

Advancing Microfinance through
Association Leadership

PROVIDING VALUABLE
SERVICES



How to Promote Industry Innovation: A Technical Note for Microfinance Associations

2010

Copyright © 2010 The SEEP Network

Sections of this publication may be copied or adapted to meet local needs without permission from The SEEP Network, provided that the parts copied are distributed for free or at cost—not for profit. Please credit The SEEP Network and “How to Promote Industry Innovation: A Technical Note for Microfinance Associations” for those sections excerpted.

For any commercial reproduction, please obtain permission from

The SEEP Network
1875 Connecticut Avenue NW, Suite 414
Washington, DC 20009-5721
Tel.: 1 202-534-1400 Fax: 1 202-534-1433

Printed in the United States of America.

To access this publication online, visit www.seepnetwork.org

The publication of this document is made possible by the generous support from Citi Foundation.

How to Promote Industry Innovation: A Technical Note for Microfinance Associations

The SEEP Network

Contributing Authors: Joe Boulier,
Sharon D'Onofrio, Jenny Morgan



Citi Foundation



ACKNOWLEDGMENTS

This technical note has been produced by The SEEP Network as an activity of the Citi Network Strengthening Program funded by the Citi Foundation.

The mission of the Citi Network Strengthening Program, the largest global grant program to be implemented in support of the Citi Foundation's microfinance strategy, is to increase the capacity and scale of the microfinance sector by strengthening the operational, technical, and financial capacity of twelve national and regional microfinance associations.

Special appreciation is owed to the authors, Joe Boulier, Sharon D'Onofrio, Jenny Morgan, as well as the entire Network Development Services team at The SEEP Network.

A special thanks to the following organizations who volunteered to share their experiences for the case studies in this document:

Red Centroamericana de Microfinanzas (REDCAMIF)

Red Financiera Rural (RFR)

Russian Microfinance Center (RMC)

Introduction

Innovation in microfinance is a necessity. In order to keep pace with the changing needs of clients, service providers must be prepared to introduce new products, test revised systems, and, overall, find better ways to reach more people. By providing underserved markets access to financial services, microfinance is itself an innovation.¹ As the sector evolves, however, so must the products and services that it offers. The necessary progression is toward offering a larger number of diversified products and services through a variety of delivery channels. Despite rapid growth, however, the industry is still dominated by traditional models that focus largely on credit provision. The recent economic crisis has further highlighted this weakness. The effects of high operational costs, client over-indebtedness, and a general lack of customer loyalty have become more acute.

Microfinance associations have a vital role to play in meeting these challenges. As facilitators, trainers, and knowledge centers, associations can assist their members in overcoming the barriers that have slowed innovation in the industry. These include insufficient market information, the high cost of product design and testing, and the inefficiencies associated with slow trial-and-error approaches of individual MFIs. By taking a broader view of the sector, associations can identify the best means to promote innovation while supporting the capacity development needs of individual institutions. Doing so will provide a valuable service to their members as well as to microfinance clients.

Associations possess multiple advantages when it comes to promoting innovation in microfinance. Through interaction with their peers in other associations, as well as with other regional and global actors, they are exposed to a broad range of experiences. Adapting these new ideas to local contexts is an essential function of associations. Additionally, associations are positioned to evaluate the lessons gained from experimentation beyond the microfinance sector, for example, by cooperatives and credit unions, which in many markets predate microfinance institutions.² The ability to share both negative and positive experiences contributes to greater impacts on both scale and performance.

This technical note discusses the innovation process and the types of tangible support that associations can provide to this process. It includes detailed case studies of three associations that have successfully identified, designed, and promoted the adoption of high-impact innovations. These include the development of branch-less banking services, micropensions, and microinsurance products. Their experiences illustrate the comparative advantages of associations, which can be applied to a broad array of product and service improvements.

Figure 1. Why Innovate?



Why Product and Service Innovation Is Important

Innovation benefits both clients and institutions. In addition to traditional working capital loans, borrowers need financial products that respond to life events, such as healthcare emergencies, the need to pay educational fees, and

1. "Calibrating Innovations Challenges in Microfinance," 2009, *Microfinance Insights* [Intelcap, Mumbai, India] 15 (November/ December), 10.
2. "Tailored Imitation vs, Re-Innovation," 2009, *Microfinance Insights* [Intelcap, Mumbai, India] 15 (November/ December), 12.

retirement.³ Access to a diverse range of financial products allows poor households to better manage risk and accumulate needed assets. Likewise, expanding product offerings provides tangible gains to MFIs. There is an obvious relationship between improved client impact and institutional benefits. A client experiencing economic growth offers greater potential to an MFI. Likewise, diverse product offerings can help institutions manage risk, reduce operational costs, and increase overall levels of profitability.

Innovation in microfinance extends beyond product diversification. It includes much-needed innovations in service delivery, which include the use of new technologies and new organizational approaches.⁴ Transaction costs—the costs associated with delivering and accessing services—are a major obstacle for institutions and clients alike. Finding better, faster, and more efficient means to reach existing and underserved markets is a growing priority.

How Microfinance Associations Can Support Innovation

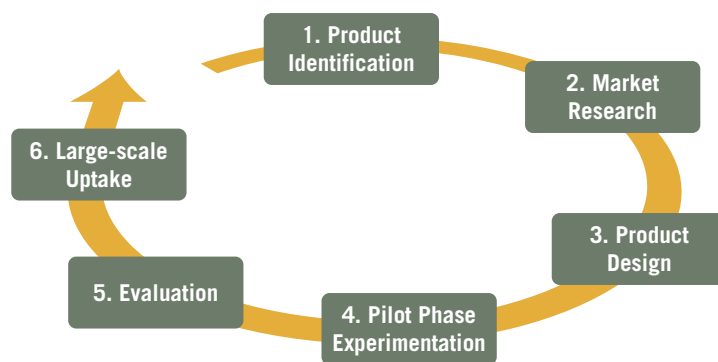
The obstacles that prevent MFIs from engaging in product and service innovation, such as time and funding constraints, are opportunities for associations to add value for their members. To do so effectively, however, they must address barriers to entry. From product identification through design, testing, and launch, these processes can involve substantial resources, both in time and money. The cost for many MFIs, particularly smaller ones, is simply too great. Additionally, many institutions have not been involved in the development of products or services, rather, they adopted a program introduced by a donor organization or attempted to replicate models used by competitors. In many cases, managers lack the necessary skills, knowledge, and incentives to successfully innovate.

Associations can facilitate these processes through their active participation in any one of the stages of innovation. Their involvement will result in faster and more efficient adoption of innovations by association members, as well as greater uptake of new products and services by the industry at large.

1. Product Identification

Associations are in an excellent position to identify gaps in existing products and services in their markets. Through regular industry assessments and ongoing communication with their members and other major industry stakeholders, associations can provide useful perspectives on opportunities for innovation, based on gaps observed in the market, anticipated industry changes, and lessons from other parts of the world. These opportunities may include a lack of affordable insurance options, an inability to accept savings deposits, an overabundance of certain types of loan products, or the introduction of a new technology in a member institution that has significant potential for replication. Associations can help MFIs and other stakeholders identify these opportunities by building awareness through conferences, workshops, widespread dissemination of relevant research, and policy advocacy efforts.

Figure 2. The Innovation Cycle



3. Graham A.N. Wright, 2006, “Designing Innovative Products, Processes and Channels for the Promotion of Microfinance,” in *Towards a Sustainable Microfinance Outreach in India*. New Delhi: NABARD, GTZ and SDC, pp. 245–275.

4. “Calibrating Innovations,” 2009, 10.

2. Market Research

Associations can provide substantial value to members by conducting market research. In many cases, individual MFIs can afford studies of only limited scale and scope. However, as association members, they can take advantage of opportunities to pool resources, as well as attract outside funding, to conduct broader, more in-depth investigations in a much more cost-effective manner. This research may include wide-scale demand studies, legal or regulatory feasibility studies, and/or impact studies, when necessary.

3. Product Design

The design stage involves moving from an idea to a tangible product or service with formal specifications, terms, and conditions. It requires a systematic evaluation of alternative products and services and a clear definition of operating processes and procedures. In many cases, product design is carried out directly by MFIs prior to testing a new product. However, associations can play a useful role by sharing knowledge on different types of designs, including their costs and benefits, and systematically recording the experience of other MFIs that are implementing similar systems. By doing so, they can dramatically reduce the learning curve for their members, thus reducing both costs and risk.

4. Pilot Phase Experimentation

Pilot testing allows an institution to test its most critical assumptions associated with a new product or service. These assumptions may include any number of factors associated with cost, client demand, and/ or the necessary processes and procedures required for service delivery. By testing a new product on a controlled scale, the institution can mitigate risks. Associations are in an excellent position to contribute to pilot phase experimentation by both providing technical support and creating financial incentives for select member institutions. Some associations have been able to attract donor funds that provide MFIs financial support to test and evaluate new ideas, while ensuring that lessons learned are shared with the broader industry.

5. Evaluation

One of the most important value-added activities of associations is in the area of evaluation, which implies systematic and critical assessment of member and client experiences. In the case of product and service innovations, associations need to be prepared to answer difficult questions on behalf of MFIs and the microfinance sector as a whole. Has the service reached its potential scale? Were the intended benefits realized for the institution and the client? What were the costs? What were the impacts? Through this type of analysis, associations can promote continual improvement in products and services and drive more innovation in the future.

6. Large-Scale Uptake

For associations, a product launch has implications that go beyond the introduction of a new product or service by an individual MFI. Once a product has been thoroughly tested, associations aim to support its uptake on a sector-wide scale. As industry representatives, associations ultimately need to measure the success of innovation by the number of clients who access a new or improved product or service. Large-scale uptake, however, requires that a large number of implementing institutions replicate the product. The role of the associations is to understand the necessary steps required for a successful product launch and make this knowledge available to other interested members.

Examples from the Field

The following three examples describe microfinance associations that have successfully supported product innovation in their markets. The Russian Microfinance Center examined “branchless banking” as a potential solution to provide access to financial services to the rural population of Russia, which is underserved by the banking sector. REDCAMIF, the Central American Microfinance Network, performed an in-depth market analysis of micropension programs in order to test the feasibility of a financial product designed to allow people working in the informal sector to prepare for retirement. Lastly, Red Financiera Rural (RFR) designed a microinsurance product for microentrepreneurs to provide them financial support in the case of death or permanent disability.

Russian Microfinance Center: “Branchless Banking” in Russia

The Russian Microfinance Center (RMC) was established in July 2002. It serves as a resource center for Russia’s microfinance industry and a national forum for its interaction with the government, public, and investors. The RMC advocates for an enabling legal environment for microfinance, offers training and professional consulting services to microfinance institutions, and promotes national microfinance standards and technological solutions for financial inclusion.

Facilitating the Adoption of Branchless Banking in Russia

Beginning in the early years of the new millennium, a variety of alternative electronic methods for payments and settlements sprang up in Russia in response to growing demand and an improving technological infrastructure. These alternative methods of electronic payment—including point-of-service terminals, mobile phone service operators, and Internet-inspired e-money vendors—allowed for the reduction of transaction costs associated with payments and settlements. The cost reduction result was especially true in more sparsely populated rural areas, where many Russian citizens do not have access to bank branches and where nonbank institutions such as MFIs, rural credit cooperatives, mobile phone companies, and point-of-service providers were well positioned to provide financial services.

In 2006, Russian President Vladimir Putin announced in a nationwide address that only 25 percent of the Russian population had a bank account and approximately 45 million Russians were without access to adequate financial services. In 2007, the RMC, leveraging the national attention created by the president’s speech, began exploring the regulatory feasibility of offering alternative financial services, both as a means to facilitate the expansion of microfinance and to ensure consumer protection at the same time. Because of its international ties, the RMC was able to start a dialogue with Consultative Group to Assist the Poor (CGAP),⁵ an organization experienced with branchless banking innovations in different regions of the world. Shortly after their discussions began, the two organizations signed a technical agreement, which led to an in-depth study of existing banking policies in Russia. The result of the research, completed in May 2007, was a series of policy recommendations designed to protect consumers from potential negative externalities associated with the rapidly expanding branchless banking sector and to resolve ambiguities in the current regulatory framework that hindered the participation of MFIs in the sector.

5. CGAP is an independent policy and research center dedicated to advancing financial access for the world’s poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty.

Regulatory Reform and Pilot Testing

In 2009, largely as a result of research conducted by the RMC, the Russian state government updated the regulatory framework to define “payment agents”; “sub agents”; the legal relationship between sellers, banks (principals), agents (nonbank institutions), and consumers; as well as consumer protection rules and requirements for the receipt of funds. Although the proposed regulation has not yet passed, the Russian parliament has formed a working group to define and regulate the “e-money” industry.

During the pilot project that began in November 2008, the RMC launched a subsidiary to provide billing and consultancy support to banks and MFIs for a stored value and payment card pilot project. The cards allow MFI clients to make bank-sponsored electronic payments to repay loans and purchase goods and services. Thus far, two banks and more than ten MFIs have joined the pilot, in which VISA and MasterCard payment cards have been issued. Although the current global crisis has slowed the speed of adoption, the RMC is actively promoting this model in the RMC Magazine *Microfinance+*, at RMC national microfinance conferences and other banking conferences, and by posting updates on the project on the RMC Web site (www.rmcenter.ru). In 2011, the RMC plans to promote the pilot project through a broader array of media channels.

RMC Comparative Advantages

Although not directly involved in developing branchless banking products, the RMC has used its strong institutional knowledge of the financial services marketplace, in-house legal expertise, technological expertise, and access to international experts to promote much-needed reform in the regulatory framework for branchless banking. Additionally, the RMC understands the needs of consumers, of branchless banking service providers, and of the mobile phone industry. The staff of the RMC, with their strong understanding of the technical side of electronic payments, provided valuable support during the research phase.

The RMC maintains several legal experts on its staff and, in cooperation with CGAP, has been active since its inception in providing guidance to policy makers who regulate the financial marketplace in Russia. These experts carried out much of the examination of the existing regulatory framework and made well-informed recommendations. Funding for the RMC’s support of branchless banking and its promotion of payment cards was made possible by the Developing Tools for Russian Microfinance Sector Project of the United States Agency for International Development (USAID).

REDCAMIF: Micropensions in Central America

REDCAMIF, the Central American Microfinance Network, was established in 1999. REDCAMIF is a regional association made up of the national microfinance associations of Panama, Guatemala, Honduras, Costa Rica, El Salvador, and Nicaragua. The MFI members of these six national associations provide services to over a million microfinance clients. REDCAMIF’s principal services include financial and social performance monitoring of MFIs, capacity building for national microfinance associations, advocacy of a suitable policy environment for microfinance, and the organization of industry-wide conferences and events.

Understanding the Demand for Micropensions

Based in Central America, REDCAMIF is familiar with the high levels of vulnerability among the region’s population and the large number of people working in the informal sector. The association’s research showed that of the 14 million

inhabitants eligible to work in the region, approximately 8.4 million are employed in the informal economy. The public and private pension systems that exist are available only to those working in the formal sector, leaving the majority of the population of Central America without any kind of pension plan or welfare for the elderly. Recognizing the scale of the problem, REDCAMIF decided to work with its members to help develop micropension products.

Market Research and Feasibility Testing

REDCAMIF first began exploring the idea of a micropension initiative at the Board level. As a part of a working group to promote micropensions, the regional association presented on the issue at the “Microcredit Summit for Latin America and the Caribbean” in Santiago, Chile in April 2005. A month later, while attending an event associated with “The Year of Microcredit” in Mexico City, REDCAMIF began a dialogue with the Inter-American Development Bank (IDB)⁶ about the possibility of funding research on micropension programs in Central America. REDCAMIF approached the IDB because it felt that an initiative of this magnitude required the institutional support, both technical and financial, of a public entity such as the IDB. In October 2005, an idea was born at “The Inter-American Microenterprise Forum” in Santa Cruz, Bolivia, that would eventually become three market research studies to determine the feasibility of micropensions in Central America.

In February 2006, REDCAMIF signed a technical cooperation agreement with the IDB to jointly fund research regarding the viability of micropension products in Central America. The first study would determine the market demand for micropension products, the second would examine the financial viability of specific micropension products, and the third would identify a set of pilot countries based on an analysis of the regulatory environment in Central America. During the rest of 2006, REDCAMIF, in partnership with the IDB, designed the terms of reference of the respective studies and hired consulting firms to conduct each one.

The results of the first market study indicated that potential demand for micropensions in the region exceeded 8.4 million individuals. The study recommended MFIs as the appropriate distribution channel for micropension products and identified a target market of over 600,000 clients among the 1.27 million borrowers currently served by REDCAMIF’s associated MFIs. The study, which was conducted in 2007, identified ten MFIs—3 from Guatemala, 3 from Honduras, and 4 from Nicaragua—to pilot the project in 2010. The MFIs were selected on the basis of the suitability of their respective national legal frameworks, client base, and the strength and transparency of the institutions and the associations of which they were members.

REDCAMIF Comparative Advantages

Because of its position within the microfinance industry in Central America, REDCAMIF is able to act as both a facilitator and promoter of innovation. REDCAMIF’s expanded view of the market allows the organization to see trends in demand and identify opportunities for financial products, such as micropensions.

With their network of donors and investors, REDCAMIF is also well positioned to raise funds to reduce the financial risks and costs associated with individual MFIs exploring new product and service innovations. For example, REDCAMIF, the IDB, and the Grand Duchy of Luxembourg, along with the participating MFIs, will share the costs associated with pilot testing of the micropension products. The pilot, which is currently being structured according to IDB requirements, is expected to begin in the first half of 2010.

.....
6. The IDB supports economic and social development in Latin America and is the main source of multilateral funding in the Latin America and Caribbean region.

Red Financiera Rural: Microinsurance Products in Ecuador

The Red Financiera Rural (RFR) is a microfinance association that was established in June 2000 in Ecuador. It currently has 40 members who collectively serve close to 700,000 microfinance clients. Members of the association include commercial banks, NGOs, and financial cooperatives. RFR's principal services include technical assistance and capacity building, financial and social performance monitoring, policy advocacy, facilitating access to funding, and product development.

Understanding the Demand for Microinsurance

Of the estimated 5.4 million economically active people working in Ecuador, less than 30 percent are registered with the Ecuadorian Social Security Institute. Within the unregistered segment of the economy, microenterprise owners are accessing financial services from MFIs. As the state does not offer any catastrophe coverage to independent microentrepreneurs, the RFR recognized the private insurance sector as a potentially viable alternative. The Ecuadorian microfinance sector has experienced dramatic growth over the last six years, with portfolio values expanding nearly nine times. Although current products are primarily traditional savings and credit products, the financial services market has begun diversifying to offer payment instruments, remittances, health insurance, and mortuary services, among other products.

Twice a year, the RFR surveys its members about financial product and service offerings as part of its annual operating plan. In September 2008, based on the results of this research, the RFR decided to pursue two market studies to better understand the current supply of and demand for microinsurance in Ecuador. These studies were comprised of surveys, interviews, and focus groups with insurance providers, microfinance institutions, and the microentrepreneurs who were the intended customers of a microinsurance product. The market studies were financed with a combination of funds from HIVOS⁷ and the RFR, with technical support provided by the International Labour Organization (ILO).⁸

Market Research and Analysis

The RFR's market research and analysis concluded that although insurance policies were available in Ecuador, the complexity of the policies, along with the rules for exclusion, made them too expensive for microentrepreneurs to purchase. Based on the results of this study, the RFR decided to commission the development of a simplified insurance product that would be distributed through the same MFI channels as more traditional savings and credit products. The RFR plans to use the pilot phase to develop the infrastructure necessary to manage a large number of policyholders, while simultaneously improving the product for the consumer. The association has set targets for a turnaround time of five days on each claim and is hoping to achieve a 90 percent satisfaction rate among consumers of the product.

In order to develop the initial product, the RFR used a bidding process that included private sector insurance providers. The criteria used to select the winner was not lowest cost, but rather, the best combination of a simplified system for both membership and claims, a vast network of claims offices, very few exclusions, an affordable premium price for clients, and demonstrated understanding of the market that RFR seeks to serve with the product. The basic life insurance product selected includes coverage for four basic items: natural death, accidental death, funeral costs, and total and/or permanent disability.

7. HIVOS (Humanist Institute for Development Cooperation), is a Netherlands-based humanitarian organization that offers financial support and advice, networking, advocacy education, and knowledge exchange to partner organizations.

8. The ILO is a UN agency that brings together governments, employers, and workers of its member states in common action to promote decent work throughout the world.

The premium amount rises in relation to the amount of coverage. In the case where the insurance product is tied to a microloan, the coverage amount is, at a minimum, equal to the loan amount. In the case of death or disability, the benefit payment goes first to the MFI to cover the outstanding debt, with the remainder going to the insured's family. While this product helps MFIs reduce risk, the RFR is also helping its members diversify their products, offer a quality service to clients, and attract new clients. Each member institution can customize the insurance product, choosing to make it available beyond their group of active borrowers. Savers and former borrowers, as well as the families affiliated with an institution, can also purchase a policy, with the benefits extended to the entire family.

After the insurance company and basic product were determined, the RFR solicited invitations from all of its members who were interested in piloting the microinsurance product. To date, four MFIs have expressed interest. The MFIs are currently reviewing their proposals to determine if they will offer insurance as a benefit or as an extension of another product. The RFR plans to add one additional MFI per month during the first year of the pilot to reach a target of 58,500 borrowers after one year. The association must reach their target by the end of 2010 to maintain the favorable rates it has negotiated with the insurance company.

Cost Structure and Operation

The revenue from the sale of insurance products will be distributed between the insurance company, the MFIs, and the RFR, according to the responsibilities each will assume in the administration of the policies. The responsibilities, which include publicity expenses and administration costs, will be clearly outlined in an agreement signed by all parties. As the developer and broker of the insurance product, the RFR will receive 15 percent of each premium from the insurance company, which is already included in the premium price. During the six-month start-up phase, part of this revenue will fund a consultant to work with the MFIs and the insurance company to customize and market the product and ensure smooth claims processing. After this initial phase, the RFR will evaluate whether it can take on this function in house. The association estimates that it will generate a positive return on the product after 30 months of operation and its sale to 100,000 borrowers.

MFIs can also elect to take a commission of up to 20 percent of the premium price to offset their own costs (e.g. staff time, computer use, etc.) of selling the insurance product and collecting the premiums. This commission would, however, raise the cost to clients by the same amount. Alternatively, MFIs can choose to offer this service at cost as a way to attract clients. In terms of operations, each month the insurance company will send each participating MFI an invoice for the premium payments on the policies that they sold. The RFR and the MFIs receive their commission payments back from the company. Clients file their claims directly with the insurance company through its own network of offices.

The RFR's Comparative Advantage

The RFR has played an indispensable role in identifying and developing market opportunities for its members in the area of microinsurance. It has participated in a tangible way in nearly every stage of the development process of an insurance product for microentrepreneurs, reducing important barriers to market entry for its members. In particular, by facilitating linkages with the private sector, the RFR was able to ensure lower-cost options for all parties involved, including clients, RFR members, and the insurance providers. The RFR has been particularly successful in identifying opportunities for revenue generation that will sustain its involvement while supporting the association's long-term sustainability strategy.

Box 1. Comparative Advantages of Associations in Product and Service Innovation

- Broad vision of the market
- Capacity to detect gaps in product and services
- Ability to ensure efficiencies through economies of scale
- Knowledge management and promotion
- Peer learning
- Capacity to negotiate with private sector providers
- Direct links with MFIs
- Access to external financing and international expertise
- Ability to promote large-scale industry uptake

Table 1. Microfinance Innovation at a Glance

ROLE OF ASSOCIATIONS	EXAMPLES
Product or Service Identification	
<ol style="list-style-type: none"> 1. Survey members and maintain regular communications to understand customer needs. 2. Collect and monitor industry information; compile financial and social performance data to identify gaps in the market. 3. Build awareness in the sector through conferences and publications that highlight market gaps. 4. Network with other associations and industry players to learn about successful products and services in other parts of the world. 5. When needed, advocate for regulatory changes to accommodate new products, services, and means of delivery. 	<p>The RFR surveys members in person twice a year to ask about which financial products or services are most in demand by clients.</p> <p>REDCAMIF's industry research showed that of the 14 million inhabitants of Central America eligible to work, approximately 8.4 million are employed in the informal economy.</p>
Market Research	
<ol style="list-style-type: none"> 1. Pool funds or obtain funding to support research at the more efficient industry level. 2. Conduct legal and regulatory feasibility studies. 3. Carry out supply and demand studies. 4. Collaborate with research centers and universities to conduct impact studies. 	<p>The RMC commissioned an in-depth study of existing banking policies in Russia to define a series of policy recommendations for the rapidly expanding service of branchless banking. REDCAMIF conducted three market studies to determine the feasibility of a micropension product in Central America, which indicated a potential demand in the region of over 8.4 million customers.</p> <p>The RFR conducted two market studies in Ecuador to evaluate the current supply of and demand for microinsurance.</p>
Product or Service Design	
<ol style="list-style-type: none"> 1. Evaluate and understand all available design options. 2. Circulate information about costs and benefits of various designs. 3. Document the experience of similar products. 4. Contract topic experts for design support. 	<p>The RFR used a bidding process that included private sector insurance providers. The criteria used to select the winner included a simplified system for membership and claims, a vast network of claims offices, limited exclusions, an affordable premium price for clients, and a demonstrated understanding of the market.</p> <p>REDCAMIF's first market study recommended MFIs as the appropriate distribution channel for a micropension product and identified a target market of over 600,000 clients.</p>
Pilot Phase Experimentation	
<ol style="list-style-type: none"> 1. Provide training and support throughout. 2. Create financial incentives for participation in the pilot. 3. Establish criteria for participation in pilot to ensure all variables and conditions are tested. 4. Document lessons learned and share them within and beyond the association. 	<p>The RMC launched a subsidiary to provide billing and consultancy support to banks and MFIs on the stored value and payment card pilot project.</p> <p>REDCAMIF identified ten MFIs—3 from Guatemala, 3 from Honduras, and 4 from Nicaragua—to pilot the micropension project in 2010. Selection of the MFIs was based on the suitability of their respective countries' legal frameworks, their client base, and their strength and transparency.</p> <p>The RFR selected 4 MFIs members to pilot a microinsurance project. The MFIs are currently reviewing their proposals to determine if they will offer the insurance product as a benefit or as an extension of another product.</p>
Evaluation	
<ol style="list-style-type: none"> 1. Document the development process to understand what worked well. 2. Make adjustments to product prior to rolling it out on a massive scale. 3. Set up systems to measure its impact on clients. 	<p>REDCAMIF plans to incorporate discussion and analysis of pilot project experiences at national and regional conferences, as well as at workshops.</p>
Launch / Scaling Up	
<ol style="list-style-type: none"> 1. Invest in marketing and education campaigns. 2. Provide ongoing support for large-scale implementation. 3. Set short- and long-term targets for scaling up the product or service. 	<p>The RFR plans to add one additional MFI per month during the first year of the pilot project to reach a target of 58,500 borrowers after one year. The association must reach their target by year-end 2010 in order to maintain the favorable rates it has negotiated with the insurance company.</p>

About SEEP

The SEEP Network is a global network of microenterprise development practitioners. Its 80+ institutional members are active in 180 countries and reach over 35 million microentrepreneurs and their families.

SEEP's mission is to connect these practitioners in a global learning environment so that they may reduce poverty through the power of enterprise. For 25 years, SEEP has engaged with practitioners from all over the globe to discuss challenges and innovative approaches to microenterprise development. As a member-driven organization, our members drive our agenda while SEEP provides the neutral platform to share their experiences and engage in new learning on innovative practices. The SEEP Network helps strengthen our members collective global efforts to improve the lives of the world's most vulnerable people.



The SEEP Network
1875 Connecticut Avenue, NW, Suite 414
Washington, DC USA 20009-5721
Phone: 1 202 534 1400
Fax: 1 202 534 1433
Email: info@seepnetwork.org
Website: www.seepnetwork.org