



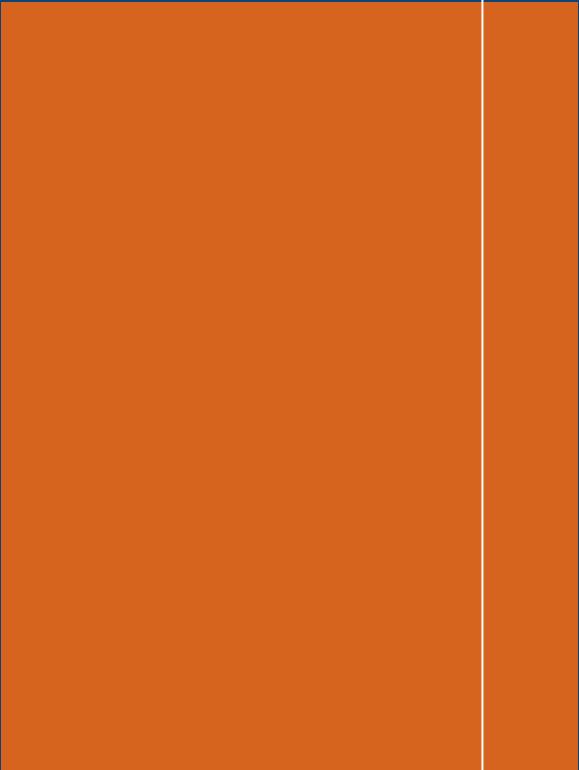
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THE FLETCHER SCHOOL

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Foreword

The policy memos contained herein are the capstone achievements of the 13th fellowship class of the Fletcher School Leadership Program for Financial Inclusion (FLPFI). We are proud of the great work this fellowship class has completed to now join our community of nearly 250 FLPFI fellowship alumni.

The 2025 fellows joined the fellowship from sub-Saharan Africa, the Middle East, Asia, Eastern Europe, Latin America, and the Caribbean. These passionate inclusive finance champions work at central banks, insurance regulators, pension regulators, and other institutions that design and implement financial policy. This year, the FLPFI fellows grappled with important and diverse financial inclusion challenges, including expanding access to credit for women and or women-led MSMEs in Costa Rica, Mongolia, The Gambia, and Haiti; strengthening access to digital financial services in Lesotho; improving old age financial security in Nigeria, Ghana, and Kenya; increasing financial resilience against climate change in Tanzania; enhancing agricultural resilience through tailored insurance solutions in Uganda; and expanding social protection through insurance in Pakistan.

The policy memos in this publication are the culmination of the FLPFI fellowship, an intensive executive certificate program that supports policymakers to design and implement policies that advance financial inclusion. The fellowship creates a space where expert policymakers are encouraged to ask questions and be curious and, above all, to stay mindful of the potential client, think critically, and look for evidence to steer decision-making at every step of the policy process.

At the heart of the fellowship curriculum is the FLPFI Eight Question Method for Policy Development (8QM)—an adaptive framework that guides fellows sequentially through critical steps related to problem identification, solutions development, policy formulation and selection, stakeholder analysis, negotiation, persuasion, implementation, and monitoring and evaluation. Each problem and policy solution must be substantiated with evidence and focused on the needs of the target population. Policy options are weighed against key criteria such as institutional priorities and capacities, existing evidence, and gaps in the policy landscape. Our fellows quickly become experts at using the 8QM to analyze and design policy.

Each fellow is addressing a current pressing financial inclusion challenge in their country, a problem that has yet to be solved in their context. For example, the fellow from Egypt is addressing the financial health of Egypt's elderly population, while a fellow from Kenya is working on enhancing pension literacy among informal sector youth. Fellows from Georgia and Eswatini are tackling how to enhance rural women-led MSME access to finance, and rural women-owned MSMEs financial inclusion and business formalization, respectively. Fellows from Ghana are working on participation of informal sector workers in their pension system and the fellows from Bangladesh are working on safeguarding women's financial inclusion through risk-based supervision and responsible MFI licensing. Similarly, a fellow from Nigeria is addressing access effective access to financial services for people with disabilities, while the fellow from Tajikistan is enhancing SME financing through establishment of an interbank lending market.

Based on careful analysis of the unique context, each fellow has designed and proposed a different policy tool. As their policies roll out, the fellows continue to learn from each other and from others working in these spaces to adjust course and design complementary policies. In many cases, there are few analogous contexts from which fellows can draw relevant lessons; they are at the vanguard and are prepared to learn and share lessons as they go.

The best evidence of a policy's efficacy comes from the results of trial, error, and commitment by policymakers to continuous improvement. Our fellows inspire us with their unrelenting passion to improve financial inclusion in their countries. We admire their ability to evaluate problems critically and develop solutions creatively.

We hope that the skills honed, knowledge gained, and community fostered through their fellowship may serve them well in their endeavors for years to come.

Melita Sawyer

A handwritten signature in black ink, appearing to read 'MS' with a stylized flourish.

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Extending Financial Access to Historically Financially Excluded Populations

Increasing Access to Effective Financial Services for People with Disabilities

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Keywords: Financial access, people with disabilities, regulatory framework

Executive Summary

People with disabilities (PWDs) in Nigeria, estimated at 29 million as of 2018, remain among the most financially excluded groups in the country (World Bank 2020). Despite the adoption of the National Financial Inclusion Strategy (NFIS) and the enactment of the Discrimination Against Persons with Disabilities (Prohibition) Act in 2018, PWDs continue to face structural, institutional, and digital barriers, all of which hinder their access to formal and digital financial services (Central Bank of Nigeria 2022a; NCPWD 2019).

To address these persistent challenges, it is critical that a regulatory framework is developed to enable PWDs to be formally recognized as a priority segment within national financial inclusion frameworks. This includes integrating disability-specific provisions into the NFIS and the National FinTech Strategy as well as establishing a supportive regulatory environment that promotes accessibility, inclusive product design, and capacity building (Central Bank of Nigeria 2022b). Without targeted action, the financial inclusion gap for PWDs will continue to undermine broader national financial inclusion goals.

Problem Statement and Context

In Nigeria, PWDs are unable to effectively conduct financial transactions. While Nigeria has made significant strides over the past decade in reducing the formal financial exclusion rate by 20 percentage points, from 46% in 2010 to 26% by the end of 2023, these gains have not translated into meaningful access for PWDs (Central Bank of Nigeria 2022a). Despite the growth of financial inclusion initiatives (EFInA 2023), according to Munyegera (2024), PWDs in Nigeria face significant barriers in accessing financial services compared with those without disabilities, and they have lower rates of bank account ownership, mobile money usage, and internet banking access. Financial products are rarely designed with the diverse needs of PWDs in mind, and many institutions lack the capacity or incentives to prioritize inclusive finance. Some PWDs must wait in queues for hours to get access to their accounts; PWDs are more likely to have funds stolen from their accounts due to their reliance on others to carry out transactions on their behalf (Feese 2025). This has resulted in widespread exclusion, limiting PWDs' ability to securely save, access credit, make payments, and participate fully in economic life.

Many bank buildings, due to architectural constraints, remain physically inaccessible to PWDs, while security measures such as metal detectors and mantraps further limit access. Alternative financial service providers (FSPs), automated teller machines (ATMs), online banking platforms, and fintech solutions require assistive technologies, yet such tools remain inadequate or entirely absent. Given the nation's growing population and, correspondingly, the growing number of PWDs, this segment cannot be overlooked in financial and economic development efforts. Addressing this systemic challenge is essential to achieving the United Nations Sustainable Development Goals (SDGs), economic gains, and equitable financial inclusion.

Key Causes

Based on interviews conducted with end users, providers, and regulators (Feese 2025), the key causes of the PWD financial inclusion problem include:

1. **Lack of reliable, disaggregated data on PWDs.** Over the years, PWDs have not been prioritized, and as a result, little data has been collected and the existing data is sparse.
2. **Weak implementation of disability rights legislation.** Although Nigeria passed the Discrimination Against Persons with Disabilities (Prohibition) Act in 2018, which was revised in 2023 to focus on infrastructure accessibility, enforcement across financial institutions remains weak and discriminatory attitudes are prevalent (NCPWD 2023). In addition, the act does not address access to financial services.
3. **Inaccessible physical infrastructure.** Many bank branches, ATMs, and agent locations lack ramps, tactile signage, or accessible counters.
4. **Limited access to assistive technologies and lack of inclusive product design.** Mobile banking apps, unstructured supplementary service data (USSD) services, and websites are rarely designed with accessibility features, and devices like screen readers, braille displays, and adaptive mobile phones are expensive and largely unavailable. In addition, financial products, such as loans, savings plans, and insurance, are not tailored to PWDs' informal and irregular income patterns or accessibility needs. According to 2018 data from Nigeria's General Household Survey Panel, 83% of employed PWDs work in the informal sector with irregular incomes (Leonard Cheshire 2018).
5. **Limited financial literacy and digital skills.** PWDs often have less access to formal education and lower financial and digital literacy, which is crucial for meaningful participation in the formal economy (Umeh 2024; Michael 2024). According to the Joint National Association of Persons with Disabilities (JONAPWD), an umbrella organization of PWDs established in Nigeria to promote the rights and development of Nigerians with disabilities, only 2% of PWDs in Nigeria are able to get formal education (Shuaibu 2021).

Proposed Policies

To improve financial access for PWDs, the following policy solutions are proposed:

1. Create a Framework for Advancing Financial Inclusion for PWDs, charged with promoting development of inclusive products and services designed specifically for PWDs as well as offering training or sensitization for FSPs. The Central Bank of Nigeria, through the Financial Inclusion Special Intervention Working Group (FISIWG), which is charged with promoting access to finance for vulnerable groups like women, youth, and other special segments, made women's financial inclusion a priority segment and created the Framework for Advancing Women's Financial Inclusion in Nigeria (FAWFIN; Central Bank of Nigeria 2020). FAWFIN has contributed to narrowing the financial inclusion gender gap to only 9% from 12.8% in 2020, as mentioned in the NFIS (Central Bank of Nigeria 2022a). Creating a PWD regulatory framework will ensure data is collected, make the sector a priority, and guide the development of appropriate financial services to address the particular needs of PWDs.
2. Prioritize PWDs in the upcoming NFIS 4.0 to ensure they are given special attention in the provision of financial services, particularly digital financial services (DFS), and to embed accessibility in these services. The Central Bank of Nigeria (CBN) is in the process of engaging stakeholders to review the NFIS 3.0, which ended in December 2024. Addressing PWD inclusivity in the revised strategy will ensure that FSPs create enabling and accessible products and services.
3. Update the National FinTech Strategy to cater to the specific needs of PWDs by designing and deploying accessible DFS.

Next Steps

To begin implementing the proposed policy, the author will:

1. Carry out further research to obtain additional data on financial access for PWDs.
2. Work closely with the National Bureau of Statistics (NBS), with EFInA (a Financial Sector Deepening [FSD] organisation working towards advancing financial inclusion through research, partnership and innovation, advocacy, and systems strengthening), and with the World Bank Nigeria Country Office, all of which collate and work with data on PWDs.
3. Meet with the Financial Inclusion Special Intervention Working Group (FISIWG) and the Financial Inclusion Channels Working Group (FICWG) to garner support and establish collaboration towards the work on the PWD regulatory framework.
4. Meet with the director of the newly formed Consumer Protection and Financial Inclusion Department at the CBN to rally her support and discuss the importance of PWDs' inclusion as a priority segment in the NFIS 4.0. Obtaining the director's support will contribute to gaining buy-in from CBN management for a PWD inclusion strategy.
5. With the support of FISIWG and FICWG, invite the following key stakeholders to meetings to introduce the policy proposal, gather input, and discuss suitable strategies for effectively improving access to finance:
 - a. People with disabilities,
 - b. The Nigerian Communication Commission (NCC), which regulates telecommunications companies involved in mobile money and other digital financial services,
 - c. The National Commission for Persons with Disabilities (NCPWD), which is empowered to promote, protect, and prioritize the rights of persons with disabilities and to further enhance their productivity through education, health, and other socio-economic activities, and
 - d. Participating financial institutions and fintech companies, which provide avenues and platforms to develop financial technology in Nigeria.

Key Indicators of Change

The key indicators of change that will be monitored to ensure effectiveness are:

1. The creation and publication of a framework for advancing financial inclusion of PWDs
2. Access to financial services:
 - a. Percentage of PWDs with active formal bank accounts
 - b. Percentage of PWDs using DFS (mobile money, USSD, apps)
3. Accessibility and inclusivity of financial infrastructure:
 - a. Percentage of bank branches and ATMs accessible to persons with physical disabilities, with ramps and braille signage
 - b. Number of FSPs with publicized inclusive service protocols and disability policies
4. Financial product adaptation:
 - a. Number of tailored financial products developed for PWDs
5. Data:
 - a. Availability of disability-disaggregated data
6. Policy and legal implementation:
 - a. Number of policies revised to include PWD-specific financial inclusion provisions

Conclusion

Despite Nigeria's progress in expanding financial inclusion over the past decade, PWDs remain significantly underserved due to persistent structural, institutional, and technological barriers. Without intentional and targeted policy responses, this exclusion will continue to deepen

inequality and hinder national development. To close this gap, it is essential to recognize PWDs as a priority segment in the NFIS and to embed accessibility and inclusivity across financial services and infrastructure.

By implementing a comprehensive framework for advancing financial inclusion for PWDs, supported by regulatory reform, inclusive product design, improved data collection, and stakeholder collaboration, Nigeria can unlock the full economic potential of its over 29 million citizens with disabilities. Ensuring their full participation in the financial system is not only a matter of equity and rights but also a necessary step toward sustainable, inclusive national growth.

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Enhancing Wallet-Based Savings for Low-Income Women in Jordan: A Challenge Fund Approach

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Keywords: Formal savings, financial inclusion, e-wallets, gender equity, digital finance

Executive Summary

Jordan faces a persistently low formal savings rate, particularly among low-income women in rural areas. These women experience a range of interlinked challenges, including low labor market participation, irregular income, limited mobility, and digital and financial illiteracy. All of this contributes to the structural financial exclusion of low-income women. In 2022, only 3.3% of women in Jordan had formal savings; this number dropped to 1.7% for the bottom 40% of income earners (CBJ 2022).

This policy memo proposes a performance-based Challenge Fund to incentivize payment service providers (PSPs) to co-create wallet-based formal savings tools tailored to women. The fund, to be launched on World Savings Day, October 31, 2025, will promote inclusive product design, regulatory flexibility, and measurable outcomes—with women users engaged throughout the process.

Problem Statement and Context

Low formal savings rates among low-income women in Jordan, particularly in rural areas, remain a significant barrier to their financial inclusion and economic resilience. While many women actively save in informal ways, their access to formal savings mechanisms remains severely limited. In 2022, only 14.7% of adults in Jordan saved money in any form and just 4.3% saved formally, down from 9.3% in 2017. Among women, only 3.3% saved formally, compared to 5.1% of men—and just 1.7% among the bottom 40% of income earners (CBJ 2022; Demirgüç-Kunt 2022).

Despite targeted efforts addressed in the National Financial Inclusion Strategy (NFIS) 2023–2028 to reduce the gender gap in financial services, major challenges remain. Irregular income, lack of suitable products, digital illiteracy, and restricted mobility continue to hinder women's access to formal savings tools. Interviews conducted by the authors in Ma'an, Jerash, Mafraq, and Al-Tafleh as part of their FLPFI Fellowship research reveal deep mistrust in financial institutions stemming from unclear fees, complex procedures, and limited outreach (Almuhsen & Hijazi 2025). One woman remarked, "I don't trust banks—they never explained the fees." Others mentioned the absence of bank branches and the need for male approval.

While e-wallets are widely used for payments, they remain underutilized for saving. The women interviewed often preferred e-wallets for storing small amounts due to ease of access but shifted larger savings to banks, despite documentation burdens. For many, informal saving methods like keeping money at home, purchasing gold, or joining rotating savings and credit associations (ROSCAs) feel more secure and reliable. As one woman said, "My necklace is my ATM."

Though the NFIS 2023–2028 highlights the opportunity to increase savings through digital channels like e-wallets, efforts remain fragmented. Few providers offer products suited to irregular income patterns, behavioral needs, or gender-specific barriers.

Policy Proposal: Challenge Fund for Wallet-Based Savings

The Central Bank of Jordan (CBJ), in collaboration with key partners, aims to launch a Challenge Fund to support the design of savings-enabled e-wallets tailored to low-income women. The challenge will operate as a non-legislative, performance-based incentive mechanism. PSPs will compete for funding by submitting proposals that involve women in co-designing savings features, pilot testing, and achieving measurable outcomes. This approach tackles root barriers like social norms and mistrust by including women in the product journey, simplifying features, and using familiar digital channels.

The Financial Inclusion Team at the CBJ will lead a multi-stakeholder working group to drive the entire process, including concept development. This group will include departments such as the Payment Systems, Domestic Banking Operations and Financial Inclusion Department and the Oversight and Supervision on National Payments System Department as well as the Saving Working Group under the NFIS 2023–2028. External partners such as the National Aid Fund, incubators, and low-income women will also be involved.

The Challenge Fund will be launched on World Savings Day, October 31, 2025. Winning proposals will receive phased disbursements tied to predefined indicators such as increased wallet-based savings transactions by women, reduced barriers to account opening, and improved user satisfaction. Regulatory flexibility will support innovation—for instance, by piloting risk-based know your customer (KYC) procedures for low-risk users.

NGOs and women's associations will be engaged to support outreach, onboarding, and financial literacy efforts. They will help craft culturally relevant content and provide peer-led support. Behavioral features like goal-setting, visual trackers, and nudges will be encouraged to foster consistent saving.

Theory of Change

If the CBJ provides targeted financial incentives and regulatory support to PSPs who co-design user-friendly digital savings tools with women, the use of e-wallets for formal saving will increase. Over time, this shift will reduce dependence on informal savings, improve women's ability to plan for emergencies and long-term goals, and enhance their financial autonomy. This, in turn, will foster inclusive economic growth and strengthen Jordan's financial sector development.

Case Study: The Gambia Fintech Challenge and Digital Savings Innovation

The Gambia Fintech Challenge—launched in 2021 under the Jobs, Skills and Finance for Women and Youth in The Gambia program, funded by the European Union and implemented by UNCDF—supported innovative digital finance solutions targeting women and youth. MaTontine, a winning solution, digitized informal savings groups by linking them to mobile wallets. Over 2,200 women joined a secure, trackable savings platform, building credit histories and demonstrating how user-centered design and performance-based funding can transition informal savers into formal systems (Jagne 2022). This example demonstrated how performance-based funding and user-centered design can effectively convert informal savings behaviors into formal financial inclusion pathways, offering key lessons for Jordan.

Implementation Timeline

The first three months will be dedicated to designing the fund and establishing the working group. Concept development will incorporate insights from both field interviews and secondary research, ensuring women's experiences and preferences are at the center.

On October 31, 2025, the Challenge Fund will be launched. The next phase will involve proposal collection and evaluation, lasting another three months. Selected PSPs will begin implementing pilot projects over 12 months, working closely with women to iterate and refine their tools.

The final six months will focus on evaluating performance, disbursing remaining funds, and capturing learnings. A formal impact assessment will inform the next phase of policy design and determine whether savings features should be mandated for all e-wallet providers.

While this timeline is ambitious, it is grounded in existing partnerships and CBJ-led coordination. We recognize that stakeholder onboarding, especially in rural areas, may introduce some variability. Built-in flexibility during the pilot phase allows for responsive adaptation without compromising overall objectives.

Important Assumptions

This proposal is built on several assumptions. First, it assumes that financial incentives will motivate PSPs to develop inclusive savings tools tailored to low-income women, a segment often overlooked in commercial strategies. Field interviews conducted by the authors indicate that while PSPs are interested in this group, they face high onboarding costs and limited short-term returns (Almuhsen & Hijazi 2025). By covering pilot costs and offering regulatory flexibility, the Challenge Fund aligns with their interest in scalable, low-risk innovation.

It also assumes that women will adopt savings tools if they are co-designed, intuitive, and trustworthy. Additionally, it presumes that regulatory accommodations for low-risk pilots can be managed without jeopardizing financial stability.

To manage these risks, the Challenge Fund will incorporate mid-term reviews, user feedback, and involvement of civil society and the National Aid Fund. These measures will help reinforce trust, expand outreach, and provide opportunities for early course correction when necessary.

Key Indicators of Change

The effectiveness of the Challenge Fund will be evaluated using both demand- and supply-side indicators. On the demand side, metrics will include the percentage of women actively saving through e-wallets, transaction volumes, and user retention rates. On the supply side, indicators will be used to assess the PSPs' engagement with women in product co-design, the relevance of the savings tool to women's needs, reductions in onboarding barriers, and the PSPs' capacity to implement the solution at scale.¹ These indicators will guide course correction, scaling decisions, and responsiveness of solutions to women's needs.

Stakeholder Engagement

The CBJ will lead coordination efforts with support from various internal departments and external partners. Fintechs, incubators, and technical experts will offer design and innovation support. Civil society organizations and NGOs will play a key role in mobilization, training, trust-building, and ongoing support for users.

The CBJ will also collaborate with the National Aid Fund to support pilot implementation in rural areas, leveraging its outreach to low-income beneficiaries and its local presence to facilitate onboarding and trust-building.

Embedded throughout the process, women will participate not as passive beneficiaries but as active partners in the design, testing, and refinement of solutions. International development partners, such as the German Sparkassenstiftung for International Cooperation (DSIK), that have an ongoing partnership with the CBJ and specialized expertise in saving mobilization may provide technical support or co-funding.

Conclusion

Low-income women in Jordan actively save when they can. The problem of low formal savings is lack not of intent but of access. The proposed Challenge Fund aims to unlock the potential of digital wallets as a formal savings tool by addressing systemic barriers and catalyzing innovation through user-centered design. By grounding solutions in the realities of women's lives, this initiative offers a sustainable path toward more inclusive finance in Jordan and beyond.

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Note

1. *Product co-design* is defined as the engagement of target women throughout the product development cycle. This includes participation in initial needs assessments, co-design workshops, prototype testing, etc.

Safeguarding Women's Financial Inclusion Through Risk-Based Supervision and Responsible MFI Licensing

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Keywords: Financial inclusion, risk-based supervision, client protection, women's financial access

Executive Summary

Low-income women in Bangladesh depend heavily on microfinance institutions (MFIs) for credit and savings, given the inadequacy of traditional banking and mobile financial services (MFS) in reaching this demographic. Approximately 42.2 million people have MFI deposit accounts; nearly 90% of them are women (MRA 2024a). As of Q3 2024, the Microcredit Regulatory Authority (MRA) has cancelled the licenses of over 200 out of 903 licensed MFIs (MRA 2025). Assuming each MFI serves at least 1,428 clients (based on the MRA's minimum borrower thresholds), nearly 300,000 women are directly affected; actual impacts likely exceed 500,000 when branch-level disruptions are considered (LegalSeba n.d.). MFI license cancellations have disrupted client savings, forced abrupt loan repayment demands, and created conditions ripe for fraud and male appropriation of loans. Clients, mostly low-income rural women, often receive no formal notification or guidance from the MFI. This policy memo proposes a three-pronged solution: (1) stronger MFI licensing requirements, (2) a risk-based supervisory system with early warning tools, and (3) a structured client transition and protection policy. Together, these reforms aim to rebuild sectoral resilience, protect clients, and preserve the gains made in gender-inclusive financial access.

Problem Statement and Context

Microfinance has been a critical tool for financial inclusion, especially for low-income women, who are excluded from traditional banking. Although Bangladesh's banking system holds over 160 million accounts, fewer than 6% are active loans, and only 32.4% of accounts are held by women. Mobile financial services (MFS) have better gender parity (42% of users are women), but their lending offer is limited (Bangladesh Bank 2025).

By Q3 2024, MFIs in Bangladesh managed over 42.2 million deposit accounts, nearly 90% of which were held by women. Of these, 75.3% were active loan clients, underscoring MFIs' role not just in savings but also as vital channels for women's credit access and economic inclusion (MRA 2024a). Furthermore, although women encounter more significant obstacles in obtaining credit than men (Silong & Gadanakis 2019; Tran et al. 2019), the microfinance sector has contributed significantly to employment, entrepreneurship, and income growth for women, particularly in rural areas (Banerjee et al. 2015; Datta & Sahu 2021). The significant impact of microcredit on women's employment and income generation is supported by a wide body of literature (Alam et al. 2015; Al-Mamun et al. 2014; Al-Shami et al. 2018; Aroui & Cuong 2020; Corsi & De Angelis 2017; Hassan et al. 2015; Kamaluddin et al. 2015; Li et al. 2011; Salgado & Aires 2018; Torri & Martinez 2014).

Women's access to microfinance—which has traditionally been the primary channel for rural low-income women in Bangladesh to access formal financial services—is now increasingly threatened. A significant number of MFIs, often the sole financial providers in remote areas, have had their licenses revoked due to noncompliance, governance weaknesses, and operational failures. These cancellations frequently occur without prior notice, leaving clients abruptly cut off. Because regulators mandate MFIs to report closures and return deposits promptly, women borrowers are often asked to repay outstanding loans within a short period.

Such sudden disruptions leave many women financially stranded, especially in the absence of alternative providers and clear messaging. While the MRA puts out public notices regarding MFI license cancellation, clients are rarely engaged by revoked MFIs directly. As a result, clients struggle to recover their savings, often without guidance or recourse, heightening their exposure to fraud and loss. Although it remains unclear whether women clients become entirely financially excluded or retain memberships in other MFIs, many experience immediate and significant barriers to formal financial access.

To date, of the 903 licensed MFIs, over 200 (22%) have been cancelled, each serving at least 1,428 clients—affecting nearly 300,000 women (LegalSeba n.d.). This is likely an undercount, as it does not account for those impacted by branch-level closures. In response, many women resort to informal moneylenders, whose annual interest rates often exceed 100% (Mallick 2012), exacerbating financial precarity and undermining confidence in the formal microfinance system.

Key Causes

The exclusion of low-income rural women from formal financial services is largely driven by supply-side failures, such as (1) MFIs entering the sector without adequate capacity, (2) weak regulatory oversight that is unable to detect early signs of institutional distress, and (3) absent mechanisms to protect or guide clients when MFIs collapse. These interconnected failures disrupt service continuity and leave women confused, financially vulnerable, and often excluded altogether.

The most visible driver of women's exclusion from financial services has been the widespread cancellation of MFI licenses, which often occurs without prior notice to clients, forcing women to repay loans in full overnight while struggling to recover their savings. Many of them report confusion, stress, and fear of fraud, especially in remote areas where MFIs have abruptly shut down branches. These closures are typically triggered by MFIs' failure to meet compliance requirements, driven by poor internal governance, weak reporting practices, and the inclusion of low-capacity operators. Licenses were frequently granted based on shallow due diligence: approval processes relied heavily on document checklists rather than assessing business viability. There were no requirements for business plans, qualified staff, or sufficient liquidity buffers. Although regulatory frameworks were in place, enforcement was often too lenient or undermined by misrepresentation.

The regulatory monitoring system has contributed to the sector's fragility. The MRA's oversight depends heavily on manual inspections, which are often delayed and have limited capacity to identify early signs of institutional distress. Due to staffing and resource constraints, field inspectors often prioritize larger MFIs, while smaller institutions, which are often the most vulnerable, receive infrequent scrutiny. The absence of a risk-based rating system, the use of uniform "one size fits all" supervision, and the lack of early warning alerts leave little room for the regulator to take pre-emptive action. The MRA's compliance-driven approach offers minimal scope for proactive intervention. Its uniform oversight fails to reflect the diversity of institutional risks, allowing high-risk MFIs to continue operations unnoticed until they are on the verge of collapse.

Simultaneously, many MFIs lose their licenses after repeatedly failing to meet compliance standards. These failures are often rooted in poor internal governance, inadequate financial reporting, and a lack of long-term operational planning. Institutions that enter the sector without the capacity to sustain service delivery in rural areas eventually collapse under regulatory scrutiny. When this happens, rural clients, especially low-income women, are left uncertain about what comes next. With limited financial literacy and access to reliable information, many are unable to make informed decisions. Some fall back on informal moneylenders charging exorbitant interest rates, while others disengage from the formal financial system altogether, increasing their vulnerability.

Proposed Policies

To address MFIs' regulation challenges, three policy options are considered:

Pre-Licensing Reform

Stricter entry conditions will ensure that only competent, financially viable institutions enter the sector. Revised guidelines will mandate minimum capital and liquidity buffers, continuity plans outlining how services will be sustained during shocks, and a qualified management team with demonstrated experience in financial operations. This will reduce the risk of institutional collapse stemming from underprepared or opportunistic operators.

Risk-Based Supervision

A performance-based framework will classify MFIs by risk category based on indicators such as portfolio quality, governance, liquidity, and client protection. These ratings will guide the intensity and frequency of regulatory oversight. Integrated within the Microfinance National Database (MF-NDB), a digital early warning system (EWS) will flag emerging signs of distress in real time, allowing for proactive engagement before client harm occurs. This contrasts with the current one-size-fits-all, compliance-heavy model that fails to detect risk early.

Client Transition and Protection Policy

A formal transition framework will be introduced to safeguard clients of MFIs with revoked licenses. This will include verifying borrower records, notifying clients of changes, and facilitating their redirection to active, licensed providers. FSPs that absorb displaced clients may receive regulatory or financial incentives. The framework will also establish client grievance redress channels and deliver basic financial literacy support to help women navigate the transition confidently.

Together, these reforms aim to prevent institutional weaknesses from cascading into client segment-level exclusion, while restoring stability and trust across the MFI sector.

Policy Solutions

Policy Area	Mechanism/Process	Evidence	Source
Licensing reform	Strengthening entry criteria: minimum capital and liquidity, business continuity plans, governance checks, and staffing evaluation at the licensing stage.	Bangladesh's MRA circulars (2010–2015) required minimum borrower thresholds, viability checks, and baseline institutional standards and threshold of net owned fund (NOF) by Reserve Bank of India (RBI) for non-banking financial companies (NBFC).	MRA Act 2006, Rules and Circular; “Master Direction—Reserve Bank of India (Non-Banking Financial Company—Scale Based Regulation) Directions, 2023”
Risk-based supervision and digital EWS	Establishing a multi-criteria risk rating (A–E) based on capital, PAR, governance, and liquidity. Aligning each tier with a differentiated supervision routine: e.g., intensive for high-risk MFIs. Embedding a digital EWS in MF-NDB for real-time risk detection, following models like Taiwan's NFIEWS and the CAMELS framework. ¹	Taiwan's Central Deposit Insurance Corporation (CDIC) implemented NFIEWS, a risk-tiered early detection tool. Internationally, the CAMELS framework underpins bank supervision and scale-based regulation by RBI.	CDIC Taiwan documentation; global CAMELS adoption referenced in World Bank microfinance studies; “Master Direction—Reserve Bank of India (Non-Banking Financial Company—Scale Based Regulation) Directions, 2023”
Client transition and protection policy	Mandating formal transition, to include: transfer of borrower records, client notification, onboarding incentives for receiving FSPs, and support services such as helplines, grievance channels, and financial literacy support.	RBI mandates NBFC transfer-of-control approvals, including 30-days-in-advance public notices. Nationally, the Companies Act, 1994, Sections 228 and 229, permits amalgamation between (a) two banking companies or (b) two financial institutions.	RBI NBFC acquisition directions (2014–15); MRA depository safety fund, 2014, Bangladesh (not yet implemented); Draft Guidelines for Merger/Amalgamation of Banks/Financial Institutions by Bangladesh Bank

Stakeholders and Immediate Next Steps

The proposed policy bundle will require cooperation across a wide network of actors:

- MRA top management and board will be critical in formalizing new supervisory and licensing frameworks.
- MRA and MFIs will co-develop and pilot the risk-rating model and transition protocols.
- Strategic actors including Palli Karma-Sahayak Foundation (PKSF), Credit and Development Forum (CDF), Bangladesh Bank, and the Ministry of Finance will provide coordination and policy alignment.
- Primary registration authorities and the media will be involved in strengthening due diligence and public communication.
- MRA will engage low-income women clients through helpdesks, grievance redress platforms, and financial literacy workshops.

Implementation will start with client consultations and public hearings, led by the MRA and partner MFIs. A technical working group will finalize licensing, risk-rating, and transition protocols. The MF-NDB will be upgraded for real-time monitoring, and supervision and migration templates will be co-developed. Pilot districts will test the transition framework alongside literacy outreach and grievance redress support, informing national scale-up through iterative review.

Theory of Change and Key Indicators

The bundled policy approach aims to restore women's access to microfinance by acting across three intervention points: licensing, supervision, and client redirection. This logical model reflects both systemic fixes and client protections.

Policy Area	Inputs → Activities → Outputs → Outcomes	Key Assumptions	Monitoring/Mitigation	Goal
Licensing reform	New entry rules → Stronger screening → Competent MFIs licensed → Reduced collapse risk	MRA resists political pressure and applies new rules impartially	Independent reviews of licensing decisions; technical vetting support from partner agencies	Sustainable and safe financial access for low-income women in a resilient microfinance sector
Risk-based supervision	Ratings and EWS → Targeted oversight → Early intervention → Greater institutional stability	MFIs submit timely, accurate data; MRA has capacity to act on alerts	Automated data validation in MF-NDB; phased training for MRA field teams	
Client transition	Protection and outreach → Client redirection → Continued financial access → Institutional trust is maintained	Receiving MFIs are willing to absorb clients; clients understand and accept transition process	Stakeholder incentives; local helplines and literacy campaigns in pilot districts	

Note

1. The CAMELS model evaluates six key areas of an institution's operations: capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk.

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Mandating Sex-Disaggregated Data Reporting to Advance Women's Financial Inclusion and Evidence-Based Policy in The Gambia

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Keywords: Sex-disaggregated data (SDD), directive, financial inclusion, low-income women

Executive Summary

Women are the backbone of agricultural productivity, informal trade, and household survival. However, low-income rural women in The Gambia remain locked out of formal financial systems and are unable to invest in their businesses.

A prerequisite constraint, amongst others, in better understanding and quantifying women's financial exclusion is the lack of sex-disaggregated data (SDD), which prevents policymakers and financial service providers (FSPs) from understanding and addressing gender-specific gaps in financial inclusion. This memo proposes that the Central Bank of The Gambia (CBG) issue a directive mandating the reporting of SDD—by sex, age, and location and across key indicators—by all licensed FSPs.

Problem Statement, Key Causes, and Context

Low-income rural women in The Gambia are unable to invest in their businesses. Qualitative interviews and anecdotal evidence indicate many reasons why this problem exists. Some of the key causes are elaborated below.

- **Lack of financial records:** Most rural Gambian women lack credit history, documentation, and literacy, leaving them excluded from formal finance—to which only 19% of adults have access (World Bank 2022; AERC 2023).
- **Lack of collateral:** Rural women in The Gambia rarely own the land or assets required as collateral. As formal lenders demand such security and movable collateral options remain limited, loan refusal rates are high (World Bank & GAMFINET 2023; WWB 2022).
- **High interest rates:** Interest rates of 17–25% by FSPs burden rural women, placing them at risk of debt traps and limiting their ability to reinvest.
- **Limited ability to save:** Low and irregular incomes, distant bank branches, and high fees hinder rural women's ability to save, leaving them without financial buffers or investment readiness.
- **Inability to access grants intended for the poor:** Despite there being available grants, because of low awareness, bureaucratic hurdles, and social exclusion, rural women's access to benefits from aid programs is limited, and they are forced to rely on costly or informal credit (IFAD 2015).

There is a critical gap in our financial system, not a regulatory gap but a visibility gap. This persistent data blind spot continues to undermine efforts to build a truly inclusive economy. Most concerning is that we do not even know the true extent of exclusion among rural women because data is not systematically collected.

The FinScope 2019 survey found that 75% of rural adults and 66% of women nationwide lack financial service access, underscoring the urgent need for targeted policies. Interviews revealed that many women are denied loans or offered unsuitable products because providers overlook their real needs (Sillah 2025).

Women report that loan repayment schedules often don't align with their seasonal incomes, and products are too large, short-term, or inflexible, with fees they don't fully understand. They want smaller, more flexible loans, savings-based credit, group lending, and financial training. With limited SDD on women borrowers, providers admit to relying on traditional collateral and urban-focused designs. This mismatch between supply and demand perpetuates exclusion, which remains hidden without better data (Sillah 2025).

Without SDD, we assume "clients" means "everyone." We assume "access" is gender neutral. But assumptions don't build inclusive systems; evidence does. The exclusion of women remains statistically invisible.

Proposed Policy Solution

The proposed policy solution is to introduce a CBG mandate for the collection and reporting of SDD. This policy solution was chosen because better sex-disaggregated data is a foundational requirement for all other gender-inclusive financial policies. Otherwise, without it, progress remains invisible, and interventions risk being misdirected or ineffective. With reliable SDD, regulators and providers will be better equipped to identify gender gaps and design responsive policies and products. SDD will also help to ensure that women's specific financial needs are recognized, measured, and addressed.

The CBG mandate for the collection and reporting of SDD will require all licensed FSPs to report customer data, such as account ownership, loan approval rates, usage, and repayment, disaggregated by sex, age, and location.

This solution is evidence-backed: countries like Nigeria, Rwanda, Mexico, and Bangladesh have successfully used mandatory SDD reporting to close gender gaps in financial access. These countries have used the data to shape targeted regulations, guide product development, and track progress. Rwanda's documented narrowing of small and medium-sized enterprise (SME) credit and savings gaps, Mexico's rise in women's retirement access, and Nigeria's implementation of gender-targeted micro-loans all occurred after SDD-informed interventions.

Mandating SDD reporting in The Gambia will lay the groundwork for targeted, inclusive financial policies. It will allow the CBG to supervise the market more effectively and equitably, design stronger data-driven targeted policy interventions, promote transparency and innovate product development in the financial sector, and report to external stakeholders such as the IMF, the World Bank, UNDP, UNCDF, and AFI. Regulators can turn SDD into a driver of gender-inclusive finance through dashboards, policy triggers, incentives, penalties, SupTech reporting, and open data, as seen in Mexico and Rwanda.

The CBG already has the authority and regulatory powers under the CBG Act and the Financial Institutions Act to issue directives and guidelines to FSPs. It is not necessary to reinvent the wheel; the data can be incorporated into existing prudential returns such as the bank demographic return.

This proposal is not just aligned with The Gambia's NFIS goals, but it is also a direct extension of the CBG's mandate: to ensure fair and transparent markets, to protect consumers, and to support inclusive and sustainable growth.

Stakeholders

- The CBG, led by its Banking Supervision Department, will draft and implement the directive in consultation with supervisory units, IT teams, the second deputy governor, and the governor.

- FSPs will help shape reporting templates, timelines, and capacity needs, with pilots to ease rollout.
- The Ministry of Gender and Women's Affairs will align indicators with gender priorities.
- Women's cooperatives and rural groups will provide lived insights and validate findings.
- Development partners like the World Bank, AFI, and UNCDF may offer technical support, peer learning, and capacity-building resources.

Assumptions, Monitoring, and Mitigation

Key assumptions in the theory of change, as well as mechanisms for monitoring and mitigation, are as follows:

1. The political will exists to support inclusive financial sector reform.
 - Monitor alignment with national plans and SDGs.
 - Mitigate by building cross-ministry and stakeholder coalitions.
2. The CBG is willing and able to enforce reporting requirements.
 - Track enforcement actions.
 - Mitigate with technical assistance, training, and phased implementation.
3. FSPs have or can build the infrastructure and capacity to collect and report SDD.
 - Assess readiness via pilots.
 - Mitigate gaps with simplified templates, shared platforms, and donor-funded IT upgrades.
4. Gender disparities will be more visible and prioritized once captured in official reports.
 - Review uptake of reports in policy forums.
 - Mitigate by linking reports to clear policy triggers and advocacy campaigns.
5. FSPs design suitable, affordable, and innovative financial products.
 - Review product uptake and feedback.
 - Mitigate by co-designing with women's groups and piloting flexible models.
6. Low-income rural women are able to invest in their businesses.
 - Monitor income flows and repayment rates.
 - Mitigate with financial literacy, market linkages, and community intermediaries.

To mitigate risks and ensure key assumptions hold, phased incentivized reforms with strong partnerships and political alignment will support SDD implementation. The CBG's capacity can be enhanced through technical assistance and SupTech, while FSP gaps are addressed with simplified templates, shared platforms, and IT upgrades. Public gender gap reports, policy triggers, and advocacy will ensure data informs action, while peer learning and donor support will enable gender-responsive policies. Incentives and evidence of business viability can motivate FSPs, while financial literacy and market linkages can empower women—thus creating a feedback loop where SDD drives real policy and product change.

Key Indicators of Change

To evaluate the effectiveness and impact of the SDD reporting mandate, the following indicators will be monitored:

- Percentage of FSPs submitting SDD
- Frequency and consistency of SDD reporting
- Number of FSPs with internal data systems upgraded to capture SDD
- Number of regulatory or policy decisions informed by SDD (e.g., product approvals, branch licensing, risk-based supervision)

- Number of new products introduced by FSPs that are informed by SDD
- Number of gender-focused financial inclusion initiatives launched thanks to SDD analysis
- Use of SDD in NFIS monitoring and reporting

To attribute outcomes to the SDD mandate, we'll track baselines, use comparison groups, document SDD-driven decisions, and combine trend analysis with stakeholder feedback to link improvements directly to the policy.

Conclusion

We have a chance to send a clear message that no woman is too rural, too poor, or too invisible to count. Let the CBG be the central bank that insists on data not for the sake of reports but for the sake of real women trying to build real businesses, the central bank that uses its regulatory voice to make FSPs not only profitable but also purposeful. The data is the beginning, the change is systemic, and the impact is national.

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**Expanding Financial Services for
MSMEs and in Rural Areas**

Unlocking Rural Financial Inclusion in Lesotho: A Competition Policy for Digital Financial Services

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Keywords: Competition policy, interoperability, regulatory sandbox, rural financial inclusion, infrastructure access

Executive Summary

Despite a national financial inclusion rate of 91%, rural populations, representing 58% of Lesotho's population, are not utilizing digital financial services (DFS) in a meaningful way. While mobile wallets are widely owned, usage remains low due to agent liquidity shortages, limited merchant acceptance, and structural barriers such as non-interoperability and predatory pricing. This memo proposes a two-pronged policy bundle: the development of a national competition policy for DFS and the establishment of a regulatory sandbox to foster innovation. These interventions aim to level the playing field, promote affordable access to infrastructure, and expand inclusive product offerings.

Problem Statement

In the rural highlands of Lesotho, where 58% of the country's population resides, digital financial services (DFS) remain largely out of reach, not because people lack access to technology but because an environment in which the level of adoption is low renders the digital payment system meaningless. Despite a national financial inclusion rate of 91%, driven largely by widespread mobile wallet ownership (FinScope 2021), rural Basotho continue to rely heavily on cash for daily transactions.

Take 'M'e Makatleho, a vegetable vendor in Thaba-Tseka. She receives digital payments from her son in Maseru but must walk over 30 minutes to find a mobile money agent, who often has run out of liquidity. When she tries to pay for goods, local shops refuse to accept e-money, instead demanding cash—making her digital wallet into a storage unit, not a tool for economic participation (Sengoai 2025).

This story is emblematic of a broader systemic issue. Mobile money agents in rural areas often lack sufficient liquidity due to the high costs and inefficiencies of cash management systems. Merchants in rural areas remain reluctant to accept digital payments due to lack of targeted incentives and weak infrastructure support (Cantú et al. 2024). Compounding the problem is poor interoperability, as dominant providers control critical payment components that enable transacting, such as unstructured supplementary service data (USSD) and SMS, thereby limiting access for smaller players (Keck et al. 2022). In 2022, regulatory approval of significant price hikes—50% for USSD and 33% for SMS—made these essential services even less accessible (Sengoai 2025).

Consequently, rural users are unable to unlock the full potential of DFS, and therefore, meaningful inclusion remains out of reach. If these market failures persist, they will continue to undermine the goals of Lesotho's National Financial Inclusion Strategy (2024–2028), which aspires to create a fair, innovative, and inclusive digital financial ecosystem for all.

Key Causes

The primary causes of low digital service usage in rural Lesotho are supply-side constraints rooted in weak competition and infrastructure exclusion. Mobile money agents face liquidity shortages due to the high cost of cash management. Additionally, merchants fear digital transactions mainly due to high fees and poor reliability. Digital platforms remain siloed, with little interoperability, and dominant providers charge high access fees for USSD and SMS infrastructure (Keck et al. 2022). This restricts smaller players and prevents innovation, keeping costs high and users excluded.

Objectives

This policy memo seeks to address the structural supply-side challenges that hinder rural digital financial inclusion in Lesotho. The proposed objectives are designed to be mutually reinforcing and responsive to the realities of underserved rural users, while supporting the national goal of building a more inclusive digital economy.

- Enhancing merchant trust and liquidity
- Promoting interoperability
- Reducing infrastructure costs and preventing anti-competitive practices through a national competition
- Fostering innovation through a regulatory sandbox
- Boosting adoption and active usage through targeted awareness campaigns

Potential Solutions

To address the persistent structural barriers that prevent rural Basotho from fully benefiting from DFS, despite widespread mobile wallet ownership, this policy proposes a targeted and integrated bundle of solutions.

First, the introduction of a national competition policy for DFS will address infrastructure bottlenecks and market dominance. This policy will mandate that all service providers, regardless of size, have fair and transparent access to essential infrastructure, such as USSD and SMS, which are critical for mobile money functionality. By regulating access terms and pricing, the policy will reduce the cost burden on smaller payment service providers such as fintechs, stimulate innovation, and ultimately lower the cost of services for rural consumers. It will also help prevent monopolistic behavior that currently stifles competition and restricts market diversity (Keck et al. 2022).

Second, the establishment of a regulatory sandbox, under the leadership of the Central Bank of Lesotho (CBL), will create a controlled environment for testing inclusive digital finance innovations. In this space, providers will be allowed to pilot new products such as interoperable wallets, rural savings platforms, or bundled digital services while working closely with regulators to ensure safety and compliance (Jenik & Lauer 2017).

Third, the rollout of coordinated awareness campaigns and merchant incentive programs will focus on building trust and familiarity with digital finance across rural communities. These efforts will involve partnerships with local leaders, merchant associations, and civil society organizations to spread awareness of the benefits of digital payments. At the same time, incentive schemes such as reduced transaction fees, digital loyalty rewards, or seed funding for point-of-sale devices will be introduced to encourage merchant participation. These measures are vital for shifting perception, especially among small rural traders who currently view digital payments as risky or costly (Benson et al. 2018).

Priority Solutions Bundle

The combination of a national competition policy and a regulatory sandbox is prioritized for its ability to correct market failures and stimulate inclusive innovation. This bundle addresses both structural barriers and the innovation gap, is institutionally feasible, and aligns with Lesotho’s National Financial Inclusion Strategy (2024–2028).

Stakeholders and Their Roles

- **Central Bank of Lesotho (CBL)** will serve as the lead implementer of the policy. It will be responsible for coordinating the development and enforcement of the national competition policy for DFS. CBL will also design, manage, and supervise the regulatory sandbox, ensuring that all product testing is conducted safely, transparently, and in line with the goals of financial inclusion.
- **Lesotho Communications Authority (LCA)** will regulate access and pricing of digital communication infrastructure, particularly USSD and SMS services.
- **Competition Commission of Lesotho, currently under the Ministry of Trade and Industry**, will be tasked with ensuring market fairness by monitoring, investigating, and addressing anti-competitive behavior in the digital finance ecosystem.
- **Banks, mobile money operators, and fintech companies** will actively participate in co-developing inclusive digital solutions within the regulatory sandbox. They will contribute to the design, testing, and scaling of new services, such as interoperable wallets and rural-facing products, and provide critical operational data to support evidence-based regulation.
- **Lesotho National Development Cooperation** will review the resource needs identified and guide investment discussions.
- **Merchant groups and rural users** will serve as core constituencies for testing, feedback, and adoption. Merchants will help shape incentive programs and identify barriers to digital payment acceptance, while rural consumers will participate in pilot programs and awareness campaigns. Their experiences and insights will be key to ensuring that the solutions are relevant, trusted, and widely adopted.

Next Steps and Implementation Timeline

Timeframe	Milestone/Activity
Q3–Q4 2025	• Form inter-agency task force (CBL, LCA, Competition Commission, fintechs) • Draft national competition policy and sandbox framework
Q1–Q2 2026	• Conduct public consultations and stakeholder forums • Refine policy and sandbox guidelines based on feedback
Q3–Q4 2026	• Officially adopt the competition policy • Launch the regulatory sandbox and onboard the first cohort of participants
Q1–Q4 2027	• Monitor early implementation results • Evaluate sandbox outcomes • Adjust policy instruments based on learning and produce midterm review

Key Indicators of Change

- Merchant acceptance increases from 27% to 60% by 2028 (FinScope 2021).
- 50% reduction in rural agent liquidity failures.
- 30% reduction in USSD/SMS pricing for new providers (Lesotho Ministry of Finance 2024).
- At least three new rural-focused digital finance solutions launched through sandbox by 2027.

Conclusion

Taken together, these solutions aim to remove the key bottlenecks—namely infrastructure access, innovation constraints, and behavioral resistance—that limit the uptake and meaningful use of DFS in rural Lesotho. If effectively implemented, this bundle will transform mobile wallets from passive storage tools into active financial lifelines for rural households and businesses.

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Expanding Access to Credit for Rural Women-Led MSMEs in Mongolia

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Keywords: Rural women-led MSMEs, financial inclusion, alternative credit scoring, special credit program for women-led enterprises, financial literacy

Executive Summary

Rural women-led micro, small, and medium enterprises (MSMEs) in Mongolia face persistent barriers to accessing credit due to a lack of collateral, limited credit histories, and geographic isolation. These constraints hinder local entrepreneurship, reduce household resilience, and deepen gender-based economic inequalities (UNCDF 2021; ADB 2022). This policy memo proposes a bundled solution integrating mobile-based alternative credit scoring, targeted financial literacy training, and the creation of a special loan program. By leveraging digital infrastructure and inclusive finance tools, this policy will improve credit access, support sustainable enterprise growth, and promote gender-equitable rural development.

Problem Statement

In Mongolia, women in rural areas contribute significantly to local economies through micro- and small-scale enterprises, often in agriculture, crafts, and services. Women lead an estimated 50% of rural MSMEs, contributing substantially to local incomes and community well-being (ADB 2022). Yet they remain underserved by formal credit systems. According to the National Statistics Office of Mongolia (2021), over 30% of rural residents lack access to basic financial services, and women entrepreneurs are particularly underserved. Only a small fraction of microfinance loans go to women in remote *soums* (districts), where banking infrastructure is sparse (ADB 2022).

Traditional lending models are built around collateral and formal income documentation—both of which rural women lack. According to the Asian Development Bank (ADB 2019), 70% of rural women in Mongolia lack collateral, and 50% have been unable to access credit, primarily due to the absence of formal income documentation and property ownership. The digital divide further isolates these women from fintech innovations, exacerbating inequalities (UNCDF 2021). The ADB (2022) notes that high interest rates (often 30% or more) and low credit limits discourage formal borrowing. Consequently, financial access remains limited, forcing many rural women in Mongolia to rely on informal credit and face higher borrowing costs or forgo expanding their business altogether. According to a study by the ADB (2022), annual interest rates for formal loans typically range from 24% to 30%, while informal loans often carry even higher costs, with monthly interest rates reaching 5–10%. This significantly restricts rural women's opportunities to expand their businesses and increases financial pressure on their households.

Furthermore, findings from J-PAL's microcredit experiment in Mongolia (Attanasio et al. 2015) revealed that only 50–57% of rural women who applied for formal microcredit programs actually received loans. Specifically, 50% obtained loans through individual lending schemes, and 57% obtained loans through group lending schemes. The remaining women either declined to take out loans due to stringent requirements—such as collateral or formal income documentation—or were rejected by lenders due to high perceived risks and cost barriers (Attanasio et al. 2015).

Additionally, ADB (2022) data indicate that 78% of all formal lending in Mongolia is concentrated in Ulaanbaatar, leaving rural regions underserved. This geographic disparity in financial access further deepens the vulnerability of rural women. Women's lack of financial access limits business growth, stifles rural employment, and undermines Mongolia's broader goals of inclusive and decentralized economic development (World Bank 2024).

People-centered policy research revealed the lived experiences behind the statistics (Dashzeveg 2025). For example, a 33-year-old vegetable seller from a soum near the capital described how, despite years of running her small business, she was unable to secure a formal loan because she lacked the necessary financial records. A herder woman operating a family dairy business explained that she resorted to informal lenders charging monthly interest rates of up to 8%, as formal lenders demanded collateral that would have put her family's property at risk. Several women reported relying on male relatives to interact with banks, constrained by social norms and limited mobility. Loan officers and savings and credit cooperative (SCC) managers confirmed that complex paperwork and rigid collateral requirements frequently disqualify rural women entrepreneurs, even those operating viable businesses. These experiences illustrate how structural barriers and negative encounters with informal lenders have fostered mistrust and limited rural women's engagement with formal credit systems.

Key Causes

Several interlinked causes explain the financing gap for rural women-led MSMEs:

- **Lack of collateral and formal credit history:** In rural Mongolia, the great majority of land, livestock, and property is registered under the man of the household's name, reflecting entrenched gender norms and inheritance practices. This prevents women from providing the collateral needed to secure formal credit (NSO 2021; ADB 2022; UNDP 2020).
- **Financial illiteracy and mistrust:** Many rural women lack awareness of loan conditions or budgeting. Negative experiences (excessively high interest rates, unclear or exploitative loan terms, aggressive collection practices, seizure of productive assets, entrapment in cycles of debt) with informal lenders (local moneylenders, traders, shopkeepers, neighbors, relatives, savings circles) have further reduced trust in formal institutions (GIZ 2020).
- **Gender bias in credit decision-making:** Studies show that unconscious gender bias among loan officers may lead to smaller loan sizes or higher rejection rates for women borrowers (ADB 2022).

Potential Solutions

Three main policy solutions were considered:

- **Option 1: Establish special loan programs for women entrepreneurs**
Create public-private risk-sharing schemes that guarantee a portion of loans for rural women-led MSMEs. This reduces perceived risk for lenders and improves access but may require significant public financing if defaults increase (World Bank 2014). To address this, the proposed program includes measures to minimize default risk, such as targeted financial literacy training, flexible repayment terms, and piloting the program in select provinces to refine the design before national scale-up.
- **Option 2: Deliver bundled financial literacy and credit readiness programs**
Develop localized training modules to improve financial behavior and loan preparedness among women. While important, education alone does not address supply-side constraints or discriminatory lending practices (GIZ 2020).
- **Option 3: Introduce alternative credit scoring mechanisms**
Partner with mobile operators and utility companies to develop alternative credit scoring

models using phone usage, digital payment records, and utility bill payments. This reduces reliance on collateral and expands access for women who lack formal credit histories.

Recommended Solution Bundle

The recommended solution is a combined policy bundle integrating:

- Mobile-based alternative credit scoring
- Special loan program for rural women-led MSMEs
- Financial literacy programs tailored to rural women-led MSMEs
 - The literacy campaign will use simple, scenario-based modules tied to real financial decisions and be delivered via SCCs, credit unions, and mobile platforms, with content adapted for low-literacy users through audio, visual, and interactive tools.

This bundle was selected using the following criteria:

- **Scalability** via mobile platforms and community-based delivery: The proposed solutions leverage Mongolia's high mobile phone penetration and existing cooperative networks, enabling cost-efficient scaling from pilot areas to the national level without large new infrastructure investments.
- **Inclusiveness** of underserved, low-income populations: By using alternative credit scoring and community-driven literacy programs, the bundle reaches women who lack formal credit histories, collateral, or prior access to financial services—precisely the population most excluded under current systems.
- **Cost-effectiveness** through public-private co-financing: The approach combines targeted public investment (e.g., partial guarantees, pilot funding) with private sector contributions (e.g., bank lending, fintech partnerships), minimizing reliance on public funds while sharing risk and expanding the scheme's impact.

Policy Design and Implementation

Policy Objective

Enabling 5,000 rural women entrepreneurs to access affordable credit within three years will catalyze inclusive economic growth by increasing women's business activity, improving household resilience, and reducing regional financial inequality—assuming complementary support systems (e.g., financial literacy programs, risk-sharing mechanisms, and digital infrastructure) are in place and sustained.

Key Policy Instruments

- **Alternative credit scoring:** Partner with mobile operators (e.g., Mobicom) and e-wallet providers to use phone usage, mobile payments, and utility data for scoring. Kenya's M-Shwari model increased financial inclusion by over 10% in its first year (GSMA 2019).
- **Financial literacy programs:** Roll out localized, mobile-accessible training modules via herder SCCs, credit unions, and NGOs. Content includes digital finance, budgeting, and understanding rights-based access to finance.

Stakeholders Involved

- Financial Regulatory Commission of Mongolia
- Small and Medium Enterprises Agency (SMEA)
- Provincial and District Governor's Office, Department of Development Policy and Social Welfare
- Commercial banks and microfinance institutions
- Local SCCs
- International partners (AFI, ADB)

Indicators for Success

- 25% increase in loan approvals for women-led MSMEs
- Loan default rate below 5%
- 60% of participants reporting improved financial knowledge
- Increase in digital loan applications

Immediate Next Steps

Step	Stakeholders	Role	Engagement Strategy	Purpose	Timeline
Identify implementing banks and fintech partners	Financial Regulatory Commission (FRC); SMEA; Provincial and District Governor's Office, Department of Development Policy and Social Welfare	Lead policy and partner selection	Coordinate task force	Select delivery partners, formalize roles	0–6 months
Engage donors for funding	FRC, ADB, or Asia foundation	Mobilize technical and financial resources	Submit funding proposals, hold policy events	Secure co-financing and technical support	0–6 months
Design and launch pilot	Partner banks, fintechs, FRC	Implement loans and scoring pilots	Offer incentives and oversight	Test products and monitor impact	6–12 months
Deliver training and capacity building	FRC, NGOs, women-led SCCs	Support literacy, outreach, onboarding	Train local trainers, create adapted content	Strengthen user understanding and trust	6–12 months
Scale up successful pilots	FRC, partner institutions	Expand implementation	Adjust tools based on lessons learned	Reach more provinces and users	12–36 months
Institutionalize learning and reporting	FRC, international partners	Monitor progress and document lessons	Co-lead evaluations and reviews	Ensure adaptive and transparent program	12–36 months

Conclusion

Addressing credit exclusion among rural women-led MSMEs is critical for Mongolia's gender-inclusive development. The proposed policy bundle—leveraging digital tools, targeted training, and public-private partnerships—offers a practical, scalable approach.

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Enhancing Access to Credit by Rural Women in The Gambia Through the Establishment of a Credit Guarantee Scheme (CGS)

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Keywords: Credit, rural women, credit guarantee scheme, financial institutions, economic empowerment

Executive Summary

In The Gambia, rural women face significant barriers to accessing formal financial services. The main challenges to accessing formal credit include collateral requirements, limited financial literacy, and the absence of gender-sensitive financial products. According to the World Bank's Global Findex Database (2021), only 7% of rural women in The Gambia have access to credit from formal financial institutions. Limited access to formal credit restricts rural women's participation in productive economic activities, perpetuating a cycle of poverty and inequality.

This memo proposes addressing this challenge through the establishment and implementation of a credit guarantee scheme (CGS). The CGS will cover 70–80% of the credit risk associated with lending to rural women, thereby encouraging financial institutions to lend and enabling rural women to access affordable and gender-sensitive credit products.

Problem Statement and Context

According to the Global Findex Database (2021), only 7% of rural women in The Gambia have access to credit from formal financial institutions. Lack of access to credit hinders the economic empowerment of rural women, preventing them from engaging in productive economic activities (Ministry of Gender 2024), which in turn limits their ability to achieve economic independence and secure a stable source of income (Manja & Badjie 2023).

Access to credit enables rural women to engage in productive economic activities, which stimulates the rural economy (Manja & Badjie 2023). For example, gaining access to credit enables rural women to start new businesses or expand existing ones, fostering innovation and boosting productivity by allowing investment in businesses with positive social impacts, such as horticultural gardening, agricultural value chain trading, and various other social enterprises (Ministry of Gender 2024). As a result, access to credit empowers rural women by providing them with reliable income sources, enhancing productivity, and contributing to the overall growth and development of rural economies (Manja & Badjie 2023).

Key Causes

Despite access to credit facilitating rural women's economic empowerment and stimulating economic growth, access is constrained by a multifaceted set of factors. The following barriers cause the low rate of financial intermediation among rural women.

1. **High interest rates:** The interest charged by financial institutions averages between 24% and 36% (CBG 2020). According to FinScope Gambia (FinMark Trust 2019), 18% of women cannot afford formal credit, while 3 out of the 5 rural women respondents in our primary data survey reported that formal credit interest rates are exploitative (Sonko 2025).

2. **Lack of tailored financial products:** 4 out of 5 respondents to our survey stated that the loan products available to them do not suit their financial needs. As most rural women operate in the informal sector and their income sources are cyclical or seasonal, it is challenging for them to honor fixed-term repayment schedules (Sonko 2025).
3. **Collateral requirement:** The primary collateral requirement for accessing loans from formal financial institutions in The Gambia is landed property. Customary laws, under which women often borrow land from their husbands, families, or other village members, still limit women's access to land (UNCDF 2019).
4. **Limited financial literacy:** According to FinScope Gambia, there is a limited understanding of financial services, with 30% of all adults requiring information on how to use financial services, 69% on how to save, 45% on how to obtain a loan, and 67% on how to invest.

Policy Objectives

Despite the growing body of literature postulating a positive impact of access to credit on the economic empowerment of rural women and economic development, access to credit remains a significant challenge for rural women (Demirgüç-Kunt et. al 2020; Azimi 2022; Al-abadallat 2022). To increase access to credit for rural women, several objectives must be met, including lowering interest rates, reducing collateral requirements, offering gender-sensitive credit products, and implementing financial literacy initiatives to raise awareness and increase usage. This will enable rural women to access credit and participate in productive economic activities.

Policy Solutions

To improve access to credit, the following are required: lower interest rates, tailored financial products for women, flexible collateral requirements, and enhanced financial literacy. These could be achieved through the establishment of a credit guarantee scheme (CGS). The scheme will cover 70%–80% of the credit risk associated with lending to rural women.

With the establishment of a CGS that covers the risk associated with lending to women (who constitute 60% of The Gambia's population), financial service providers (FSPs) will be incentivized to develop gender-sensitive credit products and provide lower-interest-rate lending options for women. D'Espallier et al. (2011) have found that women are credible borrowers; financial institutions with higher numbers of female borrowers have lower portfolio at risk. Likewise, UNCDF (2019) has shown that the availability of tailored products that align with the financial lives and business cycles of rural women motivates them to engage with formal financial institutions and access credit. Therefore, the scheme addresses the barriers that rural women face in accessing credit and engaging in productive economic activities. This will result in increased household income, food security, and economic growth and development (Manja & Badjie 2023).

Importantly, CGSs have been stress-tested, consistently showing positive outcomes in the jurisdictions where they are implemented. For example, the CGS in Ghana increased credit in the agricultural sector from GHS 180.36 million in 2013 to GHS 1.12 billion in 2021 (Sepenoo Modzakah et al. 2025). In Tanzania, a CGS enables the excluded and vulnerable segments of the population to have access to credit (FSDT 2016).

Moreover, the scheme will also provide technical support to FSPs in areas such as credit appraisal and product development through the co-design of products and capacity development initiatives. Additionally, consultations will be conducted with women during the product development process to ensure that the products meet their needs and financial requirements. The scheme will also conduct awareness campaigns to raise awareness on accessing loans from participating financial institutions.

The scheme will be piloted in selected regions before its full rollout, with clear key performance indicators (KPIs) to prevent mission drift and unintended consequences, such as borrowers becoming overindebted. The risk of overindebtedness will be addressed through the adoption of a risk-sharing model, which will require participating financial institutions to have robust credit management systems and mandate that borrowers register with the credit registry to prevent multiple borrowing. Additionally, a co-guarantee will be added, which will enhance the repayment rate and reduce the risk of fund diversion.

Stakeholders

The CGS is a national initiative aimed at addressing poverty, inequality, rural development, and women's economic empowerment. In this vein, it is essential to partner and collaborate with the following stakeholders to facilitate the establishment, operation, funding, and impact of the scheme. The Central Bank of The Gambia (CBG) and the Ministry of Finance will jointly fund the establishment of the CGS. Access to credit is one of the key pillars of the Recovery-Focused National Development Plan (RF-NDP) 2023–2027. To this end, the scheme will enhance access to credit, promote employment creation, and promote productivity in the economy. The CGS also aligns with the objectives of the National Financial Inclusion Strategy (NFIS) 2020–2025 to enhance financial inclusion and financial sector integrity and stability.

The CGS stakeholders identified are:

1. The Ministry of Finance and Economic Affairs: Collaboration with the ministry is essential, as it is a potential funder of the project.
2. Ministry of Agriculture: Being responsible for rural development, the ministry plays a crucial part in creating awareness and providing financial literacy support to rural women.
3. Ministry of Trade and Regional Integration: The ministry is responsible for overseeing the activities of micro, small, and medium-sized enterprises (MSMEs) in the country. It will play a crucial role in ensuring that financial products meet the needs of rural women.
4. Ministry of Gender: The ministry is responsible for promoting women's economic empowerment. As such, it will play a crucial role in ensuring that women's interests are protected and they have access to quality financial services.
5. The Gambia Bankers Association: This is the umbrella body for FSPs. Its buy-in is essential to the CGS's success.
6. FSPs: Their buy-in and participation are essential to ensure the viability and sustainability of the initiatives.
7. Rural women: As the CGS aims to mitigate the lack of access to credit for rural women, their participation in the process is crucial to ensure the attainment of the project's goals.

A consultative working group will collaborate on establishing the scheme and its operations, ensuring the participation of the stakeholders mentioned above.

Assumptions

For access to credit to facilitate the economic empowerment and development of rural women, the following assumptions are made:

1. FSPs have the necessary capacity and know-how to develop gender-sensitive lending products and to appraise rural women's credit requests.
2. FSPs perceive rural women as creditworthy borrowers and are incentivized to lend to them.
3. There is availability of gender-sensitive and flexible loan products.
4. Rural women invest loan proceeds into income-generating activities.
5. Rural women are able to manage commercial activities.

6. Rural women avoid temptation spending.
7. Profit is spent on welfare improvement factors.

Key Indicators of Change

The following variables will be used to monitor and evaluate the progress of the CGS initiative:

1. Total value of loans to women
2. Number of loans to women
3. Number of loans to rural women
4. Sectoral distribution of loans to rural women
5. Number of rejected loans
6. Number and value of non-performing loans (by gender)
7. Number of women-owned businesses
8. Number of FSPs offering gender-sensitive lending products
9. Number of trainings conducted for FSPs
10. Number and types of awareness creation materials
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Advancing Financial Inclusion and Business Formalization to Empower and Strengthen Rural Women-Owned MSMEs in Eswatini

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Keywords: Rural women-owned MSMEs, financial inclusion, business formalization, policy design, economic empowerment

Executive Summary

Rural women-owned MSMEs are a powerful yet underutilized driver of economic growth in Eswatini. Despite these enterprises constituting 74.6% of MSMEs, a sector that contributes 50% to the national GDP (Government of Eswatini 2024), they are constrained by their owners' limited financial literacy and minimal access to credit and persistent business informality. Women dominate the informal and microenterprise segments, yet they remain excluded from growth finance.

This memo proposes the formation of a multi-stakeholder working group to champion and implement targeted interventions, including financial education, improved access to credit, mentorship, and support for business formalization. The working group's goals align with the Central Bank of Eswatini's financial inclusion and literacy mandates, and achieving them is critical to unlocking the untapped potential of rural women entrepreneurs. This initiative closely aligns with the recently launched Eswatini National Policy for MSMEs (2024–2029), the Eswatini National Financial Inclusion Strategy (2023–2028), and the Eswatini National Financial Literacy Strategy (2023–2028), making this an opportune moment to mobilize public-private partnerships and unlock the untapped economic potential of rural women-owned MSMEs.

Problem Statement

The MSME sector is the backbone of Eswatini's economy, accounting for 50% of the national GDP (Government of Eswatini 2024). Rural women entrepreneurs in Eswatini constitute approximately three-quarters of the MSME sector, yet they remain stuck at subsistence levels due to systemic barriers: institutional blind spots, financial product mismatch, lack of formal registration, collateral requirements, and knowledge and financial literacy gaps. Eswatini is estimated to have approximately 70,000 MSMEs, only 13,000 of them being formally registered, with around 51,800 based in rural areas (FinMark Trust 2023).

Although 84% of MSMEs reportedly have access to formal financial services (FinMark Trust 2023), actual usage remains low, particularly among rural women, who often lack the knowledge and support to engage meaningfully with these services (CBE 2023). The adult female literacy rate stands at 89% (CBE 2023), suggesting a strong foundation for building financial capability, but this potential is unrealized due to limited exposure to financial systems and entrepreneurial education.

Because many rural women operate micro-businesses informally, they are barred from access to government support, financial products, and growth capital (FinMark Trust 2023). They are excluded not because they lack ambition but because the system is not designed with their realities in mind (Dlamini 2025). Many rural women entrepreneurs face challenges accessing formal financial services due to cumbersome paperwork requirements and burdensome administrative processes. They express interest in simpler, more user-friendly business registration systems,

microloans, financial advisory support for start-ups, and products tailored to maintaining and repairing business assets (Dlamini 2025). If Eswatini is to reach true national financial inclusion by 2028, rural women-owned MSMEs must be deliberately included in the journey.

Key Causes

A deeper look at the issue of rural women's lack of financial inclusion reveals three interrelated primary causes, each of which the proposed policy seeks to address directly:

- **Low financial literacy and awareness:** While general literacy among women is improving, financial literacy remains low, especially in rural areas. Eswatini's National Financial Inclusion Strategy (2017–2022) and the Alliance for Financial Inclusion (Dlamini-Kunene 2024) both highlight that rural women in Eswatini's financial literacy about loans, savings, insurance, and digital services is often insufficient, especially regarding interest rates, collateral, and eligibility. This limits their use of formal financial products and services, driving them toward informal lenders and away from safer credit and business opportunities.
- **Limited access to credit:** Only 13% of female-owned businesses access formal credit, compared to 19% of those owned by men (FinMark Trust 2017). Most women cannot meet documentation requirements or provide collateral. As a result, even those with successful informal businesses remain financially excluded from scale-up capital.
- **Business informality:** An estimated 75% of MSMEs operate informally, most of them women owned. Only 20% of formal businesses are owned by women, and just 31% of women-owned enterprises fall into the high-growth category, underscoring the need for formalization and capacity-building.

Proposed Policy Solution

To address these challenges, this memo proposes establishing a multi-stakeholder working group, the Rural Women MSME Working Group (RWWG), co-led by the Central Bank of Eswatini (CBE), tasked with effectively implementing the following solutions:

- Provide targeted financial literacy and business training for rural women, covering digital tools, recordkeeping, and planning.
- Offer technical support for simplified business registration and compliance to reduce barriers.
- Collaborate with financial providers to develop tailored savings, credit, and insurance products for rural women-owned MSMEs.
- Establish mentorship and peer support programs linking experienced businesswomen with emerging entrepreneurs.

The working group will coordinate and advocate for financial inclusion initiatives targeting rural women-owned MSMEs, ensuring cohesive, context-sensitive implementation. Additionally, it will investigate barriers to formalization and guide the design of targeted interventions that simplify registration, reduce administrative burdens, and create incentives for rural women-owned MSMEs to formalize and access growth opportunities. It will also drive advocacy for additional policies to support rural women entrepreneurs.

As a first step, the working group should develop clear terms of reference (TORs) outlining roles and responsibilities for participating actors. From there, it should guide the rollout of an integrated financial literacy curriculum, delivered through workshops and mobile platforms, and oversee financial product innovation labs, in partnership with financial service providers (FSPs), to codesign savings and credit products tailored to rural women entrepreneurs. The group should also coordinate the creation of mentorship networks through women's business

associations, support simplified registration drives to help informal businesses formalize, and ensure that these efforts align with national goals for inclusive economic growth.

This solution aligns with the CBE's role in the National Financial Literacy Strategy (2023–2028), which includes the objectives of expanding financial education and promoting access to formal financial services, especially in rural areas. The Eswatini National Policy for MSMEs (2024–2029) complements this by prioritizing the formalization of women-led MSMEs through streamlined registration processes and targeted support, recognizing formalization as critical to unlocking credit and growth opportunities. The CBE has both the mandate and budget allocation to drive this initiative, which complements ongoing digitization and gender-inclusive reforms in the financial sector. These interventions also meet key criteria, including feasibility, policy alignment, institutional readiness, scalability, and strong evidence of impact.

In Malawi, the MicroLoan Foundation uses community-based methods like song and role-play to deliver small loans and business training to rural women, resulting in high repayment rates and increased economic independence. In Zambia, the We-Fi Pipeline Development Program offers financial training and credit clinics to women-owned MSMEs, improving their credit access; since 2022, it has trained over 360 women employing 2,000 workers. These examples show how collaborative working groups and tailored financial services can drive inclusion approaches that Eswatini can adopt to empower rural women entrepreneurs and support sustainable development.

Research shows that women-owned businesses, in contrast to those owned by men, often achieve greater long-term sustainability, higher loan repayment rates, lower risk-taking, and stronger reinvestment in families and communities, making women key drivers of inclusive economic growth.

Critical Stakeholders and Engagement Plan

Achieving meaningful change for rural women-owned MSMEs will require a cross-sectoral approach. The following stakeholders are critical for success:

- Central Bank of Eswatini (CBE)
- Ministry of Finance/Centre for Financial Inclusion
- Ministry of Commerce, Industry and Trade
- Ministry of Tinkhundla Administration and Development
- Eswatini Women's Economic Empowerment Network (EWEEN)
- Financial service providers (MFIs, MNOs, banks)
- Rural women entrepreneurs (regional representatives)

Engagement Strategy, Funding, and Roadmap

The working group will start with an inception workshop to finalize TORs, define roles, and set a shared vision, followed by regular meetings, sex-disaggregated data sharing, and joint reports.

The program will begin with an awareness campaign targeting rural women entrepreneurs through media, mobile messaging, civil society partnerships, and a dedicated WhatsApp number or hotline for feedback.

Funding will come from the National Financial Inclusion Strategy (2023–2028) budget, with additional support sought from the World Bank, UN Capital Development Fund, and the African Development Bank to expand outreach, mentorship, and product development.

The roadmap to implementation will be structured in phases, beginning with planning and stakeholder alignment:

Timeline	Key Action	Responsible Person
Month 1	Present memo to governor; governor advocates to stakeholders	Phephile Dlamini/CBE Office of the Governor
Month 2	Finalize TORs, secure commitments	CBE
Month 3	Identify representatives, host inception workshop	CBE
Month 4	Establish group, define operational structure	RWWG
Month 5	Develop awareness campaign and training content	RWWG
Months 6–8	Pilot financial literacy, mentorship, and formalization sessions	RWWG
Months 9–12	Monitor uptake, adjust feedback	RWWG
Month 12	Conduct midterm review, refine program design	RWWG
Year 2	Scale programs nationally	RWWG
Year 2–3	Continue delivery, mentorship, coordination	RWWG
Month 24	Conduct second evaluation, assess progress	RWWG
Year 3	Consolidate lessons, plan handover, explore sustainability models	RWWG
Month 36	Present final program report and publish recommendations	RWWG

Monitoring and Evaluation

Progress will be tracked using process and outcome indicators to ensure activities are implemented effectively and produce the desired results.

- Process indicators include finalized TORs and action plans, regular working group meetings, delivery of financial literacy and mentorship sessions, and the number of informal businesses assisted with registration.
- Outcome indicators will measure increases in financial product uptake, formalization of women-led businesses, participant feedback on mentorship impact, and the working group's final recommendations.

Target by Year 3

- Formal registration of 40% of currently informal rural women-led MSMEs (from 20% to 60%)
- 25% increase in women-led MSMEs accessing formal credit
- Financial literacy training delivered to over 15,000 rural women entrepreneurs
- Mentorship programs engaging 1,500 women MSMEs annually
- A 15% increase in average revenue among participating MSMEs, contributing to rural economic growth

Conclusion

The untapped potential of rural women entrepreneurs represents one of Eswatini's most compelling opportunities for inclusive economic growth. Advancing the shift from subsistence to sustainable enterprise for thousands of women-owned businesses will contribute meaningfully to national financial inclusion goals and support the development of a more inclusive and resilient economy.

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Enhancing SME Financing by Establishing an Interbank Lending Market in Tajikistan

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Keywords: Small and medium-sized enterprises (SME) financing, access to finance, interbank lending market

Executive Summary

Small and medium-sized enterprises (SMEs) in Tajikistan, particularly those located in rural and underserved regions, are essential to the country's socioeconomic development, contributing significantly to employment and local economic activity. One piece of evidence for this is the volume of loans issued to SMEs, which reached TJS 6,276.5 million by the end of 2024, an increase of TJS 1,508.4 million, or 31.6%, compared to the same period in 2021 (TJS 4,768.1 million) (NBT 2021, 2024).

Despite their importance, SMEs face severe barriers to accessing finance, which limits their ability to expand, invest, and innovate. Only about 20% of SMEs in Tajikistan have access to credit, with average interest rates around 22%, reflecting deeper structural issues in the financial system (NBT 2025).

This memo proposes a multidimensional solution focused on creating a national interbank lending market to improve bank liquidity, reduce lending costs, and support a more inclusive credit environment. Complementary measures include developing SME credit ratings, promoting savings-based capital, expanding financial literacy, and improving rural financial infrastructure.

Problem Statement and Context

Tajikistan's SME sector has strong potential to drive inclusive growth, reduce poverty, and create jobs, especially for youth and women. However, limited access to affordable finance remains a major barrier. Most small businesses rely on informal or short-term financing and lack access to credit from regulated institutions, preventing growth and reinforcing lenders' risk perceptions.

Recent data shows that only 20% of SMEs have formal access to credit. High borrowing costs, with average interest rates around 22%, further limit their ability to expand (NBT 2025).

Key Causes

There are many factors explaining the problem of limited access to finance faced by SMEs in Tajikistan. Some of the key reasons are:

1. Many commercial banks in Tajikistan perceive SMEs as high-risk borrowers.
2. There is a lack of an interbank lending market to support liquidity redistribution so that banks with lower levels of liquidity can attract capital at lower cost for lending to SMEs.
3. Most SMEs cannot prove their creditworthiness due to a lack of credit history.
4. Credit risk mitigation mechanisms, such as credit guarantee schemes for SME lending, are lacking.
5. Financial literacy rates among SME owners are low.
6. There are limited access points, both physical and digital, in rural areas (Sharifzoda 2025).

In rural areas, where nearly 70% of the population resides, physical access to banks and digital financial services (DFS) remains constrained (Agency of Statistics 2024). The number of bank branches per 1,000 kilometers is 2.4, an increase of 0.2 since 2022 (2.2 bank branches) (NBT 2024). The number of electronic terminals at the end of 2024 was 11,955 units, which is 5,951 units, or 50% more than in the same period in 2022 (NBT 2022). SMEs often lack proper documentation, credit history, or collateral required by banks. This is worsened by underdeveloped financial markets and the absence of interbank liquidity mechanisms. As a result, banks willing to lend to SMEs lack capital, while those with excess liquidity have no effective way to channel it.

Potential Solutions

There are different strategies and potential solutions to address the problem of limited access to finance faced by SMEs in Tajikistan:

1. Increase SME creditworthiness by improving credit infrastructure (credit bureaus, registries, and credit guarantee schemes) and financial literacy.
2. Enhance banks' access to capital by promoting savings and reducing dependence on expensive external funding; improve digital and rural financial infrastructure.
3. Establish an interbank lending market to reduce bank capital costs and enhance liquidity distribution.

Priority Solutions Bundle and Policies

The selected priority solutions bundle is a multidimensional approach, chosen based on the mandate of the National Bank of Tajikistan (NBT) as well as because of its alignment with the strategic goals of the NBT, its feasibility, stakeholder buy-in at the highest levels, and the capacity for its implementation. The priority bundle will focus on redistributing liquidity among banks in order to reduce cost of capital for banks in the SME-lending market.

Several countries have implemented interbank liquidity mechanisms or reforms to credit infrastructure, which have directly or indirectly improved SME access to finance. Here are two relevant examples:

Kyrgyz Republic

- **Action taken:** The central bank introduced a centralized interbank platform and enhanced liquidity forecasting tools.
- **Immediate effect:** The system enabled more efficient overnight and short-term liquidity distribution between banks.
- **Results:** The reduction in interbank market frictions improved small bank participation and led to a noticeable increase in SME lending, particularly in regional areas, due to better liquidity access.

Mexico

- **Action taken:** A government-supported interbank rediscount facility targeting SME portfolios was developed.
- **Immediate effect:** Through this facility, commercial banks could refinance loans made to SMEs, improving liquidity and incentives to lend to smaller firms.
- **Results:** SME lending volumes rose by 20% in the first three years, with lower default rates due to better screening and liquidity support.

These examples demonstrate that when liquidity can circulate more freely, especially through inclusive and transparent interbank mechanisms, smaller banks are better able to serve SMEs. They support the argument that liquidity constraints are not just about bank capital but also access to short-term funds at the right time and the right cost.

The chosen priority solutions bundle will focus on the following:

- Creating an interbank lending market
- Creating a credit rating framework for SMEs
- Reducing credit financial institutions' cost of access to external capital

The policies for the priority solutions bundle will include:

- The creation of a working group to collect data, conduct a diagnostic study, and provide a roadmap for developing an interbank lending platform.
- The design of targeted savings products by credit financial institutions for underserved populations.
- The expansion of financial literacy training programs for SME leaders. In Tajikistan, financial literacy programs led by the National Bank of Tajikistan (NBT) and partners aim to expand access to financial services for SMEs, women, youth, and rural communities through public campaigns, targeted training, and inclusion festivals.
- Support for agent network and mobile banking in remote areas.

Stakeholders

Effective implementation of this policy will require close coordination with key stakeholders, including the NBT, the Ministry of Economic Development and Trade (MEDT), the Ministry of Justice, financial institutions, development partners, and IT companies.

Engagement will begin early, with stakeholders taking ownership in their areas to ensure accountability and sustainability.

The NBT will lead the process. Other stakeholders will contribute based on their roles:

- Development partners will provide technical and financial support.
- Financial institutions will support implementation and outreach.
- IT companies will develop digital infrastructure.
- SMEs will be actively involved through consultations, pilot programs, and ongoing feedback to ensure the policy meets real needs.

Next Steps

The policy will be implemented using a phase-based approach with the leadership and ownership of the NBT and co-leadership and co-ownership of the key stakeholders who are critical to the policy's success.

Phase	Implementation Focus
Phase 1 Aug.–Dec. 2025	• Identify key stakeholders, create working group, and onboard them all. • Develop and approve mandate; coordinate working group's activities. • Collect data and conduct diagnostic study to analyze SME financing, liquidity constraints, and digital infrastructure gaps.
Phase 2 Jan.–June 2026	• Draft action plan based on the findings of the diagnostic study; develop plans for digital and interbank lending platform and infrastructure. • Develop legal framework to expand interbank lending platform use and increase digital access points in rural areas. • Develop legal framework and rules for liquidity sharing as well as interbank lending standards. • Conduct capacity-building programs and train SME leaders, agents, bank staff, and end users.
Phase 3 July–Dec. 2026	• Design and launch prototype; pilot with three banks to build and test core components of the interbank lending platform. • Nationwide rollout and expansion of platform usage; increase of digital access points in rural areas.

Key Indicators of Change

To ensure the plan's implementation and timely progress and to identify and mitigate implementation risks and monitor change and impact, several key performance indicators will be used. These will include the following:

- Working group created
- Diagnostic study conducted
- Action plan developed and approved
- Interbank lending platform established
- Number of banks actively participating in the platform
- Number of banks actively borrowing from the platform annually
- Number of banks actively lending through the platform annually
- Number of SME loan applications received by credit financial institutions annually
- Number of SME loans approved by credit financial institutions annually
- Number of SMEs having an active line of credit from a credit financial institution
- Reduction in interest rates from 22% to 14–15%
- Share of SME loans in total loan portfolio of credit financial institutions annually

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Improving Access to Finance for Women Entrepreneurs

Transforming Livelihoods Through Financial Literacy: A Hybrid Learning Model for Women Fish Traders in Homa Bay County

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Keywords: Financial literacy, women entrepreneurs, hybrid learning, informal economy, digital inclusion, Lake Victoria

Executive Summary

Women fish traders in Homa Bay County face significant financial vulnerability due to limited financial literacy skills. According to the 2021 FinAccess Household Survey, only 38% of rural women in Kenya possess basic financial literacy, with rates even lower in counties bordering Lake Victoria. Despite managing substantial daily transactions, many women fish traders lack access to formal savings accounts, which leaves them exposed to financial shocks. This policy proposes a hybrid financial literacy program that combines digital-based learning with community-based training to reach 5,000 women traders over three years. Similar programs in Kenya have shown success, such as a pilot by Financial Sector Deepening (FSD) Kenya, which achieved up to 30% increases in formal savings within six months.

Problem Statement and Context

Women fish traders in Homa Bay County play a central role in the post-harvest fish value chain, engaging in transportation, processing, and commercial activities across local and regional markets. Despite their vital contribution to the fisheries sector, these women often operate outside the formal financial system. Many rely on *chamas* (informal savings groups), do not keep financial records, and have limited access to banking services, credit, and insurance. While *chamas* offer a critical safety net and social support, they are limited in scale, lack regulatory oversight, and are often vulnerable to mismanagement or default. Dependence on informal savings constrains women's ability to build financial resilience, access larger credit facilities, or grow their businesses sustainably. Their exclusion is primarily due to lack of foundational financial literacy skills rather than lack of income.

This challenge is compounded by digital exclusion. While mobile ownership is common, the GSMA *Mobile Gender Gap Report 2022* notes that rural women in Kenya are 23% less likely than men to use mobile internet, which makes it harder for them to engage with digital financial services (DFS). For example, a typical vendor managing daily cash flows of KES 3,000 may not have a savings account, keep no financial records, and be unfamiliar with digital credit or insurance products. Without such foundational knowledge, women traders remain vulnerable to income volatility, exploitative lending practices, and limited business growth opportunities.

According to FSD Kenya (2019), nearly 50% of women micro-entrepreneurs in informal markets have accessed digital credit through mobile lending apps, yet over 45% of them reported struggling with high interest rates, unclear terms, or aggressive debt collection practices. Similarly, CGAP (2020) observed that while digital credit has increased financial access, it often exposes women in the informal sector to unregulated lenders, deepening their financial stress rather than relieving it.

Key Causes

The financial literacy gap women fish traders experience is rooted in their low educational level, many of them having left school early in life due to economic hardship or social factors such as early marriage and caregiving responsibilities. According to the Kenya Demographic and Health Survey (KNBS 2022), only 26% of rural women aged 15–49 in the Nyanza region (which includes Homa Bay County) have completed secondary education, while nearly 30% have no formal education or did not complete primary school. Moreover, the Homa Bay County Integrated Development Plan (CIDP 2023–2027) reports that female dropout rates in secondary schools remain disproportionately high, with early marriage and poverty being key drivers. Women’s low education levels significantly hinder their ability to engage with formal financial systems or adopt DFS.

Digital exclusion further exacerbates the problem. Although mobile phone ownership is widespread, the GSMA *Mobile Gender Gap Report 2022* shows that rural women in Kenya are 23% less likely than men to access mobile internet services, limiting their ability to use DFS. Additionally, entrenched gender norms often restrict women’s financial decision-making power. Financial authority within the household is frequently centered on male family members, which creates further barriers for women to attend financial literacy training sessions or make independent financial choices (Peter 2025).

Potential Solutions

To address financial literacy gaps among women fish traders, this memo proposes a hybrid learning model that integrates community-based training with digital delivery. In-person sessions will be held in community spaces and within existing women’s groups, using participatory methods such as storytelling, role-play, and visual aids, adapted to local languages and literacy levels, to ensure accessibility for learners with minimal formal education. These sessions will be complemented by digital tools, including SMS modules, unstructured supplementary service data (USSD)–based learning, and WhatsApp chatbots, all of which offer flexible, low-cost reinforcement of key concepts. With an estimated monthly cost of KES 50 per participant, the digital component is scalable and can be subsidized through partnerships with mobile network operators and development partners. This hybrid approach leverages trusted community structures while harnessing mobile technology to provide continuous, inclusive, and impactful financial education for rural women.

Priority Solutions Bundle

The proposed hybrid financial literacy program ranks highest in terms of feasibility, cost-effectiveness, and scalability. Evidence from similar initiatives demonstrates significant impact—such as FSD Kenya’s 2023 pilot in Siaya County, where formal savings participation increased by 30% within six months. This hybrid approach overcomes accessibility barriers for rural women while aligning with Kenya’s Digital Economy Blueprint and the National Financial Inclusion Strategy, which is still being developed—both of which prioritize digital literacy and financial inclusion for underserved populations.

Policy Proposal

The proposed county-led women’s financial literacy initiative will integrate both digital and in-person learning models, targeting 5,000 women fish traders over three years. The program will feature localized audio-visual modules in Dholuo and Kiswahili, delivered via SMS and

USSD platforms to ensure accessibility for basic mobile phone users. Monthly in-person group sessions—facilitated by trained peer educators within existing women’s groups—will reinforce the digital content, encourage discussion, and provide safe, participatory environments for experiential learning.

To ensure relevance and effectiveness, the curriculum will be co-designed with input from the women traders themselves. The core content will cover four key areas:

- **Recordkeeping and budgeting:** Simple tools and practices for tracking daily income, expenses, and savings goals.
- **Understanding and choosing financial products:** Practical sessions on how to use mobile savings platforms, digital wallets, and group savings tools.
- **Recognizing and avoiding financial risks:** Activities that raise awareness of predatory lending practices and how to protect against fraud.
- **Knowing one’s consumer rights and digital safety:** Information about basic rights in financial service usage, including how to lodge complaints and safely use mobile financial services.

By anchoring the content in real-life trading challenges and aligning it with accessible financial tools, the program will deliver practical, action-oriented knowledge that supports both inclusion and protection.

Stakeholder Roles and Engagement

Multiple actors will play a critical role in the successful implementation of this initiative.

- The county government of Homa Bay will lead coordination, resource allocation, and stakeholder engagement through quarterly planning meetings.
- Mobile service providers such as Safaricom and Airtel will support digital content delivery, potentially offering zero-rated services as part of their corporate social responsibility initiatives.
- Women’s groups and Beach Management Units (BMUs) will mobilize participants and host learning sessions.
- Financial service providers (FSPs) will co-develop content and provide access to tailored financial products for program participants.
- Development partners, such as FSD Kenya, will contribute technical expertise and support monitoring and evaluation.
- Women fish traders, the end users, will be engaged as co-creators through focus group discussions during content development and regular feedback sessions during implementation.
- A women’s advisory committee, comprising representatives from trading groups, will guide program adaptation to ensure cultural relevance and responsiveness to local needs.

Implementation Timeline

The initiative will begin with a three-month preparatory phase, including a baseline survey to assess current financial literacy levels and mobile phone access among women fish traders. This assessment will inform curriculum design and learning approaches. Focus group discussions will help ensure the content is culturally appropriate and addresses real-world challenges faced by women traders.

The second quarter will see the launch of a pilot phase in Mbita, Suba, and Homa Bay Town, targeting 500 women. By the end of the first year, the program aims to reach 3,000 women across 15 wards, scaling countywide in years two and three.

Monitoring and Evaluation (M&E)

The Homa Bay County Department of Economic Development will lead M&E efforts, supported by quarterly surveys and bi-annual focus groups. Key performance indicators will include:

- Completion rates for both digital and in-person learning modules,
- Increases in the uptake of formal financial products, with a target of 40% growth,
- Improved financial recordkeeping practices, aiming for 60% of participants adopting consistent recordkeeping, and
- Enhanced confidence and usage of mobile financial tools.

Digital platform analytics will provide real-time engagement data, while household surveys will assess changes in financial decision-making and economic resilience.

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Enhancing Access to Finance for Rural Women Entrepreneurs in Georgia

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Keywords: Financial inclusion, women entrepreneurs, rural MSMEs, financial literacy, economic empowerment

Executive Summary

In rural areas, women-owned MSMEs in Georgia face significant barriers to accessing finance. These barriers limit their growth and contribution to the local economy. Inadequate access to finance in these regions hinders women's ability to invest in productivity improvements and business expansion. Addressing these barriers is crucial for fostering women's economic independence, building financial resilience in rural communities, and ensuring that Georgia's financial sector supports sustainable and inclusive economic development nationwide.

The proposed policy aims to increase financial inclusion by promoting gender-sensitive lending practices, improving financial literacy among women entrepreneurs, and enhancing public-private coordination. By working with government agencies, international financial institutions (IFIs), banks, and women's business associations, the initiative aims to close the gender financing gap and stimulate inclusive rural development.

Problem Statement

Women-owned MSMEs in rural Georgia face significant barriers to financial access, resulting in low business growth and underrepresentation in the financial system. The root causes are structural, institutional, and socio-cultural. The following key contributing factors are identified:

Supply-Side Barriers

- Banks often do not regard women-owned MSMEs as viable or creditworthy due to lack of credit history and/or collateral as well as the small size of the loans requested.
- Financial institutions rarely offer financial products or risk mitigation tools tailored to women.
- There's a lack of gender-disaggregated data, leading to poor policy design and oversight.
- There are practical barriers to identifying women-owned businesses.
- The financial sector mostly depends on IFIs' support to create women-centric products.

Demand-Side Barriers

- Many rural women lack the financial literacy, digital skills, and training needed to engage with formal financial services.
- Risk aversion is high, especially among women who fear overindebtedness or business failure.
- Women's awareness of available financial services is limited, and their trust in financial institutions is low.

Challenges Within the Enabling Environment

- The lack of centralized incentives for lending to women-owned MSMEs creates a high-risk perception among lenders.
- Coordination among stakeholders is inconsistent.

Key Strategic Objectives

The aim of this policy is to improve financial inclusion for women-owned MSMEs in rural Georgia. The following key objectives have been identified and prioritized based on feasibility, impact, and alignment with stakeholder needs:

1. Increase access to affordable financial products tailored to women-owned MSMEs

Encouraging low-interest-rate loan schemes and promoting flexible collateral requirements can significantly reduce financial barriers for women entrepreneurs. Additionally, developing gender-specific financial products will help ensure inclusive service delivery. To expand access to affordable financial products for women-owned MSMEs, it is crucial to engage IFIs to channel more financial resources into Georgian financial institutions.

2. Improve the capacity of women entrepreneurs to engage with formal finance

Strengthening women entrepreneurs' ability to interact with formal financial systems requires targeted interventions. This includes specialized training programs in budgeting, accounting, business planning, and digital financial skills. Expanding access to digital financial services (DFS) and platforms will help overcome physical access barriers, especially in rural or remote areas.

3. Strengthen institutional frameworks and public-private partnerships

To build a more inclusive financial ecosystem, promoting the collection and use of sex-disaggregated data is essential for informed decision-making and accountability. Policymakers should be engaged to ensure social and community support for inclusive finance.

In order to achieve these key objectives, the policy suggests a number of critical actions, such as raising awareness among banks about the profitability of the women-owned MSME segment, promoting entrepreneurial mentoring and peer-learning models for rural women, and ensuring that donor- and government-supported financial instruments (e.g., credit guarantees, concessional loans) explicitly include women-owned MSMEs.

Proposed Policy Solutions

The combination of inclusive working groups and rigorous, ongoing research creates a strong foundation for resilient, inclusive, and adaptive policymaking. This strategy not only improves the quality of financial inclusion policies but also enhances public-private collaboration, ensures better targeting of resources, and drives long-term socioeconomic development.

Multi-Stakeholder Working Groups

The proposed working groups will bring together representatives from the National Bank of Georgia (NBG), the government, IFIs, civil society, the private sector (especially fintech and microfinance institutions [MFIs]), and academia. Regular dialogue among these stakeholders will help break down institutional barriers and accelerate innovation.

Research for Evidence-Based Policymaking

This policy proposes the development of a national framework for continuous research and data collection on financial behavior, barriers, and outcomes. The research framework will include surveys, field studies, and piloting policy ideas before full-scale implementation. Data gaps are particularly acute in rural and informal economies, where policy interventions are most needed.

Gender-Sensitive Financial Products Developed in Partnership with the Financial Sector

It is proposed to develop and roll out gender-sensitive financial products in partnership with commercial banks and MFIs. These products should incorporate flexible collateral requirements by accepting movable assets, such as vehicles or agricultural equipment, or by enabling group guarantees among women entrepreneurs. The products should offer preferential interest

rates: for example, setting rates for women-owned businesses 1–2% lower than standard MSME loans. Longer grace periods of 6–12 months and extended repayment terms of up to 5 years should be introduced to account for the revenue fluctuations experienced by startups and seasonal businesses.

Financial Literacy Campaigns Targeting Rural Women Entrepreneurs

It is proposed to launch nationwide financial literacy campaigns specifically targeting rural women entrepreneurs. These campaigns should be delivered through a combination of community centers, mobile training units, and digital platforms to ensure broad geographic and socioeconomic reach. Community centers can host regular workshops tailored to local business needs. Mobile training units can reach remote villages on a scheduled basis, providing short, focused modules on budgeting, savings, and borrowing in agriculture-specific contexts. To ensure sustainability, partnerships with local NGOs, women's associations, and municipal governments should be established to co-organize and promote these programs, leveraging partners' networks and credibility.

Creation of a Government-Backed Partial Credit Guarantee Scheme for Women-Owned MSMEs to Reduce Perceived Lending Risks by Banks

It is proposed to establish a government-backed partial credit guarantee scheme specifically targeting rural women entrepreneurs. Clear eligibility criteria should be defined to ensure transparency and efficiency, such as requiring that a business be at least 51% women-owned and have formal registration.

To further build trust among financial institutions, the scheme should include technical assistance for participating banks on gender-sensitive credit appraisal and risk management practices. To ensure that the scheme remains equitable and results-oriented, a monitoring framework should also be established to track loan performance, default rates, and the geographic and sectoral distribution of guaranteed loans.

Stakeholder Engagement Plan

To ensure the effective launch of this policy initiative, the engagement process will begin by identifying and collaborating with key stakeholders who have the authority and capacity to influence policy direction and financial sector practices. The first step is to partner with the board of the NBG and with the bank's relevant departments, such as the Consumer Protection and Financial Stability Departments, through informal and formal meetings, consultations, and presentations to drive regulatory reforms and secure funding instruments. Once this foundation is laid, collaboration with IFIs should involve high-level conferences, panel discussions, and submitting targeted proposals for technical assistance and organizing joint capacity-building programs. Engagement with commercial banks and MFIs should take the form of structured meetings, memoranda of understanding, and pilot projects focused on developing and deploying gender-sensitive financial products tailored to women entrepreneurs' needs.

Key Stakeholders:

- NBG: Support regulatory changes and promote financial education programs.
- Commercial banks and MFIs: Develop and deploy gender-sensitive financial products.
- IFIs: Provide accessible resources for the private sector (banks and MFIs).
- Ministry of Economy and Sustainable Development: Lead policy coordination and development of funding instruments.
- Local women's business associations and NGOs: Co-design training and outreach initiatives.
- Municipal governments: Facilitate local implementation and community mobilization.

Underlying Assumptions

This policy's success depends on a few key factors:

Availability of Reliable Data

Access to good, up-to-date data on women-owned MSMEs in rural Georgia, including sex-disaggregated data and clear benchmarks, is necessary to design targeted support.

Stakeholders' Commitment

Key stakeholders must actively take part in working groups, research, and implementation. Professional trainers should be available to run effective programs for women-owned MSMEs.

Research Translated into Action

Research, especially from focus groups and pilots, should shape policies, training, and financial products, including curriculum design, risk mitigation measures, and regulatory changes.

Key Indicators of Change

Monitoring and evaluation (M&E) will support adaptive decision-making by providing regular feedback on progress, identifying implementation challenges, and flagging early signs of unintended consequences—such as rising debt levels or unequal access across regions. By analyzing these indicators in real time, policymakers and implementing partners will be able to make timely course corrections, refine interventions, and strengthen evidence-based policy design. M&E will ensure that, throughout its implementation, the policy remains responsive, equitable, and result-driven.

Key Indicators of Change:

- Number of banks adopting gender-sensitive financial products
- Number of women-owned MSMEs in rural areas using suitable loan and savings products
- Debt burden levels among women-owned MSMEs in rural areas
- Regional disparities in product uptake
- Number of successful businesses owned by women in rural areas
- Rate of financial literacy among rural women entrepreneurs
- Levels of business management education among rural women entrepreneurs
- Economic impact (e.g., job creation, investments, sector growth)

Data will be sourced from credit bureau records and commercial bank financial reports. The impact of financial literacy activities will be measured through new surveys.

Conclusion

The integration of inclusive working groups and continuous, evidence-based research provides a solid foundation for resilient and adaptive policymaking. This dual approach not only strengthens the quality and relevance of financial inclusion strategies but also fosters public-private collaboration, improves the targeting of interventions, and supports long-term, sustainable economic development.

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Notes

1. In general, gender-sensitive credit programs were found to increase women's loan uptake by 30–40%.
2. Pilot programs in these regions led to a 25% increase in women's financial awareness over just six months.
3. Fewer than 20% of commercial banks in Georgia offer targeted MSME products specifically for women.
4. Surveys show that rural women's financial literacy lags behind that of urban women by over 25%.
5. The study found that women entrepreneurs in Georgia are 1.6 times less likely to receive formal credit than men.

Enhancing Financial Inclusion for Women Entrepreneurs in Uganda

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Keywords: Gender inclusion, financial access, risk-based regulation, compliance toolkit, data-driven policy

Executive Summary

Uganda's current know your customer (KYC) framework, though essential for anti-money laundering and countering the financing of terrorism (AML/CFT) compliance, has inadvertently excluded a significant portion of women entrepreneurs from accessing formal credit. Despite owning 39% of businesses, women receive only 9% of commercial credit due to documentation and collateral constraints (IFC 2025). This memo proposes a risk-based KYC targeted policy solution to be implemented by the Financial Intelligence Authority (FIA) in Uganda to enhance financial inclusion while maintaining financial integrity.

Problem Statement and Context

In Uganda, only 35% of women have access to formal financial services, compared to 48% of men (World Bank 2021). In addition, while women entrepreneurs own approximately 39% of businesses, they receive only 9% of commercial credit (IFC 2025). This limits women's ability to grow businesses, formalize operations, and access government credit programs. Women in the informal sector, who are economically active but lack official documents or titled assets, are especially disadvantaged in the current financial system.

Key Causes

The exclusion of women is primarily due to inflexible KYC requirements that demand a national ID and proof of address documents that many informal women entrepreneurs lack. Moreover, collateral requirements typically mandate titled assets such as land, which women are less likely to own (Tumusiime 2025).

Other contributing factors include regulatory conservatism driven by AML/CFT obligations, lack of coordination between financial inclusion and compliance-focused agencies, and absence of gender-disaggregated data, which impedes targeted policy interventions.

This results in a system that emphasizes risk control over financial access—and that fails to account for the lower systemic risk posed by many excluded women entrepreneurs.

Proposed Solutions

The recommended solutions bundle focuses on three interlinked actions that can be implemented by the FIA. This bundle was selected based on five criteria: speed of implementation, political will within the FIA, low cost, institutional mandate, and overall feasibility. The FIA already possesses the legal mandate and technical capacity to implement these reforms, particularly through its role in AML/CFT supervision and its access to financial transaction reports from regulated institutions.

The FIA will pursue a three-pronged policy approach: (1) systematic collection and publication of gender-disaggregated data, (2) a comprehensive risk assessment of gender-responsive financial products, and (3) development of a compliance toolkit to support financial service providers (FSPs) in risk-based customer onboarding.

The first policy solution to be implemented by the FIA will be to use its existing legal mandate to collect and analyze gender-disaggregated data from transaction reports submitted by reporting institutions. Publishing these insights will inform inclusive policy development and empower stakeholders to address the documented disparities in credit access and usage.

The second policy solution involves conducting a comprehensive risk assessment of gender-responsive financial products, particularly those designed for women in the informal sector. This assessment will determine the actual risk exposure such products present to the financial system and will help debunk perceptions that have discouraged innovation in inclusive financial services. Findings from this assessment can support both the design of safer, inclusion-friendly products and the introduction of proportionate regulatory measures that reflect the true risk profile.

For example, the Nigerian Financial Intelligence Unit (NFIU) conducted a financial inclusion products risk assessment as part of the national AML/CFT risk evaluation. Covering 2012–2015, this assessment examined products like simplified savings accounts, mobile money, micro-loans, and micro-insurance that largely serve low-income women in the informal sector. The NFIU found that the money laundering/terrorist financing (ML/TF) risk for these products is low, due to small transaction limits and mandatory ID measures (e.g., SIM registration and bank verification numbers) that prevent anonymous use (NFIU 2016).

Third, the FIA will produce a compliance toolkit that provides financial institutions with clear, actionable guidance for each customer risk tier. This toolkit will help providers balance AML/CFT compliance with the flexibility needed to serve women entrepreneurs in the informal sector who are often considered low risk but are excluded under rigid interpretations of due diligence.

Together, these policy actions will enable the FIA to lead Uganda's financial ecosystem toward gender-responsive, risk-based regulation without compromising its supervisory mandate.

Stakeholders

To ensure the successful design and implementation of the proposed policy reforms, the following actors will be central to the policy development and rollout process:

1. Bank of Uganda (BoU): As the primary regulator of financial institutions, BoU will play a critical role in supporting the collection of gender-disaggregated data from FSPs. Engagement will include formal policy dialogues, joint technical working groups, and collaborative review of draft guidelines.
2. FSPs: This includes commercial banks, tier 3 microfinance institutions, and SACCOs. Their input is vital in shaping the feasibility and operational design of the compliance toolkit. FSPs will be engaged through structured consultations, pilot testing of the proposed toolkit, and regular feedback loops to monitor impact and adjust implementation.
3. Ministry of Finance, Planning and Economic Development (MoFPED): MoFPED's involvement will be key for aligning the proposed reforms with broader national financial inclusion strategies and gender equity goals. The ministry can also help champion fiscal incentives or policy support to encourage uptake by providers.

Additional stakeholders will include civil society groups focused on women's economic empowerment, mobile network operators, end users, and development partners supporting inclusive

finance. These actors will be involved through stakeholder roundtables, advocacy dialogues, and collaborative monitoring initiatives to ensure that women's voices and lived experiences inform both policy and implementation.

Next Steps

Recognizing that all activities with budget implications must align with the FY 2026–2027 financial cycle, implementation of the proposed policy package will follow a phased approach that begins with groundwork and stakeholder preparation in FY 2025–2026, followed by formal rollout in FY 2026–2027. All activities must be approved by top management prior to implementation.

FY 2025–2026: Policy Planning and Stakeholder Engagement

- Establish an internal FIA task force to coordinate the development of the compliance toolkit, risk assessment, and gender-disaggregated data strategy.
- Hold preliminary stakeholder consultations with BoU, MoFPED, selected FSPs, and development partners to align priorities and implementation timelines.
- Identify pilot institutions and gather baseline information on current KYC practices, collateral policies, and gender-disaggregated reporting gaps.
- Design the framework for the compliance toolkit and draft the concept note for gender-disaggregated data reporting.

FY 2026–2027: Policy Implementation Begins

Q1–Q2 2026–2027 (July–December 2026)

- Begin systematic collection and analysis of gender-disaggregated transaction data from reporting institutions.

Q3–Q4 2026–2027 (January–June 2027)

- Finalize and issue the compliance toolkit for use by all licensed financial institutions.
- Conduct capacity-building workshops for FSP compliance teams on reporting gender-disaggregated financial data.
- Publish the first FIA financial inclusion data bulletin, highlighting gender disparities and progress under the new framework.
- Evaluate pilot outcomes and revise policies as needed for scale-up in subsequent fiscal years.

This sequencing ensures that the FIA uses FY 2025–2026 for low-cost foundational planning while full-scale implementation begins with the 2026–2027 budget cycle, aligning with internal procedures and institutional readiness.

Key Indicators of Change

To assess progress and measure the impact of the proposed policy bundle, the FIA will monitor both quantitative and qualitative indicators across its three core interventions. These indicators will track improvements in institutional behavior, data quality, regulatory responsiveness, and, ultimately, financial inclusion outcomes for women.

1. Gender-disaggregated data reporting

- Increase in the number of reporting entities submitting gender-disaggregated data
- Improvement in the quality, completeness, and consistency of gender-disaggregated transaction and credit data
- Publication of at least one annual financial inclusion data bulletin disaggregated by gender and customer segment

2. Risk assessment of gender-responsive financial products
 - Completion and public release of a national risk assessment report focused on gender-responsive financial products
 - Number of new gender-responsive products developed or modified based on the assessment's findings
 - Evidence of policy dialogue or reforms among stakeholders triggered by the assessment results
3. Compliance toolkit adoption and use
 - Number of FSPs trained in and applying the toolkit
 - Reduction in compliance-related rejections for low-risk individuals (e.g., women entrepreneurs in the informal sector)
 - Increased usage of simplified onboarding or alternative verification approaches within the permitted compliance tiers

Additionally, the FIA will track broader system-level indicators such as:

- The increase in the percentage of women accessing formal financial services (currently at 35%)
- Uptake of formal credit by women-led businesses (currently only 9% of commercial credit)
- Feedback from financial institutions on the clarity, utility, and operational impact of the new tools and data outputs

Conclusion

The exclusion of women entrepreneurs from formal financial services remains a structural barrier to Uganda's economic growth and financial stability. Through targeted, low-cost interventions like gender-disaggregated data reporting, a national risk assessment of gender-responsive financial products, and a practical compliance toolkit, the FIA can promote inclusive finance while safeguarding the integrity of the financial system. These policy actions are both feasible and aligned with the FIA's mandate, offering a balanced approach to advancing financial inclusion without compromising regulatory standards.

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Empowering Rural Haitian Women in Agriculture Through Increased Access to Credit

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Keywords: Women farmers, gender, agriculture, financial resources, credit

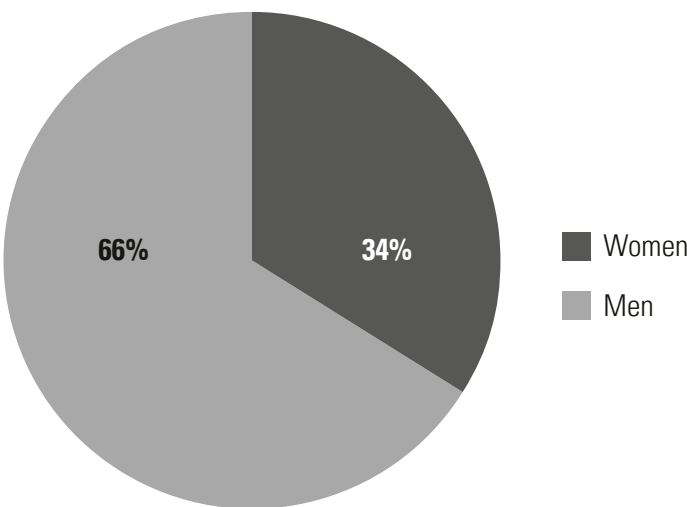
Executive Summary

Access to formal financial services, particularly credit, remains a major challenge for smallholder farmers in Haiti. Many women farmers lack acceptable collateral due to land fragmentation and low mechanization, making them appear as high-risk borrowers to financial institutions. Low levels of financial literacy also limit farmers’ ability to navigate and engage with formal financial systems. Addressing these barriers requires coordinated efforts through regulatory reforms and public-private partnerships (PPPs). Targeted interventions are essential to expand credit access for rural women, particularly in Haiti’s Sud and Sud-Est departments.

Problem Statement and Context

Agriculture is a cornerstone of Haiti’s economy, contributing about 20% of GDP and employing over half the workforce, yet the sector receives less than 1% of private credit (BRH 2024a). In 2023, loans under central bank incentive programs reached HTG 12.37 billion, with only 13.69% (HTG 1.66 billion) allocated to agriculture. Financial access is further constrained by severe geographic and gender inequalities.

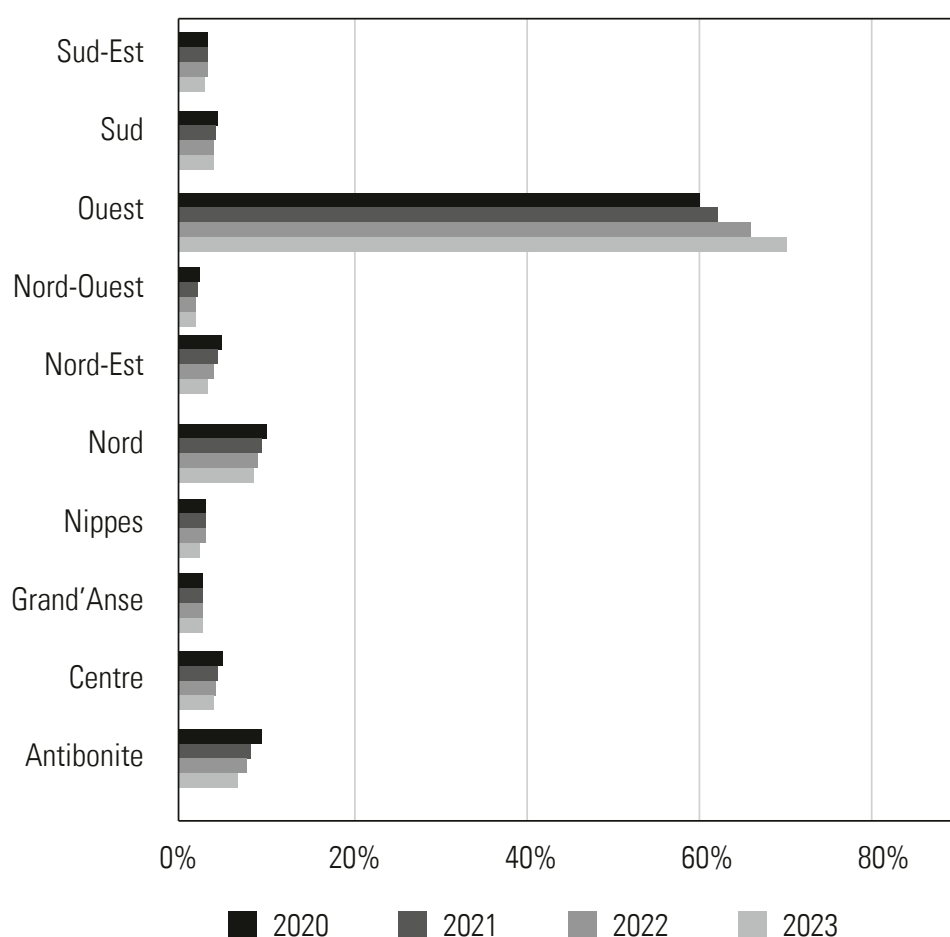
Figure 1. Distribution of Credit by Gender



Source: BRH/Bureau d’Information sur le Cr dit

Gender disparities are also evident: men received 66% of loans in local currency, versus 34% for women (BRH 2024a; see figure 1). To promote inclusive growth, Haiti must expand digital financial services (DFS), strengthen community-based savings groups, and redirect credit toward agriculture and rural women.

Figure 2. Credit Distribution by Department



Source: BRH/Bureau d'Information sur le Cr dit

Over 67% of bank branches are in the Port-au-Prince metropolitan area, where 79% of deposits are collected, while rural areas remain underserved. Credit distribution is heavily concentrated in the Ouest department (70% in 2023), compared to just 8% in the Nord and 6% in Artibonite, with other regions receiving 1–3% (see figure 2). Targeted policies are urgently needed to correct systemic imbalances and support equitable, resilient rural development.

Key Causes

Several factors contribute to the limited access to credit for women farmers in Haiti, particularly in the Sud and Sud-Est departments.

- **Gender-blind financial products and services:** Financial institutions in Haiti often fail to offer credit catered to the unique needs of rural women engaged in agricultural work. These women face challenges such as irregular income and seasonal harvests, which are not adequately accounted for by institutional players' credit offerings.
- **Institutional risk aversion and absence of government guarantees:** Banks and microfinance institutions (MFIs) in Haiti often steer clear of lending to smallholder women farmers due to the high perceived risks associated with their livelihoods, their lack of verifiable income streams, and the absence of government-backed guarantees or risk-sharing mechanisms. Many women farmers lack acceptable collateral due to land fragmentation and low mechanization, making them appear as high-risk borrowers to financial institutions.

- **Weak infrastructure and limited access to public services:** In Haiti, poor infrastructure in remote areas—such as unreliable electricity, limited internet connectivity, and inadequate road networks—significantly restricts access to banking services and digital financial tools.
- **Low financial literacy limits women farmers’ ability to document business activities:** Limited formal education, lack of training in basic financial management, and cultural barriers restrict women farmers’ ability to understand or produce the documentation required by formal financial institutions. As a result, many women are unable to apply for credit or engage effectively with financial services, reinforcing their economic exclusion. Strengthening financial literacy through accessible, context-specific training is essential in order to empower women farmers and improve their access to finance.

Priority Solutions Bundle

To address the challenges faced by poor rural households—particularly women farmers—the following solutions to enhance their economic opportunities and resilience are proposed.

Establishment of a Technical Coordination Unit

A dedicated technical coordination unit should be established, bringing together representatives from key institutions such as the Ministry of Economy and Finance (MEF), the Ministry of Agriculture, the Central Bank of Haiti (Banque de la République d’Haïti, or BRH), the National Bank of Agricultural Development (Banque National du Développement Agricole, or BNDA), commercial banks, credit and savings cooperatives (CECs), and MFIs. This unit would be responsible for overseeing, harmonizing, and aligning policies and programs that support women farmers.

Development of Gender-Sensitive Agricultural Financial Products with a Guarantee Fund for Women Farmers

In Haiti, significant gender disparities persist in access to agricultural finance, with only 33% of women farmers receiving credit compared to 66% of men. To address this gap, financial institutions must develop gender-sensitive products featuring post-harvest repayment schedules aligned with seasonal cash flows, grace periods, simplified application procedures, and tailored guarantee mechanisms.

Strategic Partnerships with BRH-Regulated DFS Providers

To overcome geographic and logistical barriers, strategic partnerships should be formed with DFS providers regulated by the BRH. These partnerships would enable the direct digital disbursement of loans and digital repayment via mobile money platforms. This approach reduces the need for women to travel long distances to access banks or financial agents, lowers transaction costs, and increases security and transparency.

Adaptation of Financial Literacy Programs to Local Contexts

Financial literacy programs must be redesigned to meet the literacy and numeracy levels of rural women farmers. Training materials should be simplified and delivered in Haitian Creole and use visual aids, storytelling, role-playing, and peer-to-peer learning methods. Topics should include budgeting, saving, loan management, understanding interest rates, and safely using digital financial tools.

Policies

A pilot program in Haiti leverages a multi-stakeholder partnership—BNDA, CECs, Banque Nationale de Crédit (BNC), Industrial Development Fund (FDI), Bureau de Crédit Agricole (BCA), and DFS providers—to extend credit to women farmers. By channeling funds through DFS accounts or local CECs, the program reaches those without access to formal banking services.

Policy Tools

To improve credit access for underserved women farmers in Haiti's agricultural sector, a targeted and coordinated approach is proposed.

First, regulatory reform should update financial regulations to accept alternative forms of identification and income verification, as directed by the BRH.

Second, fostering public-private partnerships (PPPs) involving mobile network operators (MNOs), MFIs, and women's cooperatives can facilitate the collection and validation of alternative data to support lending decisions.

Third, bridging the mobile phone ownership gap is essential to empowering women farmers in the Sud and Sud-Est departments, where limited access to physical financial institutions makes DFS a critical alternative. By enabling women to own mobile devices through targeted subsidy programs—supported by the government and international donors and implemented in partnership with established DFS platforms such as Natcash, MonCash, and Kashpaw—rural women can securely access financial tools, manage transactions, and build economic resilience.

Finally, implementing capacity-building initiatives focused on financial literacy and digital skills training empowers women to confidently engage with formal financial systems.

Stakeholders

Realizing this project and achieving its objectives requires establishing a strong collaboration framework with the main stakeholders of the ecosystem by creating strong partnerships.

Stakeholder	Role	Engagement Strategy
BNDA, BCA, FDI	Support women in the agricultural sector and ensure their financing	Set up a financial product tailored to women in the agricultural sector (e.g., credit for women farmers).
BNC, MFIs	Primary lenders who can adopt the digital credit scoring system	Collaborate on pilot design, train staff, co-develop product terms
MEF, BRH	Regulation and supervision	Advocate for regulatory flexibility and support for pilot rollout
Women's cooperatives and NGOs (e.g., FANAJE, KOFAVIV)	Community-level mobilizers and trainers	Recruit participants, provide financial literacy training, assist with data collection

Next Steps: Implementation Plan

Step	Action	Timeline	Assumption
1	Conduct baseline survey and mapping of women farmers in Sud and Sud-Est	Month 1	The socio-economic conditions are right for carrying out a survey in both departments (Sud and Sud-Est).
2	Build partnership agreements with BNDA, FDI, BCA, BNC, MNOs, and cooperatives	Month 2	Institutional players are involved in setting up funds for women in the agricultural sector and benefit from several incentives put in place by the BRH in support of direct credit to women farmers.
3	Launch digital identity and credit profile pilot with 500 women	Month 3–6	Electronic payment platforms (Digicel, Natcash, Kashpaw) have developed other extensions (credit, micro-insurance) for the agricultural sector.
4	Train women in digital finance and financial literacy	Month 4–8	BRH has launched the implementation of the Plan National d'Éducation Financière (PNEF).

5	Monitor loan disbursement and repayment rates; evaluate impact	Month 6–12	Incentive credit policies for women in the agricultural sector are being implemented.
6	Scale up to 2,000+ women based on pilot results	Month 12–18	Involvement of all institutional players (BNDA, BNC, commercial banks, DFS providers, and CECs) are effective.

Key Indicators of Change

To measure progress toward financial inclusion and empowerment of rural women farmers, the following indicators will be monitored:

Indicator	Target	Data Collected	Frequency
Number of rural women enrolled in digital credit systems	2,000 within 18 months	Registration data	Twice yearly
Percentage of women receiving first formal loan	60%	Loan disbursement records	Quarterly
Loan repayment rate	≥ 80%	Financial institution data	Yearly
Increase in average income among participating women	20% increase	Baseline and follow-up surveys	Yearly
Improvement in financial literacy scores	50% improvement	Pre- and post-training assessments	Yearly
Increase in area of cultivated land or crop diversity	Measured per season	Farmer self-reporting and field visits	Yearly

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Closing the Gender Credit Gap in Costa Rica: Proposal for an Inclusive Finance Accelerator for Women (Aceleradora de Finanzas Inclusivas para Mujeres)

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Keywords: Financial inclusion, gender credit gap, women-led SMEs, digital wallet, credit scoring data

Executive Summary

Women-led micro and small enterprises (MSEs) remain structurally disadvantaged in Costa Rica's financial system. According to 2023 data, women-owned businesses are 35% less likely than male-owned ones to secure credit from the government's Sistema de Banca para el Desarrollo (SBD), and nearly half (48%) of those who do are first-time borrowers. The same national data confirm parallel gaps: women hold just 45% of all active loans, and their average loan amount is 14% less than men's.

This memo recommends launching an inclusive finance accelerator for women (aceleradora de finanzas inclusivas para mujeres, or AFIM), a public-private partnership that combines a partial credit guarantee window with women-centred digital wallets, alternative data credit scoring, business coaching, and childcare vouchers. The proposed AFIM leverages Mastercard analytics and the design methodology of Mastercard's Strive Women program to close at least one-third of the gender credit gap for 12,000 rural women entrepreneurs within three years while advancing Costa Rica's National Policy for Effective Equality Between Women and Men (PIEG) 2018–2030.

Problem Statement and Context

Despite Costa Rica's high human development ranking, women's access to formal finance lags across every indicator. The 2023 Informe de Brechas shows that women account for just 45% of the country's 1.22 million active borrowers and that the typical female borrower receives 14% less credit than her male peers. Supply-side figures echo the pattern: women hold 19% fewer loan contracts than men (527,000 vs. 655,000 in 2021) and represent only 28% of SBD's outstanding portfolio.

Demand-side surveys mirror these gaps. The 2021 Global Findex registers a 15-percentage-point gap in account ownership (61% of women vs. 76% of men) and a nine-point gap in formal borrowing (13% vs. 22%). Geography compounds exclusion: women in rural cantons receive barely one-quarter of SBD disbursements, while men capture three-quarters. Sectoral allocation is skewed: 67% of men's SBD credit funds agroproductive activities, while 51% of women's is channelled toward commerce and services.

These statistics reflect daily barriers for entrepreneurs. As one woman from a rural canton shared in an interview, "Going to the bank is a whole day's work. I have to find someone to watch my children, pay for two bus fares, and then wait for hours, only to be told I don't have the right papers. It feels like the system isn't built for people like me."

Women's lived experience is marked by structural unpaid care responsibilities. Public childcare networks, Red Nacional de Cuido y Desarrollo Infantil (REDCUDI) and CEN-CINAI, serve

only an estimated 79,000 children per year, equal to 9% of the 846,760 children aged 0–12; most families rely on informal arrangements, leaving rural women to devote a median four hours daily to unpaid care, curtailing their ability to conduct business activities.

Key Causes

Insufficient Collateral and Limited Public Guarantees

- SBD borrowers must pledge collateral in the amount of at least 25%.
- The public guarantee fund, which could offset SBD's risk, is severely undercapitalized, equaling only about 6% of SBD's total assets.
- Structural limitations are reflected in lending patterns: women represent only 28% of SBD's outstanding portfolio.

Informality and Invisible Credit Histories

- An estimated 82% of women-owned MSEs in Costa Rica operate informally, which obstructs their access to traditional, collateral-based credit.
- Informality contributes to significant gaps in formal financial inclusion; the 2021 Global Findex database shows a 15-percentage-point gap in financial account ownership between men (76%) and women (61%).
- Simultaneously, the digital infrastructure for alternative credit scoring is widespread: 94% of mobile users own a smartphone, and 70% of rural residents use mobile internet.

The “Time Poverty” of Unpaid Care and Mobility Constraints

- Public childcare networks (REDCUDI and CEN-CINAI) serve about 79,000 children annually, which is just 9% of the 846,760 children aged 0–12 in the country.
- Consequently, most families must rely on informal childcare arrangements, leaving rural women to devote a median of four hours daily to unpaid care, which directly curtails their available time for conducting business activities.
- Time poverty, combined with the cost of travel, creates a major barrier to accessing formal financial services, which is reflected in the nine-percentage-point gap in formal borrowing between men (22%) and women (13%).

Policy Options

Three policies were shortlisted: A) a genderresponsive partial credit guarantee; B) a women-centered digital wallet and alternative scorecard; and C) integrated nonfinancial services. These policies were then scored on four practical criteria—impact, feasibility, mandate fit, and available capacity—using a simple 1to5 scale (1 = low, 5 = high).

	Solution	Impact on Gender Credit Gap	Feasibility¹	Mandate Fit²	Capacity³	Composite Score (4–20)
A	Gender-responsive partial credit guarantee (via SBD)	5	3	3	3	14
B	Women-centred digital wallet and alternative scorecard (Mastercard tech and partner bank licence; MEIC SME channel) ⁴	4	4	5	4	17
C	Integrated non-financial services (mentoring and child-care vouchers)	4	2	3	2	11

Option B delivers the highest composite score and can layer in Option C components once Strive Women funds become available in 2027.

Recommended Approach

AFIM launches a single, tightly scoped first phase that Mastercard can execute with one Costa Rican partner bank and the Ministry of Economy, Industry and Commerce (MEIC). The design builds on public-private programs already live, such as the Tico Treasures e-commerce platform for artisans and MEIC's annual Expo Pyme fair, and layers in Strive Women support services once that budget becomes available in 2027.

Theory of Change

1. Make women's cash flows visible.
A Mastercard wallet records sales, transfers, and bill payments, producing verifiable data for underwriting.
2. Convert data into affordable credit.
A machine learning scorecard (wallet, mobile, and utility data) feeds the partner bank's loan origination system, enabling unsecured working capital loans without new collateral.
3. Deepen usage through Strive Women services (from 2027).
Once Strive Women funds become available in 2027, business coaching modules and a pilot childcare voucher scheme are introduced to address behavioral and time poverty barriers.

Core Design Elements

Pillar	Lead Actors	Key Features
Digital wallet and scorecard	Mastercard (technology) and partner bank (license)	• Co-branded prepaid/debit wallet on Mastercard rails • Alternative data scorecard API integrated in the bank's systems • Bank handles KYC, holds deposits, and books loans⁵
SME outreach and on-ramp	MEIC	• Promotion through Expo Pyme, the Pyme registry and regional SME centres⁶ • WhatsApp helpline for onboarding support
Capability and care bundles	Mastercard Digital Doors and Strive Women (from 2027)	• 2026: Fee rebates and webinars for sellers on Tico Treasures; quick-win modules on inventory, pricing, and record keeping • 2027: Strive Women coaching, financial literacy tracks, and a childcare voucher pilot in two cantons

Implementation Roadmap

- **Q4 2025:** Sign memorandum of understanding (Mastercard, bank, and MEIC); integrate wallet banner into MEIC's SME portal and Expo Pyme campaigns.
- **Q4 2026:** Reserve Strive Women 2027 budget line; design coaching curricula with the National Institute for Women (Instituto Nacional de las Mujeres, or INAMU).
- **Q2 2027:** Pilot review (targets: PAR 30 ≤ 5% and ≥ 70% active wallet use). If met, bank real-locates SBD guarantee quota and finalizes Strive Women grant agreement.
- **H2 2027:** Scale to 10,000 women-owned firms nationwide; launch Strive Women coaching and childcare voucher pilot alongside Digital Doors webinars.

Fit with Mastercard's Global Acceptance and Payment (GA&P) Mandate

- **Impact:** Addresses the nine-percentage-point gender gap in formal borrowing; targets 10,000 women-owned businesses by end of 2027.

- **Feasibility:** Operates under an existing bank license and SBD guarantee rules—no new regulation or multilateral fundraising is required.
- **Mandate alignment:** Keeps Mastercard in its core lanes (payments tech, data science, policy engagement) while the bank and MEIC handle compliance and outreach; Strive Women rolls out once internal funds are released.
- **Capacity:** Builds on running partnerships (Tico Treasures, Expo Pyme) and scheduled Strive Women resources, limiting incremental workload to MoU oversight, tech integration, and monitoring.

Success Metrics (End of 2027 Targets)

Dimension	Target
Women-led MSEs onboarded	≥ 10,000
Share of pilot loans to women	≥ 60%
Average loan size parity	Women’s average ≤ 5% below men’s
Portfolio quality	PAR 30 parity by gender
Digital engagement	≥ 70% active wallet users; ≥ 2,000 women complete Digital Doors webinars
Strive participation	≥ 3,000 women finish coaching; ≥ 500 childcare vouchers redeemed

Notes

1. Operational and regulatory ease
2. Alignment with Mastercard global acceptance and payment (GA&P) scope
3. Resources available 2025–27
4. MEIC: Ministry of Economy, Industry and Commerce
5. KYC: know your customer
6. Pyme: small and medium-sized enterprises (SMEs)

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Supporting and Safeguarding the Financial Health of Older Adults

Securing the Financial Health of Egypt's Elderly Population

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Keywords: Inclusivity, resilience, consumer protection, financial health

Executive Summary

With the rapid technological advancements in financial services come rapid advancements in financial fraud techniques. Schemes such as phishing, business email compromise, account takeover, impersonation, and romance scams like “pig butchering” are becoming increasingly sophisticated, often powered by generative AI. Statistics show that elders are more vulnerable to digital financial fraud schemes and prone to losing their life savings.

There are three dimensions to securing the financial health of Egypt's elderly population and protecting their life savings against digital financial fraud:

1. Policy modification: Human-centered policy changes (including amendments to complaint redress mechanisms) in step with technological advancements
2. Supply side: Financial service providers' (FSPs) capacity buildup to better serve the elderly population
3. Demand side: Nationwide financial awareness campaigns

Problem Statement and Context

The elderly population in urban Egypt is at risk of losing their savings by becoming victims of digital financial fraud schemes.

Samira, a 65-year-old retired banker, was defrauded by a caller posing as a representative of her bank. She transferred nearly USD 2,000 to the fraudster, having been promised “easy cash returns.” Samira was enticed by the promise of easy income. Like her, over 6 million elders aged 65 and over (representing approximately 5.7% of Egypt's total population) are met with difficulties in accessing adequate financial services, especially lines of credit, from FSPs because they are regarded as a high-risk segment.¹

According to Visa's 2023 Stay Secure study, 90% of consumers are “likely to act on messages commonly used by scammers, including clicking on a link or responding to the sender.”² This is due to “costly confidence”: although 56 percent of respondents claim to be scam-savvy, 9 in 10 are likely to miss common warning signs of fraud. The study found that 71% of respondents are likely to act if a message has a positive hook—such as “Free gift,” “You've been selected” or “You are a winner”—and that 52% of respondents have been the victim of a scam at least once.

Financial inclusion demand-side data collected by the Central Bank of Egypt (CBE) in 2020 shows that the financial inclusion rate of the elderly exceeds 70%, due to receiving their pensions through digital financial services (DFS). However, the elderly face difficulty accessing credit, especially unsecured lines of credit, making them more vulnerable and in need of extra income sources.³

Types of Fraud Elders Face

Elders fall victim to various kinds of financial scams, such as identity theft and bank fraud:⁴

1. **Phone scams:** Fraudsters call pretending to be bank representatives, government officials, or family members in distress, asking for money or sensitive information. Most common are fake calls or SMS messages requesting confidential information from cardholders to update account details or else their card will be deactivated.
2. **Lottery and prize scams:** Scammers inform elders they have won a lottery or contest they never entered or could win points or prize money and ask for payment to “release” the winnings.
3. **ATM and card skimming:** Fraudsters steal credit/debit card information by using hidden devices or standing behind elders at ATMs. Sometimes elders ask for assistance in using the ATM from people around them, who can be dishonest.
4. **Unauthorized bank withdrawals:** Some elders fall victim to caregivers or family members accessing their accounts without permission.

Amount of Losses

Globally, the FBI Internet Crime Complaint Center (I3C) reported \$3.4 billion in fraud losses among those over 60 in 2023, an 11% increase from 2022.⁵ While the CBE might not have the same indicators as the FBI report, concrete evidence based on available data indicates similar trends in Egypt as well.

Key Causes

The below findings are identified through people-centered policy research conducted with the elderly.

- The elderly often lack access to formal financial services, limiting income opportunities and making them vulnerable to fraudsters promising fake returns.
- Pensioners who receive their pensions through DFS lack the knowledge to use the services safely. If defrauded, they usually are embarrassed to tell their close family members; they may also be unaware of how to report the fraud.
- Fraudsters increasingly exploit digital technologies to carry out scams while protecting their identities.

Potential Solutions

This memo recommends working on a three-dimensional ecosystem:

- Policymaking efforts should focus on advancing technology to provide early fraud warnings for DFS users, improving redress mechanisms for consumer protection complaints, and enhancing systems to identify and address fraudsters.
- Supply-side efforts should focus on building FSPs’ capacity to offer diverse, tailored financial products for the elderly and on strengthening policymakers’ ability to design human-centered policies.
- Demand-side efforts should focus on conducting a nationwide awareness campaign to help the elderly better identify fraud attempts.

Priority Solutions Bundle

The priority solutions bundle focuses on capacity building for the supply side and for policymakers, as this falls within the direct mandate of the Financial Literacy Department in the

Financial Inclusion Sector in the Central Bank of Egypt. It also includes a nationwide awareness campaign to enhance elders' financial literacy against fraud.

Policies

To encourage FSPs to focus on the elderly, a strong business case highlighting the segment's profitability is needed. This requires further data collection and ongoing suasion of policymakers and FSPs to ensure their buy-in.

Such data will support the delivery of capacity-building workshops for FSPs and policymakers, ensure financial literacy is streamlined among all services for the elderly, and inform a robust monitoring and evaluation (M&E) and reporting mechanism for effective implementation. It will also aid policymakers in developing human-centered policies.

Stakeholders

Key stakeholders include both internal (CBE) and external parties. Among the main external stakeholders are the Federation of Egyptian Banks, whose successful experience in leading nationwide awareness campaigns can be leveraged, and the Egyptian Banking Institute, the CBE's training arm, which will lead capacity-building workshops for FSPs. International development agencies, educational entities, and expert organizations are also key for bringing global perspectives to policymaker workshops. Other involved stakeholders may be as follows:

- Financial Regulatory Authority
- International donor organizations
- Ministry of Social Solidarity
- Ministry of Finance
- CBE Fraud Combating Unit
- CBE Payments Sector
- CBE Consumer Protection Sector

Next Steps

Implementation of the policy bundle will take place in phases.

Phase	Task	Timeline
Data collection and buy-in	Financial inclusion peer buy-in	Q1 2026
	CBE concerned sectors alignment	
	Data gathering	
	External stakeholders suasion	
	Budget identification	
Obtaining approvals	Pitch to FSG May Abulnaga	Q2 2026
	Prepare board memo and pitch to BoD	
Implementation preparation	Negotiations with donor orgs/development agencies	Q3 2026
	Funding allocation	
	FSP capacity-building content development	
	Financial literacy fraud awareness campaign content development	
	M&E tool development	
Implementation	Stakeholder outreach	Q4 2026
	FSP capacity-building implementation	
	Nationwide financial literacy campaign implementation	
	M&E tool implementation	

Key Indicators of Change

The following indicators can be monitored by leveraging the CBE's existing Financial Inclusion Data Hub and the Relationship Management Department within the Financial Inclusion Sector (whose mandate includes advising banks on financial inclusion and M&E strategies):

- Number of products and services developed with a value proposition for the elderly
- Number of active products and services accessed by the population 65 and over
- Number of active loans for the population 65 and over
- Number of financial education content materials developed for the elderly
- Number of enhanced channels of communication for consumer complaint redress
- Number of elders reached by the nationwide awareness campaign
- Number of participating stakeholders in the capacity-building workshops
- Number of policies revisited for financial inclusion of the elderly

Conclusion

Financial inclusion extends beyond access and usage of formal services. A key challenge for policymakers is ensuring the financial health of vulnerable groups. This policy memo relies on evidence and human-centered data to identify the root causes of and recommend policy solutions to a pressing issue in Egypt: elderly people losing their life savings to digital fraudsters. The policy proposes a multi-stakeholder approach, coordinated efforts, and robust M&E systems to ensure buy-in and implementation.

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Financial Security in Old Age for Low-Income Informal Workers in Kisumu County, Kenya

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Keywords: Micro-pensions, informal sector, Kisumu County, financial inclusion, SACCOs, social protection

Executive Summary

Over 80% of Kenya's workforce operates in the informal sector, yet fewer than 10% are enrolled in any pension scheme (CBK et al. 2021; KNBS 2022). This policy proposes an inclusive, county-led micro-pension model tailored to low-income earners and informal workers in Kisumu County. Drawing from successful global programs and rooted in local realities, the policy provides a scalable path to retirement security through small daily contributions, mobile platforms, and local trust networks such as savings and credit cooperative organizations (SACCOs) and chamas (micro-savings groups) (Abels & Guven 2016).

Problem Statement

Low-income informal-sector workers in Kisumu are at high risk of financial insecurity in old age. They typically earn irregular incomes, often in cash, and remain excluded from pension systems designed for salaried workers. Fewer than 10% of Kenya's 14 million informal-sector workers are enrolled in a pension scheme (KNBS 2022).

Millicent, 54, sells vegetables at Kisumu's Oile Market (Onyango 2025a). For over 20 years, she has raised children, paid school fees, and kept her family fed, yet she has no retirement plan. "I can save 20 shillings [KES] a day," she says, "but no one has shown me how. Pensions feel like something for salaried people, not for us" (Onyango 2025b). When asked how she thinks she will survive in old age, Millicent pauses and says, "Maybe my children will help. Otherwise . . . God will take care of me." Like Millicent, many informal workers face old age without savings or support. Yet 83% say they would save if given a simple, flexible, and trusted system (CBK et al. 2021; HelpAge International 2020). System complexity and limited access, not unwillingness, are the real barriers to pension inclusion.

Key Drivers of Exclusion

Several structural and behavioral factors contribute to the exclusion of informal-sector workers from Kenya's pension systems, particularly in counties like Kisumu.

- **Irregular income streams:** Nearly 85% of informal workers have no predictable income, and over 70% operate in cash-based enterprises without access to savings tools (CBK et al. 2021; HelpAge International 2020).
- **Low pension awareness:** 63% cite lack of knowledge as the main barrier to saving (CBK et al. 2021).
- **Product mismatch:** Existing pension schemes often serve salaried workers and are perceived as irrelevant by informal earners; 78% report feeling excluded (CBK et al. 2021; HelpAge International 2020).

- **Gender and cultural barriers:** Women make up 63% of the informal workforce but are 30% less likely to have savings products and 45% less likely to save for retirement than men (UN Women 2018). Contributing factors include low earnings, caregiving responsibilities, and limited decision-making authority within the household.

Policy Objectives and Focus Areas

This policy aims to:

- Increase pension awareness among informal workers (CBK et al. 2021)
- Enable low-cost, flexible savings, especially for low-income earners (Abels & Guven 2016)
- Expand access through trusted, locally embedded delivery networks (HelpAge International 2020)
- Promote women's financial inclusion
- Reach underserved populations, including women and youth (UN Women 2018)

Potential Solutions

This policy proposes three solution bundles:

1. **Voluntary micro-pensions:** Enable small, daily savings (from KES 20) via mobile platforms and use incentives like county top-ups and loyalty bonuses to address affordability and encourage consistency.
2. **Financial education campaigns:** Use peer-led outreach in local languages through churches, chamas, mosques, and market groups to increase awareness and literacy, especially among women and youth.
3. **SACCO and chama integration:** Leverage trusted cooperatives and digital agent networks to deliver pensions through familiar, community-based platforms, reducing onboarding barriers and improving trust.

Priority Solutions Bundle

From the potential solutions explored, the selected priority bundle is: a voluntary micropension scheme combined with financial education for informal workers, integrated into trusted local systems such as SACCOs and mobile platforms. This approach was chosen because it is affordable, inclusive, and scalable, building on mobile money infrastructure already used by 89% of Kenyan adults (CBK et al. 2021) and SACCOs managing over KES 1 trillion (SASRA 2023). It fits well with the income patterns of informal workers, allowing flexible daily savings from as little as KES 20 and offering co-contribution incentives. This model draws from international best practices such as India's Atal Pension Yojana (APY), which enrolled over 42 million informal workers through government-matched contributions (PFRDA 2023), and Rwanda's Ejo Heza, which successfully reached over 3 million savers using mobile technology and community structures (World Bank 2023). These examples demonstrate that flexible, trust-based systems can achieve wide-scale inclusion. The solution also aligns with Kenya's Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA), making it a strategic model that promotes financial dignity in retirement.

Policy Proposal

A county-led, voluntary micro-pension scheme for Kisumu County will enable flexible savings, matched contributions, and digital access. The policy bridges the pension gap for informal

workers, particularly women and young people, as well as low-income earners by leveraging technology, financial incentives, and trusted social networks, such as SACCOs and chamas. Contributions as low as KES 20 can be made through mobile platforms, SACCOs, and chamas and managed by licensed providers. County co-contributions and bonuses for consistent saving will drive uptake. Inspired by India and Rwanda, this inclusive model bridges Kenya's pension gap through digital access, community trust, and smart incentives.

Supporting Evidence

- More than 80% of Kenya's workforce is informal, but fewer than 10% have pensions (Koech and Hassan 2025).
- Kisumu has 300,000 informal workers, 63% of which are women (Kisumu County Government 2023).
- 83% of informal workers say they would save if given a simple, flexible, and trusted system (CBK et al. 2021).
- Rwanda's Ejo Heza enrolled over 1 million in 3 years (RSSB 2023).
- India's APY enrolled over 48 million through mobile tools and co-contributions (PFRDA 2023).

Policy Implementation Framework

In the implementation of the Kisumu County micro-pension initiative, a targeted set of tools will ensure transparency, inclusion, and scalability:

- The regulatory framework will be developed with the Retirement Benefits Authority (RBA) to ensure compliance and safety.
- The policy will leverage the digital infrastructure of M-PESA (a mobile payment system), unstructured supplementary service data (USSD), and mobile tools for low-cost, real-time micro-contributions, broad access, and tracking.
- The proposed incentive structure includes county co-contributions of KES 50 per KES 100 saved, a 2% bonus, and subsidies for women and vulnerable groups.
- Community engagement will be achieved through SACCOs, chamas, faith groups, and trained pension agents to build trust and onboard users.
- Financial literacy campaigns will be built on the RBA's framework to deliver awareness through barazas, radio, social media, and churches, targeting women, youth, and low-literacy groups.
- The scheme will attract public-private partnerships with fintechs, donors, and CSR partners to reduce the county's budget burden.
- The pilot will be capped at KES 20 million annually (<1% of Kisumu's development budget) and target 10,000 users, aligned with Kenya Vision 2030 and BETA.

Key Stakeholders and Engagement Plan

Effective implementation of the Kisumu County micro-pension scheme hinges on coordinated action across national, county, and community levels. Kisumu County will lead implementation and monitoring, with the RBA providing regulatory oversight and technical support. Central to the scheme's success is the active participation, trust, and feedback of informal-sector workers, the intended beneficiaries, whose engagement is essential for long-term sustainability.

Stakeholder	Primary Responsibilities
Informal-sector workers	Participate in co-design sessions, provide feedback on usability and benefits, and act as peer advocates for pension uptake. Engagement will include focus groups, mobile surveys, and community forums to ensure continuous alignment with user needs.
County Government of Kisumu	Embed the scheme into the Third Generation County Integrated Development Plans (CIDP III), allocate annual budget support, oversee implementation, and lead monitoring and evaluation (M&E) efforts.
RBA	Approve micro-pension products, provide regulatory oversight, ensure consumer protection, build capacity for county teams, and track compliance and scheme performance.
SACCOs and fintech providers	Co-design user-friendly, affordable pension products, offer digital platforms for registration and contributions, and extend last-mile access via agent networks.
Community-based groups (churches, chamas, youth and women's groups)	Lead grassroots mobilization, offer peer-led financial education, and act as trusted intermediaries in rural and peri-urban areas.
Other institutional partners (SACCO Societies Regulatory Authority [SASRA], Ministry of Labour, development partners)	Contribute to the enabling environment by providing regulatory support, technical assistance, and catalytic funding for scalability.

To ensure the policy is grounded in lived realities, end users will be continuously engaged throughout the implementation process. This includes:

- Participatory design workshops during pilot phases
- Quarterly community listening sessions
- Real-time feedback via SMS or mobile apps
- Inclusion of user representatives in the county pension advisory committee

This approach ensures the policy remains adaptable, inclusive, and rooted in the priorities of the people it aims to serve.

Next Steps and Implementation Timeline

The Kisumu micro-pension scheme will roll out over 12 months, from policy finalization to countywide expansion. The process will prioritize stakeholder collaboration, training, product readiness, public engagement, and data-driven refinement.

Timeline	Action	Lead Actors
Aug.–Sep. 2025	Finalize framework, secure funding, and embed into CIDP III.	County finance department, RBA
Oct.–Dec. 2025	Co-design product and digital pension tools; train agents, SACCO/fintech staff, and RBA county liaisons.	RBA, SACCOs, fintechs
Jan.–Feb. 2026	Launch a public awareness campaign through radio, social media, market activations, and peer-led outreach via churches, youth groups, and women's groups.	County trade department, CBOs, faith groups
Mar.–Apr. 2026	Begin onboarding via SACCO branches, mobile USSD/SMS platforms and tools, and community agents.	SACCOs, pension providers, RBA, county social services office
May–June 2026	Evaluate uptake, inclusion, and satisfaction; refine the model for scale.	County M&E unit, RBA, treasury

Key Indicators of Change

Performance Indicator	Evaluation Criterion	Monitoring Mechanism
Enrollment rate	Participation by informal workers	Mobile/SACCO registration data
Contribution frequency	Regularity of savings (e.g., weekly, monthly)	Mobile/SACCO contribution logs
Inclusion	Contributors who are women and youth	Gender- and age-disaggregated data
Retention rate	Continued contributions after 6 and 12 months	Longitudinal tracking and user data

Conclusion

Kisumu County is well placed to pilot a scalable, tech-enabled micro-pension model for informal workers. Its strong informal sector and community networks make it ideal for testing an inclusive solution that can be replicated nationally. This initiative positions Kisumu to lead in closing Kenya's pension gap.

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Enrollment in the Personal Pension Plan: Policy Options to Avert Old-Age Poverty in the Nigerian Informal Sector

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Keywords: Old-age poverty, informal sector, trust, personal pension design

Executive Summary

Informal-sector workers in Nigeria are susceptible to financial insecurity in their old age because they are not enrolled in the country's Personal Pension Plan (PPP), despite its voluntary and flexible design, leaving these workers exposed to poverty and economic shocks in their old age. The lack of enrollment stems from a deep-seated mistrust in government-organized pension schemes. In order to reduce exclusion from organized pension plans, which exposes millions of people to old-age poverty and economic vulnerability, the proposed policy options will rebuild trust through transparent administration and targeted awareness campaigns, encouraging informal-sector workers to enroll in the PPP.

Problem Statement and Context

The Nigerian informal sector comprises 77.5 million workers, representing 93% of the Nigerian workforce (National Bureau of Statistics 2024)—a large number of whom are covered by neither a social protection program nor a pension plan. The World Bank's latest Nigeria Development Update noted that as of May 2025, only 5.6 million (37%) of the targeted 15 million households are covered by the present government's social security program of cash transfer, implying that 63% of the targeted households are yet to be covered. Available statistics from the National Pension Commission (the Commission), the agency responsible for regulating and supervising pension matters in Nigeria, shows that only 195,711 informal-sector workers had enrolled in the PPP as of May 31, 2025, representing an infinitesimal proportion—0.25%—of the informal-sector workforce. Thus, 99.75% of the informal-sector workforce is covered by neither a pension plan nor a social protection program.

The foregoing is a testament to a looming crisis of old-age poverty and high vulnerability to different types of shocks. Incidentally, the traditional social security program of relying on family members to take care of the elderly has almost collapsed in Nigeria. This is due to macroeconomic factors such as high rates of unemployment, inflation, and high exchange rates. Many elders in the informal sector are becoming financially vulnerable as their children and other relatives migrate to urban centers in search of greener pastures. This situation signals a looming crisis of old-age poverty and heightened vulnerability to economic shocks among millions of Nigerians.

Key Causes

Delayed payment of retirement benefits experienced by informal-sector workers has generated disdain, distrust, and lack of confidence in government-organized pension plans, making these workers susceptible to old-age poverty and economic shocks. The shortfall in government revenue in the face of competing expenditure requirements often pushed retirement benefits payment down the list of government priorities. Thus, with no adequate funding from the government treasury, pensioners were often not paid their benefits as arrears continued to accumulate (Dahir-Umar 2023).

In addition, the Defined Benefit Scheme (DBS) was marred by outright fraud in its management. In fact, there was no proper identity management system, which culminated in the problem of “ghost retirees,” people who had never worked for the federal government yet were listed as federal government retirees. The mounting arrears also created a loophole for manipulation of the payment process. Many who had not been paid were fraudulently recorded as having been paid. Many retirees, having lost track of payment records, were paid only after desperately reaching a shady agreement with the paymasters (Dahir-Umar 2003).

As arrears of pension and gratuity continued to accumulate and retirees were not paid their benefits as and when due, in June 2004, in order to put things right, the federal government made a paradigm shift in the pension system from the erstwhile DBS to the Contributory Pension Scheme (CPS). This shift has massively reduced the number of unpaid pensions in the country (National Pension Commission 2025).

Apart from the foregoing, insights from the people-centered policy research show that due to lack of awareness and sensitization campaigns by the regulator and operators of pension plans in Nigeria, many of the targeted contributors were not aware of the PPP (Alayande 2025). Findings from the research further show that regulatory constraints act as additional barriers preventing potential contributors from participating in the PPP. These constraints stem from unnecessary documentation that is required to key in to the PPP. In most cases, the average informal worker does not possess these documents.

Potential Solutions

Some potential solution options are:

1. Strengthen the regulatory framework to address trust and confidence issues as barriers to enrollment in the PPP.
2. Increase sensitization and awareness programs for targeted contributors in order to convince contributors that the CPS, by design, does not encourage corruption and fraudulent practices.
3. Leverage existing third-party community and local institutions like cooperative societies and artisan and technician associations to address distrust.

Priority Solution Bundle

The priority solution bundle aims to strengthen the regulatory framework for the implementation of the PPP. This option is chosen because it is part of the mandate of the regulatory agency and is also cost-efficient. A stronger regulatory framework will modify or change the design of the PPP to suit the varied needs of different segments of the market. It will also work to increase the flexibility of pension contributions to suit the low and irregular income in the informal sector. In addition, consultative and engagement policies will also be pursued.

Policy Solutions

In addition to strengthening the regulatory framework, in order to address the issue of distrust and provision of incentives, this policy calls for consultation and engagement with critical stakeholders in government, such as the Federal Ministry of Humanitarian Affairs and Poverty Reduction. This policy also proposes the creation of a working group comprising representatives of the Commission and the legislature that is tasked with enhancing the credibility of rules and regulations coming out of the Commission. The dialogue will also address the apathy of informal workers towards the PPP. Thus, the more people are informed, especially by government ministries and the legislature, the more confidence they will have in the PPP.

Next Steps Toward Implementing Policy

The implementation of the policy will commence with the official engagement of the pension fund operators. Through this engagement, the regulator and the operators will agree on what aspects of the regulatory framework should be strengthened, modified, and/or removed. This would also involve engaging other stakeholders such as government ministries in charge of registration of artisans and technicians; ministries involved in the provision of incentives and cash transfer to the low-income segment of the informal sector; the legislature, to address the issue of trust and give strength to the regulatory framework; cooperative societies; and contributors in the informal sector.

Key Indicators of Change

The key indicators of change include:

1. The gender-disaggregated number of contributors enrolled and accounts funded under the PPP. Gender-disaggregated data on the current number of enrollees in the Personal Pension Plan shows that, as of March 31, 2025, 77,264 (45.2%) are female and 93,847 (54.8%) are male (National Pension Commission 2025). Female-funded pension accounts represent 2.85% of total registered contributors, and male funded-accounts 4.48%. In order to adequately cater to the needs of low-income earners, the PPP market will be segmented into low-, middle-, and high-income earners.¹
2. The number of retirement savings accounts opened and the proportion of such accounts that are being funded.
3. The number of contributors who are able to withdraw certain percentages of the contingency portion of their retirement savings account.

Note

1. The three PPP market segments are: low-income workers (i.e., workers who can contribute up to USD 100 per annum); middle-income workers (i.e., those who can make an annual contribution of up to USD 1,250); and upper-income workers (with an annual contribution of up to USD 3,125).

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Low Coverage and Participation of Informal-Sector Workers in Ghana's Pension System

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Keywords: Pensions, informal sector, retirement income, fintech solution, financial inclusion

Executive Summary

Expanding pension coverage to the Ghanaian informal sector (over 85% of the workforce) is not only a social necessity but also an economic imperative. The sector contributes significantly to national development, yet without structured pension schemes, it cannot secure its financial future. Women make up a considerable percentage of the informal sector and are vulnerable to experiencing financial shocks in old age.

A Personal Pension Scheme exists for informal-sector workers, yet coverage and participation are low because of workers' lack of education, their lack of trust in the scheme, and the stringent processes involved in signing up. Modernization has caused a decline in family support, which, in effect, exacerbates old-age dependency.

This policy memo presents a comprehensive framework for the integration of women in the informal sector into Ghana's pension system to alleviate old-age financial shocks.

Problem Statement and Context

Generally, women are more likely to be engaged in the informal sector, which provides low- or non-paying irregular work, such as agricultural work, trading, or unpaid family labor. The ILO estimates that 92% of women in developing countries work in the informal sector, compared to 87% of men. Furthermore, 85% of these women are self-employed compared to 78% of men (ILO 2020).

In Ghana, demographic trends further emphasize the urgency of expanding pension coverage. In 2021, the country had a population of 32.8 million, growing at a rate of 2.1% per year. A notable shift in the country's demographics is the rapid increase in the aging population. The number of Ghanaians aged 65 and above has grown by 57% since 2010, and by 2035, the number of retirees is expected to exceed 2 million (GSS 2021).

The growth of Ghana's retirement-age population signals an imminent rise in retirement dependency ratios, which, if appropriate pension mechanisms are not in place, could strain state resources. The absence of a structured retirement savings plan for the informal sector, especially women, will result in economic vulnerability among the elderly and greater dependence on family support, informal social networks, and state welfare programs.

Nationally, 92% of employed women are in informal employment, compared to 86% of men. In Greater Accra, 87% of women's employment is informal, while 79% of men's employment is informal (WIEGO 2020).

Abena Serwaa, a tomato seller at Makola market who traded there for the past three decades, is now unable to work due to her own health challenges. Because she does not have retirement savings, she is dependent on family and friends to help pay her medical bills. This situation is not particular to Abena but common among women in the informal sector.

The root causes of the problem are attributed to:

- Low levels of financial literacy and of public trust in pension schemes.
- High administration and transaction costs for pension administrators when onboarding individual workers, in contrast with employers.
- Lack of a centralized switch technology system that could be leveraged for seamless enrollment, collection, and payout—which would be possible were there a regulatory sandbox and innovation hub to test the enablers of informal-sector pension products and assumptions.
- Inadequate investment policy not tailored specifically to informal-sector schemes (not taking into account variable income).
- Unsegmented campaigns, which do not reach specific targets in the informal sector.

Key Objectives

Given the significant role of the informal sector in the national economy, it is crucial to develop inclusive pension policies that cater to the unique needs of workers in the informal sector. Therefore, the primary objective of this policy memo is to increase pension participation and coverage among women in the informal sector in Ghana, ensuring their economic dignity in old age and shielding them from economic shocks, thus reducing old-age poverty.

Specifically, the policy aims to:

- Expand pension inclusion by developing a pension framework that encourages and facilitates informal-sector women's participation.
- Enhance financial literacy by equipping informal-sector workers with knowledge of pension schemes, savings benefits, and long-term financial planning.
- Introduce a pension product bundle and other incentives to make pension participation more attractive and rewarding, especially for women in informal work.
- Leverage financial technology (fintech) solutions to simplify pension contributions and withdrawals, ensuring accessibility and ease of participation.
- Establish a structured, flexible, and sustainable pension model that aligns with the economic realities of informal-sector workers.

Policy Solutions

Expanding pension coverage for informal-sector workers in Ghana requires a comprehensive policy approach that addresses the structural, financial, and technological barriers limiting participation. To ensure an inclusive, sustainable, and accessible pension system, the following key reforms are necessary:

- Introduce financial incentives, such as product bundling, to encourage participation.
- Adopt flexible savings models that accommodate irregular earnings and seasonal income fluctuations. A flexible contribution structure could enable workers to save at their own pace, making pension participation more practical and accessible.
- Leverage switch technology, a secure digital infrastructure, to enable seamless automated contributions via digital platforms such as mobile money. The implementation of centralized switch technology can facilitate pension transactions and fund management.
- Strengthen public education campaigns to improve financial literacy and awareness among informal workers.

- Update the pension regulatory framework to provide the legal and institutional backing for operationalizing a micro-pension scheme, which would ensure inclusivity and adaptability for informal-sector workers.

Key Stakeholders and Engagement

For the effective implementation of these policy instruments, this memo identifies several stakeholders, including the lead stakeholder, the National Pensions Regulatory Authority (NPRA), and the following:

- National Identification Authority (NIA): Supports implementation of the policy through online verification
- Telecom sector, Ghana Interbank Payment and Settlements Systems (GhIPSS), fintech companies (switch technology): Supports implementation through collections, payments, management, governance
- Ministry of Labour, Jobs and Employment: Ownership, buy-in, and commitment
- Ministry of Finance: Buy-in and commitment
- Community leaders, market and women's associations: People-centred policy

The stakeholders identified will be proactively engaged through public forums, focus group meetings, and surveys.

Assumptions

For the policy to be effective, the following assumptions are considered:

- Stakeholders will buy in to the policy proposal.
- Technological partners will invest in switch technology.
- Distribution channels will be available to deliver educational materials.
- Community leaders and market associations will continue to be engaged partners.
- Mobile phone penetration will remain high among women in Accra's informal sector.
- Political and economic stability will persist, allowing for long-term savings.
- Inflation and currency stability will maintain the value of pension savings.
- Technological infrastructure will continue to support digital financial services.

Key Indicators of Change

To guarantee an inclusive, sustainable, and accessible pension system, the following key indicators will be monitored and tracked over time:

- Enrollment metrics: Number of women participating, contribution frequency (data shall be monitored by the NPRA and pension fund trustees)
- Financial indicators: Average savings balance and growth rates (analysis will be performed through the NPRA's Research Unit to inform policy)
- Social outcomes: Reductions in old-age poverty, improved health indicators
- Systemic changes: Policy reforms, private sector engagement levels

Conclusion

This policy aims to bridge the pension gap; decrease financial vulnerability among retirees, particularly women; and foster a more inclusive and sustainable pensions system for Ghana's informal-sector workforce. The policy will strengthen the pension system through effective integration of informal-sector workers, ensuring retirement security and financial independence for a significant portion of Ghana's female workforce. With robust policy commitment,

regulatory oversight, and ongoing public education, this approach will achieve full pension inclusion for informal-sector workers, guaranteeing financial security, economic resilience, and sustainable retirement protection. The successful implementation of this policy will not only improve social welfare but also bolster Ghana's long-term economic stability.

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Enhancing Pension Literacy Among Informal-Sector Youth in Kenya

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Keywords: Pension literacy, informal-sector youth, financial inclusion

Executive Summary

A large share of Kenya's youth in the informal sector risk old-age poverty due to limited access to retirement savings schemes, low pension awareness, and short-term financial priorities.¹ To address this risk, the author proposes the establishment of a multi-stakeholder working group tasked with translating research into actionable pension literacy reforms. The initiative will commence with a baseline survey to assess pension-related knowledge and attitudes among informal-sector youth, followed by the integration of pension education into existing financial literacy programs. This scalable solution aims to foster a culture of savings by addressing informational barriers and behavioral biases, thereby increasing voluntary pension uptake in Kenya.

Problem Statement and Context

Low savings behavior among youth in Kenya's informal sector threatens both individual financial security and broader economic stability. With over 80% of the workforce in informal employment and limited participation in structured retirement saving, many risk old-age poverty and increased reliance on family or public support (CBK et al. 2021). As the population ages, these dynamics may strain social protection systems, which are already limited. While Kenya has made progress in financial inclusion, pension coverage for non-salaried workers remains insufficient, and informational barriers and behavioral biases further hinder long-term saving.

With over 80% of the population under 35, Kenya faces a critical window to act (Awiti & Scott 2016). Failure to integrate youth into pension systems now will deepen future inequality. Equipping the next generation with tools to plan and save is both an economic imperative and a moral responsibility.

Maria, a 27-year-old trader in Nairobi's Gikomba Market, illustrates the vulnerability of informal-sector youth. Earning about KES 500 (USD 3.85) daily, she has never heard of voluntary pension schemes and assumes pension schemes are only for salaried workers (Toroitich 2025). Maria is not unique: globally, over 60% of informal workers lack access to retirement savings schemes (Kolev et al. 2022), and in Kenya, more than 70% of youth remain unaware of available pension options (ActServ 2022).

Key Causes

The problem is driven by five interrelated causes. First, many informal-sector youth are unaware of pension options, contribution mechanisms, and long-term benefits. Financial literacy remains low, and retirement planning is often absent from formal education programs, leaving a significant knowledge gap (CBK et al. 2021).

Second, income among informal workers is typically irregular and unpredictable, making it difficult to commit to consistent saving. Due to perceived urgency, immediate financial needs often outweigh retirement planning, especially in the absence of enforced savings structures.

Third, most pension products are designed for formal employment contexts, featuring complex sign-up processes and inflexible contribution rules that deter informal workers from enrolling. Unlike formal employees who are automatically enrolled in employer-sponsored schemes with matching contributions, informal-sector youth must opt in voluntarily, often with little guidance or support.

Fourth, current financial literacy efforts tend to be generic and fail to reflect the lived realities of informal workers. These efforts overlook critical factors such as cultural perceptions of retirement, institutional mistrust, and limited access to digital tools.

Finally, behavioral science highlights age-related biases, particularly present bias, which leads young individuals to prioritize short-term consumption. This tendency reduces the likelihood of long-term saving and further undermines pension uptake among informal-sector youth.

Potential Solutions

Several policy options to address the pension exclusion of informal-sector youth were considered. These included direct subsidization of pension contributions, where the government co-contributes to individual savings, and the mandatory inclusion of informal workers in national pension schemes through policy reforms. While both options offer clear benefits, they present challenges related to sustainability, implementation capacity, and political feasibility. In particular, financial sustainability is limited by the high public expenditure these interventions would demand, making them difficult to scale or sustain over time.

Priority Solutions Bundle

The preferred solution is the integration of pension literacy into existing financial education frameworks, supported by a baseline survey to inform content design. This approach was chosen based on its feasibility; its ability to generate much-needed data on current pension awareness, attitudes, and behaviors among informal-sector youth; and its potential for scalability. Leveraging existing infrastructure, such as Retirement Benefits Authority (RBA) forums, ensures that the proposed interventions are both cost-effective and sustainable.

In addition, the proposed solution allows for co-creation with youth and informal sector representatives, thereby enhancing the relevance and uptake of pension information. This solution also creates a feedback loop for continuous improvement, as program effectiveness can be assessed through follow-up surveys and beneficiary feedback. When combined with digital tools and mobile platforms, pension literacy campaigns can reach wider audiences and be tailored to different learning styles and literacy levels. The pension literacy campaigns will include practical steps to help participants explore and sign up for pension products. For those not ready to join, clear and simple next steps will be provided to encourage action when the time is right.

Policy

To advance this agenda, the immediate policy recommendation is to establish a multi-stakeholder working group responsible for conducting a baseline survey, developing educational content targeted to the informal sector, and integrating this material into existing financial literacy programs. The RBA will serve as a key channel for the implementation of this policy.

The proposed policy finds resonance in similar efforts made by other countries to address pension exclusion in the informal sector. For instance, in India, the government launched Atal Pension Yojana (APY), focused on low-income informal workers. The scheme was supported by

aggressive awareness campaigns and integration into financial literacy drives, which led to over 20 million enrolments within five years. A simplified message, incentives for enrolment, and collaboration with banks and community agents contributed to APY’s success (Government of India n.d.)

In Ghana, the National Pensions Regulatory Authority (NPRA) led pilot education programs targeting informal-sector workers. These initiatives, conducted through public forums, mobile sensitization drives, and community engagement, were tailored to reach groups such as market traders, transportation unions, and neighborhoods, significantly increasing awareness and uptake among self-employed individuals (Krufi & Ashcroft 2024).

Similarly, Rwanda’s Ejo Heza scheme promotes long-term savings among informal workers, supported by digital platforms for delivering education and financial literacy campaigns. Within three years of its launch, the scheme had over 1.3 million registered savers, demonstrating the value of combining digital accessibility with educational outreach (Asiimwe et al. 2023).

In all three cases, the focus on outreach, simplicity, and culturally responsive programming was central to driving participation. These international cases illustrate that pension reforms targeting the informal sector are more successful when they are community driven, literacy focused, and aligned with the everyday realities of informal work.

Kenya can learn from these approaches by embedding pension information into trusted and accessible platforms and ensuring co-creation with target communities. Lessons from these models highlight the importance of timing, language, incentives, and ongoing engagement. India’s APY offered early enrollment incentives and used simple, localized messaging. Rwanda’s Ejo Heza combined digital tools with tailored outreach, while Ghana’s NPRA partnered with local groups to co-develop pension education.

Stakeholders

Key stakeholders for successful implementation include:

- 1. **RBA:** Lead the initiative, provide technical expertise, and support rollout through seminars.
- 2. **Financial education programs:** Integrate pension literacy modules and mobilize certified trainers for outreach.
- 3. **Informal sector associations:** Mobilize youth participants and co-develop culturally relevant content.
- 4. **Research partners:** Conduct baseline survey and support with funding.
- 5. **Pension providers (ARBS, APTAK, NSSF):** Disseminate findings, advocate for curriculum reforms, and promote adoption among schemes and administrators.

Strong coordination, chaired by RBA, will ensure alignment, reduce redundancy, and sustain momentum.

Next Steps

Implementation will follow a phased approach:

Phase	Key Activities
Phase 1 (Months 1–2)	Form working group, secure funding, develop survey instruments, conduct stakeholder consultations to define roles and scope.
Phase 2 (Months 3–5)	Conduct baseline survey and analyze findings. Key questions: magnitude of knowledge gap; behavioral biases; segmentation by gender, geography, and sector.

Phase 3 (Months 6–9)	Develop tailored content, train facilitators, pilot rollout in three counties selected for diversity, infrastructure, and readiness.
Phase 4 (Months 10–18)	National scale-up, continuous monitoring, mid-term adjustments, final evaluation to guide future policy and integration.

Key Indicators of Change

Indicator Type	Metric	Responsible
Awareness	Percent increase in pension-related knowledge	RBA, researchers
Access and reach	Number of youth reached, demographic spread	Implementers
Behavioral change	New sign-ups, contribution consistency	Pension providers
Implementation	Number of modules, integration level	RBA, financial educators
Digital engagement	App/SMS usage rates	RBA, tech partners
Feedback and risk	Beneficiary feedback, misinformation, dropout rates	RBA, research partners

Conclusion

Addressing old-age poverty among informal-sector youth calls for a practical and impactful approach. Prioritizing pension literacy through existing education platforms offers a scalable, evidence-based solution. A multi-stakeholder model ensures institutional support, while youth co-creation enhances relevance and uptake.

Drawing from the successes of countries like India, Ghana, and Rwanda, Kenya is well positioned to implement reforms that not only improve financial literacy but also foster a long-term saving culture among its youth.

While this policy memo focuses primarily on building pension literacy and demand among informal-sector youth, it is important to recognize that financial education is most effective when complemented by the availability and suitability of pension products. As a potential next step, or in parallel with the proposed literacy efforts, collaboration with pension providers will be essential to ensure that accessible and flexible youth-friendly pension products are available to meet emerging demand. This dual approach, combining demand-side education with supply-side product readiness, will help translate increased awareness into actual pension uptake and sustained participation.

Note

1. In this memo, “youth in the informal sector” refers to individuals aged 18 to 35 earning a living through non-salaried, informal work.

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Expanding Access and Usage of Financial Services for Resilience

Enhancing Agricultural Resilience in Uganda Through Tailored Insurance Solutions

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Keywords: Agricultural insurance, financial resilience, climate change adaptation, smallholder farmers, risk management

Executive Summary

Smallholder farmers in rural Uganda face increasing financial risks, particularly within the framework of the Parish Development Model (PDM), which aims to transition subsistence farmers into a monetized economy. To address this challenge, the first step is enhancing the design and development of insurance products to ensure they are affordable, tailored to local needs, and built on a foundation of trust. The next step is launching broad awareness campaigns.

Problem Statement and Key Causes

Uganda's economy is deeply rooted in the agricultural sector. Approximately 70% of the population is engaged in farming, and agriculture contributes about 25% to the country's gross domestic product (GDP).¹ However, smallholder farmers, who make up the majority of the farming community, are particularly vulnerable to financial shocks: just 10% have access to formal financial services.² The PDM, a government initiative designed to support the monetization of subsistence farming, inadvertently exposes farmers to market and environmental risks without providing sufficient financial safety nets.

Climate variability, including erratic rainfall, droughts, and floods, has significantly impacted Uganda's agricultural sector. The frequency and severity of climate-related shocks have intensified, directly affecting crop yields, food security, and household income. Droughts, in particular, have caused severe economic losses, such as the USD 470 million loss from the 2010–11 drought. The lack of formal risk management systems, such as agricultural insurance, further aggravates climate-induced vulnerabilities. This underscores the urgent need for better risk management systems to address the growing climate risks.³

While informal risk-sharing mechanisms have been used historically, they are insufficient to protect against large-scale shocks. Despite the introduction of the Uganda Agricultural Insurance Scheme (UAIS) in 2016, the uptake of formal insurance remains low: only 5% of smallholder farmers are covered.⁴ Several factors contribute to this low uptake, including: lack of trust in insurance providers, unaffordable premiums, and the shortcomings of existing products in meeting farmers' diverse needs, particularly regarding gender, crop type, and regional differences.⁵ A major concern is the deep-rooted distrust farmers have toward insurance providers. Many farmers either have never interacted with insurance companies or have had negative experiences, such as unclear terms of service and delayed responses to claims.⁶

Key Objectives

Protecting smallholder farmers requires pursuing all of the following objectives: agricultural insurance literacy, product design and development, consumer protection, and the thorough integration of agricultural insurance into national policy, climate adaptation plans, social protection frameworks, and long-term fiscal strategies. However, accomplishing all these objectives

requires a broad range of policies and a plurality of stakeholders. At present, two objectives, (1) agricultural insurance literacy and (2) product design and development, should be prioritized.

Agricultural insurance literacy is essential because smallholder farmers cannot fully benefit from insurance if they do not understand how it benefits them or they do not trust it. Educating them enables informed decision-making, helps them understand their rights and responsibilities, and enhances their ability to manage risks. Additionally, there is evidence that the necessary skills can be developed locally for effective implementation.⁷

On the product design and development side, the goal is to strengthen the Agro Consortium's capacity to create insurance products tailored to the specific challenges farmers face. This is particularly important for underserved groups, such as women farmers.⁸ This approach promotes sustainability, as farmers are more likely to renew policies that meet their needs, and also positions the industry to attract support from development partners interested in tailored, effective risk management solutions.⁹

While consumer protection remains a crucial next step, prioritizing literacy and product development tackles the underlying issues behind low uptake and builds a solid foundation for a resilient and inclusive agricultural insurance market.

In the long term, we want to shift agricultural insurance from being viewed as a standalone intervention or pilot project to being integrated into national policy, climate adaptation plans, social protection frameworks, and long-term fiscal strategies. This position strongly aligns with Uganda's vision to modernize agriculture, protect smallholder farmers from climate shocks, and promote inclusive growth.

Proposed Solutions

Enhancing Product Design

To enhance the adoption and effectiveness of agricultural insurance in Uganda, the key strategy requires strengthening the capacity of the Agro Consortium, an organization that plays a crucial role in designing and distributing insurance products. Because many existing products are too generic and inaccessible for smallholder farmers, the Agro Consortium should be equipped with the tools, data, and expertise necessary to collaborate with farmers to co-design insurance solutions. This will lead to the development of more affordable, relevant, and user-friendly insurance packages.

Some generic insurance products are:

- Crop insurance: Protects against losses from droughts, floods, or pests, ensuring that farmers can recover and continue farming in the future.
- Livestock insurance: Offers financial support when animals are lost due to extreme weather or disease, helping farmers maintain their operations.¹⁰

Other products, such as weather-based insurance and multi-peril crop insurance (MPCI), offer broader coverage for various climate-related risks:

- Weather-based insurance: Uses specific weather conditions, like rainfall thresholds, to trigger payouts, providing quick relief.
- MPCI: Covers a wide range of risks, from droughts to pests, offering farmers comprehensive protection.
- Parametric insurance: Provides fast payouts based on predefined weather events, allowing farmers to act swiftly.
- Farmers' microinsurance: Offers affordable protection for small-scale farmers.
- Agri-business insurance: Safeguards the supply chain by covering climate-related disruptions.

Together, these products enhance financial resilience and support farmers in coping with the impacts of climate change.¹¹

Tackling Affordability

Furthermore, there is an urgent need to address the affordability of insurance premiums. Many smallholder farmers operate on narrow profit margins and cannot afford to pay full premiums for insurance coverage.

Leveraging Community Engagement

Community engagement and education are also critical. Training community leaders and progressive farmers as insurance ambassadors will enable Uganda to build a decentralized, peer-driven network for educating farmers about insurance. Evidence from Ethiopia and Kenya suggests that community-led education initiatives significantly improve insurance literacy and participation.¹² By leveraging trusted local figures, we can increase farmers' confidence and trust in the insurance system.

Integration with the National Development Strategy

Finally, agricultural insurance must be integrated into Uganda's national development strategy. This includes aligning insurance with national climate adaptation, agricultural modernization, and social protection policies. Incorporating insurance into these frameworks will ensure that it becomes a sustainable component of Uganda's long-term strategy for climate resilience and poverty reduction. The Uganda Climate Change Costed Implementation Strategy (2015) highlights that without significant investment in adaptation measures, Uganda risks losing 20–40% of its GDP annually by 2040. Integrating agricultural insurance into national policies will help mitigate these potential losses and promote sustainable development.¹³

Offering Premium Subsidies

Premium subsidies funded by development partners can significantly lower barriers to entry for rural households. For example, the Uganda Agricultural Insurance Scheme (UAIS), launched in 2016, offered government-backed subsidies, resulting in over 100,000 farmers obtaining insurance coverage within just a few years. This illustrates the significant impact of cost-sharing mechanisms in encouraging adoption.

The approach of offering premium subsidies funded by development partners assumes that there will be consistent funding from both the government and development partners to sustain them. It also assumes that farmers will be adequately educated on the insurance products and their benefits and that the subsidy mechanism will be accessible to those who need it most.

Key Stakeholders

The implementation of these solutions requires collaboration with several key stakeholders. Internally, coordination with the director of legal affairs, director of strategy and market research, director of supervision, and the CEO of the Insurance Regulatory Authority (IRA) of Uganda will be crucial for developing and overseeing the implementation of these initiatives. Externally, the Agro Consortium, insurance training colleges, and development partners will play essential roles in designing and delivering insurance products.

Important Assumptions in the Theory of Change

The author assumes that there will be strong institutional support from top management at the IRA and that key stakeholders, including the Agro Consortium, farmers, community leaders, and development partners, will actively engage in the initiative. It is also assumed that there will be effective partnerships with agricultural technology companies and other stakeholders to develop the necessary infrastructure for product design and delivery.

Key Indicators of Change

The following indicators will be used to track progress:

- **Insurance product development:** The number of new insurance products developed and their alignment with the needs of farmers, particularly their affordability and relevance.
- **Affordability:** The creation of a premium-to-income ratio index to measure the affordability of insurance products.
- **Farmer participation:** The level of engagement from farmers during the design process, including diversity in gender and region.

Conclusion

Integrating agricultural insurance into national frameworks such as the Third National Development Plan (NDP III) and the National Climate Change Policy provides predictable funding, institutional support, and cross-sectoral collaboration. It also signals to development partners and insurers that Uganda is dedicated to long-term resilience-building, which may attract further investment and innovation in the sector.

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Helping Climate-Induced Internally Displaced Women in the Rural Pwani Region of Tanzania to Manage Financial Shocks

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Keywords: Climate-induced displacement, financial services, economic empowerment, green taxonomy

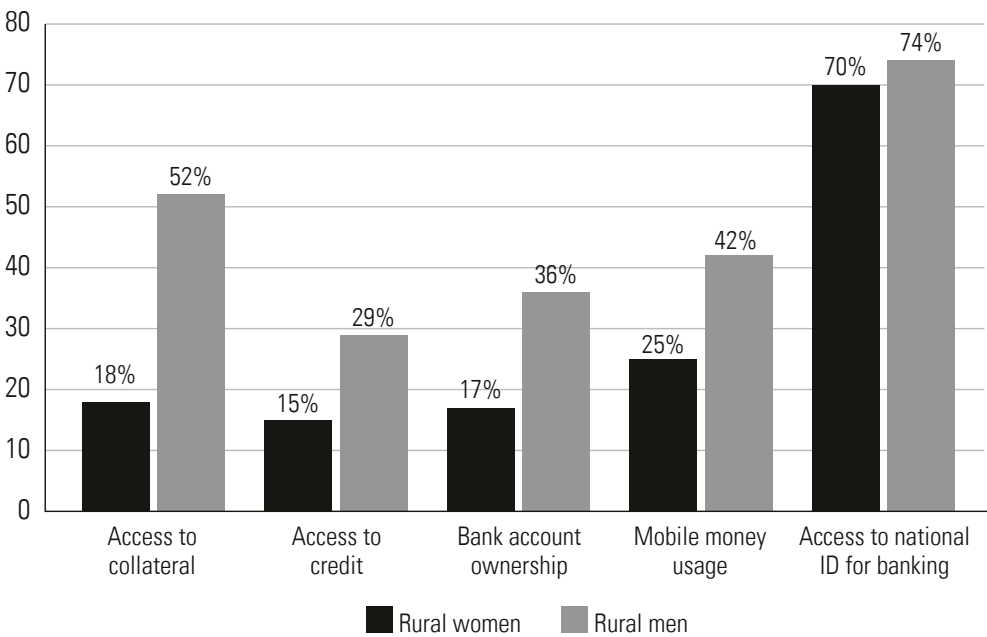
Executive Summary

Climate change, a critical global challenge, exacerbates poverty and displacement, potentially pushing 130 million into poverty and driving 200 million to migrate internally by 2050.¹ Data on climate change and socio-economic trends indicate that the number of internal climate migrants in Tanzania could reach up to 16.6 million by 2050.² In Tanzania’s rural Pwani region, climate-induced displaced women face financial and economic exclusion, limiting their resilience and perpetuating poverty. In addressing this challenge, the proposed solutions are targeted economic empowerment programs, tailored financial products from lending institutions, and a green taxonomy framework to enhance adaptive capacity.

Problem Statement and Context

Climate-induced displacement disrupts livelihoods globally, disproportionately impacting women and rural communities at the economic base of the pyramid, with 45.8 million displaced persons worldwide in 2024. According to one report, Tanzania experienced a displacement of 91,000 people in 2024 due to climate-related events.³ In Tanzania’s Pwani region, displaced women face severe financial exclusion driven by geographic isolation, limited digital and financial literacy, lack of acceptable collateral, and the absence of tailored financial services—exacerbating poverty. A 2024 Bank of Tanzania and Alliance for Financial Inclusion study revealed significant gender disparities, as illustrated in figure 1.⁴

Figure 1. Gender Disparities in Usage of Financial Services in Rural Pwani Region, Tanzania



Source: Bank of Tanzania and Alliance for Financial Inclusion, 2024

Key Causes

People who are climate displaced, both men and women, face the challenge of financial exclusion. However, women are disproportionately affected due to the following causes:

- **Low and unstable income:** While 46% of displaced men engage in casual labor and small businesses, approximately 83% of displaced women in Tanzania's Pwani region rely on small-scale subsistence farming, which leads to greater income instability among women.⁵
- **Limited access to collateral:** Only 15% of rural women have access to formal credit, compared to 29% of rural men, and 18% of women own acceptable collateral versus 52% of men.⁶ This lack of collateral further restricts women's access to formal financial services.
- **Limited access to financial access points:** People-centered policy (PCP) research indicates that both men and women face a 50-kilometer journey costing USD 7 per round trip to reach banking service points, limiting their ability to access critical financial tools such as savings, credit, and insurance, which are essential for resilience against climate shocks.⁷
- **Low financial literacy and savings:** Only 15% of adults in Pwani have formal savings, and just 7% use savings during emergencies; most store cash at home due to lack of financial literacy training as well as limited access to financial access points.⁸ Integrating financial literacy into economic empowerment programs is essential to foster a culture of savings and build resilience among women living in climate-affected areas.
- **Absence of a green taxonomy:** Financial institutions in Tanzania lack a framework to classify climate-smart investments. Despite Tanzania's estimated USD 1 billion annual need for climate adaptation by 2030, none of the microfinance institutions surveyed were aware of sustainable finance practices.⁹ During the PCP supply-side research, an official from one bank that has accessed the Green Climate Fund and issued a green bond emphasized the need for the Bank of Tanzania (BoT) to establish a clear national green financing framework. Such a framework would encourage financial institutions to take a more active role in mitigating the impacts of climate change. Therefore, a national green taxonomy, defining eligible climate-resilient investments, is critical to channel financing toward initiatives supporting vulnerable groups, particularly rural displaced women.

Potential Policy Solutions

In analyzing this problem, the author considered three possible policy approaches: expanding usage of financial products and services; mandating financial institutions to allocate a dedicated portion of their lending portfolios; and using the central bank's refinancing windows and monetary policy tools to offer affordable and flexible credit products—all of which have been used successfully in other countries, such as Malaysia, Egypt, India, Vanuatu, and Bangladesh.¹⁰ The first approach, expanding usage of financial products and services, is prioritized due to its potential for both immediate and long-term impact.

Priority Policy Approach and Rationale

Among the three proposed potential policy options, the expansion of financial products and services is prioritized due to its high potential for immediate and long-term impact, broad ownership, and sustainability. This policy's primary goal is to enhance financial inclusion and economic resilience for climate-displaced rural women in Tanzania by improving access to formal financial services through targeted economic empowerment initiatives, tailored financial products, and a national green taxonomy framework.

Our approach focuses on delivering localized vocational training, entrepreneurship support, financial literacy, and catalytic microgrants to enable women to diversify their incomes. Implementation will involve collaboration with NGOs, local government authorities, the National

Economic Empowerment Council (NEEC), the Ministry of Finance (MoF), and the Ministry of Community Development, Gender, Women and Special Groups.

This policy further promotes the development of accessible financial services by incentivizing banks and microfinance institutions to offer microloans with flexible repayment, climate-linked microinsurance, and gender-responsive savings products. BoT will provide voluntary guidelines and technical assistance, drawing from India’s Self-Help Group model while aligning with Tanzania’s Financial Inclusion Strategy (2023–2028), climate commitments in the Nationally Determined Contributions, the Tanzania Development Vision 2050, and the Zanzibar Blue Economy Policy.

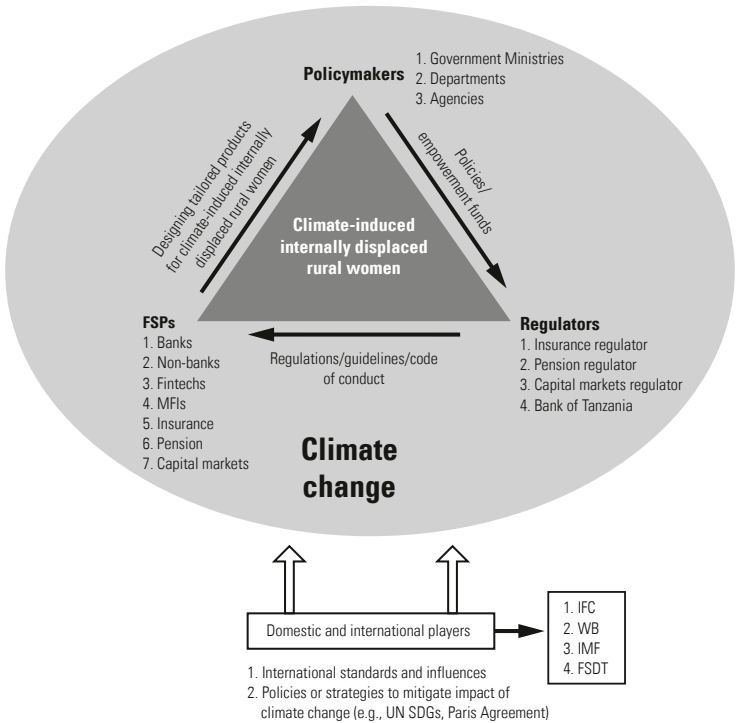
Additionally, led by BoT, this policy will support the development of a national green taxonomy framework to guide investments in climate-smart sectors such as drought-resilient agriculture and renewable energy. A multi-stakeholder taskforce will oversee implementation, supported by targeted capacity-building initiatives for financial institutions.

The proposed approach is feasible given the government of Tanzania’s demonstrated commitment through its partnership with the World Bank, IFC, and Financial Sector Deepening Tanzania (FSDT), which are already supporting financial inclusion and green taxonomy development. These ongoing efforts offer a solid foundation for the policy’s effective implementation.

Stakeholders

The Bank of Tanzania, as secretariat of the National Council for Financial Inclusion, will coordinate implementation through existing structures. Key partners include MoF, ministries for environment, local government, disaster management organizations, NEEC, and the Zanzibar Economic Empowerment Agency (ZEEA). Regular consultative meetings will ensure alignment on targeted solutions for vulnerable groups. The National Council will oversee implementation through quarterly meetings, engaging public, private, and development partners for effective delivery.

Figure 2. Key Stakeholder Ecosystem



Source: Melvin Kilemile, 2025

Next Steps

The implementation of these proposed policy solutions shall be as follows:

Phase	Activity	Timeline	Lead Stakeholders
Policy endorsement	Submit memo for approval	Aug. 2025	BoT management
	Stakeholder workshop	Aug. 2025	BoT, MoF, regulators
Research, design, and empowerment programs	Supply-side study	Sep. 2025	FSDT
	Disseminate findings	Nov. 2025	BoT, ministries
	Demand-side study	Dec. 2025	FSDT
	Validate findings	Jan. 2026	BoT, stakeholders
	Encourage FSPs to design tailored products	Feb. 2026	Banks, MFIs, fintechs
	Roll out empowerment programs	Mar. 2026	NEEC, ZEEA, MoF, ministries of local government authorities and blue economy
Green taxonomy	Draft framework	April 2026	BoT, MoF, IFC
	Review workshop	June 2026	Key stakeholders
	Submit for approval	Aug. 2026	BoT, National Council
	Official launch	Sep. 2026	BoT, regulators, key stakeholders
Capacity and outreach	Develop training tool	Dec. 2026	BoT, FSDT
	Train financial providers to integrate taxonomy into their strategies	March 2027–	BoT, banks, MFIs
	Conduct public awareness campaigns on available programs and green products	June 2027–	BoT, MOF, NEEC, ZEEA
Monitoring and evaluation	Establish a measurement framework with key demographics such as gender, age, and location	Sep. 2027–	BOT, MOF, NEEC, ZEEA, regulators
	Conduct regular monitoring and evaluation	Sep. 2027–	BoT, MOF, NEEC, ZEEA

Key Indicators of Change

The National Council for Financial Inclusion will monitor and evaluate the effectiveness of implementing the proposed policy solution bundle using the following key indicators:

	Indicator	Frequency	Source
1.	Percentage of displaced rural women accessing formal financial services	Annual	NEEC, local government, survey
2.	Total value and number of loans to displaced rural women	Annual	BoT, local government, NEEC, ZEEA
3.	Percentage of rural women using micro-insurance or climate products	Annual	BoT, TIRA
4.	Number of rural women completing training	Quarterly	NEEC, ZEEA
5.	Percentage of rural women starting businesses within 6 to 12 months	Annual	NEEC, ZEEA
6.	Increase in the average income of participants	Biannual	Independent survey

7.	Percentage increase in financial literacy	Biannual	Survey
8.	Number of institutions adopting green taxonomy	Quarterly	BoT
9.	Number of products classified under green taxonomy	Quarterly	FSPs
10.	Number of staff trained on green taxonomy application	Quarterly	BoT
11.	Percentage of rural women managing shocks without harmful strategies	Biannual	Survey

The selected indicators will not only measure progress but also guide adaptive, informed decision-making, helping stakeholders understand how the policy is being implemented and whether it is achieving its intended outcomes. Regular monitoring will provide opportunities for learning and timely adjustments to improve effectiveness and enhance impact.

Conclusion

It is essential to improve financial and economic inclusion for climate-displaced rural women in Tanzania, given the growing risks they face. These women are increasingly vulnerable due to limited access to financial services and a lack of climate resilience support. The proposed policy offers a practical solution by focusing on economic empowerment, tailored financial products, and the development of a green taxonomy. Its implementation is feasible if backed by strong government commitment, World Bank funding, and technical support from partners such as the IFC and FSDT, who have already contributed to foundational research. With coordinated action, this policy can strengthen resilience and unlock economic opportunities for the vulnerable rural women of Tanzania's Pwani region.

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Expanding Social Protection Coverage to Pakistan's Informal Workers Through a National Insurance Scheme

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Keywords: Social insurance, financial protection, digital public infrastructure, risk mitigation

Executive Summary

Sixty-two million workers in the informal sector across Pakistan are vulnerable to financial shocks due to accidents, disability, or the death of a breadwinner. This is primarily because the existing insurance framework covers only formal-sector employees, while government safety net programs focus exclusively on the extreme poor, hence leaving the lower-middle-income informal workforce largely unprotected, with minimal policy attention and no structured saving mechanisms. This memo suggests the issuance of a concept note as a first step toward introducing a national-level, mass-scale insurance scheme (with inbuilt subsidies) for informal workers. Under this proposed scheme, workers would be able to voluntarily enroll, pay a subsidized premium, and receive coverage for risks such as accidents, disability, and the death of the primary income earner in the family.

Problem Statement and Context

Sixty-two million workers in the informal sector across Pakistan are vulnerable to financial shocks due to accident, disability, or the death of a breadwinner. Pakistan has a population of 240 million, and 72 million people are employed, of which only 9.5 million are covered under compulsory group life insurance as mandated by law, leaving the remaining 62 million without any protection (SECP 2025).

For decades, Pakistan has lacked a comprehensive social insurance system for informal workers. *Social insurance* refers here to public or publicly supported schemes that pool risk and provide financial protection to individuals or families against life's uncertainties. While the launch of the Prime Minister's National Health Insurance Program in 2015, which has since been expanded into a universal health initiative, marked a major step forward in health coverage, the same cannot be said for disability, accident, and income protection or life insurance.

SECP's study *Insurance as a Tool of Social Security: Landscape of Pakistan* (2025) reviewed employer-led schemes and government programs, revealing that legally, employers are required to provide life insurance to employees, but this mandate applies to only the formal sector and specifically to regular employees. Apart from insurance, some employers offer protection via a contributory approach, but nearly all of these programs cater exclusively to formal-sector employees (SECP 2025). As a result, part-time, contractual, or gig workers in the formal sector, along with the vast informal sector (employees as well as those who are self-employed), are excluded from any mandatory protection.

Public sector programs such as the Benazir Income Support Programme (BISP) are designed to assist the extreme poor through unconditional cash transfers. In 2024–25, the number of active BISP beneficiaries stood at 9.9 million (Associated Press of Pakistan 2025). While these programs play a vital role in poverty alleviation, they do not reach the lower-middle-income segment, into which the majority of informal workers fall. These households hover just above

the poverty line, and a single adverse event—an accident, illness, or death—can drive them into poverty, often permanently.

To better understand informal workers' lived reality, focus group discussions were conducted in three provinces. These interactions, engaging both men and women, revealed that most participants had neither sufficient savings nor access to any other risk-mitigation tools and lacked understanding of insurance. Importantly, there was also widespread mistrust of insurance and confusion around what it even is. Many had unknowingly benefited from universal health coverage but saw it simply as a “government program,” not as insurance. When asked whether they would enroll in a similar scheme for financial protection for death, accident, and disability if the government introduced it at a subsidized rate, the response was overwhelmingly positive (Bibi 2025).

Key Policy Objectives

Pakistan's informal workforce is highly vulnerable to financial shocks from accidents, disability, or the death of a breadwinner. While there are various tools to help people manage such risks, including savings, credit mechanisms, and social networks, these alone are not sufficient, especially for low-income households with limited buffers. This policy memo focuses on insurance as one of several potential tools for improving financial resilience. However, it also acknowledges the complementary role of other safety net interventions that can work in parallel.

Within the insurance space, three potential policy options were considered:

1. **Introducing a national-level insurance scheme for informal-sector workers:** This would be a digitally driven, publicly supported insurance model where individuals voluntarily enroll using their Centralized National Identity Card (CNIC) and mobile number, select a premium/sum insured, get a payment ID, make payment, and receive their policy number digitally. This option ensures flexibility and inclusivity, particularly for daily wage earners and the self-employed, without relying on employer-based enforcement.
2. **Amending existing labor laws to mandate employer-provided insurance for a broader category of workers:** The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 currently mandates life insurance coverage only for formal workers in establishments with 20 to 50 or more employees. Expanding this law could offer additional coverage to part-time or contractual workers—but would still exclude the self-employed and daily wage laborers. Enforcement would also be a significant challenge, given employer hesitancy around formal registration due to tax concerns.
3. **Introduction of savings-based social protection programs:** Savings schemes could help build personal financial cushions against shocks—but these are unlikely to offer meaningful protection to low-income informal workers. Many are unable to save consistently, and the accumulated amounts may fall short in times of real crisis.

After reviewing these options, the introduction of a new voluntary insurance scheme emerges as the most feasible and inclusive approach. This is supported by both international best practices and user-centered research conducted during field visits and focus group discussions.

Proposed Policy

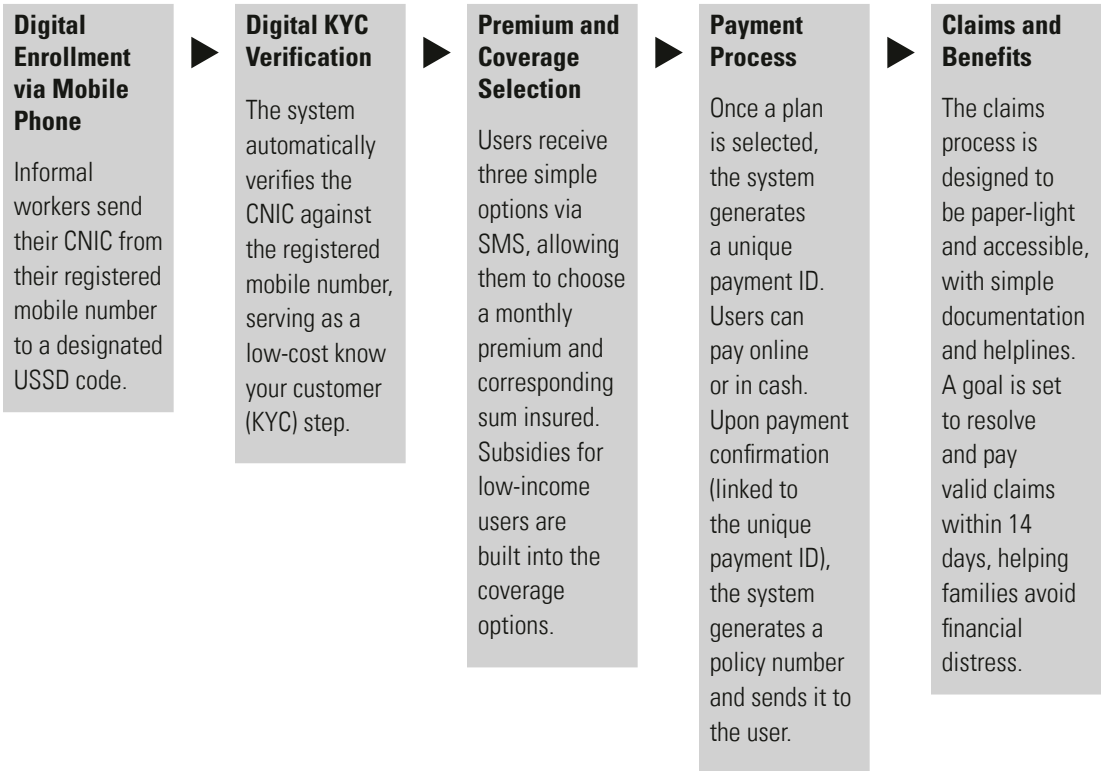
To protect informal-sector workers in Pakistan against financial shocks due to accident, disability, or the death of a breadwinner, this policy proposes the issuance of a concept note that will serve as the foundational idea for the development of a national-level insurance scheme for informal workers. As a next step, a committee or working group with representation from key stakeholders should be constituted to define the scheme's modalities and design a pilot

program. The learnings from the pilot will inform the structure of a full-scale national scheme, which will be formalized through appropriate legal and institutional backing.

This recommendation is informed by successful models in countries like the United Arab Emirates (UAE), which have successfully launched government-supported insurance schemes that reach informal workers without relying on employer enforcement (UAE Govt. Portal 2025). Digital public infrastructure allows individuals to self-enroll, select coverage, and pay premiums through simplified platforms (UAE Govt. Portal 2025). These schemes recognize the reality that many informal workers are self-employed or change employers frequently and therefore need direct, individual-based access to insurance.

In Pakistan, a similar model is well-suited due to the country’s growing mobile penetration, extensive digital identity database, CNIC-linked systems, and increasing familiarity with unstructured supplementary service data (USSD)–based services through programs like BISP and universal health insurance.

How the Scheme Would Work: Step-by-Step Process



Stakeholders and Engagement

Once the concept note on the insurance scheme for informal-sector workers is published, it will be shared with the following stakeholders along with an invitation to discuss it further through in-person meetings and briefings, with the aim of forming a working group as the next step:

- 1. Ministry of Poverty Alleviation and Social Safety
- 2. Provincial ministries for social safety
- 3. Insurance companies
- 4. Organizations for informal workers
- 5. Development institutions

Key Indicators of Change

To ensure that the proposed solution remains aligned with its intended objectives, the following indicators of change have been established:

1. Number of districts and policyholders in each district. The aim of the pilot scheme is to officially launch in 3 districts covering 100,000 policyholders in each district.
2. Dedicated laws enacted to institutionalize the insurance scheme and ensure its long-term sustainability and enforcement.
3. Number of informal workers insured under the insurance scheme. The aim is to enroll 2 million policyholders in the first 2 years.
4. Percentage of policies with a claim-payout period of 14 days maximum. The aim is to ensure that the dignity of the policyholder is preserved and that 80% of families receive claim payments within two weeks of lodgment, allowing them to cope with difficult times without having to depend on others for help.

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