

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2016-03: Pact Global Microfinance Fund - Claims Optimization for the Beneficiary Welfare Fund
Country / Region	Myanmar
Partner Financial Institution	PACT Ventures & Pact Global Microfinance Fund (PGMF)
Grantee	Stonestep GmbH
Overall Budget	CHF 91,754 (22% self-contribution)
SCBF Contribution	CHF 70,800 (78% SCBF funding share)
Date of Approval	18.12.2015
Duration	01.2016 until 06.2016
Context	<p>Myanmar, currently a Least Developed Country (LDC), has a high potential for growth with its recent and ongoing democratization, vast natural resources, abundant labour force and strategic location between Peoples’ Republic of China (PRC), India, Thailand, and Laos. A major goal of the Government of Myanmar is to increase access to financial services. Currently one in four Myanmar citizens remain poor, comparable with other countries in the region. 84% of the poverty is in rural areas, which depend mostly on agriculture for income.</p> <p>PACT, the partner financial institution, is a US-based International NGO which operates in more than 25 countries in Africa, Asia, Europe, and South America. PACT owns and operates the Pact Global Microfinance Fund (PGMF), which is the largest MFI in Myanmar operating since 1997. PGMF has a market share of 74% of all active MFI clients nationwide providing 1m loans per year. PGMF has a staff of 3,000, operating in 58 townships and covering 10,000 villages with a reach to 675,000 clients (99% women). PGMF operates a Beneficiary Welfare Program (BWP) providing risk-pooling to more people in Myanmar than does the entire formal insurance sector.</p>
Current Status of the MFI	<p>BWP’s footprint mirrors PGMF’s and is entirely unique in the market. Its intended purpose is laudable and even visionary. At the same time, BWP has material weaknesses which limit present performance and which will impact its long-term sustainability. In its present form, BWP is not regulated insurance but rather a program permitted by the Ministry of Cooperatives within PGMF’s microfinance license. It has insurance-like features, providing cash assistance and loan write-off for a variety of perils, but lacks insurance best practices.</p> <p>In the last two years the BWP reported over 90,000 claims, with 70% of claims reported from its child delivery. This has made a significant impact to the viability of the fund with 2015 being the first year showing a loss. Stonestep has partnered with PACT and PGMF to analyse the BWP claims processes to align and optimize it with insurance best practices.</p>
Objective and Main Activities	<p>The overall goal of this Product Upscaling intervention is to establish an operational claims baseline at PGMF HQ to understand program risks and to support technical decisions on workflow and decision de-layering. This will improve reporting, processes, and claims settlement line with best practices.</p> <p>Targetted improvements are:</p> <ul style="list-style-type: none"> - 0 claims open after 90 days - Reduce the number of open claims between 60-90 days by 50% - Reduce the number of open claims between 30-60 days by 25% <p>By the conclusion of the intervention, Pact and Stonestep will JV a new social enterprise specialized as a microinsurance service provider to further build PGMF BWP program and other channels. This intervention is the first step to establish a baseline to improve processes that will allow new product offerings and services.</p>