

## Factsheet

### Swiss Capacity Building Facility (SCBF)

Switzerland is known worldwide for its highly developed financial sector. Directly and indirectly it employs 500'000 people and contributes to almost a fifth of Switzerland's gross domestic product.<sup>1</sup> Switzerland has succeeded in creating and attracting considerable human and financial capacities. Fortunately, development cooperation is also a beneficiary of this.

For this reason, in the *inclusive finance* sector (micro-finance, microinsurance, etc.), Switzerland is among the world's most important players: almost one third of the investment volume, approx. CHF 3 billion, is managed by Swiss providers of financial services. The approximately CHF 2 billion annually that is available for Switzerland's bilateral development cooperation appears small by comparison. Nevertheless, Swiss resources for development cooperation can be put to use flexibly as subsidies to mobilise the additional enormous human and financial resources of the private sector.



### Example of successful cooperation between the SDC and the private sector



The SCBF is a public-private development partnership that makes efficient use of the complementarity between the private and public sectors. The leverage achieved contributes to making essential improvements with relatively limited means to the conditions of life of large numbers of people<sup>2</sup>.

#### Who benefits from the SCBF?

The SCBF supports partner financial institutions wanting to make their services available to low-income households, smallholder farmers, and small businesses in Southern countries or to improve those they already offer. It merely finances a part of such investments in capacity building; the rest comes from the institution receiving the support, amounting to SCBF funding contributions up to CHF 150'000 per proposal.

#### Who belongs to the SCBF?

The SCBF is a registered association (exempted from income tax) in which currently 12 Swiss financial actors participate: Allianz RE, Bamboo Finance, Blue Orchard, Business and Finance Consulting (BFC), Credit Suisse, E-Savings.club, FIDES, KiWi, Swiss Microfinance Holding, Swiss Re, Stonestep and Zurich. The non-profit sector is represented by Swisscontact and Syngenta Foundation for Sustainable Agriculture, and the public sector by the Swiss Agency for Development and Cooperation (SDC). The heterogeneous composition of SCBF membership has the advantage of bringing together different complementary skills and knowledge. In addition, the companies concerned invest their reputations in the success of the proposed projects. Trust is therefore an important aspect of the cement that binds the SCBF. The members contribute in the form of:

- Human capital: the work that the individual members (including the SDC) do for the association is treated and quantified as "in-kind contributions".
- Financial resources: the bulk of the contribution of CHF 10 million comes from the SDC.

<sup>1</sup> <http://www.swissbanking.org/kmu-bak-studie.pdf> (in German).

<sup>2</sup> An external review carried out in mid-2014 estimated that the ambitious target of the 1<sup>st</sup> phase, i.e. 720'000 new low-income household, smallholder farmers, and small business customers and at least 4'000 per SCBF project proposal, will be achieved.

## How does the SCBF work?

The SCBF can, through its organisation as an association, approve small projects that would normally be too costly for SDC and other development agencies' procedures in a simple and effective way (see chart below), so that a first payout can be made within three weeks. At the same time the high quality is assured through the expertise of qualified specialists at all levels. Administrative costs are very low because of a well-designed division and organisation of tasks. An efficient secretariat (currently 1,9 full-time equivalents) coordinates and administers the project portfolio.

