

## MISSION, CO-FUNDING WINDOWS AND TARGETS

In line with article 2 of the Articles of Association, version July 1, 2016, the Swiss Capacity Building Facility (hereafter SCBF) additionally defines the following:

### 1. MISSION

The SCBF is an innovation facility co-funding tailor-made capacity building for partner financial institutions (hereafter PFIs) in the South for them to up-scale client-oriented financial services offered responsibly to low-income people.

It functions also as an early grant provider to bridge finance the piloting of innovative financial inclusion business models so as to help mobilise the first social/venture investors.

### 2. CO-FUNDING WINDOWS

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

1. 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 PFI concerned will be assisted in overcoming prioritized constraints that have so far hampered it to up-scale its pro-poor banking and/or insurance operations in a responsible and institutionally sustainable manner.
2. 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.
3. 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 not willing to engage in inclusive financial services. The FSW helps preparing the groundwork for developing subsequent proposals for the PUW. It is earmarked for members and SDC partners only.

Co-funding under the PUW and FEW is limited to a maximum of two years and the FSW to one year.

### 3. TARGETS

To achieve its mission as set out in the Articles of Association, the SCBF has defined the following two sets of targets for its first eight years of operations until the end of 2018. The first corresponds to the 'output' level and the second to the 'outcome' level of the SCBF.

1. Offer tailor-made capacity building to up to 100 PFIs to assist them in up-scaling their pro-poor financial services under the PUW plus complementary financial education campaigns for around 30 PFIs under the FEW and selected feasibility studies for around 20 PFIs under the FSW.
2. Up to 80 PFIs will expand substantially their outreach in a responsible and institutionally sustainable manner to at least 1'450'000 new low-income clients thereby causing direct positive income and employment and/or risk mitigation effects for the latter (reaching around 7'250'000 low-income family members) within three years upon completion of the PU. Some of the PFIs will target small and medium enterprises which are the key drivers for economic growth and employment generation. Up to 10% of the interventions are reserved for capacity building and institutional strengthening.

The eligible countries for the SCBF when using funding from the Swiss Agency for Development and Cooperation are listed on the SCBF website. The target is that at least 50% of all operations be located in SDC's priority countries and regions. Other members and sponsors may fund PU, FS and FE in additional countries.