

PROJECT FACTSHEET

Title of project	SCBF 2012-08: Strengthening self-reliance and asset building strategies through microinsurance
Country/ region	Mozambique
Financial Intermediary	FIDES Moçambique Lta , Microfinance Bank licensed supervised by Bank of Mozambique
Competence Centre mandated for execution	FIDES AG , Route de la Fonderie 2, 1700 Fribourg, Switzerland
Overall project budget	CHF 235'930 (37% self-contribution by partner)
SCBF contribution	CHF 149'800 (63% SCBF funding share)
Date of project approval	14.12.2012
Project period	01.2013 until 12.2014
Context	<p>The financial sector of Mozambique is characterized by a combination of banks and microfinance institutions with limited outreach, focusing primarily on salaried people and small and medium entrepreneurs (SMEs) in the urban centers. The rural sector is largely underserved.</p> <p>Almost 80% of the adult population manages their lives without using any kind of financial product (i.e. formal or informal). Most Mozambican adults who are financially served use an informal product (15%). 12% of the adult population is banked (i.e. use a commercial bank product) and 4% use financial products provided by formal financial institutions which are not commercial banks (e.g. insurance companies). In rural areas banks serve less than 5% of the active population.</p> <p>While the majority of the Mozambican population is not only poor, but also vulnerable, insurance inclusion is even on a still lower level than savings and credit. Only less than 2% of the rural population has access to formal insurance coverage.</p>
Current status	<p>FIDES Mozambique has started its operations and is now disbursing the first loans. The response of the market to its products is very favorable and the readiness of the demand for more client-friendly financial services including long-term savings products is a reality.</p> <p>By law FIDES Mozambique cannot insure its clients on its own balance sheet. Nevertheless, the MFI has identified the crucial need for insurance of its clients that belong exclusively to low income population segments being in most cases rural, female and poor, thus cumulating different forms of vulnerability. First results of the demand assessment indicate that the risk profile is large, including illness, accidents, theft, draught, divorce, death of a family member, etc., and that insured savings products would have probably the best impact, better than a set of specialized insurance policies (to be confirmed under this initiative).</p>
Objective and main activities	<p>The objective of the project is threefold:</p> <ol style="list-style-type: none"> 1. A capacity building objective, enhancing the practical and methodological knowledge of the MFI and the insurance company in the field of microinsurance. The whole field staff of the MFI will be introduced to microinsurance and to the responsible marketing of insurance products. The staff of the insurer will be introduced to a concrete example of down market product development and management. 2. An innovation objective: There is no practical experience in rural micro-insurance and in savings life products. The project will introduce a first concrete example. 3. An institution building objective: to put into place an efficient repartition of tasks between a licensed insurer and an MFI having developed a distribution channel up to village level. This will enable access to formal insurance for large population groups excluded from such services up to now and to provide a combination of insurance, savings and credit products that can make a difference. This model can be scaled up and expanded to a larger number of MFIs. <p>Upon completion of the project, FIDES Mozambique will offer microinsurance products to low income households that are an affordable response to key risks to which low income households are exposed, thereby enabling longer-term asset building strategies.</p>