



**World Food Programme**

**World Food Programme**

Liandmahe Nanlu 2  
Beijing  
China  
[www.wfp.org](http://www.wfp.org)

The Microinsurance Network, hosted by Appui au Développement Autonome (ADA), is a member based network of organisations and individuals active in microinsurance. The mission of the Network is to promote the development and proliferation of good-value insurance services for low-income persons by providing a platform for information sharing and stakeholder coordination.

**FOR MORE INFORMATION ON:**

**Microinsurance Network:**

[www.microinsurancenetwork.org](http://www.microinsurancenetwork.org)

Any feedback or comments can be sent to [info@microinsurancenetwork.org](mailto:info@microinsurancenetwork.org)

The Microinsurance Network would like to thank all of the donor organisations that took part in this study for

their time and effort. The Network is also very grateful to all the members of the Donor Discussion Group of the Microinsurance Network, for their constructive feedback, especially Aude de Montesquiou, Therese Sandmark, Maria Victoria Saenz and Claudia Huber.

Lisa Chassin holds a master's degree in "Economic Development and International Cooperation" from the Institute of Political Studies of Toulouse, France. In 2011, she did an internship with the Microinsurance Network for several months, and she is currently collaborating as a consultant on this study and other research activities.

Paola Romero Márquez is currently working with the insurance broker Marsh, and preparing a Masters' degree in Risk Management. Before this experience she was involved in microinsurance projects in developing countries, and worked with the Gret, the Microinsurance Network, EA Consultants, the ILO, the microinsurance provider Entrepreneurs de la Cité, and ADA. Paola holds a Master's degree in microfinance and development.

