

FSDMOÇ JOURNEY TOWARDS FINANCIAL INCLUSION 2014-2021

INNOVATE, ENABLE, BUILD,
TO ACCELERATE INCLUSIVENESS



TABLE OF CONTENTS

Acronyms and Abbreviations
Ceo’s Note

CHAPTER 1. FSDMoç AT GLANCE ABOUT FINANCIAL SECTOR DEEPENING MOÇAMBIQUE

CHAPTER 2. FINANCIAL INCLUSION 2014-2021: FSDMOÇ JOURNEY TOWARDS DIGITAL FINANCIAL INCLUSION FROM 2014 TO 2021

- 1. Understanding Client’s Needs**
- 2. Developing Solutions**
 - 2.1. Strengthening digital payment infrastructure: The Case of Electronic Ticketing
 - 2.2. Pushing the boundaries for growth by Supporting digitalization of savings groups
 - 2.3. Pushing the boundaries for growth by Improving Business Skills and Knowledge of SME and looking for alternative finance solutions
 - 2.3.1. Platform for capacity building of SME’s
 - 2.3.2. Market Place to support business continuity during COVID 19
 - 2.3.3. Trade Credit Insurance
 - 2.3.4. Supporting SMEs Finance and Market Development: FinTechs Partnering with Companies
 - 2.4. Pushing the boundaries for growth by digitalization of Agriculture Value Chain to Reach Smallholder Farmers
 - 2.4.1. Digitalization of Cotton Value Chain in Cuamba District of Niassa
 - 2.4.2. Digital Mapping to support inclusive agriculture insurance
 - 2.5. Pushing the boundaries for growth by promoting the agent banking models
 - 2.5.1. Supporting the expansion of the agent banking
 - 2.5.2. The Potential of Digital Tools to Support Social Welfare:
 - 2.6. Pushing the boundaries for growth by promoting mobile money use cases
 - 2.6.1. FSDMoç supporting the penetration of Mobile Money in rural Mozambique
 - 2.6.2. Supporting access to solar energy through digital financial service
 - 2.7. Pushing the boundaries for growth by promoting inclusive insurance
 - 2.7.1. Mozambique Inclusive Insurance Landscape
 - 2.8. Pushing the boundaries for inclusive growth by advocating for affordable housing finance in Mozambique
 - 2.9. Pushing the boundaries for inclusive growth by Supporting Investment Opportunities for Small and Medium Enterprises in Mozambique

- 2.10. Pushing the boundaries to Increase usage of data for financial inclusion
 - 2.10.1. GIS data for financial services
 - 2.10.2. Institutional readiness for data usage to support underprivileged sectors
 - 2.10.3. Supporting development of digital financial solutions to accelerate final inclusion

3. Pushing boundaries for growth by Supporting Enabling Environment

- 3.1. Supporting Fintech Innovation to push digital financial services
- 3.2. Support regulators on the development of effective policy and regulatory environment
 - 3.2.1. The Central Bank of Mozambique
 - 3.2.2. Mozambique Supervisory Institute of Insurance- ISSM

4. Building skills & knowledge transfer - Investing in human capital to contribute to the development of the digital ecosystem

5. Supporting Women and Youth Financial Inclusion - Supporting Innovation to advance Digital Financial Inclusion

CHAPTER 3. TIMELINE OF KEY FINANCIAL INCLUSION EVENTS PROGRESS OF FINANCIAL INCLUSION TO DATE (2014 - 2021)

CHAPTER 4. PROGRESS OF FINANCIAL INCLUSION INDICATORS IN MOZAMBIQUE FINANCIAL INCLUSION IN MOZAMBIQUE

- 4.1. Pushing the Boundaries for Growth by Supporting Improvement of Payment Infrastructure
- 4.2. Financial Inclusion – Highlights from FinScope Consumer Survey 2014 – 2019

CHAPTER 5. WHAT WE HAVE LEARNED IN THIS JOURNEY FSDMOÇ LESSON LEARNED DURING OUR JOURNEY

CHAPTER 6. FINANCIAL INCLUSION 2.0 WHAT DOES IT MEANS FOR FSDMOÇ FINANCIAL INCLUSION 2.0

- 6.1. Moving Beyond Financial Inclusion to Inclusive Finance
- 6.2. The Role of Partnerships to Support the Achievements of The SDGs
- 6.3. Moving Forward to a National Entity - What Does it Mean?

CHAPTER 7. FSDMoç LOOKING FORWARD

- 7.1. Gender And Youth at the Center
- 7.2. Green Finance
- 7.3. Areas of Focus Going Forward

CHAPTER 8. RECOGNITIONS

ACRONYMS AND ABBREVIATIONS

AKF	Aga Khan Foundation	ITU	International Telecommunications Union
AMBA	Associação Moçambicana de Business Angels	JFS	João Ferreira dos Santos
AMT	Maputo Metropolitan Transport Agency	KYC	Know Your Customer
ARECOM	Mozambique Communications Regulatory Authority	LCEF	Local Content Enterprise Fund
BCI	Banco Comercial de Investimentos	M4A	Mobile for All
BdM	Banco de Moçambique	MAFIP	Mozambique Access to Finance Programme
BVM	Bolsa de Valores de Moçambique	MEF	Ministry of Economy and Finance
CAHF	Centre for Affordable Housing Finance	MMOs	Mobile Money Operators
CCSNP	National Payments System Coordination Committee	MoU	Memorandum of Understanding
CEO	Chief Executive Officer	MSD	Market System Development
CMDMP	Capital Market Development Master Plan	MSME	Micro, Small, and Medium Enterprise
CN	Concept Note	M4P	Making Market Work for the Poor
CTA	Confederation of Mozambican Business Associations	NBC	Negotiable Benefit Consultancy
DFI	Digital Frontiers Institute	PAYGO	Pay-as-you-go
DFS	Digital Financial Services	PDE	Spatial Development Programme
ENIF	National Financial Inclusion Strategy	RfP	Request for Proposal
FCDO	Foreign, Commonwealth, Development Office	ROBSMIE	Roadmap for Broad and Sustainable Micro-Insurance Ecosystem
FMT	FinMark Trust	SADC	Southern African Development Community
FSDA	Financial Sector Deepening Africa	Sida	Swedish International Development Cooperation Agency
FSDMoç	Financial Sector Deepening Moçambique	SGs	Saving Groups
FSPs	Financial Service Providers	SME	Small and Medium Enterprise
GESI	Gender Equality and Social Inclusion Strategy	TA	Technical Assistance
GIS	Geographic Information System	UEM	Universidade Eduardo Mondlane
HCD	Human Centered Design	UK	United Kingdom
INAS	Social Action National Institute	USSD	Unstructured Supplementary Service Data
INCM	Mozambique's Communications Regulatory Authority		
ISSM	Mozambique Supervisory Institute of Insurance		

SNAPSHOT OF FSDMoç INTERVENTION AREAS

INNOVATE

Development of Fintech Ecosystem

Inclusive insurance market development

Access to solar energy through DFS- PAYGO Models

Piloting Digital Microinsurance product

Distribution of social grants in rural areas through access of DFS

Digitalization of cotton value chain

Financial education and digital financial capability of youth and children

Supporting women's financial inclusion

Sandbox Regulatory Incubator and Innovation Hub

Supporting effective policy and regulatory framework

Micro-Insurance Roadmap

Development of Capital Markets

Roadmap for Green Finance in Mozambique

Advocating for affordable housing finance

Investment Opportunities for SMEs

FinScope Consumer Survey 2019

Inclusive Insurance Landscape

FinScope Deep dives

ENABLE

BUILD

Digital mapping to support design of agriculture insurance product

Interoperability to advance financial inclusion

Georeferenced access points for financial services

Expansion of mobile money in rural areas

Expansion of the agent banking models

Integration of Financial Services to the Public Transport- Electronic Ticketing

Digitalisation of Saving Groups

Development of digital infrastructure

Events, dissemination activities and communication

Digital payments in logistic transport online platform

Digital platform to support MSME business continuity

Alternative finance for SMEs

Capacity building of SMEs



ESSELINA MACOME

CEO'S NOTE

This is a special publication since we dive on the accomplishments of Financial Sector Deepening Moçambique (FSDMoç) program from 2014 to 2021 and because it coincides with the FSDMoç transition phase to a national entity to further advance the agenda of financial inclusion in Mozambique. During the first phase we have counted with support of our donors UKAID and Sida to reach millions of individuals including smallholder farmers, women, youth, and SMEs that lack access to appropriate financial services.

We have been working with market stakeholders and partners to drive financial inclusion in alignment with the pillars of the National Financial Inclusion Strategy 2016-2022, whose implementation is also supported by various partners including FSDMoç.

Over the years a good number of interventions have been implemented in partnership with the public sector, especially ministries and government entities, to further drive the financial inclusion agenda and enable innovation and collaboration among stakeholders.

During this first phase, FSDMoç focused on the fundamentals of the Financial Inclusion which is defined as the availability and equality of opportunities to access financial services. It refers to a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. These include banking, loan, equity, and insurance products. Financial inclusion efforts typically target those who are unbanked and underbanked, and directs sustainable financial services to them. Financial inclusion is understood to go beyond merely opening a bank account. It is possible for banked individuals to be excluded from financial services. Having more inclusive financial systems has been linked to stronger and more sustainable economic growth and development and thus achieving financial inclusion has become a priority for many countries across the globe.

Towards a new approach, Financial Inclusion 2.0 which means moving beyond access and usage towards quality – the concern now is about how many people are using the financial services to support resilience and lower inequalities so that we have a greater impact on reducing poverty and increasing wellbeing. We want to see individuals and vulnerable groups using financial services that respond to their needs and making transactions wherever they are. In this context we believe that Digital Financial Services (DFS) offer opportunities to provide low-income households with access to affordable and convenient tools that can help increase their economic opportunities. This is linked to the importance of inclusive finance to support the achievement of the sustainable development goals (SDGs) and responding to the challenges related to the real economy sectors, and in this regard FSDMoç will continue working in agriculture, energy, education, transport and logistics, e-commerce, tourism, climate adaptation, green finance, health, and informal sectors. FSDMoç on its digital highway is looking at the digital as a way to reach the last mile but also to accelerate financial inclusion. This is a moment that the economy and societies are responding to the impacts of COVID-19 pandemic where the access and usage of DFS and digital technologies can help providers of services to be more inclusive by offering solutions to mitigate the impact of the COVID-19 thus accelerating innovations - for instance digitalization of onboarding of clients, digitalization of other services that use to be presential and interoperability among MMOs. Therefore, moving to digital there is need to understand the risks and identify mitigation opportunities to strengthen cybersecurity.

In this digital highway, we have a new player that is pushing innovation – the FinTechs - in increasing access to financial services offering new and affordable DFS and products. For instance, the crowdfunding solutions that address problems of alternative finance. Today, the existing Regulatory Sandbox is a great contribution from regulator on building an effective regulatory environment.

In the financial inclusion journey, women as been key on the reduction of the levels of financial exclusion as a result of the increasing of access to non-bank financial services (mobile money). Nevertheless, the gap of 5% on access and usage of financial service in favour of men persists – this means that providers are challenged to design affordable products that respond to women's needs. Looking forward, FSDMoç will continue to work to advance women's financial inclusion and the focus will be on closing the financial inclusion gender gap and to support women being part of the response and recovery processes and decision making to ensure their specific needs are addressed while ensuring their economic and social empowerment. Therefore, everyone plays a role in contributing to the improvement of access and usage to financial services for women.

FSDMoç have been promoting products that contribute to quality of life, now is important to build resilience of users of those products – Mozambique is a top 3 countries in Africa with the highest levels of vulnerabilities to natural risks such as cyclones, flooding and drought and climate-related disasters will continue to threaten global development and will affect the poorest the hardest, so adaptation is ultimately linked to poverty alleviation. Poor communities are in the surviving mode and lack money to invest in measures that will benefit them in the future. Therefore, FSDMoç will continue promoting initiatives that address risk protection (e.g.: insurance, affordable housing finance and responsible lending) which are crucial for a quick recovery after a disaster, in particular for SMEs. In this respect to technology and digital have the potential to accelerate digital inclusion via mobile phones – which means that there is a use case to be made for access of mobile phones and there is need to work in collaboration with Telecommunication Regulator and private sector expand initiatives such as Mobile for ALL (M4A) to include women and youth.

Moving forward we will promote and enhance three key outcomes: inclusive growth, access to basic service, and sustainable future, moving forward FSDMoç strategy (2020-2025) will focus on the following areas: (i) Digitalization & Innovation, (ii) Improve Usage of Financial Services, (iii) Alternative MSME Finance, (iv) Rural enterprise and agriculture finance, (v) Informal Finance, (vi) inclusive Insurance, (vii) Financial Education and digital literacy; (viii) Green Finance; women, youth and people with disability, low income populations and small business will continue to be at the core of our work.

Along these years we have learned that building sustainable partnerships is key to contribute for the achievement of the national financial inclusion strategy objectives where everyone can contribute in impactful and meaningful way. Coming to an end of this cycle, I would like to thank our donors FCDO and Sida that believed on the role of the financial inclusion as a vehicle to reduce poverty. To our partners, policy makers, regulators, private sector, market actors, development organizations, implementing partners - your support was key in this journey towards a sustainable financial system, and promotion of innovation – without your support key outcomes such as the establishment of the Regulatory Sandbox, the development of the Fintech Ecosystem, the improvement of regulatory framework, the improvement of digital infrastructure wouldn't be achieved – Thank you very much for believing on FSDMoç.

FSDMoç acknowledges that financial inclusion is a public good and all are invited to contribute in this journey. Moving forward, we will continue working with FSP's, Academia, Regulators, Policy Makers, Donors, Development Agencies and others to embrace the financial inclusion agenda that builds a sustainable financial sector in Mozambique with end goal to contribute to prosperity and financial resilience of the Mozambicans.

Esselina Macome
Chief Executive Officer of FSD Moçambique

During our journey we've identified the pre-requisites for the success of digital financial inclusion which include:

- › Digital identification
- › Interoperability
- › Data protection
- › Financial education & digital literacy
- › Consumer protection

1.

FSDMoç AT GLANCE ABOUT FINANCIAL SECTOR DEEPENING MOÇAMBIQUE

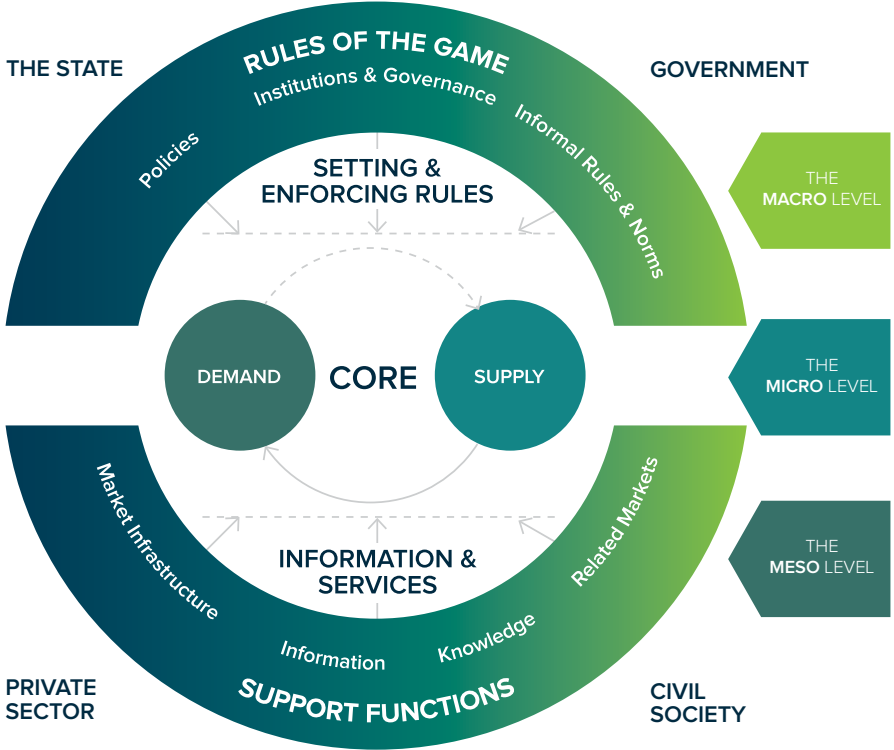
Financial Sector Deepening Moçambique (FSDMoç) is a programme funded by the UK Foreign, Commonwealth, Development Office (FCDO – former DFID) and Swedish International Development Cooperation Agency (Sida). FSDMoç’s mission is to identify and partner with key market stakeholders, offering targeted investments and insights to promote the financial sector to improve financial inclusion. During the first phase of the programme from April 2014 to December 2021, FSDMoç contributed to the financial inclusion of Mozambicans through various partnerships.

FSDMoç is a market facilitator that supports key financial sector stakeholders to both innovate and expand financial services by using technical expertise and targeted funding to boost their capacity and the people they serve. At the core of our strategy, are women, youth, people with disabilities and the rural low-income population, as well as small businesses that lack access to appropriate and accessible financial services, and vulnerable groups.

OUR APPROACH

Using a market system development (MSD) approach to assess comprehensively all key constraints to market system development from policy through to supply and demand side issues helps identifying the most appropriate levels of intervention. FSDMoç uses the MSD approach to focus on reducing poverty by expanding access to financial services for lower income households and smaller scale enterprises.

Through this approach, FSDMoç has contributed towards providing sustainable developments in markets by engaging with key stakeholders to enhance financial literacy and boost economic resilience among Mozambique’s communities. Given this, this report serves to highlight the impact of FSDMoç on financial inclusion in Mozambique, through the lens of some of its programs and partnerships, as well as some of the key lessons learned from them.



2.

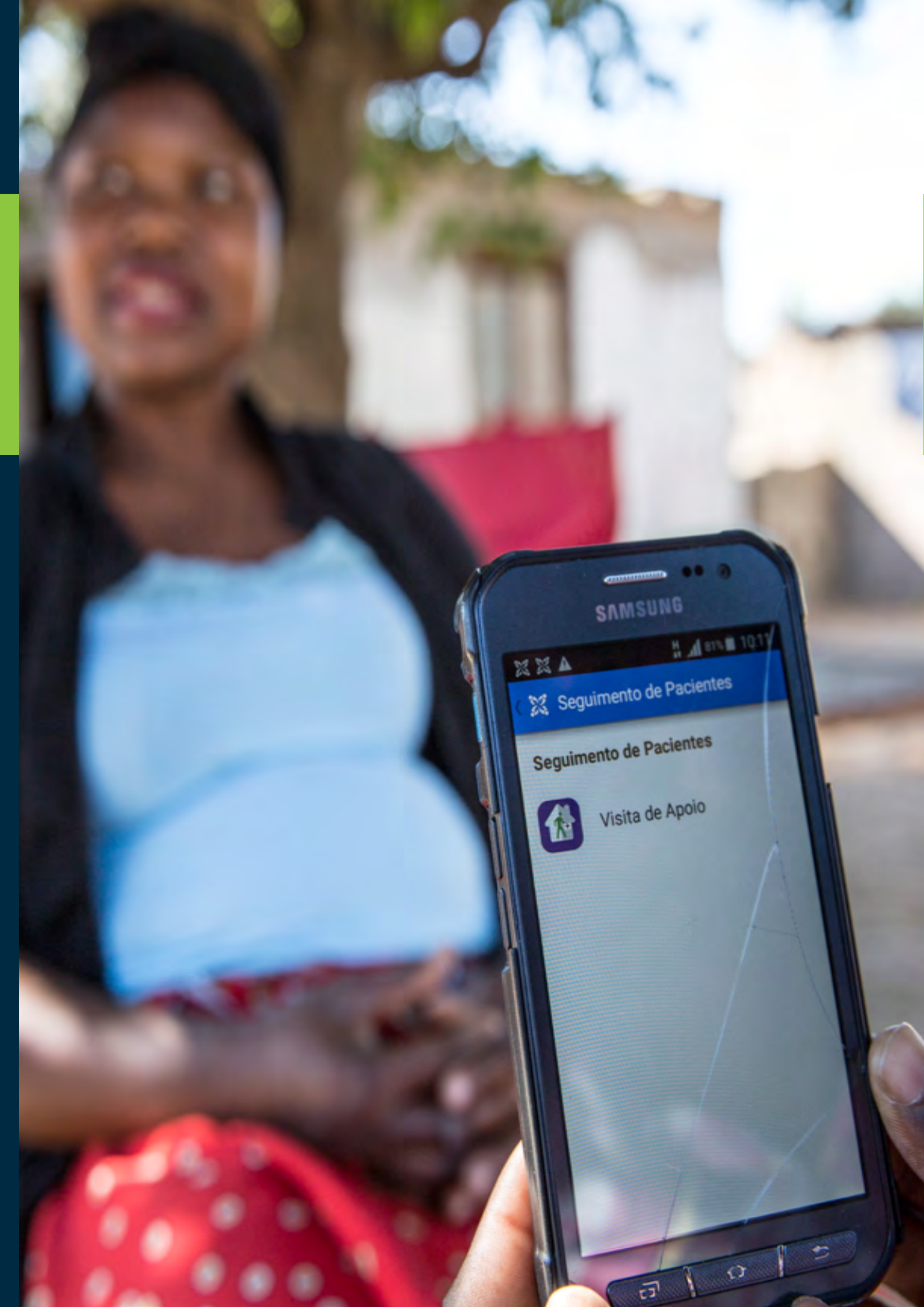
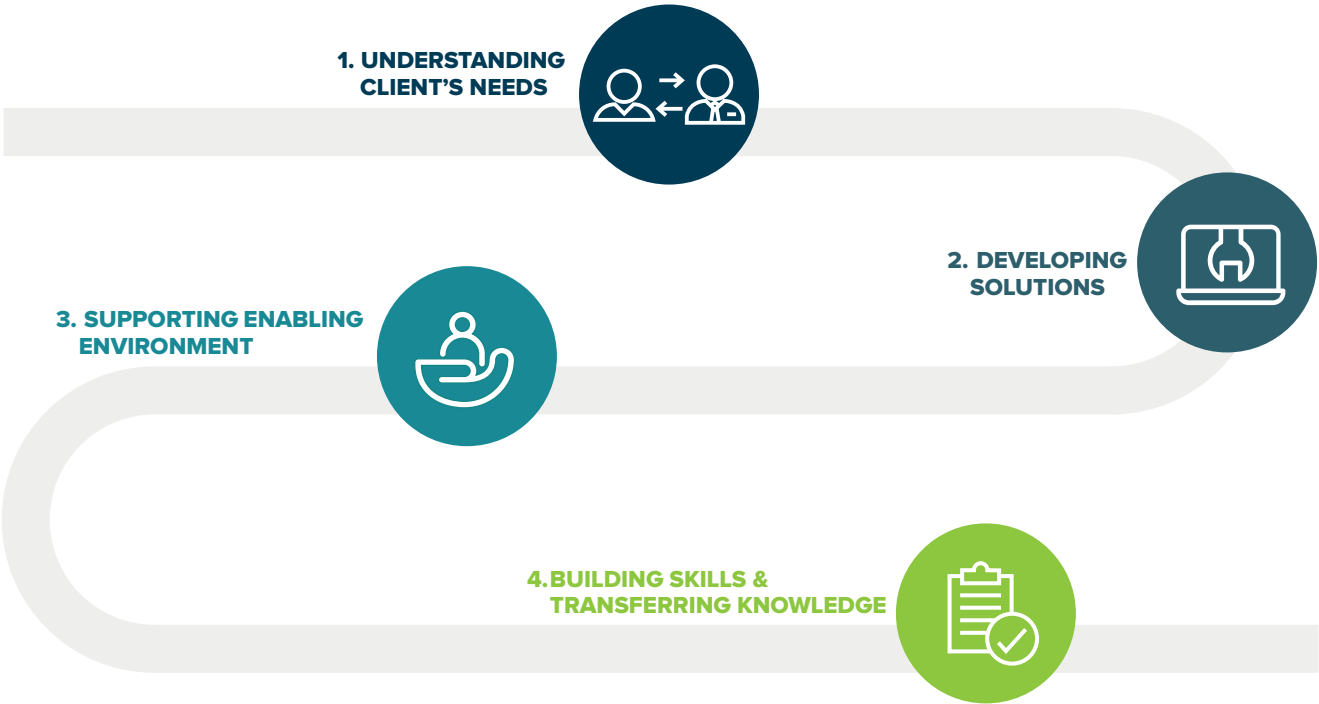
A JOURNEY TOWARDS FINANCIAL INCLUSION 2014-2021

FSDMoç JOURNEY TOWARDS DIGITAL FINANCIAL INCLUSION FROM 2014 TO 2021

FSDMoç since 2018 has been committed to address blockages on the highway towards advancing financial inclusion. FSDMoç vision is powered by the digital finance highway to build a dynamic financial sector offering quality services that enable resilience and economic empowerment for all Mozambicans. In this highway we have various partner (regulators, public sectors, academic institutions, banks, mobile money operators, insurance companies, fintech's, start-ups, insuretechs and others). We have been working under this highway to remove blockages which have to do with:

- FSDMoç Contribution to Key Blockages
- A. Understanding Client's Needs:
 - B. Developing solutions
 - C. Supporting Enabling Environment
 - D. Building skills & transferring knowledge

FSDMoç CONTRIBUTION TO KEY BLOCKAGES



KEY OUTCOMES:

TWO IMPROVED PRODUCTS
+
REACH 35,000 FARMERS UNDER COTTON VALUE CHAIN

KEY OUTPUTS

- › New services and products were created: Product: BCI POSs can pay also with Compra mobile – a mobile account. This led to the opening of 300 new accounts (support customers with limited documentation) in Malema and 83 new accounts in Gurué.
- › Paper-based and digital educational material successfully delivered following a cascade strategy.

1. UNDERSTANDING CLIENT'S NEEDS

For FSDMoç this means *expanding the digital finance highway by assessing what clients want*. In applying the needs of the customer first, many financial institutions in Africa have managed to successfully and profitably increase their customer base, including to low-income segments. The key to success is Customer Centricity. Customer-centricity is about providing solutions based on a deep understanding of customer needs, preferences, and behaviours. The realities of the financial lives of a target segment need to influence the products that are being developed and not vice-versa. To effectively put the needs and aspirations of customers at the centre of business strategies and decision-making, financial service providers may have to re-think of their operations and invest significant effort and resources to change not only business operations but also organizational mind-sets. There some improvements, we start seeing some changes on practices by some banks and insurance companies, which have *understood the case and they are starting to target underserved segments with new offering*.

1.1. SUPPORTING RURAL BANKING

FSDMoç partnered with BCI and CGAP to support BCI's rural expansion strategy, to extend financial services to agricultural value chains actors, delivered through digital channels. This entailed building key capabilities of BCI staff to develop innovative solutions for smallholder farmers and households.

Building on strategy, BCI has adapted to implement a cascade model to suit their needs. Fundación Capital developed a financial literacy programme aimed at promoting the development of financial knowledge and capabilities of smallholder farmers. This included development of financial education programmes for communities and a pilot for the Edu BCI app.

Through FSDMoç's support, BCI benefited from an HCD research in rural areas, followed by the design of paper based and digital financial literary materials, that were tested in Malema and Gurué. The intervention led BCI to acknowledge this segment (rural farmers) as a viable market. This change in the culture of BCI resulted in the establishment of a Financial Inclusion Unity specifically focused on rural banking. Through this unit, the bank is incorporating the project's lessons learnt into existing procedures to serve rural segments.

1.2. SUPPORTING USE OF INNOVATIVE DIGITAL FIELD APPLICATION TO STREAMLINE BANK OPERATIONS PROCESSES

- › 18,840 microinsurance policies were active impacting 94,200 dependents (as of April 2019).
- › 14 SOCREMO staff members were trained.
- › The pilot of the Digital Field application (DFA) started in two branches.

FSDMoç supported SOCREMO, a microfinance bank to streamline the bank's current on-boarding process, which include shifting from a data manual collection and processing to a more innovative digital field application that is going to upgrade credit processes with the end goal to strengthen the bank's capacity to offer financial services to MSMEs. In addition, the intervention aims to provide SOCREMO's staff with tools to improve risk and analytics functions to enable better decision making and quick turnaround in SOCREMO's client acquisition and overall service quality.

THERE ARE THREE MAIN PRE-REQUISITES TO BE ADDRESSED IN THIS JOURNEY AS THE FOLLOWING:

BUILDING UNDERSTANDING WITH DIFFERENT ACTORS

BUILDING STRONG PARTNERSHIPS

BUILDING TRUST WHICH WILL SUPPORT THE ACTIVE INVOLVEMENT OF THE MARKET ACTORS

2. DEVELOPING SOLUTIONS

FSDMoç contribution has been to support the use of technology to develop financial solutions and digitalization. In this context, FSDMoç created an opportunity for start-ups to innovate responding to the needs of different market segments and promoting their inclusion.

2.1. STRENGTHENING DIGITAL PAYMENT INFRASTRUCTURE: THE CASE OF ELECTRONIC TICKETING

FSDMoç has partnered with Maputo Metropolitan Transports Agency (AMT) to introduce the first electronic ticketing (E-ticketing) system in public transport for the low and middle-income population in the peri-urban areas of Maputo Metropolitan Area. Since its launch, the E-ticketing is enabling the creation of digital payment to improve commuters' experience. FSDMoç embraced the e-Ticketing project with the main vision that a digital payment system would reduce the use of cash, create new delivery channels and new possibilities for the delivery of financial services through data usage and ultimately reduce vulnerability and exclusion of some social groups.

BENEFITS OF THE SYSTEM:

Commuters:

- (i) faster transaction and quicker boarding times; (ii) a quicker and more convenient method of paying their bus fare, simply by tapping with a card; (iii) increases safety on the public transport system; (iv) increased opportunities to access digital financial services for disadvantaged groups.

Transport providers:

- (i) increased efficiency of the transport system due to the flexibility on operations; (ii) reduces fraud and the handling of cash, increasing the safety of the transport system; (iii) there will be improvements on the management of the routes, since the bus will be monitored via GIS.

Government:

- (i) improve the efficiency subsidies channel from government to business and people payment (G2B and G2P) and
- (ii) increased digital financial services available in Maputo

**BENEFITS OF SOMA PLATFORM:**

1. Reduction of the group creation;
2. Data on savings groups that may serve as a future source of revenue;
3. There is a potential linkage to digital financial services.
4. Training videos use to train the trainers are good aid tools.

2.2. PUSHING THE BOUNDARIES FOR GROWTH BY SUPPORTING DIGITALIZATION OF SAVINGS GROUPS

Two digital channels for savings groups were brought to the market as a contribution of FSDMoç support and as a result 484 groups were digitalized and 4,199 members financially included. There is a need to replicate or expand the models across the country..

In 2016, FSDMoç started the implementation of the Sustainable Formation of the Savings Groups Project (SFSG) under two partnerships: CARE Mozambique (CARE) and Aga Khan Foundation Mozambique (AKF), with the objective of improving the quality of the Savings Groups (SGs) through the development of digital tools that would support training and SGs operations. In the partnership with CARE, we adapted a SGs management mobile application called e E-Recording which is an app that runs on Android phones. It aids with all the bookkeeping of a Savings Group.

In partnership with AKF, FSDMoç supported the testing of new business model - SOMA which is a rural development platform that connects remote communities to market opportunities through Savings Groups.

Through SOMA model a range of services are offered using a network of local extension officers that with a support of a smartphone they can deliver training videos, collect data and training to peers in their communities.

BENEFITS OF E-RECORDING APP INCLUDES:

1. Does not permit loans to be recorded that exceed the leverage ratio specified by the group.
2. Improvements in transparency, efficiency and accuracy of the group's meetings and operations in general;
3. Independency on the management of the groups;
4. It reduces the calculation of share out amounts to a process of less than five minutes.
5. Increasing savings of group members and households
6. Improvement of financial literacy of groups members;
7. Loan portfolio increased, as a result of the small interest charged.

2.3. PUSHING THE BOUNDARIES FOR GROWTH BY IMPROVING BUSINESS SKILLS AND KNOWLEDGE OF SME AND LOOKING FOR ALTERNATIVE FINANCE SOLUTIONS

With objective to enhance capital market in Mozambique and promote alternative sources of finance and investment to SMEs

FSDMoç partnered with Bank BiG. The intervention aims to assessed the financial profile of SMEs and whether capital markets could prove to be a financing alternative to some of these companies. As a result, the initiative created a demand for stock exchange product, improved the awareness and knowledge about capital markets and issue securities in the stock exchange product. Some key outcomes included the preparation of 10 small and medium enterprises (SMEs) to be listed at the stock exchange.



2.3.1. PLATFORM FOR CAPACITY BUILDING OF SME's

The PME Academy initiative in partnership with Banco Unico: FSDMoç supported the implementation of the PME+ Academy an initiative with ex-Banco Único (BU)/Nedbank, with Nova School of Business and Economics (NSBE). The expected impact of this initiative was to have SMEs with improved bankability as a result of a acquire competences under the PME+ Academy initiative. The partnership tested the concept of PME+ Academy as part of the bank strategy, with the aim to improve customers knowledge and capabilities with ultimate goal to convert SMEs into eligible customers. It was proven that the PME+ Academy, as a platform for capacity of SMEs constituted an effective mechanism to build the capacity of SMEs to understand the importance of adopting management best practices.

OAs result, by offering a tailored PME+ Academy sessions and business development services to SMEs, project was able to build the technical capabilities and implementation capacity for SME's business development strategy as well as building a customer-centric approach within BU for designing, and adjusting the product offering for SMEs.

2.3.2. MARKET PLACE TO SUPPORT BUSINESS CONTINUITY DURING COVID 19:

FSDMoç has partnered with an online commerce platform called WELELA to support a pilot aimed at enabling (MSME) business continuity through digital migration and the use of digital payment solutions. WELELA's platform allows formal and informal MSMEs to subscribe to e-commerce packages that showcase their companies, products, and services to clients from diverse corners of Mozambique and get important information on business opportunities. This is allowing MSMEs to overcome overall challenges for growth, including challenges imposed by the COVID-19 pandemic which in the end contributed to saving jobs for a considerable number of youths.

The intervention target mainly MSMEs, formal and informal, especially women and youth in 5 selected provinces of Mozambique: Maputo City, Maputo Province, Sofala, Zambezia and Nampula).

2.3.3. TRADE CREDIT INSURANCE

FSDMoç supported Britam to launch the Trade Credit Insurance for SMEs with the objective to: (i) raise awareness of SMEs about the availability of Trade Credit Insurance; (ii) build capacity of SMEs to access Trade Credit Insurance; (iii) build the case for Trade Credit Insurance as a convenient product that allows SMEs' access to sustainable bank credit in more provinces/cities of Mozambique.

Britam understands that there is room to serve the SMEs supplying goods and services to financially robust big companies by providing SMEs with an affordable collateral for the banking credit (through factoring and invoice discount). The support aimed to facilitate a countrywide in relevant economic activity centres beyond Maputo, Beira, Nampula, Tete and Pemba for its new product to the market and a convenient instrument to allow SMEs access to sustainable bank credit.

1,148 SMEs

BENEFITED OF A BANK PRODUCT UNDER THE AND IMPROVEMENT OF MANAGEMENT CAPABILITIES

573 SMEs

CONTINUED IN BUSINESS DURING COVID-19

KEY OUTPUTS:

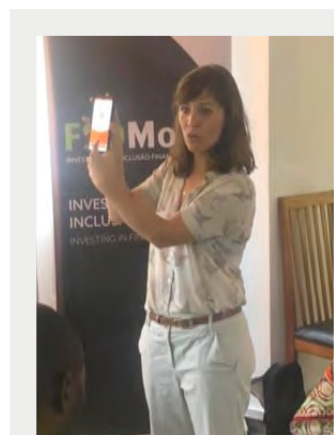
- › The project has provided a platform of interaction between private and public sectors, for accessing access to finance challenges and the workshops have contributed for greater awareness among the business sector, on the importance of the trade credit insurance and the use of other insurance product to support businesses.
- › Millennium BIM approved the business model for Invoice discounting Insured by Britam trade credit insurance, which covers 90% of the invoice amount.
- › New Loan Products were introduced into the Market, using trade credit insurance as an ancillary collaterally.
- › BancABC, Britam's partner, included the invoice discount as its main financing product for SMEs.

KEY OUTPUTS:

- › It is now possible to pay the Applod services through a mobile account and mobile money as a result of the integration between Applod and Pagalu (a payment aggregator service that enables payments between mobile wallets, bank accounts and other popular methods in use in Mozambique.);
- › Applod has successfully onboarded two big clients namely Abilio Antunes and Coca-Cola, who have already completed 5 trips;
- › A more than 30 transport companies have been onboarded into the platform.

2.3.4. SUPPORTING SMES FINANCE AND MARKET DEVELOPMENT: FINTECHS PARTNERING WITH COMPANIES

FSDMoç supported Applod to pilot its platform of delivery of transport and online payment. Through Applod's app and website, transporters, distributors,



storage companies and their customers can connect using Applod's software to plan and book load, across Mozambique. Applod solution aim at turning the shipping process more efficient, professional and cost-effective, as well as incentivizes use of the formal banking system and electronic financial systems, including bring to formal systems the unbanked.

Applod worked with Robobo - a Fintech that graduated from the 1st cohort of Sandbox to implement its payment aggregator service in the platform (Pagalu), this integration is an incentive to formalize businesses and link to financial system.

KEY OUTPUTS:

- › The licensing request documentation was submitted to BdM.
- › A letter of intention to obtain a Credit Institution License for an Investment Company was submitted to BdM.

2.3.5. ESTABLISHMENT OF THE FUND FUNDO DE APOIO AO DESENVOLVIMENTO EMPRESARIAL (FADE)

FSDMoç supported the Confederation of Mozambican Business Associations (CTA) as a key promotor of the Equity Fund- Enterprise Development and Assistance Fund (FADE) with the objective to setup a fund, registered to conduct business in Mozambique and as a financial intermediary approved by BdM to provide funding to local businesses. This formal establishment will pave the way for capitalization by investors and launch its funding activities.

2.4. PUSHING THE BOUNDARIES FOR GROWTH BY DIGITALIZATION OF AGRICULTURE VALUE CHAIN TO REACH SMALLHOLDER FARMERS

2.4.1. DIGITALIZATION OF COTTON VALUE CHAIN IN CUAMBA DISTRICT OF NIASA:

FSDMoç partnered with Sociedade Algodoeira do Niassa (JFS) and Letshego Bank to offer a new DFS product (Letsgo account) which existed but was improved to responded to the needs of farmers in the cotton value chain. This product came with an integrated solution – the Lojas João (in Portuguese which means – John Shop). The cotton value chain engages nearly 35,000 farmers that purchase inputs and sell cotton to JFS every year.

2.4.2. DIGITAL MAPPING TO SUPPORT INCLUSIVE AGRICULTURE INSURANCE

With the vision that agricultural insurance can help smallholder farmers become more resilient to climate change FSDMoç has partnered with Hollard Moçambique Companhia de Seguros to introduce Geographic Information System (GIS) platform to map smallholder farmers location and information to improve the way this insurance company responds to policyholder's claims on climate disasters with the goal to design agricultural index insurance (crop index insurance) tailored to their needs to improve overall agriculture productivity. Agricultural index insurance uses digital data sources, such as automated weather stations and remote sensing data, as the basis for risk and claims assessment. This makes them cheaper and more scalable than traditional insurance that requires farm visits to assess premiums and claims.



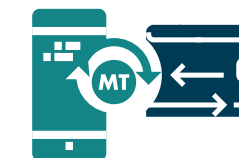
34,378 FARMERS

WERE DIGITALLY MAPPED USING GIS TOOL TO BENEFIT OF CROP INSURANCE

2.5. PUSHING THE BOUNDARIES FOR GROWTH BY PROMOTING THE AGENT BANKING MODELS

2.5.1. SUPPORTING THE EXPANSION OF THE AGENT BANKING

FSDMoç with its partners BancABC and Bank Letshego piloted two (02) new digital channels that supported the expansion access and usage of DFS of around 60,000 individuals under the agent model. Because of the FSDMoç support on expansion of the agent banking models new use cases have been pilot and one of the most interesting examples is the partnership between BancABC and INSS in the context of the inclusion of informal self-employed workers (TCP), in the social security system. Because of the FSDMoç support on expansion of the agent banking models new use cases have been pilot and one of the most interesting examples is the partnership between BancABC and INSS in the context of the inclusion of informal self-employed workers (TCP), in the social security system.



TWO IMPROVED DELIVERY CHANNELS - AGENT BANKING MODEL

+ 60,000 INDIVIDUALS FINANCIALLY INCLUDED

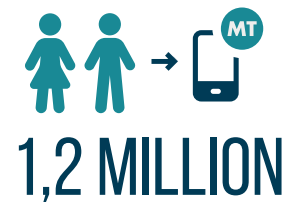
2.5.2. THE POTENTIAL OF DIGITAL TOOLS TO SUPPORT SOCIAL WELFARE:

FSDMoç partnered with Paycode, a fintech company which combines biometrics, payments, and data into one financial product, and is able to function offline in real-time. By leveraging its Electronic Data and Payment Technology (EDAPT) system, Paycode supported the National Institute of Social Action (INAS) in delivering social payments to beneficiaries in the three-districts in Gaza province. Alongside supporting Paycode in introducing the EDAPT system, FSDMoç conducted financial literacy trainings with beneficiaries involved in the use of system, on personal and banking finances. With this intervention the government through the National Institute of Social Action has been able to simplify the process of making and receiving payments, tracking and storing of transactions conveniently and economically using secure and mobile biometric cards. This collaboration contributed to the inclusion of many low-income population, by ensuring the adoption of DFS at the village level, particularly among 18,000 low-income households who are beneficiaries of the social grant. As a result of the incorporation of biometric verification into the solution, financial and biometric data are available for individuals at the bottom of the pyramid, who otherwise would have had no digital footprint.



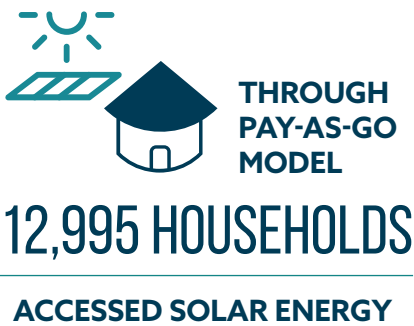
Mobile phones can be a catalyst for digital product expansion....

"Mobile banking will be crucial to reach the non-bank population." Mr. Duarte, CEO of Millennium BIM"



NEW MOBILE MONEY USERS

- › Digital transaction data helps SMEs better understand their customers' needs and standards, thereby helping to create new products and services. Through the PAYGO system you can aggregate data that can be analysed to create customer profiles, including credit scoring.
- › There are benefits of these customer profiles in the development of customized products and services, for example: (i) asset financing, (ii) digital loans, (iii) financing of agricultural inputs, among others.



2.6. PUSHING THE BOUNDARIES FOR GROWTH BY PROMOTING MOBILE MONEY USE CASES

2.6.1. FSDMOç SUPPORTING THE PENETRATION OF MOBILE MONEY IN RURAL MOZAMBIQUE

From 2016 to 2018, FSDMoç partnered with M-Pesa to increase its customer base by expanding its promoter model. FSDMoç contribution to increasing the number of Promoters of M-Pesa with the aim of: Improve access through the promoter's network and increase the level of penetration in rural areas (penetration rate in rural areas 40% versus 60% of urban areas).

2.6.2. SUPPORTING ACCESS TO SOLAR ENERGY THROUGH DIGITAL FINANCIAL SERVICE

Through these interventions about 12,000 families had access to solar energy and use of mobile money. Additionally, new businesses such as mobile money agents have emerged in these communities. Through the project with SolarWorks!, data (credit scoring) was generated that allowed to bring partners within the ecosystem to respond to other needs of families and rural communities.

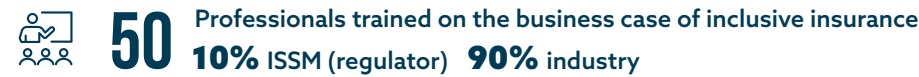
Mobile payment solutions have enabled better access to goods and services for underprivileged communities, supporting improvements in livelihoods, well-being and economic resilience. Increased the adoption of digital finance, contributing to increased levels of financial inclusion in Mozambique. Innovative technologies have enabled SMEs to have access to and use of other financial services to reach their customers and new economic opportunities.

2.7. PUSHING THE BOUNDARIES FOR GROWTH BY PROMOTING INCLUSIVE INSURANCE

2.7.1. MOZAMBIQUE INCLUSIVE INSURANCE LANDSCAPE

The Inclusive Insurance Accelerator (MAF) is an innovation facility under FSDMoç' s inclusive insurance market development intervention strategy that aims to contribute to the development of a broad and sustainable micro-insurance ecosystem in Mozambique. The initial phase of this facility aims to identify and support initiatives from the industry to design innovative solutions and deliver appropriate inclusive micro insurance products. This project does not only contribute to the insurance sector in Mozambique but also to the broader national agenda for financial inclusion.

RESULTS OF THE INCLUSIVE INSURANCE ACCELERATOR INNIITATIVE



As a result of the Inclusive Insurance Accelerator initiative the Insurance Company- EMOSE launched two microinsurance products - The Xitique and insurance of pharmacy expenses. The first product covers expenses with the purchase of drugs prescribed by a doctor in hospital units and the latter guarantees the policyholder the payment of funeral expenses or expenses resulting from admission to a public hospital. These products will promote access to insurance for low-income populations and will improve financial inclusion of the Mozambicans.



PRODUCTS BROUGHT TO THE MARKET



KEY OUTCOMES:

- › 13,100 individuals that benefited from MovelCare awareness campaign;
- › TABECH created 14 new distribution partnerships;
- › Training 69 partners;
- › 287 active accounts/clients;
- › 1,545 individuals reached by financial education on insurance products
- › To expand its outreach, TABECH piloted a new registration channel using auto-rickshaw taxi service (known as Txopela in Mozambique) to onboard clients of micro-insurance when taking a ride.

287
INDIVIDUALS



REACH WITH MICRO INSURANCE PRODUCT

FSDMoç partnered with Tabech Serviços, an insurance technology company (insuretech) in piloting a microinsurance digital platform, MovelCare where users can register to access a funeral insurance, make payments and even claim with the aim to reach low-income population currently unserved or excluded from formal financial services, particularly insurance.

MovelCare is the first insuretech solution in Mozambique with the aim to improving access to inclusive insurance products.

**KEY OUTPUTS**

NBC's capacity was built to innovate and design adequate human centred products. Training was provided to NBC staff to aggregate funeral expenses/activities to insurance products.

2.7.2. SUPPORTING DEVELOPMENT OF MICROINSURANCE PRODUCTS

Through a partnership with the FSDA-ILO Platform's Change Management program, FSDMoç partnered with Negotiable Benefits Consultants Moçambique (NBC) to support the development and rollout of a micro insurance bundle product to the lower-income segments while addressing uptake constraints through financial education activities.

A further MoU and an NDA were signed with Movel Care, aimed at piloting a life-funeral product with different value-added services. Finally, a proposal regarding the product was submitted to the regulator (ISSM).

FSDMoç contributed to NBC's change management towards the microinsurance segment and structure their staff and responsibilities within the institution. There is increased awareness on the market on the need to establish partnerships as a viable way to provide micro-insurance services.

2.8. PUSHING THE BOUNDARIES FOR INCLUSIVE GROWTH BY ADVOCATING FOR AFFORDABLE HOUSING FINANCE IN MOZAMBIQUE

Housing finance can contribute to inclusive growth. In this regard, FSDMoç has been supporting the development of affordable housing finance in Mozambique through research, advocacy, awareness, promoting partnerships among key players in the housing finance value chain.

Over the years, FSDMoç in partnership with Centre for Affordable Housing Finance in Africa (CHAF) have conducted research on housing markets with the aim to: (i) provide a better understanding of the housing market challenges in Mozambique; (ii) support the development of a research and data agenda for the sector; and (iii) promote and develop alternative investments in this sector, as follows:

Housing Rental Market in Mozambique: The study highlights the importance of Mozambique's housing rental market. The key objective was to explore and quantify the residential rental market with focus on the affordable markets. Additionally, to discuss and build a knowledge, development and implementation capacity of the solutions to the key housing players and financial institutions. More details can be found at: http://housingfinanceafrica.org/app/uploads/Mozambique-Rental-Study_LAYOUT.pdf

Housing Investment Chronicles: The study, provide a deep insight into how poor people in Mozambique manage to construct their homes from the ground up without necessarily having access to formal finance from banks and MFIs. The report contains details about the housing construction and investment decisions of a representative sample of poor people in Mozambique's two main urban areas (Maputo and Beira). For more details visit the following link: <https://housingfinanceafrica.org/documents/mozambique-housing-investment-chronicles-2/>

CAHF Yearbook 2020 Country Profiles: The yearbook provides an up-to-date review of practice and developments in housing finance and delivery in the continent, reflecting the dynamic change and growth evident in the market of three Lusophony countries (Mozambique, Angola and Cape Verde).

<http://housingfinanceafrica.org/documents/2020-housing-finance-yearbook-mozambique-profile/>

2.9. PUSHING THE BOUNDARIES FOR INCLUSIVE GROWTH BY SUPPORTING INVESTMENT OPPORTUNITIES FOR SMALL AND MEDIUM ENTERPRISES IN MOZAMBIQUE

FSDMoç in partnership with Monitor Deloitte produced four editions of Investment Opportunities in Small and Medium Enterprises (SMEs) in Mozambique with two main objectives: (i) to showcase investment opportunities in SMEs to reduce informal asymmetries thus promoting access to capital, growth opportunities and, job creation; and (ii) to increase information to investors and therefore promote financing opportunities while also highlighting the private equity as a viable opportunity for SMEs in Mozambique. The editions of SME prospectus include the following:

Investment Opportunities in Mozambique: Agribusiness Edition
http://fsdmoc.com/wp-content/uploads/2018/02/Investment-Opportunities-in-Mozambique_Agribusiness-Edition.pdf

Investment Opportunities in Mozambique: Manufacturing Edition
<http://fsdmoc.com/documents/investment-opportunities-mozambique-manufacturing-edition/>

Investment Opportunities in Mozambique: Tourism Edition
<http://fsdmoc.com/wp-content/uploads/2019/04/Investment-Opportunities-in-Mozambique-Tourism-Edition.pdf>

Investment Opportunities in Mozambique: Renewable Energy Edition.

ACHIEVEMENTS/RESULTS:

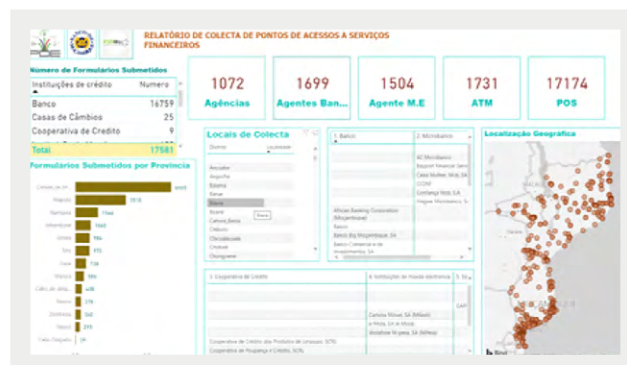
The georeferenced points of access for financial services platform was officially launched by BdM on February 28th, 2020. The platform is available online and is free of charge to the public. From a demand side standpoint, Mozambicans can now query where to find access points to financial services in the geographical area of their choosing. The Central Bank recognizes the importance of the geospatial platform and announced that it will issue a notice which makes it mandatory for all financial sector players to include information on points of access and upload them in the platform

2.10. PUSHING THE BOUNDARIES TO INCREASE USAGE OF DATA FOR FINANCIAL INCLUSION

2.10.1. GIS DATA FOR FINANCIAL SERVICES

FSDMoç, in partnership with BdM and the Spatial Development Programme - of PDE (Ministry of Transport and Communications) developed and launched a Portal of GIS platform with the objective to map geo-referencing access points. This is a milestone for the financial inclusion agenda for the country. The geo-referencing allows users of financial services to better identify access points and the end goal is to build a geospatial data platform congregating points of access for financial services with other socioeconomic layers to match potential demand and supply therefore advancing the agenda of financial inclusion.

This is a tool of great importance in the context of the implementation of the National Financial Inclusion Strategy (2016 – 2022). The GIS platform fosters expansion by allowing policy makers to monitor the progress of the national financial inclusion strategy and, at the same time, by informing supply side decision makers on the opportunities to further expand their products and services.



KEY OUTPUTS

The conversion rate from SIM purchases to M-Pesa registrations exceeded 66%, almost doubled the average. Over 7,000 clients were registered on SIMs and over 2,000 clients on M-Pesa accounts conversion rate. Data on gender and M-Pesa usage were collected for the first time.

2.6.2. INCREASING FINANCIAL INCLUSION USING DATA- MOBILE4ALL

FSDMoç supported the intervention Mobiles4All (M4A) which aimed to increase the number of people signing up for and using Mobile Money by leveraging the point of sale (when customers buy a new SIM) to encourage people to sign up for M-Pesa. In addition, M4A uses mobile money operator administrative data to predict and influence customer behaviour.

By applying behavioural insights to the registration process, the M4A treatment produced a significant and lasting increase of in transactions per month per active customers of Mpesa.

2.10.2. INSTITUTIONAL READINESS FOR DATA USAGE TO SUPPORT UNDERPRIVILEGED SECTORS

a. Promote the use of data to support usage of financial services

FSDMoç supported Valor Plástico to develop a database of garbage collectors for better efficiency of registration and transactions with the aim to promote the use of data to support access to financial services for low/income segments, the data will be used to demonstrate a case for bankability of low-income groups that work on waste management, to financial service providers. The intervention promoted the inclusion and development of underprivileged sectors through a Plastic Recycling Commercial Operation on several dump sites scattered countrywide, which are serious source of ocean pollution. In less than two months the project registered around 420 garbage collectors in their database, with an estimated impact of 1200 families, and the majority (80%) are women that are currently financially excluded.

Just by improving operations the number of garbage collectors has increased from 300 to 700. Valor Plástico. Through the data platform now the management and operations of the garbage collectors is more efficient.

2.10.3. SUPPORTING THE DIGITAL FINANCIAL SOLUTIONS TO ACCELERATE FINANCIAL INCLUSION

Financial Inclusion is driven by innovation, there are new possibilities through technology and thanks to technology we have more banked and good policies. Today people can make payments without seeing a bank but there is a need to address challenges related to costs.

Interventions that Contribute to the Development of FinTech's and Startups: In line with its major pillars of innovation and expansion, FSDMoç looks at FinTechs as a new actor in the market that brings new ways of using technology in finance beyond the traditional back-end banking systems and front-end delivery channels. It represents the potential of technology to increase outreach, speed, range and efficiency of financial services as opposed to a traditional bricks and mortar model. FSDMoç sees FinTechs as representatives of the intersection between finance, technology and innovation. Therefore, FSDMoç signed partnership with a number of FinTechs, detailed below. FSDMoç also actively engages its partners through events and challenges for the development of solutions for financial inclusion, building on its different networks and sectoral focus.

Following are some examples of the contribution of the FinTech's to the Financial inclusion from which four products have been tested and in pilot phase namely:

Figure 2: i.mali (Paytek's solution): The i.Mali was developed by Paytek, a Fintech that operates as a Payment Services Aggregator Provider. The platform is the first payment aggregator, providing multi-entity digital payment solutions and value-added services for personal finance management to individuals and provides users several services related to payments and allows consumers to aggregate bank accounts, mobile

KEY OUTPUTS:

- › FSDMoç engaged a FinTech from the Sandbox, Robobo, to design the data base for the garbage collectors;
- › Improved operations by bringing one operation manager and a supervisor to manage shifts;
- › Through this platform FSDMoç is creating a structure to deliver financial services to excluded women which are the majority of the target group (80%).

Paytek, launched a new product named "risk 31st", a risk matrix tool that will help SMEs and FinTechs to manage their business risk



wallets, execute QR code payments. The platform also offers personal finance management tools with the objective of promoting savings. On the business side, through an API, merchants generate i.Mali payment QR Codes in their billing invoicing systems, customer receipts or e-commerce websites as well as offer contactless payments.

The i.Mali is in the pilot phase at the Eduardo Mondlane University (UEM) with 45,000 students, professors and staff and 12 merchants.



Figure 3: Mukuru (Mukuru's solution): Mukuru is a fintech founded in 2004 that provides cross-border money transfers for consumers to have access to affordable and reliable financial services and offer solutions for sending cash into, out of, or around Africa and Asia.

In Mozambique Mukuru was launched in 2020 to enable safer, more reliable electronic remittances. Payment options include mobile wallet top-up; bank top-ups; cash collection. Cash collection partners include Mukuru Orange booths, MyBucks, Standard Bank, BancABC and M-Pesa.



Figure 4: Quick-e-Pay (E-kutiva's solution): Quick-e-pay is a payment aggregator payment gate-away using USSD created for easier and faster way of making payments. The solution has been developed by fintech Ekutiva. The solution arose from the need to have a real-time payment platform, without the user having to physically go to the bank or even use complementary services. The service works as a kind of PayPal or Stripe without an exchange rate or addition of a debit card.

Quick-e-pay is in the pilot phase, and it is expecting to reach 10,000 subscribers.



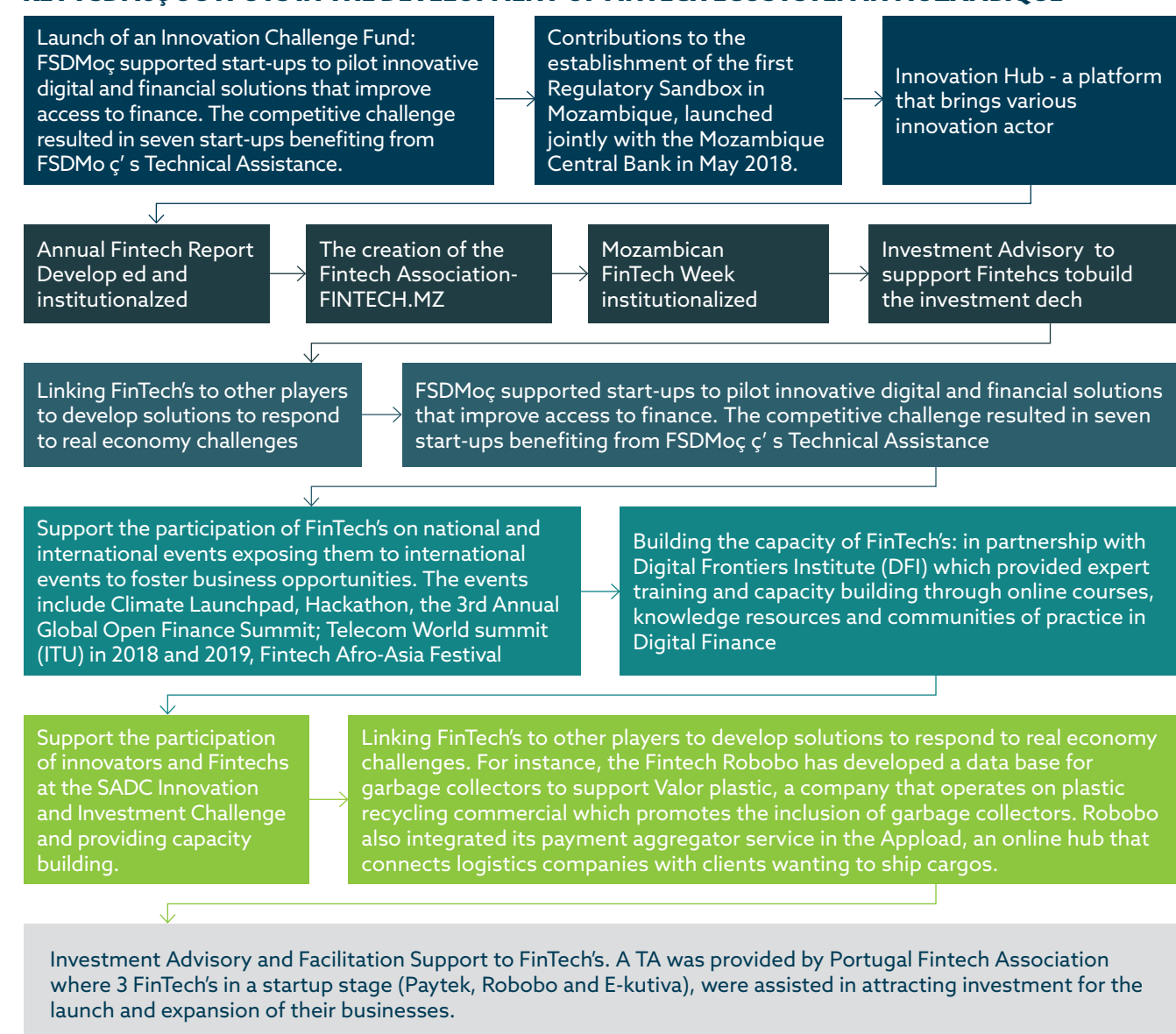
Figure 5: Pagalu (Robobo's solution): Robobo has developed PagaLu, a payment aggregator service that enables payments between mobile wallets, bank accounts, and other methods to speed up the setup time for e-commerce businesses from weeks to almost instantaneous and reduces overall costs of integrating maintaining and accepting payments from service providers. Currently the solution is in a pilot phase with companies in the news subscriptions market and is expecting to manage more than 10,000 daily transactions at start.

3. PUSHING BOUNDARIES FOR GROWTH BY SUPPORTING ENABLING ENVIRONMENT

3.1. SUPPORTING FINTECH INNOVATION TO PUSH DIGITAL FINANCIAL SERVICES

FSDMoç has been playing a supportive role in promoting digital innovation and in catalysing the establishment of a fintech ecosystem in Mozambique. We acknowledge that FinTech's play a key role in advancing digital financial inclusion by enabling digital financial solutions to reach low-income communities and serving as a catalyst for innovation in several sectors thus responding to challenges of the real economy.

KEY FSDMoç OUTPUTS IN THE DEVELOPMENT OF FINTECH ECOSYSTEM IN MOZAMBIQUE





“About the Fintech regulation in Mozambique, we currently have a framework law (99/2019) and a notice publication (3/2020) defining three types of payment service providers and the conditions for their activities to be licensed. However so far, and as far as the Fintech. MZ knowledge, there is still no company licensed to operate on the market. We hope that soon this process will be completed for some of the companies that were present, and were approved, in the first edition of the regulatory SandBox that took place between July 2018 and March 2020. We warmly welcome the new companies technically approved in the second edition of the regulatory SandBox, recently completed in August 2021, and we expect the regulator to quickly issue the legislation needed to license their activities, namely the provision of Crowdfunding services.”

João Gaspar President of Fintech.MZ

KEY ACHIEVEMENTS:

- › The Regulation of the Payment Service Providers Companies approved in December 2019.
- › The creation of the Fintech Association- FINTECH.MZ in October 2019.
- › The Sandbox is now running its 3rd cohort and there are new areas such as crowdfunding, financial management system, E-Commerce, KYC and Database and new digital financial services.
- › The first Mozambican FinTech Week was institutionalized and launched in February 2020 and the second edition took place in February 2021.
- › Among the fintech's that participate at the 1st cohort PayTek launched the i.Mali solution - First Digital Account Payment Solution - was launched in May 2021 and the pilot is ongoing.

3.2. SUPPORT REGULATORS ON THE DEVELOPMENT OF EFFECTIVE POLICY AND REGULATORY ENVIRONMENT:

The contribution of FSDMoç to the regulatory environment is of capital importance in the sense that digital services responsible for the increment of financial inclusion numbers in Mozambique. Therefore, FSDMoç on its facilitative role signed MoU's with different regulators to support innovation in finance.

KEY OUTPUTS

3.2.1. THE CENTRAL BANK OF MOZAMBIQUE

- › **Regulator of Financial Sector:** FSDMoç supported the implementation of the national financial inclusion strategy 2016 – 2022 and we are members of the ENIF working groups. Later the MoU was expanded to include other financial inclusion initiatives such as the establishment and implementation of the Regulatory Sandbox, and implementation of the consumer survey.

3.2.2. MOZAMBIQUE SUPERVISORY INSTITUTE OF INSURANCE- ISSM

- › **Partnership with Mozambique Institute of Insurance Supervision (ISSM):** FSDMoç partnered with the Instituto de Supervisão de Seguros de Moçambique (ISSM) to support the development of a Micro-Insurance Roadmap. FSDMoç assisted in building the capacity of ISSM to promote and lead the process of micro-insurance development in the country and enhance the capacity of microinsurance providers in the design and delivery

of adequate microinsurance products. This initiative is a response to the low insurance penetration levels particularly for the underserved low-income market segments. To address this, the inclusive Insurance Facility has the following focus areas:

- › **Inclusivity of insurance:** products designed and delivered to remove the barriers hindering different market segments from purchasing and using insurance.
- › **Customer centricity:** products designed based on the real needs of the targeted market segments.
- › **Innovative distribution:** Use of appropriate distribution channels to ease the access to insurance products for different market segments.
- › **Business viability:** products that provide shareholder value in the long-term

CHANGES OBSERVED IN THE MARKET INCLUDES:



This snapshot intends to share the results of the MoU between FSDMoç and ISSM which is considered 75% successfully implemented and as a result the following milestones were achieved:

- › Roadmap for Micro-Insurance Development was concluded;
- › To develop the microinsurance ecosystem training was provided to insurance providers on how to design products for this segment;
- › Training of ISSM staff on regulation and supervision of microinsurance completed;
- › Design of micro insurance prototypes completed.

SNAPSHOT OF ACHIEVEMENTS FROM THE VOICE OF THE PARTNER (ISSM)

3.2.3. REGULATOR OF TELECOMMUNICATION SECTOR (ARECOM):

- › Support to FinTech's/startups linked to incubation efforts currently under design: FSDMoç sponsored the participation of six (06) startups at ITU Telecom World 2019 which took place in Budapest- Hungary;
- › Interoperability space: interoperability is key to allow low-income segments to have access to mobile money services, irrespective of the platform they are using. FSDMoç facilitated three main counterparties (M-PESA, MKESH and E-MOLA) in the drafting of an interoperability proposal for the mobile money institutions which was submitted to the Central Bank (BdM) and subsequently approved, thus authorizing the e-wallet operators to interoperate. The date of the public launch has not yet been confirmed due to the restrictions imposed by the COVID-19 lockdown;
- › E-wallet pricing: FSDMoç conducted a comparative analysis on the price of e-wallet services. The results of this analysis were submitted to the Central Bank and to Telecom regulators in order to support the review of the regulation of prices to make these services more affordable to the majority of Mozambicans;
- › Cost of services: FSDMoç, as a promotor of digital financial services and

KEY ACHIEVEMENTS:

For the second year FSDMoç contributed at the Cybersecurity Conference organized by the Communications Regulatory Authority of Mozambique (INCM), where more than 500 representatives of public and private institutions in the sectors of energy, water, telecommunications, transport, finance, defence and security of the State, administration of justice, among others participated in the conference.

targeting the financial inclusion agenda, sees a big risk for financial inclusion of the population at the bottom of the pyramid due to high costs of access to DFS. Under this point working sessions have been underway between FSDMoç and INCM to discuss the costs and modalities for payment for users of USSD platforms, with FSDMoç proposing to charge per session (allowing within it one or two transactions). INCM is analysing internally the technical impact of this option;

3.2.4. MOZAMBIQUE STOCK EXCHANGE (BVM):

- FSDMoç has been in the market since 2014 and initially develop some interventions in this area that responded to the needs namely:
- › Institutional development and strategy support to the BVM;
 - › Review of the regulatory environment for private equity and capital market development;
 - › Producing market insights on capital market development for SMEs in Mozambique; and
 - › Partnerships with key public and private sector players on a nationwide financial literacy campaign targeting schools, universities, media, private and public sector.

FINANCIAL LITERACY: ABC OF CAPITAL MARKETS

FSDMoç in partnership with New Capital delivered a series of workshops on ABC of Capital Markets in Maputo, Nampula, Tete and Quelimane cities from August 18 to 26, 2016.

KEY ACHIEVEMENTS:

ABC of capital market:
Approximately, 3,000 participants received literacy on the ABC of capital markets.

Capacity building of SME (CTA members) on capital markets:
With this training the BVM intends to elucidate to the members of CTA on the operation and investment in the capital market, the market's framework in this market and its role in the economy.

Training of journalists:
The Mozambique Stock Exchange (BVM), in partnership with The Bank of Mozambique (BM), Financial Sector Deeping Mozambique (FSDMoç), The Mozambique Insurance Supervision Institute (ISSM) and the National Union of Journalists (SNJ), promoted, on 26 and 27 July, 2018 in the auditorium of the Bank of Mozambique, a training on "the Financial System in Mozambique" aimed at economic journalists. As a result, 42 journalists were trained.

FSDMoç in partnership with the FSD Network delivered a "Capital Markets" training on 6th December 2018. The training was facilitated by Evans Osano - Director, Capital Markets Development at FSD Africa.

CHANGES OBSERVED IN THIS MARKET:

Greater awareness among key market players regarding the importance of the capital market development

To access the videos, follow the link: XXXXX



THE PARTNERSHIP WITH BVM ENCOMPASSED TWO MOMENTS NAMELY

This is done with the vision that Capital Markets can advance financial inclusion of SMES through the implementation of key initiatives outlined in BVM Strategic Plan (2017 - 2021).

KEY ACHIEVEMENTS:

Phase 1:
Development of BVM Strategic Plan (2017 - 2021): The strategic plan of the Stock Exchange is the result of a partnership with FSDMoç, established in 2016, with the objective of supporting the development of the capital market in the long term, empowering BVM through strengthen the institutional capacity and promoting the creation of new products and financing alternatives through this market.
ABC of capital market: Approximately, 3,000 participants received literacy on the ABC of capital markets.

Phase 2:
Technical Assistance (TA) for "Institutional development" and implementation of the Strategic Plan. Some key activities received via TA included:

- › Strategy design and strengthening capacity of the "Companies Assistance Office" to promote more SMEs' listings;
- › Design of new/improved capital market products, using the HCD approach directed to low-income people;
- › Proposal of new/improved legislation on new products and listing requirements;
- › Training to BVM staff on product design, listing requirements and related legislation and;
- › Participation of BVM staff in trainings regarding the capital market, public debt securitization and new products.

CHANGES OBSERVED IN THIS MARKET:

From 2017 to 2020 twelve (12) companies were listed on BVM from which eight o (08) are on the market official quotation, and one in the second market and three on the third market.

KEY ACHIEVEMENTS:

- › The Stock Exchange Index was officially launched and is now available to investors, comprising a Global Index, Equity Index and Bond Index; The index will help to measure the performance of the stock exchange. It now provides information on a daily basis;
- › Dissemination campaigns, which resulted in doubling the number of companies listed in the stock exchange;
- › Training of journalists to educate on the subject of stock exchange to reach wider audience;
- › Trading of stock exchange market data and the organization of a Capital Market Conference in South Africa, for greater visibility and expanding trading opportunities;
- › Provision of TA with the know how in areas of capital markets was key;
- › the creation of the Third Market as an incubator for SMEs to be prepared to be listed at the official quotation (First and Second Markets);
- › Introduction of new digital products which will quickly contribute to financial inclusion.

CAPITAL MARKET MASTER PLAN DEVELOPMENT:

A MoU was signed between the Ministry of Economy and Finance (MEF), FSDA and FSDMoç, to support the development of a comprehensive 10-years Capital Market Development Master Plan (CMDMP). Ongoing discussions are taking place between the Ministry of Economy and Finance (MEF) and the World Bank (WB) regarding the Capital Market Development Masterplan funding and MEF has formally requested WB for support in this area.

KEY ACHIEVEMENTS:

- › MoU signed between FSDMoç, FSDA and the MEF in September 2019, aimed at developing a capital market masterplan in Mozambique.
- › Project steering committee was constituted/established.
- › The ToR were drafted and next steps is to procure a consultancy service provider to develop the masterplan.

KEY OUTPUTS

The website of AMBA was created.
The investor's guide, which contain all the processes for an angel investment was developed.
The ToRs for the creation of the Investment Union Vehicle was developed.

3.3. SUPPORTING THE INSTITUTIONAL DEVELOPMENT OF THE ASSOCIAÇÃO MOÇAMBICANA DE BUSINESS ANGELS

FSDMoç supported the institutional development of Associação Moçambicana de Business Angels (AMBA) with the aim to boost its capacity and capabilities to pursue its role in enhancing the entrepreneurship ecosystem. The intervention provided competencies needed for AMBA to put in motion its activity plan to simultaneously materialize its statutory and strategic goals underlying its creation.

AMBA built relationships with partners, and organizations incubators such as Gapi, MozinnovationLab, orange corners, Super Mentores that foster entrepreneurial development.

4. BUILDING SKILLS & KNOWLEDGE TRANSFER - INVESTING IN HUMAN CAPITAL TO CONTRIBUTE TO THE DEVELOPMENT OF THE DIGITAL ECOSYSTEM

Despite the numerous constraints surrounding the Mozambican digital ecosystem, the supply and demand for digital financial services has significantly improved in the country, according to the study entitled "The Ecosystem of Digital Financial Services in Mozambique", produced by Financial Sector Deepening Mozambique (FSDMoç).

The study "The Ecosystem of Digital Financial Services in Mozambique", launched in July 2018, addresses "the main scopes for developing the digital ecosystem in Mozambique, including its stakeholders: companies, regulators, development partners and Government" as well as "the business environment quality, the degree of competitiveness in the economy and the innovation environment in the country.

Accordingly, to the Fintech Report 2019 there is a "good level of innovation", but "requires more financial education initiatives", according to the study. However, "most banks report that they have limited internal skills to skills, causing them to outsource the development of some solutions to foreign companies. To address some of the gaps on skills FSDMoç supported the following initiatives:

- › **FSDMoç in collaboration with Digital Frontiers Institute (DFI) and Financial Sector Deeping Africa (FSDA)** supported the development of capacity of financial sector market actors in Digital Finance (DFS). In this context FSDMoç co-sponsored 41 professionals in DFS and today we have 121 professional trained and currently Mozambique count with four (04) Certified Digital Finance Practitioners and all of these professionals are members of community of practice in Digital Finance and DFI Alumni Group which is the platform where DFS thematic are discussed.
- › **FSDMoç in partnership with Digital Disruption offered a HCD Capacity Building** of financial inclusion stakeholders in Mozambique with aim to stimulate the financial industry to employ a consistent approach to designing

and developing compelling, user-centered products and services. The capacity include three moments: (i) Design Thinking bootcamp; (ii) Design Thinking in Digital Financial Services (DFS) and (iii) Design with Innovations Ambassadors initiative.

- › **FSDMoç Support on Improving Financial Capability and Resilience**
- › **With the aim to improve awareness and understanding of financial products and services FSDMoç and partners** (BM, BVM, ISSM and others) have been promoting dissemination activities that contribute to enhance individuals'

financial capabilities through the different initiatives namely: global money week, financial inclusion week, Fintech week, and Savings days. To promote digital inclusion and deliver financial education activities in FSDMoç partnered with Kamaleon - The Community Tablet which is using digital innovation to reach the mass and under-privileged youth leaving in rural communities.

- › **To improve the knowledge in financial matters and personal finance management**, of youth and children, FSDMoç supported the launch of financial education book - Vanito and the Magic Tree by the Author Domingos Novela. The book was later adapted in comics to reach children in earlier age.
- › **Digital Game:** FSDMoç launched the digital game Meu Metical which the content is based on the 4th grade book with aim to enhance and improve the knowledge of children on final matters.
- › **Open lecture:** This is a space created by FSDMoç to bring professional in specific and new areas (e.g.: cybersecurity, block chain opportunity and risks of technology innovation/impact for low-income segments.



121 PROFESSIONAL TRAINED

and currently Mozambique count with 4 Certified Digital Finance Practitioners and all of these professionals are members of community of practice in Digital Finance and DFI Alumni Group



449,960 INDIVIDUALS

BENEFITED WITH FINANCIAL LITERACY INITIATIVES



5. SUPPORTING WOMEN AND YOUTH FINANCIAL INCLUSION - SUPPORTING INNOVATION TO ADVANCE DIGITAL FINANCIAL INCLUSION

FSDMoç acknowledges that digital technologies have the potential to advance digital financial inclusion and accelerate women and youth economic empowerment to promote gender equality. Over the years has conducted studies to understand gender and youth dynamics in the financial sector. Also, we have supported interventions to promote financial and digital capability to ensure that women and youth can access and use DFS so that they are not left behind. Main interventions include:

Advocate with Financial sector actors for **sex disaggregated data on the demand side**.

Women hackathon focused on young women in technology to solve the problems faced by women to access finance in Mozambique.

Promote skills and entrepreneurship development for young women- The initiative is led by Girl Move and capacitated nearly 60 women on entrepreneurship, financial inclusion, and business skills.

Convene participation on the First SADC Gender Workshop- The workshop brought together key stakeholders in the women's financial inclusion agenda.

375,026 WOMEN REACHED

WITH NEW FINANCIAL SERVICES THROUGH FSDMoç SUPPORT



FSDMoç promoted discussions, sharing of initiatives that promote women's financial inclusion and supported the participation of BdM, one FSP and New Faces New Voices Mozambique chapter.

Promote discussions on women financial inclusion through **workshops and awareness campaigns**.

Access to Finance for Women Market System: Analysis and Vision- The study identifies barriers and opportunities that exist towards building a financial market in and contributed to develop a targeted strategy addressing women's financial inclusion at the macro, meso and micro levels.

M-Pesa Mozambique: Increasing Adoption & Usage by Women - The study was done in partnership with Women's World Banking (WWB) to understand the use and adoption of M-Pesa(mobile money) by women.

FinScope Gender Dashboard:This is an analysis of gender financial inclusion of FinScope 2019 data.

Another important target group when it comes to financial inclusion is youth. According, to the 2017 population census, 53% of the population is between 0 – 17 years old and according to FinScope 2019, the younger age group is less banked and uses less formal financial mechanisms. Youth represent a large market segment that is under-served by financial services, and they are the ones that are more likely to adopt digital finance. Main interventions to support financial inclusion of this group include:

Research Analysis of youth financial inclusion: To assess youth experience with non-bank financial services and barriers.

Supporting MOZEFY Young Leaders (MYL): a platform that brings youth to share knowledge, experience exchange and mutual interaction at national and international levels. FSDMoç partnered with Fundação SOICO to design and implement a Financial Education programme, targeting youth and to promote knowledge through awareness on different content such as financial education, sustainable development goals, entrepreneurship, technology, gender.

Supporting to partners to promote innovations among youth through the participation to the following events:

- (i) **Climate LaunchPad** where FinTechs and startups led by young people presented solutions with the aim of reducing the impact of climate change;
- (ii) **HACK4MOZ-** which aimed to find innovative solutions that solve concrete challenges in the country.

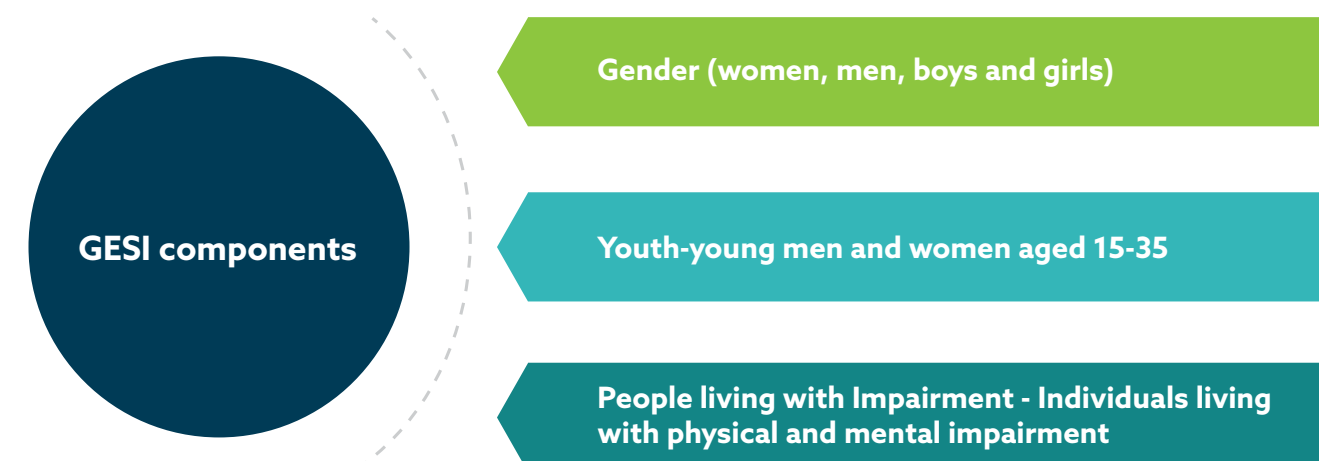
To address barriers of financial inclusion of youth, FSDMoç has been working with key partners to enable a broad yet robust regulatory framework that supports an inclusive market. In this regard, FSDMoç has been advocating with the financial regulator to have basic bank accounts to address the needs of low-income segments including youth.

FSDMoç Gender & Social Inclusion Strategy

For FSDMoç, gender is a cross-cutting issue and women is at the center of our interventions. Therefore, we support integration of gender perspectives on the interventions, and we are building our partner's capacity to incorporate gender considerations in project design to better access the impact on women and youth.

FSDMoç developed its Gender and Social Inclusion Strategy (GESI) in 2019, aimed at having a responsive financial sector, ensuring equitable and fair access and usage of financial products and services to women, men, youth and people with disability to reduce gaps in financial inclusion and capabilities.

The overall objective is to identify partners and stakeholders in the market and provide insights to improve inclusive, fair and equitable financial sector for women, men, youth and people with disabilities. The GESI strategy guide us on supporting activities aimed at empowering women, youth and people with disabilities and develop solutions tailored for their needs.





3.

TIMELINE OF KEY FINANCIAL INCLUSION EVENTS PROGRESS OF FINANCIAL INCLUSION TO DATE (2014 – 2021)

Financial inclusion is a key driver to reducing poverty, increasing individual wealth and improving the economic potential of individuals. Mozambique shows a remarkable achievement over the last five years and FSDMoç contribution with its partners was to make financial inclusion possible for the excluded. In this journey more lines to the highway have been added in alignment with SDGs

KEY EVENTS IN THE FINANCIAL SYSTEM

2011

Financial sector development strategy 2013 -2022

2013

Q2 Second mobile money issuer (Vodacom M-Pesa)

2013/2014 BdM Financial Education Programme

MAFIP Business Case

2012

FinScope SMME

2014

Bank card regulation

No objection for introduction of new electronic payment product/ service

Agent Banking Regulation

Decree 66/2014 of 29 October. Approves Law 14/2013 of 12 August 2013 which establish the legal regime of prevention of money laundering and financing to terrorisms.

Decree 30/2014 of 5 June 2014. Amend the Law of Credit Institutions and Financial Institutions.

Notice 2/GBM/2014 of 31 December 2014. Approves the regulation of provision procedures of electronic payment for products and services.

Q3 – Start of implementation of FSDMoç

MAFIP Inception Phase

FinScope Consumer Survey Mozambique 2014

Notice 2/GBM - Regulation on the Provision of Electronic Payment for Products and Services

Decree 30/2014 of 5 June- Decree 56/2004 Amends the Regulations of the Credit Institutions and Financial Institutions (RLICSF)- Decree 56/2004

2015

Protection of Trust Account for Mobile Money Issuers

Notice 2/GBM/2015 of 22 de April. Establish terms and conditions of Single network connection.

Aviso 2 GBM - Procedimentos para a Ligacao a Rede Unica

Notice 3/2015 of 4 May. Concerning to regime for obtaining access and operation of bank agents.

2016

Financial inclusion strategy 2016 - 2022

Third mobile money issuer (Movitel E-Mola)

Q4 Moza banco - placed under curatorship

Q4 Nosso Banco - placed into liquidation

2017

Law 3/2017 of 9 January 2017. Electronic transactions law.

Notice 13/2017 of 8 June. Approves the regime of commission charges and their nomenclature.

2018

Interoperability: Bank to Wallet Agreement signed

Notice 2/2018 of 16 April 2018. Approves the Code of Conduct for Credit Institutions and Financial Institutions

17 May 2018: Launching of Sandbox Regulatory Incubator.

Internal Regulation for the participation on the Sandbox

2019

Decree 99/2019 of 31 December. Creates and establishes the legal regime of payment service providers

October 2019: Creation of the Mozambique Fintech Association: Fintech.Mz Official publication: BR (Official Gazette) 195 of 9 October 2019.

FinScope Consumer Survey Mozambique 2019

2020

Notice 05/GBM- Mapping of Georeferenced data

Notice 3/GBM/2020 of 27 March. Approves minimum capital for payment service providers in the categories of payment aggregators and funds transfer institutions

Notice 5/GBM/2020 of April 2020. Approves the mandatory capture and sending of geographical coordinates of points of access to financial services.

Notice 10/GBM/2020 of 17th of December 2020 which approves the regulation of agency banking.

Law 20/2020 of 31 December 2020- Law of Credit Institutions and Financial Institutions and revoke Law 15/99 of 1 November and 9/2004 of 21 July 2004.

2021

Notice 10/GBM/2021 28th of October 2021 which approves the regulation of Single Bank Identification Number (NUIB)



4.

PROGRESS OF FINANCIAL INCLUSION INDICATORS IN MOZAMBIQUE

FINANCIAL INCLUSION IN MOZAMBIQUE

4.1. PUSHING THE BOUNDARIES FOR GROWTH BY SUPPORTING IMPROVEMENT OF PAYMENT INFRASTRUCTURE

A. FINANCIAL INCLUSION INDICATORS - 2014 - 2020 - INSIGHTS FROM SUPPLY SIDE DATA FROM FINANCIAL INCLUSION REPORT

Accordingly, to the Financial Inclusion Report (2014,2019 and 2020), a comparative analysis of financial inclusion indicators in the three years indicates an improvement on payment infrastructure across the country which contributed to the digitalization of the financial sector. The 2015 regulation on agent banking contributed for the increment of access points to financial services which can be depicted in 2019 with an increment of number of agent banking and mobile money agents.

Looking at map in 2020 it shows an immediate opportunity in digital payments because of the increment on the mobile money agents across the country. A powerful demonstration effect in payments can permeate the aggregation of other financial instruments/services including savings, credits and insurance.

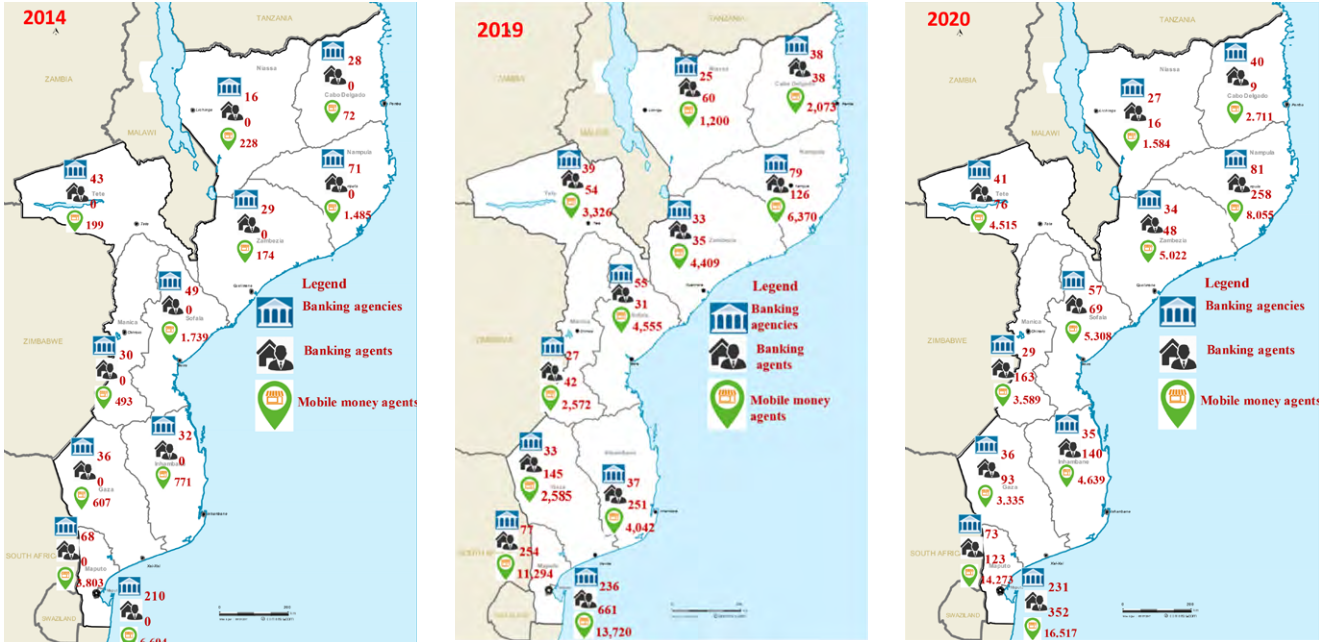


FIGURE 6: SHORT LOOKING ON THE SUPPLY SIDE -FROM 2014 - 2020

4.2. FINANCIAL INCLUSION - HIGHLIGHTS FROM FINSCOPE CONSUMER SURVEY 2014 - 2019

The FinScope 2019 Consumer Survey is a nationally representative demand-side survey that provides an overview of the financial behaviour of Mozambican adults and assist tracking the levels of financial inclusion across the country. It is a follow up from the previous surveys conducted in 2014 and 2009.

Through the FinScope survey data, key players in the financial sector can set objectives for growing financial inclusion and make informed decisions to implement innovative policies, products and services for the development of the financial sector.

Following are presented some indicators:

Households' high priority expenses:

HEALTH AND HOUSING

LINKED TO SDGS 3 & 11

3 GOOD HEALTH AND WELL-BEING



11 SUSTAINABLE CITIES AND COMMUNITIES



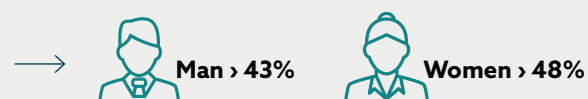
✓ From 2014 to 2019 financial exclusion decreased by 14% (60% in 2014 to 46% in 2019)	✓ About half of the population has a basic mobile phone;
✓ Adoption of other formal non-bank products increased by 31% (from 4% in 2014 to 22% in 2019);	✓ Overall people are facing poverty-related difficulties and there are a substantial number of dependent adults
✓ Another significant change is an uptake of other formal non-bank products by 18%, largely driven by mobile money services;	= The time to reach the access points remains unchallenged, especially in rural areas
✓ Mobile money has boosted formal financial inclusion, however on a small scale in rural areas	

THE STATUS OF WOMEN'S FINANCIAL INCLUSION

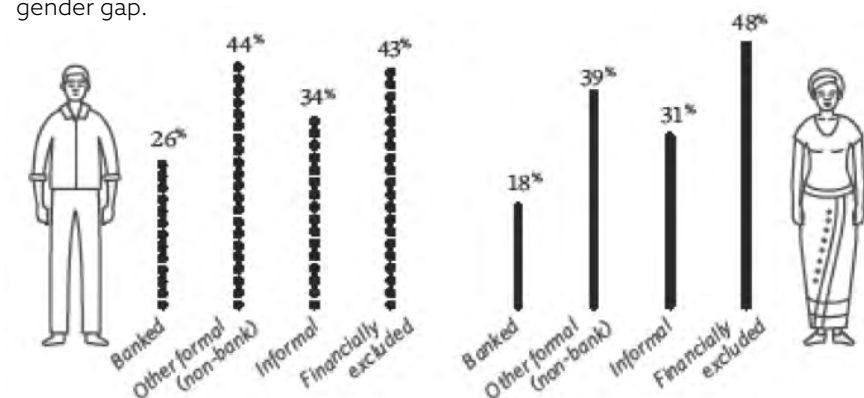
The Gender Gap remains unchanged

THE GENDER GAP UNCHANGED BY 5 PERCENTAGE POINTS IN FAVOUR OF MEN IN TOTAL FINANCIAL INCLUSION.

FINANCIAL EXCLUSION

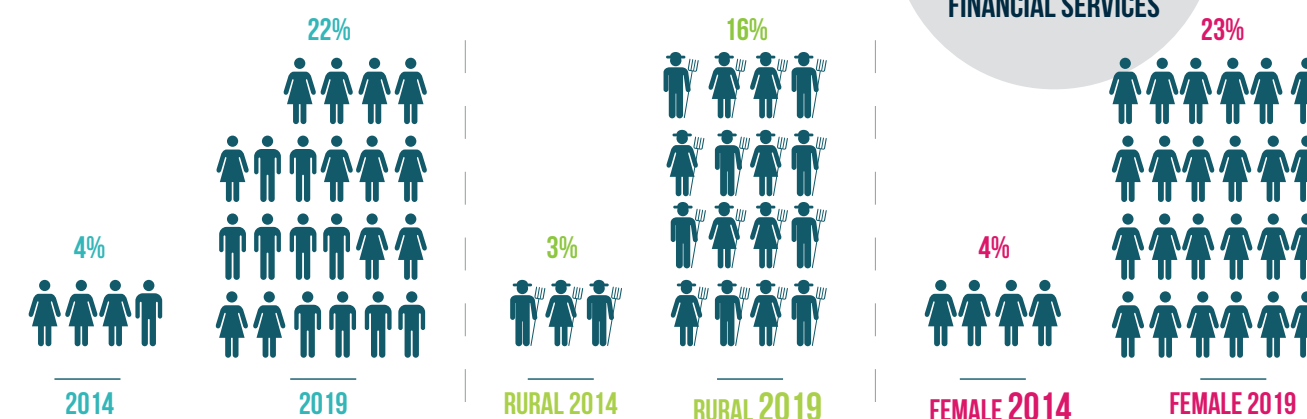


Despite the increase in the use of formal non-bank financial products (e.g. Digital Financial Services such as mobile money) by women there is a 5% gender gap.



FINANCIAL INCLUSION: FINANCIAL ACCESS STRAND 2019

OTHER FORMAL NON-BANK FINANCIAL SERVICES



Women has contributed to the drop in financial exclusion figures from 62% to 48% and also contribute to the increased figures on formal inclusion (formal banking + other formal financial services) from 4% to 23%, largely driven by the introduction of the M-PESA mobile money-based payments system.

This result is informing our gender strategy and suggests that there is a Market Opportunity – Serving Women therefore, a deeper analysis of further development of finance solutions specifically tailored to the financial inclusion of women.

By not recognizing the potential of the women's market, businesses are losing out on a huge opportunity. In the financial services sector.

There is a Market Opportunity for Serving Women but we need to address the main barriers:

MAIN BARRIERS FOR WOMEN TO BE FINANCIALLY INCLUDED

- › Low ownership and usage of mobile and smart devices.
- › Low levels of education and financial literacy.
- › The time it takes to reach a given financial access point (mobility).
- › Lack of income.
- › Lack of documentation.

C. OPPORTUNITIES FOR DIGITAL FINANCIAL SERVICES

- › There are multiple opportunities in digital financial services, and mobile payments offers a compelling case for potential for market growth. The Finscope results show that 51% they use a basic mobile phone this means that nearly 7million use a phone and 29% (4 million) of adults own a mobile money account and 97% of these transact via the platform e.g., buy mobile credit, pay utilities and 76% send or receive money on the platform.
- › Looking at the mobile money usage 58% (8.1 million) use their phones to send money and 1.3 million are salaried workers.

B. THERE IS A MARKET OPPORTUNITY FOR RURAL AREAS

Particular attention should be given to rural financial access: although the number of excluded people is still high, at 60%, on the other hand the number of people that move to other formal services raised from 3% in 2014 to 16% in 2019. This shows that there is an opportunity to expand first uptake and deepening financial services to rural areas taking into account that 63% of the population reside there. This result may be linked to access to mobile money account for instance, of the 29% of adult population (4 million people) holding a mobile money account, almost 100% do transactions on the platform and more than half receives money through the platform;

MOBILE MONEY IS THE DRIVER OF THE OTHER FORMAL (NON-BANK) FOR WOMEN ACCESS TO FINANCIAL SERVICES

Promoting use of gender disaggregated data is an important component to better informing national and regional recovery policies, as well as enacting gender-responsive budgeting and policy to ensure accountability. To advance women's financial inclusion there is a need to work on SME development; Promote Digitalization; Female empowerment through economic development programmes; Continued enabling regulatory environment; Demand-driven research and data; Information dissemination.

Promoting use of gender Any expansion of DFS ecosystem can allow for a more fluid offer beyond payment instruments and across the spectrum of financial services, including, credit, savings, and insurance.....

5.

WHAT WE HAVE LEARNED IN THIS JOURNEY

FSDMOÇ LESSON LEARNED DURING OUR JOURNEY



POLICY AND REGULATORY DIALOGUE

There is a need to understand the vision of Policy makers and regulators so they can see us as partners. It is important to use evidence-based research for policy dialogue.



ALTERNATIVE FINANCE

There is a lack of alternative instruments to support MSME access to finance. Possible alternatives include private equity, factoring, supply chain finance, and blended finance.



PAYGO SOLAR ENERGY IN RURAL AREAS

Low-income clients are committed to payment but may not have the resources to pay exactly according to terms. Mobile money is a key element of the paygo model. Detailed knowledge of the network, agents, usage, floats is critical information for paygo solar energy providers.



FINANCIAL EDUCATION AND DIGITAL LITERACY ARE BARRIERS TO WOMEN ACCESS TO DFS

Digital literacy is an essential skill for women and to create confidence on the usage of DFS Digital literacy training should be integrating into the deployment of a DFS solution.

There is a need to support market actors on the design of solutions and products that meets the needs of women.

Promote the use of new delivery channels using digital tools and interactive platforms (gamification, cartoons) when providing financial education to youth.



BUILDING PARTNERSHIPS

Building strong, trustful partnerships is a long-term process. When it comes to building partnerships between different actors that come from two different sectors that are not used to working together, it is important not to underestimate the time needed to build understanding and trust among the different actors.

Being a facilitator is key to building strong partnerships among different partners.



SAVINGS GROUPS

There is a lack of alternative instruments to support MSME access to finance. Possible alternatives include private equity, factoring, supply chain finance, and blended finance.



LOCAL LEADERS

Engaging key community actors such as traditional leaders increase community dialogue and influences on the decision-making.



INTERVENTIONS TARGETING WOMEN

Social norms may affect women's mobility and decision-making power. It is important to identify and address social norms promoting active involvement of men in the promotion of women's financial inclusion.

Women and men receive training on financial literacy to enable them to develop sustainable income-generation activities.

There is an opportunity on recruiting and training women to deliver financial services in rural areas because women agents have proven to be active and effective at promoting bank services.

Women play a role in the mobilization of the agent model (bank and non-bank) because women agents are well-positioned to reach women clients and untapped markets.

Women retained more clients because they spend more time educating them and this shows that their case for investment on women agents improve the banking network.

Having access to DFS would help them saving time and reducing travel to a financial institution which leads to a greater sense of agency, decision-making and control over their lives and ultimately increased income and, their well-being.



INNOVATION AND DIGITAL TECHNOLOGY

Innovation can bring multiple benefits for women including mobility issues.

The use of digital technology for financial inclusion has proven to lower the costs, especially for those solutions that use the simplest mobile phones to transact using text-based commands.

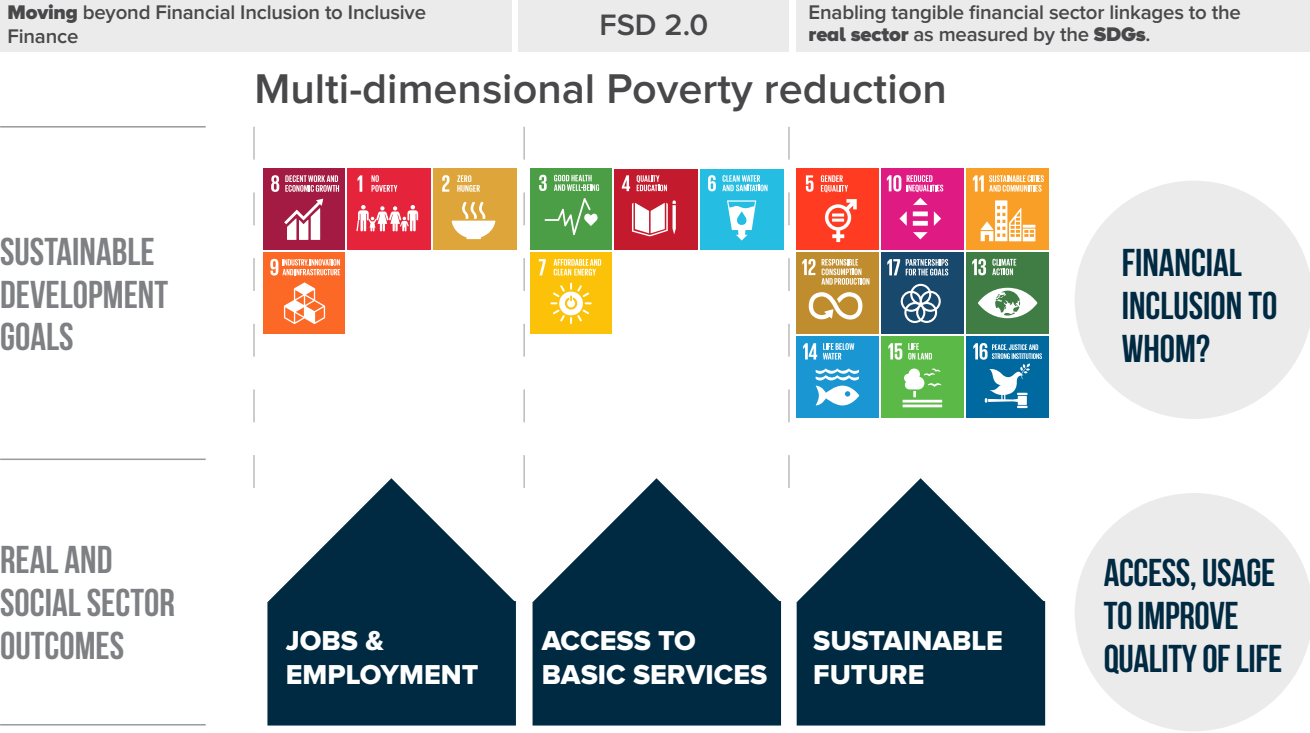
Technology and infrastructure are key for digital technology to work because there is a need for a reliable cell phone coverage, existence of electricity sources to charge the phones and a dependable financial transactions system.

6.

FINANCIAL INCLUSION 2.0 WHAT DOES IT MEANS FOR FSDMoç FINANCIAL INCLUSION 2.0

6.1. MOVING BEYOND FINANCIAL INCLUSION TO INCLUSIVE FINANCE

FSDMoç has embraced Financial Inclusion 2.0 where a wider set of financial instruments and innovation are considered to improve household access and usage. Therefore, FSDMoç is committed to a new strategic approach which re-orientes financial sector development towards much greater real economy impact to support the achievement of the SDGs. The achievement of the SDGs is measured in three different clusters linking to finance that address the financial barriers to inclusive growth, access to basic services, and sustainable future.



With this new approach FSDMoç will support interventions that focus on (i) jobs creation and decent work to increase income for women and youth, develop skills for the future and improve livelihoods; (ii) access to basic goods and services to improve people's well-being; (ii) sustainable future to increase resilience (insurance, savings) to mitigate and enable adaptation to climate change and improve the governance of critical institutions,

**Inclusion first,
Innovation second and
always enabling.**

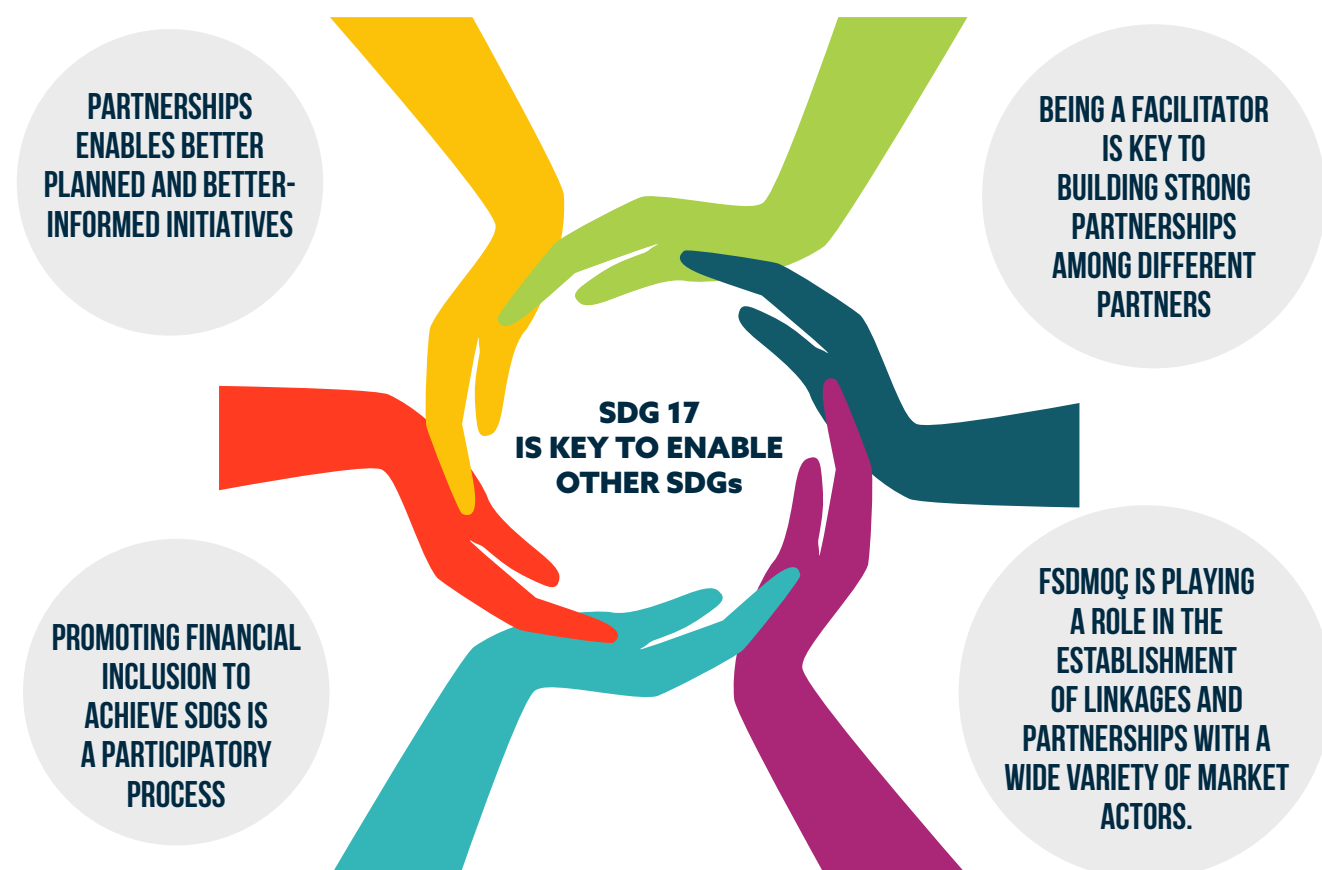


The interventions will intend to reduce the likelihood of parts of society being left behind in jobs or access to basic services (women, youth, people with disabilities), deliver skills that will increase resilience in the future, enable people to save or insure to protect against shocks in the future.

6.2. THE ROLE OF PARTNERSHIPS TO SUPPORT THE ACHIEVEMENTS OF THE SDGS

FSDMOÇ is moving beyond financial inclusion to inclusive finance. Therefore, we will continue to support the financial sector development through a range of interventions creating models to incentivise finance that contributes to the SDGs.

Supporting innovation and use of digital services FSDMOÇ will continue to support projects to empower people across the various dimensions of the SDGs since it will help solve real economy issues by addressing end user barriers. Throughout the interventions, FSDMOÇ has contributed to various SDGs and found an opportunity to integrate DFS in different sectors. However, to support inclusive finance there is a need to strengthen SDG 17 'Partnership for the Goals' to attain sustainable development.



6.3. MOVING FORWARD TO A NATIONAL ENTITY - WHAT DOES IT MEAN?

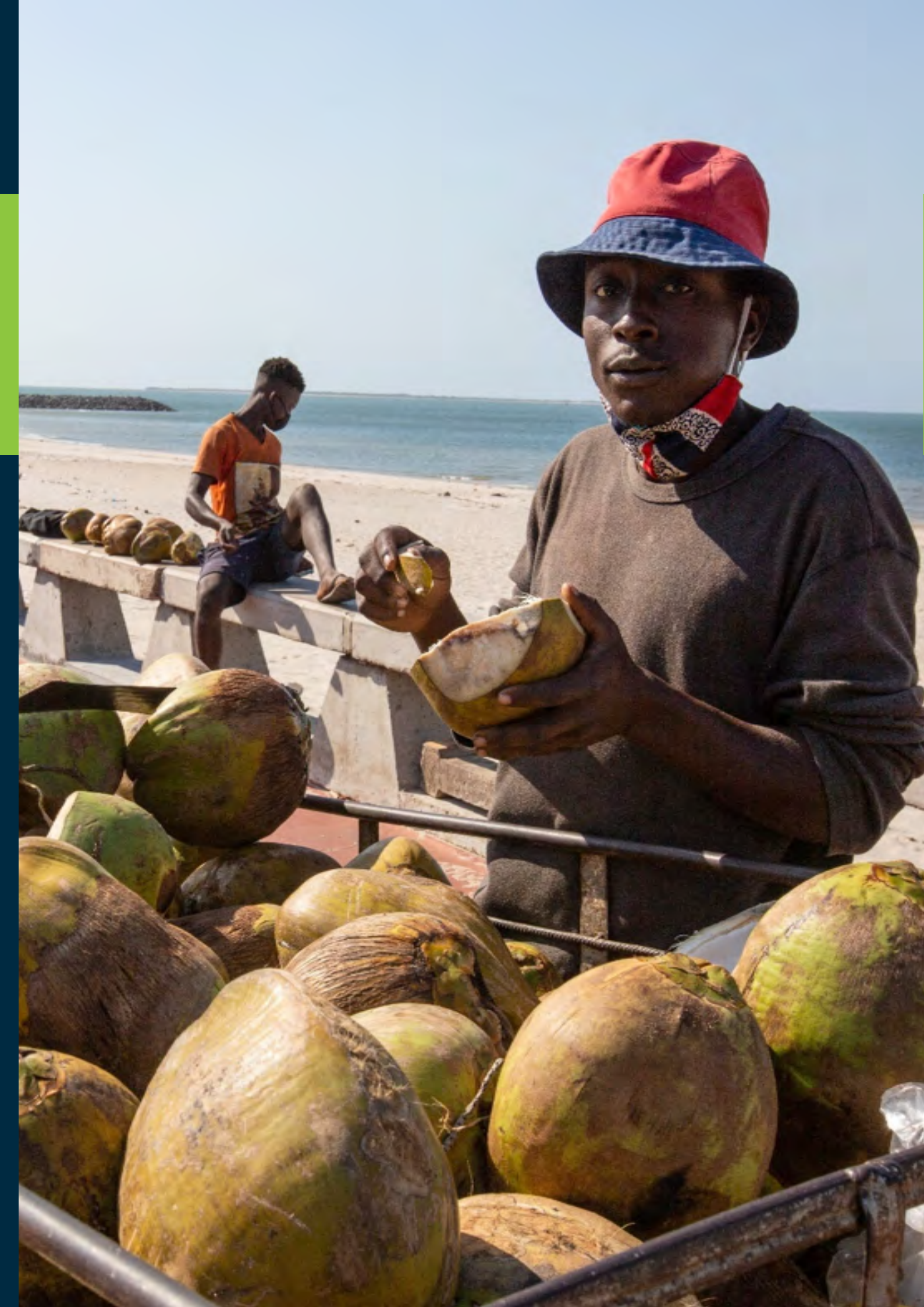
FSDMOÇ is in transition to become a national entity. As part of this process, its strategic planning framework supported by a robust governance framework has identified key structural layers that orient the process of defining the organization's overarching guidelines and strategic objectives.

The independent entity is guided by the FSD 2.0 strategy to support inclusive finance in Mozambique and provides the foundation as it continues to grow. The strategy was developed in collaboration with FCDO and the FSD network, with each FSD creating its own implementation plans.

One of the priorities of the implementation of the FSD 2.0 strategy is to secure funding sources as part of the fundraising goals for the new cycle, in this regard to support the process of the foundation we count with funding of the German Cooperation through KfW and Swedish Embassy in Maputo (EoS), through Sida.

FSDMOÇ will continue to support the achievement of the SDGs, focusing in sectors such as agriculture value chains and where opportunities arise which include green financing and the creation of an investment fund as well as working with the FSD network in collaborative programs such as Green Finance, Capital markets, Digital Economy, Gender, Housing, Agriculture.

There has been a long process for FSDMOÇ to become an independent entity and the registration process is close to an end. In this process we count with the support of new program donors as a main funder such as the German Cooperation through KfW which have committed funds to support the new FSDMOÇ entity which the initial work will be taking place in the beginning of 2022. The German Cooperation support is aligned with the previous donors regarding the inclusion of more people with more emphasis on the creation of a robust SME Sector in Mozambique that would help to create jobs for women, youth and new sectors such as Green and Circular Economy.



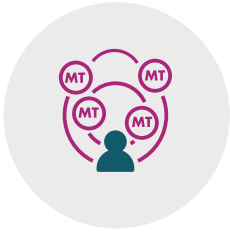
7.

FSDMOÇ LOOKING FORWARD

7.1. GENDER AND YOUTH AT THE CENTER

FSDMoç stand by the commitment to 'leave no one behind', at the core of our strategy are women, youth, micro, small and medium businesses, and rural communities that lack access to appropriate and accessible financial services.

Women and youth are at the center of FSDMoç interventions. We will continue to engage with market players to promote access to financial services and job creation for women and youth; support markets actors to access and use disaggregated data to capture women and youth experiences, including the impact of DFS on their lives.



1.
MSME^s



2.
WOMEN & YOUTH



3.
RURAL FARMERS



4.
PEOPLE WITH DISABILITY

7.2. GREEN FINANCE

Roadmap for Green and Inclusive Financial Systems in Mozambique, 2021 – 2030

Green finance is a new and emerging concept in Mozambique and to support the agenda, FSDMoç commissioned the development of roadmap as a starting point to contribute to the development of Green Finance in Mozambique. The Roadmap provides an understanding of the status and potential of green finance in the country, it encompasses three components including financing green investments, financing green policies and greening the financial sector (see Fig: 7). A workshop was held to present the Roadmap, and create an opportunity to interact with other stakeholders interested in developing a robust green finance ecosystem in Mozambique.

As result, few stakeholders have shown interest in better understanding and adopting this concept, and there is an opportunity to compliment and leverage policies supporting sustainable development in the country. The Green Finance Roadmap provides a mapping of potential green finance opportunities and will guide FSDMoç intervention in this area

moving forward which translated our commitment to accelerate the adoption and supporting a vibrant green finance ecosystem in Mozambique to position the country to effectively direct investment towards sustainable development and to contribute for a sustainable future.

COMPONENTS



FINANCING GREEN INVESTMENTS



FINANCING GREEN POLICIES



GREENING THE FINANCIAL SECTOR

PILLARS



AWARENESS

Raising awareness and harmonizing the understanding of green finance. Coordinating the roll-out of green finance activities.



POLICY

Creating the relevant policy frameworks and guidelines to foster a conducive environment for the uptake of green finance.



CAPACITY

Building capacity of government and financial sector stakeholders in different aspects of green finance operations.



INNOVATION

Developing innovative and bankable green finance initiatives and creating suitable financial instruments to finance the projects.

7.3. AREAS OF FOCUS GOING FORWARD

The new areas of focus under the FSDMoç Strategy 2020-2025 Strategic Plan to create value through facilitating and supporting financial services that enable real sector growth, particularly for poor, vulnerable, and excluded families in the following sectors: Agriculture, Climate Change, Energy, Education, Trade, Insurance, Health, Water and Sanitation.

- › New areas will include (agriculture, trade and insurance, Energy, capital markets and access to alternative sources of finance).
- › Expansion of digital financial services as a basis to reach underserved, low-income segments including women and youth.
- › Open for collaboration and partnership.

AREAS OF FOCUS LOOKING FORWARD



8.

RECOGNITIONS

8.1. RECOGNITION

As a recognition of the work in promoting financial inclusion in Mozambique and in supporting innovative inclusive finance initiatives, **FSDMoç has been awarded for the European Global Business & Finance Awards 2021 as Best Social Impact Finance Partner.** For FSDMoç this award represents an opportunity to show our contribution supporting inclusive finance through financial innovation this mean creating value through facilitating financial services that catalyzes the real economy in benefit of low income vulnerable and excluding segments.



FSDMoç has been supporting key stakeholders and market actors advocating for the development of digital infrastructure to support DFS interventions in Mozambique, eliminate barriers to the uptake of DFS including easier access and usage of the Internet and mobile devices to support digital financial inclusion.

In this context, **FSDMoç received a recognition from the Information and Communications Institute (INTIC) for its contribution as a co-organiser of the first edition of Internet Governance Forum in Mozambique 2021**, which aimed to convene government, public and private entities, academia, specialists, and others to discuss themes on this field and foresee challenges and opportunities. The contribution also included the organisation and participation of a panel of discussions with the theme: "Internet, E-commerce and Digital Inclusion Ensure Internet governance in Mozambique". The panel shared information and experiences, promote debate regarding accessibility and inclusion, coverage, and costs from Internet.

In 2021, **FSDMoç** has been qualified as one of Southern Africa’s **Top Gender Empowered Entity**. Endorsed by Standard Bank Africa, United Nations Women, and supported by the Commission for Gender Equality 16th edition.

Announcement of Top 100 women CEOs in Africa inaugural list and recognition of Esselina Macome, CEO of FSDMoç

Reset Global People, in partnership with Pulse and Avance Media, has announced the list of the Top 100 Women CEOs in Africa. The ranking highlights and recognizes the accomplishments of women CEOs from across 24 countries across the continent in pushing forward the SDGs agenda. FSDMoç was honored with the recognition of Dr. Esselina Macome, Chief Executive Officer of Financial Sector Deeping Mozambique, as the only nominee for Mozambique. Following this event FSDMoç launched the FSDMoç Sustainable Development Goals (SDG) Booklet: Reaching the Last Mile Through Digital Financial Services. to access the booklet, follow the link: <http://fsdmoc.com/news/launching-fsdmoc-sustainable-development-goals-sdg-booklet-reaching-last-mile-digital-financial-services/>





Rua Damião de Góis, Nr 216, Sommershield,
Maputo, Moçambique
Tel: +258 21 485 955
Email: fsmoc@fsmoc.org.mz
www.fsmoc.org.mz

