

ACCELERATING QUALITY AT SCALE

## STRATEGIC PLAN OUTLINE 2014-2018

*Internal*



May 2012

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# I. MICROINSURANCE: PROTECTING THE WORLDS' POOR

## The Promise of Microinsurance

**Comment [FSG1]:** This section should position microinsurance as part of a broader agenda (financial inclusion, risk management, responsible finance and economic development) in order to leverage the growing awareness and interest of governments and donors for these topics.

- Despite recent progress in reducing poverty, an estimated 1.29 billion people still lived below \$1.25 a day in 2008.<sup>1</sup> Lifting the poor out of poverty requires an integrated approach of a variety of interventions. Access to financial services, such as insurance, credit and savings are one essential component of such a holistic effort.
- Low-income households are more vulnerable to risks than the rest of the population, and yet they are the least able to cope when crises occur.<sup>2</sup> Many shocks (e.g. the illness or death of breadwinners or income-generating livestock, the theft or breakdown of productive assets and the destruction wrought by disasters) can negatively impact income while imposing the challenges of coping with the expense of the events in question and having to meet on-going needs. Under these circumstances, low-income people take a range of undesirable actions such as eating less or less nutritious food.<sup>3</sup> Shocks also often have long-term health implications, especially for children. Dercon and Hoddinott have found that persistent effects of drought have led to lower height and lower educational outcomes, all resulting in lower lifetime earnings.<sup>4</sup>
- While vulnerability and poverty go hand in hand microinsurance (MI) holds the promise of breaking a part of the cycle that ties them together.<sup>5</sup> By reducing the financial burden of shocks, microinsurance aims to enable low income people to get out of poverty or prevent them from sinking into poverty to begin with.
- Insurance can be a relevant mechanism for low-income households to manage risks that will result in large losses – e.g. death of a breadwinner, a major illness or loss of critical assets – which they cannot cope with out of their cash flow or through informal means, such as the support of friends and relatives.<sup>6</sup> For example, impact assessments focusing on health insurance in African and Asia have found that health microinsurance reduces out-of-pocket health expenditure and increases the utilization of healthcare services.<sup>7</sup>
- Microinsurance is particularly relevant in countries where social safety nets are porous; in fact, microinsurance can be used as a strategy to extend social protection coverage to excluded persons, such as workers in the informal economy or the rural poor.<sup>8</sup>
- Yet millions of low-income households still don't have access to appropriate products.<sup>9</sup> Increasing insurance cover among low-income people in developing countries, as the ILO's Microinsurance

<sup>1</sup> World Bank website (2012)

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:23130032~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>

<sup>2</sup> 2007 Grant Proposal

<sup>3</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>4</sup> Dercon, S. and J. Hoddinott (2003). Health, shocks and poverty persistence.

<sup>5</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>6</sup> 2007 Grant proposal

<sup>7</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>8</sup> 2007 Grant Proposal

<sup>9</sup> 2007 Grant Proposal

Innovation Facility strives to do, benefits the working poor, insurance providers and communities and countries at large:<sup>10</sup>

- Benefits for the working poor
  1. Insurance can protect policyholders from the financial consequences of various risks, including illness and death.
  2. Insurance can be a means through which the poor can amass a lump sum of savings, for example through a long-term life insurance policy that allows them to build assets.
  3. Insurance can help unlock access to productive inputs such as credit by covering some of the risks (e.g. drought, excess rain and livestock death) that a lender does not want to assume.
  4. Insurance can have a positive psychological effect on the policy holder by providing peace-of-mind.
- Benefits for providers
  1. Microinsurance can assist commercially minded organizations in entering a new market or expanding their services to an existing market.
  2. Insurance can help cooperatives, unions, non-governmental organizations (NGOs), self-help groups, and other organizations that are primarily interested in helping their members manage risks, to achieve their social objectives.
  3. For governments interested in extending social protection cover to excluded populations (e.g. workers in the informal economy) microinsurance may be a means to achieve that objective.
- Benefits for the community and the country
  1. Various studies have demonstrated a causal link between the development of the insurance industry in general – not specifically microinsurance – and national economic development.
  2. More broadly within the economy, by mobilizing long-term savings insurers are an important source of long-term finance that can be invested in initiatives such as infrastructure improvements, as well as acting as a significant stimulator for the development of debt and equity markets.

### The Story of the ILO's Microinsurance Innovation Facility

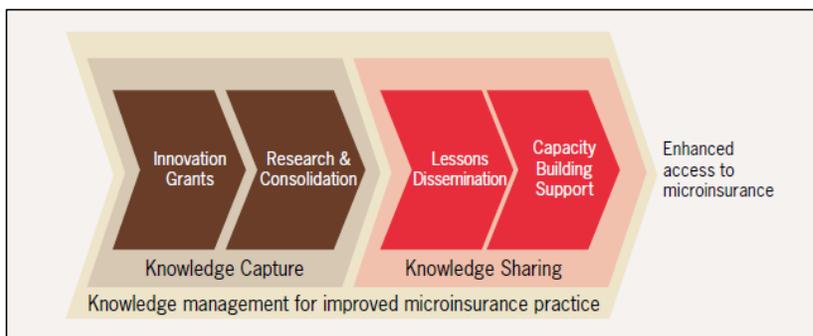
- The ILO's Microinsurance Innovation Facility ("the Facility") was launched in 2008 with a grant from the Bill & Melinda Gates Foundation with the mission "to learn how insurance can optimally benefit low-income households and to share best practices that emerge from the sector".<sup>11</sup>
- In order to achieve this mission the Facility has focused on three objectives:
  1. Identifying the Client Value Proposition(s) for Microinsurance
  2. Building the Business Case for Microinsurance, and
  3. Building a Microinsurance Community of Practice

<sup>10</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>11</sup> ILO's Microinsurance Innovation Facility website (2012). <http://www.ilo.org/public/english/employment/mifacility/about/vision.htm>

- Over the last four years, the Facility has strived to achieve these objectives by pursuing four distinct activities:<sup>12</sup>
  - **Providing innovation grants** to help institutions test new models and approaches that would offer better insurance products to low-income people in developing countries.
  - **Building capacity** by increasing the availability of expertise in microinsurance and creating greater demand for that expertise.
  - **Supporting research** to identify successful approaches and assess the impact of insurance on low-income policyholders.
  - **Disseminating information and lessons learned** to key stakeholders.
- In 2010, the Facility began the transition from providing grants to extracting lessons from grantees and partners. It launched a knowledge management (KM) strategy to improve the tools for capturing lessons and to create effective mechanisms for analyzing, synthesizing, packaging and sharing these lessons in formats relevant to the Facility's target audiences (see Figure 1).<sup>13</sup> Disseminating lessons learned from its past and current grants, as well as capacity building efforts will continue to be priorities for the Facility going forward.

Figure 1: Facility activities within the knowledge management framework



- In its four years of operation, the Facility has played an important role in putting microinsurance on the map:<sup>14</sup>
  - The Facility has provided innovation grants to 53 organizations in support of their efforts to develop and test new products, models and strategies.
  - It has also provided 52 individuals and organizations with capacity-building support through Fellowships, mentoring, technical advisory and consultancy services, and information-sharing events such as workshops.
  - The Facility has provided a total of 27 research grants and published 18 research papers. In addition, the Facility has published 16 thematic studies highlighting practice-based insights.
  - In terms of geographical coverage, by the end of 2011 the Facility was supporting the development of microinsurance in 14 countries in Africa and the Middle East, 15 in Asia and the Pacific, and nine in Latin America.

<sup>12</sup> Microinsurance Innovation Facility (2011). Annual Report 2010

<sup>13</sup> Microinsurance Innovation Facility (2011). Annual Report 2010

<sup>14</sup> Microinsurance Innovation Facility (2011). Annual Report 2010

- The focus of the Facility's work in 2011 moved from knowledge capture to knowledge analysis and dissemination. As part of its shift from knowledge capture to knowledge analysis and dissemination, the Facility launched the Knowledge Centre on its website to share lessons emerging from all the Facility's activities in 2010.

## Recent Breakthroughs

A number of positive developments in the microinsurance field demonstrate that progress is being made in expanding the reach of microinsurance services to low-income households around the world:

### 1. More low-income households are covered by insurance

- Microinsurance is expanding dramatically, from 78 million low-income persons identified as having some cover in the 100 poorest countries to 135 million insured in 2009. Rough estimates suggest that the sector is approaching 500 million risks covered including the lives and health of low-income people, as well as protection for their crops, animals and other assets.<sup>15</sup>
- There are five main factors that have contributed to this exponential expansion:<sup>16</sup>
  - The first and by far the most significant one is government support, most notably in Asia. The involvement of governments in microinsurance has increased dramatically in recent years as they approach the issue from two angles: using microinsurance to extend social protection to workers in the informal economy; and creating an enabling environment to facilitate market development.
  - The second driver is automatic enrolment or mandatory cover. Group policies are a common means used to achieve scale because they are easy to manage and they reduce adverse selection.
  - A third key driver is the development of effective payment systems, which can help solve one of the biggest microinsurance challenges – collecting premiums.
  - The fourth driver is the capacity of multinational insurers and brokers to replicate their successes across jurisdictions.
  - Finally, microinsurance uptake continues to expand because of a confluence of incremental improvements, including innovative client education efforts, improved claims payment experiences and a better value proposition.
- Two views on impact measurement for client value creation exist and are depicted in Box 1.

<sup>15</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>16</sup> Microinsurance Innovation Facility (2012). Annual Report 2011

*Box 1: Proving and Improving Client Value***Proving and Improving Client Value**<sup>17, 18</sup>

Microinsurance literature distinguishes between two views with regards to client value:

*Proving Client Value*

The ultimate step in the client value creation process is to understand and measure the impact of microinsurance. However, few studies have explored the impact of microinsurance. Early findings suggest that microinsurance tentatively seems to positively affect expenditure and utilization rates. It appears to perform less successfully vis-à-vis issues of economic and spatial egalitarianism, however, insofar as households with relatively low economic status or dwellings remote from the relevant facilities enroll and claim benefits less frequently. Overall, there is consensus in the field that more research is needed to measure the impact of microinsurance and to prove client value.

*Improving Client Value*

In parallel to proving client value, providers, governments, donors and other stakeholders are interested in improving client value by understanding whether products are able to meet client needs in relation to alternatives, and how existing products and related processes can be adapted to better meet client needs. These activities relate to the first step of client value creation: products and process design. To better understand improvements in client value, the Facility has developed the PACE (Product, Access, Cost and Experience) framework, a client value assessment tool which looks at the added value for clients from insurance products by comparing them to alternative means of obtaining protection from similar risks.

While there is a growing pool of data and insights around client value from certain markets such as India, Kenya and the Philippines, lessons around client value in other markets are still lagging. Scaling up microinsurance solutions in these regions will depend on how quickly lessons from more mature markets can be transferred.

**2. Stakeholders in microinsurance are becoming more diverse**

- Until recently, microinsurance usually involved either mutual insurance schemes or partnerships between insurance companies and microfinance institutions (MFIs). Although these arrangements still account for a sizable portion of microinsurance outreach, they have been eclipsed by other institutional arrangements, including PPPs and alternative distribution channels. In addition, various enablers, including consultants, operational specialists and funders, are playing important roles in creating the conditions for microinsurance to succeed.<sup>19</sup>
  - **Insurers and reinsurers:** Microinsurance has advanced from being something of an oddity in the insurance world to a very significant long-term business opportunity. Today more than 30 international carriers are offering microinsurance products in various parts of the world, and many more are planning to get involved. While there is yet no widely accepted strategy, the common ingredients for success are differentiation, innovation and partnership. Traditionally, insurance corporations operated largely in isolation of state agencies and non-governmental organizations

<sup>17</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>18</sup> microinsurancefacility.org

<sup>19</sup> Microinsurance Innovation Facility (2012). Annual Report 2011

(NGOs). However, today they are collaborating to an unprecedented degree to take maximum advantage of their respective capabilities and resources. In addition, many governments have created incentives for private-sector organizations to develop insurance solutions for the previously uninsurable.<sup>20</sup> There is growing evidence of the viability of microinsurance to providers. A review of five case studies by Angove and Tande suggests that microinsurance can be profitable, but that finding the right model to achieve economic viability requires an iterative process of restructuring and willingness to experiment with new approaches.<sup>21</sup>

- **Delivery channels:** Any organization that already has financial transactions with the poor, and has gained their trust, could be a prospective microinsurance delivery channel.<sup>22</sup> The deployment of new technologies allows for the digital outreach to ever larger numbers of poor people and enables economies of scale.<sup>23</sup>
- **Governments:** Many governments have created incentives for private-sector organizations to develop insurance solutions for the previously uninsurable. Donor and community groups are cooperating by providing infrastructure, insights into customer needs, endorsement and other forms of assistance.<sup>24</sup>
- **Enablers:** In the past years, there has been growing interest and commitment by capacity builders, operational specialists, funders and other promoters. Their contributions have been essential to the creation of an effective ecosystem to support the advancement of microinsurance.<sup>25</sup>

### 3. Providers are offering an expanding and varied range of products

- While microinsurance started with basic products, especially credit life, over time product offerings have evolved due to a growing understanding of client demand and increased availability of market data.
  - Today, low-income households are gaining access to a greater variety of insurance products, including: Credit life, term life / personal accident, savings life, property insurance, endowment life, agriculture and health insurance.<sup>26</sup>
  - While early microinsurance products were often downscaled versions of traditional lines, product evolution has embraced reengineering to respond better to the realities of the low-income market. As the understanding of the needs of low-income households continues to increase, providers will continue to tailor their product offerings to ever more narrowly defined market segments.<sup>27</sup>
- *[Potentially add India case study as a side bar. Information in Chapter 20 of the Compendium]*

<sup>20</sup> Accenture (2012). Succeeding at microinsurance through differentiation, innovation and partnership.

<sup>21</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>22</sup> Accenture (2012). Succeeding at microinsurance through differentiation, innovation and partnership.

<sup>23</sup> Bill and Melinda Gates Foundation (2012). Financial Services for the Poor, Strategy Overview.

<sup>24</sup> Accenture (2012). Succeeding at microinsurance through differentiation, innovation and partnership.

<sup>25</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>26</sup> Accenture (2012). Succeeding at microinsurance through differentiation, innovation and partnership.

<sup>27</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

## Lingering Challenges

**Comment [FSG2]:** This section is to be shortened. Especially the parts pertaining to the results of the external survey may be truncated as to not give them too much weight.

- While the number of insured low-income households is increasing rapidly on a global level, **significant regional differences remain**.<sup>28</sup>
  - With roughly 350 to 400 million risks insured, **Asia** is spearheading microinsurance development. Both China and India have seen dramatic growth in recent years, but other countries such as the Philippines are also experiencing strong growth rates.
  - In **Latin America**, Brazil and Mexico are two of the fastest growing markets, but the number of risks insured is growing in other markets such as Colombia as well.
  - In **Africa** microinsurance is picking up steam in several countries such as South Africa, Ethiopia, Ghana and Zimbabwe. However, growth is still patchy across the continent, and countries such as Chad, Angola, Sudan and Mozambique continue to have very low penetration rates.<sup>29</sup>
- Besides differences in uptake across geographies, a number of other challenges still remain at different levels:<sup>30</sup>
  - Macro level
    - The **lack of regulation** or the existence of inappropriate regulation can impede the progress of microinsurance.
    - At the policy level, there is a need to **subsidize** certain forms of microinsurance (e.g. agriculture). Identifying the right type of subsidy remains complex.
  - Meso level
    - There is an on-going **need for trained specialist** staff (e.g. loss adjustors and actuaries).
    - **Improved data collection** is another lingering challenge. The lack of data not only makes the design of products difficult but, also acts as a barrier to insurers considering entering the market.
    - **Client education** remains a problem throughout the microinsurance sector. Lack of understanding and trust towards insurance limits demand.
  - Micro level
    - While improving due to technological innovation, the **lack of available distribution infrastructure** remains a challenge.
    - Availability of **affordable reinsurance** is not yet ubiquitous.
    - **Product design** has improved over the last years, but more customized products are still needed.
- In a survey<sup>31</sup> conducted as part of the strategic planning process, the Facility asked its external stakeholders about the **three** most and least important **levers** that would need to be pulled / activated in order to increase the availability of better insurance products for a greater number of low-income

<sup>28</sup> International Labour Organization (2012). Protecting the poor: A microinsurance compendium, Volume II

<sup>29</sup> Microinsurance Innovation Facility (2009). The Landscape of Microinsurance in Africa.

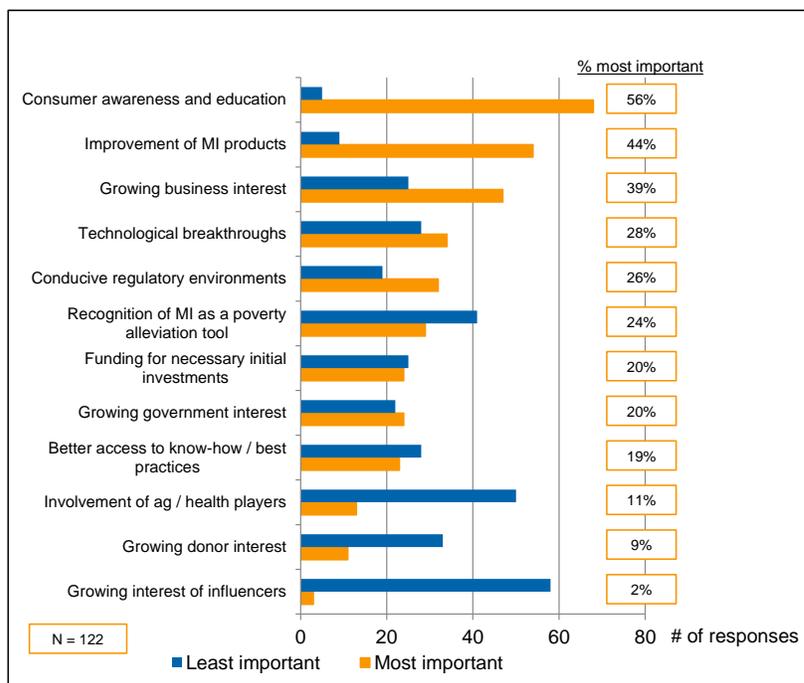
<sup>30</sup> Microinsurance Network website (2012); <http://www.microinsurancenet.org/challenge8.php>

<sup>31</sup> Sample size: 124 respondents

households in the coming years. As depicted in Figure 2 the “consumer awareness and education” lever was picked most often. As part of their top three:

- 56% of respondents selected **consumer awareness and education**
- 44% of respondents selected the **improvement of microinsurance products**, and
- 39% of respondents selected **growing business interest**

Figure 2: External stakeholder views on the three most and least important levers to increase availability of microinsurance products to low-income households

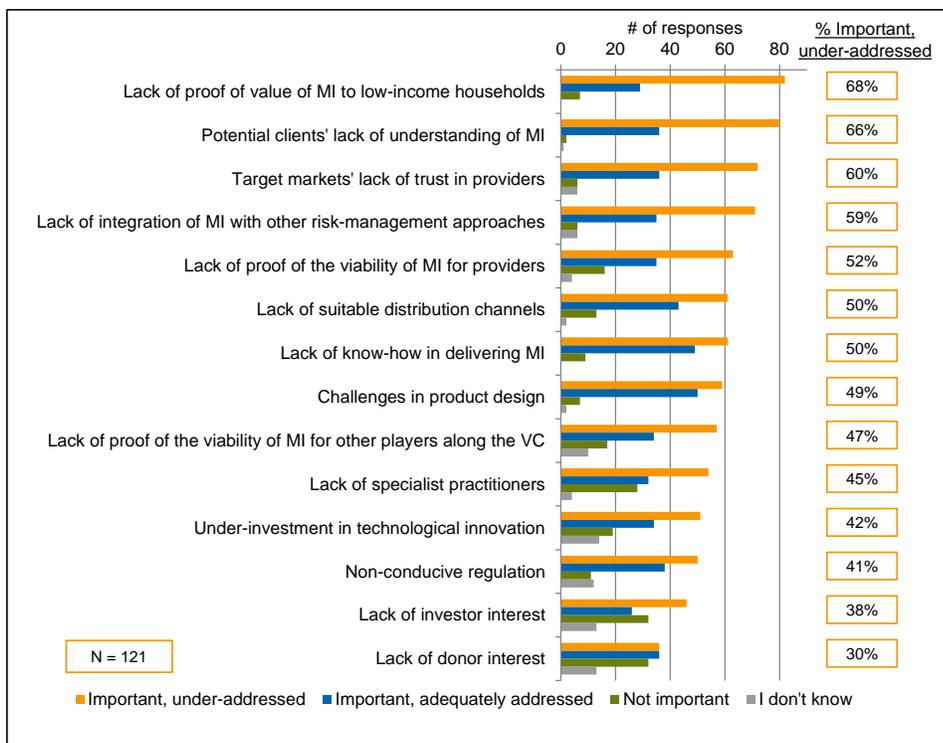


- When asked about the **biggest obstacles** standing in the way of increasing the availability of better insurance products for a greater number of low-income households in the coming years, survey respondents again stressed the need to better understand the value of microinsurance and to create awareness of the benefits of microinsurance among low-income households (See Figure 3).<sup>32</sup> Overall,

- 68% of respondents identified the **lack of proof of value of microinsurance to low-income households** as an important, under-addressed obstacle.
- 66% of respondents identified the **potential clients' lack of understanding of microinsurance** as an important, under-addressed obstacle.
- 60% of respondents **target markets' lack of trust in providers** as an important, under-addressed obstacle.

<sup>32</sup> For each obstacle, survey respondents were asked to select among the following choices: Important under-addressed; Important, adequately addressed; Not important; and I don't know.

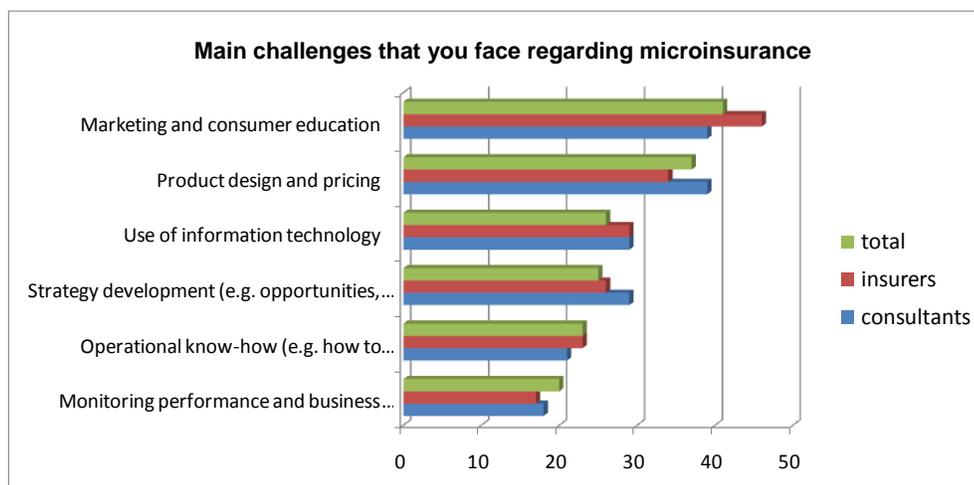
Figure 3: External stakeholder responses on obstacles that need to be addressed in order to increase the availability of better insurance products for a greater number of low-income households



- Besides conducting a survey, the Facility also interviewed select experts in the field of microinsurance. Similarly to survey respondents, interviewees stressed demand side obstacles as the main challenges for the field to address in the next few years.
  - “We need to figure out how clients perceive value. (...) If we don't get the client value proposition right, some of the other obstacles are irrelevant”.
  - “It's not the availability of products that is the problem. What we don't understand is how to get people to pick these products up. Is it knowledge and trust or is it because the products themselves are not good? We don't have a clear sense of what we can expect of this.”
- Moreover, in a 2011<sup>33</sup> survey conducted to evaluate the Facility's knowledge products, respondents saw “marketing and consumer education” and “product design and pricing” as the two most important challenges that they were addressing (see Figure 4).

<sup>33</sup> Sample size: 129 respondents

Figure 4: Main challenges that Facility stakeholders face regarding microinsurance



## Outlook

- Microinsurance is a young but rapidly evolving field with great potential to offer one tool to help the world's poor better manage risks.
- The Microinsurance Innovation Facility was created to help the nascent field learn and grow and has succeeded in contributing to both cutting edge learning and impact on the ground, both of which are discussed in greater detail in the next chapter.
- While there have been breakthroughs in microinsurance in the past years, several challenges are standing in the way of growth in the quality and scale of microinsurance.
  - One chief barrier to scaling-up microinsurance is that providers are not yet benefiting from each other's lessons learned.
  - A key future priority therefore is to improve access to know-how and create a cadre of microinsurance specialists in order to make sure that practitioners leverage lessons to reduce the likelihood of failure.
- There is a broad consensus that unlocking demand is an imperative prerequisite to increasing both scale and quality of microinsurance in the future.
  - Better understanding the needs of low-income households and translating these into demand via consumer awareness and education is seen as the first critical obstacle to growth.
  - Enabling providers to understand the specific needs of low-income households and helping them integrate this understanding into product design as well as communication and delivery approaches is seen as a second challenge.

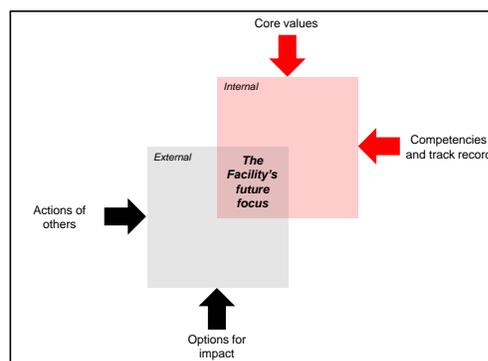
## II. POSITIONING THE FACILITY FOR THE NEXT PHASE OF IMPACT

### Positioning Framework

- Over the last four years, **the Facility has played an important role** in helping **microinsurance gain** both **visibility** as well as **credibility** and contributed significantly to putting it on the development agenda. Through its grant making and its research the Facility has gathered a large pool of information on microinsurance, and has made that information available to a wider public, thereby contributing to today's general recognition of microinsurance as a tool of social protection.
- One part of the Facility's efforts in the next five years** will be to continue to **build on the successes and lessons from its first phase**. This will include
  - Extracting and disseminating lessons from the wealth of data collected over the last four years.
  - Building the capacity of key providers, as well as of "multipliers" capable of reaching a broader audience.
- Besides leveraging insights, available data and lessons learned from its first phase, the **Facility will focus on specific research questions in its next phase**. In order to determine the future focus, the strategic planning processes for 2014-2018 considered four overarching questions (see Figure 5):
  - What are the Facility's **core values**?
  - Based on the Facility's track record and achievements to date, what are its **core competencies**?
  - Considering the needs in the field, what **strategic options for impact** are available to the Facility?
  - Which areas are **other players in the microinsurance field** focusing on?
- In order to answer these questions the Facility conducted a survey with a broad set of external microinsurance stakeholders and conducted 11 in-depth interviews with both experts from the field and major donors. In addition, the Facility conducted both focus groups and a survey with its staff and considered existing literature on the microinsurance field.

**Comment [FSG3]:** The Facility to add a paragraph here that justifies the need for the Facility going forward: While microinsurance is undoubtedly growing, the Facility is here to accelerate and catalyse quality at scale.

**Figure 5:** Internal and external factors considered during the Facility's strategic planning process



**Comment [FSG4]:** In this chapter, the four elements of the positioning framework (values, competencies, actions of others and options for impact) should get somewhat equal weighting, which means that more content should be added to the values, competencies and actions of others, while options for impact should be truncated.

### Core Values of the Facility

- The Facility believes that:<sup>34</sup>
  - Low-income people should be able to benefit from valuable insurance services and make informed choices to manage their risks.
  - Increasing access to insurance and creating a better understanding of its value will help reduce vulnerability to poverty amongst low-income people.
  - Creating an insurance culture among low-income men and women will allow them to appreciate the utility of insurance and demand better quality services
- The founding and on-going goal of the Facility is to increase the availability of better insurance products for a greater number of low-income households. The Facility's future focus therefore needs to include the following three key prerequisites:
  - ✓ **Focusing on low-income households:** While insurance may benefit people with diverse incomes, the Facility focuses solely on low-income households.
  - ✓ **Achieving scale:** The Facility seeks to expand the reach of microinsurance.
  - ✓ **Guaranteeing quality:** The Facility seeks to improve the quality of the products offered to low-income households.
- The Facility's staff underlined the importance of these values both in focus group discussions as well as in the survey when asked about their vision for microinsurance in the year 2020.

**Comment [FSG5]:** Language describing the Facility's context within the ILO to be added here. Especially the values and mission of the ILO and how this fits with the values and mission of the Facility should be emphasized.

### Competencies and Track Record of the Facility

- In the four years since its inception the Facility has made excellent progress in becoming an effective grant-making organization, hiring highly qualified staff, supporting efforts to create viable microinsurance products, and building effective partnerships with outside organizations<sup>35</sup>.
- More specifically, the Facility has made significant progress against its three objectives<sup>36</sup>:
  1. **Identifying the Client Value Proposition(s) for Microinsurance:** Determine how and under what circumstances microinsurance provides value to low income households.
    - In 2011, the Facility developed and tested the PACE (Product, Access, Cost, Experience) tool to assess client value of an insurance product by comparing it with other products and with other means of protection from similar risks.
    - The Facility has published 11 "Emerging Insights" around client value questions.
    - A meta-analysis on the impact of microinsurance was launched in December 2011 with the Facility's academic partner EUDN (European Development Research Network), and is due by early 2013. The bulk of the new evidence will come from 10 longitudinal studies commissioned by the Facility, numerous research grants and other research projects that are being monitored in collaboration with the Microinsurance Network. The meta analysis will be an update of the first-ever literature review published by the Facility in 2008.

**Comment [FSG6]:**

A. Besides listing the many outputs the Facility has generated in its first 5 years, this section should also touch upon some of the key (process) lessons learned to date. This will start to explain the Facility's future priorities and strategy laid out in Chapter III

B. Language around the strength and diversity of the Facility's staff to be added here

C. This section should touch upon benefits of being within the ILO, synergies with the ILO's country programs, the decent work agenda, and the tri-partisan and solidarity values of the ILO.

<sup>34</sup> <http://www.ilo.org/public/english/employment/mifacility/about/vision.htm>

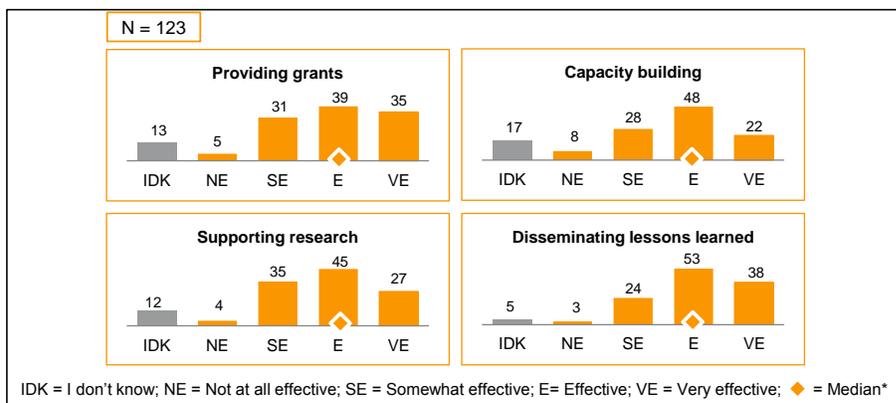
<sup>35</sup> ILO, Independent Thematic Evaluation: Social Finance, 09.11.2011

<sup>36</sup> Some of the listed achievements may be cross-cutting and hit multiple objectives. In order to avoid repetition, achievements are listed only once, and under the objective they adhere most to.

- The Facility has formalized a working relationship with Microinsurance Centre's MILK project, through which it will jointly address client value as well as business case questions. In addition, the Facility has formed strategic partnerships with Cenfri, CIRM, RfD, and EUDN.
  - By the end of 2013, the Facility will have additional insights on the following:
    - which products promise highest social impact, for whom and under which circumstances
    - the determinants of demand, as well as preliminary insights on successful marketing strategies
    - the role and effectiveness of consumer education strategies in building an insurance culture (individual providers, industry, governments)
- 2. Building the Business Case for Microinsurance:** Determine if there is a viable business case for offering microinsurance to low income households and what business models are sustainable.
- The Facility has issued 44 grants to providers to test different microinsurance partnership and delivery models.
  - The Facility has successfully supported specific microinsurance projects and the general microinsurance community with consulting services, training, and workshops.
  - The Facility has published at least 15 "Emerging Insights" around a business case for microinsurance and critical success factors.
  - The Facility has published 27 "learning journeys" and other thematic studies about its lessons around the business case and has disseminated these findings to a wide audience.
  - By the end of 2013, the Facility will have additional insights on the following:
    - product improvements that will constitute to a blue print for the industry, including considerations with regards to improving the value from mandatory products (case studies)
    - the role of mobile phones and other technology solutions to increase efficiency and achieve scale (case studies and thematic studies)
    - the viability of health microinsurance with highlights on value-added services, pharmacy, providers and care management, and specific cases of simple and more complex health products
    - livestock and agriculture insurance (case studies)
    - strengths and weaknesses of various distribution models and viability of voluntary products
    - specific broad issues such as reinsurance
- 3. Building a Microinsurance Community of Practice (COP):** To establish a community of thought leaders in the microinsurance space committed to building the viability and effectiveness of microinsurance organizations, and producing and disseminating best practices and new developments

- The Facility has supported specific microinsurance projects and the community at large with consulting services, training, and workshops, and more general knowledge management services (e.g. learning journeys).
  - The Facility has produced and published over 25 briefing notes, newsletters, annual reports, articles, books, videos and other resources to the broader microinsurance community.
  - The Facility brings practitioners together on an annual basis for the Microinsurance Forum and on an ad-hoc basis for other knowledge building and sharing events.
  - Since its inception the Facility has taken on 22 fellows in its Fellowship Program, 15 of whom are graduated.
  - By the end of 2013, the Facility will have additional insights potential options for governments to be involved and ways to strategically subsidize microinsurance interventions. This will also include insights on how governments can leverage microinsurance to extend universal access to health care.
- In addition the Facility will continue evaluating its knowledge management (KM) strategy, segmenting the audience, testing more targeted dissemination strategies, evolving its knowledge management portal to cater to the needs of strategic partners, and to perfect its monitoring tools to be clear who uses what and how. All this will result in a revised KM strategy for the next phase.
  - The surveys conducted as part of the strategic planning process are another testimony to the Facility's success in its first four years.
    - External survey respondents perceive the Facility to be pursuing each of its four activities effectively (see Figure 6).

Figure 6: External stakeholders views on the Facility's affectivity of activities



### Options for Impact in Microinsurance

**Comment [FSG7]:** This section could also be shortened to give less voice / weight to interviewees and survey respondents

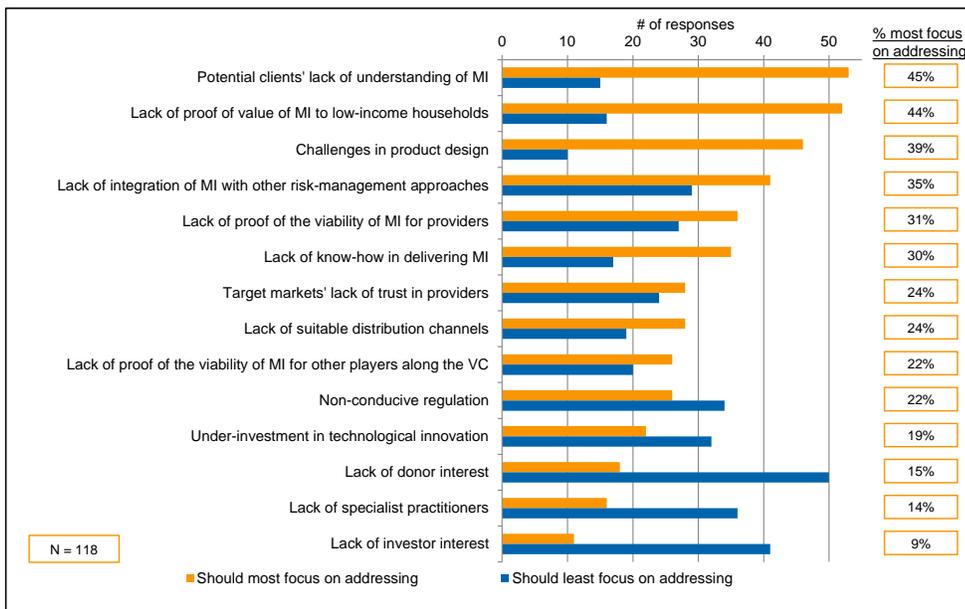
- The values and core competencies provide one lens on where the Facility should act to maximize its impact. Another key lens is the potential options for impact given the needs of the field.
- To gain perspective on these, the Facility interviewed key stakeholders and provided a range of potential intervention areas in a field survey.
- **Interviewees and survey respondents** stressed a **desire to see the Facility prioritize the demand side** with client protection, client value and product design:
  - *“I think they need to get the value proposition for clients, which would mean tweaking their research questions. [...] You don’t want to do one thing to the exclusion of others, but cracking the client value question would be huge. This includes education, product design, marketing, and delivery channels... basically the whole consumer experience. If you got that then... demand would drive all the other stuff. You would be coming at it from the right place. It’s demand driven growth.”*
  - *“They could really carve out a nice piece around the value proposition.”*
  - *“I would be inclined to double down on the product development issue. I would focus on that. It puts you at the center of all the important issues. I would think about building a portfolio of larger players. If I were trying to cure a disease, you would invest with a different mindset and much more aggressively.”*
  - *“Protection is a huge deal, but I find that we often jump too quickly to products. I think very important in our field is this notion of really truly understanding client needs and behaviors. In that context we should reconceive the notion of what protection means. Within that context we might come up with different concepts and products than what we have.”*
  - *“There’s a need to focus on the value for low income households, which is not yet understood.”*
  - *“[It] Doesn’t matter if we have a great product to offer if customers cannot see or understand its value. I would strongly focus on first: understanding the value of microinsurance to low-income households, documenting many, many, many successful cases, and of course, failures, so the network could share and adapt it to its own reality. And secondly, I would focus on consumer education, measuring impacts of consumer education and use of technology in different areas, from sales to change of culture.”*
  - *The Bill & Melinda Gates Foundation Financial Services for the Poor strategy also highlights this need: “Just increasing access to services is insufficient. Development interventions in health, agricultural, and financial services have been plagued by technologies that were made available to their intended users, but were not adopted.”<sup>37</sup>*
- External stakeholders were also asked where the Facility should focus its efforts in the future<sup>38</sup> (see Figure 7). Asked to select up to three areas of future focus for the Facility:
  - 45% of respondents selected **potential clients’ lack of understanding of microinsurance** as a future priority for the Facility.

<sup>37</sup> Bill and Melinda Gates Foundation (2012). Financial Services for the Poor – Strategy Overview

<sup>38</sup> Survey respondents were asked to select three obstacles the Facility should most focus on addressing and three obstacles the Facility should least focus on addressing in the next five years respectively.

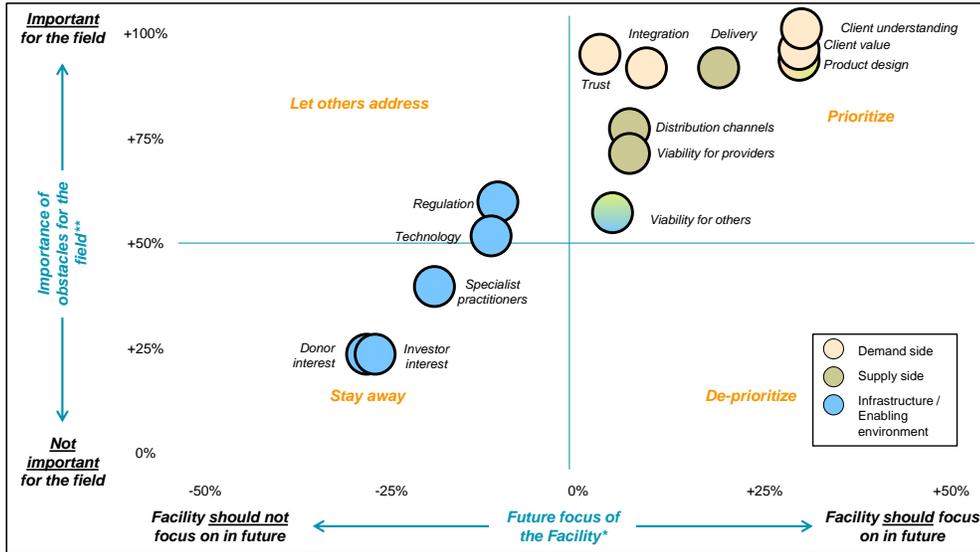
- 44% of respondents selected the **lack of proof of value of microinsurance to low-income households** as a future priority for the Facility.
- 39% of respondents selected **challenges in product design** as a future focus area of the Facility.

Figure 7: External stakeholder views on which 3 obstacles the Facility should focus on in the next 5 years



- These answers are largely in line with what external stakeholders identified as the most important, under-addressed obstacles for the microinsurance field as a whole. Figure 8 depicts the obstacles on a graph capturing both the importance for the field as well as the future focus of the Facility dimensions. The obstacles have been categorized into demand side, supply side and infrastructure / enabling environment obstacles.
  - **All demand side obstacles are seen as very important for the field.** The **potential clients' lack of understanding of microinsurance, the lack of proof of value of microinsurance to low-income households** as well as **challenges in product design are seen as key priority areas** for the Facility in the next five years.
  - **Supply side issues** such as lack of know-how in delivering microinsurance, lack of suitable distribution channels, and the lack of proof of the viability of microinsurance for other players along the value chain are seen as **slightly less important and less of a priority for the Facility**. However, the Facility team believes that more needs to be done to disseminate current knowledge to practitioners to make sure they avoid making similar mistakes. Moreover, some targeted interventions at the supply side should be prioritized to help providers to achieve scale. This might include facilitating adoption of new technologies and involvement of governments.
  - **Infrastructure and enabling environment** obstacles are **clearly perceived as areas the Facility should not concentrate its efforts on** in the next five years.

Figure 8: Summarized responses of external stakeholders on obstacles



**Actions of Other Microinsurance Players**

- While unlocking demand rose to the top of the issues stakeholders would recommend the Facility focus on, a final important dimension in prioritizing the future of the Facility is the actions of its peers to ensure that synergies are created. Figure 9 provides an overview of priority areas.

**Comment [FSG8]:** The landscape was mentioned as a critical analysis to be completed going forward during the stakeholder workshop. The Facility can finalize the landscape based on existing internal knowledge and / or additional primary and secondary research.

Figure 9: Overview of priority areas of actors in the microinsurance landscape

	Micro-Insurance Centre	World Bank Initiatives	Micro-insurance Network	Micro Insurance Academy	Access to Insurance Initiative	The Facility
Demand	Potential clients' lack of understanding of MI	●		●		●
	Lack of proof of value of MI to low-income households	●		●		●
	Target markets' lack of trust in providers				●	
	Lack of integration of MI with other risk-management approaches					
Supply	Challenges in product design	●	●			●
	Lack of know-how in delivering MI	●				●
	Lack of suitable distribution channels	●		●		●
	Lack of proof of the viability of MI for providers			●		●
	Lack of proof of the viability of MI for other players along the VC					
Infrastructure	Non-conducive regulation	●	●	●	●	
	Under-investment in technological innovation		●	●		●
	Lack of specialist practitioners		●		●	
	Lack of investor interest					
	Lack of donor interest			●		●

- The Facility has done a remarkable job over the last four years in helping to put microinsurance on the map. Therefore, **one imperative activity in the next phase will be to build on these efforts.** Specifically, the Facility will accelerate the dissemination of new lessons from its existing data and build the capacity of key institutions in the field.
- In addition, during the next five years, the Facility will tighten its focus around specific questions in order to further catalyze the uptake of microinsurance in future years.
- **The Facility is well-positioned to accelerate the quality and scale of microinsurance:**
  - ✓ It fits with the Facility's core values of focusing on low-income households, achieving scale and guaranteeing quality.
  - ✓ The Facility already has experience and built significant competencies around the client value proposition.
  - ✓ External stakeholders see demand side interventions as the most critical gap for the Facility to address in the future.
  - ✓ While other players are touching on demand side issues, there is space in the microinsurance landscape for a player to own and drive this agenda.

**Comment [FSG9]:** These four statements need to be updated once the language around strategy and competitive advantage have been finalized.

## III. OVERVIEW OF THE NEW STRATEGY

- Based on the Facility's aspiration to leverage its existing assets and based on its future positioning (values, competencies, options for impact and actions of peers), the strategy for the next phase of impact includes the following aspects: summary elements, assumptions and hypotheses, theory of change, learning agenda, strategic evolution and an overview of activities and audiences for the Facility's next phase.
- This chapter provides a high-level overview of these core aspects. The following chapters provide more detail on the specific activities underlying the new strategy as well as what these mean for evaluation, the transition phase, operating model and budget.

### Summary of Core Elements of the Strategy

- The Facility's **vision** is a world in which more low income people better manage their risks.
- The Facility's **mission** is to increase the quality and scale of microinsurance coverage.
- Although microinsurance will continue to grow, speed and quality at scale are not guaranteed. Specifically, the Facility will address the following **set of problems**:
  - The growth of the microinsurance market on its own is too slow if left alone
  - The needs of low-income households are not sufficiently reflected in the design of new products
  - Practitioners do not internalize existing lessons
  - While mandatory products make out the bulk of microinsurance policies sold to date, many governments have still not set up microinsurance conducive regulations and policies.
  - Despite ongoing technological innovation, the use of new technologies to achieve a massive scale up of quality products is still insufficient.
- The **objectives** of the Facility in the next phase are therefore to **equip key actors in the microinsurance field with know-how and capacity in order to accelerate quality at scale...**
  - ... **locally** in ~~X~~ **target countries** through capacity building and advocacy, seeking both for direct impact and for a demonstration effect
  - ... **globally** through the provision of public knowledge, capacity building and advocacy platforms as **public goods**.
- [What is the end game? Success in 2018 looks like...]
- Figure 10 depicts the Facility's strategic framework. The inner circle seeks to **push the frontier of microinsurance knowledge** by generating insights from both existing lessons and new insights. The outer circle seeks to **accelerate quality at scale** in target countries as well as at a global level.

**Comment [FSG10]:** Problem statement needs to be finalized

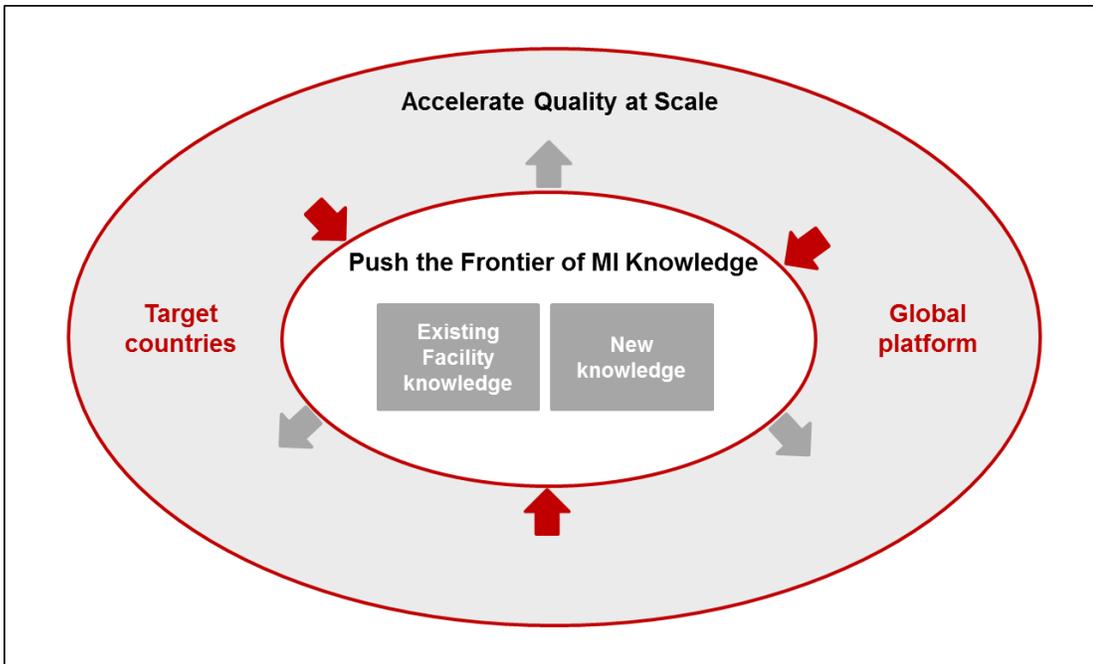
**Comment [FSG11]:** Facility to determine exact number of countries as well as selection criteria to determine focus countries

**Comment [FSG12]:** Add indicators for success to increase "the boldness and level of ambition" and make it more tangible and appealing – use wrap up contributions from stakeholder workshop, pp. 11-12

From stakeholder workshop: "Ultimate goal is that we believe something will happen where the Facility is no longer needed. The Facility should shorten the time it takes to get to a mature market where the Facility has no role" (David)

There is a **two ways information flow** as lesson learned inform the Facility's activities in the field and vice-versa.

Figure 10: Overview of the Facility's strategic priorities



### Underlying Assumptions and Hypotheses of the Strategy

- Microinsurance is a **key tool for risk management** in poor households.
- **Scale** is key for microinsurance to be viable; it will only happen if
  - the needs of the poor are translated into **demand and consumer uptake**
  - practitioners learn from peer experience rather than through their own trial and errors
  - governments get better involved to ensure a conducive environment
  - new technologies allow for efficiency gains and outreach to remote communities
- **Understanding** the low-income market can be a challenge for insurers; this lack of market understanding hampers creating the right client value proposition and subsequently communicating and delivering it
  - Besides tools and frameworks the industry needs powerful **demonstration cases** on how microinsurers overcame the demand problem.

**Comment [FSG13]:** The Facility will need to agree on appropriate wording here. Terms such as "marketing" and "the intersection between supply and demand" have been mentioned as well.

- There is a growing body of lessons learned in MI, but application of good practices is limited; greater investment into how **knowledge** gets put into practice is required for these lessons to be applied at scale
- Insurance providers are more likely to work together and share lessons in the **pre-competitive space, i.e. in areas where additional insights will benefit all players in the field equally.**
- The **Facility**, based on its experience and situation is **well positioned** to support the development of these tools, frameworks and demonstration cases. Among all players in the microinsurance landscape, there are **several target groups** that are of particular relevance for the Facility to work with:
  - **Innovators:** Pioneer providers that have already made significant progress in scaling up microinsurance services to low-income households.
  - **Emerging providers:** Providers in pre-defined target countries who can learn and apply knowledge from innovators and peers.
  - **Multipliers:** Other capacity builders that are capable of leveraging the Facility's lessons learned to reach an even larger amount of provider and potential customers (e.g., insurance training institutes, insurance associations, consultants). Multipliers can either work at the national or the international level.
  - **Governments:** Select national governments with the capacity to catalyze the microinsurance field and incentivize providers to accelerate quality at scale.

**Comment [FSG14]:** Labels for audiences and value proposition for each of these to be adjusted and added by the Facility

## Theory of Change

Table 1: Theory of change to accelerate quality at scale

Accelerating quality at scale			
Activities	Outputs	Outcomes	Impact
<p><b>Codify existing knowledge</b> into actionable KM products</p> <p><b>Generate new knowledge</b> about accelerating quality at scale</p> <p><b>Create</b> and maintain a global public <b>microinsurance insights platform</b></p> <p><b>Engage in select countries</b> to directly accelerate quality at scale</p> <ul style="list-style-type: none"> <li>• <b>Capacity building</b> of emerging providers and multipliers</li> <li>• <b>Advocacy</b> with governments in select countries</li> </ul>	<p><b>Awareness and ability of practitioners</b> to access lessons learned so far</p> <p><b>Learning agenda</b> around consumer uptake, the role of technology and the role of government</p> <p>A <b>public good platform</b> with readily available lessons learned</p> <p>Better knowledge of <b>marketing practices and challenges</b> of providers<sup>39</sup>, including:</p> <ul style="list-style-type: none"> <li>• Creating: product and process design</li> <li>• Communicating: branding, promotion, education</li> <li>• Delivering: sales, customer care, claims; use of technology, distribution models and government involvement</li> </ul> <p>More <b>conducive public policies</b> in target countries</p>	<p><b>Direct:</b> In target geographies:</p> <ul style="list-style-type: none"> <li>• <b>better products</b></li> <li>• <b>better distribution</b>, use of technology and government involvement</li> <li>• <b>better communication</b></li> </ul> <p>...leading to</p> <ul style="list-style-type: none"> <li>• more and better providers</li> <li>• <b>improved client value and increased scale and uptake</b></li> <li>• <b>increased efficiency</b></li> </ul> <p><b>Indirect:</b> Powerful <b>demonstration effect</b> triggers other providers to enter low-income markets (and use best practices generated by Facility's partners/ others)</p> <p><b>Academics</b> can evaluate well-designed schemes to <b>prove the value</b> of microinsurance</p>	<p><b>Increased quality at scale of MI coverage allowing more low-income households to better manage their risks</b></p>

<sup>39</sup> Drawing on Kotler's strategic marketing framework and combining it with client value framework developed by the Facility for microinsurance

**Learning Agenda**

Table 2: Learning questions around pushing the frontier of MI knowledge and accelerating quality at scale

**Comment [FSG15]:** Learning questions to be refined and categorized further if appropriate once the objectives and activities (see theory of change and activity and audience map) are finalized

<b>Push the Frontier of MI Knowledge</b>	<ul style="list-style-type: none"> <li>• How do <b>needs</b> for protection from threatening risks <b>translate into demand</b> for risk management and for microinsurance in particular? What is the <b>specific client value proposition</b> and <b>added-value of microinsurance</b> (in relation to other risk-management services)?                     <ul style="list-style-type: none"> <li>- Are certain <b>product lines</b> promising more social value than others? In which context?</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• How is the <b>digital revolution</b> (e.g., through digital money, technological platforms) influencing poor households demand, access and uptake of microinsurance products?</li> </ul>
	<ul style="list-style-type: none"> <li>• What are the <b>most cost-effective ways to communicate / deliver</b> the client value proposition to low-income households?                     <ul style="list-style-type: none"> <li>- What is the right <b>distribution</b> set up?</li> <li>- Which sales force development, customer care or claims administration approaches are the most <b>cost-effective</b>?</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• What is the <b>role of education</b> and how can it be used to make sure <b>clients make informed choices</b>?</li> </ul>
	<ul style="list-style-type: none"> <li>• Which <b>business models</b> and strategies are the most likely to <b>create value for clients and overcome demand challenges</b>?</li> </ul>
	<ul style="list-style-type: none"> <li>• What lessons do <b>governments</b> need to know, i.e., what are key success factors to create a <b>conducive regulatory environment</b>?</li> </ul>
<b>Accelerate Quality at Scale</b>	<ul style="list-style-type: none"> <li>• How do <b>providers learn</b> to develop and implement microinsurance products? Which types of <b>tools and capacity building activities</b> (e.g. reports, trainings) are most likely to meet providers' needs? How do these <b>needs vary by audience</b> (innovators, emerging providers, multipliers, governments)? How can the Facility capture feedback and further improve its capacity building activities on a continuous basis?</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>What format of convening and shared learning</b> (e.g., joint meetings, interactive sessions, joint pilots) will be most effective for providers (both 'innovators' and 'emerging providers') to <b>improve their understanding</b> of                     <ul style="list-style-type: none"> <li>- client value proposition and client decision-making</li> <li>- products and their delivery to low-income households</li> </ul>                     ... their <b>willingness to share</b> insights in the pre-competitive space,                      ... and thus they <b>ability to accelerate quality at scale</b>?                 </li> </ul>
	<ul style="list-style-type: none"> <li>• What is the most promising enabling and <b>orchestrator role for the Facility</b>? What are key features of this role?</li> </ul>

## Strategic Evolution

- The new strategy represents an evolution of the current strategy, with shifts taking place along the following lines (see Table 3):

*Table 3 Strategic evolution from putting MI on the map to accelerating quality at scale*

**Comment [FSG16]:** To finalize once the objectives and key activities are agreed upon

2008 – 2013 Putting Microinsurance on the Map		2014 – 2018 Accelerating Quality at Scale
Generating knowledge on a wide range of microinsurance topics	➔	Dedicated focus and expertise on accelerating quality at scale
Proving client value and business case	➔	Improving first, then proving
Observer	➔	Agenda setter
High-level involvement with grantees	➔	Greater engagement in fewer partnerships
Structured yet flexible partner selection	➔	Proactive, selective and directive partner selection
Geographic diversity	➔	Focus on target countries based on pre-defined criteria
Learning through many small grants and unique projects	➔	“Shared Learning” and/or selected capacity building-relationships with carefully chosen partners
Broad lessons across client value and business case	➔	Emphasis on learning about how to accelerate quality at scale
Wide dissemination of lessons	➔	Customized dissemination of lessons to target audiences
Testing many ideas and methods	➔	Narrower focus
Capacity building as stand alone	➔	Capacity building targeted for pre-defined audiences

- These shifts will take place over time, starting in the current phase of the Facility’s strategy rather than an abrupt course change at the beginning of 2014. The next chapter includes a discussion on how the new strategy will be seeded in the coming years, and how elements of the existing strategy will flow seamlessly into the new strategy.

**Overview of Activities and Audiences**

- To meet the objectives, the Facility will focus on the following core activities (see Figure 11):

Figure 11: Overview of activities and audiences for the Facility's next phase (2014-2018)

Push the Frontier of MI Knowledge	Accelerate Quality at Scale
<p style="text-align: center;"><b>Codify existing knowledge into actionable KM products</b></p>	<p style="text-align: center;"><b>Create and maintain a global public microinsurance insights platform</b></p>
<ul style="list-style-type: none"> <li>• Facility to conduct analysis of data and information compiled during its first 5 years</li> <li>• Facility to create KM products and tools</li> </ul>	<ul style="list-style-type: none"> <li>• Facility to disseminate key lessons to and build capacity of <b>EMERGING PROVIDERS</b> and <b>GLOBAL MULTIPLIERS</b> via its global public goods platform</li> </ul>
<p style="text-align: center;"><b>Generate new knowledge about accelerating quality at scale</b></p>	<p style="text-align: center;"><b>Engage in select countries to directly accelerate quality at scale</b></p>
<ul style="list-style-type: none"> <li>• Facility to partner with <b>INNOVATORS</b> to generate new lessons and insights around:                         <ol style="list-style-type: none"> <li>1. Consumer uptake</li> <li>2. The role of government</li> <li>3. The role of technology</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Facility to build the capacity of <b>EMERGING PROVIDERS</b></li> <li>• Facility to pursue advocacy activities with <b>GOVERNMENTS</b> in target countries</li> </ul>

**Comment [FSG17]:** Facility to check if final version of activities are focused enough (Martin's feedback during stakeholder workshop) and at the same time take the complexity of the problem into account (Rupalee's feedback)

## IV. IMPACT AND ACTIVITIES PLAN

**Comment [FSG18]:** Facility Team to clean up these activity plans once the exact activities have been agreed upon

### Detailed Activity Plans

- This section provides detailed plans for each of the four main strategic activities that the Facility will pursue in its next phase from 2014 – 2018 (See Section III).

#### 1. Codify Existing Knowledge into Actionable KM Products

<b>Action steps</b> <ul style="list-style-type: none"> <li>Refine targeted KM and CB strategy <ul style="list-style-type: none"> <li>answering needs of the field (both of potential MI clients and of their providers)</li> <li>building on strengths/assets of the Facility</li> </ul> </li> <li>Further improve knowledge <ul style="list-style-type: none"> <li>Targeted extraction</li> <li>Management</li> </ul> </li> <li>Review research questions to be answered by existing set of data in light of newly defined research agenda: <ul style="list-style-type: none"> <li>Translating demand into uptake (marketing)</li> <li>Role of governments</li> <li>Role of technology</li> </ul> </li> <li>Analyze and synthesize the existing data</li> <li>Publish lessons in relevant formats (e.g., case studies, reports) for the respective audiences: <ul style="list-style-type: none"> <li>Emerging providers</li> <li>Multipliers</li> <li>Governments</li> </ul> </li> </ul>	<b>Timeline &amp; Milestones</b> <table border="1"> <tr> <td data-bbox="641 703 771 829">Pre-2014</td> <td data-bbox="771 703 1198 829"> <ul style="list-style-type: none"> <li>Further synthesize key results from Facility I</li> <li>Develop an effective way to further improve knowledge extraction and management</li> </ul> </td> </tr> <tr> <td data-bbox="641 829 771 1224">2014-2018</td> <td data-bbox="771 829 1198 1224"> <ul style="list-style-type: none"> <li>Implement the refined KM strategy</li> <li>Further analyze and synthesize existing data with regards to questions identified in research agenda</li> <li>Publish and disseminate relevant lessons to key audiences (see Activity 3)</li> </ul> </td> </tr> </table>	Pre-2014	<ul style="list-style-type: none"> <li>Further synthesize key results from Facility I</li> <li>Develop an effective way to further improve knowledge extraction and management</li> </ul>	2014-2018	<ul style="list-style-type: none"> <li>Implement the refined KM strategy</li> <li>Further analyze and synthesize existing data with regards to questions identified in research agenda</li> <li>Publish and disseminate relevant lessons to key audiences (see Activity 3)</li> </ul>
Pre-2014	<ul style="list-style-type: none"> <li>Further synthesize key results from Facility I</li> <li>Develop an effective way to further improve knowledge extraction and management</li> </ul>				
2014-2018	<ul style="list-style-type: none"> <li>Implement the refined KM strategy</li> <li>Further analyze and synthesize existing data with regards to questions identified in research agenda</li> <li>Publish and disseminate relevant lessons to key audiences (see Activity 3)</li> </ul>				
<b>Resource needs</b> <ul style="list-style-type: none"> <li>[X] FTE to refine the KM strategy before 2014</li> <li>[X] FTE to implement the KM strategy in phase 2</li> </ul>	<b>Partners</b> <ul style="list-style-type: none"> <li>Grantees, research partners, etc.</li> </ul>				
<b>Outputs and Outcomes</b> <ul style="list-style-type: none"> <li>Awareness and ability of practitioners to access lessons learned so far</li> <li>A public good platform with readily available lessons learned</li> </ul> ...leading to <ul style="list-style-type: none"> <li>more and better providers</li> <li>increased efficiency</li> </ul>	<b>Key learning questions</b> <ul style="list-style-type: none"> <li>What format of convening and shared learning (e.g., joint meetings, interactive sessions, joint pilots) will be most effective for providers (both 'innovators' and 'emerging providers') to improve their understanding of <ul style="list-style-type: none"> <li>client value proposition and client decision-making</li> <li>products and their delivery to low-income households</li> </ul> </li> </ul> ... their willingness to share insights in the pre-competitive space, ... and thus they ability to accelerate quality at scale?				
<b>Immediate next steps</b> <ul style="list-style-type: none"> <li>Format and structure existing data in a way that it is easy to analyze</li> </ul>					

## 2. Generate New Knowledge about Accelerating Quality at Scale

Action steps	Timeline & Milestones	
<ul style="list-style-type: none"> <li>Define an action-oriented research agenda around key unanswered questions around quality at scale:               <ul style="list-style-type: none"> <li>Translating demand into uptake (marketing)</li> <li>Role of governments</li> <li>Role of technology</li> </ul> </li> <li>Seek input from strategic partners (e.g. innovators, other actors in the microinsurance landscape) on the research agenda</li> <li>Identify a list of potential innovators by reviewing both current portfolio of partners (e.g. Cenfri, CIRM) and conducting a landscape analysis</li> <li>Work with innovators to answer specific questions of the research agenda around quality at scale               <ul style="list-style-type: none"> <li>Innovators and Facility to bilaterally exchange existing lessons learned</li> <li>Facility to convene innovators in order to share lessons learned amongst all members</li> </ul> </li> <li>Commission research (e.g. case studies) to fill identified knowledge gaps</li> <li>Provide challenge grants for providers focused on better understanding customer needs?</li> </ul>	Pre-2014	<ul style="list-style-type: none"> <li>Define research agenda: Based on thematic studies results in Q2 2013, organize a two day full-team workshop to facilitate the research agenda setting process</li> <li>Identify and prioritize potential innovators</li> <li>Seek input from strategic partners</li> </ul>
	2014 - 2018	<ul style="list-style-type: none"> <li>Approach and select potential innovators</li> <li>Identify remaining essential research questions not anticipated to be answered through existing knowledge of the innovators</li> <li>Commission targeted research</li> <li>Analyze and synthesize findings</li> <li>Continuously refine and update the research agenda</li> </ul>
Resource needs	Partners	
<ul style="list-style-type: none"> <li>[Two-day] full-team workshop to define research agenda</li> <li>[Bi-annual] full-team meetings to discuss, refine and update the research agenda</li> <li>[X] FTEs to manage and coordinate relationships</li> <li>[X] FTE and [\$ XXX'000 – XXX'000] to commission and manage new research</li> </ul>	<ul style="list-style-type: none"> <li>Group of innovators</li> <li>Academic partner or few selected academics</li> <li>Researchers (e.g. research institutions, independent researchers, consultants etc.) (?)</li> </ul>	
Outputs and Outcomes	Key learning questions	
<ul style="list-style-type: none"> <li>Learning agenda around accelerating quality at scale</li> <li>Increased understanding of clients' needs and decision making processes, and of the microinsurance value proposition</li> <li>Better knowledge of marketing practices and challenges of providers, including:               <ul style="list-style-type: none"> <li>Creating: product and process design</li> <li>Distributing: branding, promotion, education</li> <li>Communicating: sales, customer care, claims</li> </ul> </li> <li>Better understanding of how the Facility can support providers to accelerate quality at scale in microinsurance</li> </ul>	<ul style="list-style-type: none"> <li>How do client needs for protection translate into demand for microinsurance?</li> <li>What is the role of education and can it be used to make sure clients make informed choices?</li> <li>What is the specific client value proposition and added-value of microinsurance (in relation to other risk-management services)?</li> <li>How is the digital revolution (e.g., through digital money, technological platforms) influencing poor households demand, access and uptake of microinsurance products?</li> <li>Which business models and strategies are the most likely to create value for customers and overcome demand challenges?</li> </ul>	
Immediate next steps		
<ul style="list-style-type: none"> <li>Identify partners to seek input from</li> <li>Identify and prioritize potential innovators</li> </ul>		

### 3. Create and Maintain a Global Public Microinsurance Insights Platform

Action steps	Timeline & Milestones	
<p><b>Emerging providers</b></p> <ul style="list-style-type: none"> <li>Identify key microinsurance providers based on their willingness to target low-income households and the potential for scale/impact</li> <li>Based on lessons from activity 1 and 2, develop specific training modules on               <ul style="list-style-type: none"> <li>Product and process design</li> <li>Distribution (branding, promotion, education)</li> <li>Communication (sales, customer care, claims)</li> </ul> </li> <li>Expand PACE tool to encompass upfront market research</li> <li>Provide targeted grants to help emerging providers reach scale, e.g., Support emerging providers in testing various marketing approaches through controlled pilot tests underpinned by on-going business analysis</li> </ul> <p><b>Multipliers</b></p> <ul style="list-style-type: none"> <li>Identify and select key multipliers to collaborate with</li> <li>"Train the trainers" by sharing content and developed tools with other capacity builders (e.g. insurance institutions, universities, training institutes etc.)</li> <li>Disseminate readily available lessons to a broader audience (e.g. e-learning, webinars)</li> </ul>	Pre-2014	<ul style="list-style-type: none"> <li>Prioritize future training modules based on their alignment with new focus</li> <li>Expand PACE tool to encompass upfront market research</li> <li>Select multipliers to work with</li> </ul>
	2014 - 2018	<ul style="list-style-type: none"> <li>Develop and provide specific training modules on products, distribution and communication</li> <li>Provide technical assistance via regional hubs</li> </ul>
<b>Resource needs</b>	<b>Partners</b>	
<ul style="list-style-type: none"> <li>[X] FTE to manage relationships ...</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Multipliers</li> </ul>	
<b>Outputs and Outcomes</b>	<b>Key learning questions</b>	
<ul style="list-style-type: none"> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>...</li> </ul>	
<b>Immediate next steps</b>		
<ul style="list-style-type: none"> <li>Identify and prioritize key multipliers to collaborate with</li> <li>Prioritize future training modules</li> <li>Expand PACE tool to encompass upfront market research</li> </ul>		

#### 4. Engage in Target Countries to Directly Accelerate Quality at Scale

Action steps	Timeline & Milestones	
<ul style="list-style-type: none"> <li>Select target countries and relevant audiences</li> <li>Develop advocacy and capacity building strategies for each country</li> <li>Evolve the Fellowship Program, and align it with the Facility's new strategic focus:</li> <li>Develop a mentoring program</li> <li>Create new / collaborate with existing regional hubs to offer technical assistance to providers</li> </ul>	Pre-2014	<ul style="list-style-type: none"> <li>Select countries and map relevant stakeholders</li> </ul>
	2014-2018	<ul style="list-style-type: none"> <li>Develop targeted capacity building and advocacy services               <ul style="list-style-type: none"> <li>Train fellows</li> <li>Conduct mentoring program</li> <li>Develop technical assistance tools with regional hubs</li> <li>Develop public policy briefs for government</li> </ul> </li> </ul>
Resource needs	Partners	
<ul style="list-style-type: none"> <li>[X] FTEs to ...</li> </ul>	<ul style="list-style-type: none"> <li>A2ii</li> <li>In-country stakeholders (government, providers)</li> <li>Fellows</li> </ul>	
Outputs and Outcomes	Key learning questions	
<ul style="list-style-type: none"> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>...</li> </ul>	
Immediate next steps		
<ul style="list-style-type: none"> <li>Identify and prioritize potential emerging providers in target countries</li> <li>Identify and prioritize key countries and respective emerging providers (leverage A2ii diagnostic)</li> <li>Align focus of Fellowship program with new strategic focus</li> </ul>		

## Outcomes and Evaluation

- Since the Facility's new strategy is anchored around constantly learning and sharing insights globally and in target countries around accelerating quality at scale, **learning and evaluation will take place on a day-to-day basis**, rather than as a parallel process at the interim and end of the strategy.
- Table 4 provides an **overview of the role of evaluation activities in the new strategy** along three lines:
  - 1) making progress against the learning agenda;
  - 2) monitoring process milestones and outputs; and
  - 3) measuring direct and indirect outcomes
- These represent **high-level evaluation considerations** which will be refined over the next 18 months as the underlying activities of the strategy become more detailed. In particular, each grant, research project and provider partnership will be associated with specific learning agenda questions, milestones and outputs and outcomes.

Table 4: Overview of the role of evaluation activities in the new strategy

### 1.) Making Progress Against the Learning Agenda

<b>Description</b>	Evaluation activities in this category relate to actively answering learning agenda questions (see preliminary learning agenda in Chapter III)
<b>Gathering Information</b>	<p>The learning agenda will be answered from multiple sources:</p> <ul style="list-style-type: none"> <li>• Existing knowledge already codified from historical / current grants and research projects</li> <li>• New knowledge to be mined from current grants and research projects</li> <li>• Engagement with innovators around the client experience</li> <li>• Engagement with Facility's peers around the client experience</li> <li>• Experience of the Facility Team</li> <li>• New research to be commissioned / incentivized as part of the client engagement learning agenda</li> <li>• Direct engagement with adopters and emerging providers around putting client experience knowledge into practice</li> </ul> <p>The Facility Team will engage in targeted internal learning sessions on a bi-annual basis to discuss progress against the overall learning agenda and to document answers as they emerge from the multiple sources outlined above</p>
<b>Sharing Results</b>	<p>Results from the learning agenda will be shared externally through several channels:</p> <ul style="list-style-type: none"> <li>• Targeted knowledge products</li> <li>• Capacity development tools and trainings</li> <li>• Applied in targeted engagement with emerging providers and governments</li> <li>• Included in Facility's on-going publications, such as the annual report</li> </ul>
<b>Budget</b>	Since information gathering will be embedded directly into grants, research projects and audience engagement, the budget is captured directly in the general Facility budget across all six activities – see Chapter V.

## 2.) Monitoring Process Milestones and Outputs

<b>Description</b>	Evaluation activities in this category relate to tracking the more tactical elements of the strategy, which can be done entirely by the Facility staff
<b>Gathering Information</b>	<p>Facility staff will be directly responsible for gathering this information, related to the <i>successful</i>:</p> <ul style="list-style-type: none"> <li>• Development and cultivation of the learning agenda</li> <li>• Development and cultivation of a group of innovators dedicated to helping the industry accelerate quality at scale</li> <li>• Development of criteria for focus countries</li> <li>• Development and cultivation of emerging providers and governments that the Facility will engage with closely</li> <li>• Mining of existing Facility knowledge base for client experience lessons</li> <li>• Development and refinement of the Facility's role in translating knowledge into action with providers and government</li> <li>• Creation and dissemination of knowledge products and capacity building tools</li> <li>• Management of the Facility's grants and research projects</li> </ul> <p>For example, these outputs are tracked in the KM area:</p> <ol style="list-style-type: none"> <li>1) <i>How many users are we reaching?</i> (# of visitors on website/KMP; # of down-loads for MI Papers)</li> <li>2) <i>What type of users are accessing products? Preferences by type?</i> (# of page visits for Learning Journey lessons by user type)</li> <li>3) <i>How many users are res-ponding to dissemination interventions?</i> (# of visits through links in Emerging Insight email; # of users that navigate to Learning Journey)</li> <li>4) <i>What information do users prefer?</i> (Top pages viewed, a comparison of downloads for Thematic study vs. related Briefing Note)</li> <li>5) <i>How are users engaging with/searching for pro-ducts?</i> (# of comments on Thematic Pages, # of questions in discussion forums)</li> </ol>
<b>Sharing Results</b>	<p>Milestones and outputs will be shared mostly within the Facility staff and selectively with:</p> <ul style="list-style-type: none"> <li>• The Steering Committee</li> <li>• Funders</li> <li>• The Microinsurance Network</li> <li>• The microinsurance community (regular annual reports)</li> </ul>
<b>Budget</b>	Data gathering and results sharing will be embedded into day-to-day staff work and will not require any additional budget.

### 3.) Measuring Direct and Indirect Outcomes

<b>Description</b>	Evaluation activities in this category relate to tracking outcomes, and as such require baselines in some instances
<b>Gathering Information</b>	<p><i>Direct Outcomes</i></p> <p>Direct outcomes will be measured for / with the Facility's targeted partners in key countries by conducting initial baselines and then following up on:</p> <ul style="list-style-type: none"> <li>• Uptake / # of people covered</li> <li>• Product satisfaction by beneficiaries</li> <li>• Provider comfort level with marketing (design, distribution, communication)</li> <li>• Provider satisfaction with Facility's support around marketing</li> </ul> <p>Toward the end of the strategy (2018 and beyond), the Facility will also measure the overall growth of microinsurance coverage in its focus countries by relying on data gathered by third parties or commissioning its own data gathering exercise.</p> <p><i>Indirect Outcomes</i></p> <ul style="list-style-type: none"> <li>• The Facility will conduct surveys and gather feedback from experts in the field to understand to what extent the demonstration cases and capacity building and advocacy efforts developed by the Facility are influencing providers to enter low-income markets. The Facility understands that for this outcome it will not be possible to measure attribution, only contribution.</li> <li>• The Facility will liaise with academics to measure to what extent the successes of the Facility's close partners have enabled academics to prove the value of microinsurance. For this it will be important to stay in close contact with relevant academics over the coming years and connect them to the Facility's partners as relevant.</li> </ul>
<b>Sharing Results</b>	<p>Outcomes will be shared with external audiences as follows:</p> <ul style="list-style-type: none"> <li>• On-going lessons learned around the client experience will be shared along with general learning agenda results (see left column)</li> <li>• The Facility will convene its close partners regularly around the client experience to ensure that pre-competitive lessons learned are shared real-time</li> <li>• The Facility will engage multipliers in targeted ways to ensure that client experience lessons learned reach providers outside of the Facility's partners</li> </ul>
<b>Budget</b>	Data gathering from the Facility's close partners should take place in the context of the partnership and should not require additional budget. The Facility may have to incentivize its partners financially to gather data from beneficiaries or at the country level. Indirect outcomes can be measured by Facility staff and will likely not require an external evaluator.

### Implications for Transition Period (2012 – 2014)

- As previously mentioned, the new strategy won't start overnight in 2014 and the existing strategy won't end abruptly at the end of 2013. Rather, **the period from 2012 to 2014 will serve as a transition period**, during which **the new strategy will be seeded** and **the existing strategy will continue to capitalize on its multi-faceted lessons learned**.
- **Error! Reference source not found.** summarizes the key elements of this important transition period:

Table 5: Building blocks of the transition period

#### Capitalizing on Existing Strategy beyond 2013

##### Accelerating the creation of knowledge based on grantee lessons learned from 2012 and 2013

- As several grants and research projects will only end over the course of 2013, the relevant lessons will only become available in late 2013 and 2014
- The Facility is committed to making sure these lessons are turned into knowledge products, even if these lessons don't necessarily relate directly to the new research agenda

##### Reinforcing the dissemination of knowledge in 2014 as relevant

- Relatedly, the knowledge products created from these lessons will only have impact if they are disseminated to the appropriate audiences, which the Facility is committed to doing beyond 2013
- As always, the Facility will partner with its peers in the microinsurance community to ensure that its knowledge products reach the right audiences

#### Seeding the New Strategy/Research question in 2012 & 2013

##### Applying the quality at scale lens to analysis of existing data

- As the Facility analyses the wealth of knowledge and data it has already generated from its innovation and research grants, a special emphasis will now be placed on lessons related to quality at scale, including product design, delivery and client education as well as the role of government and technology
- These lessons will already be turned into knowledge products and capacity building tools and trainings over the next 18 months

##### Identifying target audiences and countries based on criteria

- A lynchpin of the new strategy will be a clear focus on audiences
- Over the coming 18 months, the Facility will identify these audiences and create and apply clear criteria for selecting its focus countries for the new strategy

##### Engaging innovators around the new learning agenda

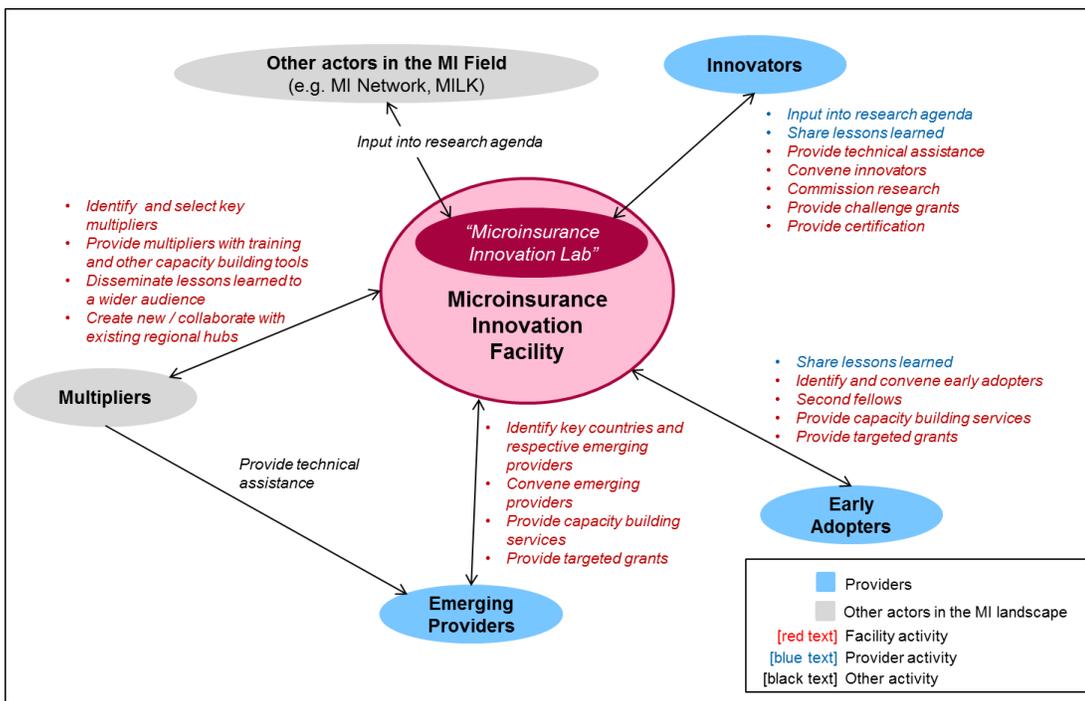
- The action-based research agenda around quality at scale will benefit especially from the experiences of innovators – those providers that have already seen success in microinsurance adoption
- Over the coming 18 months the Facility will identify and engage these innovators to help shape the learning agenda and identify knowledge gaps that need to be filled through research and incentives

## V. OPERATIONAL AND FINANCIAL PLAN

### Operating model

- Externally, the Facility will seek to work with a variety of different stakeholders in the microinsurance field (see Figure 12 **Error! Reference source not found.**).

Figure 12: The Facility's Ecosystem

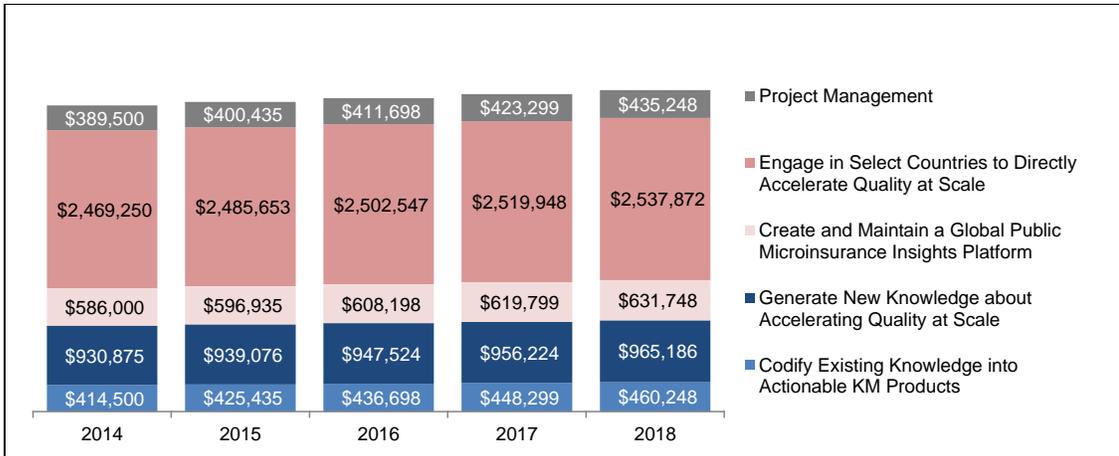


**Comment [FSG19]:** Facility Team to update this visual once the strategy, audiences and activities have been finalized (e.g., removing early adopters and adding governments)

**Budget snapshot**

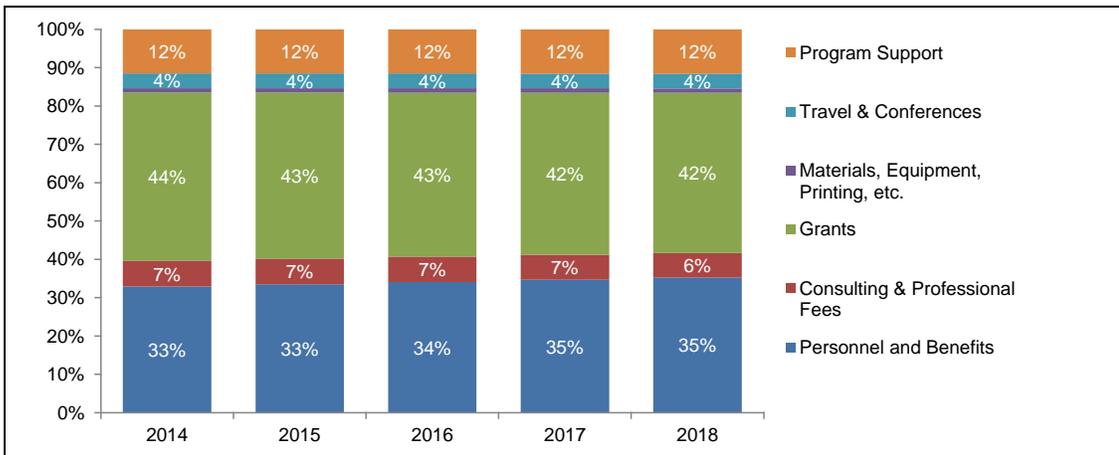
[To be developed after the stakeholder workshop]

Figure 13: Budget by activity - ILLUSTRATIVE



**Comment [FSG20]:** Charts pasted directly from the excel model. These will update automatically in excel and can be re-pasted once the assumptions are changed.

Figure 14: Budget by Category - ILLUSTRATIVE



## Budget summary

[To be finalized after the stakeholder workshop] - ILLUSTRATIVE

Table 6: Budget Summary

**Comment [FSG21]:** Strawman budget pasted in. Facility Team to update the excel model and replace these illustrative figures.

	2014	2015	2016	2017	2018	TOTAL
<b>Codify Existing Knowledge into Actionable KM Products</b>						
Personnel and Benefits	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$1,592,741
Consulting & Professional Fees	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Materials, Equipment, Printing, etc.	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$23,891
Travel & Conferences	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$79,637
Program Support	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648	\$238,911
<b>TOTAL</b>	<b>\$414,500</b>	<b>\$425,435</b>	<b>\$436,698</b>	<b>\$448,299</b>	<b>\$460,248</b>	<b>\$2,185,180</b>
<b>Generate New Knowledge about Accelerating Quality at Scale</b>						
Personnel and Benefits	\$225,000	\$231,750	\$238,703	\$245,864	\$253,239	\$1,194,556
Consulting & Professional Fees	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Grants	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000
Materials, Equipment, Printing, etc.	\$10,875	\$10,976	\$11,081	\$11,188	\$11,299	\$55,418
Travel & Conferences	\$36,250	\$36,588	\$36,935	\$37,293	\$37,662	\$184,728
Program Support	\$108,750	\$109,763	\$110,805	\$111,880	\$112,986	\$554,183
<b>TOTAL</b>	<b>\$930,875</b>	<b>\$939,076</b>	<b>\$947,524</b>	<b>\$956,224</b>	<b>\$965,186</b>	<b>\$4,738,885</b>
<b>Create and Maintain a Global Public Microinsurance Insights Platform</b>						
Personnel and Benefits	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$1,592,741
Consulting & Professional Fees	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Grants	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Materials, Equipment, Printing, etc.	\$6,000	\$6,135	\$6,274	\$6,417	\$6,565	\$31,391
Travel & Conferences	\$20,000	\$20,450	\$20,914	\$21,391	\$21,883	\$104,637
Program Support	\$60,000	\$61,350	\$62,741	\$64,173	\$65,648	\$313,911
<b>TOTAL</b>	<b>\$586,000</b>	<b>\$596,935</b>	<b>\$608,198</b>	<b>\$619,799</b>	<b>\$631,748</b>	<b>\$3,042,680</b>
<b>Engage in Select Countries to Directly Accelerate Quality at Scale</b>						
Personnel and Benefits	\$450,000	\$463,500	\$477,405	\$491,727	\$506,479	\$2,389,111
Consulting & Professional Fees	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Grants	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000
Materials, Equipment, Printing, etc.	\$29,250	\$29,453	\$29,661	\$29,876	\$30,097	\$148,337
Travel & Conferences	\$97,500	\$98,175	\$98,870	\$99,586	\$100,324	\$494,456
Program Support	\$292,500	\$294,525	\$296,611	\$298,759	\$300,972	\$1,483,367
<b>TOTAL</b>	<b>\$2,469,250</b>	<b>\$2,485,653</b>	<b>\$2,502,547</b>	<b>\$2,519,948</b>	<b>\$2,537,872</b>	<b>\$12,515,270</b>
<b>Project Management</b>						
Personnel and Benefits	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$1,592,741
Consulting & Professional Fees	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Grants	\$0	\$0	\$0	\$0	\$0	\$0
Materials, Equipment, Printing, etc.	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$23,891
Travel & Conferences	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$79,637
Program Support	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648	\$238,911
<b>TOTAL</b>	<b>\$389,500</b>	<b>\$400,435</b>	<b>\$411,698</b>	<b>\$423,299</b>	<b>\$435,248</b>	<b>\$2,060,180</b>
<b>Total Budget</b>						
Personnel and Benefits	\$1,575,000	\$1,622,250	\$1,670,918	\$1,721,045	\$1,772,676	\$8,361,889
Consulting & Professional Fees	\$325,000	\$325,000	\$325,000	\$325,000	\$325,000	\$1,625,000
Grants	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000	\$2,100,000	\$10,500,000
Materials, Equipment, Printing, etc.	\$55,125	\$55,834	\$56,564	\$57,316	\$58,090	\$282,928
Travel & Conferences	\$183,750	\$186,113	\$188,546	\$191,052	\$193,634	\$943,094
Program Support	\$551,250	\$558,338	\$565,638	\$573,157	\$580,901	\$2,829,283
<b>TOTAL</b>	<b>\$4,790,125</b>	<b>\$4,847,534</b>	<b>\$4,906,665</b>	<b>\$4,967,570</b>	<b>\$5,030,302</b>	<b>\$24,542,195</b>

**Funding considerations**

**Comment [FSG22]:** Facility Team to describe approach to fundraising, including considerations of fee for service versus donor funded. Stress that the nascent industry still requires public good knowledge generation and dissemination and as such, the Facility should continue to be primarily donor funded. However, over time the Facility can evolve some of its offerings around fee for service. Further, the Facility can offer donors that are new to microinsurance advisory services on structuring and ideally directly implementing their microinsurance programs.