

Please note: The content in this application has been anonymised. Reference to partners or financial data have been removed or replaced with dummy data.

Application for Product Up-scaling Support	
Title of Product Up-scaling Support	Scale-up weather index insurance in Zimbabwe
Country of implementation	Zimbabwe

Notes on completing the application form:

- ✓ When completing the application form, please **stay within the given line limits** and follow the questions provided for your guidance. Only fill out **white** boxes.
- ✓ The application form will not be processed further unless the eligibility and selection criteria outlined at the end of this application and on the SCBF website are satisfied.
- ✓ Proposals should be submitted in **English**. In exceptional cases, applications can be submitted in French or Spanish – please consult the SCBF Secretariat prior to submission.
- ✓ All monetary values are to be indicated in **Swiss Francs** and larger financial figures in **CHF ,000**.

1. Proposed Product Up-scaling Support

1.1. General data

Team Leader (name, function)	Head of Africa at Blue Marble Microinsurance
Duration of Product Up-scaling Support	1.7.2020 to 15.6.2022
Overall cost (see Annex 1)	
SCBF share (see Annex 1)	(47%)
PFI contributions (see Annex 1)	(24%)
Grantee contributions	(30%)
Third party contributions (please identify the third party; see Annex 1)	
Further information/comments	

1.2. Short description of the Product Up-scaling Support (max. 80 lines – covering the 5 questions below)

1.2.1. What is the **substantive aim** and the **summary outreach targets** (consistent with 1.4.1) of the product up-scaling support?

Zimbabwe has been **severely impacted by climate change** in the past few years, including two droughts driven by **El Niño events in the 2015/2016 and 2019/2020 seasons**. The latter left **half of the population, nearly 8 million Zimbabweans, food insecure**¹. Blue Marble Microinsurance (Blue Marble) partnered with the Partner Financial Institution (PFI) to co-develop with smallholder farmers an innovative **weather index insurance product (the Product)** to offer protection against drought and excess rainfall for smallholder farmers across a wide variety of crops. In 2018, the partners **joined Organization A initiative** to customize the weather index insurance product to the needs of the program participants in building resilience.

The partners are aiming to scale-up the program to reach at least **4,000 farmers in the 2020/2021 season** and at least **10,000 farmers in the 2021/2022 season**. To achieve these targets, the partners have reviewed feedback from existing and potential customers and have identified the following pain points to sustainably scale-up the venture: 1. poor business development performance; 2. inefficient communication throughout the season; 3. inefficient pay-out processes; and 4. lack of awareness and education on climate risk mitigation and the role insurance can play.

The partners are submitting a separate **financial education campaign proposal to tackle point 4**. The **aim of this product up-scaling proposal is to tackle points 1 to 3**, for which we propose to invest in the following components:

- **Support in the customization of the product and its distribution to enable the scale-up by PFI:** customize the solution by crop, seed, soil and farming practice to meet the needs of each selected distributor, in particular by customizing the product to cover cotton and coffee working with two large agribusinesses, as well as offering support throughout the engagement
- **Digitalize key steps in the insurance value-chain to enable the scale-up of the venture and build its resilience against external shocks:**
 - **Streamline communications to agents** to enhance the speed, frequency and quality of the messaging delivered to farmers throughout the agriculture season
 - **Streamline and adapt the claims process** automating the notification and policy validation processes and explore the adjustment of the pay-out (mobile money and in-kind options) to accommodate the inflationary environment
 - **Build a retail feature-phone mobile app to enable remote onboarding of farmers** (This app will be built in parallel with the education app described in the Financial Education campaign proposed and packaged into a holistic mobile application.)

1.2.2. What are the **key milestones**, their **cut-off dates**, and the **concrete activity areas** of the product up-scaling support process (as illustrated in the Implementation Plan in Annex 1)?

- 1. Distribution Partners Engaged by 09.2020:**
 - **Business development support to PFI:** co-develop business development plan and provide support during the engagement of targeted distributors: 2 distribution partners contracted (MOUs and/or SLAs signed)
- 2. System Components Design Completed by 09.2020:**
 - **System design:** define key features of the build and build system
- 3. Products Design Completed by 09.2020:**
 - **Product design:** develop the customized Minimum Viable Products for all distributors, including cotton and coffee products
- 4. Completion of Preparatory Activities to Scale-up the Product by 09.2020:**
 - **Testing of the system and the products:** develop all materials and conduct testing with key stakeholders to collect feedback
 - **Development of final components:** finalize the solution based on the feedback collected
- 5. Finalization of the insurance structure by 11.2020:**
 - **Insurance onboarding:** equip all agents and officers with the package to onboard and service farmers and support the team throughout the onboarding process
 - **Finalize insurance structure:** support if regulator engagements are required in the term-sheet creation and the reinsurance contracting process
- 6. Launch of the Product: Onboard all customers by 12.2020:**
 - **Launch of the Product:** onboard all customers and finalize the insurance structure
 - **4,000 clients insured, 3 PFI staff trained, 10 agents or officers trained**
- 7. End of season evaluation report and adjustments based on feedback by 06.2021:**
 - **Insurance policies servicing and monitoring:** provide seasonal monitoring, ongoing communications and pay-out support
 - **End of season evaluation:** collect feedback and amend solution based on feedback
- 8. Completion of second year roll-out and final report by 06.2022**

¹ [WFP, December 2019.](#)

<ul style="list-style-type: none"> 10,000 clients insured, at least 15 new agents or officers trained
<p>1.2.3. What preparatory steps have been taken to date?</p> <p>The partners have been lined-up, and the major features of the product have been built over the past two years. In addition, as part of the data collected throughout the 2019/2020 season, four key pain points have been identified as indicated in section 1.2.1.</p>
<p>1.2.4. What innovations in 'pro poor' financial products and/or product delivery mechanisms are planned?</p> <p>The solution is formed by a weather index satellite-based insurance product covering drought and/or excess rainfall for a variety of crops, notably grains. The product has been co-developed with farmers through a human-centered design process that has lasted two years. The product has been distributed through two models: 1. agents which are equipped with a mobile enrollment app to sign-up farmers; 2. aggregators whose officers are trained through a train the trainer methodology to onboard and service their clients offering them insurance bundled with their service, e.g. credit. The mobile enrollment app is synced to a cloud-based policy administration system, which has CRM, index and policy modules to store all the policy data.</p> <p>The planned innovations are: 1. customizing the weather index product to each distribution partner by crop, seed variety, soil type and farming practices, leveraging the capabilities of Blue Marble to model the product to a wide variety of value-chains, including cotton and coffee; 2. expanding the innovative mobile-enabled agent and officer delivery mechanism; 3. streamlining through mobile-enabled technology two key processes, communications and claims; 4. launching and testing a mobile retail distribution channel through a feature-phone mobile app.</p>
<p>1.2.5. Mention any planned contribution to financial education of low-income clients</p> <p>The financial education of smallholder farmers is envisioned in two separate steps: 1. awareness building for new farmers through an awareness and education tool proposed to be built as part of the financial education proposal; 2. education on insurance and the product to the smallholder farmers identified by aggregators as described in the financial education proposal.</p>

1.3. Development relevance (max. 25 lines – covering the 3 questions below)

<p>1.3.1. Snapshot of financial inclusion vision of the government (documented by financial sector development blueprints; poverty reduction strategies, socio-economic development plans, etc.) and key strategies.</p> <p>In 2016, The Reserve Bank of Zimbabwe launched the National Financial Inclusion Strategy, which is a 5-year road map of coordinated actions. The strategy is due for renewal this year. The vision of the strategy is to have an inclusive financial system that is responsive to the needs of all Zimbabweans with the goals of increasing the overall level of access to affordable and appropriate formal financial services within the country from 69% in 2014 to at least 90% by 2020 and increasing the proportion of banked adults from 30% in 2014 to at least 60% by 2020. Specifically, in the agriculture sector, the government of Zimbabwe launched in 2016 the Targeted Command Agriculture Programme (TCAP), a state sponsored contract farming scheme.</p>
<p>1.3.2. Indicate financial inclusion nationwide and in operational areas of Partner Financial Institution(s): e.g. penetration rates for specific financial services, financial depth ratio, bank accounts per households, etc.</p> <p>As of 2014,² only 30% of Zimbabwe's adult population was banked. The percentage falls to 27% for women and 23% for the rural population. Regarding insurance, 70% of the adult population is uninsured, with lack of affordability followed by lack of awareness and understanding being the barriers for greater adoption.</p>
<p>1.3.3. Outline the financial inclusion market share of Partner Financial Institution(s) and its capacity in up-scaling client-oriented and gender-sensitive financial services (i.e. understanding of client needs, institutional and financial strength, and corporate governance of applying its social mission into practice).</p> <p>PFI in collaboration with Blue Marble has been developing a client-oriented methodology that includes a needs assessment, product testing and a post-season assessment to collect feedback to adjust the products and overall service season on season. Point 2.2.5 provides more details on the feedback collection.</p>

1.4. Expected outcome/results (max. 50 lines – covering the 6 questions below)

<p>1.4.1. Indicate increase in outreach of targeted clientele (as a result of the proposed support) at the end of the project and three years later after project-end, differentiated by client groups (i.e. low-income households, smallholders, MSMEs), gender, and location (rural, urban). Underpin main assumptions for the outreach projections with arguments.</p>

² FinScope 2014

<p>By the end of the 2020/2021 season, at least 4,000 farmers are expected to be served and 10,000 are expected to be served by the end of project, in the the 2021/2022 season. Later, the scale-up is expected to grow as follows: 20,000 in 2022/2023, 40,000 in 2023/2024 and 80,000 in 2024/2025. All clients will be low-income rural smallholder farmers.</p> <p>The main assumptions for the outreach projections are the following:</p> <ul style="list-style-type: none"> • Expansion of the aggregator distribution model, in particular by entering two new value-chains, coffee and cotton, with two large agribusinesses: Cotton alone is a value-chain with more than 300,000 smallholder farmers. We plan to progressively expand into these value-chains by onboarding farmers that are serviced by these agribusinesses. Discussions with these two distributors are advanced with the target of launching in the 2020/2021 season. • Expand the agent model by increasing the number of agents on-boarded and the reach to farmer groups: We are in advanced discussions with a large NGO and a seed company to onboard the farmer groups they are servicing. The onboarding would be done through agents and PFI staff we would equip with the agent mobile enrollment app. • Pilot the mobile retail model by offering farmers the option to enroll directly with their phones: This distribution channel will be tested to explore its potential.
<p>1.4.2. What amount of equity/debt investments are expected to finance the business growth of the Partner Financial Institution(s)?</p>
<p>An amount of CHF xxx self-financed by PFI's equity will be used to finance the growth.</p>
<p>1.4.3. Outline expected strengthened financial inclusion role of the Partner Financial Institution(s) and what positive demonstrative effects it may have on the financial sector concerned or even beyond?</p>
<p>A succesful scale-up of the product will likely result in other insurers and brokers following. In addition, such roll-out will need to match the quality standard set-up by the Product. Lastly, the scale-up includes bundling insurance with other financial services, like loans, to de-risk them, thus enabling the access to capital for farmers and expanding financial inclusion.</p>
<p>1.4.4. In what way (e.g. access to formal financial services per se, access to more client-oriented formal financial services, generation of income and jobs, reduction of livelihood risks, etc.) will the low-income client groups benefit and how will you measure it (e.g. by client satisfaction surveys)?</p>
<p>The scale-up of the Product will benefit low-income clients by: 1. providing access directly to formal financial services; 2. providing access to customized products offered through customized processed co-designed with them to meet their needs, so that they can have positive experiences with a formal financial service; 3. stabilizing their incomes and reducing their livelihoods risks by reducing the losses in bad weather seasons; 4. enabling their access to capital to invest in inputs and expand productivity.</p> <p>All of these benefits will be monitored through customer and aggregator surveys by the end of the season. Variables measured will include number of farmers reached, number of farmers insured, percentage of women reached, customer satisfaction, claims paid and total loan amounts enabled.</p>
<p>1.4.5 What quality assurance mechanisms will ensure meeting the expected results? (max. 10 lines)</p>
<ul style="list-style-type: none"> • To ensure we co-design customized products and processess, we will collect feedback on the content and channels to use for the development. • To ensure that clients are signed-up, Blue Marble will review and validate all data collected. • To ensure clients have a good experience, Blue Marble will work with PFI to collect upfront all mobile money accounts of farmers and integrate the pay-out module with its mobile money payment gateway to fast-track the process. • To increase the chances of enabling the access to capital, Blue Marble will work alongside PFI to identify lenders to involve in the distribution of the product.
<p>1.4.6 Please describe what kind of cost-effective measures have been taken to make the requested Product Up-scaling Support as efficient as possible (max. 10 lines)</p>
<ul style="list-style-type: none"> • The majority of staff contracted by Blue Marble will be regionally based out of Nairobi, Kenya, to reduce the cost of travel and rates associated with the project. • The tools being built leverage the existing Blue Marble cloud-based operating environment, reducing the need to build from scratch a system solution. • The main product features are already designed and have been approved by the regulator of Zimbabwe, thus eliminating the need of investing in developing a new product from scratch. • PFI has a broad network in Zimbabwe, which it is leveraging to identify suitable distributors to scale-up the product reducing intermediation costs.

2. Data on Applicant(s) and Partner Financial Institution(s)

2.1. General data on Applicant *(in case of a consortium/working group, the below data must be entered for each partner by copying the below matrix and indicating the lead agency)*

Name of company	Blue Marble Microinsurance
Address, incl. website	
Contact details (name, phone, e-mail)	
Legal status	
Endorsement by SCBF member	Zurich Insurance
Statement of self-interest	<p>Blue Marble Microinsurance (Blue Marble) is a UK social enterprise owned equally by eight insurance entities, including Zurich Insurance, with a mission of providing socially impactful, commercially viable insurance protection to the underserved.</p> <p>Blue Marble has five core values: collaboration, innovation, integrity, respect and transparency.</p> <p>Blue Marble's vision is to economically empower the underserved:</p> <ul style="list-style-type: none"> • To understand the factors that inhibit the economic development of the underserved • To develop innovative, customer centric solutions by bundling services • To master partnerships and networks in delivering these solutions • To make solutions affordable by using technological innovations to mitigate frictional costs <p>Blue Marble is interested in filing this application to be able to scale-up the Product it has co-developed with Zimbabwean farmers and the PFI. Blue Marble measures success through both social impact and commercial viability. In terms of social impact, the scale-up of the Product will enable a reduction of the protection gap in Zimbabwe and the access to insurance to a large population of underserved individuals in one of the poorest countries in the world. In terms of commercial viability, Blue Marble earns a fee on the premium that farmers pay. In order for the venture to be self-sustaining, it needs to scale-up, thus it is Blue Marble's self-interest to scale-up the outreach of the Product.</p>

2.2. Partner Financial Institution *(if more than one, the below data must be entered for each partner financial institution by copying section 2.2.1 - 2.2.4 below and pasting as 2.3.1 - 2.3.6, etc.)*

2.2.1. General data

Name of company	
Address, incl. website	
Contact details (name, phone, e-mail)	
Legal status; year of foundation	
Commercial register no.	
Type of financial institution	Financial services provider
Involved partners of Partner Financial Institution	
Shareholder structure	

2.2.2. Financial data and workforce (last 3 years and/or projections, as available)

Monetary value in CHF,000	[year -3]	[year -2]	[year -1]	[year 0]	[year +1]	[year +2]	[year +3]
Annual profit/loss							
Equity capital							

Total assets							
Number of personnel							
Operational self-sufficiency							
Return on assets							

Note: Audited accounts might be requested at a later stage.

For Financial Institutions offering 'pro poor' insurance services [please delete this table, if not applicable]				
Legal license: <input checked="" type="checkbox"/> Life <input checked="" type="checkbox"/> Non-Life				
Insurance Product offering: <i>please respond for all relevant product groups and fill in the below table for each product group by starting with the most important product group in terms of number of clients. Add further tables, if there are more than two relevant product groups.</i>				
1) Agriculture (crop, livestock)/Catastrophe (flood, drought, wind, earthquake)/Life (credit/plus, term)/Endowment/Funeral/Health/Property <i>[please delete all except the 1st important product group]</i>				
Type	<input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Voluntary			
Functions involved (e.g. underwriting; claims management & settlement; policy administration; sales & marketing, etc.)	Underwriting, claims management & settlement, client policy management, sales & marketing, product education and sensitization, collecting client data			
Target population (short description)	Our target population is vulnerable and low-income smallholder farmers who are largely uninsured. Weather index insurance would help this population to better manage the stresses of crop failures and natural disasters. Due to climate change, a significant risk facing these farmers is the uncertainty of timing and amount of rainfall. Our product protects farmers against drought and excess rainfall shocks.			
Specify distribution method(s) (e.g. Over-the-Counter; Door-to-Door; Mobile phone; Pre-paid cards; Telemarketing)	Brokers; Agents, Direct; Aggregators of farmers, such as banks, microfinance institutions, NGOs and agribusinesses.			
Projections	[year 0]	[year +1]	[year +2]	[year +3]
# total targeted low-income clients		4,000	10,000	20,000
a) # of premium holders		4,000	10,000	20,000
b) % of women premium holders	59%	59%	59%	59%
c) # staff trained	4	10	15	25

2.2.3. Short description of the Partner Financial Institution (max. 20 lines)

Short profile (ownership, financial services offered)
Vision/mission, business strategy and objectives (incl. targets for reaching low-income clients, smallholders, and micro, small and medium enterprises {MSMEs})
References, such as rating reports (please attach)
GCR Rating Report

2.2.4. Compliance with Smart Client Protection Principles or similar guidelines for banks (max. 20 lines)

How does the Financial Institution ensure compliance with the Smart Campaign criteria? [Please refer to smart campaign principles]
Endorsement of Smart Campaign: As an insurer, PFI has not yet endorsed the Smart Campaign
Appropriate product design and delivery: The business has a product design guideline which provides a generic list of issues that must be considered when constructing a product design specification. The guideline is contained in the Product Development and Monitoring Policy and forms part of the mandatory compliance requirements.

Prevention of over-indebtedness: N/A. PFI does not provide credit.

Transparency: The business has a transparency policy and all audited financial reports are open to the public. A proposal form is issued to the client explaining the cover. The client in return signs an agreement to the cover and pays the premium. PFI then issues a policy wording/termsheet that has a visible font size explaining the cover in detail. There is no information that is provided in fine print.

Responsible pricing: The business has a pricing guideline that is part of the Product Development & Monitoring policy. One of the key guiding principles in pricing is ensuring that it remains affordable to smallholder farmers. In order to achieve this, the design of the product is customized to the specific circumstances of a group of smallholder farmers, factoring in their farming practices, the seeds and crops they grow, as well as the soils they have. By working with distributors that incentivize good practices and provide access to quality inputs and factoring in these factors in the pricing enables us to reduce the rate as crops are better adapted to their agro-ecological zones.

Privacy of client data: The business has a Privacy Policy that outlines the high level requirements to prevent personal information about individuals or legal entities being used in an inappropriate manner and ensures compliance with legal and regulatory requirements for information privacy.

Fair and respectful treatment of clients:

Mechanisms for complaint resolution: The business has an approved procedure on handling of customer feedback. Customer feedback can either be a complaint or compliment. Feedback comes in the form of completed Customer feedback forms placed in all our service centres and dropped in a locked feedback forms box. Feedback can also be registered in customer feedback registers that are in service centres or by calling the business lines and these are registered in the Customer feedback register and tracked until resolved through line managers and escalated to the Marketing Manager.

2.2.5. Available social performance measurement data, including information about applied methodology.

if not available please indicate the results measurement mechanism (*max. 10 lines*)

PFI in collaboration with Blue Marble has been developing a client-oriented methodology that includes client feedback to adjust products and the overall service season on season. PFI conducts surveys in the form of post assessment forms to get customer feedback on variables such as satisfaction on the product and use of claim payments, in the case that claims are paid. In addition, PFI has a contact center with toll free phone numbers where customers can call in to provide feedback. Clients can also provide feedback through social media platforms such as WhatsApp, Twitter, LinkedIn, Facebook and Instagram. Satisfaction is measured by calculating the Net Promoter Score.

2.2.6. Key constraints to up-scale financial services massively to low-income clients (*max. 15 lines*)

with regards to regulatory environment, financial sector environment, corporate constraints, etc.

- Smallholder farmers **have little to no knowledge on agriculture insurance products**, hence the need for extensive training and education to sensitize the farmers
- Given the **increased frequency and severity of climate erratic conditions**, the **premium of these products is high**, which reduces the potential up-take from potential clients. Government's support to partially subsidize premiums would significantly help in boosting take-up in the country and closing the protection gap, however the government has so far expressed that they do not have the capacity to cover this cost. The efficient distribution of products aims at reducing the costs of the product
- **Currency reforms** implemented by the government could difficult the expansion of the product. The partnership with large aggregators that can sustain the impact of currency reforms, the review of key processes, including exploring in-kind claims, and the exploration of direct mobile engagement to reduce costs in the distribution aims to tackle this constraint to growth

2.3. Any additional comments (optional) (*max. 10 lines*)

Given the existing measures limiting mobility applied in Zimbabwe and around all consultant locations due to the Covid-19 pandemic, the project has been designed flexibly to enable remote work, especially in the first milestones of the project. As a result, the on-site days of consultants are limited, and in exchange the partners will make use of remote communication platforms to guarantee an effective transfer of knowledge. In addition, this flexible approach will enable the delay of initial field visits to as late as the end of 2020, if necessary. In addition, if the measures remain in place beyond this timeline, the partners have created a contingency plan which consists of offering aggregators group policies to customers they have data collected from, and enabling farmer's policy onboarding and servicing via the mobile applications built.

Lastly, note that as a result of Blue Marble’s investment in the capacity building of PFI’s employees for the past years, the trust built between both companies, PFI’s clear buy-in to the product up-scaling effort, as well as the inclusion of a local consultant in the financial education proposal, the partners have not included a local consultant for the product up-scaling proposal.

Annexes (Applications will not be considered without enclosing the following 2 annexes):

Annex 1: Implementation Plan & Budget & TOR (Terms of Reference): Please submit the Excel file together with this application form. To download the template, [click here](#). Fill in only the white fields of the Excel sheet, and remember to include days of consultants spent on-site and off-site.

Annex 2: CVs of all consultants proposed in Annex I (Submit one separate Word or PDF file)

I hereby affirm that all information provided in this application is complete and correct:

Name/title: Head of Africa

Date: 30/04/2020

Organisation: Blue Marble Microinsurance

Signature:

Please be aware the application form will not be processed further unless the eligibility and selection criteria outlined below are satisfied

SCBF Eligibility & Selection Criteria	
<input checked="" type="checkbox"/>	One of the eligible countries for SCBF funding <i>(mandatory when funded through SDC funds)</i>
<input checked="" type="checkbox"/>	Meaningful self-contribution of at least 20% <i>(lower rates may apply for state organizations and immature institutions as well as for FEW and FSW – project committee decides case by case on a minimum self-contribution)</i>
<input checked="" type="checkbox"/>	Involvement of senior management <i>(mandatory)</i>
<input checked="" type="checkbox"/>	Financial and institutional self-sufficiency is reached or on a clear path towards it <i>(if applicable)</i>
<input checked="" type="checkbox"/>	Proven social mission in serving low-income clients, notably women, preferably in rural areas <i>(mandatory)</i>
<input checked="" type="checkbox"/>	Compliance with responsible finance practices (Smart Campaign) <i>(mandatory)</i>
<input type="checkbox"/>	Social Performance Measurement System or Rating available <i>(desirable)</i>
<input checked="" type="checkbox"/>	Sufficient potential to reach at least 4,000 new clients (low-income households, smallholders and MSMEs) <i>(mandatory)</i>
<input checked="" type="checkbox"/>	Innovative financial services/insurance services and service delivery mechanisms with reduced transaction costs for clients and the institution <i>(desirable)</i>
<input checked="" type="checkbox"/>	Training of staff of financial institutions <i>(desirable)</i>
<input type="checkbox"/>	Mobilisation and development of local/regional competences through hiring of local consultants and by having international consultants spending at least 60% of their expert days in-country <i>(desirable)</i>
<input checked="" type="checkbox"/>	Contribution to industry building and knowledge sharing <i>(desirable)</i>
<input checked="" type="checkbox"/>	Focus on rather small TA teams and favouring medium-term specialists <i>(desirable)</i>