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Access to Finance Sub-Saharan Africa

fiscal year **2013**



IFC

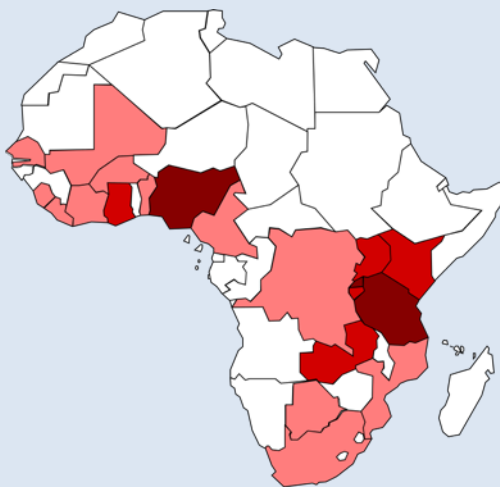
**International
Finance Corporation**
World Bank Group

2013



Jacinta Muya, insured farmer in Embu province, Kenya

IFC Access to Finance Sub-Saharan Africa



Projects in 3
product pillars

Projects in 2
product pillars

Projects in 1
product pillar

Access to finance is key to inclusive economic growth in Sub-Saharan Africa.

Less than a quarter of adults in Sub-Saharan Africa have access to formal financial services. Lacking a financial infrastructure that includes a place to save money securely, safe and efficient means of transferring money, and access to credit and insurance, the majority of people on the continent are often barred from making productive investments in their families and businesses.

Lack of access to finance is a key constraint on the growth of small and medium enterprises in Sub-Saharan Africa, and thus also an important limitation on employment, economic growth and shared prosperity. African financial systems have improved in the past two decades but still lag behind other developing economies, hampering the positive effects of current record financial inflows.

Supporting microfinance institutions, mobile financial services, micro-insurance, credit bureaus, collateral registries, securities markets, and financing to micro, small and medium entrepreneurs, IFC's Access to Finance Advisory Services program in Sub-Saharan Africa aims to strengthen the continent's fight against poverty and to promote inclusive economic growth.

"Access to finance is critical to unlocking Africa's great growth potential, and to make sure economic growth is enjoyed by all."

—Peer Stein, Director, IFC Access to Finance

- IFC's Access to Finance program in Sub-Saharan Africa provides advisory services to financial institutions and other clients in order to increase access to financial services for households and small and medium enterprises and to strengthen the functioning of financial systems across the continent.
- In fiscal year 2013, IFC's Access to Finance in Sub-Saharan Africa ran 44 projects in 19 countries, to a total value of \$60.7 million. Almost half of our budget was invested in programs in East Africa, a third in West Africa, 9 percent in Southern Africa and 7 percent in Central Africa. A third was invested in regional African initiatives.
- Almost all of our projects, over 90 per cent, focused on the poorest nations, classified as IDA countries by the World Bank. More and more of our engagement is in fragile and conflict-affected countries, where we break new ground for private sector development in areas like SME finance, leasing, microfinance and mobile financial services.
- IFC's Access to Finance program collaborates with a number of donor partners, and knowledge and technical partners, in Sub-Saharan Africa. These partnerships bring together the intellectual and financial capital of external partners, with IFC's market knowledge, expertise, experience and client base for the common goal of increasing financial inclusion.
- A key part of all IFC Access to Finance programs in Sub-Saharan Africa is to share our experience and knowledge with the broader development community, and to contribute to the building of a regional and global community of practice on financial inclusion. To find out more and to read our publications, please visit www.ifc.org

Impact

As of June 30th 2013 IFC had a portfolio of 26 microfinance clients in Sub-Saharan Africa, of which more than 75 per cent were also supported by the Access to Finance advisory services program.

The Partnership for Financial Inclusion signed three new clients: AccessBank in Tanzania, FINCA in the Democratic Republic of Congo, and Urwego Opportunity Bank in Rwanda.

As of June 30th 2013 IFC had 13 advisory services projects promoting access to finance for small and medium-sized businesses in Sub-Saharan Africa, helping more than 30,000 entrepreneurs gain access to over \$800 million in financing.

The AMSME program has helped over 3,000 women entrepreneurs gain access to \$27.5 million in financing.

The parliament in Malawi approved the Personal Property Security Bill, following joint IFC and World Bank support to the Ministry of Trade.

The government of Rwanda enacted and gazetted the revised Secured Transactions Law in May 2013.

Bank of Tanzania launched its credit reference databank under the Africa Credit Bureau Program.

The government of Ethiopia upgraded its credit reporting system with 17 financial institutions participating.

The Global Index Insurance Facility, GIIF, supported insurance against adverse weather effects for more than 200,000 small-scale farmers in Africa.

Donor partners



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



The MasterCard
Foundation



Oesterreichische Entwicklungsbank AG

BILL & MELINDA
GATES foundation



from the Department for
International Development



Microfinance, Micro-insurance and Mobile Financial Services

Our Micro Retail program is comprised of IFC's microfinance, mobile financial services and insurance products. All are aimed at increasing access to a diverse range of financial services for the poor.

- The microfinance program helps microfinance institutions strengthen institutional capacity and accelerate outreach.
- The mobile financial services program uses agent banking models and mobile technology to assist various types of institutions (mobile network operators, banks, microfinance institutions, payments system providers) increase scale and reach customers that were previously unbanked.
- The Global Index Insurance Facility, GIIF, is a joint program with the World Bank that addresses the scarcity of affordable insurance protection against weather and natural disasters in developing countries.

Micro Retail

Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Democratic Republic of Congo, Mali, Nigeria, Rwanda, Senegal, Tanzania, Zambia

Major projects

The Partnership for Financial Inclusion signed 3 microfinance clients and launched its mobile financial services project in Cote d'Ivoire.

Initiated the Tanzania Interoperability Standards Project with Bill & Melinda Gates Foundation and the Financial Sector Deepening Trust.

Events

Hosted a National Payments Systems Training with UNCDF in Johannesburg, May 2013.

The Partnership for Financial Inclusion hosted its first client peer-to-peer learning event in Nairobi in May 2013.

Workshop on agency banking for staff from 12 leading financial institutions and central bank staff in Cote d'Ivoire in May 2013.

GIIF Second Annual Grantees Workshop with GIIF clients and World Bank in Dakar, September 2012.

Publications

From Micro to Small: How do Microfinance Banks in Sub-Saharan Africa Upscale to Small Business lending? IFC Smart Lesson

Mobile financial services scoping reports on Cote d'Ivoire, Liberia, Nigeria, Rwanda, Sierra Leone and South Sudan. Published on www.ifc.org in May 2013.

“Our partnership with IFC will help bring responsible financial services to a significant number of people in Sub-Saharan Africa.”

Reeta Roy
The MasterCard Foundation

Partnership for Financial Inclusion Launched

The aim of the Partnership for Financial Inclusion, a joint program with The MasterCard Foundation and supported by the Development Bank of Austria, is to scale up 8-10 of IFC's strongest microfinance clients on the continent and accelerate the development of mobile financial services to reach 5.3 million previously unbanked customers by 2017.

The inaugural peer-to-peer client meeting, held in Nairobi in May 2013, brought together 25 representatives from 8 client institutions to discuss opportunities in agri-finance, product development for alternative channels, and risk management. Clients were taken on a field visit to study local applications of agent banking and mobile financial services, drawing on the leading position Kenya currently holds in the field.

Feedback from clients was overwhelmingly positive, as in the words of Denis Moniotte, Head of Alternative Delivery Channels, MicroCred Group: "In the two days we spent in Kenya, we progressed very much in our understanding of alternative channel challenges and success factors."



5.3 million

Weather insurance sustains farmers in Kenya

The Global Index Insurance Facility's implementing partner in Kenya and Rwanda, Kilimo Salama, reached a major milestone in April 2013 with a total of 100,000 farmers insured in the two countries. Started with only 185 farmers in 2009, Kilimo Salama, which means *safe farming* in Kiswahili, allows farmers to insure as little as a bag of seeds.

For smallholder farmers like Jacinta Muya, in Embu province in Kenya, such insurance products can make all the difference.

"In 2010 there was too little rain and the harvest failed. I was paid 2,300 shillings by the insurance company, which I used to buy fertilizer and maize to plant in the next season. When I didn't have insurance, I would work as a cash laborer to get food when the harvest failed."

Over 30,000 Kilimo Salama farmers in Kenya have also been able to access \$5.5 million in financing bundled with insurance. Rwanda's Minister of Agriculture and Animal Resources, Agnes M Kalibata, hopes more than 300,000 farmers in Rwanda can be insured in three years.



100,000

SME Finance, Housing Finance, Agribusiness and Climate Change

Our Core Banking program works directly with banks and financial institutions to strengthen their capacity to serve small and medium enterprises, the low income housing market, the agricultural sector and women entrepreneurs.

- The Africa Micro, Small and Medium Enterprise Finance, program, AMSME, supports banks with finance and capacity building to help them better serve small clients.
- The Climate Change Investment Program in Africa, CIPA, is a sustainable energy financing and advisory program.
- Our Housing Finance program assists financial institutions in serving the low and middle income market.
- Agri-Finance develops financing products for agribusiness to support local supply chains and food security.
- The Africa Leasing Facility, ALF, helps set up leasing as an innovative financing tool for small-scale entrepreneurs.
- The Women in Business program, WiN, helps banks support and finance women entrepreneurs.

Core Banking

Botswana, Burundi, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Sierra Leone, South Africa, Tanzania, Uganda, Zambia

Major projects

Inaugural Warehouse Finance Training Workshop for Bankers held in Nairobi to prepare ground for expansion of successful Ethiopia Warehouse Receipts program in other parts of Sub-Saharan Africa.

CIPA assisted SASFIN in South Africa develop a Sustainable Energy Financing strategy, with first ZAR 5 million deal approved in February 2013.

Launch of SECO funded study with Dalberg Global Advisors to map agriculture value chains of promising commodities in Burkina Faso, Ghana, Mozambique and Tanzania.

Events

The first International ESCO Financing Conference held in Johannesburg, June 2013.

Workshop with Central Bank of Nigeria and the World Bank in Abuja to explore opportunities in power infrastructure, SME Finance, agribusiness finance and microfinance in Nigeria.

Publications

Implementing an SME Banking project with a Regional Bank. IFC Smart Lesson, forthcoming

The AMSME Program: Experience in providing SME Banking Advisory Services in Africa. IFC Smart Lesson, forthcoming

“It was very hard for us when we didn’t have a bank to rely on. We went to many banks, but they thought we were too small. Now we’re fine.”

Moses Nditika
Bank of Africa SME client in Kenya

Africa Leasing Facility Trains 10,000 Business Owners

The first phase of the Africa Leasing Facility, ALF, a program aimed at introducing leasing as an innovative financial tool across Sub-Saharan Africa, came to a close in fiscal year 2013.

Covering 15 countries in its five years of existence, the program assisted in the passage of 16 new laws, mobilized investment in five leasing projects to a value of almost \$27 million, and facilitated training for more than 10,000 small business owners through almost 250 training sessions.

The second phase of the program, Africa Leasing Facility II, was launched in South Sudan in June 2013. Going forward, the program will focus almost entirely on fragile and conflict-affected states, engaging in Burundi, Central African Republic, Chad, Cote d'Ivoire, DRC, Guinea, Liberia, Niger, Sierra Leone and South Sudan.

The program is supported by the Swiss State Secretariat for Economic Affairs SECO, Austria, Denmark, Japan, the Netherlands, and Sweden.



10,000

International Conference Highlights Energy Efficiency

The first International ESCO Finance Conference, held in Johannesburg in June 2013 in collaboration with the Swiss State Secretariat for Economic Affairs, brought world leading experts together with actors in the local energy market to discuss opportunities for expanding the ESCO business model to enhance energy efficiency and help ease energy capacity constraints in South Africa and Sub-Saharan Africa.

An ESCO is a commercial business providing a broad range of comprehensive energy efficiency solutions. Many ESCOs finance the upfront investments costs associated with a project, and get their return from sharing revenue with the end-user. It has been in use in Europe and the US for a long time, but only a handful of ESCOs exist in Africa.

"In our work around the world we have seen how the ESCO model provides not only a technical solution, but also a sustainable financing solution. To invest in clean energy is to invest in the future," said IFC Country Manager Saleem Karimjee at the conference.



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Credit Bureaus, Collateral Registries, and Securities Markets

Financial infrastructure is the underlying foundation of the financial systems, including institutions, information technologies, and rules and standards which enable financial intermediation. Our Financial Infrastructure program helps to strengthen these systems throughout Sub-Saharan Africa.

- IFC's Africa Credit Bureaus program provides advisory services to central banks, national bankers associations and other private sector stakeholders to help develop and implement credit information sharing systems.
- Our Secured Lending program helps set up collateral registries for movable property in order to facilitate financing to micro, small and medium-scale businesses.
- The Efficient Securities Markets Institutional Development program, ESMID, is a joint IFC and World Bank program that supports the development of local non-government bond markets to improve financing for key sectors such as infrastructure, housing and microfinance.

Financial Infrastructure

Burundi, Ghana, Kenya, Liberia,
Malawi, Nigeria, Rwanda, Uganda,
Tanzania, Zambia

Major projects

The parliament in Malawi approved the Personal Property Security Bill following joint IFC and World Bank support.

The government of Rwanda enacted and gazetted the revised Secured Transactions Law in May 2013.

Bank of Tanzania launched its credit reference databank with support of the IFC Africa Credit Bureau program.

The government of Ethiopia upgraded its credit reporting system with 17 financial institutions participating.

Events

ESMID workshops in Rwanda, Tanzania and Nigeria.

Secured transactions peer-to-peer learning event in Ghana, July 2012, with participants from 14 African countries, in collaboration with SECO and Bank of Ghana.

Four training sessions on sustainable banking principles for local consulting companies and banks in Nigeria.

Publications

Collateral registries and Access to Finance. Research paper with the World Bank.

Supervision of Private Credit Bureaus, a guide, June 2013.

It started in Ghana: Implementing Africa's first collateral registry. IFC Smart Lesson.

“Small firms and individuals borrow at high rates because of the high risks involved as lenders do not have information on their credit behaviors.”

Juma Reli
Bank of Tanzania, Deputy Governor
from official databank launch press release

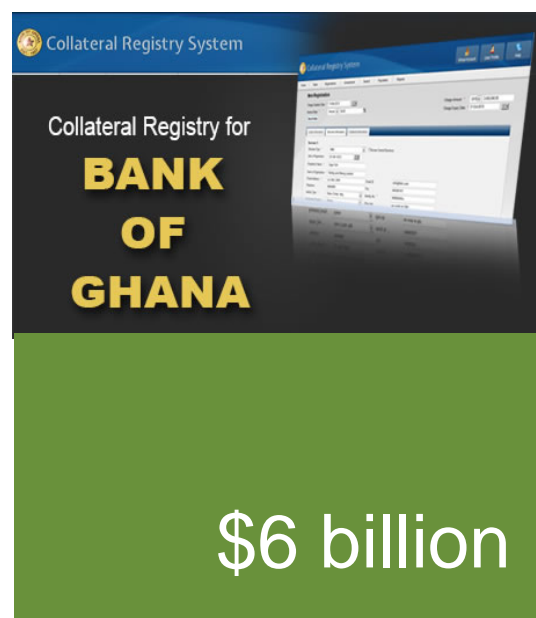
Collateral registry finances small firms in Ghana

Africa's first web based collateral registry was officially launched in Ghana in May 2013, and clearly demonstrates the development impact that improved financial infrastructure can have.

The registry allows small-scale entrepreneurs to list movable property as collateral, and since its soft launch in 2010 the Ghana Collateral Registry has facilitated \$6 billion in financing through 45,000 loans to more than 9,000 SMEs and 30,000 micro enterprises and individual entrepreneurs, including 7,000 women.

The registry has become a model for other countries to follow, with representatives from 14 African nations attending the program's first peer-to-peer knowledge sharing event in Accra in July 2013.

The software required to put the registry in place was designed and implemented by a local IT company, with no need for foreign expertise.



Tanzania launches modern credit reporting system

Tanzania reached an important milestone in September 2012 in its work to modernize the country's financial infrastructure as it opened a credit reference databank that allows for financial institutions to share and access the credit history of individuals and businesses.

In a show of commitment to financial sector reform, the government took out World Bank and DFID loans to buy the necessary data bank technology, and the Tanzania Bankers Association contracted IFC's advice on the establishment of a private credit bureau. IFC also trained the central bank's staff and lenders in technical, operational and legal aspects of a credit reporting system, and assisted with drafting new regulations.

As a result of IFC's advice, the global business information firm Dun & Bradstreet set up the country's first private credit bureau. As of March 2013, 35 banks were participating in the credit reporting system by submitting data.



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Coming up

We have more than 20 microfinance and mobile financial services projects in the pipeline for fiscal year 2014, and one micro-insurance project.

The Partnership for Financial Inclusion will sign four new microfinance clients in the first half of fiscal year 2014.

The mobile financial services program of the Partnership for Financial Inclusion will be rolled out in Cote d'Ivoire.

GIIF will launch multi-country index insurance projects in Kenya, Rwanda, Tanzania, Uganda and Zambia.

We will publish two research papers on greenfield microfinance and one on mobile financial services.

We have 16 new projects expanding access to finance for small-scale businesses, targeting specifically agribusiness and women entrepreneurs.

The Africa Leasing Facility will expand in Burundi, Cote d'Ivoire, Democratic Republic of Congo, Guinea, Liberia, Sierra Leone and South Sudan.

Our housing finance team has eight projects in the pipeline, supporting low income housing projects and mortgage markets for low income customers.

We will host a second international conference on the ESCO business model to promote energy efficiency.

We have ten projects on financial infrastructure to be implemented in fiscal year 2014, of which six are in countries classified as IDA by the World Bank and two are in conflict-affected countries.

Focus on job creation, climate change, agribusiness, and poorest and fragile countries.

- The IFC Access to Finance Sub-Saharan Africa team starts fiscal year 2014 with 44 existing projects in implementation and close to 50 in the pipeline.
- The team will continue to strengthen and expand our already successful programs in agribusiness, climate change, financial infrastructure reform, microfinance, mobile financial services, and SME financing, with a special focus on women entrepreneurs.
- Cutting across several of our programs is an intensified focus on job creation and private sector development for food security, both key to the future of Sub-Saharan Africa. We support the development of local supply chains, small scale entrepreneurs and inclusive business.
- We will further deepen our engagement in the poorest countries in Sub-Saharan Africa, those classified as IDA by the World Bank, and continue to advance private sector development in fragile and conflict-affected countries.
- Africa is the world market leader in mobile financial services, and we run a number of potentially ground-breaking projects in this rapidly evolving field with the aim to dramatically increase the access of banking services for the economically marginalized to promote inclusive economic growth.
- Knowledge sharing is central to all IFC's Access to Finance program in Sub-Saharan Africa, and monitoring and evaluation is integrated into project cycles and implementation. A number of studies are scheduled for publication in 2014, as well as several high profile events.
- Working with and supporting our clients, we aim to support insurance for an additional 110,000 farmers by 2016, facilitate financing for 200,000 small businesses by 2017, and bring financial services to 5.3 million previously unbanked people by 2017.

A2F Africa



5.3 MILLION TO BE OFFERED
BANKING SERVICES by 2017


insured small-scale farmers: 200,000

ONLY 25 % AFRICANS HAVE ACCESS TO FINANCIAL SERVICES

6 *staff in
Dakar*

44 PROJECTS IN 19 COUNTRIES

22% SMEs in
Africa have
loan or credit

10,000 small business owners
trained on leasing 



**MOBILE MONEY ACCOUNTS
IN AFRICA: 56 MILLION**

5% Congolese with
bank account **13** *staff in
Nairobi*



45% of FIRMS in
AFRICA cite LACK
of FINANCE as
MAJOR constraint

**PORTFOLIO
VALUE \$60.7m**



20 *staff in
Joburg*

3%
ADULTS
HAVE
CREDIT
CARD

IFC

FY13

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About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, we use our capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. In FY13, our investments climbed to an all-time high of nearly \$25 billion, leveraging the power of the private sector to create jobs and tackle the world's most pressing development challenges. For more information, visit www.ifc.org

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