INTRODUCING TWO NEW MICROFINANCE COURSES:

**Making Microleasing Work for MFIs**
Reference No: A900272

**Making Microinsurance Work for MFIs**
Reference No: A900273

ILO’s International Training Centre
Turin, Italy, 15 to 19 March 2004

BACKGROUND

New product development has become extremely popular in the microfinance industry. The ILO’s Social Finance Programme has been on the crest of the product development wave, testing new financial services for the poor and documenting the successes and failures.

To share these experiences with the microfinance industry, the Social Finance Programme and the ILO’s International Training Centre (ITC) have developed intensive one-week courses to teach microfinance managers how to design and deliver *insurance* and *leasing* services.

Please note that these courses are offered concurrently so it is not possible to attend both; participants must choose to attend one or the other. However, the advantage of concurrent sessions is that there will be more microfinance professionals on the ITC campus during the week of March 15th, providing greater opportunities for informal learning from practitioners from around the world.

PARTICIPANTS’ PROFILE

The training programme is designed for managers and senior staff responsible for managing, establishing, operating, monitoring and supervising microfinance institutions (MFIs), such as:

- Banks specialising in microfinance
- Microfinance providers
- NGOs
- Credit unions
- Saving and loans co-operatives
- Development projects
- Other microenterprise credit organizations

Applications from women are particularly welcome.
# COURSE DESCRIPTIONS

## Making Microleasing Work for MFIs

### What is leasing?
Leasing is a finance mechanism that entrepreneurs all over the world use to finance vehicles, machinery and equipment. The important feature of leasing is that entrepreneurs can start using the equipment before they really own it. During the period in which the entrepreneur pays the lease instalments, he or she already realises an extra income through the use of the equipment.

### Why would microfinance institutions do leasing?
Some microfinance institutions have started to offer a lease product next to their usual range of savings and credit products. Leasing offers the advantage of better security. As long as the client has not fully paid the lease instalments, the asset remains owned by the MFI. Other advantages are the absence of fund diversion and – in some countries – tax incentives.

### What does the course offer?
Microfinance institutions that want to develop a viable leasing programme will have to make a considerable investment in staff training and systems development. The difference between a “lease” and a “loan” affects the whole organisation. While product developers need to familiarise themselves with lease product design and pricing issues, senior management needs to explore possible partnerships in a leasing programme. Accountants will need to be aware of accounting and taxation issues, while loan officers experienced in credit evaluation might have initial difficulties dealing with equipment.

This course will provide participants with the knowledge and the skills to develop a viable leasing programme. Combining theory with experiences from existing micro-lessors, the course will follow the content of the ILO micro-leasing manual. The following topics will be covered:

1. Introduction to leasing
2. The lease operation
3. Lease product design
4. The regulatory framework for leasing
5. Taxation issues
6. Lease accounting
7. Partnerships and alliances
Making Microinsurance Work for MFIs

Why Microinsurance?

Microinsurance has been a hot topic in microfinance circles, partly because it reflects the social and commercial objectives that embody microfinance. From the social perspective, many MFIs have recognised that the vulnerability of low-income households is not eliminated by access to microenterprise loans alone. Microentrepreneurs remain vulnerable to a host of perils that insurance may help low-income households to manage. From the commercial perspective, insurance can improve loan portfolio quality since bad debts can often be attributed to the death or illness of a client or a client’s family member. Microfinance institutions are also interested in developing new products like insurance to serve new markets, to enhance customer loyalty, and improve competitiveness. In addition, MFIs expect that the premiums or agent’s commissions from microinsurance could be a new source of capital or income.

Course Contents

Using a detailed, 200+ page training manual, this course guides MFI managers through the complexities of offering insurance products, either on their own or in partnership with an insurance company. Designed for senior managers and directors of MFIs that offer insurance or are planning to do so, this course will help participants to determine whether it is appropriate to offer insurance, which type of insurance to offer, and through what institutional structure.

This course covers four main aspects:

1) The fundamentals of the insurance business, including benefit design, insurance terms, pricing and controls;
2) The design of five basic, short-term, credit-linked insurance policies, both mandatory and voluntary;
3) Outsourcing part or most of the insurance responsibilities to a formal insurance company or to skilled consultants;
4) The financial management and operational integration of an insurance business into a microfinance institution.

While low-income households have many needs and vulnerabilities, this course focuses on basic life and disability products because they respond to an important need while being less difficult for MFIs to offer. The insurance business is highly complex and carries significant risk, thus basic life insurance is a good starting point for an MFI.

This course is also relevant, however, to organisations that want to offer other types of insurance, such as health or property, because it provides a strong introduction to insurance fundamentals and offers valuable advice on how to design, negotiate and manage a relationship with an insurance partner. While it may be possible for an MFI to offer basic insurance on its own, or with some technical support from insurance experts, more complex products should be offered in partnership with an insurer.

Facilitators

This course will be taught by Michael McCord, from the Microinsurance Centre, and James Roth of the ILO’s Social Finance Programme.
LANGUAGE

The course will be presented in English.
Participants should be proficient in English.

COST OF PARTICIPATION

The cost of participation (€ 2,385) is payable in advance by the participant’s sponsoring organisation and covers:

- tuition fees
- the use of training facilities and support services
- books and training materials
- accommodation and full board at the Centre’s campus
- a standard daily allowance for a total of 17.00 Euro*
- routine medical care and insurance
- airport transfers

The cost of participation does not include the main travel between the participant’s home country, and Turin.

Fellowships for the training programmes conducted by the ILO International Training Centre may become available through development projects sponsored by United Nations Agencies, international or regional funding agencies, bilateral technical co-operation agencies, national governments or other sources. Candidates are encouraged to contact these organisations and agencies in their countries to enquire about the availability of fellowships. A few partial fellowships may also become available through the ITC’s own limited sources and sponsors.

* This small amount will cover only the most basic incidental expenses. Arrangements can be made to pay an additional allowance for incidental expenses at government or funding agency cost to accommodate participant entitlements or other government requirements.
OTHER MICROFINANCE COURSES AT THE ITC

These courses are part of a series of microfinance workshops at the ITC this spring. This year we are also organizing our well renowned course on Microfinance Management. It is possible to register for a “package” of two or three different workshops, as shown in the table below:

<table>
<thead>
<tr>
<th>Workshop Code</th>
<th>Workshop Title</th>
<th>Dates</th>
<th>Individual price</th>
<th>Price of 3-week Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>A900271</td>
<td>Management of microfinance institutions for improved performance</td>
<td>1-12 March 2004</td>
<td>3,750 US$</td>
<td>A900271 + A900272</td>
</tr>
<tr>
<td>A900273</td>
<td>Making microinsurance work for MFIs</td>
<td>15-19 March 2004</td>
<td>2,385 US$</td>
<td>A900273</td>
</tr>
</tbody>
</table>

APPLICATION AND INQUIRIES

Applications to attend the course must be supported by a nomination form, curriculum vitae and letter from the sponsoring/funding institution, and should arrive not later than:

1st February 2004 for the applications that wish to take the course on “Managing MFIs for improved performance” plus one of the other two courses on Microleasing and Microinsurance.

10 February 2004 for applications solely for either of the courses “Making micro-leasing work for MFIs” or “Making microinsurance work for MFIs”
THE ILO TURIN CENTRE’S FACILITIES

Located in an attractive park on the banks of the River Po, the Centre’s campus provides a congenial environment in which to live and study.

It comprises 20 pavilions housing:

- fully equipped modern classrooms;
- conference halls and meeting rooms fitted out for multilingual simultaneous interpretation;
- a computer laboratory;
- a learning resources centre with a computerised library linked to various data banks;
- audio-visual production workshops;
- comprehensive training support services including graphics and printing;
- an inter-active language laboratory.

A residential complex with 368 single and 42 double serviced bed/study rooms all with private bathrooms provides the amenities that facilitate the participants’ stay:

- reception office open day and night;
- a restaurant and self-services catering for international dietary needs;
- bank and travel agency;
- post office, international telephone exchange, fax and telex;
- a recreation pavilion with internet, reading rooms, television and video rooms;
- facilities for outdoor and indoor sports;
- medical service.

Social events are organised regularly to allow participants from different cultural backgrounds to make the most of the stimulating international climate of the Centre’s campus.

For further information, please contact:

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