



FACTSHEET

August 2023

The Swiss Capacity Building Facility Eastern and Southern Africa

Priority: Private sector development and financial services

Phase: 3 (01.10.2020-31.12.204)

Location: Global, Eastern and Southern Africa (ESA)

SDC contribution: CHF 8'000'000

ESA's share: CHF 2'000'000

Project Overview

Today, almost one third of adults still do not have a bank account, access to microfinance or a mobile money provider. The majority of the population in the Global South has no insurance coverage to mitigate their livelihood risks. In all SDC partner countries, access to finance is a strategic bottleneck for low-income people, especially women and smallholder farmers, to unfold their economic potential to build more resilient livelihoods.

Launched in 2011, the Swiss Capacity Building Facility (SCBF) is a unique innovative public-private partnership of 30 key actors of the Swiss financial sector and of partners engaged in financial inclusion. It is a platform that funds technical assistance to enable financial service providers to develop and scale customer-focused financial products, channels and services in developing and emerging countries. The financial products and services include savings, loans, insurances, digital financial services, or financial education, among others. One of the strengths of SCBF is to raise and mobilise funds from cross-sectoral (public and private) partners.

In 2020 SCBF partnered with the SDCs' Eastern and Southern Africa division to fund projects

across the region. There are three grant funding windows: innovation & product upscaling, feasibility studies and financial education.

Since then, eleven projects have been funded in different thematic areas and funding windows: three digital financial services initiatives, one pension project, one savings project and six insurance programmes (including health, life and non-life insurance). Ten of these eleven projects are funded through the "product upscaling window" and one through the "feasibility study window". All of these inclusive funding projects were raised and co-funded through this partnership alone. A project-level matching ratio of CHF 1:1.04 was achieved, i.e. for every CHF 1 of ESA funding, SCBF gained another CHF 1.04 from other partners.

Overall Goal & Expected Outcomes

The SCBF promotes the financial inclusion of low-income women, vulnerable households, smallholder farmers and MSMEs in the Global South. SCBF plays a vital role in expanding access to financial services to underserved populations and promoting inclusive economic growth and development. Furthermore, the target groups should improve their financial literacy. In addition, the project shall attract further investments to fund the outreach and expansion of partner financial institutions.

Target group

The SCBF targets low-income women and vulnerable households, smallholder farmers and MSMEs, vulnerable youth, refugees and migrants. Since 2020, various projects have been funded

with financial support from ESA amounting to CHF 2 million, reaching over 1.2 million people (44% women).

Project examples

1: Scaling of digital micro-pensions and delivery of a retirement planning awareness programme for informal sector workers in Kenya

Pension coverage in Kenya is very low, especially in the informal sector (2019: 1.3%). There is a huge opportunity to increase the coverage of pension plans for workers in the informal sector. Building a functioning pension system benefits not only the older population but also indirectly the younger one, as it leads to parents being less dependent on the support of their children in old age.



The aim of this project is to raise awareness about retirement savings and promote inclusion to close the gap in social protection. This will be done using the long-term savings platform developed by the private insurance pension Mbao Pension,

which targets low-income informal workers who were previously excluded. To make the system easily accessible, user-friendly and scalable, the registration process will be digitised via simple mobile phones and contributions of any amount can be paid flexibly, digitally, easily and voluntarily.

Upon completion of the project, the financial institution should be able to improve retirement planning for the target groups, with the platform having the potential to reach 15,000 new savers.

2 & 3: Delivering Housing Impact Insurance in Kenya & micro-property Insurance Scale-up Programme

Around 35% of Kenyans do face the challenge of losing their homes, companies, or property to fire, flood, theft, or eviction. Property risks for

low-income people have a direct impact on their survival, and for MSMEs, the impact on their businesses has a direct impact on their livelihoods and resilience. There are hardly any products on the market tailored to these segments to protect them against such risks.

Through the SCBF, Switzerland supports two projects that focus on this niche market. APA Insurance and Britam offer property insurance for low-income households and MSMEs.

SCBF support expands the technical capacity for a demand and supply side review of the micro property market to understand the barriers to expanding supply and possible solutions. The main activities of the project include: Reviewing supply and demand, mapping the customer journey using Human Centric Design, educating and raising consumer awareness through gamification as an educational tool and expanding the sales strategy through new channels, including a digital platform.

The SCBF's support enables Britam to test new, innovative and experimental products with high potential for replication. The main outcome of this project will be the design, development and launch of a new digital innovative property insurance product and bundled services that will benefit low-income households. This end-to-end digital approach (from digital distribution to claims management) is expected to eliminate the previous inefficiencies and unlock this untapped market potential.

Upon completion of the two projects, the two insurance providers are expected to be able to offer new, efficient and sustainable non-life insurance solutions and services to approximately 410,000 customers, of which at least approximately 335,000 will be MSMEs.

IMPRESSUM

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