

FINANCIAL SECTOR DEEPENING
MOÇAMBIQUE

APROFUNDANDO O SECTOR
FINANCEIRO MOÇAMBIQUE

April/2020

Case study on Alternative SME Finance and Informal Finance

FINANCIAL SECTOR DEEPENING
MOÇAMBIQUE

APROFUNDANDO O SECTOR
FINANCEIRO MOÇAMBIQUE

Table of contents

| | |
|--|-----------|
| Executive summary..... | 6 |
| About FSDMoç..... | 6 |
| About the case study | 6 |
| Projects reviewed as part of the case study development | 6 |
| Lessons learnt and recommendations | 7 |
| Summary insights..... | 11 |
| Recommendations of relevance to FSDMoç to facilitate systemic change to enable SME finance and informal finance..... | 12 |
| Section 1: Project background, context, and objectives | 13 |
| 1.1 Project background and context | 13 |
| 1.2 Project objectives..... | 13 |
| Section 2: Our approach and methodology | 15 |
| 2.1 Purpose of the assessment | 15 |
| 2.2 Approach and methodology of the assessment | 15 |
| Section 3: Findings of the assessment, lessons learnt, insights, and recommendations | 16 |
| 3.1 Small and medium enterprises in Mozambique | 16 |
| 3.2 FSDMoç's support to enhance access to finance for SMEs in Mozambique | 16 |
| 3.3 Category 1: Alternative SME finance: supporting private equity and blended finance investments..... | 18 |
| 3.3.1 Capital markets | 18 |
| 3.3.2 Private equity and blended finance | 22 |
| 3.3.3 Private equities investment opportunities..... | 27 |
| 3.3.4 Recommendations to FSD on equity investments approaches | 28 |
| 3.4 Category 2: Alternative finance: improve SMEs bankability | 28 |
| 3.4.1 Trade credit insurance | 28 |
| 3.4.2 Business management training to SMEs by Banco Unico | 30 |
| 3.4.3 Supply chain credit design and pilot testing..... | 31 |
| 3.4.4 Recommendations regarding improving SMEs bankability | 32 |
| 3.5 Category 3: Informal finance..... | 32 |
| 3.5.1 SOMA..... | 33 |
| 3.5.2 e-Recording..... | 35 |
| 3.5.3 Recommendations | 37 |
| 3.6 Recommendations of relevance to FSDMoç to facilitate systemic change to enable SME finance and informal finance..... | 37 |
| Annexures | 40 |

| | |
|--|----|
| Annexure 1: Focus discussion group guide for users | 40 |
| Annexure 2: Interview guide for FSDMoç or regulators or development partners | 42 |
| Annexure 3: Interview guide for financial service providers | 44 |
| Annexure 4: Key informant interview guide -Alternative SME Finance | 45 |

Abbreviations

| | |
|----------|---|
| AKF | Aga Khan Foundation (INGO) |
| BU | Banco Unico |
| BDS | Business Development Services |
| BVM | Bolsa de Valores de Mozambique or the Mozambique Stock Exchange |
| CTA | Economical Associations Confederation |
| DFID | Department for International Development (UK) |
| FSDA | Financial Sector Deepening Africa |
| FSDMoç | Financial Sector Deepening Mozambique |
| FFH | Food for the Hunger (an INGO) |
| ISSM | Insurance Supervision Institute of Mozambique |
| INGO/NGO | International/ Non-Governmental Organization |
| MSME | Micro, Small, and Medium Enterprises |
| MEF | Ministry of Economy and Finance |
| SG | Savings Group |
| SGSO | Savings groups supporting organizations |

Executive summary

About FSDMoç

Financial Sector Deepening - Mozambique (FSDMoç) is a six-year (2014-2020) program that is funded by the UK Government's Department for International Development and the Swedish International Development Cooperation Agency. The program focuses on addressing the financial market constraints and supporting the diversification to catalyze economic growth and resilience of the people in Mozambique.

About the case study

FSDMoç contracted MSC to assess FSDMoç's project interventions in facilitating systemic change to enable SME finance and informal finance. From the assessment, MSC has developed this case study detailing some of the interventions that have been put in place by FSDMoç, the lessons learnt, insights, the impact of the intervention, and recommendations on how to create a more enabling environment for SME finance and informal finance in Mozambique.

Projects reviewed as part of the case study development

FSDMoç has put forward many initiatives at macro-, meso-, and micro-levels.

At the macro-level:

- Regulatory review of Private Equity and presentation to the main stakeholders: Ministry of Economy and Finance (MEF), Bolsa de Valores de Mozambique (BVM) or the Stock Exchange of Mozambique, Bank of Mozambique, and private stakeholders.
- Development of a Masterplan for Capital Market Development in Mozambique through the Ministry of Economy and Finance. This was envisaged to start in March 2020.

At meso-level:

- FSDMoç engaged Third Way Africa to conduct a mapping of alternative blended finance vehicles and identification of suitable blended finance solutions.
- FSDMoç engaged Deloitte to conduct a study seeking to demonstrate the investment opportunities in Mozambique. The core sectors of focus for the study included agri-business, manufacturing, tourism, and energy sectors.
- BIG Bank and FSDMoç conducted a joint study to screen enterprises to assess their attractiveness for investors and their capacity to benefit from the capital market as an alternative finance option.
- BVM strategic plan design and implementation.

At micro-level:

- FSDMoç has worked with financial institutions to provide new products and services to facilitate SMEs access to finance:
 - Banco Unico conducted coaching and training of SMEs as part of business and development and service.

- BRITAM introduced a trade credit insurance product which acts as collateral for SMEs seeking for loans.
- FSDMoç also supported Tongasse Agropecuaria (an enterprise engaged in poultry farming) to access finance through supply chain finance model. This was an experiment to assess viability of a direct support to a potential value chain or supply chain loan, a product that is not currently in the market. The study demonstrated the validity of the product and solvability of the enterprise, however, no bank agreed to finance it.
- FSDMoç also invested in digital services for savings group to reduce training costs and improve management and monitoring. FSDMoç partnered with two savings groups supporting organizations (SGSO) to introduce technology in the SGs' training (through videos), bookkeeping (e-Recording) and monitoring (e-Recording and SOMA) to reduce training costs and improve groups' management.

These interventions can be organized into three broad categories of interventions:

- Category 1: Alternative SME finance - private equities and blended finance
- Category 2: Alternative SME finance - new products and services to improve access to bank loans
- Category 3: Informal finance - introducing technological tools in Savings Groups to reduce training and monitoring costs and improve management

Lessons learnt and recommendations

Below is a summary of the lessons learnt and recommendations on alternative SME finance and informal finance:

| Category 1: Alternative SME finance - private equities and blended finance | | |
|--|--|--|
| Aspect | Lessons learnt | Recommendations |
| Insights from the review of the projects | <ul style="list-style-type: none"> Mozambique's capital market is at its nascent stage of growth. It is, therefore, worthwhile to make it easy and attractive for potential investors who may be interested to invest in capital markets. | <ul style="list-style-type: none"> Work with various government stakeholders such as the ministry of finance, BVM and Central Bank of Mozambique to mitigate perceived barriers to blended finance investments. |
| | <p>Two major issues refrain the private equities or blended finance investments:</p> <ul style="list-style-type: none"> Inadequate legal framework. Investors' perception regarding investment in Mozambique being of high risk and subject to political interference and foreign exchange risk. | <p>Way forward</p> <ul style="list-style-type: none"> One alternative is to lobby for the reduction of the cost of capital required to enlist in capital markets so as to improve competitiveness and attract more companies. Lobby for exemptions on some requirements on registration that permit capital raising without going through the entire registration formalities. |

| Category 1: Alternative SME finance - private equities and blended finance | | |
|--|--|---|
| Aspect | Lessons learnt | Recommendations |
| | | <ul style="list-style-type: none"> Support BVM to introduce over-the-counter trading (OTC) trading. This will allow participants trade directly between two parties, without the use of a central exchange (BVM) or other third parties. <p>Action plan</p> <ul style="list-style-type: none"> The first step is to conduct a study finding on the viability of introducing over the counter market with appropriate recommendations on the ideal target market segments and the structure the market should take. The next step is to lobby for legislation of over the counter markets with the relevant stakeholders such as BVM and ministry of finance. |
| Comments on FSDMoç's approach | <ul style="list-style-type: none"> Studies have been conducted at macro- (legislation analysis) and micro-level (investment opportunities). These studies were necessary to get a picture of the private and blended capital markets issues but did not meet its envisaged outcomes in terms of creating actionable plans around encouraging private equities and blended finance in the country. | <ul style="list-style-type: none"> Build on the results of the studies to create actionable projects with tangible outcomes to improve the ecosystem, especially the private equity and foreign money legislations. |
| | <ul style="list-style-type: none"> Macro-level activities' implementation and changes take a long time, beyond project-lifetime. Negotiations with the government also remain lengthy in the process before reaching an agreement. Implementation of the initiatives in itself is equally not always a priority for the government. | <ul style="list-style-type: none"> Macro-level actions need to start at the very beginning of the project to be implemented and to reach outcomes within the project's lifetime. |
| | <ul style="list-style-type: none"> Micro-level interventions, led by the main stakeholder, get better results and greater impact than interventions trying to push other stakeholders to act. For instance, none of the enterprises analyzed in the four Deloitte studies got financed, and none of the screened | <ul style="list-style-type: none"> Prioritize partnerships with directly interested stakeholder. |

| Category 1: Alternative SME finance - private equities and blended finance | | |
|--|---|-----------------|
| Aspect | Lessons learnt | Recommendations |
| | enterprises in the BIG Bank study managed to enlist in BVM. | |

| Category 2: Alternative SME finance - new products and services to improve access to bank loans | | |
|---|--|--|
| Aspect | Lesson learnt | Recommendations |
| Insights from the review of the projects | <ul style="list-style-type: none"> The new services must be adapted to the local ecosystem; Academy+ demonstrates to be a powerful service, but the costs and level are very high for the level of Mozambican SMEs and their managers. Small and crucial changes in their business practices can make a difference in their capacity to get a loan. | <ul style="list-style-type: none"> Local trainers from Mozambican business universities, as well as specific BDS training developed by international development organizations (IFC, ILO), can be useful Trainers for these courses have been trained and certified in Mozambique. <p>Way forward</p> <ul style="list-style-type: none"> Support the introduction of an education program in collaboration with BVM to enhance awareness of capital markets investments. Support awareness and investor education campaign on private placements. This will enhance awareness on private placement as a way of funding to local SMEs as well as enable investors to know how to participate in private placements. |
| Comments on FSDMoç's approach | <ul style="list-style-type: none"> Directly involve stakeholders - like innovative insurance companies or banks wanting to increase the depth of their portfolio, can be supported. The number and volume of loans advanced loans with these new services or products are expected to increase as more banks signing up for the product. | <ul style="list-style-type: none"> Prioritize partnerships with directly interested stakeholder. |
| | <ul style="list-style-type: none"> The new products and services to improve SMEs' bankability tackles the issue of lack of collateral and inappropriate business management practices and enhance business profitability. The concrete results are still slow, but this is a long-term process | <ul style="list-style-type: none"> FSDMoç's initiative to support Academy+ and SME incubators should progress to onboarding new players who may be interested. To ensure the sustainability of such projects, FSDMoç should build the internal capacities of bank staff so that |

| | | |
|--|--|--|
| | and initiatives like Academy+ or SME incubators will make banks more flexible in financing the SMEs. | there is continuity of training SMEs. This will allow for continuity of training the SMEs even after the contact between the bank and FSDMoç has come to an end. |
|--|--|--|

| Category 3: Informal finance - introducing technological tools in Savings Groups to reduce training and monitoring costs and improve management | | |
|---|--|---|
| Aspect | Lesson learnt | Recommendations |
| Insights from the review of the projects | <ul style="list-style-type: none"> There were fears that the savings group members might not cope-up with the technology owing to low literacy levels, however, with the training, they were able to adapt and results were great. There was a positive change towards the use of technology to solve financial related challenges. | <ul style="list-style-type: none"> With proper training and coaching, technology is adaptable in solving access to finance-related challenges. |
| | <ul style="list-style-type: none"> The better incentive for groups to use the platform is the benefit it can bring to the members. SOMA, with just general information on the groups and no individual data nor transactions records, was not updated while E recording was very successful as it allows groups to improve bookkeeping, helps enforcing the by-laws, therefore improve the group management, and facilitate calculations and distribution. It also provides reports to the groups. e-Recording also managed to build confidence among members with the voice confirmation of deposit operations (loans and fines voice confirmation still to be done) and the back-up. | <ul style="list-style-type: none"> SOMA ought to process and keep operations' record with the platform, as foreseen in the business plan, to increase the use of, and demand for, the platform. Voice confirmation is crucial to building confidence and should be developed in all platform. |
| | <ul style="list-style-type: none"> The use of videos for training was not adapted for, nor adopted by local trainers (SOMA) or groups (<i>Ophavela</i>), who still needed the training and support from master trainers. Groups also prefer to deal with local master trainers (field officers). They tend to trust them as opposed to non-locals. The cost of videos might be very high for limited use. This also applies to the green line opened by <i>Ophavela</i>. | |
| Comments on FSDMoç's approach | <ul style="list-style-type: none"> With the end of the project(s), communication with the groups has | <ul style="list-style-type: none"> Having one or more data backup is critical for safe data-keeping as the institutions adopt new technologies. |

| Category 3: Informal finance - introducing technological tools in Savings Groups to reduce training and monitoring costs and improve management | | |
|---|---|---|
| Aspect | Lesson learnt | Recommendations |
| | stopped (SOMA) and some data for lost e-Recording at the end of phase one. | |
| | <ul style="list-style-type: none"> Financial transactions, maintenance of the server, and improvement of the technology apps require permanent income to pay for the services (either in-house, either externalized). | <ul style="list-style-type: none"> Encourage sustainability by increasing the range of savings groups using the tools, and charging the savings groups a fee for services maintenance. During the pilot period, the savings groups should not be until they fully appreciate the benefits of the app. External support will, therefore, be necessary during the research and pilot period. |
| | <ul style="list-style-type: none"> The platforms have great potential to link savings groups to formal financial institutions for new, specific products. The data collected from the savings groups can be leveraged in designing products suitable for the informal finance sector. | <ul style="list-style-type: none"> Support the upgrade of the platforms to data providers for interested financial institutions. Facilitate the linkage between platform managers and the interested stakeholders. The protocol issue of use and ownership of the data must be addressed. Adherence to personal data privacy protection like global data protection agreement (GDPA)- from EU must be compulsory and a requirement to be given support. Financial institutions must disclose the applicable transaction charges or fees on a digital transaction for a customer to decide whether to accept the transaction or not. In other markets outside Mozambique, fees are disclosed before accepting the transaction so that you have a choice of accepting or not. Regulators should enforce the practice of full disclosure of applicable transactional charges and fees. This will help to build trust between customers and financial institutions and thereby encourage the adoption of financial services. |

Summary insights

Macro-level activities' implementation and changes take a long time, beyond project-lifetime. Negotiations with the government also remain lengthy in the process before reaching an agreement. Implementation of the initiatives in itself is equally not always a priority for the

government. These actions need to be started at the very beginning of the project to be implemented and to reach outcomes within the project's lifetime.

Micro-level interventions, led by the main stakeholder, get better results and greater impact than interventions trying to push other stakeholders to act. For instance, Deloitte studies found out that none of the enterprises assessed got financed. BIG Bank study observed that none of the screened enterprises managed to enlist in BVM.

Recommendations of relevance to FSDMoç to facilitate systemic change to enable SME finance and informal finance

- **Working with Government institutions on macro-level issues:** FSDMoç has and should continue to capitalize on the generally strong reputation and relationships that it has built with the financial community and Government - particularly with regard to the research, information generation, and technical assistance that it has provided to support the introduction of new policies, laws and regulations to facilitate systemic change to enable SME finance and informal finance. When engaging in promoting policy, legal and regulatory reforms, FSDMoç should:
 - Where possible, clearly delineate the roles of specific agencies and stakeholders involved.
 - Focus on constraints that have been prioritized by a recognized relevant authority.
 - Acknowledge the risk that policy-level change is complex and takes time.
- **Engagements at the policy and regulatory levels for the informal and semi-formal sectors:** Given the important role that the informal and semi-formal market segment plays in contributing to financial inclusion, FSDMoç should continue to look for opportunities to support the strengthening of its performance. To achieve this, interventions at the macro- and meso-levels, particularly those that seek to strengthen the policy and regulatory environment for this sector, are important to contribute to sustained and market-wide improvement. More due diligence should be placed on assessing the enabling environment, including the policy and regulatory barriers that impact on the development of FSPs, and the level of risk this poses for projects in the informal and semi-formal sectors.
- **Achieving systemic impact:** FSDMoç should more explicitly target market systems change in all of its interventions and track this more effectively in its monitoring system. A market development approach seeks to facilitate innovation and change - this implicitly requires risk taking (and instances of failure should therefore be expected as part of a portfolio approach). It requires that FSDMoç must be nimble and responsive, adapting to evolving market dynamics and lessons learned from the interventions it pilots.
- **Meso- and micro-level work:** For meso- and micro-level work we recommend a greater clarity around the programmatic design and outcome planning. FSDMoç's support to the financial sector should and does catalyzes innovation in the market. In designing interventions, this requires FSDMoç to identify innovations that are relevant beyond the individual firms pioneering them: innovations that will generate externalities with the potential to cause other actors to replicate.

- **Prioritizing sustainability:** In the design and implementation of its interventions, FSDMoç needs to pay special attention to the sustainability of the changes it is promoting. This means acting as facilitator, working with market actors to encourage them to adopt and run with changes, and ‘right-sizing’ subsidy to ensure partner ownership. FSDMoç’s exit has to be properly thought through, made clear and agreed before interventions start.
- **Program adaptation and reflection cycles:** Build in a more formal cycle of implementation and reflection to improve program adaptation and build a robust evidence base for what is causing systemic change to enable SME finance and informal finance.

Section 1: Project background, context, and objectives

1.1 Project background and context

Financial Sector Deepening - Mozambique (FSDMoç) is a six-year (2014-2020) program that is funded by the UK Government’s Department for International Development (DFID) and the Swedish International Development Cooperation Agency (SIDA). The program focuses on addressing the financial market constraints and supporting the diversification to catalyze economic growth and resilience of the people in Mozambique.

FSDMoç supports many initiatives towards achieving full financial inclusion in the country. The focus population include women, youth, and rural low-income population as well as small businesses that lack access to appropriate and accessible financial services.

FSDMoç contracted MSC to assess FSDMoç’s project interventions in facilitating systemic change to enable SME finance and informal finance. From the assessment, MSC developed a case study to detail the different interventions that have been put in place by FSDMoç, the lessons learnt insights, the impact of the intervention, and recommendations on how to create a more enabling environment for SME finance and informal finance in Mozambique.

1.2 Project objectives

The objective of this project was to conduct an assessment and develop a case study on how FSDMoç facilitated a systemic change to enable alternative finance for small and medium enterprises (SMEs) and informal finance. The specific objectives of this project include:

- Conduct a deep dive analysis on:
 - Alternative finance for SMEs, and
 - Informal finance to assess the impact on the beneficiaries as a result of FSDMoç’s interventions to advance alternative SME finance and informal finance.
- Systematize the lessons learnt and achievements from the interventions. Bring to light evidence of key learning points and achievements from the implementation of alternative SME finance and informal finance-related interventions.
- Provide insights and recommendations on how to create a more enabling environment for SME finance and informal finance. The recommendations provide a way forward for alternative financial support for SME as well as informal finance.

This assessment demonstrates how FSDMoç contributed to deepening financial inclusion in Mozambique at macro-, meso- and micro-levels. The key focus areas of the assessment include private equity, blended finance, capital markets development, e-Recording, and SOMA.

Section 2: Our approach and methodology

2.1 Purpose of the assessment

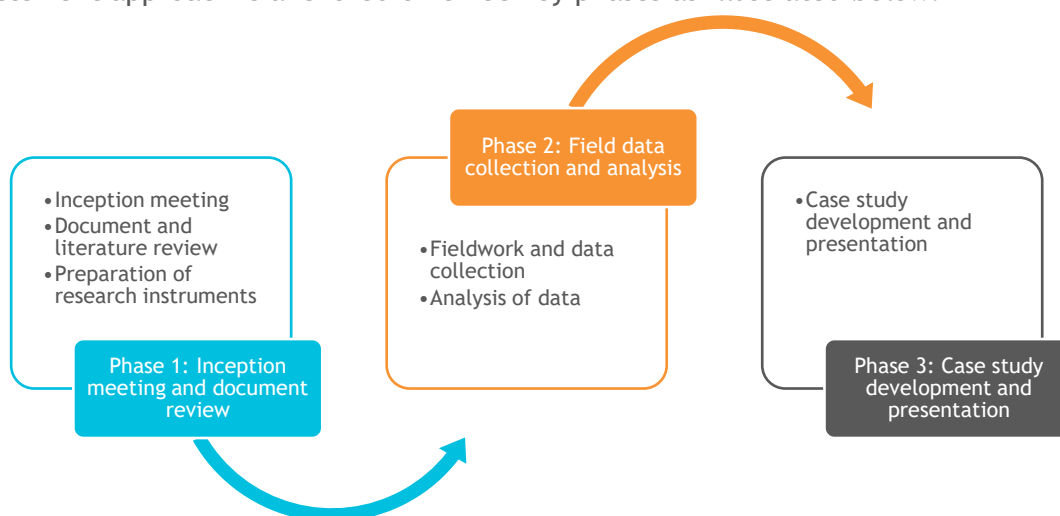
The purpose of this assessment was to develop a case study on how FSDMoç facilitated a systemic change to enable alternative SME finance and informal finance in Mozambique over the review period. This case study details the interventions and studies initiated by FSDMoç, the lessons learnt, insights, and recommendations on how to create a more enabling environment for alternative SME finance and informal finance.

2.2 Approach and methodology of the assessment

Our approach to carrying out the assessment and building the case study considers the following:

- Understanding of the context in which the program and the projects operate and the adequacy of the interventions to these contextual factors. This is important as each of these interventions have very different innovation and transformation agendas.
- A careful and thorough evaluation of each of the initiatives and interventions by FSDMoç to advance alternative SME finance and informal finance. We apply critical thinking to understand the project's progress in relation to outcomes, sustainability, and replicability to identify challenges and lessons.
- Qualitative research methods for data collection, key informant interviews, and analysis.
- Thorough and comprehensive analysis and interpretation of quantitative project data and reports.
- Gathering of independent views and evidence from various stakeholders for a counterfactual assessment. The evidence gathered from the project documents as well as through consultations with client MSMEs, program staff, other stakeholders, and independent experts will be triangulated to provide an overall credible narrative.
- Illuminating the opportunities for learning and recommendations to inform the envisaged special purpose vehicle after March 2020.

Our assessment approach is anchored on three key phases as illustrated below:



Section 3: Findings of the assessment, lessons learnt, insights, and recommendations

3.1 Small and medium enterprises in Mozambique

Micro, small, and medium enterprises (MSMEs) in Mozambique are formally defined as follows:

Table 1 General statute for MSME classification, 2011

| Classification | Numbers of workers | Annual turnover (Meticais) |
|-------------------|--------------------|----------------------------|
| Micro enterprise | from 1 to 4 | ≤ 1.2 million |
| Small enterprise | From 5 to 49 | From 1.2 to 14.7 million |
| Medium enterprise | From 50 to 100 | From 14.7 to 29.97 million |

In 2011, the Government of Mozambique (GoM) - Decree 44/2011 of 21 September - defined micro enterprises as those with less than 5 employees and an annual turnover of less than MZN 1.2 million; small as having 5-49 employees and an annual turnover of MZN 1.2 million to 14.7million; and medium as having 50-100 employees and an annual turnover of MZN 14.7 million to 30 million. In addition, if a company is more than 25% owned by a large organization (> MZN million in annual turnover and 100+ employees) this negates its status as an SME. In the event of a dispute between the two criteria, turnover takes precedence. For example, if a company had an annual turnover of MZN 18 million but only 10 employees, the entity would be categorized under the medium enterprise bucket.

Just like many developing economies in Africa, small and medium enterprises (SMEs) in Mozambique face difficulties in accessing financial services. This is largely attributed to:

- Lack of collaterals;
- Poor management and governance structures;
- Lack of proper documentation; and
- Record-keeping to demonstrate enterprise financial capability.

3.2 FSDMoç's support to enhance access to finance for SMEs in Mozambique

To enhance access to finance for the SMEs, FSDMoç has had many initiatives such as offering technical assistance to relevant institutions and conducting studies to provide potential solutions for improved financial access. FSDMoç invested a lot of efforts and resources to identify and develop alternative sources of finance for SMEs, embracing the three macro-, meso- and micro-levels as highlighted in the theory of change illustrated below:

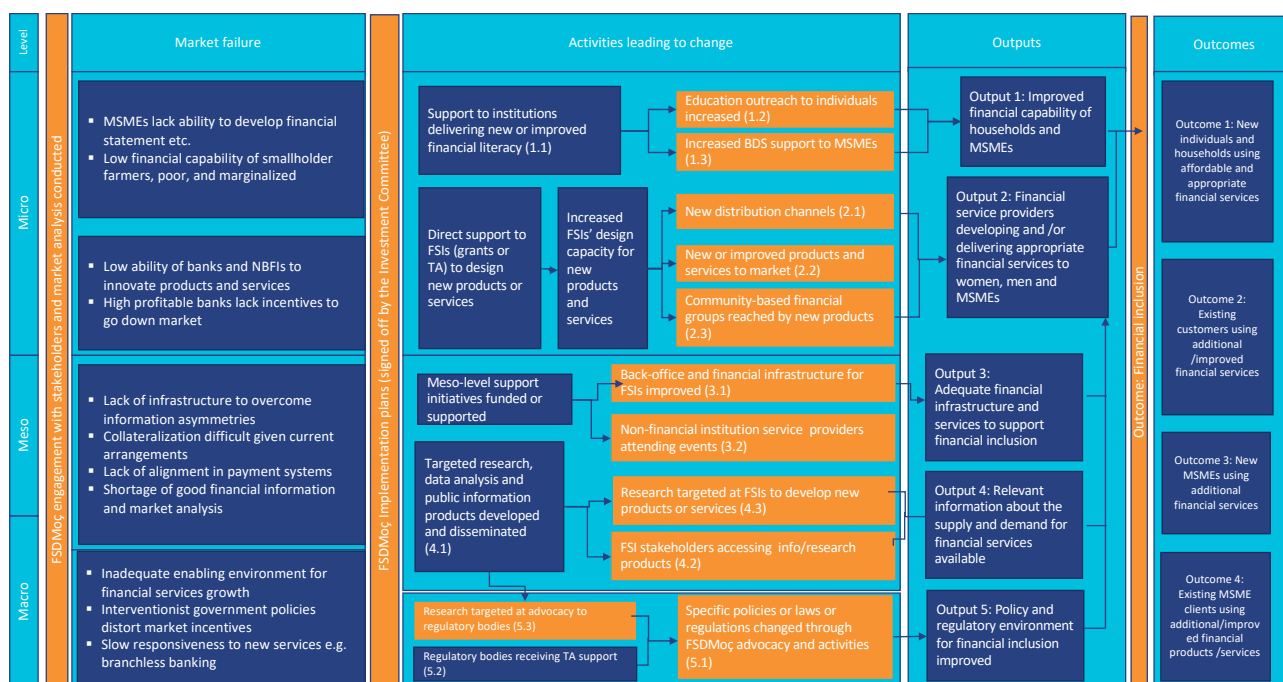


Figure 1 FSDMoç's Theory of change

At the macro-level:

- Regulatory review of Private Equity and presentation to the main stakeholders: Ministry of Economy and Finance (MEF), Bolsa de Valores de Mozambique (BVM) or the Stock Exchange of Mozambique, Bank of Mozambique, and private stakeholders.
- Development of a Masterplan for Capital Market Development in Mozambique through the Ministry of Economy and Finance. This was envisaged to start in March 2020.

At the meso-level:

- FSDMoç engaged Third Way Africa to conduct a mapping of alternative blended finance vehicles and identification of suitable blended finance solutions.
- FSDMoç engaged Deloitte to conduct a study seeking to demonstrate the investment opportunities in Mozambique. The core sectors of focus for the study included agri-business, manufacturing, tourism, and energy sectors.
- BIG Bank and FSDMoç conducted a joint study to screen enterprises to assess their attractiveness for investors and their capacity to benefit from the capital market as an alternative finance option.
- BVM strategic plan design and implementation.

At the micro-level:

- FSDMoç has worked with financial institutions to provide new products and services to facilitate SMEs access to finance:
 - Banco Unico conducted coaching and training of SMEs as part of business and development and service.

- BRITAM introduced a trade credit insurance product which acts as collateral for SMEs seeking for loans.
- FSDMoç also supported Tongasse Agropecuaria (an enterprise engaged in poultry farming) to access finance through supply chain finance model. This was an experiment to assess the viability of direct support to a potential value chain or supply chain loan, a product that is not currently in the market. The study demonstrated the validity of the product and solvability of the enterprise, however, no bank agreed to finance it.
- FSDMoç also invested in digital services for savings group to reduce training costs and improve management and monitoring. FSDMoç partnered with two savings groups supporting organizations (SGSO) to introduce technology in the SGs' training (through videos), bookkeeping (e-Recording) and monitoring (e-Recording and SOMA) to reduce training costs and improve groups' management.

These interventions can be organized into three broad categories of interventions:

- Category 1: Alternative SME finance - private equities and blended finance
- Category 2: Alternative SME finance - new products and services to improve access to bank loans
- Category 3: Informal finance - introducing technological tools in Savings Groups to reduce training and monitoring costs and improve management

3.3 Category 1: Alternative SME finance: supporting private equity and blended finance investments

3.3.1 Capital markets

In 2015, Lord Mayor of London and another official from England visited the Bolsa de Valores de Mozambique (BVM) or the Stock Exchange of Mozambique, at the behest of the High Commissioner of the United Kingdom in Mozambique. As a result of the visit, BVM approached FSDMoç for partnership, as the FSD's objectives aligned with those of the BVM.

In 2016, a partnership between FSDMoç and BVM was formed for three years to focus on six key objectives, namely:

- Institutional capacity building for BVM staff using technological means.
- Strengthening the BVM as a source of finance for small and medium enterprises (SMEs).
- Disclosure of BVM through financial education.
- Developments in new markets, products, and services.
- Establishment of a cooperative relationship with international development financing institutions.
- Definition of strategies that ensure the monitoring of the country's economic growth.

Against each of the objectives, FSDMoç supported BVM as follows:

- Institutional capacity building for BVM staff using technological means.

- Short term training course: Hired a specialist from UK to do a 3-day training course for BVM management and staff and further offered more short-term training courses.
- Study tours organized for seven BVM employees to UK to get trained on the stock exchange, capital market, and visits stock exchange-listed companies.
- Strengthening the BVM as a source of finance for small and medium enterprises (SMEs).
 - Support from FSDMoç for admission of SME enlistments.
 - Support from the Institute of Directors to train SMEs.
- Disclosure of BVM through financial education.
 - Awareness to more than 80,000 beneficiaries of financial education: students, journalists, auditors, civil servants, employers, in the 11 provinces in partnership with ISCAM and OCAM.
- Developments in new markets, products, and services.
 - Support information on the stock index.
 - Market expansion with the creation of the third market.
- Establishment of a cooperative relationship with international development financing institutions.
- Definition of strategies that ensure the monitoring of the country's economic growth.
 - BVM's own strategy contributes to this objective. With support from FSDMoç, BVM designed a strategic plan for the period of 2017-2021. The strategy defines actions that BVM is implementing with support from various partners and the government. These include:
 - To increase the limits on trading prices or variation in share prices and bonds, completed in 2019.
 - Creation of stock exchange index to provide investors and the market with information.
 - Creation of a risk management department.
 - Training of employees: all were trained
 - Expansion of the financial education program
 - Translation of BVM website to English
 - Promote the emergence of independent traders, in addition to commercial banks. There is currently one independent trainer, Amaramba Capital Broker
 - Promotion of public debt securities.

Some of the on-going initiatives of BVM include:

- Business plan implementation
- Guarantee fund
- Review of legislation
- Support for SMEs. There is already one SME admitted to listing on the second market, and many companies have been admitted to the listing, growth from four to six companies.

With the support of FSD and other partners, BVM has grown well. Stock market capitalization per GDP index grew from 8% in 2016, to 10-10.5% in 2020. The volume and number of businesses grew and the number of listed companies increased from four to nine (including one small- or medium-sized enterprise).

FSDMoç commissioned ERDesk to perform a diagnosis of the Stock Exchange of Mozambique, also known as the Bolsa de Valores de Mozambique (BVM) and prepare a five-year strategic plan. The diagnosis was meant to determine the major inhibitors to the development of Mozambique's

stock market and develop a strategy to jumpstart its performance. From the diagnosis, the core findings and insights include:

- SMEs lack knowledge about capital markets.
- Capital markets have low commissions and therefore not profitable to venture into investment banks.
- Lack of financial resources to list on public markets for the SMEs. SMEs also lack the human resource capital to support in meeting the reporting requirements.
- Lack of suitable products that meet SMEs' financial needs.
- Low visibility of the stock exchange market due to limited availability of market data. Potential investors lack the market data for Stock Exchange of Mozambique.
- Weak regulatory framework. There is a lack of an independent capital markets authority to promote investor security, develop adequate regulations, and inspire SMEs to invest in capital markets.

Table 2 below depicts some of the solutions that have been fronted to address challenges facing SMEs in investing under capital markets.

Table 2: Recommendations to address the SMEs' challenges

| Challenges | Recommendations |
|--|--|
| SMEs lack knowledge about capital markets coupled with low commissions and therefore not profitable to venture into investment banks. | <ul style="list-style-type: none"> • Capacity building for staff on new technology, product development, and regulation. • Implement the straight-through process for settlements and remove human intervention for efficiency. |
| Lack of financial resources to list on public markets for the SMEs. The reporting requirements for capital markets pose a human resource challenge to most SMEs. | <ul style="list-style-type: none"> • Reduction of listing and reporting requirements for SMEs would make it easy for them to invest in stock markets. |
| Lack of suitable products that meet SMEs' financial needs. | <ul style="list-style-type: none"> • Product development for SMEs to meet the short-term working capital to enable them to invest in investment banks. Technical assistance to potential financial institutions on product development focused spurring capital market investment would be helpful. |

A key determinant to the growth of the capital market is the legal framework in place. These include the enforcement of contracts, the quality of the regulatory framework in the capital markets, the level of protection to non-controlling investors and the quality of corporate governance practices.

In Mozambique, the protection of minority investors and the enforcement of contracts is weak. For instance, in most companies, the government control shareholding and therefore minority shareholders have little say in decision making. According to the World Bank's Doing Business

publication report, Mozambique ranks number 185 out of 186 in enforcing contracts. Further, Mozambique ranks number 132 out of 186 countries in the protection of minority investors.

The success of capital markets requires the government's goodwill. There should be an independent capital markets authority with an adequate regulatory framework for the capital markets to be a lever for financial access and investment to SMEs.

Lessons learnt

- Mozambique's capital market is at its nascent stage of growth. It is, therefore, worthwhile to make it easy and attractive for potential investors who may be interested to invest in capital markets.
- Due to the inadequate capital markets' regulatory framework, it is difficult for small and medium enterprises (SMEs) to invest in capital markets.
- The government's goodwill plays a pivotal role to create an enabling environment. Therefore, for interventions to be effective, it must get the government's buy-in to create an enabling environment before other initiatives such as creating awareness on opportunities around capital markets.

Recommendations

- Design and implementation of the Masterplan for Capital Market Development in Mozambique through the Ministry of Economy and Finance should build a foundation for capital markets development for SMEs.
- FSDMoç may collaborate with the government in conducting capacity building initiatives for SMEs, the introduction of tax incentives, and the introduction of technologies for efficient services and transparency.
- FSDMoç may partner with banks to support in the development of SME-centric products that can meet the working capital needs for investing in capital markets. The partnerships with banks should ideally be more than two to bring about competition and impact in the medium-term.
- Introduction of tax incentives for SMEs seeking to invest in capital markets. This calls for negotiations with the government.
- Currently, BVM relies on banks as the only investors in the market. The investor base should be expanded beyond banks and also strengthen corporate governance to foster investor confidence. Manufacturers and insurance companies are good potential investors in BVM.
- Create a platform that can link stock exchange connects the investors and investees.

Way forward

- One alternative is to lobby for the reduction of the cost of capital required to enlist in capital markets to improve competitiveness and attract more companies.
- Lobby for exemptions on some requirements on registration that permit capital raising without going through the entire registration formalities.
- Supporting BVM to introduce over-the-counter trading (OTC) trading. This will allow participants to trade directly between two parties, without the use of a central exchange or other third parties.

3.3.2 Private equity and blended finance

FSDMoç Contracted Third Way Africa to provide a study on the access to finance for SMEs in Mozambique with subsequent recommendations on blended finance structure that would facilitate improved access to finance. The study focused on SMEs in the agriculture, manufacturing, and travel and tourism sectors.

Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.

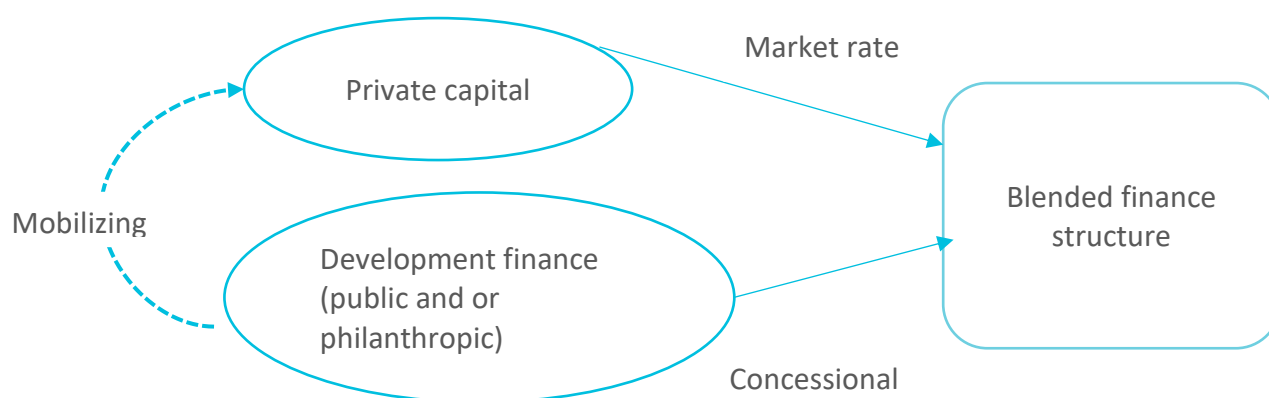


Figure 2 Structure of blended finance






There is limited data to inform a comprehensive return and performance analysis of blended finance investments. This is because many of the examples of blended finance funds were only established recently and they no track record.

Examples of blended finance structures



| | | | |
|--|---|--|--|
| <div>Private commercial finance</div> <div>Development finance</div> | <div>Development finance versus commercial finance = mobilization</div> | Private equity or debt funds with concessional public or philanthropic funding attracting institutional investment. | <ul style="list-style-type: none"> • Senior debt equity • First loss guarantee |
| | | Equity or debt structures with public or philanthropic funders providing a preferred return to institutional investors. | <ul style="list-style-type: none"> • Preferred return • Capped return |
| | | Bond or note issuances, often for infra structure projects, with guarantees or insurance from public or philanthropic funders. | <ul style="list-style-type: none"> • Debt guarantee • Equity guarantee |
| | | Grant funding for capacity building from public or philanthropic funders for projects to attract institutional investment. | <ul style="list-style-type: none"> • Debt-grant • Equity-grant |

Figure 3 Examples of blended finance structures

Table 3 Blended finance instrument table

| Instrument | Description | Risks/ barriers mitigated | Example of a provider |
|------------|---|---|--|
| Guarantee | Protects one party if the other party fails to perform. Guarantees are provided by a third party who steps into the shoes of the defaulting party so that the innocent party does not suffer loss. Guarantees are a form of credit enhancement, strengthening the creditworthiness of the investment because of the promise from the guarantor to complete performance in the event of default. As such, guarantees are one of the most catalytic forms of blending. There are many types of guarantees including first loss, partial risk or credit guarantees and trade finance guarantees. | Access to capital; credit / counterparty risk; off-take risk; construction / completion / technical risk; demand risk |   |
| Insurance | Insurance provides protection by promising to compensate for a specified loss or damage in return for a payment of a specified premium. There are many types of insurance; one of the most common is political risk insurance to protect against adverse government actions or war, civil strife, and terrorism. Insurance provides a more stable environment for investments in developing countries. Along with guarantees, they are one of the most catalytic forms of blending. | Political risk; construction risk; operation and output risks; upstream resource-related risks; access to capital |   |
| Hedging | Hedging reduces the risk of adverse current price movements in an asset and its | Currency/ commodity risk |  |

| Instrument | Description | Risks/ barriers mitigated | Example of a provider |
|---|---|--|--|
| | associated earning stream. Currency hedging reduces or eliminates exposure to the movement of foreign currencies - addressing one of the key risks for investing in emerging markets. | | |
| Junior or subordinated capital | Subordinated (debt) or junior (equity) protects senior investors by taking first losses on the value of the security i.e. if something goes wrong, the most junior / subordinated tranche will be paid out last. First- loss capital takes a position that will suffer the first economic loss if the assets below it loses value or is foreclosed on (this can also be provided through a grant or guarantee). | Multiple risks including off-take, construction, and reputational risks; access to capital |   |
| Securitization | Securitization refers to the process of transforming a pool of illiquid assets into tradable financial instruments (securities). | Liquidity /time horizon; scale; counterparty / off-take and credit risk |  |
| Results-based incentives (e.g. pay-for-performance schemes) | Instruments that provide incentives and disincentives to achieve desired outcomes or results (tie at least a portion of payments to achievement), including social impact bonds and performance-based contracts. This type of financing is aimed at rewarding innovation and successful implementation of a project with clear climate benefits. | Operation and output risks |   |
| Contractual mechanisms (e.g. feed-in-tariffs or off- | There are various contractual and project finance arrangements to support the development of bankable infrastructure projects | Demand risk; financing risk (demonstrate bankable revenue stream) |   |

| Instrument | Description | Risks/ barriers mitigated | Example of a provider |
|--|---|---|---|
| take agreements) | including public and private off-taker agreements, subsidies such as feed-in-tariffs, and tax credits. These mechanisms involve an agreement between producers' and buyers of a resource to purchase or sell portions of future production. These agreements are to secure financing for a production facility or buy the equipment needed to extract a resource (e.g. power purchase agreements (PPAs) in the energy sector) | | |
| Grants (especially for technical assistance) | The capital which is paid in without any expected repayment or compensation over a fixed period of time. It could include money for technical assistance or project preparation to bring a project to bankability. Grants can be critically important for pipeline development, especially in less mature sector and riskier geographies, creating significant (if often hard to measure) crowding in of private capital | Access to capital; high transaction costs; operational risks; lack of bankable pipeline, lack of local intermediaries; lack of capacity |  Sida  THE ROCKEFELLER FOUNDATION |

Challenges inhibiting blended finance investments

- Most SMEs lack information about blended finance opportunities.
- High barriers to entry as well as a lack of performance data and low confidence without local institutional investment.
- Many institutional investors are on the sideline when it comes to emerging markets infrastructure due to perceptions around risk, mandate, and regulatory constraints.
- Most organizations have in place internal incentives structures that place a higher value on an organization's own annual investment commitments which are prioritized over external capital mobilization. This means some organizations can channel external (concessional) funding exclusively to de-risk their own investments, instead of focusing on how to use such funds to best attract more external private sector players.

- The private sector tends to avoid blended finance because of slow, more complex processes within public blending institutions. These processes increase transaction costs and thereby discouraging private sector investors.

Lesson learnt

- Institutional investors perceive infrastructure investments to be of high risk and subject to political interference and foreign exchange risk.

Recommendations

- Creation of data sharing platforms by development financial institutions about historical returns and default rates of blended finance vehicles will help to:
 - reduce the misperception of risk from investors; and
 - allow the rating agencies to evaluate blended finance instruments as more effective forms of credit enhancement.
- Prioritize support to policy makers and regulators in designing frameworks that can attract multilateral development financial institutions to invest in blended finance vehicles. Technical assistance should assume a sectoral approach as opposed to one-off project-based support.

Way forward

- The first step is to conduct a study finding on the viability of introducing over the counter market with appropriate recommendations on the ideal target market segments and the structure the market should take.
- The next step is to lobby for legislation of over the counter markets with the relevant stakeholders such as BVM and ministry of finance.

3.3.3 Private equities investment opportunities

FSDMoç contracted Deloitte to conduct four studies to analyze the financing needs of selected enterprises, in four strategic and promising sectors, namely agri-business, manufacturing, tourism, and energy.

Each study identifies nine specific enterprises, among which six were medium-sized and three were small-sized and analysed their performances in terms of financial results, competitive position and social impact. Deloitte prepared a pitch and presented to the potential investors.

Unfortunately, none of the analysed enterprises managed to access finance. GAPI, a Mozambican development financial society, could have been interested in investing in some of these enterprises, especially in the agri-business sector (on account of its development focus) but the prevalent policies and laws could not allow finance to the enterprise. Mozambican laws stipulated that the entity's legal status is one of a credit-institution and financial society, and therefore falls under the purview of banking laws and the Central Bank's supervision. Central Bank's supervision strictly applies the BASEL prudential criteria, and equity investments are considered as a reduction of capital by the BoM, and thus requires more reserves. Potential

foreign investors, who were interested could not invest due to, among other factors, the foreign exchange legislation restricting foreign money exportation.

On the other hand, BIG Bank studied a large sample of Mozambican medium to large enterprises, to evaluate their potential to enter the Stock exchange market. Out of 140 businesses, studied, only six met the requirements for enlistment. Nevertheless, none of these enterprises did enlist in the stock exchange.

3.3.4 Recommendations to FSD on equity investments approaches

Macro-level activities implementation and changes take a long time, beyond project-lifetime. Negotiations with the government need a lengthy process before reaching agreement and the implementation itself is not always the Government priority. These actions need to be started at the very beginning of the project to be implemented and to reach outcomes within the project's lifetime.

Mozambique capital market is still nascent and the current legal framework is not favorable for expansion. For instance, the limitation to import and export foreign currencies for development societies falling under the banking law, discourage equity investment. There is a need to have adequate and favorable registration to promote equity investments.

3.4 Category 2: Alternative finance: improve SMEs bankability

FSDMoç invested in financial service providers to support the development and deployment of new products or services that would help MSMEs to access bank loans. Under this line of work, we reviewed three interventions, the support of marketing strategy for the BRITAM trade credit insurance, the Banco Unico financial education and business development skills program, and the attempt of an innovative value chain or supply chain credit product pilot testing with Tongasse Agro-pecuaria.

3.4.1 Trade credit insurance

BRITAM introduced Trade Credit Insurance product in Mozambique to act as a collateral for SMEs. BRITAM approached FSDMoç for a partnership to facilitate dissemination and capacity building on Trade Credit Insurance. The product, by bridging the collateral gap, will promote access to credit for SMEs and also provide an opportunity to learn other aspects and challenges around access to finance for SMEs.

BRITAM identified the need for such product that did not exist in the local market but is thriving in Zimbabwe and South Africa. SMEs in Mozambique have difficulties accessing bank loans because they lack collateral. With the Trade Credit Insurance, they could access short term finance. The product was launched in March 2019 after the board approval and its commercialization started in June 2019 after ISSM approval.

The product has two modalities, as follows:

- Insurance: BRITAM can secure a loan based on the issued invoice to be paid later by the loan taker's client. The insurance covers 90% of the value of the invoice. This reduces the burden of carrying out due diligence since the larger risk is covered by the insurance company.

- A provisional certificate of the cover can be issued based on firm order from a client of the loan taker. This allows the latter to buy the equipment or materials it needs to fulfil the order. After the order delivery, the invoice is also secured by BRITAM.

Delivery channels

BRITAM is currently trying to sell its products to the banks, so they could effectively grant loans to MSMEs using the trade credit insurance as collateral. BRITAM established a list of 43 enterprises with a clean credit history, for which there is no need for the bank to request BRITAM's approval. BRITAM carries its own due diligence for the rest of client-enterprises. So far, only one bank (ABC Bank) has reached an agreement with BRITAM and issued 19 loans for MZN 272.5 million. BRITAM has also issued six direct policies to interested SMEs, despite that BRITAM¹ has carried out KYC checks.

The product's marketing strategy started with TV and media advertisement, but as it did not get enough attention, BRITAM decided to change strategy by shifting focus to its potential market through workshops, participating, or co-organizing with Provincial Council of CTA and other SME-oriented events.

BRITAM is also offering the product and a partnership to banks, through face-to-face presentation. So far, only one bank has signed an agreement (ABC Bank) with BRITAM. Four more banks have indicated interest but still in the process of analyzing the product and modalities.

Table 4 Impact pathway for Trade Credit Insurance

| Market failures | Input | What change does it bring about? | What result does it bring about? | What is its impact on the bigger system |
|--|--|--|---|---|
| Information asymmetry on available financial solutions Dissemination and capacity building sessions | Dissemination and capacity building sessions | Raised awareness on the product and its features | Increased demand for credit | Crowd-in of insurance companies and credit institutions increased adherence to Trade Credit Insurance products. |
| Limited access to affordable finance for SMEs | Trade Credit Insurance products | Alternative collateral | Access to credit to finance Working Capital needs | Sustained economic growth and favorable environment for diversity and competition among SMEs. |

Results so far

- The product was launched in March 2019. Product commercialization started in June 2019 after approval by the Insurance Supervision Institute of Mozambique (ISSM).
- Agreement signed with ABC Bank and 19 loans amounting to MZN 272,464,716 issued as at 29th February 2020.
- Six policies have been issued directly to clients of which the only one is run by a woman.

¹ Mozabanco accepts the insurance as collateral, but does not want to process it.

Lessons learnt

- Targeted marketing is more impactful than one-size-fits-all approach.
- Engaging relevant stakeholders and intermediaries in a value chain lay a good foundation for a greater positive impact.
- Uptake and access to financial services for women remain low compared to men.

Recommendations

- Design innovative and gender-specific product suites especially for women to enhance financial inclusion and access to finance in the country.

3.4.2 Business management training to SMEs by Banco Unico

Studies have shown that SMEs in Mozambique have a poor business profile characterized by poor accounting and financial records. Further, SMEs tend not to separate the entity from the owner and as such, there is no business continuity plan. As a result, most SMEs struggle to present a viable business case to enable them to access credit.

Bank Unico (BU) is a relatively small and young Mozambican bank (started operations in 2011) with high innovation capacities. Banco Unico (BU) whose target market is SMEs decided to build capacities of SMEs by offering advisory services on business management through a TV programme. Banco Unico partnered with FSDMoç in this initiative. Further, Banco Unico partnered with Universidade Nova and KPMG to support in training and coaching SMEs respectively.

To answer clients' claims that they could not obtain loans, BU conducted participatory research led by the credit department. Lack of organized accounting and wrong management practices was identified as key factors preventing loan access. BU decided to set up a Business Education program to help SMEs to access loans. It started with a TV program (self-financed) to provide management advice to SMEs. This program got huge success and encouraged BU to look for partnerships to deepen this business education program, which needed to better focus on potential clients. The BU program relies on five pillars, namely:

- TV program- self-financed by BU, ended in 2018.
- Advisory services to SME supported by FSDMoç by hiring a consultant to answer emails sent to the TV show and coach BU's clients.
- SME Academy+, supported by FSDMoç.
- SME dedicated branch.
- Customized and adjusted products and services for SMEs.

Updates from the SME training

| | |
|--|--|
| KPMG's support | 55 SMEs were coached on business management for over 18 months. |
| Academy +: Training by Universidade Nova | 25 participants were trained and six of these managed to access credit from Banco Unico. |

Impact

- At the internal level, BU tested the TV show, advisory services and Academy+ marketing strategies. As a result, 55 SMEs were advised and coached during 18 months under the advisory service (in partnership with KPMG. 25 SME managers and 2nd line high-level staff were trained by the SME Academy +. Six of the participants got a loan from BU.
- BU also increased its SME clientele from 600 when it started the BSD program, to 5,310 as who are served at the SME's dedicated branch.
- At the national level, BU is the pioneer in supporting SMEs and has won awards at the national level.
- At the international level, BU won the gold award from International Global Business Outlook in London - Best Social responsibility project for the TV program

Lesson learnt

- From the time Banco Unico started the training, the number of SME customers has increased from 600 to 5,310 all served through an SME-dedicated branch. This initiative can be replicated by other players by way of establishing academies for SME business management training. This may require collaborations with various stakeholders like universities, the government and funder institutions.
- While the training by Universidade Nova was a success, the exercise was very expensive in maintaining the trainers.
- Use of local partner would be more economical and may bring a greater impact. Alternatively, the model of trainers-of-trainers (TOT) would have been employed via e-learning. The TOT would then have been utilized to roll-out to reach out to more SMEs in different parts of the country.
- As a pilot, the Academy+ was a success but it was expensive thus making its replication difficult. Training should be adapted to the local levels of education and facilities.

Recommendations for FSDMoç

- Adapt capacity building to the local resources which are relatively more affordable. BU and partners must think about how to cover the costs of the training through either co-participation between BU, trainees, and other funding institution, like government or international donors

3.4.3 Supply chain credit design and pilot testing

FSDMoç financed a study of a new, growing agri-business enterprise - Tongasse - focused on chicken processing and commercialization. Around 40% of its production is delivered by integrated producers, pre-financed by short term advances from Tongasse. As Tongasse currently is working at 12.5% of its capacity, it seeks to increase substantially the contribution of integrated producers through short term credit. The enterprise had realized substantial investments, based on shareholders' own funds but the projected increase of production will require higher working capital to enable the integrated producers to increase their own production. Tongasse commercialization is a mix of direct retail sale that had the following aspects: immediate payment, consigned sale, delayed payment, and bulk sale to supermarkets (usually paid with a credit period of 60 to 90 days).

The proposed solution, a supply chain loan, was secured by Tongasse cashflow and invoices issued to the supermarkets. The study analysed the current and projected production, markets, costs, financial results and cash flow of Tongasse, showing the loan would be a very secure credit for any bank to grant.

Unfortunately, Tongasse did not manage to convince any local bank to try the new product.

3.4.4 Recommendations regarding improving SMEs bankability

- Improve bankability through alleviation of two major issues: lack of collateral, and inappropriate business management practices is an appropriate line of work. Connecting FSD partners working on those
- It was an appropriate strategy to enhance and promote innovative initiatives from interested stakeholders, like BRITAM and BU. It led to concrete results. This support strategy should be maintained in FSDMoç future interventions.
- FSDMoç should consider promoting synergies among its partners. For example, Tongasse and Britam (to facilitate Tongasse access to a bank loan) or Tongasse- Banco Unico - Tongasse seems to fit into the market segment focused by BU. Such a nudge and facilitation could significantly boost the impact of the interventions.

Way forward

- Support the introduction of an education program in collaboration with BVM to enhance awareness of capital markets investments.
- Support awareness and investor education campaign on private placements. This will enhance awareness on private placement as a way of funding to local SMEs as well as enable investors to know how to participate in private placements.

3.5 Category 3: Informal finance

Like in most economies in Africa, the informal sector in Mozambique is large and exhibits low levels of productivity compared to the formal economy. Informal firms are typically small, inefficient in their business operations, and run by entrepreneurs with low levels of education. With these challenges, they usually struggle to access formal finance from financial institutions.

Informal finance covers two interventions, both aimed at improving the operations of savings groups and costs reduction. Both initiatives fit under the micro-level, innovation and expansion line, and aim at three outcomes:

- New individuals or households using affordable and appropriate financial services.
- Existing customers using additional or improved financial services.
- New MSMEs using additional financial services.

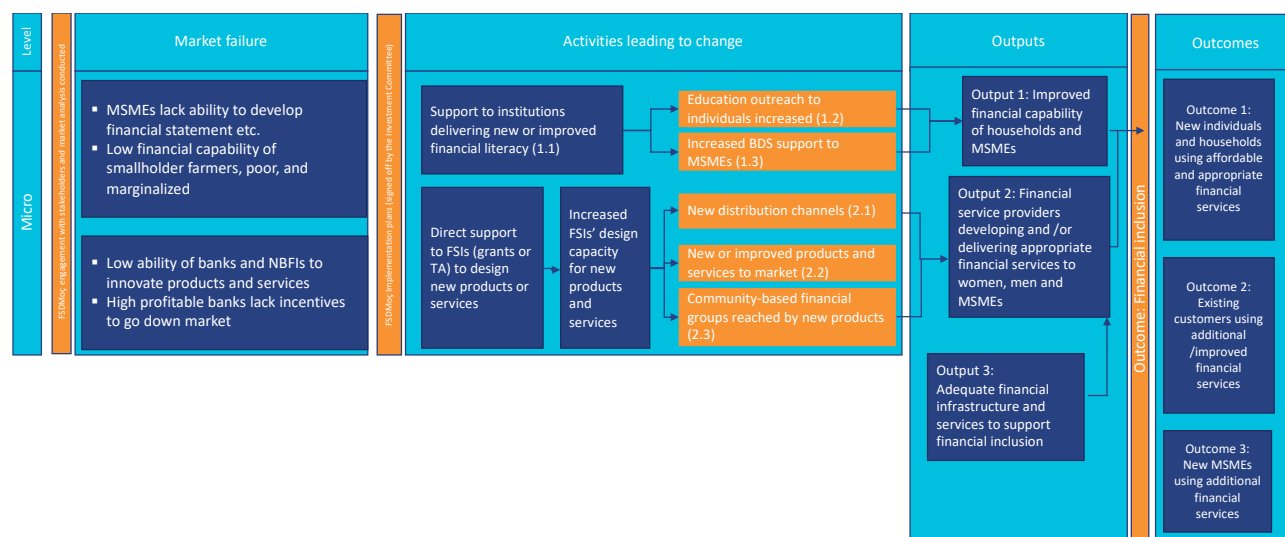


Figure 4 Theory of change - relevant portions applicable for informal finance

To improve access to finance for the informal segment, FSDMoç supported SOMA and e-Recording projects. These two projects are discussed in the next sub-sections.

3.5.1 SOMA

FSDMoç entered into a partnership with Aga Khan Foundation (AKF) and UX Ltd. (an IT company based in Mozambique specialized in the creation of inclusive digital platforms for social development).

Through this partnership, SOMA - a digital savings platform for savings groups, was developed. The platform aimed at reducing the cost of saving from USD 60-70 to USD 10 per member and also enable the formation of 500 new savings groups.

Product description

- Ten training videos were produced in Portuguese with licensed Food for the Hunger content (FFH, a leading INGO in SGs), and installed in tablets (master trainers) or smartphones (local trainers).
- SOMA uses a USSD platform that allows data collection from the savings groups (name, geo-localization, membership (Picture), date of registration, date of update, total savings, telephone numbers of President and Secretary of the groups). It also allows following the field trainers' activities (where they are, how many groups they created, which group they visit) through a dashboard. The platform aimed at monitoring the groups and local trainers' activity from a central point and thereby reducing the monitoring cost.

Some of the challenges during the implementation include:

- The local trainers experienced challenges in using smartphones and videos. Training of master trainers was conducted and so tablets and videos were restricted to the master trainers
- Groups member failed to take the initiative of updating data on the soma application. Members felt that there was no incentive or benefit in updating the data.

- The registration of the groups started in July 2017 and closed in December 2018, a time the time when war broke out in Cabo Delgado. SOMA had to relocate the trainers and some members fled their locations.
- 30% of the equipment such the smartphones either broke down or got stolen.

Results

- A total of eight master trainers and 200 local trainers were enabled with skilled in using the digital application for savings operations data.
- 10 training videos were produced and embedded in the digital platform to aid in training.
- 357 savings groups with over 6,729 members were registered through the digital platform of which 56% were female.
- The cost of saving reduced from USD 70 to USD 17 per member.

Lesson learnt

- The savings groups trained by SOMA are back to using the old and manual way of keeping records. This project ought to have been taken to another level of linking these savings groups to formal financial institutions to get them financed based on data collected.
- Use of incentives may have played a bigger role in ensuring that savings groups adopt the usage of the digital platform fully.
- The SOMA digital application can be enhanced to have other metrics such as savings and loan values, gender aspects and embed basic financial information modules for training.
- SOMA's 'value propositions' extend beyond the cost per member indicator, which was the initial criteria for evaluation. The data collected from the savings groups can be leveraged in designing products suitable for the informal finance sector.

Recommendations

- SOMA project ought to have taken to another level of linking these savings groups to formal financial institutions to get them financed based on data collected. Linkages to the financial institution should not break the social status. Through the use of human-centered design, there may be better insights to understand savings groups to link them without breaking their social norms.
- The SOMA digital application can be enhanced to have other metrics such as savings and loan values, gender aspects and embed basic financial information modules for training.
- The data collected from the savings groups can be leveraged in designing products suitable for the informal finance sector.
- Financial institutions should disclose the applicable transaction charges or fees for a customer to decide whether to accept the transaction or not. In other markets outside Mozambique, fees are disclosed before accepting the transaction so that the customers have a choice of accepting or not. Regulators should enforce the practice of full disclosure of applicable transactional charges and fees. This will help to build trust between customers and financial institutions and thereby encourage the adoption of financial services.

3.5.2 e-Recording

FSDMoç partnered with CARE Mozambique to digitize savings groups operations. FSDMoç and CARE Mozambique engaged the services of Software Group Ltd to provide an android app (ERecording) that could replace the manual operations of record keeping. The objectives of e-Recording were:

- To introduce video training
- To adapt and improve the Kenyan e-Recording platform to Mozambican context
- To introduce a green line for savings groups inquiries and give immediate response and hence resolve issues.
- To pilot test this innovation and create 78 savings groups in Angoche District. Due to delays in the implementation, this target was later reduced to 32 groups.

Product description

e-Recording is a mobile app that helps in maintaining and managing the savings group's operations. The app allows each group to set its own rules (according to the by-laws defined during group formation) regarding the social fund and other fund contributions, minimum savings, fines, the maximum value of the loan. It helps in determining who qualifies for new loans and calculates the distribution of the funds at the end of the cycle. The interest earned is distributed proportionally and timely to the savers. This has helped address the issue of some savers making huge deposits towards the end of the period so earn as much interest as those who had saved from the beginning of the cycle. Further, the app has a voice confirmation of the deposits made by a saver and it does not allow distribution of the interest earned unless all fines and funds outstanding are paid. This helps to institute discipline amongst the group members.

Through the e-Recording app, there is a data backup unlike before, where records were maintained manually in the books which could either get destroyed or get lost.

Challenges during project implementation

- Communication challenges especially during setting of the app especially owing to the fact that the service provider could not speak the Portuguese language.
- Delays in the implementation and products delivery
- The project was halted and IT provider contract and the savings groups went back to manual bookkeeping. As a result, there was a loss of the groups' trends/history.
- The videos were not systematically downloaded to the groups' smartphone, therefore not used by the groups as training and management support. In case of difficulties, groups feel more comfortable to call their local trainer or *Ophavela* field officer, than a resort on the free *Ophavela* Greenline (not used) or the videos.
- Groups have only one person knowing to use the smartphone and the app, due to lack of self-confidence/knowledge from other group members. This is a risk in case the bookkeeper cannot attend the meeting.

Results

- Digitally-aided training through the use of animated videos. This ensures that there is consistency in the content used for training.
- Toll-free calls for the group members for group-related matters.

- Eight videos have been produced to aid in promotion, group formation and training.
- There are 26 locally-based trainers (21 males, 5 female).
- There are 34 groups created comprised of 741 members (65% female and 35% male).
- The demand is high for the product as it simplifies the group management and calculations.
- Positive change in attitude on technology usage. Some group had this to say- *“now that we can compare between e-Recording and manual bookkeeping, we do not want paper books anymore”* (Aero group, Angoche on 7th March 2020).

Lessons learnt

- **The video as training support was not as efficient as expected.** Different issues were raised, regarding the ability of the local trainers to use those videos (technology, language) and the trainers still need to be trained in the SG methodology and the use of the video. Videos are a good promotion tool, showing *“what should be done”* but they don’t substitute a trainer who can explain over and over, in details, how to proceed during the savings meeting, and re-insure the groups for the correctness of its procedures.
- **The line tool (*Ophavela*) is not used as expected by the groups.** Some trainers tried to use the line in making calls but it failed due to network issues. Groups did not know the number to call. They preferred to call the local trainer or field officer.
- **Adapting an existing product might be more difficult than creating a new one.** Beyond English to Portuguese translation issues, many changes needed to be introduced in e-Recording: approach (flexible savings), new funds (introduction of education / other funds), voice confirmation for all the operations (done for deposits, still missing for fines and credit operations). SOMA was built from scratch and it was able to serve the purpose.
- **Off-line apps are important in current Mozambican condition,** as they allow one work and save information even without network. The backup update can be done as the network access is granted.
- **Update of information requires users to get benefits;** SOMA is potentially an excellent monitoring tool, but it doesn’t provide benefits to the groups, so they didn’t update the data, while e-Recording provides useful information to the group - individual records, group records, rules enforcement, calculation, so groups use the app constantly. The up-date provide then the security if a back-up for their data, so they perform it. Without the update, SOMA information loses usefulness for the INGO promoting savings’ groups, and for other potential development or financial institution.
- **Sustainability will require the user to meet some costs.** Maintenance of the apps will require permanent IT service provider to be considered, therefore sustainability of the applications is a key issue. Sustainability is expected through services provided to other service providers (financial information from groups, communication with groups, ...) but the real interest of those to engage in rural areas might take some time.

Impact of introducing technology into savings groups operations and training

- SOMA helped to create nearly 400 savings groups (357 registered but more were created) with more than 6.700 members accessing basic financial services - savings and loans, at a reduced price (USD 19 per members) against an average of USD 90/client.
- It generated great interest among savings groups supporting organizations (SGSO), as it allows tight monitoring of trainers' performances.
- E-Registo elicited good acceptance by users. The specific features (voice confirmation, flexibility to introduce specifics of the groups' rules) and benefits (no wrong records and calculation) make it very attractive, and users wanted to pay for its use hence promising sustainability. In Mozambique, with more than 25,000 savings groups, the potential for up-scaling is high.

3.5.3 Recommendations

- SOMA and e-Recording fronts a good opportunity to link the informal segments into mainstream financial systems, however, there were no structures for these operations to continue beyond the project period. Guided by the SOMA's business plan there is a need to operationalize this initiative for continuity across the country. This requires extra funds, as for today, UX has no internal resources to dedicate to fundraising or platform development. FSDMoç should fund the implementation of the business plan (phase 2 and 3) or support UX in the fundraising process.
- Even as institutions adopt new technologies, therefore, should be reliable backups, for data storage. Otherwise, financial losses occasioned by the adoption of the new technology may erode the reputation of the implementors.
- FSDMoç can consider offering technical assistance to financial institutions focused on digital credit for the MSMEs. This will create an opportunity for access to finance more conveniently.
- E-Registo still requires some improvements (voice confirmation for credit operations and fine payment, report presentation) and maintenance is a key issue.
- In both cases, the training videos should be deeply evaluated to confirm the need
- The partnerships for both interventions involved 3 or more actors each. It didn't facilitate the implementation, but on the opposite delayed it. Implementation ended on the shoulder of one partner in both cases (UX for SOMA, *Ophavela* for e-Recording). In future interventions, FSDMoç should consider limiting the involved stakeholders.
- Both e-Recording and SOMA aim at the same objectives: reduce cost training, improve groups' bookkeeping to reduce conflicts and improve group management, improve groups' (and local trainers) monitoring. For both, sustainability is an issue and both of the models have the option to use the collected data to link groups members to more financial (and non-financial) services. The other option is to charge the groups for the use of the platform, which they are agreeing to do as long as the platform provides them useful services/data. Sustainability could be reached by scale economy with a market of more than 20,000 SG in Mozambique. Instead of supporting similar but parallel initiatives, it could be good to establish a link between this two especially because each already had good benefits to the savings groups.

3.6 Recommendations of relevance to FSDMoç to facilitate systemic change to enable SME finance and informal finance

- **Working with Government institutions on macro-level issues:** FSDMoç has and should continue to capitalize on the generally strong reputation and relationships that it has built with the financial community and Government - particularly with regard to the research, information generation, and technical assistance that it has provided to support the introduction of new policies, laws and regulations to facilitate systemic change to enable SME finance and informal finance. When engaging in promoting policy, legal and regulatory reforms, FSDMoç should:
 - Where possible, clearly delineate the roles of specific agencies and stakeholders involved.
 - Focus on constraints that have been prioritized by a recognized relevant authority.
 - Acknowledge the risk that policy-level change is complex and takes time.
- **Engagements at the policy and regulatory levels for the informal and semi-formal sectors:** Given the important role that the informal and semi-formal market segment plays in contributing to financial inclusion, FSDMoç should continue to look for opportunities to support the strengthening of its performance. To achieve this, interventions at the macro- and meso-levels, particularly those that seek to strengthen the policy and regulatory environment for this sector, are important to contribute to sustained and market-wide improvement. More due diligence should be placed on assessing the enabling environment, including the policy and regulatory barriers that impact on the development of FSPs, and the level of risk this poses for projects in the informal and semi-formal sectors.
- **Achieving systemic impact:** FSDMoç should more explicitly target market systems change in all of its interventions and track this more effectively in its monitoring system. A market development approach seeks to facilitate innovation and change - this implicitly requires risk taking (and instances of failure should therefore be expected as part of a portfolio approach). It requires that FSDMoç must be nimble and responsive, adapting to evolving market dynamics and lessons learned from the interventions it pilots.
- **Meso- and micro-level work:** For meso- and micro-level work we recommend a greater clarity around the programmatic design and outcome planning. FSDMoç's support to the financial sector should and does catalyzes innovation in the market. In designing interventions, this requires FSDMoç to identify innovations that are relevant beyond the individual firms pioneering them: innovations that will generate externalities with the potential to cause other actors to replicate.
- **Prioritizing sustainability:** In the design and implementation of its interventions, FSDMoç needs to pay special attention to the sustainability of the changes it is promoting. This means acting as facilitator, working with market actors to encourage them to adopt and run with changes, and 'right-sizing' subsidy to ensure partner ownership. FSDMoç's exit has to be properly thought through, made clear and agreed before interventions start.
- **Program adaptation and reflection cycles:** Build in a more formal cycle of implementation and reflection to improve program adaptation and build a robust evidence base for what is causing systemic change to enable SME finance and informal finance.

Annexures

Annexure 1: Focus discussion group guide for users

| | |
|--|--|
| <p>Welcome. Thank you for coming - we are grateful for your time.</p> <p>We are from an organization called MSC. MSC is a research organization which helps financial institutions design products and services for those who do not get adequate access to prompt and affordable financial services.</p> <p>We are trying to assess the impact of financial products and services offered to you by _____ and your experience with it.</p> <p>Your names and any personal information will be kept confidential - so please feel free to express your opinions. We would very much like to record (take notes) of these discussions to help us remember them and so that we do not miss any of the issues and ideas you give us.</p> <p>As a first step, we should introduce ourselves.</p> | |
| <p>Warm-up question/customer profiling:</p> <ul style="list-style-type: none"> • What are your names? (optional) • Occupation? • Age? • Education level? • Gender? • Rural/Urban? | |
| General questions on access | Related probes |
| How many financial institutions in your area do you know of? Kindly list them. | How far is the nearest branch of the financial institution? From your home/business premise. |
| What are the major economic activities of the people in this area? | |
| What financial needs do people in this area have? | Probe around economic activities. |
| Which financial institutions do people in this community prefer? Why? How has this changed (if any) over the past 5 years? | Probe on both formal and informal-financial institution around the 8Ps. (People, Product, Place, Positioning, Price, Promotion, Process (access channels used), Physical evidence) |
| Core questions on usage and quality | Related probes |
| For what purposes do people in this community use financial institutions around here? | How has this changed over the last 5 years? |
| What financial services are mostly preferred by people in this community? Why? | Probe on both formal and informal financial service around the 8Ps. (People, Product, Place, Positioning, Price, Promotion, Process, Physical evidence) |
| Before you joined _____ financial institution, did you save at some other sources? | If yes, whether formal or informal? What were the features of the products from formal/informal services? |
| Before you joined _____ financial institution, did you borrow from some other sources? | If yes, whether formal or informal? What were the features of the products from formal/informal services? |
| How have the products and services of? financial institution changed in the past 5 years (if any)? | Probe around innovations around product types? Product delivery channels? Etc. |
| What do you like about the products and services? | |
| What do you dislike about.....products and services? | |
| Core questions on welfare | Related probes |

| | |
|--|--|
| What are some of the shocks and emergencies likely to happen in this community? | How do people meet their emergency needs/unplanned for needs in this community? Probe for shocks and ways of mitigation |
| What impact (if any) on the welfare of your family or society has come as a result of support from _____ financial institution? | What form of impact has it been? Increase in income, increase in household assets, improved living conditions, improved social status, better sanitation and water sources, better education for children, secured access to food, improved health care etc.? |
| What has been the impact on social capital? | Are there any improvements as demonstrated by status in community and family, improved self-confidence, better decision making etc.? |
| Closure Thank you so much for your active participation, cooperation and sharing of objective ideas. All this information helps achieve our objectives. We have learnt a lot from you. Before we end this meeting, may we hear from you any additional comments and or questions that are still hanging in your mind and need some answers at this point? If there are none at all, we end this meeting now. | |

Annexure 2: Interview guide for FSDMoç or regulators or development partners

1. To what extent have the various interventions for SME finance and alternative finance been implemented as envisaged by FSDMoç's theory of change?
 - a. To what extent has the implementation of FSDMoç's various interventions for the SME finance and alternative finance had the envisaged results?
 - b. What have been the mechanisms for change for the various interventions for the SME finance and alternative finance at the macro, meso and micro-level? How does this correspond to what was intended to achieve?
2. Has FSDMoç enabled service providers (which it has supported) to successfully identify and meet effective demand for SME finance and alternative finance, and if so how?
3. Has FSDMoç made a difference to financial access for poor men and women and enterprises in the country? This will include a focus on;
 - a. Direct impact (through directly supported financial institutions) and indirect impact (through contribution towards policy development, adapt/adopt/copy by other financial institutions, market data and infrastructure, promotion of innovation etc.)
 - b. Savings and credit, transaction services and where possible risk mitigation measure (e.g. insurance, value chain financing, etc)
 - c. Where possible differentiate by gender and youth (two cross-cutting themes of FSDMoç's interventions)
 - d. Where possible this should also attempt to understand how frequently these financial services are being used (i.e. usage) and by what types of customers
 - e. Issue of appropriateness and affordability of financial services made available
 - f. MSME expansion (including agricultural enterprises)
4. How and why have the impacts of FSDMoç on financial access come about (or not come about)?
 - a. What causes have been necessary or sufficient for the increase in financial access/inclusion? How has FSDMoç contributed to these changes?
 - b. To what extent would these impacts have happened without FSDMoç? What was the effect of FSDMoç on the timing of changes?
 - c. What specific interventions have had the most impact within the programme? What are the factors that have contributed to this?
 - d. Which market segments that FSDMoç have focused on (e.g. SME finance, rural and agricultural finance, SACCOs, digital finance, informal finance, information, etc) have performed relatively better in terms of FSDMoç's objectives? Are there any lessons to be learnt from this?
 - e. How have the efficiency, depth and inclusiveness of the financial sector changed? What has FSDMoç's contribution been to these changes?
 - f. Were there unintended consequences (positive or negative) of FSDMoç's actions?
5. What are the external circumstances that have made FSDMoç's approach more or less effective?

- a. This may include; real economy developments; political economy; technological change; lessons learnt from other countries, etc.
6. To what extent has FSDMoç used a market development approach to its work? To the extent that a market development approach was used, how did it contribute to FSDMoç objectives concerning financial inclusion?
 - a. How were market constraints identified and how was this reflected in FSDMoç actions?
 - b. Were there any significant linkages between projects and what if (any) impact does this have?
7. Did FSDMoç deliver a larger-scale impact beyond the program's direct sphere of influence (i.e. its systemic impact)? Include a focus on:
 - Replication
 - Competition
 - Change in knowledge and attitudes and practice (policymakers and market actors)
 - Sustainability in financial sector structure and operations concerning the poor
8. What are the key changes in the governance of financial services that are aimed at improving the business environment?
 - To what extent did FSDMoç programme help to strengthen governance
 - What improvements do we need to reach more MSMEs?
 - Any other advice or comments you would like to share on the study or the way forward?
9. Which are the latest developments that your Government/department is undertaking to improve the business environment for the informal sector and alternate finance?
10. What were the major factors influencing the achievement or non-achievement of the FSDMoç support objectives?
11. What unanticipated positive or negative results emerged during the implementation of FMO/MASSIF support (that were not foreseen when the funding started but seem important now)?
12. What indicators do you use and how often such data is collected - services to investees/MSMEs; performance of the enterprises that are financed; the effectiveness and quality of your funds?

Annexure 3: Interview guide for financial service providers

1. What is the best evidence for the results of the FSDMoç funding - in terms of funding of your organization, corporate governance, profits, increased investments, increase in staff and portfolio, improved loan repayment rate?
2. What challenges do you face when working with the MSMEs? How would you describe the available financial products to this segment? Suitable or unsuitable? Innovative or not?
3. Do you provide non-financial products to this segment? If yes, which ones? If not, Why?
4. How do we get to a situation whereby MSME businesses are compliant to most (if not all) requirements for financing?
5. What role must FIs play in the formalization journey? What unanticipated positive or negative results emerged during the implementation of FMO/MASSIF support (that were not foreseen when the funding started but seem important now)?
6. What are the effects of different financial instruments and conditions of FSDMoç on the performance of?
 - Private and capital equity
 - Blended finance
 - Capital markets development
 - Screening SMEs for their financial readiness for capital markets Interoperability
 - e-Recording
7. Do you have any suggestions for FSDMoç to help improve the programme design and/or implementation?
8. Do your investees collect data (financial/ employment/ turnover others) on SMEs/MSMEs that they work within their supply chains/ eco-systems?
9. What changes can you observe in terms of increased access to finance to SME's/MSMEs?
10. To what extent do FSDMoç support and other factors may have affected the results? Which of these are most crucial and why?
11. To what extent have complementary interventions of FSDMoç contributed to your success?
12. Has FSDMoç supported affected your market position? How is the competition reacting to your strategies? Has the FSDMoç contributed to a change in the competitive landscape?

Annexure 4: Key informant interview guide -Alternative SME Finance**Introduction to the study**

- Thank you for your time and your willingness to participate in the study. We are grateful for your time. This interview will not take more than 45 minutes.
- We are from an organization called MSC. MSC is a research organization which helps financial institutions design products and services for those who do not get adequate access to prompt and affordable financial services.
- Today, we are trying to assess the impact of financial products and services offered to you by _____ and your experience with it.
- With your permission, we would like to record our discussions to help us remember the issues discussed. We assure you that there are no wrong answers and we are only interested in your opinions. We will not use your identity or your response in any third-party report, and your suggestions and responses will be aggregated along with the total responses of this survey to obtain an overview of the business sector in which your organization operates. Any information you provide will be held strictly confidential.
- To begin with, we would introduce ourselves and request you to do the same.

| | |
|--|--|
| Survey reference number (Initials/date/area) | |
| Date | |
| Surveyor's name | |
| Day | |
| Time | |
| MSME profile | |
| Respondent's name | |
| Age | |
| Gender | |
| Level of Education | |
| Rural/ Urban | |
| Respondent's enterprise name | |
| Address with phone number | |
| Year started business | |
| No of employees since the inception | |
| No of employees in 2014 and now | |

| | |
|---|--|
| General questions | |
| • What are the main economic activities of the people in this area? | |
| • Tell us a little about your association with _____ financial institution? And how it works. | |
| Core questions on access | Probe questions |
| • Which is the most preferred financial service provider in this area? | Probe for both formal and informal financial service providers |

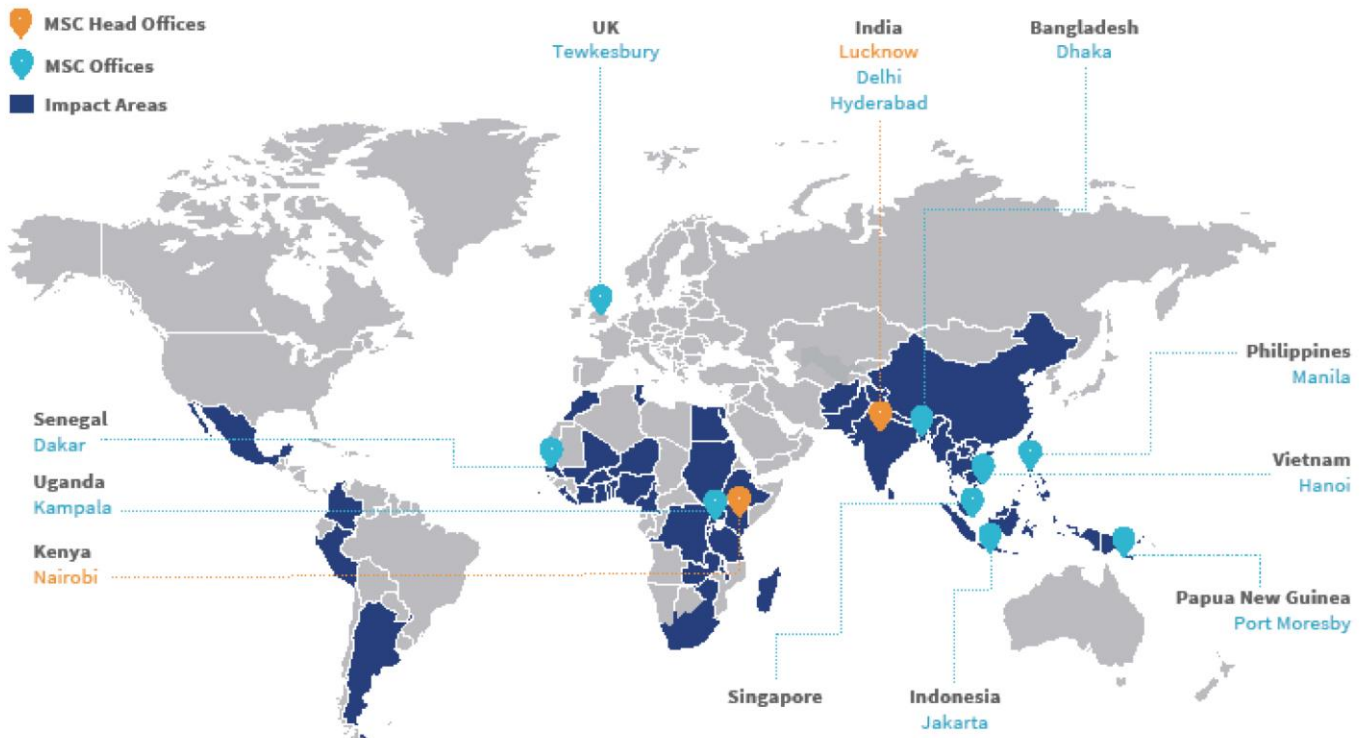
| | |
|---|--|
| • How long you have been a member of this financial institution? | Are you also a member of some other financial institution? |
| • How far is the nearest branch from your home/business premise? | |
| • What sectors are covered/ supported by the Financial institution? | • Types of MSME supported by the institution? |
| • Which channels of operation are available to MSMEs known to you? | |
| Core questions on usage | Probe questions |
| • What products and services are currently available from this financial institution? | • What is your opinion about these products/services? • How different were the products and services 5 years ago? What has changed? |
| • What was your initial capital at business inception? | • What were the sources? And how much from the different sources? Probe for both formal and informal sources. |
| • Have you obtained a loan from financial institutions? | • Which Financial institution? List all. • What was the interest on the loan amount? • What was the loan repayment period? |
| • Any other loan from other financial institutions? | • Which Financial institution? List all. • What was the interest on the loan amount? • What was the loan repayment period? |
| • What are your reasons for joining this financial institution? | • What do you believe are the benefits of becoming a member of this financial institution? |
| Core Questions on Quality | Probe Questions |
| • What has been your experience with the financial institution so far? | • Probe around the 8Ps. (People, Product, Place, Positioning, Price, Promotion, Process, Physical evidence) • Have there been any negative consequences? What are they? |
| • Do you belong to another financial institution? | • What is your experience with them? Probe around the 8Ps. (People, Product, Place, Positioning, Price, Promotion, Process, Physical evidence) |
| • Do you receive any other support from the financial institution? E.g. personalized banking? | • Does it attract additional costs? |
| • Do you have a preferred financial institution? | • Which one? Why? List reasons. |
| • Is there anything else you would like to say about the financial institution? | |
| Core Questions on Welfare | Probe Questions |
| • Tell me about your life before you became a member of this financial institution | • What has that changed since you became a member? |
| • What role do you play in the decision-making process of your household? | • Has it changed since you became a member of this financial institution? |
| • How does the community treat members of this financial institution? | • Do they treat you differently than before you were a member? |
| • Has there been an impact on welfare for your family or society | • What form of impact has it been? (increase in household assets, improved living conditions, improved social status, |

| | |
|---|---|
| as an outcome of support from this financial institution? | better sanitation and water sources, better education for children, secured access to food, improved health care etc.)? |
| <ul style="list-style-type: none"> • What has been the impact (if any) on your social capital? | <ul style="list-style-type: none"> • Has there been an improvement as demonstrated by status in community and family, improved self-confidence, better decision making etc.? |
| <ul style="list-style-type: none"> • Have you seen an impact of the membership of the financial institution on the community as a whole? | |

Closure

Thank you so much for your active participation, cooperation and sharing of objective ideas. All this information helps achieve our objectives. We have learnt a lot from you.

Before we end this meeting, do you have any additional comments and or questions that are still hanging in your mind and need some answers at this point? If there are none at all, we end this meeting now.



Asia Head Office

28/35, Ground Floor, Princeton Business Park, 16 Ashok Marg,
Lucknow, Uttar Pradesh, India 226001

Tel : +91-522-228-8783 | Fax : +91-522-406-3773

Email : manoj@microsave.net

Africa Head Office

Shelter Afrique House, Mamlaka Road, P.O. Box 76436,
Yaya 00508, Nairobi, Kenya

Tel : +25-420-272-4801 | Fax : +25-420-272-0133

Email : anup@microsave.net

www.MicroSave.net

