

## PROJECT FACTSHEET

<b>Title of project</b>	<b>SCBF 2012-08: Strengthening self-reliance and asset building strategies through microinsurance</b>
<b>Country/ region</b>	<b>Mozambique</b>
<b>Financial Intermediary</b>	<b>Microbanco FIDES Moçambique Lta (MBFM), licensed Microfinance Bank</b>
<b>Competence Centre mandated for execution</b>	<b>FIDES AG, Route de la Fonderie 2, 1700 Fribourg, Switzerland</b>
<b>Overall project budget</b>	CHF 235'930 (37% self-contribution by partner)
<b>SCBF contribution</b>	<b>CHF 149'800</b> (63% SCBF funding share)
<b>Date of project approval</b>	14.12.2012
<b>Project period</b>	01.2013 until 12.2014; put on hold in 10.2013 for much delayed receipt of banking licence of MBFM; restarted in 1.1.2015 with project period extended until 09.2015
<b>Context</b>	<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>
<b>Current status</b>	<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> <p>Due to a much longer than foreseen licensing process the bank had to temporarily suspend project execution in 10.2013. The bank has now started its lending activities and the portfolio is growing. This creates the basis for the initiation of insured savings products as a key element for the asset building strategies if its clients. The contractual relationship with the insurer (Hollard) is finalized in 09/2014 and lays the ground for a pilot roll out before the end of 2014.</p>
<b>Objective and main activities</b>	<p>The objective of the project is threefold:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <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>