

FEASIBILITY STUDY FACTSHEET

Title of feasibility study	SCBF FSW-01: Microinsurance Business Case Development
Country / region	Tanzania / Eastern Africa
Financial Institution(s)	n/a
Competence Centre mandated for execution	StoneStep GmbH , Im Marbach 7, 8800 Thalwil, Switzerland FINCA International , 1101, 14 th Street, NW 11 th floor, Washington DC 20005/USA
Overall study budget	CHF 166'050 (29% self-contribution by partners)
SCBF contribution	CHF 119'200 (71% SCBF funding share)
Date of approval	18.07.2013/04.06.2014
Study period	05.2014 until 08.2014
Context	<p>Microinsurance is materially different from savings and loans in its products, distribution, service delivery, and control mechanisms. Cost efficiency and scale as well as target markets are the major constraints that prevent the scaling of insurance, which again limits the impact of other financial services. Hence, in every underdeveloped insurance market, there is a need for entities which have the capacity and the know-how to accelerate the development of new insurance solutions to the BoP.</p> <p>In Tanzania, a window of opportunity has recently opened. The 2012 Microinsurance Network Annual Conference was held with direct support of the Tanzania Insurance Regulatory Authority (TIRA) and the Association of Tanzanian Insurers (ATI). Officials both from the podium and during discussions underlined policy support for microinsurance in Tanzania. The Tanzania Insurance Commissioner outlined his specific microinsurance priorities at the Regulation, Supervision, and Policy working group meeting. The conference report confirms that "the government is focused on microinsurance as a key tool in achieving its national development Vision 2025 and the Strategy for Growth and Poverty Alleviation". In February 2013, the Governor of the Bank of Tanzania, Prof Benno Ndulu, specifically and enthusiastically endorsed the goals of the African Mobile Phone Financial Services Policy Initiative which in turn fit with key aims of this Feasibility Study and Business Plan.</p>
Current status	FINCA provides financial services to the world's lowest income entrepreneurs and goes beyond just credit by offering an expanding suite of financial products and services, including microinsurance. To enable a broader variety of insurance products available through diverse channels, FINCA intends to develop a self-sustaining entity in Tanzania. This entity shall form the basis for regional or global replication within the FINCA network. FINCA needs support of Stonestep for a feasibility study, which will encompass demand and supply aspects, factors shaping the market environment and potential delivery channels, to be able to design and implement a market-level intervention.
Objective and main activities	<p>FINCA International and Stonestep will prepare a <i>Feasibility Study and Business Case</i> for the Tanzanian micro-insurance sector to eventually be able to <i>develop a sustainable stand-alone micro-insurance venture in Tanzania</i>. The study will focus on <i>innovative distribution channels</i> for the provision of insurance services to firms, families, and individuals in the lower half of the income segment, i.e. through the growing range of electronic and mobile payment networks.</p> <p>The main activities of the feasibility study are to:</p> <ol style="list-style-type: none"> 1) Identify insurance product options to lower income individuals and groups 2) Research distribution options to implement insurance products. Targeted examples include SIM card resellers and down-stream distributors of multinational-produced food and health products. 3) Meet with target customers groups to test the viability of the proposed options 4) Prepare a Feasibility Study and Business Case for developing a sustainable microinsurance service for Tanzania and other developing markets.
Next steps, if positive results of feasibility study	If the results of the feasibility study are positive, FINCA and Stonestep will present the findings for funding of a stand-alone microinsurance entity in Tanzania. Further, there is broader opportunity to build in replication for other markets from this first stage on. FINCA and Stonestep may carry out additional abbreviated studies in other markets in Africa such as Zambia, Uganda, Nigeria, DR Congo, and Malawi, possibly with a view to greenfield a separate regional and specialized hub.