



International
Labour
Organization

Social Finance

Annual
Report
**20
19**



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Preface

The financial sector and the world of work



It was exciting to experience the International Labour Organization's (ILO) centenary celebrations this year. One of the highlights was the work of the [Global Commission on the Future of Work](#), which considered the displacement of workers into the gig economy, the effects of automation and artificial intelligence on jobs, and the prospects for a new social contract between workers, employers and the state. The work of the Commission formed the basis of the [ILO Centenary Declaration on the Future of Work](#), which sets out the way forward for the ILO.

In this context, Social Finance has also reassessed and rearticulated how the financial system can foster social justice, promote Decent Work, and contribute to the Sustainable Development Goals (SDGs). This can be summarized through the following mnemonic: more jobs, better jobs, and the right(s) jobs.

More jobs

“More jobs” is the most obvious of the three. The current financial inclusion agenda began with microcredit, which involved the provision of loans to entrepreneurs to enable them to start and expand microenterprises, and those efforts continue today. However, academic research has not shown that this approach has indeed created jobs. Most financial service providers (FSPs) target existing businesses rather than start-ups, and most microenterprises are not creating jobs for others. The best outcome from microcredit is probably job stabilization rather than creation.

Since job creation remains a critical objective for national governments and development agencies alike, we have seen two main reactions. First, some financial institutions have broadened their offerings, recognizing that credit alone is not sufficient. To support business growth, they have introduced other financial services – especially payment and insurance services – as well as non-financial services, such as training and market linkage facilitation, in the hope that a more comprehensive package will have a greater impact. An alternative approach has been for FSPs to broaden their remit and target small and medium enterprises, as they are likely to be a better source for new jobs.

At the ILO, we are betting on both of these horses. On the one hand, we are working with banks and microfinance institutions to help them introduce a range of financial services (see page 11), and offer training courses (see page 9), to enhance the impact that they can have on small enterprises. On the other hand, we are also working with investors, to help them to ensure that they consider both the “more” and the “better” job agendas when they are making investment decisions (see page 26).

Better jobs

That brings us to “better jobs”. Of course, a high volume of jobs is not sufficient. We need to consider quality as well as quantity. The promotion of better jobs is an area where financial institutions can be much more active and engaged. When visiting micro and small enterprises, one often finds, for example, women weaving carpets without any natural light; or machine shops where welders do not wear gloves or protective eyewear; or farmers with open containers of pesticides leaning against their sheds.

There is a school of thought that financial institutions should focus exclusively on their core business of providing financial services, and should not get distracted by ancillary activities like conducting training, providing advice or raising awareness. However, I would like to argue that there is not only a moral obligation to embrace a broader engagement with the target group but that it also makes business sense. Morally speaking, if field staff witness deplorable working conditions, then they should want to improve the situation in some way.

But this is also the business logic – if a bank's clients are exposed to risks, then the bank is exposed to those risks as well. The bank would therefore be wise to undertake risk prevention measures through, for example, basic awareness raising about occupational safety and health. It would also be helpful if the entrepreneur (the borrower) and the bank (the lender) transferred some of the risk through insurance (see page 16). Indeed, efforts by FSPs to enhance the productivity and resilience of their borrowers – as long as they are low-cost and targeted – will reap rewards for the lenders in the form of a healthier loan portfolio and enhanced customer loyalty.

Not only should financial institutions expect that they can help improve the working conditions in their clients' businesses, but their shareholders should as well. Many investors in the financial institutions in emerging markets come from the development community, including local and international development banks, and socially responsible investors. They can, and should, use their influence to raise the bar and enhance their institutions' expectations about the social and environmental dimensions of the triple bottom line.

Right(s) jobs

The third aspect of the mnemonic is the “right(s) jobs” – and here I am taking some poetic licence with the terminology. I am not talking about the right jobs, in terms of training the workforce for the jobs of the future – although that is also an important issue for the ILO – but rather, whether the rights of workers are being considered.

“The Fundamental Principles and Rights at Work” involves a range of issues, including freedom of association and collective bargaining. Especially for small enterprise clients, financial institutions can play a powerful role in promoting the fundamental principles with regards to child labour and forced labour.

First, a warning. If they are not careful, by lending to micro and small enterprises, financial institutions can actually stimulate the demand for child labour. The scenario can play out like this: I am running a small shop, perhaps with my spouse, and because I get a loan, I have more inventory and my business is more attractive to customers. Now the foot traffic increases, and I realize I need help tending to customers, but I do not want to hire someone that I do not trust and who will be an extra expense for the business. So on days when I think business will be busy, I keep my daughter home from school to help me out, and maybe she even brings a friend. It is a slippery slope to child labour, which is certainly not an attractive outcome for financial institutions.

So what should FSPs do about this insidious problem? Unfortunately, this can be more challenging than improving working conditions or enhancing resilience, because there are many different causes of child labour, but the starting point is to raise awareness of the issue with front-line staff members, and for them to do the same with their clients. Some FSPs have even asked for school attendance records as a condition for subsequent loans. Others offer specific financial services to target the root causes of child labour, such as an education savings account to make schooling more affordable; or insurance to help households to cope with the illness or death of a breadwinner. While financial institutions on their own cannot eliminate child labour, they can be a part of the solution. Similarly, the investment community can make a major contribution as well (see page 26).

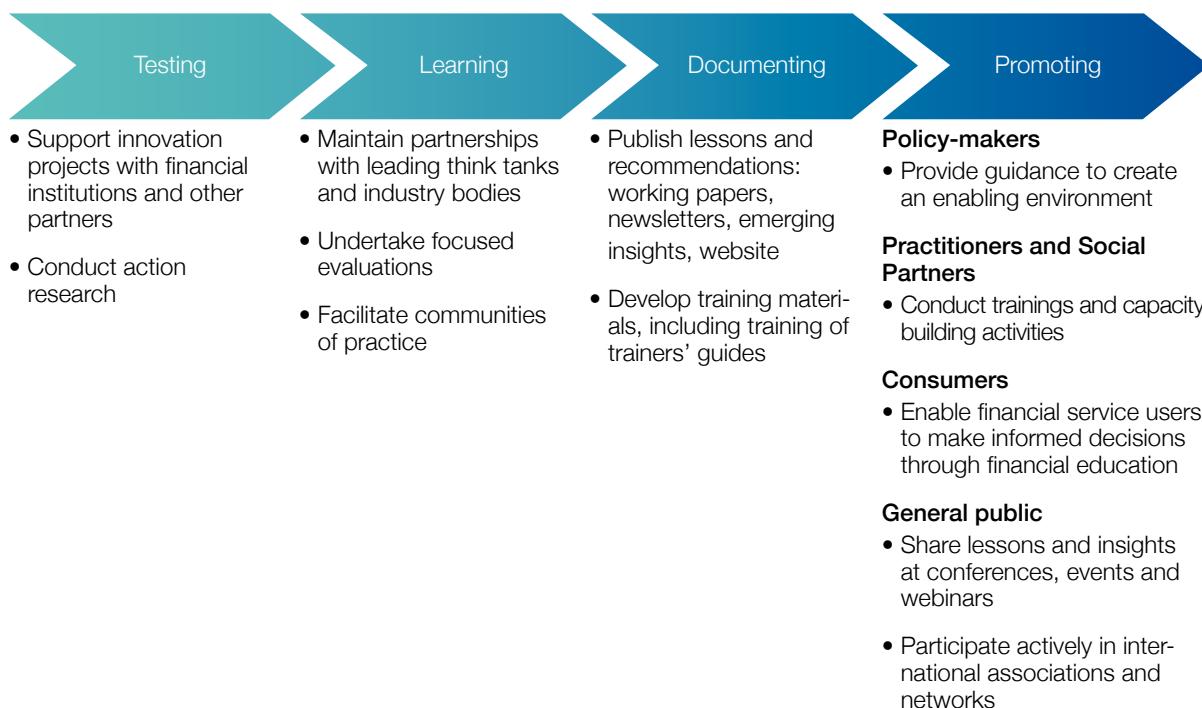
Conclusion

The financial sector has an important role to play in the world of work, and it could take on an even bigger one. To encourage financial institutions to live up to their potential to contribute to Decent Work, the ILO's Social Finance Programme's approach involves testing, learning, documenting and promoting (see Figure 1). In this way, we work with banks, insurers and investors to pilot new products and processes, and to learn with them which methods achieve the intended objectives. Having documented that knowledge, we actively promote the insights and recommendations, with policy-makers and practitioners alike. We hope that, with the right mix of carrots and sticks, we can make progress in nudging the financial sector towards having a more beneficial impact on the lives of the working poor and the communities in which they live.

This report highlights the work of the ILO's Social Finance Programme in 2019 and is structured around three segments of the financial sector: (a) banks, microfinance institutions and credit unions working on **financial inclusion**; (b) insurers that are contributing to development objectives, which we refer to as **impact insurance**; and c) investors that are subscribing to a **sustainable investing** agenda.

CRAIG CHURCHILL
Chief, ILO's Social Finance Programme

FIGURE 1. THE SOCIAL FINANCE IMPACT MODEL



Measuring our progress

During 2019 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 1.5 million clients

In 2019 our active projects reached more than 1.5 million low-income households, smallholder farmers, and micro and small enterprises, largely in Africa. Cumulatively, we have supported organizations that have benefited 4.9 million clients since 2008.

We shared innovative solutions with more than 67,000 stakeholders

Since 2008 we have shared insights and experiences resulting from our work with the financial sector with over 478,000 stakeholders around the world, providing them with innovative solutions to the issues they face. In 2019 alone, we reached over 67,000 stakeholders (of which 51 per cent were women), including 3,000 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 2 and 3, this outreach was spread across geographies, and it included quite a diverse set of stakeholders.

FIGURE 2. PEOPLE REACHED, BY REGION

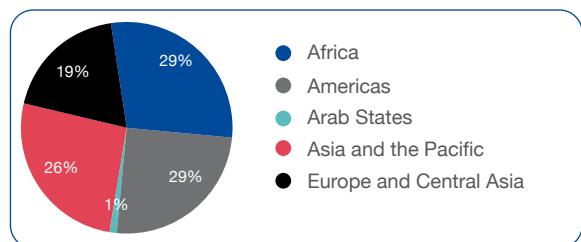
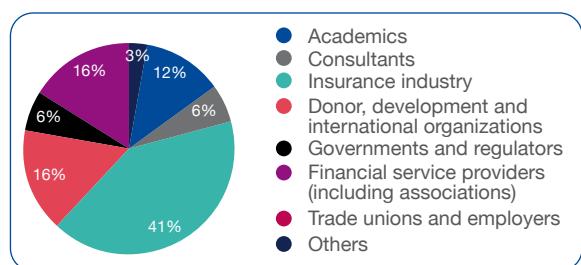


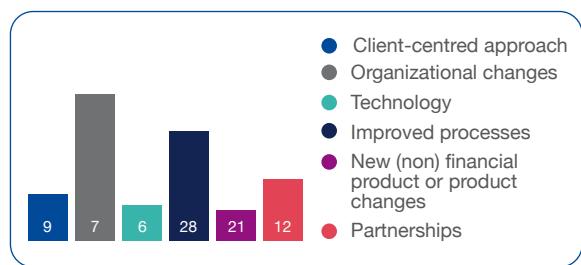
FIGURE 3. PEOPLE REACHED, BY AUDIENCE TYPE



We improved the practice of more than 60 organizations

During 2019, 61 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 4, ranged from the introduction of a new product to changes of business processes.

FIGURE 4. TYPES OF IMPROVEMENTS ACHIEVED



Progress achieved on policy-making

In 2019, we advised central banks and other government institutions in at least eight 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 Micro-insurance Network, as well as management and expert groups of organizations, such as the Global Impact Investing Network (GIIN).





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Representatives of OJK, the University of Mannheim and the ILO at the PROMISE IMPACT results-sharing event.

1 Financial inclusion



8 DECENT WORK AND ECONOMIC GROWTH



Financial inclusion is a high priority for the development community. Indeed, it is one of the targets of Sustainable Development Goal 8. But it is important to consider the purpose it is intended to achieve. Financial inclusion

is a means to an end. For the ILO, that end includes creating jobs and improving working conditions.

Efforts to promote financial inclusion need to take a systemic approach, considering obstacles in the policy environment, as well as with financial institutions and the target groups. This section highlights the ILO's work at these three levels: policy-makers, financial institutions and clients.

Engagement with policy-makers

National financial education strategies continue to be on the priority lists of many policy-makers, as they are an important means of enabling consumers to make informed choices. We have worked closely with policy-makers in three countries as they develop and implement their strategies: Zimbabwe, Argentina and Kyrgyzstan.

In 2018, with the help of the ILO, the Reserve Bank of **Zimbabwe** (RBZ) started to build the capacities of the members of its Financial Education and Consumer Protection working group. We built on that foundation this year by running a pilot project with RBZ and Zimbabwe's Ministry of Education to train 100 teachers. The hypothesis was that once the teachers were familiar with the



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For the ILO, financial inclusion is a means to creating jobs and improving working conditions.

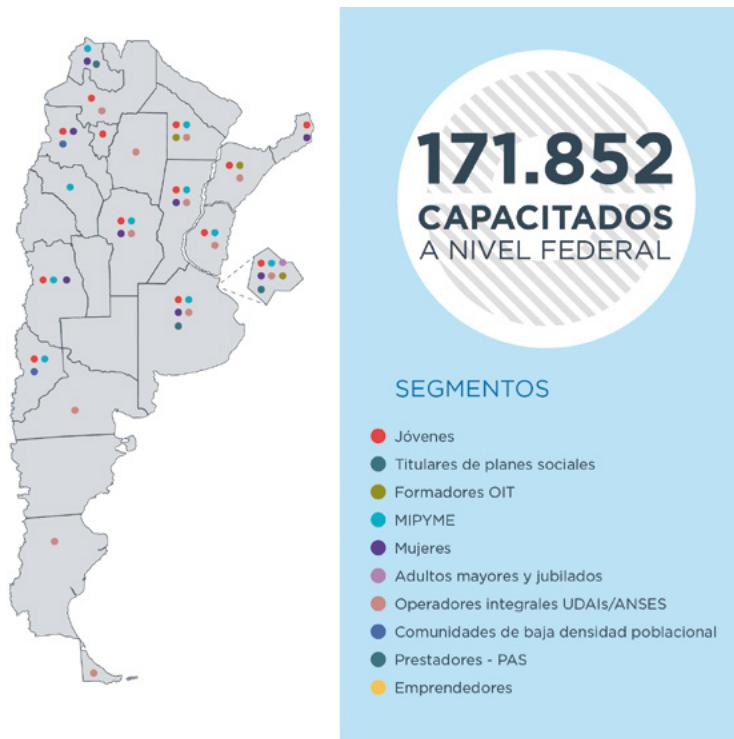
financial education concepts and started using them in their own households, they would be more effective in transmitting the knowledge to their pupils. The pilot will be evaluated in 2020 and eventually rolled out country-wide.

In **Argentina**, the ILO has helped the Ministry of Social Development to adapt and implement a financial education programme. The National Commission of Microcredit (**CONAMI**) finalized the adaptation of the materials, “**Economía Familiar: Herramientas para decidir mejor**”, and ran six training of trainers (ToTs) workshops to certify 149 trainers by the end of 2019. More ToTs and training courses for beneficiaries are planned in 2020, as the Ministry and CONAMI are planning national outreach, as illustrated in Figure 5.

Our work in Argentina has also allowed us to develop and test a new institutional arrangement whereby the ILO provides technical guidance and quality assurance, a private sector company conducts the training, and the government provides the general guidance, strategic direction and financing.

The International Training Centre of the ILO (ITCILO) provided advisory services to the “Promotion of Sustainable Economic Development” programme run by GiZ (the German international development agency) in **Kyrgyzstan**. Under this framework, the ITCILO supported the National Bank of the Kyrgyz Republic in designing a competency-based national curriculum on financial education, followed by the certification of a local

FIGURE 5. FINANCIAL EDUCATION ROLL-OUT (INCLUDING BY ILO TRAINERS) IN ARGENTINA BY PROVINCE



(Source: Financial education national plan, Presidency of the Republic, Argentina, 2019)

team of master trainers who can teach others to disseminate the programme further.

Besides these three intensive engagements, the ILO also advised and supported a number of other countries with their financial education strategies in 2019, including **Côte d'Ivoire**, **Mauritania**, **Sierra Leone**, and **Tunisia**.

These collaborations have strengthened our collective knowledge about different aspects of financial education, which we have incorporated into a course for policy-makers. After the success of the first edition of "Financial Education: Programme design and implementation for policy-makers and practitioners", we decided to make it a regular course in the ITCILO catalogue. The second edition, in 2019, was attended by policy-makers and regulators from **Cabo Verde**, **Indonesia**, **Lao PDR**, **Mozambique**, **Nepal**, Sierra Leone, **Thailand**, Tunisia and **Zambia**. Due to the positive results, we are now planning the next edition, from 5 to 9 October 2020 in Turin.

Engagement with financial institutions

The bulk of our work in the financial inclusion arena involves working directly with financial institutions to test new products and processes to enable them to have greater impact. This section highlights four aspects of that objective: (a) combining financial and non-financial services; (b) integrating different financial services in order to manage risks better; (c) promoting the lessons learned among financial institutions; and (d) exploring the intersection between digital finance and the world of work.

Bundling financial and non-financial services

Bundling financial and non-financial services is an innovative approach whereby FSPs differentiate themselves from their competitors, improve market penetration, and contribute to enterprise development. The ILO is promoting a bundled approach in a number of countries, but our most ambitious effort is the **PROMISE IMPACT** project in Indonesia.

In this project, funded by the Swiss State Secretariat for Economic Affairs ([SECO](#)), the ILO is working with 13 FSPs (see Annex 3), including rural banks, development banks, and credit and savings cooperatives, to test a “finance-plus approach”. The project has enabled the FSPs to offer business development support to their small enterprise clients, alongside the financial services they were already offering, to support their growth and productivity. It has aimed to mainstream a “double-bottom-line” approach with FSPs, so that they can seek commercial profitability while also pursuing socio-economic objectives in a self-perpetuating cycle – if the bank’s clients are doing better, then the bank is also doing better.

As part of the evaluation process, both quantitative and qualitative assessments were carried out to measure results at the client level as well as changes in the capacity of the FSPs. The major element was a randomized controlled trial in which more than 5,000 small enterprises were randomly selected from among the clients of the 13 FSPs. The enterprises were divided into three treatment groups, totalling 3,785 clients, while 1,897 enterprises were assigned to a control group.

The impact of the project was measured at both the intermediate and final outcome levels. In the former, the focus was the change in knowledge and practices among the clients. Final-outcome indicators included changes in loan repayment, revenue, profit, expenditures, as well as the clients’ life satisfaction. Overall, there were several positive effects for different sub-groups:

- There was a sizeable increase (9.6 percentage points) in the share of clients who, after the intervention, included a cash-flow analysis in their business plans. Understanding the amount of income being generated, and keeping track of the cash that is moving in and out of the business, is critical for planning. Moreover, loan repayments and businesses’ cash flows are closely linked. Thus, any improvement in cash-flow management also benefits the financial institution.
- Financial literacy increased significantly. For example, clients from the trading sector had a higher likelihood (5.9 percentage points) of

knowing the details of their loan payment (e.g. interest rate, margin on top of the loan, share of profit). Similarly, clients from the services sector had a higher likelihood (15 per cent increase) of knowing how to evaluate their profits.

- The monthly revenue of the clients of one FSP increased by Indonesian Rupiah (IDR) 22,331 million (US dollar (USD) 1,595), which is a considerable increase. Among a sub-group of clients, the profit generated in the previous 30 days was higher by IDR 1,667 million (USD 119).
- A 9 per cent reduction in loan default was seen among clients in the manufacturing sector. FSPs consider manufacturing and agriculture loans riskier than trade and consumption loans. A decline in the loan default rate in manufacturing that is correlated with training shows that bundling technical assistance with a loan is an effective strategy for minimizing loan defaults in this sector.

The project aimed to change the relationship between clients and FSPs from a transaction to a partnership. Providing value-added services was seen as a means to engender this new relationship. For example, the project helped FSPs to understand their clients’ businesses better, and to develop tailored products and services – in sum, to become more client-centred. The shift helped the partners to increase their outreach and to position themselves better in an increasingly competitive market. Many loan officers claimed that client loyalty and commitment improved. Loan officers received more referrals of potential new clients, and felt that greater interaction helped them increase their market. Consequently, the FSPs’ staff involved in the project felt more empowered in their jobs.

At the institutional level, several FSPs reported improving their management and business practices following the “Making Microfinance Work” training they had received. Among the core partners, eight FSPs have already made bundled services one of their core products, suggesting that they accept the business case for the finance-plus approach. For more details, please consult the synthesis report of the project, [Promoting value-added financial services](#), and the [project web page](#).

Integrated risk-management solutions

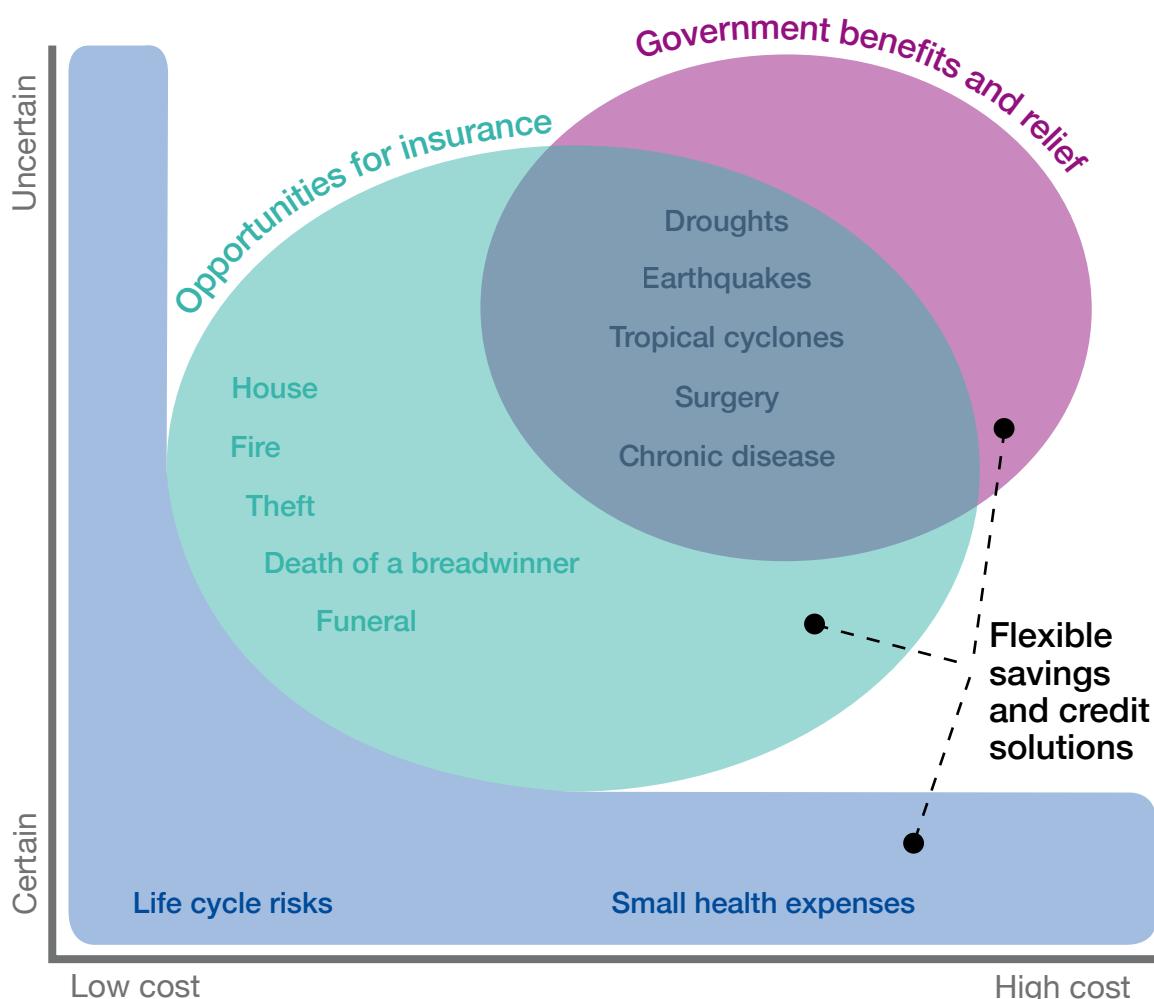
Low-income households, where people often work in the informal economy, are more vulnerable to risks than the rest of the population, and yet they are the least able to cope when crises occur. Many shocks – such as the illness or death of breadwinners, the theft or breakdown of productive assets, and the destruction wrought by disasters – can have an adverse effect on income while creating the additional challenge of increased expenses.

For many risks, the first port-of-call would be available government programmes, such as national health insurance schemes or disaster preparedness strategies. However, individual households can complement what is available from the government, and from social service providers, with financial services that manage risks.

When one thinks about risk management and finance, one immediately thinks about insurance. Insurance can be an effective way of managing risks that could otherwise result in large losses, which low-income people cannot manage out of their cash flow or through the informal support of friends and relatives. To be most effective, however, insurance should be part of a broader range of financial services that includes savings, credit and money transfers, which together enable the working poor to manage a variety of risks (see Figure 6).

To test new approaches, the ILO is currently working with five partners in Asia on a project funded by the Prudential Foundation, summarized in Annex 3. Each partner has conducted market research and designed integrated risk-management solutions that they will pilot in 2020.

FIGURE 6. SAVINGS, CREDIT OR INSURANCE?





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Social Finance builds the capacity of the financial sector with various events, partnerships and capacity-building activities.

Promoting lessons with and about financial institutions

Besides supporting the testing of new products and processes, we also promote the lessons we have learned, through events, partnerships and capacity-building activities. This section includes a few highlights.

Capacity building. We continued our efforts to build the capacity of the financial sector in **Sierra Leone**, with delivery of our flagship two-week course, **Making Microfinance Work**, to 20 managers of microfinance institutions. The two trainers then offered remote and on-site coaching to six FSPs to follow up on the training and help with the implementation of new ideas.

We noticed that the FSPs took significant action on their own after the training, but the coaching helped them to address more complex issues, such as introducing staff incentives, improving internal control, and bolstering delinquency-management processes. This initiative stressed the benefits of on-site mentoring, and the need for much more substantial technical assistance to FSPs that are in an early stage of development.

Financial cooperatives. As part of an ILO project on creating an enabling environment for sustainable enterprises in Nepal, we ran our training programme **ApexFinCoop** for board members and senior managers of the Nepal Federation of Savings & Credit Cooperative Unions (**NEFSCUN**). The programme enabled NEFSCUN to reflect

on which priorities and key actions they would include in their upcoming business plan starting in 2020, including proposing changes to the national cooperative law, the establishment of a stabilization fund, and the development of digital payment services.

Social enterprises. Our research project on the contribution of the social and solidarity economy and social finance to sustainable development and the future of work (funded by the Government of France and implemented in collaboration with the ILO's COOP unit) culminated in the organization of the "Social and Solidarity Economy Momentum conference" in Trento, Italy, on 18–20 November. The conference brought together close to 100 policy-makers, researchers, practitioners and UN agency officials to discuss the findings of two major research projects on the social and solidarity economy. One piece of research focused on the [contribution of the social and solidarity economy and of social finance to the future of work](#), while the second studied financial mechanisms for innovative social and solidarity economy ecosystems.

Finance for forcibly displaced persons (FDPs). Financial services offer vital tools to forcibly displaced persons tools to FDPs. When designed appropriately, matched with non-financial services and backed by robust national policies and regulation, they can help FDPs to safely store money, send or receive money transfers, and build up a transaction history that helps them to access services such as credit and insurance when needed.

The ILO has a long-standing history in working to facilitate access to financial services for refugees. This year we have joined the "[Partnership for improving prospects for forcibly displaced persons and host communities](#)" launched by the government of the Netherlands. This partnership is developing a new paradigm to respond to forced displacement crises, particularly through the involvement of development actors. We have also joined a coalition of like-minded organisations supporting the implementation of a [Roadmap to the Sustainable and Responsible Financial Inclusion of FDPs](#).

One of the ILO's interventions is to facilitate access and usage of financial services for FDPs as an important means to promote jobs and livelihoods. We are working with policy-makers, FDPs and FSPs in Iraq, Lebanon, Egypt, Sudan, Ethiopia, Kenya and Uganda. We are planning our first training, from 11–15 May 2020 in Nairobi, Kenya, for FSPs wanting to serve this important market segment.

Digital transformations in a changing world of work

New technologies are transforming the way people access and use financial services in their everyday life. While digitalization brings opportunities to the world of work, there are still gaps in our knowledge when it comes to its effects on businesses, workers and the financial sector.

This year, we accelerated our work on this topic by launching three studies. The first one, undertaken with [Women's World Banking](#), explores the potential of digital wage payments in [Viet Nam](#) and the [Philippines](#) to enhance enterprise productivity, formalize employment and boost the financial inclusion of workers. The ultimate goal of this work is to demonstrate that there is a business case for employers worldwide to transition to digital wage payments. The second study, undertaken with the ILO's COOP unit, resonates with the ongoing discussion on the future of work. It seeks to document innovative interventions that organize self-employed workers engaged in the platform economy and provide financial and non-financial services to them. The third study will analyse the FinTech innovations that could enhance access to finance for small-scale farmers, fisher folks, and small and medium enterprises in the food supply chain in South-East Asia. All three studies will be completed in 2020 and will inform the design of interventions aimed at encouraging a responsible use of technology.

In addition, the ILO joined the [Better Than Cash Alliance](#) in June 2019. This membership is part of our commitment to support digitalization in the financial sector and to actively promote the responsible use of digital payments in the world of work.



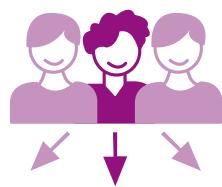
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Engagement with consumers

Besides engagement with policy-makers and practitioners, we have programming that focuses on consumers, with a special focus on financial literacy. Awareness about the importance of financial education is gaining momentum. In 2019, the partnerships that the ILO built with policy-makers on this issue (see page 7) often resulted in programmes on the ground, including training sessions provided to multipliers and to end-consumers. Across half a dozen countries, more than 2,500 financial service consumers benefited from this training, as illustrated in the following figure.



20 ToT workshops in ten countries



Training: 420 new trainers



Benefiting: 2,500 end-consumers

Countries have adopted different approaches. For example, online training courses, sensitization campaigns and [radio broadcasts](#) were the focus in **Morocco** and **Zimbabwe**, while in **Tunisia**, the ILO collaborated with the national employment services agency to offer [counselling sessions](#). This latter approach is particularly effective, because it combines in-person group learning with individual sessions for participants who want to know more about a specific subject, which enables them to apply the theory in practice. In **Sierra Leone**, in the context of a project funded by the UN Peacebuilding Fund, we began to disseminate our programme in rural areas through civil society organizations, gender champions, trade unions and community banks. In **Nigeria** and **Ghana**, with support from GiZ, we built the capacities of the staff of public migration and employment resource centres so that they could pass on their

knowledge to potential migrant workers and returning migrants, and advise them better.

Our [financial education](#) training catalogue expanded in 2019 with a set of materials targeting a generic Anglophone audience and a Luso-phone audience in **Cabo Verde**. The materials now include budget planning, smart savings, and prudent spending and borrowing, as well as appropriate risk-management decision-making. In response to requests for a course that is not specific to a target group or country, Social Finance and the ITCILO launched a financial education track in the entrepreneurship trainers' academy, and designed a new [ToT course](#) to equip trainers with skills in both financial education and adult learning methodologies. But perhaps the greatest impact will come from the new online course that we recently launched (see Box 1).



BOX 1: THE ILO INTRODUCES AN ONLINE COURSE ON FINANCIAL EDUCATION

Online training programmes have the potential to reach the most people in the most cost-effective manner. To take advantage of technological developments, the ILO and the ITCILO launched an online financial education course that complements the face-to-face training and awareness-raising campaigns that the ILO has conducted over the past ten years. This e-learning course is designed for individuals – women, men, young people, entrepreneurs, migrant workers – who wish to manage their personal finances better. We also believe that the staff in workers' and employers' organizations, at FSPs and business development service providers, and in government institutions will find the course useful in their work. It is [available](#) free of charge on the e-campus of the International Training Centre of the ILO.



Insurance can contribute to the Sustainable Development Goals and the Decent Work agenda.

2 Impact insurance



Insurance is the second part of the financial sector with which we engage. Through our work in the **Impact Insurance Facility**, the ILO is engaging with insurance as a product, and insurers as institutions, to see how both can contribute to the SDGs in general, and the Decent Work agenda in particular.

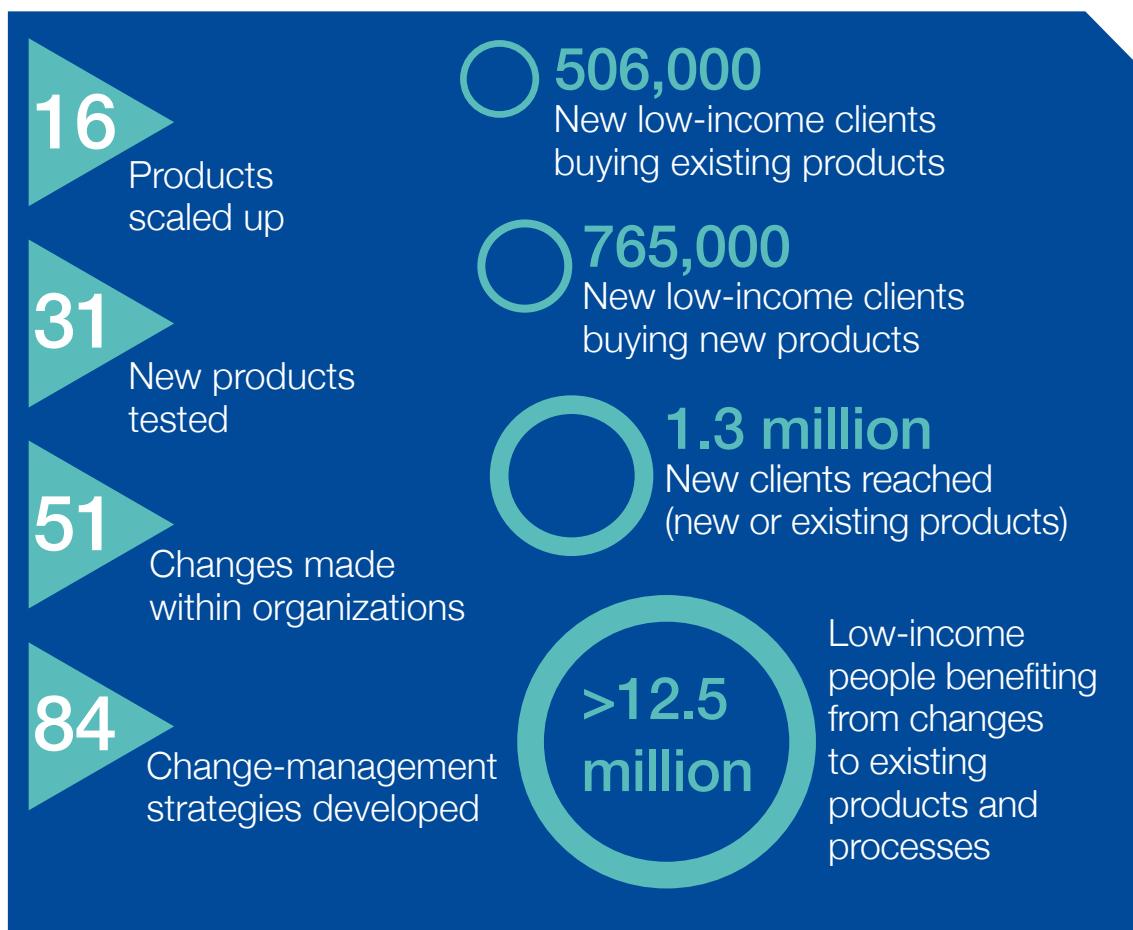
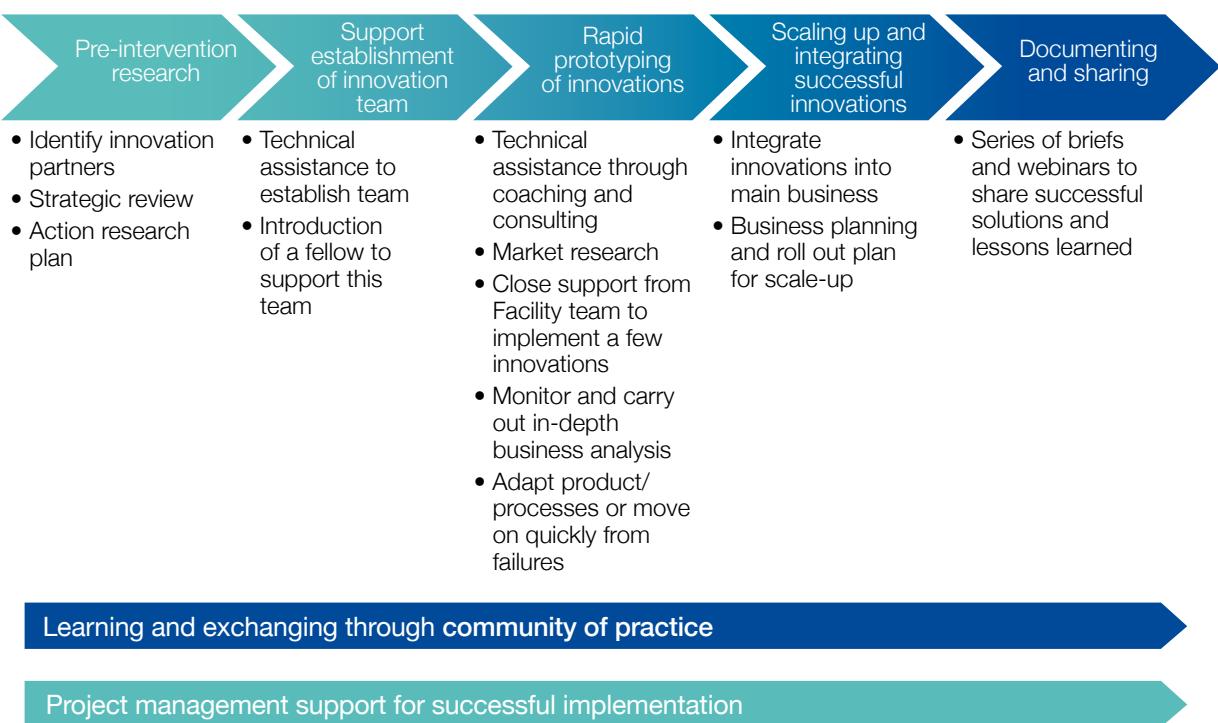
This section first considers how we help to advance the frontier to learn new lessons with the insurance industry, and then how we are promoting those lessons to get more organizations involved in impact insurance.

Engagement with the insurance industry

Innovation and change management

From 2016 to 2019, with support from Agence Française de Développement (AFD) and Financial Sector Deepening Africa (FSDA), the ILO supported 11 insurers and distribution channels in sub-Saharan Africa through a systematic innovation and change-management process to design new products, reengineer processes, create technology solutions, and structure internal units to serve the low-income market better (see Annex 3 for details). Together, these partners have reached nearly 1.3 million new clients during the project engagement period, through 31 new products, using the innovation management cycle depicted in Figure 7.

FIGURE 7. THE INNOVATION MANAGEMENT CYCLE



A number of factors contributed to the success of the projects.

1. Engage key stakeholders internally, such as the Board and management, and externally, such as policy-makers and partners. Gaining buy-in is especially critical when working with public agencies such as the **National Health Insurance Agency (NHIA)** in Ghana, where the project involved public and private players, including NHIA management, NHIA District Office staff, policy-makers, regulators, development agencies, technology providers, health-care providers and mobile network operators. Engaging with each stakeholder, understanding their constraints and designing a solution to relieve these constraints were key factors responsible for successful implementation. The results are depicted in a [video](#) showcasing the NHIA project.

2. Implement a systematic change-management process. A [six-step change management process](#) was implemented with some partners to help them to become more client-centred, more efficient and more innovative. By going through the process, partners, such as Britam in Kenya, were able to reengineer operations, retrain staff, secure new partnerships, improve governance and revise internal organizational structures.

3. Design client-centred products using market research as both a first step and an ongoing activity. Market research is the first step towards building client-centred solutions. **Barry Callebaut** in Côte d'Ivoire conducted research to understand the financial lives of cocoa farmers. The [analysis](#) points to the need for integrated risk-management solutions that provide farmers with financing during their most vulnerable months.

To ensure that the new products provide value to customers, market research should be an ongoing activity. In Ethiopia, **Kifiya** conducted market research after the first season of crop index insurance, to assess farmer understanding and satisfaction. While the index was accurate for rainfall, farmers raised concerns about other risks, causing Kifiya to redesign the product. The [new hybrid product](#) uses both the original index, based on satellite imagery, to measure drought and excess rainfall, and an area yield index for pests and diseases.

4. Collaborate with like-minded partners. Overall, the projects tested 30 distribution partnerships. **APA** in Kenya, for example, has successfully built partnerships with the public and private sector aggregators to cover agriculture and health risks. APA focused on value-chain players that were able to bundle the insurance cover with other products such as fertilizers, seeds and credit (including digital credit) to improve uptake and enable cross-selling.

5. “Test and learn” to introduce new products, processes and partnerships in a controlled environment. **MicroEnsure** and **NHIA** used the design-sprint methodology to develop and test new product ideas in a short time-frame. A design sprint is a practical process for answering critical business questions through design, prototyping and testing ideas with prospective customers. It is promoted as a fun and productive way to solve big problems and test new ideas in just five days, as depicted in Figure 8. In the case of NHIA, the ability to produce a tangible solution in a few days helped in gaining traction for the project.

FIGURE 8. THE DESIGN SPRINT STEPS



6. Use technology and digitalization to optimize efficiency and effectiveness. A number of partners implemented digital solutions to improve operational efficiency. For example, **Equity Insurance Agency** in Kenya decentralized the printing of digital certificates for their motor insurance product, enabling the company to reallocate staff members at head office who were dedicated to this function. In Senegal, the **Compagnie Nationale d'Assurance Agricole du Sénégal** (CNAAS) introduced a new claims-management mobile and web application for rice farmers.

Putting client insights into practice

When serving new market segments, many insurers are comfortable carrying out customer research. A wealth of tools is available and can be used cost-effectively to find out clients' needs and preferences. Tools for understanding the

perspective of low-income customers include the ILO's [PACE tool](#) and [3D client value assessment for index insurance](#), and the wide range of resources in the [CGAP customer-centric guide](#). Where insurers often get stuck is putting those insights into practice.

Putting client insights into practice is not, at its core, a purely technical question. Rather, companies often struggle to put insights into practice because of internal issues like organizational set-up, culture and processes. These barriers cannot be overcome in one go, but many organizations have found that they can shift their approaches and internal set-ups to make it easier to act regularly on client insights.

Our work with various organizations on incorporating client insights, has highlighted [six springboards](#) that can shift mind-sets, engage staff and respond to customer needs, as illustrated in Figure 9.

FIGURE 9. SIX SPRINGBOARDS FOR PUTTING CLIENT INSIGHTS INTO PRACTICE

- 1) Appoint a dedicated voice of the client
- 2) Use client research to change mindsets
- 3) Invest in client personas
- 4) Make a sprint of it
- 5) Change little and often
- 6) Connect client experience improvements to business goals



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Our projects in India, Indonesia and Kenya address the risks of climate change.

13 CLIMATE ACTION



Improving resilience to climate change

Climate change represents one of the most significant risks facing the world today, requiring solutions that in-

volve a range of players, including governments and the private sector. The ILO is supporting such partnerships in several countries, including India, Indonesia and Kenya.

In **India**, with support from the Ford Foundation, the ILO works with four implementing partners to enable farmers and farm workers to access agriculture insurance from the government programme. The ILO has been building the capacity

of NGOs and rural networks to engage with the Pradhan Mantri Fasal Bima Yojana (PMFBY), an important scheme that aspires to cover 50 per cent of the country's farmers. The main focus of the project is to develop mechanisms for enrolling farmers who do not borrow to purchase their agricultural inputs.

The project has increased the farmers' awareness of the features and benefits of the PMFBY. In addition, it has enhanced their understanding of the scheme's loss-assessment and verification processes, which involve the use of technological innovations for crop-cutting experiments. Through these efforts, the project extended insurance to 17,000 farmers in four states during the 2018 and 2019 cropping seasons.

In **Indonesia**, the government's agricultural insurance scheme, Asuransi Usaha Tani Padi (AUTP), aims to provide protection to rice farmers against the risk of crop failure caused by flooding, drought, disease or pests. Rice production is an important part of the national economy, with the area under cultivation being 13.2 million hectares in 2010, representing 24 per cent of the total agricultural area.

With support from IFAD, the ILO worked with PT Asuransi Jasa Indonesia, which is wholly owned by the government, to improve the scheme's performance. Using the 3D Client Value Assessment Tool, we worked with the insurer to analyse the value that the AUTP brings to clients and provided recommendations to improve it. For example, there is a need to enhance distribution, which could perhaps be achieved by training government extension officers and providing them with adequate information materials.

In **Kenya**, the ILO is working with APA, an insurance company that is playing an important role in the development of agricultural insurance, particularly as an implementer of government schemes. One important development was the launch of the Kenya Agriculture Insurance Programme in 2015 by the Ministry of Agriculture, Livestock and Fisheries and the World Bank. It is an area yield index insurance product covering maize farmers in 20 of Kenya's 47 counties, which APA underwrites on behalf of an industry consortium. This product pays out claims to farmers when the average yield in their area falls below a set level, regardless of the actual yield on each client's farm. The scheme has slowly grown to considerable success, expanding through a range of partnerships and reaching around 337,000 farmers in the 2017–18 season. The programme aims to continue expanding to reach 1 million farmers by 2020.

In the north of the country, livestock raising is the most prevalent livelihood activity, and it was therefore vital for the insurance market to also offer protection to pastoralists. They are served through two related schemes – the Kenya Livestock Insurance Program, a government index insurance scheme, and the private Index-Based Livestock Insurance scheme. Both schemes use an index based on satellite imagery. The imagery determines whether sufficient forage is available

for livestock, and claims are paid whenever the forage falls below a certain level due to insufficient rainfall.

Over a decade of building local capacity and experimenting to align public and private efforts, Kenya has developed a strong agriculture and livestock insurance market. The consortium model adopted for its agricultural insurance scheme has proved particularly successful, and a worthwhile model for other countries to consider.

In addition, APA received the [10th European Microfinance Award](#) in recognition of its contribution to the topic chosen for that year, "Strengthening Resilience to Climate Change". It was the first time that an insurer has received this award.



Improving 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. Following a decade of experience of 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 various organizations grappling with challenges to achieve target 8 of SDG 3, which is universal health coverage. Besides working with the NHIA (see Box 2), we have also built actuarial capacity for the Federal Sehat Sahulat Programme in Pakistan, and helped AXA test complementary hospital cash products in Indonesia.

Pakistan has made great strides in health coverage, offering valuable in-patient cover to some of the most vulnerable members of society through the Sehat Sahulat Program (SSP), an initiative of the federal government and the province of Khyber Pakhtunkhwa. The programme is for those living below or just above the poverty line. The government subsidizes the scheme, and the administration is outsourced to a third party administrator, the State Life Insurance Corporation.



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BOX 2: MOBILE RENEWAL AND DIGITAL AUTHENTICATION IN GHANA WINS AWARDS

In 2017, the ILO, with support from AFD, embarked upon a two-year partnership with Ghana's NHIA to digitalize their renewal process, enabling citizens to renew their membership 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 related systems for membership and identity verification at the health-care providers.

Following a rigorous and iterative process of designing and piloting, in December 2018, the Vice-President of Ghana, Hon. Dr Mahumudu Bawumia, launched the solution as part of the NHIA's 15-year anniversary celebrations. By the end of April 2019, 1.44 million mobile renewals had taken place, with an average of around 90,000 mobile renewals each week. From the NHIA's perspective, this solution has been a game-changer: increasing revenue through a simple renewal process that uses mobile payments; reducing the leakage that is chronic in cash-based collection systems; reducing claims through better alignment of interests between NHIA and health-care providers; and reducing expenses by streamlining ICT costs.

Following the success of the project, the NHIA won an award from IMANI (a policy think tank) recognizing the NHIA as Ghana's Most Innovative Public Sector Institution – the accolade was given at the 2019 Inspirational Public Sector Leadership Awards. The NHIA went on to win two other prestigious awards at the Africa Public Sector Conference in 2019. It received the "Most Outstanding Contribution Public Sector Digitization Award", and its Chief Executive Officer, Dr Lydia Dsane-Selby, was presented the "Outstanding Women in Public Sector Award". Furthermore, Dr Bawumia commended the NHIA for enhancing social auditing and accountability through its use of digital technology. He pointed to the Mobile Renewal Service, saying, "Renewal of NHIS registration via mobile phone has been a phenomenal innovation, eliminating the need for queues, delays and bribery, and also increasing access to health care by those who need the services most."

More information on this project can be found in our Case Brief, released in May 2019 or by listening to our webinar: Population Coverage: From pilot to nationwide scale-up of the "NHIS mobile renewal and digital authentication project".

With questions of sustainability in mind, GiZ sought to support the SSP through an independent actuarial study of the programme, which was completed by the ILO, providing an unbiased calculation on the premium required. The analysis was detailed in a [report](#) placed in the public domain and presented along with an accompanying [webinar](#) to build actuarial capacity.

Indonesia has also made good progress toward universal health coverage. However, people covered by the government's social health insurance scheme still face a double burden when ill: loss of income and out-of-pocket expenses. Many expenses are actually "hidden costs". For example, local customs often require a member of the family to accompany a patient, which can be a financial and logistical burden for many families, even if the government's scheme covers the core health expenses.

Mobile phone and internet penetration are on the rise in Indonesia, with 80 million people (30 per cent of the population) having access to mobile internet. AXA Indonesia saw potential in this trend and developed an innovative digital health product with hospital cash insurance, to replace some of the lost income and thus make the out-of-pocket expenses related to ill health more affordable.

AXA collaborated with Alodokter, one of the leading mobile health companies in Indonesia. Alodokter provides doctors' consultations through the chat function in its mobile application. By collaborating with AXA, Alodokter was able to diversify its services and income sources. The mobile app is central to the customer experience. Alodokter customers can use the app to purchase the hospital cash insurance policy, access all policy information and submit digital copies of claims documents. To learn more about the experience, see the [Case Brief on AXA Indonesia](#).

Insurance capacity building and market development

Through our sustainable capacity-building strategy, we aim to ensure that the lessons we learn with our innovation partners reach other

industry players and are put into practice to improve products and processes, which ultimately enables more people to have access to better risk-management solutions.

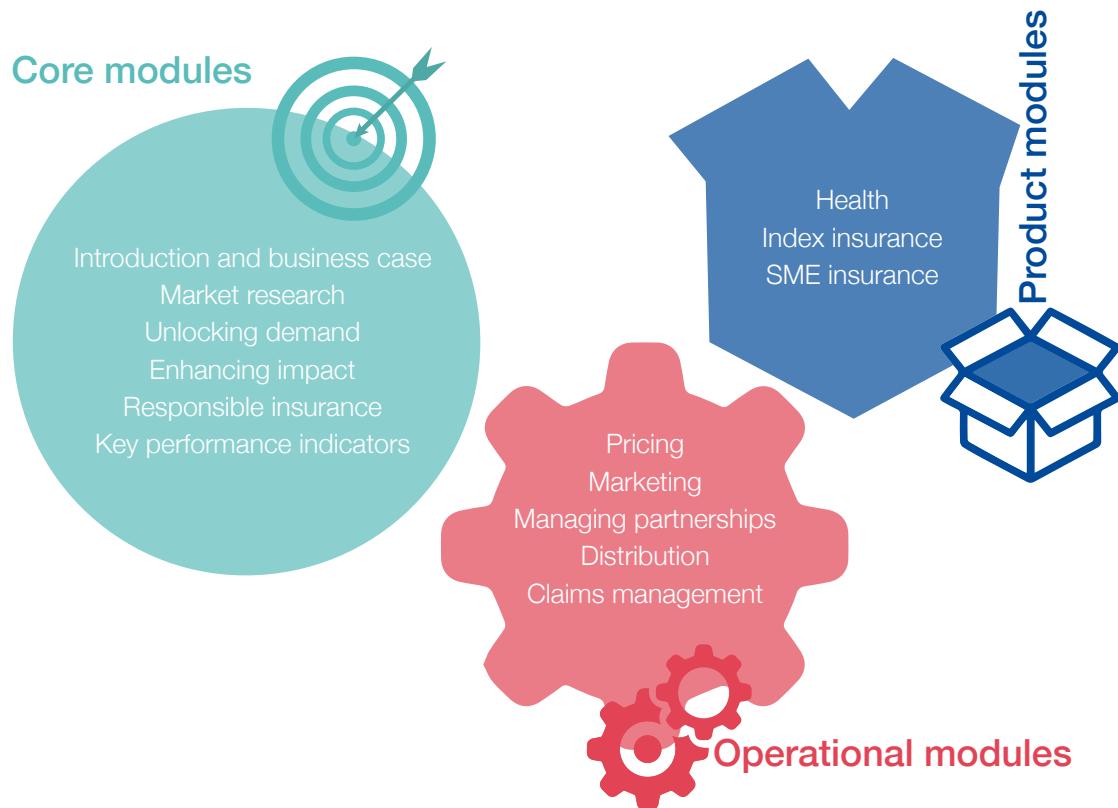
In 2019, we continued to engage with **local insurance institutes** to build their capacity and certify their trainers to offer the "inclusive insurance" training modules developed by the ILO (see Figure 10 on page 24). Besides our existing partnerships in **Nigeria** (College of Insurance and Financial Management), **Kenya** (College of Insurance), **Bangladesh** (Academy of Learning) and **the Philippines** (Insurance Institute for Asia and the Pacific), in 2019 we started new partnerships in **Uganda** (Insurance Institute of Uganda), **Rwanda** (Cabinet Moeglin) and **Côte d'Ivoire** (Centre Professionnel de Formation en Assurances).

Our engagement with local training institutes has taught us many lessons. The first one is that while our focus on the independence and sustainability of our partners is indeed the right approach, training institutes need time to become fully independent. This is because, even after passing their certification exam, local trainers still need an adaptation period to get used to being lead-trainers on courses that use innovative methodologies. Therefore, coaching from the ILO during this transition period is required.

The second lesson is that the insurance companies appreciate training sessions led by international experts and trainers, as they can bring different perspectives. Therefore, even after certifying local trainers, it is important for the ILO to maintain a relationship with partner institutes and occasionally conduct joint training courses. This brings value both to companies and to the institutes themselves, and allows us to continue introducing new training topics, such as the training on insurance for small and medium enterprises that we developed in 2019.

In 2019, in addition to our local and regional work, we continued to invest in global capacity-building activities, such as the **Impact Insurance Academy**.

FIGURE 10. IMPACT INSURANCE TRAINING MODULES



In July, in partnership with the ITCILO, we organized the second edition of the Academy, which brought together 70 participants from more than 40 countries to discuss concrete ways of advancing insurance for social and economic development (see Box 3).

After two successful editions, the Academy now has more than 100 alumni. The ILO is currently exploring how to use this network to learn more about the innovations alumni have been involved in, including their successes and challenges, in order to share these globally and foster broader learning opportunities.

We use our capacity-building activities as the spearhead for our market development activities, where we broker partnerships with a diverse range of stakeholders, including insurance associations, insurance regulators, governments and consumer protection institutions. Market development activities can include, for instance, consumer education activities or specific country-focused research.

In 2019, we worked with the Rwanda Insurers' Association (ASSAR) to design a multi-stakeholder insurance education strategy for the country, which will be implemented by ASSAR in 2020. We have also signed a partnership agreement with the Asociación Mexicana de Instituciones de Seguros (AMIS) to conduct two studies in **Mexico**. The first one is a national research study to assess the experiences of insurance customers, as well as those who do not have insurance, to understand their pain points and the barriers they face (or perceive) when taking out insurance. The second is an analysis of the difficulties faced by insurance companies when they want to offer inclusive products. These can include product design, data limitations, complying with regulations, finding a suitable distribution channel, and dealing with technology and innovation requirements. Based on these studies, AMIS will develop a plan of action highlighting activities required to expand the market.



BOX 3: IMPACT INSURANCE ACADEMY TESTIMONIALS

Participants in the Impact Insurance Academy have been very enthusiastic and continue to apply lessons learned in their daily work. See the testimonials of these three Academy alumni:

"The Impact Insurance Academy was my highlight of 2019. Meeting various people from across the world and sharing our ideas and experience really helped me to expand my point of view in developing insurance business which meets the needs of the people. It was an impactful experience for me."

Andreas Imanuel – Asuransi Astra, Indonesia

"Thanks to my participation in the Academy and with support from one of the speakers we have implemented a new software platform. This facilitates our claims settlement process and the communication between clients, hospitals and our company."

Karen Petrosyan – RESO Insurance, Armenia

"We are still at the early stages of implementing the knowledge acquired at the Academy. We have started partnering with insurance providers in Mozambique as well as the Ministry of Agriculture to designing customized crop insurance and weather based insurance solutions."

Helia Dezimahata Lory Nsthandoca – AMSCO Advisory Services, Mozambique



The investment community can make transformative investments that help achieve the Sustainable Development Goals.

3 Sustainable investing



The third segment of the financial sector with which the ILO engages is the investment community. The report of the Global Commission on the Future of Work highlights the importance of this segment by calling on the international community, public and private, to step up its efforts to make transformative investments towards supporting the achievement of the SDGs and to promote investments in key areas for decent and sustainable work.

With this in mind, our Sustainable Investing team has intensified its engagement with investors and their networks, and we are grateful for all the joint thinking and work done with existing and new partners. Most importantly, the ILO Governing Body discussed the ILO's engagement in innovative finance in March 2019 and paved the way for further exploration of the theme and for capacity building going forward.

Collaborating with impact investors

Our longstanding collaboration with the [Africa Agriculture and Trade Investment Fund](#) (AATIF) grew steadily in 2019, as the Fund added three financial institutions in West Africa as well as two agricultural processors and one trading company. One highlight was the AATIF stakeholder meeting in Brussels, Belgium, where the ILO shared new results of the Fund's impact measurement efforts. In 2019, the Fund added a poverty tracker, which started showing encouraging results regarding how an impact investment fund is indirectly reaching smallholder farmers in agricultural value chains in Africa, including those living below national poverty lines.

Furthermore, we supported two of the new financial institutions in the development or expansion of their social and environmental management systems. Initial results are trickling in now that the systems are in place, and the banks' sustainability managers are conducting capacity-building activities. In addition, we successfully ran capacity-building activities with a trade finance company in the UK and with the AATIF's investment manager in Germany, in which we explored the social and environmental specificities in trade finance. As part of these activities, we adapted tools for screening and assessing social and environmental aspects in new financing opportunities. Lastly, we launched an employment-effects study that focused on the operations of an AATIF investee in Tanzania working in the cashew value chain, and we look forward to seeing results in 2020.

In 2019, we started collaborating with the [Common Fund for Commodities](#) (CFC), an inter-governmental financial institution that invests in commodity-development projects that contribute to social development. The ILO is supporting the CFC to develop a management system to address social and environmental risks and impacts in their lending operations. In 2019, we completed a capacity assessment within the CFC team and successfully launched tailored capacity-building activities, including joint due diligence visits to assess the sustainability practices of prospective projects. In addition, we jointly designed new social and environmental guidance documents and tools for the CFC to collect data and monitor CFC investees. The project will conclude in 2020 with a set of mentoring sessions involving all staff, including the management team.

Collaboration with investment industry networks and the UN family

In addition to project-based work with impact investment funds, the ILO is constantly expanding its outreach to industry networks and the UN family.

Industry networks are key collaboration partners for the ILO. A highlight of our work in the sustainable investing theme was our participation in a meeting of the [Impact Bonds Working Group](#), which brings together interested bilateral and multilateral donors. The meeting allowed us to contribute our experience to help shape the group's new knowledge-sharing platform. We also brainstormed on a proposal for an "outcomes accelerator", which the group envisages will support the evolution of the nascent outcomes-based commissioning market. In addition, we continued our outreach through the [Social Performance Task Force's social investor working group](#).

Another exciting network interaction is through our engagement with the [GIIN](#). The GIIN is a global champion dedicated to increasing scale and effectiveness of impact investors. It does so by convening impact investors to facilitate knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry, and producing valuable tools and resources. As part of these activities the GIIN engages industry stakeholders in the development of investment strategies. In 2019, we contributed a Decent Work perspective to the emerging strategy on smallholder agriculture.

Lastly, collaboration with the UN family is playing a crucial role in nudging the financial sector to allocate capital to the achievement of the SDGs. As the custodian of Goal 8, the ILO is eager to contribute a Decent Work angle to UN efforts. For example, we highlighted the importance of integrating social consideration in investment decisions during the [UNCTAD Expert Meeting on Investment, Innovation and Entrepreneurship's](#) "Harnessing Impact Investing" panel. Considering Decent Work makes business sense, not only as a measure to avoid negative publicity, but more importantly to increase productivity and profits. This is supported by results from the Better Work programme, a joint initiative of the ILO and the International Finance Corporation.



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Exploring innovative forms of financing and Decent Work

Along the lines of our engagement with industry networks, in 2019 we further explored innovative forms of financing to promote Decent Work.

Inspired by the Moroccan government and the Millennium Challenge Account, the ILO advised on the technical quality of financial intermediation models submitted by service providers for a results-based financing mechanism to stimulate youth employment. We hope that the positive lessons that have come from this innovative engagement with government, alongside the advisory services company *Instiglio*, will stimulate further capacity-building activities, not only in Morocco but also beyond.

One highlight in 2019 was an initiative with the Dutch government to conduct a feasibility study and design an innovative finance tool, an impact bond, to address child labour in the cocoa value chain Côte d'Ivoire (see Box 4). As part of its work on fundamental principles and rights at work, the ILO is committed to ending child labour, one of the most deplorable plagues of the modern world. According to the latest ILO estimates, nearly 152 million children are engaged in child labour globally. Almost half of them – 72.5 million children – are performing hazardous work that places their health, safety and moral development at risk.



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Child labour is a multidimensional problem and its root causes are deeply entrenched in the social and economic context of children and their families or caregivers. In 2019, Social Finance together with the ILO's FUNDAMENTALS branch, developed the work programme for contracting a consortium to conduct, in close collaboration with the ILO and under consultation with its tripartite constituents, a feasibility study and to, potentially, design an impact bond for this pur-

pose. Whereas an impact bond has the potential to increase capital flows, stimulate innovation, and increase the provision of social services, a detailed analysis of the problem and the possible interventions is required before setting up such structures, to ensure that potential positive and negative impacts are known and evaluated. This is the main aim of the feasibility study, which will be launched in 2020.

BOX 4: WHAT IS AN IMPACT BOND?

An impact bond is a form of pay-for-success financing where private investors provide the upfront capital needed for a project implementer to provide social services. The payer of an impact bond is usually a federal or local government agency or charitable foundation, which pays the investors back (with interest) if certain pre-determined social outcomes are achieved. Usually, the achievement of results is determined by a third-party evaluator.

Upcoming highlights for 2020

In the context of our Testing, Learning, Documenting and Promoting approach, here are some of the highlights that we anticipate in the coming year.



Financial inclusion

- Testing:** Piloting a package of relevant financial services for FDPs and host communities
- Learning:** Insights into the uptake and effectiveness of integrated risk-management solutions
- Documenting:** Obstacles and incentives for employers and employees to adopt digital wage payments
Insights on ethical banking and mechanisms to finance the social and solidarity economy
- Promoting:** Updated capacity building programme on Financial Education Strategies for policy-makers
Enhancing financial inclusion of workers through a global partnership for capacity development
Supporting the Social Performance Task Force in the revisions of its universal standards



Impact insurance

- Testing:** Insurance products for low-income housing
Improved insurance offerings for microfinance institutions and their clients
- Learning:** Facilitating a community of practice among insurers designing insurance for women
- Documenting:** Insights from effective public-private partnerships for risk managements
Lessons from recent efforts to extend pensions to low-income households
- Promoting:** Add at least one new insurance institute to our portfolio of local training partners



Sustainable investment

- Testing:** Technical assistance for improved social and environmental management in trade finance
Working with UN agencies and sustainable investment stakeholders to test new approaches to finance Decent Work through the Joint SDG Fund
- Learning:** Assessing the feasibility of an impact bond to reduce child labour
Understanding current human resource practices among financial institutions together with the e-MFP
- Documenting:** Supporting the impact investing industry to define strategies for creating and improving jobs
Understanding trade union engagements in innovative finance

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Annexes

Annex 1. 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 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 FSPs expanding the agricultural lending portfolio, managers of smallholder farmer schemes, commercial farmers, or processors and traders of agricultural produce.



This partnership is geared towards developing a social and environmental management system of the CFC, an intergovernmental financial institution investing in commodity development projects worldwide.



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.



The ILO is collaborating with GIZ on a range of 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 ILO 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.



Government of the Netherlands

The Government of the Netherlands spearheaded a new partnership to enable FDPs and host communities to enjoy enhanced economic opportunities. The partnership develops a new paradigm in responding to forced displacement crises, particularly through the involvement of development actors. Among other topics, the ILO is looking at how financial inclusion can participate in improving livelihoods of these populations.

The Dutch government is also working with the ILO's Regional Office for Africa to implement the ACCEL Africa project (Accelerating action for the elimination of child labour in supply chains in Africa). In this project, Social Finance is looking at innovative financial services that can address some of the root causes of child labour, such as poverty and vulnerability of farming families. In addition, a feasibility study for the development of an impact bond will be conducted in Côte d'Ivoire for the cocoa value chain.

Supported by:



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety

based on a decision of the German Bundestag

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 FSDA are working with insurers to provide valuable and scalable insurance solutions to low-income households and small and medium-sized enterprises 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 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.



Swiss Confederation

The partnership with SECO aims to promote growth, productivity and jobs by supporting Indonesian small enterprises to access financial and non-financial services. Through capacity development of FSPs, 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 bundled approach on the small enterprises and allow the provision of evidence-based policy advice to Indonesian policy-makers.



With the support of USAID, and in coordination with the BASIS Index Insurance Innovation Initiative at the University of California Davis, 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 as part of a broader risk management strategy.

Annex 2. Strategic partners

Global market development facilitators



الجمعية المغربية للثقافة المالية
Fondation Marocaine pour l'Education Financière



Health financing



Digital solutions



Capacity-building partners



Agriculture



Annex 3. Implementing partners

Partner	Description of joint project	Partner	Description of joint project
APA Insurance company Kenya	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.	Kifiya Technology services provider Ethiopia	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.
AXA Indonesia Insurance company Indonesia	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.	MCII Donor Caribbean	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 Mansard Insurance company Nigeria	The project supports AXA to develop a broad product portfolio and distribution strategy to target low-income households.	MicroEnsure Intermediary Regional	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	The project aims to complement Barry Callebaut's farmer finance offerings with insurance solutions. The ILO provides support with designing and delivering valuable insurance products.	NBC Mozambique Micro Insurance Insurance company Mozambique	NBC Mozambique Microinsurance is the first and only registered microinsurer in the country, offering both life and non-life insurance. The project focuses on designing funeral benefits coverage for the individual pension plan of Moçambique Previdente.
Britam Insurance company Kenya	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.	NHIA Public health insurance body Ghana	The NHIA 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.
CNAAS Public-private insurer Senegal	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.	Nyala Insurance company Ethiopia	The project supports Nyala to implement a broader microinsurance strategy, beyond agriculture, and work with a range of aggregators in Ethiopia to serve microenterprises.
Equity Bank Financial institution Kenya	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	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	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.		

Integrated risk management solutions

Organization	Project idea
CLIMBS Cooperative insurer with SACCOs Philippines	CLIMBS is a cooperative insurer working with savings and credit cooperative organizations (SACCOs). The proposed project intends to help three SACCOs to manage health and agricultural risks better by bundling insurance with existing loans and savings accounts.
KGFS NBFC India	KGFS is an NBFC operating in four states in India and serving 800,000 customers. The project aims to improve its Digital Wealth Management Solution, which relies heavily on customer data to understand typical customer segments and design products that would be suitable for them. In addition, they plan to simplify the offering for customers by creating a system of monthly payments by the customer (similar to that for loan repayments) that would then be allocated to a customized portfolio of savings, insurance and investment products.
KMBI Microfinance institution and non-governmental organization Philippines	KMBI is a microfinance institution offering loans, insurance, savings and business development services. It currently serves 150,000 clients. Its proposed solution is to bundle insurance and government benefits with its existing savings product in the first year, and then introduce an emergency loan product in the second year.
KOMIDA Cooperative Indonesia	KOMIDA is a mature cooperative with 520,000 members. It offers four loan products, but 95 per cent of the portfolio comprises business loans. KOMIDA would like to conduct a profitability analysis of current loans/savings products and use the results to devise a product strategy.
PNM Non-bank financial company (NBFC) (state-owned) Indonesia	PNM is an NBFC managing two government lending schemes serving over 3 million women. PNM distributes <i>Mekaar</i> , a group loan to women micro entrepreneurs. The company would like to introduce an enhanced version of the product (<i>Mekaar Plus</i>) to include savings and insurance. It provides capacity building to members to improve business operations.

Bundling (non-)financial services in Indonesia

Financial service provider	Description of intervention
KSPPS Baytul Ikhtiar (West Java)	Combination of training and counselling. Trainings focused on "Marketing and Financial Management", based on the ILO's "Start and Improve Your Business" module. The training was modified by the local team of trainers, based on internal needs.
BMT Ibaadurrahman (West Java)	
BMT Itqan (West Java)	
Bank BJB (West Java)	
Puskowanjati (East Java)	
Koperasi Assakinah (East Java)	
BMT NU (East Java)	
Bank UMKM Jatim (East Java)	
Bank Jatim (East Java)	
BPR Lamongan (East Java)	
BPR Jombang (East Java)	
BPR Subang (West Java)	One-on-one counselling on "Marketing, Financial Management and Risk Management" in the workplace of the client.
BPR Subang (West Java)	

Annex 4. Acronyms and abbreviations

AATIF	Africa Agriculture and Trade Investment Fund
ACCEL	Accelerating action for the elimination of child labour in supply chains in Africa
AFD	Agence Française de Développement
AMIS	Asociación Mexicana de Instituciones de Seguros
ASSAR	Rwanda Insurers' Association
AUTP	Asuransi Usaha Tani Padi
CFC	Common Fund for Commodities
CNAAS	Compagnie Nationale d'Assurance Agricole du Sénégal
CONAMI	National Commission of Microcredit (of Argentina)
FDP	Forcibly displaced person
FSDA	Financial Sector Deepening Africa
FSP	financial service provider
GIIN	Global Impact Investing Network
GiZ	Deutsche Gesellschaft für internationale Zusammenarbeit (the German international development agency)
IDR	Indonesian Rupiah
ILO	International Labour Organization
ITCILO	International Training Centre of the ILO
NBFC	Non-bank financial company
NEFSCUN	Nepal Federation of Savings & Credit Cooperative Unions
NHIA	National Health Insurance Agency (of Ghana)
NGO	non-governmental organization
PMFBY	Pradhan Mantri Fasal Bima Yojana
RBZ	Reserve Bank of Zimbabwe
SACCOs	Savings and Credit Cooperative Organizations
SDG	Sustainable Development Goal
SECO	Swiss State Secretariat for Economic Affairs
SSP	Sehat Sahulat Program
ToT	training of trainers
USD	US dollar

Annex 5. Knowledge products in 2019

EMERGING INSIGHTS

[EI 153: The best of 2018](#)

Theme: Impact

Source: Impact Insurance Facility

[EI 154: Insights from Britam's 10-year journey](#)

Theme: Business viability, Health

Source: Britam

[EI 155: The future of impact insurance](#)

Theme: Impact

Source: Impact Insurance Facility

[EI 156: A decade of Impact Insurance](#)

Theme: Impact

Source: Impact Insurance Facility

[EI 157: The potential of innovation labs for inclusive insurance](#)

Theme: Business models, Product development

Source: Impact Insurance Facility

[EI 158: Developing partnerships with governments to offer agriculture insurance](#)

Theme: Agriculture

Source: APA Insurance

[EI 159: Digitization of renewal processes](#)

Theme: Health

Source: NHIA

[EI 160: Client personas can help to organize your data and serve real people](#)

Theme: Product development, Improving value, Demand

Source: Impact Insurance Facility

[EI 161: Using PACE to improve products](#)

Theme: Sales, Promotion, Demand

Source: Impact Insurance Facility

[EI 162: Overcoming health care and geographical challenges in Indonesia through a digital solution](#)

Theme: Partnerships, Health

Source: AXA Indonesia

[EI 163: Providing insurance in Côte d'Ivoire through alternative distribution channels](#)

Theme: Other channels, Financial institutions, Partnerships, Life

Source: SUNU Assurance Vie

CASE BRIEFS

Merry, A.; Chow, Q.; Dalal, A. 2019.

[MicroEnsure's Innovation Lab](#), Case Brief 15

Merry, A.; Shah, S.; Dalal, A. 2019.

[APA Insurance](#), Case Brief 16

Dalal, A.; Morgan, L.; Nanda, S. 2019.

[NHIA, Ghana](#), Case Brief 17

Merry, A.; Morgan, L.; Sharma, S. 2019. [Britam](#), Case Brief 18

Merry, A. 2019. [Client insights](#), Brief

Merry, A. 2019. [CIF Vie](#), Case Brief 20

Merry, A.; Morgan, L.; Tang, K.S. 2019.

[AXA Indonesia](#), Case Brief 21

Merry, A.; Solana, M. 2019.

[SUNU Assurance Vie](#), Case Brief 22

PAPERS

Fonteneau, B.; Pollet, I. 2019. [The contribution of social and solidarity economy and social finance to the Future of Work](#), Research Paper

Sharma, S.; Dalal, A. 2019. [Making a profitable inclusive insurance business: a case study of Britam, Kenya](#), Impact Insurance Paper 54.

Morgan, L. 2019. [Actuarial analysis of the Federal Sehat Sahulat Program](#), Impact Insurance Paper 55.

Kurimoto, A.; Koseki, T.; Breda, V. 2019. [Rokin Banks - 70 years of efforts to build an inclusive society in Japan through enhancing workers' access to finance](#), Social Finance Working Paper 76.

TRAINING MATERIALS

Inclusive insurance for SMEs

[Make change happen: Getting insurers ready to serve low-income and emerging markets](#)

Course for networks and associations of financial institutions

E-learning course on financial education

Financial education in Sierra Leone – Trainer's manual

Financial education in Cabo Verde: trainers and trainees material

Financial education in Afghanistan: trainers and trainees material

Financial education in Argentina for actors in the social economy: trainers and trainees material

VIDEOS

The highlights of our project with the National Health Insurance Authority of Ghana, Impact Insurance Facility, 11 October 2019

WEBINARS

April 24, 2019: First actuarial analysis of Pakistan's Sehat Sahulat Programme (SSP)

June 4, 2019: Population coverage: from pilot to nationwide scale-up of the "NHIS mobile renewal and digital authentication project"

October 3, 2019: Expert Forum with the Microinsurance Network on inclusive insurance



Annex 6. Meet the team



Edgar Aguilar
Technical Officer

Based in Côte d'Ivoire at the ILO Regional Office for Africa, Edgar is the focal point for insurance market development in Africa. He is also providing technical support to the ACCEL Africa Project on financial innovation.



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.



Craig Churchill
Chief

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



Aparna Dalal
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.



Camyla Fonseca
Capacity-Building Officer

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



Nalina Ganapathi
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.



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
Project Junior Officer

Mónica supports the Social Finance work on sustainable investing and innovative finance, in particular working on the projects with the AATIF and the CFC.



**Fernando Messineo
Libano**
Project Junior Officer

Fernando works on issues related to sustainable investing and social and environmental risk management, particularly with the AATIF.



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.



Gen Nakatomi
Junior Professional Officer

Gen works on innovative finance for development and is the unit's liaison to the ILO Partnerships Department. He also supports projects on sustainable investing and social and environmental risk management.



Ola Nilsmo
Senior Technical
Specialist

Ola works on the ILO's collaboration with guarantee providers to enhance job creation. This includes the facilitation of capacity building of financial institutions and their clients.



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



Pranav Prashad
Senior Technical Officer
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 leading the Social Finance Programme's work on sustainable investing and innovative finance. As part thereof, she is managing the ILO's collaborations with the AATIF and the CFC.



**Victor Hugo Sanchez
Valverde**
Administrative Assistant
Victor supports the Social Finance Programme's administrative and operational activities.



Joost Tijdink
Communications and Knowledge Management Officer
Joost supports the Social Finance Programme's communications and knowledge management activities.

We would like to thank Miguel Solana, Aida Lindmeier and Camila Castañeda Quintero for their outstanding contribution over the years.

Short-term colleagues and interns made valuable contributions to the Social Finance Programme in 2019. Special thanks are due to Natascha Haitz, Ngan Nguyen and Franck Janura for their dedication.

Annex 7. Social Finance Fellows

**Prashansa Jain**

Prashansa is hosted by the [KMBI](#) (Manila, Philippines).

**Sandeep Kumar**

Sandeep is hosted by [Dvara KGFS](#) (Chennai, India).

**Reinhard Marcellino**

Reinhard is hosted by [PNM](#) and [KOMIDA](#) (Jakarta, Indonesia).

**Preeti Sancheti**

Preeti is hosted by [CLIMBS](#) (Cagayan de Oro, Philippines).

We would like to thank the fellows who graduated last year – Shilpi Nanda (hosted by the NHIA in Ghana), Indira Gopalakrishna (hosted by Equity Insurance Agency in Kenya), Khai Sheng Tang (hosted by AXA Indonesia), Daniel McGree (hosted by

Grace Kennedy General Insurance in Jamaica) and Pietro Magnoni (hosted by NBC Moçambique Companhia de Micro Seguros) – for their outstanding contributions to their host organizations via our Fellowship Programme in 2017-2019.



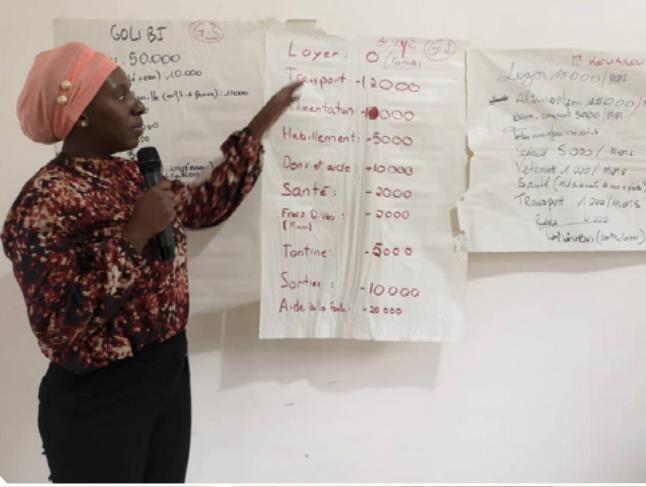
15th International Conference on Inclusive Insurance Coping with Climate Risk

5–7 Nov 2019
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This is the 2019 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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