Inclusive Finance

An essential prerequisite for economic growth and employment
Swisscontact's work focuses on inclusive growth driven by an innovative private sector that creates employment and income.

**Skills Development**
Productive employment and earning an income through market-oriented vocational training and improved labour market access.

**Enterprise Promotion**
Strengthening productivity and competitiveness of small and medium sized enterprises through sustainable value chain interventions, improved market access and local economic development.

**Inclusive Finance**
Empowering entrepreneurial people by improving their access to financial products, services and financial literacy trainings.

**Climate-Smart Economy**
Creating green jobs through efficient use of natural resources and clean production.

In this way, Swisscontact creates the conditions for a socially and ecologically responsible private sector, contributing to poverty reduction.

As an expert organisation, Swisscontact carries out high-quality project work. The cost-effectiveness and efficiency of its services is proven by well-documented, transparent monitoring and quantification procedures. Recurring internal and external checks provide proof of continued, sustainable development of expertise, skills and practical know-how.

Swisscontact was established in 1959 as an independent organisation by prominent individuals from the worlds of commerce and science in Switzerland. It is exclusively involved in international cooperation and since 1961 has carried out its own and mandated projects. Since it was founded, Swisscontact has maintained close ties with the private sector. Swisscontact is active in 33 countries with a workforce of over 1100 people. The organisation is based in Zurich.
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The terminology within the Financial Sector is used as follows:

**What do we want to achieve? Financial Inclusion.**

An estimated 2 billion working-age adults – more than half of the world's total adult population – do not have an account at a formal financial institution. Financial inclusion efforts seek to ensure that all households and businesses, regardless of income level, have access to and can effectively use appropriate financial services they need in order to improve their lives.

**What are we doing? Inclusive Finance.**

Inclusive Finance means universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions. Inclusive finance strives to enhance access to financial services for both individuals and micro-, small and medium-sized enterprises. (www.un.org)

**What products exist? Financial Services.**

These are products and services offered by institutions, such as banks or MFIs, for the facilitation of financial transactions and related activities. These include savings, loans, insurance, credit cards, investment opportunities and money management. Formal Financial Services are services provided by financial institutions chartered by the government and subject to banking regulations and supervision.
On 25 September 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development, along with a new set of development goals that are collectively called the Sustainable Development Goals (SDGs). While the SDGs do not explicitly provide targets for financial inclusion, greater access to financial services is a key enabler for many of them. From the analysis of the link between financial inclusion and development, the following conclusions can be drawn, on how financial services can help achieve the SDGs:

The first SDG – ending extreme poverty – provides the overarching framework for the 17 goals and explicitly mentions the importance of access to financial services. When people are included in financial systems, they are better able to progress out of poverty by investing in their own capabilities, education or business.

Financial inclusion has become an integral part of national and global development agendas. It is a means, not an end, to acquiring electricity and water supply, to livelihood improvement, to inclusive growth and equality, to financial, economic and social stability, and to sustainable development.
The Daily Struggle for Survival without Capital

Inclusive Finance – bringing tailored and affordable financial services to disadvantaged and low-income populations – has made significant progress in recent years. Yet certain needs remain to be addressed. An estimated two billion people (40% of adults throughout the world) do not use formal financial services\(^1\).
Lack of access to basic financial services is a fundamental obstacle to development. Farmers cannot obtain credit for seeds and fertilisers to enhance productivity; entrepreneurs are unable to secure credit to start and grow businesses; women cannot become productive members of the economy because the nearest bank branch is a four-hour walk away; and young people who might have access to mobile services have limited knowledge of electronic payments, savings accounts and credit services.

Some of the constraints that restrict access to and use of financial services, linked to the characteristics and financial behaviour of poor and low-income people, are as follows:

**Demand side**

**Farmers, SMEs and households**

- **Lack of trust in formal financial services and providers.** Where financial institutions traditionally serve wealthier clients, poor and low-income people often feel intimidated by formal bank facilities; they assume that these facilities are not intended for them or that staff may not treat them with respect.

- **Cultural, social, and demographic factors.** Depending on the context, some population segments face additional constraints in accessing financial services based on their religion, ethnicity, gender, age, or other socio-demographic factors.

- **Lack of information regarding providers and services.** Many potential clients do not have access to relevant information regarding available financial services, such as how to open a savings account, or the terms and conditions for borrowing.

- **Limited financial capabilities.** Poor financial situations are often associated with low levels of awareness, numeracy, literacy, and exposure to technology – limiting financial services client uptake.

- **High transaction costs related to the target groups.**

**Supply side**

**Financial Service Providers**

- **Limited institutional capacity.** Many socially-oriented FSPs lack the strategic risk management, leadership, and internal capacity to innovate and develop services for new market segments or segments that increase client value.

- **Weak value proposition for customers.** Poor and low-income people have diverse personal and professional financial needs, which are often not met by standard services designed for clients with stable income sources.

- **Under-developed delivery channels.** 75% of the world’s poor live in rural areas with fewer access points to financial services and where mobility constraints and weak infrastructure make transactions costly and difficult.

- **Limited incentives to innovate.** Many FSPs are either too small or do not see the benefit of making heavy investments in product innovation around serving low-income clients.

- **Lack of capital.** Innovation and growth in the financial services market require financial resources, knowledge, and skills that many providers working in low-income financial markets do not have.

- **Inadequate enabling environments.** Public policies are often inadequate and legal and institutional frameworks weak or antiquated.
The Role of the Financial Sector in Reducing Poverty

The past two decades have seen a fundamental change in how public policy and multilateral, regional and national institutions aim to promote economic development and poverty reduction through the financial sector. The main changes involve the following:

**Diversification of financial services (FS):** Up until the mid-1990s, policy makers considered microcredit as one of the main instruments required to enhance the income-generating activities of the poor. Even today there is an ongoing debate surrounding whether and to what extent microcredit really helps people out of poverty. Policy makers now pursue the goal of promoting savings, innovative payment methods, alternative credit (including loans, leasing and hire purchase), as well as insurance services, for poor households and micro-enterprises.

**No one should be left behind:** In the past, people at the bottom of the pyramid were not considered viable clients of microfinance services, but today, based on the conviction that access to finance is an important driver of economic activities, there is general agreement that more people, from poor farmers to the most marginalised, whether male or female, young or elderly, should have access to reliable, affordable, and appropriate financial services.

**Parallel evolution of focus away from credit-only offerings:** There has been an evolution from a focus on credit-only microfinance institutions (MFIs) towards equity participation and loan provision (both soft and commercial), including technical assistance. The range of financial services provided by MFIs has grown beyond microcredit and now covers a relatively large menu, including, but not restricted to, savings, transfer services, and insurance. In recent years, the accumulation of savings has become more widespread, due to its high demand among the poor and its role as a natural source of funding for MFIs. The formalisation of financial services provision is viewed as essential to upscaling these services and making them sustainable.
Mobile banking, Ecuador
Swisscontact: Over 30 Years of Experience with Inclusive Finance

Over one million farmers, households and SMEs in Africa, Asia and Latin America were supported with improved access to financial services over the last ten years.

Swisscontact gained its first experience with financial services in 1983, with revolving credit facilities in Costa Rica, a flexible way to manage liquidity and cashflow over the short and medium term for SMEs. In 1991, Swisscontact embarked on its first project in Ecuador to provide access to adequate financial services. Above and beyond business consulting advice, farming families and SMEs needed finance to implement new technology or to improve their working processes; however, the requirements for obtaining credit from traditional banks provided insurmountable hurdles.

These initial financial service initiatives involved establishing revolving credit funds expected to grow through credit repayments and interest. Repayment rates were rather low, in part due to insufficient efforts to pursue payments, since financing from development assistance funds was treated as grants rather than repayable credit. Furthermore, Swisscontact came to realise that guaranteed and subsidised interest rates had a distortionary effect on markets and that this created unfair competition for lenders operating at market rates. The same applied to guaranteed funds that did not offer intrinsic credit but guaranteed the loans of a lender.

Towards the late nineties, it became apparent that a successful approach to improving financial services required including existing lenders in setting expectations and determining terms and conditions for repayment. Swisscontact therefore began collaborating with FS providers as partners. This included supporting them in their organisational development with the aim of enabling a rollout of products and services tailored to their existing and prospective clientele. Right from the start, Swisscontact adhered to the principle that inclusive finance should not be limited to credit, but should also include savings products, allowing for expanded outreach, increased social benefits and sustainability.

Since 2006, Swisscontact has been promoting responsible and transparent access to customised financial services – savings and credit, insurance products and payment transactions – in nearly half of its projects, in its core areas of value chain development, local economic development, skills development and resource efficiency. The objective of these interventions is to provide tailored and affordable financial solutions to smallholder farmers, households and SMEs that provide direct support to improving economic and social development.
SME start-up: selling ventilators to the brick producers, Peru
Swisscontact’s Approach to Inclusive Finance

The Analytical Framework

The fundamental challenge is not only the disconnect between the supply (formal, large-scale) and demand of the specific market (informal, low-income), but above all the underdevelopment of the entire financial services sector. Swisscontact addresses the root causes – the systemic issues underpinning the market’s existing situation related to demand, supply, supporting functions, and rules and norms.

Understanding why the market is not working well requires looking at wider market functions (information technology services, innovation, rules and regulations, etc.). Financial markets, like markets everywhere, are fluid and dynamic. Swisscontact’s approach is based on identifying and addressing the key constraints inherent within the market system, and entering into a process of engagement with key players and issues. Swisscontact acts as a temporary facilitator of market development rather than as a permanent provider in the market.

The Impact Logic

Often, with access to financial services, the economic potential of disadvantaged groups increases. Adequate financial services enable households, SMEs and farmers to grow and establish their businesses sustainably. But access to FS is not in itself sufficient to ensure the desired positive impacts on livelihood conditions. Pathways from access to impact are highly varied, influenced by a range of factors. Therefore Swisscontact fosters IF project implementation in a sequenced manner. This is the only way to secure livelihoods, improve productive assets and stimulate economic development and job creation.
Impact

Improved living conditions and poverty reduction

Outcome

Improving relevance, sustainability and economic performance of small enterprises, households and other market participants

Use of Financial Services

Improved use of informal and formal financial services for increased economic activities

System Change

Easier access to informal and formal financial services thanks to the development of financial skills, establishment of self-help structures and innovative instruments in the microfinance sector

Systemic Interventions

Strengthening of institutions and stable conditions
The pocket-sized bank
The use of mobile phone-based services has enabled widespread access to financial services. It essentially involves simple services such as savings, complemented by agent networks and payment transactions via mobile telephony and additional service offerings where telephone cards are sold. As a result, customers are not dependent on travelling long distances to bank branches, but can access an increasing array of financial products via their mobile phone anywhere and at any time. Swisscontact focuses on the main requirements of microbusiness owners – reduced transaction costs and the creation of trust in the banking system.

Microinsurance
Microinsurance products can provide family protection from financial shocks, and support resilience. They can do even more than that: with improved risk coverage, people are more motivated to start a business. Swisscontact facilitates insurance products that allow coverage of weather-related risks (e.g. index-based insurance) for clients and cases where traditional agricultural insurance may not be feasible. Partnering with FSPs, Swisscontact facilitates understanding of business models in microinsurance in areas of research, product design, knowledge sharing, market capacity building, and linkage building between insurers and delivery channels. Microinsurance products are adapted to the individual holder’s living and farming conditions and are characterised by small contributions, simple product design, flexible premium payments, and quick claims processing. Microinsurance funds are an alternative savings product for the small local saver.

Microleasing
As an alternative to monetary loans, microleasing is an innovative approach to making assets more accessible. Using the leased object, whether a cow, water pump or chainsaw, as collateral, a small farmer is afforded the chance to acquire productive assets without having to go into debt. Microleasing addresses the above-mentioned issues and eliminates the need for individuals to borrow or commit their resources upfront. Risk is instead mitigated by a collateralised and insured assets, while credit-worthiness is based on future prospects and potential cash flows rather than on an individual’s credit history.

Swisscontact promotes the concept of microleasing as an innovative financial product and acts as a facilitator. It conducts feasibility and market studies, convenes preliminary dialogues with the necessary stakeholders (e.g. banks, farmer groups and training providers), and supports the negotiation of contracts between key microleasing parties.
Central America:
Microleasing in El Salvador for the Beekeeping Value Chain

Apiculture is a sector that primarily benefits small producers in rural areas and has demonstrated great export potential, given that 80% of production is exported to Germany, Portugal, the Netherlands, France and Spain.

At present, some beekeepers do not meet the quality and innocuity standards required by the European Union market. The Ministry of Agriculture and Livestock introduced a new technical regulation in 2015 that imposes innocuity standards and requires the use of stainless steel equipment. This affects around 70% of producers, who traditionally use home-made equipment and have difficulty obtaining third-party financing to acquire new honey-processing equipment for export, thus restricting their incomes. The project aims to develop Microleasing for the El Salvador apiculture sector; it seeks to facilitate access to financing for small beekeepers, enabling them to acquire adequate equipment that meets market requirements and the new technical regulations. The project is divided into two phases. The first aims to establish the essential conditions in which project partners and beneficiaries can create all the processes involved in microleasing. This includes developing a sales and marketing plan for the product, as well as providing training for technical personnel from the financial partner CREDICAMPO. Mieles Joyas de Ceren is the supplier of the equipment and tools.

The goal is to provide 300 beekeepers with financing to purchase new equipment, enabling them to meet regulatory requirements and make technological improvements to their honey production.
Swisscontact is an expert organisation for integrating FS interventions in Value Chain Development (VCD), Local Economic Development (LED), Skills Development (SD) and Resource Efficiency (RE) projects. Swisscontact's competitive advantage lies in the systemic approach it applies to projects; the deep understanding of not only the local context and economic environment, but also the needs, abilities and behavioural characteristics of the target groups; as well as the supportive institutional network at the national, regional and local levels, anchored by sound financial expertise.

Integrating Financial Services in Development Programmes

Financial Services play an enabling role, contributing to the broader development goals of poverty reduction, economic growth and job creation, food security and agricultural production, as well as women's empowerment.

This enables Swisscontact to integrate FS into comprehensive interventions oriented to private sector development in specific value chains within local economic development programmes, skills development, or resource efficiency interventions. This ability responds directly to donor requests looking for an integral approach to development, and to new players such as company-led value chain investors and/or impact investors.

Standalone FS projects as "innovation labs" for developing interventions in integrated projects.

Swisscontact continues to implement a number of standalone financial projects, either through its own Development Programme or through special mandates. These standalone projects focus on innovating and testing new approaches, with the crucial emphasis on developing scalable solutions which can be implemented later in integrated VCD, LED, SD and RE projects.
There are high youth unemployment rates in Uganda and Tanzania, yet both countries have a wealth of untapped resources and opportunities in agriculture, construction and hospitality, as well as in the youth themselves. The objective of the U-LEARN (Learn, Earn, Save) Project is to raise 15,000 young people sustainably out of poverty by increasing their competitiveness in the job market and improving their self-employment opportunities. This goal will be reached through workforce development and financing mechanisms, plus access to business support services and youth business platforms.

Many FSPs have a low regard for the youth market and do not consider them to be viable customers due to the fact that many have poor savings records, if any at all. To address these perceptions, Swisscontact provides young people with access to financial education and savings groups, once they have enhanced their entrepreneurial and business development skills. Based on their newly acquired skills they are able to earn an income which helps them to start saving. From the FSP perspective, both educational approaches – entrepreneurship and financial – reduce the risk of offering credit to young people. Moreover, the strategy to work with groups of young people and offer customised products also reduces the risk for FSPs, who were previously offering their existing products to youth as if they were “normal” clients. With this approach, over the last four years more than 5,500 youths have gained access to formal financial services.
Financial literacy training in Burkina Faso
Value chain finance refers to financial products and services that flow to or through any point in a value chain and enable investments that increase actors’ returns, as well as the growth and competitiveness of the chain. Value chain financing offers a variety of opportunities for Swisscontact’s programme design, including providing opportunities for interventions that strengthen linkages between producers and buyers; encouraging banks to lend to value chain actors; organising smallholder producer associations to enable production of high-value crops; and reaching out to financial institutions to design warehouse receipts loan products.

Indonesia: Cocoa Bean Traders as savings Agents: A Way for Farmers in the Cocoa Sector to Increase Savings

Access to savings and loans is an important concern for cocoa farmers who wish to either accumulate private funds or borrow larger amounts of money for productive and non-productive purposes such as business investments, school fees, emergencies, or healthcare. While access to loans is still challenging for several reasons (such as the absence of requisite collateral and the bank’s perception that agriculture is a risky business, as well as the unwillingness of a significant share of the farmers to take loans), savings could play a crucial role in cocoa farmers’ financial management. Savings have several advantages over loans: Flexible deposits as money is available, no debts, no interest to be paid, and no risk of late payment and arrears. Developing savings habits does not come easy: it requires discipline, willingness and capacity.

A trader savings system is appropriate to support cocoa farmers in their efforts to save and reduce the risks resulting from insufficient access to finance. If home savings are too easily spent, difficult to control or requested by family and friends, and banks too far away, a question arises: Where do farmers receive money, and would it be possible to maintain savings at this financial source? But, since smallholder cocoa farmers receive payments from the person to whom they sell their crop, can the cocoa trader become a resource for savings?

Recent developments in Indonesia have led to branchless banking products, which simplify the handling of savings as cash deposits. These can be made directly through the trader and transferred to the smallholder farmer’s account via mobile phone or through an EDC device. As a result of this innovation, the percentage of account holding in the project regions has increased from 30 percent to more than 70 percent, while farmers have started depositing through both traders and bank branches.
Cocoa farmer, Indonesia
Women's Economic Empowerment

Swisscontact emphasises women’s integration into economic activities and their competitiveness through improved access to quality inputs, information and knowledge, market linkages, and financial services. Through empowerment, women are encouraged to represent their own interests, make independent decisions, and participate more actively in political, economic and social processes. Despite progress made in recent years for women’s advancement, in many countries and regions women are still economically, legally and culturally marginalised, and regarded as less creditworthy. Women now represent the majority of microfinance customers worldwide. They are not just successful micro-entrepreneurs working in multiple sectors in developing economies, but are also outstanding bank customers, as many microfinance programmes have shown. Women often invest their money more conscientiously, for example, in the schooling of children or in family health. There is another trend that Swisscontact recognised early on, and acted upon, which is that women repay their loans more punctually and reliably than men.

Swisscontact supports the economic empowerment and gender equality of women by engaging in various FS initiatives with the aim of strengthening women-led businesses, as well as their role in the family and society as a whole.

East Africa: Empowering Women Entrepreneurs

The Fanikisha+ Project seeks to facilitate linkages between Equity Bank and its female small business clients by establishing contacts between the bank and its potential clients through assisting clients with their loan applications and providing them with basic business management skills. Fanikisha+ was originally introduced in Kenya and expanded its activities to Tanzania and Rwanda. Essentially, Fanikisha+ is a set of loan products designed specifically for women entrepreneurs.

The majority of women face a wide range of constraints that hamper the growth of their businesses and their access to financial services. Female entrepreneurs face additional challenges such as lack of time due to household responsibilities and family caretaker roles, as well as lower mobility to interact with financial service providers. In East Africa, women are often in a weaker position to allocate funding to their micro-enterprises and SMEs. This is because traditions and cultural norms, combined with a lack of property rights, often discriminate against them. Female entrepreneurs are regularly challenged by lack of property titles and collateral requirements. The collateral for a loan is often land, but land is owned mostly by men. The “+” component stands for the non-financial component of the product, which comprises financial education and entrepreneurship training, which was included in order to meet the needs of female entrepreneurs. The project focuses on expanding delivery channels and supports the sustainable market-driven supply of Fanikisha+ products.

The project also aims to address challenges faced by women entrepreneurs through financial and non-financial services; mentoring and coaching; internal capacity building of Equity Bank staff; and entrepreneurship training. In 2015, 620 Tanzanian women entrepreneurs were trained and secured loans worth over US$ 1.9 million.
Corner shop in rural Kenya
Swisscontact promotes efficient consumption of resources through energy- and material-efficient production methods. It also implements action to curb air pollution and support sustainable waste management. By promoting transparent resource management, people in emerging economies not only have the opportunity to implement sustainable development practices, but also incorporate them into their business activities. Moving forward, Swisscontact intends to support FSPs in developing innovative programmes, strategies and products that can support target groups to gain greater access to savings and loans and contribute to their sustainable development.

South America: A Win-Win Strategy for the Climate and Brick Producers

The EELA programme’s intervention strategy follows the inclusive market approach, focusing on learning from systemic change in order to provide new economic opportunities for the artisan brick production sector. Introduced in 2010, EELA aims to reduce the carbon footprint of traditional brickmaking, while simultaneously improving the businesses and quality of life for local producers. It has been implemented by Swisscontact in Bolivia, Brazil, Colombia, Ecuador, Mexico and Peru.

Brick production by artisanal producers is mainly a manual process. Before EELA, there were a host of challenges. The fuels used had a highly negative impact on the environment and the brick ovens were inefficient in maintaining high levels of heat. Artisanal producers were not identified by local authorities and were excluded from public policies. Moreover, due to their informality, they had difficulties in obtaining capital to invest in new technology or to improve their processes.

The intervention model follows a sequential process, beginning with activities related to stimulating demand for technology by brick producers so they could overcome resistance to change. Then, the financial and technological offer was enhanced by additional technical information and linkage with the market and finances. Furthermore, EELA promotes “meeting spaces” (business roundtables) to generate a comprehensive dynamic platform where brick producers, financial institutions and technology providers can interact.

EELA also provides support to financial institutions in order to create or adapt existing financial products to technology providers so as to improve their sales and marketing strategies. A financial analysis tool has been elaborated, which permits calculations for cash flow and internal rate of investment return, among other things. Results of improving the income level of brick producers through scaling up technological changes and implementation of best practices in the brick production that will improve the energy efficiency in the sector.

FSPs developed credit lines for the artisanal brick sector, which led to 47 financial institutions in six countries providing customised credit products. In return, nearly 500 producers adopted technological models through these financial products.
The creation and development of new, inclusive financial products and services to better meet the potential customers’ different needs. Analysing requirements and developing new products with partners offers an opportunity for FS providers to access a new clientele. Product and/or client diversification, offers FS providers new sources of income and contributes to strengthening their financial viability.

The development of new technologies and measures to improve infrastructure focuses on the widespread access to mobile devices and improvements to communications technology. Technology plays a critical role at financial institutions and is a vital element of the innovation taking place to advance inclusive finance. FS providers’ use of technology can greatly improve organisational efficiency and reduce transaction costs.

Skills: In addition to supporting the organisational development of FS providers, Swisscontact also seeks to build the capacity of the FS workforce. Swisscontact collaborates with universities and other tertiary education providers to develop specific curricula suited to local financial institutions and markets. Working side by side with MFIs or within informal project approaches, Swisscontact’s initiatives provide consumers with information and resources to develop their knowledge and skills, as well as to achieve financial literacy in order to manage their financial resources effectively.

Regulatory Framework: Swisscontact’s expertise and competences in this area are achieved indirectly by facilitating the transfer of information and knowledge to organisations that are specialised in policy-level interventions.
Working Areas

Swisscontact’s unique role is to act as an arbiter to facilitate, connect, and promote information sharing between the supply and demand sides. Swisscontact strives for sustainability and inclusion by collaborating with partners on the following levels:

**Financial Service Providers**
- Capacity building, development of products and services
- Facilitation of networks, sectorial knowledge and information

**Products and Services**
- Saving, credit, microleasing, microinsurance, investment, payment methods

**Farmers, SMEs, Entrepreneurs, Households**
- Education and training, capacity building and raising awareness

**Supply side**
Supporting financial institutions with the potential to significantly expand their services to target groups and new markets on a cost-covering basis, and share the development vision in becoming viable institutions to maximise their outreach.

**Demand side**
Assisting clients to strengthen their social capital and financial literacy, and thus their bargaining position, to facilitate access to formal and affordable financial services.

**Impact Investing**: Swisscontact has developed an informal network of impact investors, attracted by Swisscontact’s success in SME development, enterprise growth, and capacity building for financial service providers. Grants and funding for technical assistance for businesses and financial institutions, when aligned to investor interests, strengthen business capacity and financial sustainability and help attract investment capital by mitigating risks. Growth of developing businesses and social enterprises create opportunities and bring new products and services into traditionally underserved communities.
Effective Partnerships

Swisscontact believes in partnering with different kinds of FS providers who cater to the specific needs of their low-income clients. Partners include grass-roots savings and lending groups, savings and credit cooperatives, and microfinance institutions and commercial banks.

Swisscontact is also a member of different associations of microfinance institutions in various countries. For the development and implementation of FS skills development, Swisscontact partners with universities and vocational education and training institutions. In order to assure sustainability, the focus is on partnerships with commercially-oriented providers. Partners are selected based on their economic viability, relevance for economic growth for aspiring people at the bottom of the pyramid, existing and potential outreach to client beneficiaries, and relevance with regard to gender and governance standards.

It is important that each organisation demonstrates ownership of initiatives through commitment in terms of personnel, time and financial resources. The basic principle in the use of resources is the implementation of private sector approaches whereby public funds and donations play a catalytic role among partners, and are ultimately replaced by private investments.
In collaboration with regulatory and governmental institutions, Swisscontact facilitates information knowledge transfer to maintain macroeconomic stability. This is done in cooperation with specialised organisations, through appropriate monetary and fiscal policies, in order to adjust regulatory frameworks and to invest in supervisory capacity.

Swisscontact has partnered with banks since the mid-1990s. Over the years, the foundation has worked with these institutions to refine their product portfolio, train their product development team, develop and implement human resource management concepts, and improve their policies and procedures. Supporting banks with ongoing consultancy and advisory services in product development and risk management, as well as in the establishment of internal client rating tools, channel management, and technological solutions.

Swisscontact works in partnership with deposit-taking microfinance institutions to develop a sustainable leasing mechanism in order to enable low-income people to acquire income-generating assets. The foundation also helps test asset financing among rural SMEs and smallholder farmers. Rural asset financing is an innovative approach to poverty alleviation. It provides smallholder farmers with access to productive assets (such as livestock or irrigation systems) that generate the income required to repay small loans. This differs from microcredit in that the loan is linked to a specific incoming-generating asset acting as collateral and is insured, as opposed to a cash loan that could be used for consumer goods or emergency funding.

Cooperatives in Africa, Asia and Latin America are member-owned and based on the principle of social self-help. Members enjoy loans at low interest rates, which they themselves determine. There is profit sharing among members, which also results in the generation of savings. Swisscontact has partnered with Loan and Saving Cooperatives since the early 2000s and continues to work with well-established cooperatives and housing cooperatives.

Swisscontact supports the concept of local saving and lending groups. These are self-help groups of 15-30 members who can, through their own resources, access financial services that may otherwise not be easily accessible. These groups are designed to encourage members to sow the seed of savings in order to reap a harvest of benefits including loans and loan interest, while gaining financial education. For example, in East Africa the groups are called “Mavuno”, based on the Swahili word for “harvest”, and in Mali they are called “WASA”, which means “recommendation” in the local language. In Burkina Faso they are called “Suman”, “harvest” in the local Dioula language.

Partnering with universities and colleges to promote workforce development in the microfinance industry through the promotion of high quality and hands-on microfinance skills. Swisscontact empowers reputable training providers to develop and offer commercial training packages, liaising with industry players to understand the demand for microfinance skills training and co-develop curricula to enhance professionalism in the sector. Certificates, diplomas and postgraduate courses are now available in different countries.
Project Overview

Expertise in Inclusive Finance according to target groups and intervention areas, based on projects implemented since 2008.

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<td>Ready-made garments factory workers</td>
<td>Capacity building of bank personnel, Promotion of mobile banking, Product development, Financial literacy</td>
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<td>Bangladesh</td>
<td>Agribusiness for Trade Competitiveness (ATC-P) Katalyst Phase 3 2008 - 2016</td>
<td>Maize farmers</td>
<td>Capacity building of bank personnel, Terms of Trade of bank officers, Product development, Regulatory framework</td>
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<td>Bangladesh</td>
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<td>Bolivia</td>
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<td>Honduras/Nicaragua</td>
<td>Promote Inclusive economic Growth 2008 - 2014</td>
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| Value Chain Development | **Indonesia**  
Sustainable Regional Economic Growth and Investment Programme 2015 - 2017 | Smallholder farmers | Product development  
Organisational development of bank personnel |
| Indonesia | The Agribusiness Financing Facility as integral part of the Sustainable Cocoa Production Programme 2012 - 2018 | Cocoa producers | Capacity building  
Product development  
Organisational development  
Financial literacy  
Access to financial system |
| Macedonia | Increasing Market Employability 2013 - 2018 | Tourism, green economy and creative industries | Identify and promote financial products  
Financial literacy |
| Myanmar | Making Vegetable Markets Work 2014 - 2016 | Vegetable value chain | Capacity building  
Product development  
Promotion of saving and lending groups  
Financial literacy |
| Uganda | Improving Cocoa and Honey Value Chains 2013 - 2016 | Honey and cocoa producers | Saving and lending groups  
Financial literacy |
| Local Economic Development | **Burkina Faso**  
Communal Development Support Project 2008 - 2016 | Youth | Financial literacy  
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| Mali | Supporting Small Enterprise through Micro-credit 2013 - 2016 | Youth | Financial literacy  
Promotion of saving and lending groups |
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Swisscontact is the ideal partner for companies seeking to invest in the productive capacity or to access markets in developing countries. With a longstanding commitment to private sector and market-led development, Swisscontact’s track record in the various target countries is based on a keen understanding of regional business interests, strong local networks and alignment with the development goals of international cooperation.

The synergies from business and international cooperation provide leveraging opportunities and create dynamic options for collaboration. Private sector partnership commitment concentrates on “Doing the right thing together” – Projects, which serve entrepreneurial objectives related to development policy. Consequently there are benefits for all involved, with a positive spin-off in particular for local people – whether in vocational training, the efficient use of resources, the strengthening of local SMEs or in the financial services sector.

We invite you to join us in developing emerging markets. By working together we can achieve sustainable progress for local people, while simultaneously creating new opportunities for your company.
Public-Private Development Partnerships

Companies can trade and invest responsibly by developing and implementing production and value creation processes sustainably, fairly and in accordance with standards and general international conditions. Strategic partnerships between commercial enterprises and international cooperation and development agencies strengthen the private sector and support the growth of new markets globally.

Companies are offered opportunities not only to invest in the economic development of the global South, but also to promote broad-based growth over and above their primary business goals.
We create opportunities

Swisscontact
Swiss Foundation for Technical Cooperation

Hardturmsstrasse 123
CH-8005 Zurich
Tel. +41 44 454 17 17

www.swisscontact.org

Swiss NPO-Code: The structure and management of Swisscontact conforms to the Corporate Governance Regulations for Non-Profit Organisations in Switzerland (Swiss NPO-Code) issued by the presidents of large relief organisations. An audit conducted on behalf of this organisation showed that the principles of the Swiss NPO-Code are adhered to.

ZEWO-Gütesiegel: Swisscontact was awarded the Seal of Approval from ZEWO. It is awarded to non-profit organisations for the conscientious handling of money entrusted to them, proves appropriate, economical and effective allocation of donations and stands for transparent and trustworthy organisations with functioning control structures that uphold ethics in the procurement of funds and communication.

October 2016