



International
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Annual
Report

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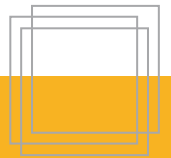
SOCIAL FINANCE



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PREFACE

Banks must choose a new path. They need to recognize that the health of their businesses is inextricably linked to the long-term prosperity of their clients and communities and to sustained local and global economic growth. They have to turn their tremendous capability for innovation to financing consumer, social and environmental solutions that benefit society while increasingly representing good investment opportunities for private capital.

- Michael Porter, Harvard Business School



Do Michael Porter's words sound too good to be true? Maybe, but they convey a compelling vision of how financial service providers – such as investment funds, banks and insurance companies – ought to use their resources; that is, not only to pursue higher returns for their shareholders, but also to contribute towards a greater good. That is certainly the aspiration of the Sustainable Development Goals, which seek to involve the private sector, including the financial sector, to accomplish a range of development outcomes.

The typical ILO stakeholders are determined by the organization's tripartite structure of employers' and workers' organizations and government. However, these are not the only stakeholders interested in and capable of promoting Decent Work. In fact, to enhance the effectiveness of the organization, it is important for it to marshal additional contributors to help create more

and better jobs. Few prospective contributors are as potentially powerful and influential, and have as much leverage, as the financial sector.

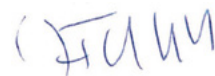
Of course, some stakeholders are sceptical about the potential of the financial sector to contribute to a development agenda, or at least their motives, and that scepticism is certainly deserved. Following the financial crisis a decade ago, the global economy remains in a precarious state, and financial institutions are not known for their largesse. But we are not asking for them to be kind-hearted (for the most part); instead, the ILO's Social Finance Programme engages with the financial sector to explore how it can contribute to the Decent Work Agenda through a triple bottom-line approach that balances profitability with positive social and environmental outcomes.

For example, by incorporating the principle of Decent Work into their services for, and transactions with, small and medium enterprises, financial institutions can make a positive contribution to the world of work, by creating jobs, improving productivity and occupational safety and health, promoting the formalization of businesses, and reducing child labour. Similarly, investment funds can use due diligence assessments of potential investee companies not simply to trigger a go/no-go decision, but to develop an action plan to improve working conditions. In both examples, the financial service providers can contribute positively to development objectives without jeopardizing financial returns. In fact, we believe that by adopting socially-oriented approaches, financial institutions will get better financial returns in the long run.

To achieve decent work outcomes, financial institutions may need to broaden their relationship with their clients, and offer a range of financial and non-financial services, such as entrepreneurship training or financial education. For investors, this might involve providing technical assistance alongside funding; for insurers, it could involve supplying value-added services that provide benefits to policyholders even if the insured event does not occur, such as weather reports or discounts on medicines.

The potential of the financial sector to contribute to better working conditions and to have a positive influence on the future of work, has grown significantly as a result of rapid digitization. The emergence of mobile money and e-banking creates opportunities for the financial sector to reach under-served market segments. New payment platforms also link local entrepreneurs with customers around the world, facilitating the expansion of some segments of the gig economy. On the other hand, these exciting opportunities could also pose significant consumer protection challenges, and careful consideration is required to ensure that technology is indeed contributing to development objectives.

The potential of finance to catalyse economic development cannot be overstated, but the financial sector needs to be nudged to contribute more meaningfully to the development agenda. It also needs to be properly regulated to reduce the likelihood that another crisis will occur. To that end, the Social Finance Programme continues to engage with three sets of financial institutions – banks, investors and insurers – and with policy-makers, to expand the financial sector's contribution to social justice and Decent Work.



CRAIG CHURCHILL
Chief, ILO's Social Finance Programme

OUR PROCESS FOR CREATING IMPACT

THREE INTER-LINKED INITIATIVES

TESTING NEW APPROACHES

Learn to innovate with key players to push the financial service frontier to make its impact more equitable



- Support innovation projects with leading providers
- Maintain partnerships with think-tanks
- Undertake focused evaluations
- Conduct action research



KNOWLEDGE AND CAPACITY BUILDING

Document lessons and translate them into practical solutions, act as a global knowledge hub and build the capacity of key stakeholders



- Develop a practice-based training curriculum and tools
- Coordinate peer-to-peer learning and communities of practice
- Create a sustainable capacity-building infrastructure: e-learning and partnerships with local and regional training providers
- Host one of the world's largest resource centres on financial inclusion



ACCELERATING THE DEVELOPMENT OF AN EQUITABLE FINANCIAL SECTOR



- Facilitate stakeholder coordination
- Strengthen financial service providers through “innovation” funds, training and technical assistance
- Stimulate demand by building trust in financial services
- Enable financial service users to take informed financial decisions through financial education
- Encourage investors to consider the social and environmental impact of their investments
- Promote an enabling environment

GUIDING PRINCIPLES

SUCCESS INDICATORS

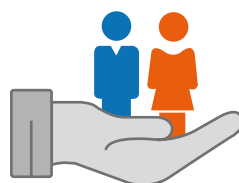
LEADERSHIP IN
CONSUMER-
CENTRED
SOLUTIONS

DRIVEN
BY EVIDENCE AND
EXPERIENCE-BASED
LEARNING

STRONG
PARTNERSHIP
CATALYST



Reached scale



Ensured client value



Improved practice



Shared solutions



Accelerated
sector development

MEASURING OUR PROGRESS

During 2018 we continued to encourage innovative approaches to some of the most important issues facing the financial sector, and then shared the resulting insights with relevant stakeholders. Below are a few of the indicators showing the impressive results we achieved with social finance and insurance professionals, and with their clients.

We supported the extension of responsible financial services to more than 1 million clients

In 2018 our active projects reached just under 1 million low-income households, smallholder farmers, and micro and small enterprises, largely in Africa. Cumulatively, we have supported organizations that have benefited more than 4.2 million clients since 2008.

We shared cutting-edge solutions with more than 140,000 stakeholders

Since 2008 we have shared insights and experiences resulting from our work with the financial sector with over 496,000 stakeholders around the world, providing them with cutting-edge solutions to the issues they face. In 2018 alone, we reached over 140,000 stakeholders (of which 40 per cent were women), including 3,700 through direct interactions such as training courses, events and webinars. The remainder consisted of subscribers and those reached through our website and via social media. As illustrated in Figures 1 and 2, this outreach was spread across geographies, and it included quite a diverse set of stakeholders.

FIGURE 1. PEOPLE REACHED, BY REGION

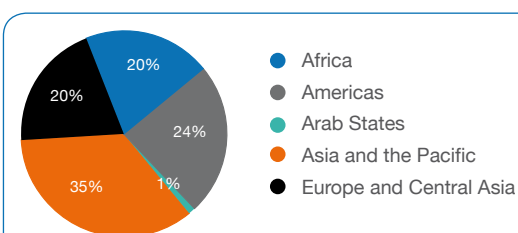
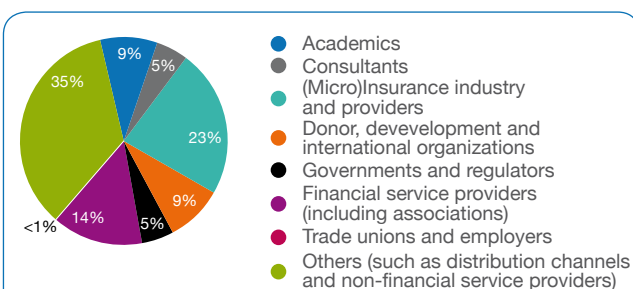


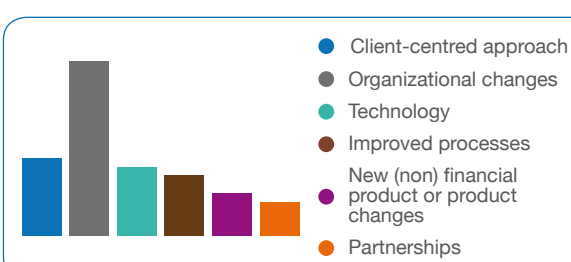
FIGURE 2. PEOPLE REACHED, BY AUDIENCE TYPE



We improved the practice of 48 organizations

During 2018, 48 organizations reported improvements as a result of our work with them, either through capacity building or through partnering with us to implement projects. The improvements, summarized in Figure 3, ranged from changes in the organizational structure to the introduction of a new product, or the modification of the processes associated with an existing product.

FIGURE 3. TYPES OF IMPROVEMENTS ACHIEVED



Progress achieved on policy-making

In 2018, we advised central banks and other government institutions in at least seven countries on their national policies or strategies on financial inclusion, financial literacy or rural finance. In addition, we supported industry associations such as the Social Performance Task Force, the European Microfinance Platform and the Microinsurance Network, as well as management and expert groups of organizations, such as the Organisation for Economic Co-operation and Development (OECD) and the United Nations Environment Programme.



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1 FINANCIAL INCLUSION

The promotion of social justice is the foundation of the ILO. When one applies a social justice lens to the financial sector, financial inclusion becomes an important objective, so that all persons, regardless of their income or social status, have access to relevant financial services, and know how to use those services appropriately. The promotion of inclusive financial markets requires engagement with three main sets of stakeholders, as shown in Figure 4: (1) policy-makers and regulators; (2) financial institutions, including both banks and non-banking institutions such as microfinance institutions; and (3) clients and prospective users of financial services.

FIGURE 4. THE THREE SETS OF STAKEHOLDERS REQUIRED FOR THE PROMOTION OF INCLUSIVE FINANCIAL MARKETS





Participants at work during the training "Financial education: Programme design and implementation for policy-makers and practitioners".

Engagement with policy-makers

National financial education strategies. To progress towards inclusive finance, it is essential to create an environment that enables the financial sector to reach under-served market segments. This year, the ILO launched a new training programme that brought together all the accumulated experience, lessons learned and best practices on financial education from a variety of actors and institutions globally. "Financial education: Programme design and implementation for policy-makers and practitioners" draws on more than 15 years' experience in financial education at the ILO and its International Training Centre (the ITCILO), as well as on the experience of other leading agencies and practitioners.

With the 26 participants from 15 countries, including policy-makers from Georgia, Indonesia, Jordan, Morocco, Nigeria, the Philippines and Zambia, we looked at the process of designing a financial education programme and reviewed the frameworks they currently had in place.

Ultimately, the course aimed to explore institutional and governance arrangements, understand client segments and analyse the role of partnerships in the design and delivery of a financial education programme. During the course, participants designed financial education outreach strategies for their respective target groups and prepared action plans ready to be discussed and developed further when they got home. The [2019 course](#) will take place from 7 to 11 October.

BOX 1: FINANCIAL EDUCATION: PROGRAMME DESIGN AND IMPLEMENTATION FOR POLICY-MAKERS AND PRACTITIONERS – FEEDBACK FROM COURSE PARTICIPANTS

Mariam – National Bank of Georgia, Consumer Protection and Financial Education Department

“In Georgia we are in the process of designing the action plan for the implementation of the national strategy for financial education and I believe that the practical knowledge and tools that we have received here will be very helpful for us. I would recommend this course to all policy-makers who are interested in financial inclusion or who are in the process of implementing their national strategy for financial education.”

Abubakar – Central Bank of Nigeria, Consumer Education Division

“This course is really interesting. I learned so much. As soon as I get back to Nigeria I will make sure I implement some of the learning points from here. I will certainly recommend it to my colleagues and other people who are interested in financial literacy.”

Women’s empowerment. For several years, the ILO and the Central Bank of Zambia (BoZ) have worked together to promote financial products that are tailored to the needs of female entrepreneurs, using the ILO’s [Female And Male Operated Small Enterprises \(FAMOS\) Check](#). The main goal of the collaboration are to equip staff within the BoZ and other financial institutions in Zambia with better skills for dealing with female entrepreneurs, who are often excluded from financial services because the services provided by the financial sector show no awareness of gender issues and the specific needs of women. In 2018, the collaboration was evaluated and the study found that approximately 150 staff from the BoZ and the banking sector had been trained as FAMOS Check implementers. The financial institutions improved their policies, revised their communication strategies, adapted their product offering, and thereby reached women more effectively. The results of the study, including the challenges encountered, will be published as a joint working paper with the [Alliance for Financial Inclusion \(AFI\)](#) in 2019.

Building on these positive results in Zambia, the ILO started similar discussions with the Central Bank of Egypt (CBE), in order to increase women’s

financial inclusion in Egypt. The ILO helped the two central banks share their expertise (an example of South–South knowledge-sharing), a process that started when the BoZ presented its experience of the FAMOS Check at an event about women’s financial inclusion organized by the CBE in December 2018.

Social performance. One way to increase the likelihood that the financial sector will contribute to social objectives is through the management and assessment of social performance. To enhance the effectiveness of social performance management, the ILO and the [German Academy of Cooperatives](#) co-founded a new action group on Human Resources Development, under the auspices of the European Microfinance Platform. The objective of the group is to promote Human Resources Development as an integral part of good business practice in microfinance institutions. The work of the action group is very timely as it will feed into the process of revising the [Universal Standards of Social Performance Management \(USSPM\)](#), which will begin in 2019. To contribute to this work stream, the ILO is preparing three working papers on the USSPM on Treating Employees Responsibly. They will be authored by [Microfinanzas Rating](#).

Engagement with financial institutions

Bundling financial and non-financial services.

The bulk of our work in the financial inclusion arena involves working directly with financial institutions. One of our most ambitious efforts is the PROMISE IMPACT Project in Indonesia, funded by SECO (Swiss State Secretariat for Economic Affairs), where we are working with 13 financial service providers to test “bundled services”. These providers include rural banks, development banks, and credit and saving cooperatives. To create greater value for clients, and contribute more to enterprise development, our partners agreed to offer business development support to their small enterprise clients, alongside the financial services they were already offering. While the impact of providing enterprise development and financial services has often been assessed separately, PROMISE IMPACT is trying to measure it when the two are provided in tandem. In this regard, more than 5,000 small enterprises were randomly selected from among the clients of the 13 financial service providers. The enterprises were divided into three treatment groups, totalling 3,785 clients, while 1,897 enterprises were assigned to a control group to compare the effects from the pilot interventions.

While it is too early to demonstrate quantifiable results, reports by the financial service providers show a greater engagement between the clients and the staff of the institutions. On the demand side, and according to anecdotal

information, clients are willing to apply new knowledge, and there are some indications of behavioural change. For example, some clients are now saving more and have started to separate money for business from the money they use for their household consumption. Loan officers also reported examples of clients who were using new ways of marketing their goods, such as through e-commerce platforms.

On the supply side, the hypothesis is that inexpensive and effective non-financial services can pay for themselves through lower loan losses and enhanced customer loyalty. Thus far, an important change among the service providers is that several of them are now making a greater effort to understand not only the needs of their clients, but also the sectors in which these clients are operating and the opportunities they may have to expand their services. The relationship between the service providers and their clients is gradually changing from being transactional to being a partnership, which should build greater client loyalty and in the long term ensure more business for the financial institutions.

At the policy level, the project also works with the Financial Services Authority or Otoritas Jasa Keuangan (OJK) and the Ministry of Finance. Involving the policy-makers from the beginning has demonstrated to them the value of an alternative approach to financing small businesses. Besides generating evidence from the pilots, the project has raised awareness among policy-makers about alternative ways of providing finance to small businesses engaged in the production sectors.



Our project "PROMISE IMPACT": Working directly with financial institutions in Indonesia to bundle financial and non-financial services.

© Social Finance

The learning from the project is now helping policy-makers to shape national schemes, such as the Kredit Usaha Rakyat (KUR) and UltraMikro (UMI). Through the KUR, the Government is trying to reach small enterprises by providing partial credit guarantees and interest subsidies for banks participating in the scheme. On the other hand, UMI is targeting microenterprises by extending a line of credit to credit and saving cooperatives for on-lending to small businesses at an attractive interest rate. PROMISE IMPACT is also advising policy-makers on measures to minimize market distortions, provide better oversight of national schemes, and mainstream social performance.

Integrated risk management solutions.

Small enterprises and low-income workers are more vulnerable to risks than the rest of the population, and yet they are the least able to cope when crises occur. Many shocks – such as the illness or death of a breadwinner, the theft or breakdown of productive assets, and the destruction wrought by disasters – have an adverse effect on incomes, while creating the additional challenge of increased expenses. Under these circumstances, the working poor take a range of undesirable actions, such as selling their assets, borrowing at unfavourable rates, eating less or removing their children from school. These coping strategies have long-term implications, such as lasting poverty, over-indebtedness, malnutrition and an uneducated

workforce. To address this complicated challenge, a more integrated way of supporting risk management is required.

Financial institutions need to innovate and offer integrated solutions that bundle different forms of protection – for example, a commitment-savings device combined with an emergency loan that could be accessed if a risk event happened. If these products include an insurance component for high-cost yet infrequent events, plus basic prevention measures to reduce the household's exposure to risk in the first place, then financial services can have a much greater impact.

Some of these integrated products are being tested, especially those specifically targeting health risks, as illustrated in [this recent paper, *Financial inclusion and health*](#). However, few organizations have developed products that combine savings, credit and insurance.

Through a [new partnership with The Prudential Foundation](#) that was launched in 2018, the ILO is supporting five financial institutions in the Philippines, Indonesia and India to implement an integrated risk-management solution for their clients. The objective is to test how these solutions, which use digital technology, can improve customers' ability to manage risks while also reducing their vulnerability.

Workers' Banks. Trade unions can also be an effective channel for facilitating access to finance for their members, so Social Finance has been working with several unions to gain a better understanding of how that potential can be fulfilled. In 2018, we focused on documenting the experience of trade unions in establishing workers' banks, including cases from Japan and Tanzania.

In Japan, we had a closer look at the Rokin Bank model, which was initially set up by Japanese trade unions to facilitate members' access to credit in the 1950s. In 70 years, the Rokin Bank model has grown into a network of 13 banks across the country. It has more than 51,000 members (the majority of whom are trade unions, followed by consumer cooperatives and work-related organizations) and 11 million individuals (trade union members,

workers and consumers). The network benefits from specific legislation (the Labour Bank Law), an apex organization (the Central Bank of Rokin Banks) and a trade association. Over the years, the Rokin Banks have often had to adjust to the changing environment and adapt their products and services to remain relevant. This is especially true in today's context. Decreasing unionization rates, increasing numbers of workers engaged in non-standard forms of work, greater poverty and inequality, and fierce competition from other financial institutions are all affecting the Rokin Banks and their operating model. As a result, the Rokin Banks have started to rethink how they can best serve workers – in particular vulnerable workers, whether or not they are trade union members – with relevant financial services, while maintaining the human touch that has characterized their delivery model. You can learn more about the experience of Rokin Banks in the recent publication [Rokin Banks: 70 years of efforts to build an inclusive society in Japan through enhancing workers' access to finance](#).

In Tanzania, Social Finance documented the case of the Mwalimu Commercial Bank (MCB), which was established by the Tanzania Teachers Union (TTU) in 2016 to serve its members. The case study reviews the process that the TTU followed, from the initial idea and the rationale behind the creation of a bank, to the practical steps taken to establish the bank, and the first few years of operations. The case highlights the success of the MCB in serving teachers and government employees with relevant financial services, but it also illustrates the challenges that the bank is facing, including legal requirements, competition from other financial institutions, insufficient outreach, and the limited awareness of the teachers about the governance of the bank.

These two distinct studies, looking at a well-established worker bank and a very young one, offer an opportunity for other trade unions and workers' organizations to learn about how to facilitate access to finance for their members, as well as providing them with inspiration. The two publications, as well as more information on our engagement with workers' organizations, can be found on [our website](#).



Financing social and solidarity economy organizations (SSEOs). The need for new business models lies not just with the financial institutions, but also with enterprises themselves. Consequently, in collaboration with the ILO COOP unit, and with the financial support of the Government of France, we are looking into the roles of the social and solidarity economy and social finance in sustainable development and the future of work. In 2018, we studied 12 SSEOs, including cooperatives, social enterprises and associations in nine countries (Argentina, Belgium, France, Morocco, the Netherlands, Senegal, South Korea, the Philippines and Switzerland) and looked at their financing needs and mechanisms.

The research found that finance was one of the primary constraints for SSEOs. Explanations for the financing challenges include their double bottom-line objective (financial and social), which makes them less attractive to investors, the perception that the social economy needs to be subsidized, and market distortions that can induce sub-optimal institutional performance. However, the research highlighted that SSEOs are already diversifying their sources of financing and are looking at alternative financing mechanisms to support their mandate. The research has underlined that mechanisms such as social impact bonds, crowd funding, flat-rate pricing, and complementary currency have the potential to finance social and solidarity enterprises without jeopardizing their key principles. The results of the research will be published on [our website](#) in 2019. In addition, we will organize an international conference to ensure that the findings are widely disseminated.



MSME development in Sierra Leone: Networks and industry associations play a key role in advancing financial inclusion.

Micro, small and medium enterprise (MSME) development in Sierra Leone. Networks and industry associations play a key role in advancing financial inclusion. They promote and disseminate good practices among their members, strengthen their members' capacities, advocate for a conducive regulatory framework, and represent their members and the industry vis-à-vis the regulators, other government institutions and development partners.

In the context of an MSME development project in Sierra Leone, Social Finance and ITCILO delivered a course on the role of networks and industry associations in promoting financial inclusion. The course aimed to bolster the capacity of networks and industry associations to provide relevant financial products and services, and keep them relevant to their members' needs. The course gathered senior officials from

the associations of microfinance institutions, rural finance institutions, credit unions and commercial banks, as well as from government institutions and other support organizations.

Beyond building capacity, the course provided an opportunity for the networks and industry associations to gain a better understanding of their respective mandates, memberships, governance structures, products and services. It also clearly highlighted the need for stronger collaboration among networks and industry associations, and with regulators, in order to achieve greater financial inclusion. We will continue our engagement in Sierra Leone in 2019 by directly strengthening the capacities of financial service providers and introducing our financial education programme.



Our financial education programme: certified trainers in Tunisia and several other countries help us to reach thousands of beneficiaries.

Financial education

In addition to working with policy-makers and financial institutions, to develop a market for social finance, it is necessary to have educated and informed consumers. To that end, the ILO has further developed its financial education programme through numerous [tools and resources](#) as well as enhanced processes.

In Morocco, where our financial education programme has already reached over 100,000 beneficiaries since 2016, thanks to a successful collaboration with the Fondation Marocaine pour l'Education Financière (FMEF), we focused our efforts on certifying the trainers who were

trained in 2017. We assessed and certified nine national trainers in June 2018. As ILO certified trainers, they can roll out the financial education programme with the expected quality and build the financial capabilities of a greater number of women, young people, entrepreneurs and migrants. A handful of these trainers are also engaged in the second-level accreditation process, which will allow them to train trainers in Morocco and the region. Once these higher-level trainers are fully certified, the FMEF will be able to accelerate the dissemination of the training programme in a sustainable manner.

Other training courses for trainers and further adaptations of our financial education materials are taking place in Afghanistan, Argentina, Cabo Verde, Mauritania, Tunisia and Zimbabwe, and many of the trainers are innovating to enhance their impact (see Boxes 2 and 3). In addition, we strengthened our training

activities with the completion of an e-learning programme on financial education as well as a training kit on financial management for micro and small enterprises. Both sets of materials will be rolled out in Morocco in 2019 and will be available for use in other countries.

BOX 2: RADIO SHOW – ILO TRAINER SHALOM GOVERO, ZIMBABWE



“We decided to go on radio. This was through a suggestion from one of our financial education trainers. We looked for opportunities, and a radio DJ who was looking for content agreed to have us on his Sunday show (during one of his off-peak slots). The station has over 80 per cent national coverage, with a potential of 11+ million listeners country-wide. With transmission sites all over the country and an online presence, we took the chance to design our [first radio series on money](#). We adapted the ILO’s package Financial Education for Workers in Africa. The beauty of radio is that it takes information to where the listeners are, with a considerably small budget. We ran the #MoneySeries for ten weeks, 30 minutes every Sunday as of January 2018. Each show was given a contextual twist and made use of local examples to make the information relevant. It’s been a great way to break down money issues and point people to our financial education workshops so that they dig deeper and learn more.”

BOX 3: IMPACT OF FINANCIAL EDUCATION

As part of a project aiming at promoting youth employability and employment in the north east of Tunisia, the ILO partnered with the national employment services agency (ANETI) to guide and support young people in their quest for better financial literacy.

After five days’ face-to-face training with a group of young job-seekers, the employment services advisers decided to innovate. Over the course of eight weeks, they organized individual sessions for the participants who seemed to need to go into a particular issue in more depth. In these sessions the participants were guided individually to use what they had learnt from the financial education training to change their attitudes and behaviour, for example by managing their own budget according to the priorities they had set for themselves, postponing purchases to the next day to give themselves the opportunity to think whether the item was really needed, or using the budgeting app *Masroufi*.

This approach led to very positive results. A total of 689 learners have gone through the process: 42 per cent of the group opened a savings account, 28 per cent decided to change professional direction and move towards entrepreneurship, and 27 per cent reached the financial objective they had set themselves during the training. In addition, seven beneficiaries of the training had been over-indebted and managed to pay off their debts by the end of the process, while 24 set up an emergency savings fund, and 23 managed to secure a loan to start their businesses.



2 IMPACT INSURANCE

Insurance is a key tool for managing risks, yet it is often unavailable to the people or enterprises that need it the most. To help rectify this market failure, the ILO's Impact Insurance Facility has been working for the past ten years to encourage insurers to target under-served market segments with appropriate risk management tools. Our primary role is to serve as a knowledge hub – to extract lessons from leading organizations that are pushing back frontiers of insurance, and to promote those lessons so that other industry stakeholders do not have to reinvent the wheel or repeat mistakes.

This section is in three parts. The first part highlights some of the lessons that we learned in 2018 from insurers aiming to contribute to social and economic development. These insights are often gleaned thanks to Impact Insurance Fellows who are working on the ground to support leading companies with innovative approaches (see Box 4). The second part highlights some of our efforts to promote those lessons through knowledge dissemination, training activities, and market development efforts. The third section considers public-private partnerships where governments are looking to the insurance industry and other private sector stakeholders to help them become more effective, particularly in the context of agriculture and health insurance.

BOX 4: THE IMPACT INSURANCE FELLOWSHIP PROGRAMME

The ILO's Impact Insurance Fellowship Programme matches qualified insurance professionals with organizations working on the frontiers of impact insurance. It provides a unique opportunity for professionals to gain hands-on experience and learn to adapt their expertise to the low-income market.

The Fellowship Programme continued to grow in 2018, with four additional fellows joining to support partners in Asia, increasing the number of active Fellows to 18.

Seven Fellows supporting partners in Africa graduated from the fellowship programme in 2018. We had a conversation with three of them to ask what were they doing, and how the fellowship helped them advance in their careers and stay in the sector.

"This fellowship met my expectations, giving me the opportunity to gain practical experience in emerging markets. It helped me realize that innovating in a business-as-usual environment often requires an external change agent to succeed. It also taught me the importance for incumbent players to be able to team up and invest in technological and distribution partnerships, in order to deliver innovative projects. The fellowship opportunity showed me the importance of access to financial services in developing emerging economies and of empowering people."

– Cedric Roux, Fellow hosted by SUNU Assurances in Cote d'Ivoire

Cedric is now supporting a group of FinTechs to deliver financial services to business customers by designing and implementing forward-looking risk management frameworks and governance, which will evolve throughout their lifecycle, from proof of concept to scale-up, in order to mitigate the operational risks impeding their strategic objectives.

In August 2018, Saurabh Sharma completed his fellowship in Nairobi, Kenya. On completion, he was immediately hired by his host organization, Britam. He is now the General Manager of all microinsurance business at Britam.

"The fellowship not only met but also exceeded my expectations. My main objective for the fellowship was to gain operational experience by working within an insurer, as I had previously worked primarily in advisory roles. The fellowship allowed me to work within a large insurer and helped me not only to understand but also to contribute to its business in product development, operations and partnership development. My best takeaway has to be all the learning I had by interacting with experienced professionals at Britam, and with co-Fellows and the ILO. This formed a large learning eco-system that was amazing. My new role at Britam is a direct result of this experience as Britam believed that my holistic understanding of their microinsurance business would be very helpful to the business."

Olisa Gravney, hosted by Nyala in Ethiopia, completed her fellowship in June 2018. "After ten years of working in traditional commercial insurance, I decided that I wanted to move into microinsurance or a social impact role, and I do not regret it. From partnership creation to internal negotiations, from consumer research to product development, my fellowship helped in developing skillsets and gave me exposure to working with low-income people as well as institutions that serve them."

Olisa emphasized that it was tremendously helpful that she had had a mentor and stressed the importance of the guidance she had received from the ILO. Olisa is now engaged in the capacity of Microinsurance Consultant with CDF Canada and based in Lilongwe in Malawi, where she is developing a new agricultural (drought) insurance product to be rolled out in the country.



The Impact Insurance Facility has over a decade's worth of experience in working with the insurance industry. Munich Re Foundation's annual conference is one of the main events for collaboration.

Engagement with the insurance industry

Change management. To serve emerging market segments effectively, insurance providers need to go through a systematic change process. Traditional insurance company structures are not flexible, nor are they designed to tap into this market. The cost structure is a particular concern for insurers, as they are under threat from technological advances that are likely to upend their standard business models. Companies that have succeeded in serving the low-income market, however, have learned many lessons about creating efficiencies that are relevant for their conventional

business as well. For example, significant restructuring is required for insurers that want to serve new market segments, where the business is based on lower margins per policy and great volumes of policies. Yet bringing about such change in a large and traditional organization is a frustratingly difficult task.

Insurers may need to improve their operations, retrain their staff, secure new partnerships, improve their governance or revise their organizational structure in order to become more client-centred, more efficient and more innovative. All of these components should be addressed as part of a change management strategy.

Over the last few years, with support from Agence Française de Développement (AFD) and Financial Sector Deepening Africa (FSDA), we have been supporting organizations in sub-Saharan Africa to go through a change process based on the six steps outlined in Figure 5. The experiences from these projects have been consolidated into a new paper *Make change happen*, which is available for others who wish to go on a similar journey.

The digital dimension. Many of the change projects involved introducing some element of digitalization in order to increase access to the products, reduce the company's costs, and improve client value. Equity Insurance Agency (EIA) in Kenya is in the process of digitalizing its entire suite of offerings. While it had several objectives, EIA knew that it needed to narrow its initial focus. It could focus either on increasing revenues through digitalizing sales, or on reducing costs by digitalizing processes. To decide between these options, EIA used four parameters: (1) which option would create greater

visibility among customers; (2) which could be completed more quickly; (3) which provided greater competitive advantage; and (4) which would create more impact.

For EIA, the better option according to all four criteria was to focus on increasing revenues by offering new digital sales channels to its customers and agents. Progress would not be dependent on EIA's insurance partners, meaning that the changes could be implemented more quickly. Digitalizing sales would provide a notable improvement to the client experience and an important competitive advantage for EIA as an insurance agency. Finally, it could have a significant impact on sales by creating new distribution channels. EIA therefore decided to focus initially on offering new digital sales channels to its customers and agents.

The company has already developed a mobile insurance product and is currently building an online sales portal. [Read more about EIA's digitalization journey.](#)

FIGURE 5. THE FACILITY'S CHANGE MANAGEMENT PROCESS





Climate related risks affect the financial lives of cocoa farmers in Côte d'Ivoire, the world's largest cocoa producer.

Bundling insurance with value chain financing. Cocoa farmers in Côte d'Ivoire, the world's largest cocoa producer, face particular risks and their households have particular needs. Integrated financial solutions are needed to help improve their resilience.

Côte d'Ivoire is responsible for 35 per cent of the cocoa produced worldwide. The financial lives of cocoa farmers in the country are determined by the crop cycle and the farmers experience particularly difficult months from June to August, when they often run out of cash before the start of the harvest period. This "hunger season" comes during the rainy season, when farmers also face the risk of climate variation. Struggling to manage the interrelated risks

and expenses at household and farm level, and without other financial solutions available, farmers often turn to informal loans at very high interest rates. They repay these expensive loans after the next harvest, which diminishes their income and leaves them with reduced savings. This in turn exacerbates their cash-flow problems during the subsequent year.

Value chain actors provide value chain financing, such as in-kind loans, to increase productivity. However, such financing does not help farmers, who are bound to their seasonal calendar, to manage risks, smooth their cash flow during the year, or save for future expenses. Financial service providers and value chain actors are therefore experimenting with innovative models

that use technology and draw on the expertise and knowledge of partners, and which are based on a holistic understanding of farmers' financial circumstances. These include formal loans and technical advice to help farmers diversify their income, savings products, and life and hospital cash insurance products.

Find out more about cocoa farmers' financial lives, and the ways their financial needs can be addressed, in our [two-part blog series](#).

Responsible insurance. One issue that has proven particularly intractable is the public's lack of trust in the insurance industry. Fundamentally, we need to build public understanding of insurance and improve trust in the industry. Insurers need to make a concerted effort to change their image, and they must work together if the industry's reputation is to change.

The ILO has been promoting a responsible insurance agenda within the industry. Responsible insurance provision requires the delivery of appropriate products in an accessible, transparent, fair, responsive and respectful way to informed consumers who can use those products effectively. These principles need to be applied in a structured way; deciding on which to address first and applying them in a cost-effective manner requires creativity.

To do this, it is important to put in place an organizational architecture that encourages and empowers providers to listen and respond to clients. This would consist of adequate human resource management, a positive institutional culture and an appropriate organizational structure.

FIGURE 6. THE THREE DIMENSIONS OF ORGANIZATIONAL ARCHITECTURE



To design an organizational structure for this purpose, practical steps might include:

- identifying a client-value champion within each business unit who ensures that clients are heard;
- inviting a client representative to serve on the Board of Directors, or having the board meet regularly with a client advisory group;
- creating a 24/7 hotline to which clients can report any grievances or suggestions;
- scheduling customer satisfaction surveys regularly; and
- negotiating service-level agreements with distribution channels, technology providers and value-added service providers.



The Livelihood Protection Policy: promoting insurance as a risk mitigation tool in the Caribbean.

Unfortunately, it can take a decade for this new approach to take root. Such a transition will be hard for individual companies to make on their own – national insurance associations and insurance regulators need to take a much stronger lead on these issues, to start the process of refurbishing public opinion. For more practical guidelines, see our paper, [Providing insurance responsibly](#).

Business interruption insurance. With the risks associated with climate change and extreme weather conditions becoming more pronounced, small businesses are becoming more vulnerable. Not only can extreme weather conditions halt production and thereby affect livelihoods, but they can also have a detrimental effect on households by causing illness or injury or by damaging property. Businesses can also be affected indirectly, for example if roads or bridges are damaged and they are cut off from their markets and customers.

The Facility, in collaboration with the Munich Climate Insurance Initiative, has been working in the Caribbean to promote insurance as a risk mitigation tool through the Livelihood Protection Policy by providing businesses with protection against the adverse effects of high wind speeds and excess rainfall. The product provides a prompt, technology-assisted payout that can help the policyholder to recover quickly.

Recognizing that small businesses may lack the resources to access the product, we are working with associations such as the Employers Consultative Association of Trinidad and Tobago and the Jamaica Employers Federation to develop programmes to assist their members. In addition, there is engagement with organizations providing loans to small businesses, which help to facilitate access to insurance.



Insurance capacity building and market development

After working with insurance providers to test new solutions, we want to make sure that the lessons learned from this process are widely shared. That is where our insurance capacity-building and market development efforts come in. Through our sustainable capacity-building model, we ensure that the knowledge generated by our innovation partners can be used by other insurance providers to improve products, clients' experience with insurance and, ultimately, the insurance market in their countries.

Insurance institutes. In 2018, we continued to invest in our two-pronged capacity-building approach. The first part of this work involves working with local insurance institutes and their trainers to build their capacity to offer the inclusive insurance training courses developed by the ILO. As part of their certification, local trainers undergo a series of "training of trainers" workshops and support trainers from the ILO to deliver courses in their countries. Once they have met all the certification requirements and are comfortable with the content and the participatory learning methodologies, the local trainers and institutes are ready to start offering ILO courses on their own.

In 2018, we collaborated with training institutes in **Nigeria** (College of Insurance and Financial Management), **Kenya** (College of Insurance), **Bangladesh** (Academy of Learning) and the **Philippines** (Insurance Institute for Asia and the Pacific). After two years of engagement, Nigeria's College of Insurance and Financial Management has offered, for the first time, an inclusive insurance training course in Nigeria without any support from the ILO. The evaluation has shown that while our strategy may require a relatively large initial effort – after all, it takes time to build capacity – eventually it can lead to positive results and, most importantly, to sustainability. In 2019, we will start similar capacity-building activities in **Uganda** and **Rwanda**.

Our engagement with local training institutes has taught us some lessons. For instance, we have learned that to maximize the impact of the training, it is best if specific teams within the organizations go through more than one training course. To accommodate this, we have come up with the idea of an inclusive insurance certificate, which we will start piloting with our partner institutes in 2019. Participants would be eligible to receive an inclusive insurance certificate if they attended six or more courses on inclusive insurance topics. Our expectation is that this will also benefit the local institutes, as it will stimulate demand to attend the courses. Another lesson we have learned is that our focus on sustainability is indeed the right approach. By transferring content, case studies and training delivery techniques to our partners, we allow them to integrate these into their regular curricula beyond inclusive insurance, which helps them to improve their overall offerings and has a positive impact on the whole industry.

The Impact Insurance Academy. The second part of our insurance capacity-building strategy focuses more on global activities, such as e-learning and the [Impact Insurance Academy](#). In 2018, in partnership with the ITCILO, we set up the first-ever “Impact Insurance Academy” as part of our Impact Insurance Facility's tenth anniversary celebration. This one-week Impact Insurance Academy brought together a dozen experts and over 40 participants from more than 20 countries to discuss concrete ways of improving insurance products and using insurance for social and economic development. Our experience with the Academy illustrated that there was a need for a more advanced programme in inclusive insurance. With the lessons learned from the first Academy, our objective is now to refine the Academy programme, so that it caters better to the needs of insurance providers who are already innovating and pushing boundaries but who need guidance on specific topics.



The Impact Insurance Academy: an advanced programme on inclusive insurance, bringing together experts from all over the world.

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Market development. We use the capacity-building element of our interventions as an input into a broader market development approach, where we broker partnerships with a diverse range of stakeholders, such as insurance associations, insurance regulators, governments and consumer protection institutions. Market development activities include consumer education campaigns, the development of data banks for better product pricing, and specific research on distribution. In 2018, we added Brazil and Mexico as intervention countries, with a strong focus on the role played by the national insurance associations and the promotion of **responsible insurance**.

Furthermore, we collaborate with global players to showcase the content and learning from our innovation work in different forums. For example, we took part in the consultative forums organized by the **Access to Insurance Initiative**, including the event in Ghana for the 45th Conference of the African Insurance Organisation, where we focused on technological innovation and client value. We also collaborated with the **Microinsurance Network** to carry out sessions in Senegal and Burkina Faso aimed at strengthening the capacity of microfinance institutions to deliver insurance in West Africa.



Food security, disaster risk reduction and universal health coverage: the insurance industry can help governments to achieve various public policy objectives.

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Public-private partnerships (PPPs)

Governments are increasingly looking to the insurance industry, and to the private sector in general, to help achieve public policy objectives. Indeed, one of the Sustainable Development Goals, Goal 17, is to strengthen partnerships. In the context of insurance, this is particularly relevant to food security and disaster risk reduction, as well as in the pursuit of universal health coverage.

PPPs in agriculture insurance. One of the insights we have gained about agriculture insurance is the importance of getting governments involved. Their roles might include providing subsidies to enable coverage to be more affordable for smallholder farmers.

Many governments are beginning to include insurance in their national agriculture policies. With India and Kenya as prime examples, government-sponsored crop and livestock insurance schemes are progressively attempting to integrate multiple stakeholders – including insurers, intermediaries, farmer associations and farmers – into a single programme.

To enhance effectiveness, digital solutions are being explored to bring about transparency and a seamless flow of information between the insurers and the farmers. In addition new distribution avenues are being explored to ensure that all the farmers can be reached and to ease the flow of documents.

Nevertheless, there is not yet a consensus on how to design these PPPs so that they make the most effective use of the skills and resources of the private sector. Consequently, together with USAID and UC Davis, the ILO has been facilitating discussions among policy-makers from different countries, so they can share their experiences of government-supported schemes. Events have been conducted in Ghana, Nepal and Nigeria which brought together government, policy-makers and implementing organizations to think through some of the issues that can assist in the scaling up of agriculture insurance.

Despite government efforts, there is a lack of awareness and understanding among beneficiaries. Better coordination between the various levels of government (central and regional) and with the insurance companies is required. When implementing government programmes, insurers can also integrate insurance awareness into the education campaigns provided by the agriculture extension agency.

Creating PPPs and improving coordination between the different actors involved requires training and capacity building at all levels in the agriculture value chain. Value chain analyses can help government programmes to link with the markets, and thereby create better value for the farmers and pastoralists. The issues of intermediation and facilitation need better understanding and careful monitoring to ensure that the benefits are spread evenly across the relevant stakeholders.

PPPs in health insurance. National health programmes, regardless of how they are defined, often perform many of the same financing functions as private insurers, but on a much larger and more influential scale. These functions include revenue collection, the pooling of funds and the purchasing of health services. Furthermore, the need for financial sustainability is a common denominator among different types of risk-pooling for health, from small private health insurers to large national schemes. Following a decade of experience in using innovative methods to reach the informal sector, the ILO is well placed to apply its technical expertise in a range of settings and to help organizations grappling with similar issues. Two examples of how we supported such programmes in 2018 include working with the National Health Insurance Authority (NHIA) of Ghana offering technical support to facilitate renewals (supported by AFD, see Box 5) and building actuarial capacity for the Federal Sehat Sahulat Programme in Pakistan (in collaboration with GIZ).



Photo: Dr Mahamudu Bawumia, Vice-President of the Republic of Ghana, during the launch of the mobile renewal platform. The related video was posted by the vice-president's office on social media.

BOX 5: MOBILE RENEWAL AND DIGITAL AUTHENTICATION FOR THE NATIONAL HEALTH INSURANCE SCHEME IN GHANA

In 2017, the Facility embarked upon a partnership with the NHIA to digitalize the renewal process, allowing members of the National Health Insurance Scheme (NHIS) the option of renewing their membership digitally on their mobile phones. The aim of the project was to make the process more user-friendly and efficient. Secondly, the project planned to put in place the related systems for membership and identity verification at the health-care providers.

The project has been a huge success. Following the launch of the mobile renewal platform by Dr Mahamudu Bawumia, Vice-President of the Republic of Ghana, in December 2018 at the Jubilee House (the presidential palace in Accra), the number of renewals made using mobile phones has increased exponentially. Only three months after the national launch of the digital solution, more than 65 per cent of all renewals are taking place via a mobile phone (see Figure 7). As at 30 April 2019, 1.44 million mobile renewals had taken place, with an average of around 90,000 mobile renewals each week. Given that many members were previously travelling long distances to the district offices, and queuing for up to 11 hours every year to renew their membership, the digital solution is poised to save members time and money.

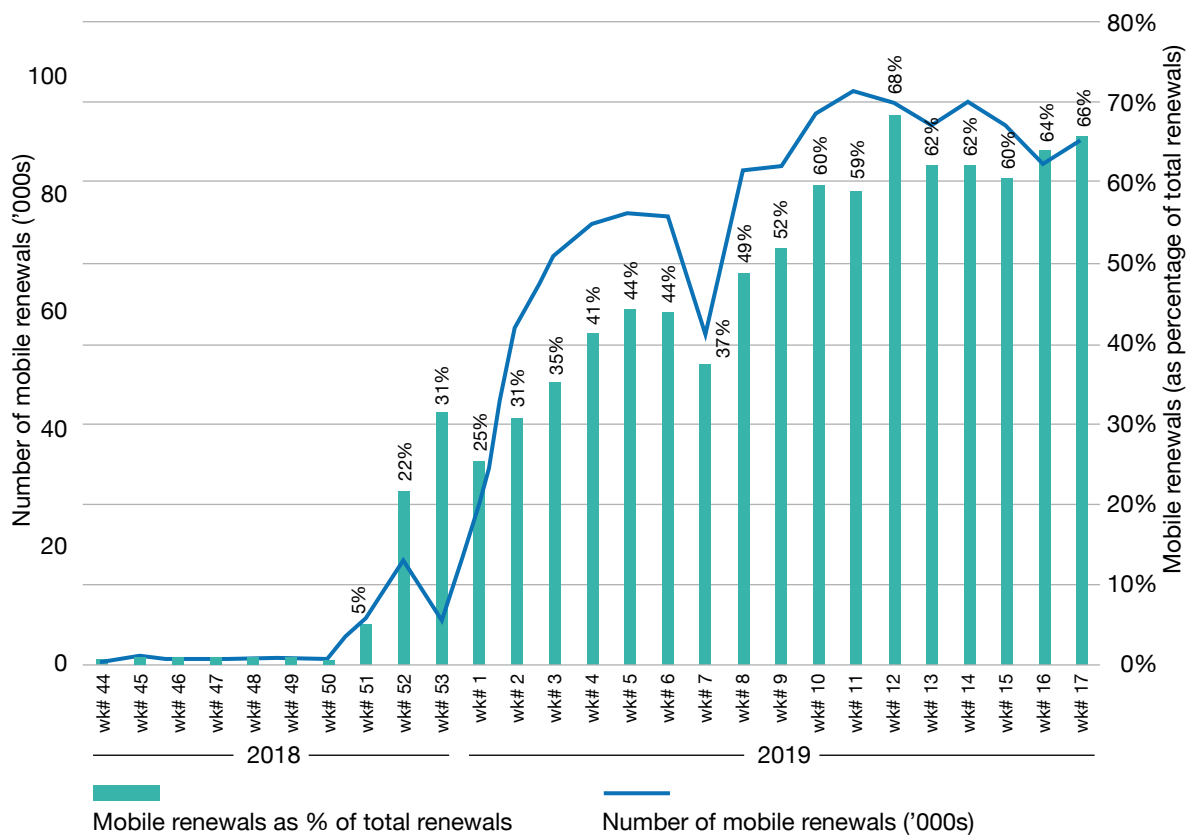
From the NHIA's perspective, this solution is a game changer, increasing revenue through the simple renewal process that uses mobile payments, decreasing the leakage that is chronic in cash-based collection systems, reducing claims through better alignment of interests between NHIA and health-care providers, and cutting expenses by reducing ICT costs for the scheme.

The NHIA is one of our innovation partners, supported through the Facility's Fellowship Programme and funded by AFD. To achieve these results we applied Design Thinking and an actuarial approach. Furthermore, the success could not have been achieved without the dedicated time of our Fellow, Shilpi Nanda, matched by the dedication of those involved at our partner, the NHIA.

Dr Lydia Dsane-Selby, Chief Executive of the NHIA, said: "The project has had a positive impact on NHIA. Through the process it wasn't about imposing a solution on the NHIA, but about paving the way for the scheme and its members to work together. These kinds of projects should happen more often because they are low cost and high impact. The digital solutions are here to stay, but more importantly we've realized that this will enable other areas of impact, for example in the field of data monitoring. I thank the ILO and AFD for setting us on the path, I think it is a game changer in the health sector in Ghana."

More about this project can be found in our NHIA Case Brief, our [Design Thinking](#) webinar, [related blog](#) and [Emerging Insight](#).

FIGURE 7. NHIS GHANA: MOBILE RENEWALS PERFORMANCE (NUMBER AND PERCENTAGE)





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3 SUSTAINABLE INVESTING

The third set of financial sector stakeholders are investors. This is the newest of the three areas for the ILO, but perhaps the one with the biggest potential impact. In 2018, the work of the Social Finance Programme with impact investors gained momentum, putting into practice our ambition to mobilize these actors, who are instrumental to the achievement of the Sustainable Development Goals.

Collaboration with impact investors. Our long-standing collaboration with the [Africa Agriculture and Trade Investment Fund \(AATIF\)](#) extended into a third phase, which will focus on promoting increased development impact through AATIF partner institutions and engaging more local partners to deliver technical

improvements. The launch this year of a new social and environmental policy, a revised social and environmental capacity-building strategy, and a dedicated [impact measurement web presence](#) provides a new impetus for moving ahead in the next three years. The collaboration has shown that there is a need to assess Decent Work impacts at various levels of an impact investment (see Box 6). The ILO has accumulated extensive experience across these levels, and its collaboration with the AATIF shows how it can play an advisory role, helping fund managers, financial institutions and businesses track and improve Decent Work metrics in their investments or projects (see Figure 8).

BOX 6: IMPROVED STAFF CAPACITY FOR SOCIAL AND ENVIRONMENTAL MANAGEMENT

Through its collaboration with the Africa Agriculture and Trade Investment Fund, the ILO has been working with BancABC, a financial institution based in Botswana with subsidiaries in Zimbabwe, Zambia, Mozambique, Botswana and Tanzania.

In 2018, the AATIF Technical Assistance Facility funded a training programme for the bank's Sustainability Specialist and other staff. This initiative was championed by the ILO. The bank's Sustainability Specialist received coaching on how to assess social and environmental risks while reviewing credit applications and how to conduct social and environmental audits of clients. In addition, three workshops on social and environmental risk management were conducted in Zimbabwe, Zambia and Rwanda (with 58 participants in total).

Furthermore, the ILO provided advice to the bank on how to track the impact indicators of the bank's agricultural clients more effectively.

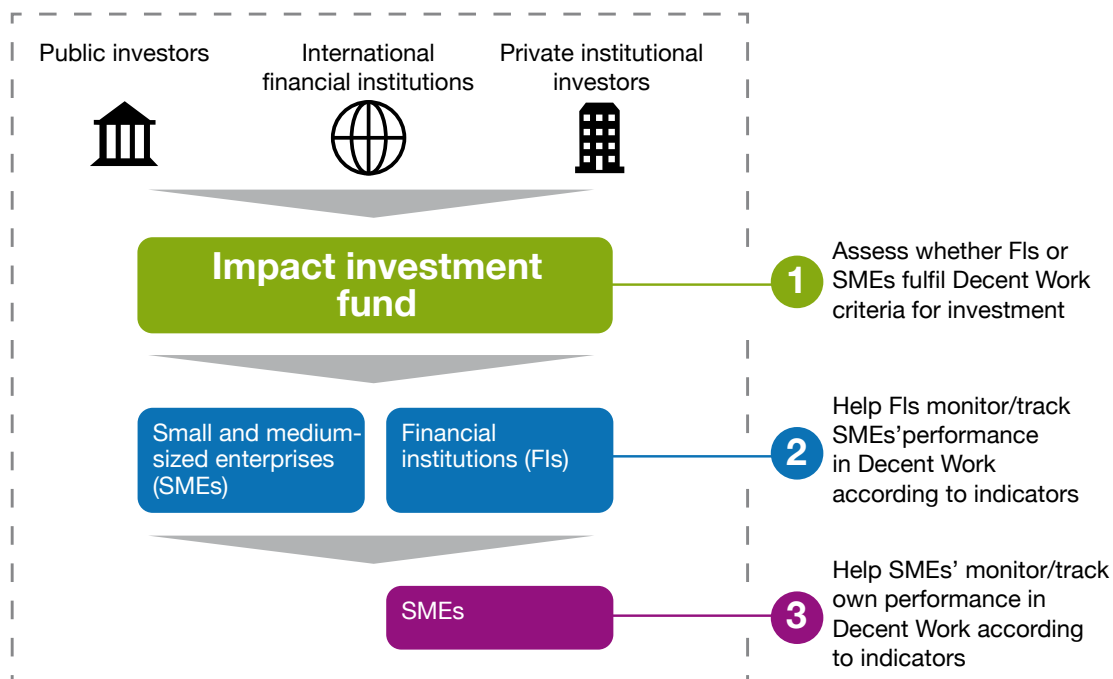
The results achieved through our relationship with the AATIF sparked a new collaboration with the [Common Fund for Commodities](#), whom we will support in 2019 to develop a Social and Environmental Management System for its lending operations.

Collaboration with sustainable investing networks. In 2017, we wrote about our partnership with the [African](#) and [Asian](#) Associations of Development Finance Institutions (DFIs) on assessing the adequacy of management systems for social and environmental impacts. In 2018, the ILO's Social Finance Programme developed an Excel-based self-assessment tool that allows DFIs to evaluate these management systems by appraising six different components: policy, standards, procedures, responsibilities, capacity building, and monitoring and reporting. DFIs were able to get a preview of the tool during the [International CEO forum 2018: DFIs and the green economy](#), which was held in Northern Cyprus in October 2018. Several DFIs from Africa and Asia will participate in testing the tool in 2019.

As a standard-setting organization, the ILO has an authoritative voice in disseminating standards in the world of work. In 2018, Social Finance used the ILO's rich experience to support the [Global Impact Investing Network \(GIIN\)](#) in formulating investment strategies that contribute to the Decent Work agenda. Social Finance aims to expand its engagement not only with the GIIN, but also with other sustainable investing networks in 2019, to unlock the potential of integrating social justice into frameworks that guide industry action.

Our long-standing collaboration with the **Social Performance Task Force (SPTF)**, and in particular the Social Investors Working Group, continued in 2018. A new paper, co-published by the SPTF and the European Microfinance Platform, entitled [Assessment of the sustainable performance of SME finance service providers](#) benefited from our work on social and environmental management systems and presents a framework showing how to integrate their logic into social performance management frameworks.

FIGURE 8. ASSESSING THE IMPACT OF INVESTMENTS ON DECENT WORK AT VARIOUS LEVELS



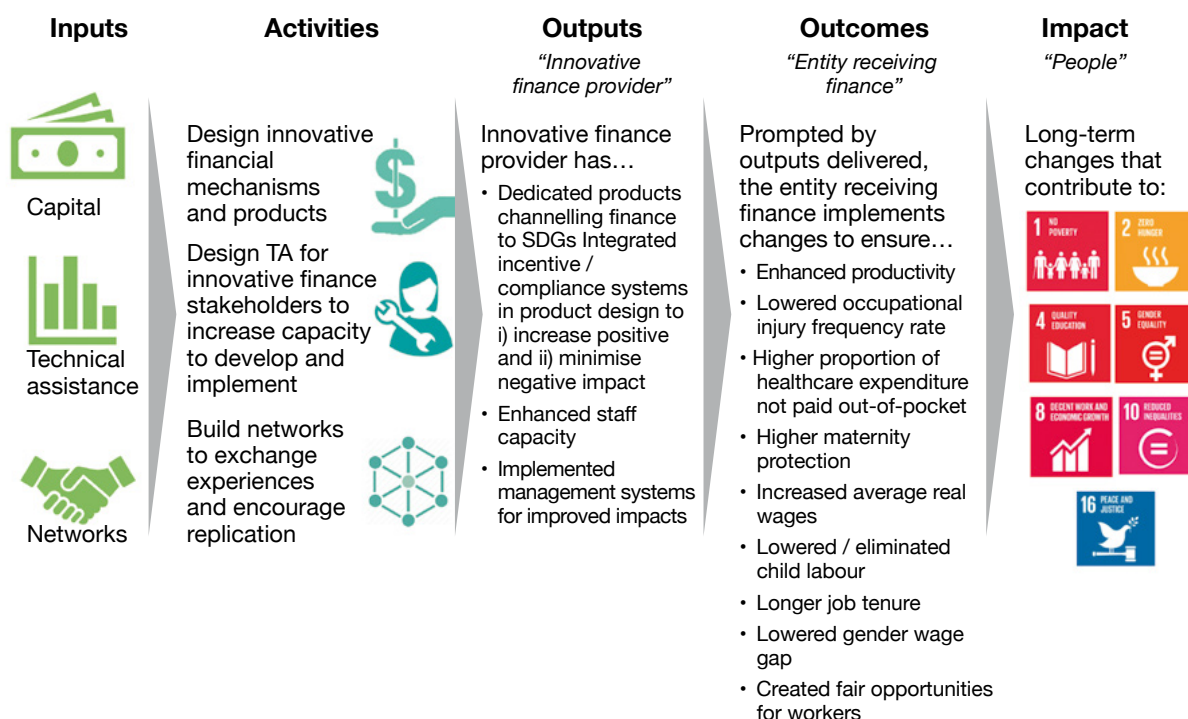
Innovative Finance: Putting your money to (decent) work. Innovative finance is a way of financing positive development outcomes. It can be understood as “a set of financial solutions and mechanisms that create scalable, predictable and effective ways of channelling both private and public resources towards solving pressing global problems.”

Innovative finance stakeholders, such as bilateral and multilateral donors, sister UN agencies, philanthropists and return-seeking investors, are showing an increased interest in helping bring about positive development outcomes.

This provides significant opportunities for the ILO to influence how capital is allocated and to draw on additional sources of financing for the Decent Work Agenda.

Internally, Social Finance has engaged with the ILO’s partnerships department and [iGravity](#) to expand the ILO’s work on innovative finance. In a context where the financing gap for meeting the UN’s Sustainable Development Goals reaches US\$ 2.5 trillion annually in developing countries alone, it is crucial to tap into alternative sources of finance, including the private sector.

FIGURE 9. THEORY OF CHANGE FOR CREATING IMPACT



Over the last year, we have developed a number of promising concepts with like-minded partners that aim to build the capacity of innovative finance stakeholders on Decent Work, while linking financing streams to key ILO topics like youth employment, child labour or just transition. The theory of change depicted in Figure 9 illustrates how we see impact being created at the level of the ultimate beneficiary.

The roles that the ILO could adopt along this impact chain include those of a convener of innovative finance stakeholders, an adviser, a standards and knowledge disseminator, a capacity builder, a developer of assessment tools, or the initiator of an innovative finance initiative focused on decent work. Three events were crucial for developing these concepts:

- a lunch held at the ILO in April 2018 bringing together leading thinkers in the field of innovative finance
- sessions dedicated to the potential of [innovative finance for young people at "Innovations for decent jobs for youth"](#), held at the ILO in May 2018
- an innovative finance session during the ["Nexus dialogue. Greening with jobs: A just transition to sustainability"](#) in October 2018.

For more information, see the recently launched [thematic page](#) on innovative finance as well as our latest Working Paper [Innovative finance: Putting your money to \(Decent\) Work](#).

Keep up with our progress throughout 2019



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Funders and partners



The partnership between the ILO and Access to Finance Rwanda aims to develop the capacity of the insurance industry to provide better insurance products for the working poor, products that promote financial inclusion and productivity. The capacity-building activities under this project are enabling the insurance industry to create innovative mechanisms to distribute inclusive insurance products and to reduce the vulnerability of low-income workers.



Through this partnership with AXA, the ILO supports efforts to design and deliver impact insurance innovation to benefit low-income workers. The key output of this collaboration in Indonesia are the critical insights into insurance products for excluded populations, especially women and migrants, which are widely shared with the insurance and development communities.



The strategic partnership between the AATIF and the ILO aims at increasing the capacity to better manage and intentionally pursue positive social and environmental impacts in agricultural finance in Africa. The collaboration partners include AATIF investee companies like local financial service providers expanding the agricultural lending portfolio, managers of small-holder farmer schemes, commercial farmers, or processors and traders of agricultural produce.



Through this partnership with the Ford Foundation, the ILO is improving the understanding and implementation of insurance services and appropriate outreach mechanisms for farmers and farm workers to access government insurance programmes.



The collaboration with Africa Re supports the development of microinsurance markets in African countries by sharing of good practices and building the capacity of practitioners and training institutes.



Implemented by
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

The Social Finance Programme is collaborating with GIZ on a range activities, including inclusive insurance market development, the development of new training materials, and, in the case of GIZ Pakistan, an actuarial assessment of the national health insurance scheme.



Together with AFD, the ILO is strengthening the resilience to risk of the low-income population in sub-Saharan Africa. With the aim of providing better access to valuable insurance products by stimulating innovation, the project is implementing action research interventions. The project provides capacity building to partners and the broader industry, and disseminates new lessons to governments and other relevant stakeholders, to influence public policy.



With the support of the Government of France, the Social Finance Programme is carrying out a research initiative on the role of the social and solidarity economy and social finance in sustainable development and the future of work. The research is implemented in partnership with our colleagues from the ILO COOP unit.



This partnership between the ILO and the Munich Climate Insurance Initiative focuses on building the capacity of both insurers and distribution channels (providers), and creating awareness among consumers in the target countries in the Caribbean for weather index-based insurance products.



With the support of UK Aid, the ILO and Financial Sector Deepening Africa (FSDA) are working with insurers to provide valuable and scalable insurance solutions to low-income households and small and medium-sized enterprises (SMEs) in sub-Saharan Africa. The goal is to work with insurers and distributors to implement organizational change management and product innovation.



The ILO collaborates with FSD Uganda to improve the offer of inclusive insurance in the country. It does so by building the capacity of the Insurance Institute of Uganda to offer courses on inclusive insurance to the local market. Thanks to this effort, it is expected that more than 200 insurance professionals will be exposed to state-of-the-art inclusive insurance expertise. These professionals can put this knowledge to use which in turn will benefit thousands of low-income households, enterprises and smallholder farmers.



The ILO and IFAD are working together to improve the livelihoods of poor rural households, whose incomes depend on agriculture and other farm (and off-farm) activities, by enhancing their resilience and strengthening their capacity to manage risks.



The partnership between the ILO and the Prudential Foundation aims to strengthen the resilience to risk for low-income populations in Asia and Latin America. Through this partnership, we are stimulating product innovation in Asia benefiting low-income households and small enterprises. The project also facilitates the development of inclusive insurance markets in two Latin American countries.



The partnership with the Swiss State Secretariat of Economic Affairs (SECO) aims to promote growth, productivity and jobs by supporting Indonesian small enterprises to access financial and non-financial services. Through capacity development of financial service providers, the project helps them to pursue a double bottom line: providing responsible financial services to their clients while crafting them innovatively so that there is a business case for the financial institutions themselves. The research component of the project will measure the impact of the "microfinance +" approach on the small enterprises and allow the provision of evidence-based policy advice to the Indonesian policy-makers.



With the support of USAID, and in coordination with the BASIS Index Insurance Innovation Initiative (I4) at the University of California Davis (BASIS), the ILO created the Global Action Network, which is a community of experts and practitioners on agriculture insurance. The project aims to expand innovations in agriculture insurance and ensure proficient implementation on the ground through enhanced co-ordination. We intend to help accelerate the availability and adoption of agriculture insurance (index insurance) as part of a broader risk management strategy.

Strategic partners

Global market development facilitators



Health financing



Digital solutions



Capacity-building partners



Agriculture



Global Index Insurance Facility



Insurance innovation partners

Partner	Description of joint project	Partner	Description of joint project
APA Insurance company Kenya Agriculture; Bundling	The project proposes a hybrid product, which provides meso-protection to the tea factory and gives the tea pickers and farmers an insurance and/or savings platform that they can tap into during times of emergency.	MCII Donor Caribbean Agriculture; Bundling	The partnership between the ILO and the Munich Climate Insurance Initiative focuses on building the capacity of both insurers and distribution channels, and creating awareness among consumers about parametric insurance products that can assist in protecting the livelihoods of vulnerable communities.
AXA Indonesia Insurance company Indonesia Bundling	The project focuses on identifying needs and designing solutions for the low-income population in Indonesia, especially women and migrants, by providing innovation management and technical support.	NBC Mozambique Micro Insurance Insurance company Mozambique Bundling	NBC Mozambique Microinsurance is the first and only registered microinsurer registered in Mozambique, operating both life and non-life insurance. The project focuses on designing funeral benefits coverage for the individual pension plan of Moçambique Previdente.
AXA Mansard Insurance company Nigeria Health; Bundling	The project supports AXA to develop a broad product portfolio and distribution strategy to target low-income households.	MicroEnsure Intermediary Regional Bundling; Digital	The project explores new distribution channels such as agents, call centres and the digital marketplace, and new approaches for digital education and marketing to potential customers.
Barry Callebaut Cocoa trading company Côte d'Ivoire Agriculture; Bundling	The project aims to complement Barry Callebaut's farmer finance offerings with insurance solutions. The Facility provides support with designing and delivering valuable insurance products.	NHIA Public health insurance body Ghana Health; Digital	The NHIA (National Health Insurance Authority) administers Ghana's national health insurance scheme. The project proposed the digitalization of the renewals process, which allows members to renew their membership through their mobile phones.
Britam Insurance company Kenya Digital; Bundling	The project audited all microinsurance products and processes and identified areas for improved efficiency through automation where possible. It is hoped that this will make the microinsurance division sustainable and enable it to serve many more low-income customers. In addition new products were designed and tested along with existing and new distribution partnerships.	Nyala Insurance company Ethiopia Bundling; Agriculture	The project supports Nyala to implement a broader microinsurance strategy, beyond agriculture, and work with a range of aggregators in Ethiopia to serve microenterprises.
CNAAS Public-private insurer Senegal Agriculture	The project conducts an assessment of distributors in order to identify the most appropriate channels and strengthen the capacity of their management to gain a better understanding of how insurance can mitigate the risks faced both by the institutions and their customers.	Kifiya Technology services provider Ethiopia Bundling; Digital	This project focuses on achieving scale and sustainability for Kifiya's new agricultural insurance offering, launched in partnership with Ethiopia's Ministry of Agriculture and four private insurers, as well as introducing new livestock, health and funeral insurance products.
Equity Bank Financial institution Kenya Bundling	This project supports Equity Insurance Agency's new digitalization strategy to make it easier for low-income and mass market segments to access and use insurance. The main activities identified are: offering insurance through a digital platform; offering a "freemium" mobile insurance product through Equitel; and digitalizing the insurance back-end procedures.	SUNU Insurance company Côte d'Ivoire Bundling; Digital	The project supports SUNU to provide life insurance to the low-income segment beyond mobile customers, with new distribution partners such as agribusinesses, financial institutions and social organizations.
Ford Foundation Donor India Agriculture	The project focuses on improving the understanding and implementation of insurance services and appropriate outreach mechanisms so that farmers and farm workers can access government insurance programmes more easily.		

Acronyms and abbreviations

AATIF	Africa Agriculture and Trade Investment Fund
AADFI	Association of African Development Finance Institutions
AFD	Agence Française de Développement
AFI	Alliance for Financial Inclusion
ANETI	Agence National Pour l'Emploi et le Travail Indépendant (Tunisian national employment agency)
BoZ	Central Bank of Zambia
CBE	Central Bank of Egypt
DFI	Development finance institution
EIA	Equity Insurance Agency
FAMOS Check	Female And Male Operated Small Enterprises Check
FMEF	Fondation Marocaine pour l'Education Financière
FSDA	Financial Sector Deepening Africa
GIZ	Deutsche Gesellschaft für internationale Zusammenarbeit (the German international development agency)
GK Insurance	Grace Kennedy Insurance
ITCILO	International Training Centre of the ILO
KUR	Kredit Usaha Rakyat
MCB	Mwalimu Commercial Bank
MCII	Munich Climate Insurance Initiative
MSMEs	Micro, small and medium-sized enterprises
NHIA	National Health Insurance Authority (of Ghana)
NHIS	National Health Insurance Scheme (of Ghana)
OECD	Organisation for Economic Co-operation and Development
PROMISE IMPACT	Promoting Micro and Small Enterprises through Entrepreneurs' Access to Financial Services
PPP	Public-private partnership
SECO	Swiss State Secretariat for Economic Affairs
SMEs	Small and medium-sized enterprises
SPTF	Social Performance Task Force
SSEO	Social and solidarity economy organization
TA	Technical assistance
TTU	Tanzania Teachers Union
UC Davis	University of California, Davis
UMI	UltraMikro
USSPM	Universal Standards of Social Performance Management
USAID	United States Agency for International Development

Knowledge products in 2018

EMERGING INSIGHTS

El 138: [The best of 2017](#)

Theme: Improving value
Source: The Facility

El 139: [Helping farmers manage risks resulting from climate change](#)

Theme: Other channels, Agriculture
Source: The Facility

El 140: [Design thinking for public sector health schemes](#)

Theme: Renewals, Improving value, Health, Transaction processing
Source: The Facility

El 141: [A step towards better agricultural index insurance](#)

Theme: Improving value, Agriculture
Source: The Facility, AMA Innovation Lab and EA Consultants

El 142: [Putting client insights into practice](#)

Theme: Product development, Demand
Source: The Facility

El 143: [Health and money matters](#)

Theme: Value-added services, Health
Source: The Facility

El 144: [Which is your favourite Emerging Insight?](#)

Theme: Impact
Source: The Facility

El 145: [The art and science of being responsible](#)

Theme: Premium collection, Renewals, Claims, Enrolment, Sales, Promotion, Product development, Improving value
Source: The Facility

El 146: [Making change happen](#)

Theme: Business viability, Business models
Source: The Facility

El 147: [Ten years of impact insurance](#)

Theme: Composite products, Value-added services, Agriculture
Source: The Facility

El 148: [Going digital: what to do first?](#)

Theme: Client interface, Mobile network operators
Source: The Facility

El 149: [The financial lives of cocoa farmers in Côte d'Ivoire](#)

Theme: Improving value, Demand, Health, Agriculture, Life
Source: The Facility

El 150: [Ten years, eight trends: Where does inclusive insurance go from here?](#)

Theme: Impact, Composite products
Source: The Facility and Cenfri

El 151: [Designing a digital strategy](#)

Theme: Business models, Client interface
Source: The Facility

El 152: [Creating a hybrid agriculture insurance product in Ethiopia](#)

Theme: Agriculture
Source: The Facility

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Meet the team



Valerie Breda
Senior Technical Officer

Valerie is responsible for the Social Finance Programme's work on inclusive finance for workers and youth, financial cooperatives, the Social and Solidarity Economy and digital wage payments.



Camila Castaneda Quintero
Junior Technical Officer

Camila supports the Social Finance Programme's work on impact investment, including the activities under the AATIF.



Craig Churchill
Chief

Craig is the Chief of the ILO's Social Finance Programme.



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Senior Research Officer

Based in Hong Kong (China), Aparna leads the Facility's Research and Innovation initiative. She works primarily on mobile insurance and bundling insurance with other financial services.



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Capacity-Building Officer

Camyla is responsible for the implementation of the Facility's capacity-building activities.



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Senior Administrative Assistant

Nalina supports the Social Finance Programme's administrative and operational activities.



Yousra Hamed
Senior Technical Officer

Yousra leads the Social Finance's international programme on financial education, financial inclusion for migrant workers, refugees and in fragile settings, as well as access to finance through employers' associations.



Aida F. Lindmeier
Programme and Partnerships Officer

Aida is responsible for the Facility's donor relations and partnerships, corporate communications and programme operations. She also manages the Facility's Fellowship Programme.



Margarita Lalayan
Senior Programme Officer

Based in Turin (Italy), Margarita is in charge of Social Finance capacity building at the International Training Center of the ILO, including the renowned Making Microfinance Work training programmes.



Mónica Mariño
Junior Technical Officer

Mónica supports the Social Finance work on innovative finance, providing background research and mapping potential funders. She also supports the work on sustainable investing and social and environmental risk management.



Lisa Morgan
Technical Officer

Lisa is responsible for the Facility's work on health insurance in the public and private sectors, and offering insights into m-Health, actuarial analysis and strategy development. Along with others, Lisa also mentors Fellows.



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Chief Technical Adviser

Based in Jakarta (Indonesia), Owais oversees the implementation of the PROMISE IMPACT project in Indonesia.



Pranav Prashad
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Pranav leads the Facility's agriculture insurance work, alternative distribution channels and mobile services. He is also the focal point for market development in Asia.



Patricia Richter
Senior Technical Officer

Patricia is managing the Social Finance Programme's collaboration with the AATIF. She is also leading the unit's broader work on sustainable investing and innovative finance.



Victor Hugo Sanchez Valverde
Administrative Assistant

Victor supports the Social Finance Programme's administrative and operational activities.



Miguel Solana
Senior Technical Officer

Miguel supports the Facility by providing technical expertise on catastrophe insurance and alternative distribution models. He is the focal point for market development in Africa.



Joost Tijdink
Knowledge Management Analyst

Joost supports the Social Finance Programme's knowledge and capacity-building activities, including the communication and outreach work.

Interns made valuable contributions to the Social Finance Programme in 2018. Special thanks are due to Julie Lund for her dedication.

We would like to thank Alice Merry and Moussa Dieng for their outstanding contribution over the years.

Our Impact Insurance Fellows



Daniel McGree

Daniel is hosted by [Grace Kennedy \(GK\) General Insurance](#) (Kingston, Jamaica).



Indira Gopalakrishna

Indira is hosted by [Equity Insurance Agency](#) (Nairobi, Kenya).



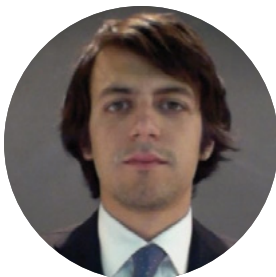
Shilpi Nanda

Shilpi is hosted by the [National Health Insurance Authority](#) (Accra, Ghana).



Tang Khai Sheng

Khai Sheng is hosted by [AXA Indonesia](#) (Jakarta, Indonesia).



Pietro Magnoni

Pietro is hosted by NBC Moçambique Companhia de Micro Seguros, S.A (Maputo, Mozambique)

We would like to thank Adriana Sanchez (hosted by NBC Mozambique) and the fellows who graduated last year – Enock Sing'oei (hosted by Kifiya in Ethiopia), Olisa Gravney (hosted by Nyala Insurance in Ethiopia), Queenie Chow (hosted by MicroEnsure in Kenya), Sarfraz Shah (hosted by APA Insurance in Kenya), Saurabh

Sharma (hosted by Britam in Kenya), Marieme Ba (hosted by AXA Mansard in Nigeria) and Edgar Aguilar (hosted by Barry Callebaut in Côte d'Ivoire) – for their outstanding contributions to their host organizations via our Fellowship Programme in 2017/18.



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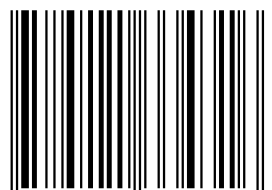
Web: www.ilo.org/socialfinance

www.impactinsurance.org

This is the 2018 Annual Report of the ILO's Social Finance Programme. With an emphasis on social justice, the Social Finance Programme works with the financial sector to enable it to contribute to the ILO's Decent Work Agenda. In this context, it engages with banks, microfinance institutions, credit unions, insurers, investors and others to test new financial products, approaches and processes. The Impact Insurance Facility contributes to the Social Finance agenda by collaborating with the insurance industry, governments and partners to realize the potential of insurance for social and economic development.



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