

PROJECT FACTSHEET

Title of project	SCBF 2011-07: Launch of Savings-based Microinsurance Product in Egypt
Country / region	MENA Region - Egypt (Lower Egypt Governorates – Alexandria, Gharbeya and Dakahleya)
Financial Intermediaries	Alexandria Businessmen Association (ABA) and Dakahlya Businessmen Association for Community Development (DBACD) are both leading non deposit-taking NGO microfinance institutions Commercial International Life Insurance Company (CIL)
Competence Centre mandated for execution	Association PlaNet Finance Suisse c/o Sogeti, 65 rue du Rhône, 1204 Geneva, Switzerland
Overall project budget	CHF 289'553 (20,7% self-contribution by partners)
SCBF contribution	CHF 229'553 (79,3% SCBF funding share)
Date of project approval	16.01.2012 (tender decision following pre-approval on 22.11.2011)
Project period	03.2012 until 12.2014
Context	Microcredit started in Egypt in the late 1980s with the introduction of the first microcredit programs at the National Bank for Development and Alexandria Businessmen Association (ABA). The purpose has been to avail access to microcredit to the un-bankable MSEs, low income and economically active poor. Solidarity group lending and individual lending are the two prevailing lending mechanisms. Insurance companies have recently started to offer microinsurance (life and disability insurance) through MFIs to their microcredit clients.
Current status	ABA is a leading MFI operating in six governorates in lower Egypt and serving over 250'000 clients via 37 branches (>USD 63 m portfolio; 0,24% portfolio-at-risk (PAR); 123% operational self-sufficiency (OSS)). ABA is offering death and disability insurance to all clients since 2008. ABA's primary goal is to develop and promote existing small and microenterprises, to support SMEs, and contribute to solving the problems of unemployment. DBACD is another leading Egyptian MFI which operates in all cities of Dakahleya Governorate in lower Egypt, serving over 106'000 clients via 10 branches (>USD 23 m portfolio; 0,16% PAR; 191% OSS). DBACD's goal is to provide financial and non-financial services to low income families in a sustainable and quality manner, to contribute in improving their standard of living. CIL , an international life insurance company, has USD 71 m annual premiums, 150 corporates and 80'000 individual clients. Under the current regulatory framework, MFIs have a limited ability to directly offer a diverse range of products such as savings or microinsurance. A new regulatory framework for the supervision of microfinance activities was under approval when the 25th January revolution took place. Egypt has to wait for a new parliament to be adopted in order for this process to continue. In the meantime, a higher collaboration between actors (insurance companies, posts etc.) can be developed to alleviate the impact of the unfavourable regulation.
Objective and main activities	The objective is for ABA and DBACD to offer at least one savings-based microinsurance product on a sustainable basis as agent of MetLife Alico, CIL and/or Allianz Egypt. 15'000 clients will receive awareness building and sensitization sessions on the new product and 1'500 of them will buy the product by October 2013. It is expected that the collaboration between the two leading MFIs and the selected insurer(s) will invite others to replicate the microinsurance services. The main activities of the project are to: 1) Assist ABA, DBACD and the insurers to design at least one savings-based microinsurance product tailored to the needs of low-income people. 2) Develop actuarial pricing models for the product(s) and facilitate the margin negotiation process between the two distributors and the insurers. 3) To facilitate ABA and DBACD in conducting a transparent and competitive negotiation process for selecting the insurer(s) that offers the better insurance terms. 4) Develop operational manuals for ABA and DBACD on the marketing, sales, client information, premium collection, and claims management and settlement of the new product - including adaptation of the MIS of ABA and DBACD - in close collaboration with the selected insurer(s). 5) Assist the two MFIs and the selected insurer(s) in pilot launching and subsequent revising the product(s) and the operational manuals, as required for up-scaling. At the end of the project, ABA, DBACD and the selected insurer(s) will have gained the capacity to up-scale the product(s) without the need for external support. Both ABA and DBACD will also have the capacity to negotiate for better terms with insurance companies in distributing other savings and insurance products to their clients.