

MICROINSURANCE NETWORK STRATEGY PLAN 2012 - 2017

Executive Summary

This strategy plan outlines the Microinsurance Network's vision and the contributions it makes to positively impact the microinsurance sector, and describes how the Network will be coordinated and the types of activities it will perform in the upcoming years.

An evaluation of the Microinsurance Network secretariat, commissioned by the Ministry of Foreign Affairs - Development Cooperation, Luxembourg, concluded that the secretariat has performed well in the last three years and met most of its targets. "Members appreciate the work of the secretariat and view it as highly relevant and efficient. The Network's impact, though often perceived as indirect, is evident through the many examples offered by members of various working groups. The Network is well positioned to grow beyond its coordination function and take on additional roles."¹

To remain relevant for the rapidly evolving sector, the Microinsurance Network proposes through a collective and participatory development process a new strategic framework for the next five years that will direct it to focus its activities and outputs for maximum effectiveness.

The Microinsurance Network is a global multi-stakeholder platform and assembles the broad spectrum of expertise and approaches. The Microinsurance Network's vision is for a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools. Its mission is to promote the development and delivery of effective insurance services for low-income people by encouraging shared learning, facilitating knowledge generation and dissemination, and providing a global multi-stakeholder platform.

The role of providing a global multi-stakeholder platform needs to be played in a different way in future as the sector calls for a stronger voice for guidance and direction. Microinsurance is the business of large numbers, with our members currently reaching out to millions of low-income people directly or through partners. This makes the call for guidance and direction even more urgent as any malpractice could impact on countless people at once.

The Network aims to achieve its mission through working towards five strategic outcomes: Increased supply, improved client value, conducive environment and enabling infrastructure, which are operational outcomes and performing and sustainable platform, which is an institutional one.

¹ External Evaluation of the Microinsurance Network Secretariat, 2011, by Dalberg, Switzerland.

To achieve this, following "construction sites" need to be tackled this year:

- Implement new strategy;
- Achieve institutional independence;
- Develop strong leadership;
- Become proficient in communication and outreach;
- Establish purposeful partnerships;
- Diversify funding sources;
- Set up a monitoring and evaluation process.

The Network has contributed successfully to the maturation of the microinsurance sector or "industry" and now needs to reorganise itself to respond to the changing conditions.

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1. Microinsurance: A Rapidly Evolving Sector

Low-income households and small businesses are particularly vulnerable to risks. They often work in the informal sector and do not benefit from social protection mechanisms. Illness, accidents, disability and, as Kofi Annan put it, these and other "hazards only become disasters when people's lives and livelihoods are swept away".² The ability to cope with and actively manage these hazards or risks is a fundamental need. Yet, most people in emerging markets have few reliable options. In a context of great socio-economic and environmental changes resulting in migration, loss of livelihoods, and weakened social cohesion, the need for protection is all the more heightened.

Insurance, as an essential risk management tool for low-income households, can prevent people falling into poverty on a daily basis. Although global poverty statistics from 2008 are encouraging (down by 25%), the results do not take into account the escalating gap between the rich and the poor and the existence of huge regional differences. For example, India, one of the emerging countries, still has in 2010 an estimated 37.2 % of Indians, who live below the country's national poverty line.³

Increasing access to insurance has two important benefits, one direct and one more indirect:

- Insurance coverage makes individuals and households more resilient and less vulnerable to risks;
- Wide coverage fosters socio-economic growth on a national level, which in turn, provides more economic opportunities and safety.

According to Michael Klein, Professor for the Frankfurt School of Finance & Management, "Insurance supports growth by allowing people to reduce diversification and benefit from greater specialization. It also allows people to engage in riskier, but promising activities."⁴

Yet, there are two key challenges to extending effective insurance services to low-income households. Both are intrinsically linked:

- Microinsurance products should be accessible and affordable to low-income households. To address this challenge, distribution models should be low-cost, and should allow for large-scale rollout, to take advantage of economies of scale.
- Microinsurance products and services should be appropriate to the context of low-income households, and should provide high client value. To address this challenge, services should be tailored to meet the needs of low-income clients. Clients also need insurance education to make informed decisions.

The microinsurance sector is evolving rapidly. A diverse group of stakeholders increasingly recognize that insurance is an important part of a comprehensive risk management framework to help protect low-income people, their families, assets, and livelihoods.

Major global actors including the G20⁵, the International Association of Insurance Supervisors (IAIS), development organisations, and academics are addressing the specific needs of low-income households for insurance. Of equal importance, more insurance providers are today investing in microinsurance than ten years ago, and want to explore whether there is a real business opportunity in the bottom of the pyramid market.⁶ Finally, national governments are starting to prioritize creating the enabling policy and infrastructure environment for microinsurance.

² <http://archive.unu.edu/publications/briefs/research-briefs/2005/UNU-RB-1-2005-EHS.pdf>

³ 2010 data from the United Nations Development Programme, http://www.undp.org.in/whatwedo/poverty_reduction

⁴ KfW Symposium 2012, http://www.kfw-entwicklungsbank.de/ebank/EN_Home/Sectors/Financial_system_development/Events/Symposium_2012/Paper_M_Klein_Symposium_2012.pdf

⁵ <http://www.gpfi.org/our-work/work-plans/g20-financial-inclusion-action-plan>

⁶ Coydon, Marie-Amandine and Véronique Molitor, Commercial Insurer in Microinsurance, Microinsurance Network, 2011. www.microinsurancenetwerk.org/publication/fichier/MiN_Commercial_insurers_study_2011.pdf

Microinsurance can only succeed if approached holistically. The Network, which assembles the broad spectrum of expertise and approaches, also bridges different sectors and industries: Insurance, development, social protection, health and agriculture, climate change and disaster management, only to name a view.

Coordinating and engaging these different stakeholders to work together in a way that values different perspectives and approaches is today a vital function of a network and the basis for knowledge generation⁷. It ensures that limited resources produce relevant learning and emerging practices that contribute to a large body of knowledge and public goods, which enable the development and delivery of effective insurance services to the low-income populations.

The sector is aiming to double outreach from approximately 500 million in 2011 to 1 billion persons covered in 2017, but for that to happen, policy makers, insurance providers, technology providers, donors and development authorities need to get more engaged and the Network is ideally positioned to take up this challenge.

⁷ Nahapiet, J. & Ghoshal, S. 1998. Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23(2): 242-266.

2. The Microinsurance Network: The global multi-stakeholder platform

a. Background, mission, and value-addition

The Microinsurance Network was originally established in 2002 as the CGAP Working Group on Microinsurance when sixteen experts and representatives from donor organisations saw the need for setting up an exchange and learning platform to ensure that the then new concept of microinsurance fulfils its potential.

The mission was set to provide a platform for information sharing and stakeholder coordination with the aim to promote the development and proliferation of insurance services for low-income persons with the hypothesis that improved access to effective risk management tools would allow people to become more resilient and less vulnerable to daily and catastrophic risks.

The Microinsurance Network has been relevant and met its initial mission of information sharing and stakeholder coordination⁸:

- Since the creation of the Network it has significantly contributed to increasing the level of attention microinsurance receives.
- As a result, the topic of microinsurance is now well established on the agenda of policymakers, donors, insurers and other practitioners.
- The Network is recognised by many as the “go-to” organisation for information on microinsurance.
- The Network has been successful to-date by being open to all ideas, neutral in its approach, and allowing individual passion and energy to guide focus topics.

The Microinsurance Network is the only global multi-stakeholder platform focusing on insurance services for low-income populations in emerging markets. Lessons learned and exchanges with developed insurance markets can also be brought to advance the Network’s mission.

b. Diverse membership

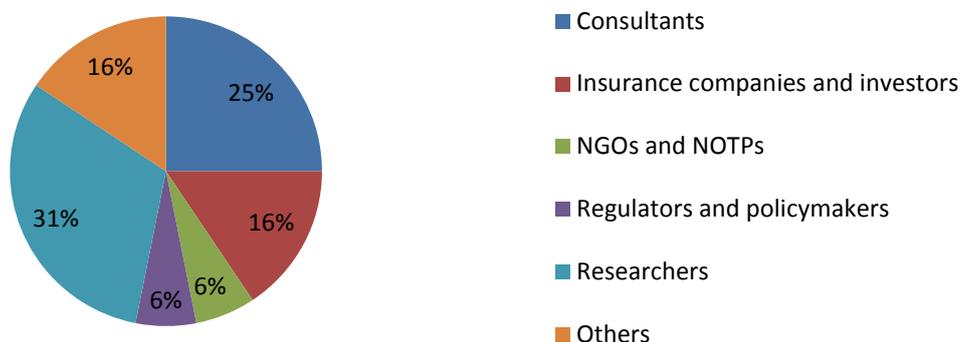
As of March 2012, this member-based platform has over 90 institutional and individual dues-paying members, 20 percent of which are insurance companies and investors. The membership criteria determine that all members should be active in microinsurance and contribute, through their work in the Network, to good practices and public goods.

Institutional membership types 2011 (63 members):



⁸ External Evaluation of the Microinsurance Network Secretariat, 2011, by Dalberg, Switzerland.

Individual membership types 2011 (34 members):



c. Governance and organisational structure

The Network's structure includes a Chair, a Board of Directors (elected by the membership), the General Assembly of all members, working and discussion groups, and a full-time secretariat, with three staff. The secretariat is hosted by ADA asbl in Luxembourg.

The Network also has a strategic alliance with the Munich Re Foundation. The purpose of this alliance is to organise the Annual Microinsurance Conference, which also hosts the General Assembly. In addition, an annual member meeting is held to advance the work program of the Network.

Selected accomplishments of the Network include:

- Six annual conferences with Munich Re Foundation attended on average by over 350 people;
- Twenty-five case studies on forty microinsurance providers from 2004-2006. This led to the publication of "[Protecting the Poor: A Microinsurance Compendium](#)". The book presents the state of the microinsurance sector through the documentation of microinsurance operations around the world. It is available in four languages and a second volume is soon to be published;
- Creation of a joint Working Group with the International Association of Insurance Supervisors (IAIS) that produced several important case studies and papers, including "Issues Paper on Regulation and Supervision of Microinsurance";
- Development of performance indicators for microinsurance –handbook, factsheet and different training modules, which have reached more than 1,000 microinsurance providers in Latin America, Asia and Africa so far;
- Elaboration of guidance for donors seeking to promote microinsurance ("[Guidelines for Market Research on the Demand for Microinsurance](#)" and "[Lessons and Recommendations for Donors Supporting Microinsurance](#)").

d. Funding

The majority of the Network's funding base comes from the Ministry of Foreign Affairs - Development Cooperation, Luxembourg. This funding enabled the first step towards formalisation of the Network by financing the set up of a secretariat and providing co-funding for working group activities. Membership fees and voluntary contributions from members represent about 10 percent of the total budget. Most of the products from working groups are completed as a result of individuals volunteering their time or in-kind contributions and additional funding from their organisations. For example, the International Microinsurance Conference is almost entirely financed by Munich Re Foundation.

e. Changing landscape, new strategic orientation

As the external landscape has evolved, the responsibility of the Network has grown. The member meeting in June 2011 and recommendations from the previously mentioned evaluation, call for the Network to be a stronger and more effective voice for microinsurance and to be more strategic and focused in its work programme. Guidance on effective insurance services for low-income people is required and will be generated by performing research, collecting and analysing data, developing tools, and pro-actively promoting lessons learnt and guidelines.

The decision to review the Network's activities through a series of reflections and brainstorming sessions made obvious that the Network needs to evolve in order to remain relevant. Today, the Network is better suited than any other institution to fulfil these important roles and has drafted a new roadmap for the next five years, which will be described next.

The following table provides an overview of this evolution:

| Time period | Characteristics of the Network | Characteristics of microinsurance |
|-----------------------|---|--|
| Learning 2002-2005 | <ul style="list-style-type: none"> Initial membership of 12 organisations consists primarily of donors and development agencies; Agenda focused on learning, what exists already, particularly regarding the supply of services and the regulatory environment. | <ul style="list-style-type: none"> Supply primarily ensured by mutuals, NGOs and by MFIs (often in partnership with insurers). |
| Outreach 2006-2008 | <ul style="list-style-type: none"> Begin of outreach activities with the Annual Microinsurance Conference; Membership expands to about 100 people, among which insurance professionals; Reliance on volunteer efforts of members; Joint working group with IAIS set up. | <ul style="list-style-type: none"> Insurers become more engaged, but often from a CSR perspective; Insurance supervisors in developing countries are becoming interested in financial inclusion. |
| Growth 2009-2012 | <ul style="list-style-type: none"> Governance becomes formalised with elected Executive Committee; Full-time paid secretariat, hosted by ADA asbl; Name change to Microinsurance Network to step out of the shadow of microfinance; Launch of membership fees and June Member Meeting; New discussion groups and task forces launched: consumer protection, climate change...; Membership expands to 50 institutional members and membership expansion to developing countries. | <ul style="list-style-type: none"> Alternative distribution channels become more common, and greater diversity of stakeholders; Public-private partnerships are set up and enable insurers to be involved in the extension of social protection and other public policy objectives; Greater awareness of the business case for microinsurance for insurance companies exists; Identified need to promote greater client value, consumer protection arises. |
| Focus 2012-2017 | <ul style="list-style-type: none"> Create separate legal entity; Increase membership fees, and diversify funding sources; Develop Network strategy to guide working groups and secretariat activities; Increased accountability for working groups; Pro-actively recruit more members from developing countries, and develop regional | <ul style="list-style-type: none"> Goal= Double outreach from approximately 500 million in 2011 to 1 billion persons covered in 2017. |

| | | |
|--|--|--|
| | <p>approaches;</p> <ul style="list-style-type: none"> Expand the Network's role to promote the microinsurance agenda with a greater diversity of stakeholders, including national policy makers (e.g. Ministry of Health, Agriculture). | |
|--|--|--|

3. Strategy plan 2012-2017: A collective roadmap for the next five years

a. Vision

The Microinsurance Network's vision is for a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools

The Network has a long-term vision in which all people become better protected against the negative consequences of a variety of risks across the globe. The types of risk referred to are wide ranging and can include health, environmental, assets, and income-related shocks. Risk management tools such as insurance can be an effective way of protecting people from these risks.

b. Mission

The Microinsurance Network promotes the development and delivery of effective insurance services for low-income people by encouraging shared learning, facilitating knowledge generation and dissemination, and providing a global multi-stakeholder platform

Low-income populations are more vulnerable to risk because of their lack of financial means to absorb negative shocks to income or assets. As such, there is a need to encourage risk management solutions tailored to the low-income market and this remains the Network's priority focus. Risk management providers, such as insurance companies, support poverty prevention by offering insurance to this market segment. In doing so they ensure the occurrence of a risk does not set households back or erode their asset base completely. However, there is a gap between the demand and supply of insurance services for low-income individuals. The Microinsurance Network's objective is to fill this gap by promoting effective insurances services for the low-income segment of the population.

The market providing insurance services for low-income customers is relatively nascent but receives strong support from the insurance industry, global policy makers (including the global standards setting body for insurance, IAIS), and country level regulators and supervisors. Despite the increasing awareness and importance of this sector, there is a requirement for addition skills and expertise, supportive policy and infrastructure, and insurance in greater quantity and of better quality. The skills and support to meet these requirements largely exist among the stakeholders mentioned. Therefore, the role of the Network is to encourage these kinds of outcomes by providing and facilitating a global multi-stakeholder platform, through which members can generate and share knowledge and information to achieve the shared vision. Shared learning is achieved via a set of thematic working groups with participants from across the membership.

c. Values

The Microinsurance Network is committed to core values. These values are shared by the members and are the basis of all the activities.

| | |
|----------------|--|
| Microinsurance | We are committed to effective insurance, which is appropriate in the context of development, adapted to the needs of low-income persons and responsible in its |
|----------------|--|

| | |
|---------|--|
| | outlook. |
| Network | We are committed to open dialogue, respect for different approaches, creation of public goods and institutional neutrality. The collaboration within the Microinsurance Network are characterised by team-work, knowledge sharing and voluntary contributions. |

d. Outcomes

Over the next five years, the Network is committed to achieving the following five outcomes:

OPERATIONAL OUTCOMES

1. Increased supply
2. Improved client value
3. Conducive environment
4. Enabling infrastructure

INSTITUTIONAL OUTCOME

5. Performing and sustainable platform

Each outcome is critical to achieve the mission, and will have a short-term target to reach in the initial years to measure progress. A detailed work plan around these outcomes for the upcoming years will be established in collaboration with the different working groups and partners by the end of 2012.

Outcome 1: Increased supply

A diverse and growing number of providers offer a broader range of insurance services to an increasing number of low-income people

In order to address the gap between the need and provision of insurance, overall supply of insurance products and services should increase. This is both in terms of the number of low-income individuals covered by insurance, but also the range of services offered. As such, the Network can promote the expansion of insurance suppliers into previously neglected geographical markets and market segments. It can also encourage insurers to broaden the type of services on offer, for example by moving into health insurance. The Network's position as a multi-stakeholder platform means it is best placed to encourage good practices and facilitate knowledge sharing as a way of stimulating supply.

The Network will produce the following outputs in order to achieve this outcome:

- Distil and disseminate information on product design and development;
- Identify and encourage different distribution and institutional models;
- Engage insurance providers to recognise opportunities in the low-income market.

Next step activities include:

- Draft guidelines for basic conditions for agricultural microinsurance;
- Engage the industry by producing bite-sized country snapshots;
- Conduct study on health microinsurance and what's works;
- Launch update of the involvement of commercial insurers in microinsurance.

Outcome 2: Improved client value

Low-income customers receive high value insurance services

Ensuring the provision of high value services to clients enables the Network to achieve the mission of promoting effective insurance. Through its role as a global multi-stakeholder platform, the Network is well positioned to establish and disseminate principles and guidelines to ensure client value and the related issues, e.g. demand and impact. Although, the Network aims to encourage value for all stakeholders along the value chain, the decision was taken to focus on client value as an outcome as this is key to the concept of microinsurance and clients are as such not represented in the Network.

This outcome will be achieved through the following outputs:

- Define value and establish a set of principles and indicators on client value;
- Develop indicators and other tools to measure value for clients;
- Collect and fill knowledge gaps on issues that affect client value, e.g. impact and demand;
- Influence the global research agenda to address these gaps.

Next step activities include:

- Finalise set of key social performance indicators in microinsurance;
- Review different value tools with a view to publish an overview;
- Create dialogue on client value and health.

Outcome 3: Conducive environment

Relevant stakeholders at the international and national level stimulate the provision of insurance services and protect clients

A well functioning policy and regulatory environment is critical to the successful expansion of insurance to low-income individuals. The Network is well positioned to assimilate the views of industry stakeholders and communicate on their behalf to policy makers at global and national levels. The Network plays an important role in this regard by representing the collective voice of the industry to catalyze beneficial policy decisions.

The Network's activities will achieve this outcome by delivering the following outputs:

- Develop understanding for promoting policy coherence at the national level;
- Disseminate the relevance of expanding insurance to low-income populations to global organisations;
- Form partnerships to optimize outreach and dissemination efforts;
- Support the regulatory framework for market development and consumer protection.

Next step activities include:

- Conduct study on use of subsidies in microinsurance and good practices;
- Map landscape of stakeholders identify gaps to prioritise engagements;
- Formalise partnerships with relevant stakeholders on the national level (e.g. through the A2II);
- Promote core messages to potential partners on the international level (e.g. G20).

Outcome 4: Enabling infrastructure

Appropriate infrastructure - information, technical assistance, payments, and financial - is in place to support insurance providers and the emergence of effective insurance services to low-income populations

As a young sector, the low-income insurance sector lacks the support of meso-level infrastructure along the insurance and financial value chain as well as in corresponding areas such as technology (hard- and software), and data collection and analysis. The Network can encourage the development of this infrastructure by reaching out to external stakeholders and increasing awareness of the sector and the opportunities that exist. The Network can also help to identify skills gaps and encourage capacity building and development in areas of need.

In order to achieve this outcome, the Network will produce the following outputs:

- Identify capacity gaps and build capacity in the insurance value chain;
- Identify skills gaps and build partnerships with stakeholders from corresponding industries to address them.

Next step activities include:

- Map key stakeholders and identify gaps to prioritise engagements;
- Develop a capacity building strategy for training centres;
- Publish paper on funding opportunities in microinsurance;
- Create a forum for exchange with stakeholders from corresponding infrastructures (meetings, conference).

Outcome 5: Performing and sustainable network

The Network operates in a result-oriented and sustainable manner

In order to successfully achieve the first four outcomes, the Network must become a sustainable organisation. It is important that the Network operates efficiently by focusing on achieving specified outcomes and outputs. It is also important that the Network secures long-term funding and is not over-reliant on one source of income. In 2011, Network members agreed to a substantial increase in their membership fees, but that will still only cover a portion of this more ambitious agenda.

The work plan for this outcome will achieve the following outputs:

- Coordinate the transformation of the Network into a new independently performing structure;
- Identify funding needs and implement fundraising strategy to diversify funding.

Next steps activities include:

- Finalise planning and implement formalisation phase;
- Actively recruit members from developing countries,
- Develop a relevant decentralized approach.

e. Outcome progress indicators

To measure progress, the following matrix provides a reference to outcome indicators. The value for the different indicators will be developed together with the members and working groups, and goals will be set in 2013 (now "x"). Values have been provided already for the institutional outcome.

| Outcome | Indicator(s) | 5 year value | Source for verification |
|------------------------------------|---|--|--|
| Increased supply | Percentage in growth of providers involved; | The number of providers involved has increased by x%; | Landscape studies, Swiss Re, IDB (LAC) and World Bank data from 2012 and 2017 |
| | Number of different product types | Nr. X product types have been identified | |
| Improved client value | Percentage of providers that have signed up to the client value principles and are committed to adopt them | X% of providers that have signed up and are committed | Global client satisfaction survey (2016-2017 Network activity), Milk Client Math studies |
| Conducive environment | Level of awareness of relevant stakeholders on the international and national level that they should promote established standards and good practices | X% relevant stakeholders on the national level and on the international level are aware and took up promotional activities | Feedback surveys from partners and estimation in 2017 |
| Enabling infrastructure | Number of partnerships set up with the Network with a view to enable appropriate infrastructures to support insurance | Nr. of partnerships set up | Landscape studies and partner information from 2012 and 2017 |
| Performing and sustainable network | Percentage of the annual workplan completed; Percentage of the annual expenses covered; Percentage of membership renewals. | 90% of the annual workplan is completed; 100% of the annual expenses are covered; 90% of annual membership renewals. | Activity and financial report, member satisfaction survey (Network from 2012 to 2017), |

4. The "next" Microinsurance Network: Ready for future challenges

The key structural achievements of the Microinsurance Network to-date are:

- Ambitious communications and outreach strategy that includes a website and newsletter published three times a year in three languages;
- Eleven active working groups covering the following topics: Agriculture, capacity building, data analysis, distribution, health, impact, insurance education, performance indicators, regulation, supervision and policy, social protection and technology;
- Three active discussion groups, which are peer based: Academic, actuaries and donors;
- Two cross-cutting task forces covering consumer protection and the need for an online market place;
- A performing and well functioning secretariat that was positively evaluated as commissioned by Ministry of Foreign Affairs - Development Cooperation, Luxembourg;
- An active and engaged Executive Committee with seven members from different sectors.

To become a more result-oriented and sustainable network, the Microinsurance Network needs to:

- Coordinate the transformation of the Network into its own legal entity with a focus on prioritized, high impact activities
- Secure funding in support of the Network's mission, desired outcomes and aspirations

These outputs entail structural and management changes, and the five resulting key activity areas are highlighted here:

a. Institutional independence

To become a stronger voice for the microinsurance sector, the Microinsurance Network acquired its own institutional legal status for full neutrality and independence. On 31 May 2012, the Network has registered as a not-for-profit under Luxembourg law (asbl). This independency will also create more fundraising opportunities and visibility. The Network was an initiative coordinated and hosted by ADA asbl, an NGO specialised in microfinance and based in Luxembourg. ADA is already experienced in hosting separate legal entities and such an arrangement could also be envisageable for the Network. This arrangement would allow the Network to remain an independent structure while continuing to piggy-back on an already existing structure through a more formal agreement.

b. Strong leadership

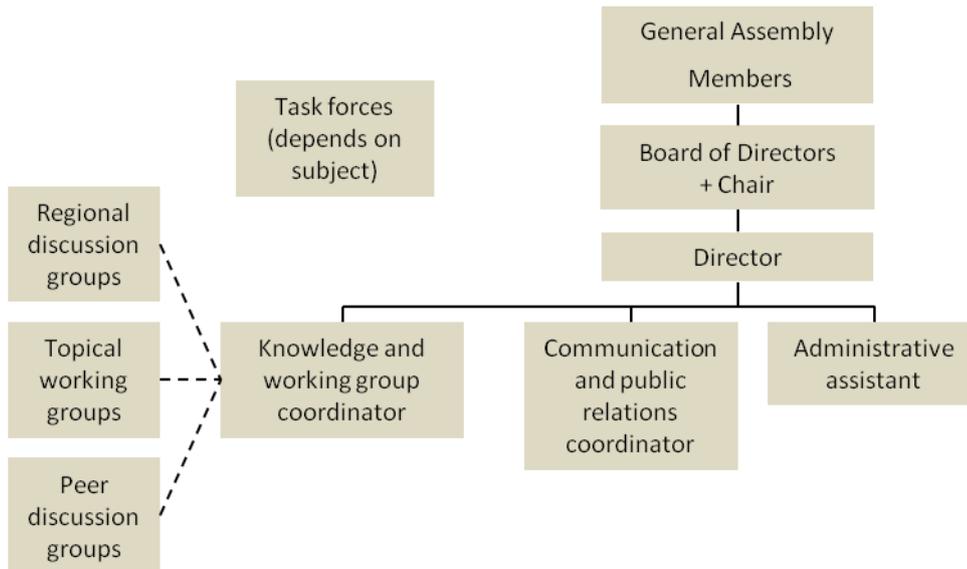
The Microinsurance Network aspires to become a strong voice for the promotion of better insurance services to more low-income households. This requires having the right people in the secretariat, the board and membership as well as clear governance to provide guidance to the whole sector and beyond. The different working and discussion groups, which now have set their own outcomes, have approved the four collective outcomes and will work towards them. This change will give the Network's activities incredible strong direction and determination.

Furthermore, the Network needs to broaden its membership to ensure equal representation and will actively reach out to a diversity of stakeholders in the different regions. In addition to a newly defined member outreach strategy, the establishment of regional "discussion groups", which will become the Network's regional anchors, will ensure a two-way dialogue between priorities and practice on the ground and the global advocacy, research, and engagement work of the Network.

The main roles of the different bodies of the Network will be as follows:

| | |
|------------------------------|--|
| General Assembly | Safeguards and approves the Network's strategic direction and implementation |
| Board of Directors | Sets strategic direction and provides financial and operational oversight |
| Management team | Becomes the voice of the Network, proposes and implements workplans |
| Working groups and al. | Set and conduct activities that contribute to the outcomes |
| Regional "discussion groups" | Relay regional trends and represent the global Network |

Below is the proposed new organisational chart for the Network



The role of knowledge management becomes more vital as working groups need to share discussions and results not only towards the secretariat (vertical), but also between the groups (horizontal).

c. Proficient communication and outreach

Communication is a key element for any global network but the arrival of different stakeholders and the challenge of becoming a stronger voice, requires the Network to become more proficient and effective at many different levels of communication, using multiple channels and social media:

| | |
|----------|---|
| Internal | Within and between management team, members and board of directors |
| | Within and between working and discussion groups (knowledge management) |
| External | To partners and funders about progress and activities |
| | To different stakeholders (i.e. providers, donors, etc.) about lessons and guidelines |
| | To media about value of microinsurance |

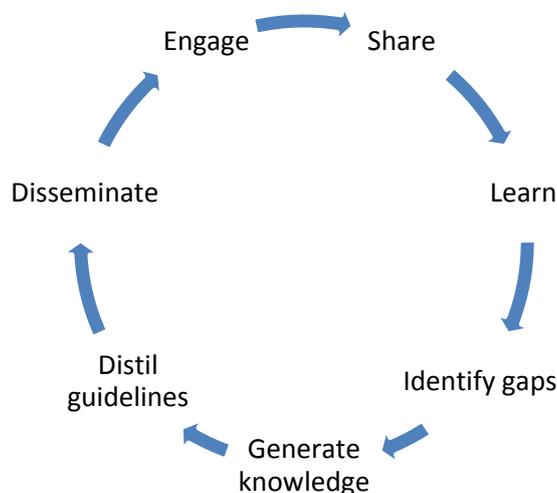
The area of communication, especially knowledge management, is key to the mission and the three main roles:

- Encourage shared learning;
- Facilitate knowledge generation and dissemination; and
- Provide a global multi-stakeholder platform

In general, the Network sees its main role on knowledge as one of synthesis and dissemination. Most times, members of the Network will themselves generate new knowledge. However, the Network reserves the

option to generate new knowledge if knowledge gaps are identified that are essential to achieving the Network's outcomes.

Communication process overview:



These different process steps will involve different structural units and partners, and will be managed by the secretariat. The secretariat will also ensure appropriate access to and archiving of the related documentation, e.g. reports, inventories, publications, conferences, website and online databases.

d. Purposeful partnerships

To achieve its mission and outcomes, the Microinsurance Network needs to engage in partnerships to leverage the capacity of the secretariat and working groups. Some of these partnerships are already set up, some need deepening and new ones need to be established.

These partnerships will be established on different levels:

| | |
|----------|--|
| Internal | Work with working groups et al. to achieve all outcomes and outputs, e.g. <i>Impact and Performance working group to set client value principles</i> |
| External | Collaborate with selected organisations within the insurance and financial value chain to achieve specific outcomes and outputs, e.g. <i>IAIS for supervisory issues, Smart Campaign for client value, Munich Re Foundation for the conference (communication)</i> |
| | Collaborate with basic infrastructures that are not part of the microinsurance landscape but hold crucial development opportunities, e.g. <i>mobile phone industry for low-cost distribution, health industry to share lessons learnt in cash-less patient treatment</i> |

Especially with regard to the last type of partnerships, the Microinsurance Network is not planning to develop or become operational in these "other" infrastructures but it does see the need for close collaboration and open communication channels to make sure insurance solutions for low-income populations do work.

With regard to the communication activities, leverage is going both ways. Knowledge generated by partners will be distilled and disseminated.

e. Diverse funding sources

For the Microinsurance Network to become sustainable, it needs to look into diversifying its funding sources. Currently, it receives almost 85% of its core funding from one source and member contributions only account for 15%. The Network will implement in the coming years a funding strategy that involves funding from public and private sources, and looks at establishing a service structure that leads the Network to financial autonomy. The funding proposal is based on this assumption.

| Category | Key areas | % of funding | Objective |
|--|--|--------------|--|
| Donor funding | Staff costs, working group and member-related expenses | 75% | Diversify sources and reduce % |
| Additional core and working group activities funding | Working group and member-related project expenses | 10% | Identify new multi-year sources and expand % |
| Membership fees | Overheads | 12% | Maintain and manage member renewal indicators and outreach |
| Sponsorship and other contributions | Specific activities and/or revenue based services | 3% | Develop with a view to expand % |

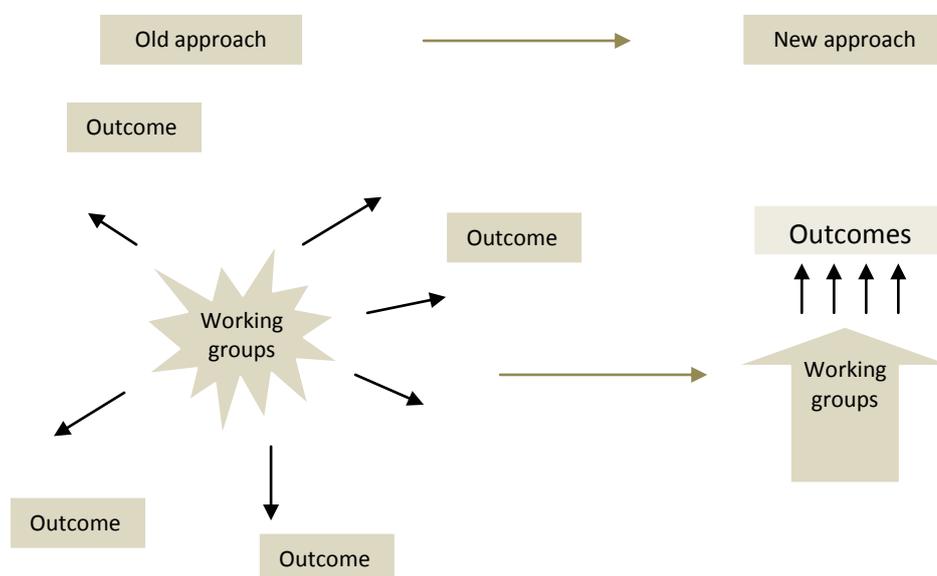
5. 2012: A transition year

In addition to securing adequate funding, the Microinsurance Network needs to implement changes to several areas in addition to establishing and implementing its workplan. The set up needs to be well managed but the "next" Microinsurance Network should be ready by end of 2012.

a. Implement new strategy

The transition from the earlier workplan to the new one is not to be seen as abrupt change of activities. It is rather an acceleration of the Network's activities, evolving from a previous level of activities to a new more focused one. To achieve this, several activities are ongoing and either need to be adapted or finalised. Other planned activities do contribute to the four outcomes, others not and need to be put aside. New activities need to be set up.

The broadest change will be the outcome direction and setting of the different working groups, representing around 200 experts working on key challenges and topics in fifteen different working and discussion groups:



The next steps are:

- Guide working groups to align outputs and activities to the new outcomes;
- Provide working groups with tools to facilitate this transition and coordination;
- Work out detailed workplans for different groups and integrate in one collective Network workplan.

b. Achieve institutional independence

The Microinsurance Network is already analysing different legal solutions, which would be appropriate for a member-based multi-stakeholder platform. The Executive Committee has taken the decision that the secretariat stays for the time being in Luxembourg.

The next steps are:

- Finalise investigation in advantages and requirements for different legal options (lawyer consultant) (done);
- Decide on option and fulfil legal requirements;
- Negotiate host arrangement with ADA asbl.

c. Develop strong leadership

This "construction site" involves several areas from human resource development to redefining roles and responsibilities of the different units, e.g. secretariat, Executive Committee, which is now the board of directors, and working groups.

The next steps include:

- Define roles and responsibilities of the different units and job profiles for the secretariat ;
- Assess current skills and capacity levels and set up a developing and/or recruitment plan;
- Establish process to define code of conduct for members to adhere to.

d. Become proficient in communication and outcome

The Microinsurance Network needs to become a strong voice for the microinsurance sector and communication will play a key role. In addition to the general communication as outlined earlier, the board of directors and secretariat need to inform members and the larger community about the change process and progress made so far.

The next steps include:

- Conduct communication audit and establish communication strategy;
- Set up knowledge management concept.

e. Establish purposeful partnerships

The Microinsurance Network needs to engage in partnerships to achieve its mission and outcomes. Some of these partnerships are already set up (i.e. IAIS, IAA, Munich Re Foundation), new ones need to be developed.

The next steps include:

- Draw map of existing partnerships and potential ones;
- Set up partner concept and criteria.

f. Diversify funding sources

The Microinsurance Network has already implemented two activities to diversify funding: An increase in membership fees from 2012 on has been approved by the General Assembly and implemented; and a fundraising strategy is being developed and following a member appeal, first contributions have been made in addition to the annual membership fee obligation.

The next steps include:

- Define funding needs (secretariat and working groups) and draft fundraising strategy.

g. Set up a monitoring and evaluation process

The Microinsurance Network needs to put into place monitoring and evaluation tools and progress indicators to check if activities are on track and contribute to achieving specific outcomes.

In addition to this, the board of directors needs to review the strategic outcomes in medium term to verify that the set outcomes are still key to achieve the Network's mission and vision, which is **for a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools.**

ANNEX 1: Vision and mission

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|----------|---|--|---|--|--|
| Vision | The Microinsurance Network's vision is for a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools | | | | |
| Mission | The Microinsurance Network promotes the development and delivery of effective insurance services for low-income people by encouraging shared learning, facilitating knowledge generation and dissemination, and providing a global multi-stakeholder platform | | | | |
| Outcomes | Increased supply: A diverse and growing number of providers have been encouraged to offer a broader range of insurance services to an increasing number of low-income people | Improve client value: Low-income customers receive high value insurance services | Conducive environment: Relevant stakeholders at the international and national level stimulate the provision of insurance services and protect clients | Enabling infrastructure Appropriate infrastructure-- information, technical assistance, payments, and financial--is in place to support insurance providers and the emergence of effective insurance services to low-income populations | Performing and sustainable network The Network operates in a result-oriented and sustainable manner |
| Outputs | Distil and disseminate information on product design and development | Define value and establish a set of principles and indicators on client value | Develop understanding for promoting policy coherence at the national level | Identify capacity gaps and build capacity in the insurance value chain | Coordinate transformation of initiative into a new performing structure |
| | Identify and encourage different distribution and institutional models | Develop indicators and other tools to measure value for clients | Disseminate the relevance of expanding insurance to low-income populations to global organizations | | |
| | Engage insurance providers to recognise opportunities in the low-income market | Collect and fill knowledge gaps on issues that affect client value, e.g. impact and demand | Form partnerships to optimize outreach and dissemination efforts | Identify skills gaps and build partnerships with stakeholders from corresponding industries to address them | Identify funding needs and implement fundraising strategy |
| | Influence the global research agenda to address these gaps | Support the regulatory framework for market development and consumer protection | | | |