

# Financial inclusion



Mobile money agent in Tanzania

## KEY SUCCESSES

- + 20 years of global experience managing access-to-finance projects for donors and international finance institutions (IFIs) such as KfW, Danida, Sida, the World Bank, the European Investment Bank and the Dutch Entrepreneurial Development Bank (FMO);
- + Establishment of trusts and social enterprises for agri-business development and financial inclusion;
- + Provision of advisory services to commercial banks, micro-finance institutions and savings and credit cooperatives (SACCOs) to improve their financial products and services in order to better serve SMEs, farmers, women and youth entrepreneurs;
- + Management of projects focusing on strengthening key segments of often-excluded consumers through savings groups, financial literacy training and agriculture and business skills, in collaboration with Sida, Danida, MFA Finland and GiZ;
- + Application of new tech and research in projects for financial inclusion, for example by using satellite data, remote sensing and machine learning to advise financial institutions in setting up of agent networks;
- + With 50 years of experience managing development projects, we have unique insights into the demand side needs - be they savings, credit, insurance or technical expertise in business, agriculture etc.

## From access to credit to financial inclusion

Over the past decade, access to finance has dramatically improved around the world. This has been made possible largely as a result of increased mobile phone ownership and uptake of mobile financial services. There has also been a shift from a focus on access to credit through micro FIs to a wider view of financial inclusion, including both providers and acknowledging needs for financial services. Savings, credit, insurance and mortgage are all stepping stones in people's financial lives. The range of financial service providers has also increased - from mainly micro FIs targeting low-income consumers to FIs like commercial banks to savings groups focusing on a range of consumers such as farmers, SMEs, entrepreneurs, women and youth. National governments, the private sector and civil society are collaborating to develop financial inclusion strategies, and individual consumers as well as SMEs are in focus. Cashflow and credit history is replacing collateral. Knowing your customer is a productive way to reduce risk, and consumers who have increased their financial capability know how to analyse financial services and what suits them best.

## SERVICES WE CAN OFFER YOU ...

- + Capacity building of financial institutions (FIs) through training programmes and consultancy services built to maximise sustainable long-term lending in the target value chains;
- + Advice to development cooperation agencies, development FIs (DFIs) and IFIs on development of financial cooperation approaches, tools, and mechanisms;
- + Improving access to savings and credit products and flexible payment mechanisms, enabling SMEs to invest in their businesses, and smallholder farmers to improve access to inputs, processing and techniques;
- + Research and analysis on segments of the population, SMEs and markets in order to inform the development of financial solutions for businesses, women and youth entrepreneurs;
- + Use of satellite data, remote sensing, and machine learning for proximity decision-making by FIs.
- + Supporting the development of digital products and applications for savings, credit, insurance, information and training accessed through mobile phones.

**#2**

Zero hunger

**#8**

Decent work and economic growth

**#5**

Gender equality

**#17**

Partnerships for the goals

## Bringing insights to consumers' needs and pain points

Despite a great leap in increased access to finance, the gender gap and the rural-urban gap is not closing, and youth are more financially excluded. NIRAS has deep experience working with both the demand and supply side through value chain enhancement, business development services, improved agricultural practices, matching grants, setting up of trust funds, and monitoring and evaluating results. This concrete knowledge is invaluable for the work going forward, which calls for a greater link between supply and demand of financial services. This means working with DFIs and FIs and building financial capability among consumers including farmers, women, youth and SMEs. Looking to the future, innovative financial solutions and tools tailored to the needs of a varied population will include even more people.

### Improving the capacity of FIs in Ukraine to provide commercial loans to agriculture SMEs and MidCaps in the cereals, oilseeds and fisheries value chains

NIRAS is contracted to support the implementation of the €400M sovereign Ukraine Agri-food APEX Loan, agreed between the EIB and the Government of Ukraine, for on-lending to agri-businesses via FI. The loan provides longer-term financing to support investments by SMEs (including agricultural cooperatives), and MidCaps, in the target value chains of (i) cereals, (ii) oil seeds and (iii) aquaculture and fisheries in Ukraine. NIRAS facilitates implementation of the loan by providing complementary services to participating FIs and borrowers (SMEs and MidCaps) facilitating disbursement of the loan to eligible borrowers. The TA team offers class-based and on-the-job training to facilitate efficient utilization of the Agri-Food Value Chain Loan resources and growth of the PFI's agri-loan portfolio.



### Advising KfW on innovative development finance mechanisms to mobilise sustainable and effective development funding of the SDGs

Commissioned by the German development bank KfW, NIRAS conducted a study on innovative development financing trends. Based on research on the German Financial Cooperation (FC) and other development partners' financial instruments, the study generated concrete proposals on how to further develop FC instruments and approaches to mobilise public and private funding, strengthen local financial systems and capital markets, and promote public finance towards debt sustainability in the partner countries. The overall study takes stock of innovative development finance trends, strategies, coordination mechanisms and experience exchange platforms - taking into account experiences of other development partners, the existing FC approaches and instruments, possible technical cooperation links and international development trends. The study also analyses the macroeconomic, fiscal and regulatory conditions in different regions and countries.



### Building capacity and credit history of business women in rural Mozambique

The Mozambican bank Socremo's guarantee for micro and small enterprises (MSEs) and women-owned businesses (2014-2020) was a cooperation between Sida, USAID, and Socremo. The project supported the bank in the establishment of a loan guarantee portfolio of up to US\$10M, enabling 4,000 MSEs in Mozambique to get access to credit. The loan guarantee programme (LGP) made it possible for Socremo to develop a new set of products with less stringent collateral requirements and expand into new areas. It also enabled smaller enterprises to qualify for loans and build their credit history. NIRAS, in collaboration with Indiqua Consulting, provided the following services: Capacity development of female entrepreneurs and women's business associations; dissemination of available financial services in rural areas; curriculum development for MSEs run by women; training and mentoring of rural female entrepreneurs, and development of an agricultural loan product for farmers.



## Consumer research and satellite observations for sustainable business models in Tanzania and Ghana

The Savings at the Frontier (SatF) programme aims to bridge the gap between the supply of formal financial services and informal savings mechanisms (ISMs), managed by Oxford Policy Management with the support of the MasterCard Foundation. SatF facilitates the development of effective and scalable business models among Financial Service Providers (FSPs) to serve consumers in frontier markets, focusing on Ghana, Tanzania and Zambia.

NIRAS has provided two types of services within the SatF programme. The first was to conduct a demand-side study in Tanzania on the preferences and usage of financial services by savings group members in order to inform FSPs in their product development. The second was to assist in the creation of a Spatial Decision Support System to help track and guide financial inclusion, first focusing on Ghana. Combining satellite observations with comprehensive classification algorithms, remote sensing as a proximity tool for financial inclusion was developed, which can answer questions such as: How many people live within 15m walking distance, how far is the nearest bank? How many people can my mobile money agents potentially reach? Where is the most populated and least serviced area? What proportion of the population lives within half an hour walk from an agent or bank? - key questions for FSPs as they are developing business cases for expansion into new territories, and decisions to shift access points.



Sample references	Place	Client	Years	Value (€)
EIB Ukraine TA to support the implementation of the "Ukraine Agri-food APEX Loan" operation	Ukraine	EIB	2019-2022	5,395,000
Technical Assistance Programme to various EIB Microfinance Operations	Ukraine, Moldova & Georgia	EIB	2019-2022	1,998,800
Innovative Development Finance - Stocktaking and Tool Box of Innovative Development Finance - in the German Financial Development Cooperation	Multi (Germany)	KfW	2019-2020	200,045
Agricultural and Rural Finance (AGRUFIN)	Uganda	GIZ	2014-2017	1,290,381
Technical Assistance to Microfinance Clients of SOCREMO Bank Under a Sida- and USAID-funded Loan Guarantee Program	Mozambique	Sida	2017-2020	280,000
Rural Development Funds Management	Ghana	Danida	2016-2019	1,762,236
Management of the Agro-Industry Fund (Programme de Croissance Economique dans le Secteur Agricole I & II)	Burkina Faso	Danida	2013-2021	4,083,740
Economic Growth and Employment creation Programme in Mali (PACEPEP)	Mali	Danida	2014-2020	3,446,149
AgroBIG I & II, Programme for Agro-Business Induced Growth in the Amhara National Regional State	Ethiopia	MFA Finland	2013-2022	7,791,585
MTR of the Rural Finance Expansion Programme RUFEP	Zambia	IFAD	2019	181,515
Support of the implementation of Pacific Climate Finance Fund (AClIFF)	Manila	ADB	2019	205,000
Technical Assistance to Financial Intermediaries under the EFSD Guarantee 'NASIRA'	Global	FMO	2020-2024	Framework Agreement: 2,500,000
Framework Agreements to support EIB Financial Sector Operations inside and outside of the European Union. Lot 1 (Access to Finance for SMEs and MidCaps) and Lot 2 (EIB Climate Action Support Facility)	Global	EIB	2020-2023	Framework Agreement: 50,000,000
Savings at the Frontier: Demand side study on the preferences and usage of financial services by savings groups in Tanzania	Tanzania	OPM, with MCF	2017	70,000
Savings at the Frontier: Component on Remote sensing as a Proximity tool for financial inclusion	Ghana, Tanzania & Zambia	OPM, with MCF	2019-2020	50,000



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