



EVENT REPORT



Building Africa's financial ecosystem for development

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Background Information

On 25 October 2017, CARE International organised a roundtable entitled “*Building Africa’s financial ecosystem for development*”. This event offered practical insights on women’s economic empowerment, and in particular financial inclusion, based on CARE’s experience of facilitating 5.1 million members of village savings and loans groups across Africa. It took place ahead of the sixth EU-Africa Business Forum (27 November 2017) and the fifth **EU-Africa Summit** (29-30 November 2017), where the EU will present the recently launched **European External Investment Plan** (EEIP). The event gathered high level speakers and participants from the European Commission, Member States, private sector and civil society.

KEY POINTS

1. **Women’s Economic Empowerment** is imperative for poverty reduction and gender equality, and the private sector has a key role to play.
2. **Financial inclusion**, including via scaling up Village Saving and Loan Associations and linking those to financial services, is one of the key means, and helps us to achieve the SDGs.
3. Improving and scaling financial inclusion for women through access to **digital literacy, digital skills and digital financial services**, coupled with suitable customer protection, constitutes an important discussion area, from improving micro-finance services in rural areas and agricultural value chains, to serving population in fragile states.
4. For any intervention to work, **root causes need to be tackled**: social norms, access to quality education, unfair legal systems, land and property rights, unequally shared unpaid care work, sexual reproductive health and rights etc. To create such an enabling environment, women’s rights organisations must be offered the necessary means to build effective multi-stakeholder partnerships that can support system-wide change.
5. An **analysis of power dynamics and the political economy** are needed to identify blockages as well as solutions to get to empowerment and poverty reduction.
6. **Partnerships are key** to leave no one behind, but can only work if all partners have an interest in that partnership.
7. **There is a business case for including the poorest women and small-scale entrepreneurs in core business and value chains**, but it cannot stay in the Corporate Social Responsibility Department, should not be a one time-investment, and it needs to be profitable and possible to scale up. This requires knowing your target and having partners with complementary knowledge.
8. The **European Union External Investment Plan** is an investment plan for Africa and the EU Neighbourhood based on **three pillars**: improving access to finance, mobilising technical assistance and promoting a conducive investment climate through structured dialogue with private and public sector. **Micro, Small and Medium Enterprises in both the formal and the informal sector are a key target group** given their key role in creating jobs and driving economic growth. The aim is to promote inclusive growth that translates to decent and sustainable jobs for youth, women’s economic empowerment and have impact in line with the SDGs. The assessment of its results and longer term impact require a well-structured and responsive M&E framework.
9. A **development bank/development finance institution** should incentivise intermediaries to lend to and **invest in women-owned Small and Medium Enterprises** and also look at how to **plan budget support** to countries in a way that can lead to policy and regulatory reforms in favour of Women’s Economic Empowerment.
10. Further discussion is needed on **how to merge** the gender dimension and **impact at local level with** the importance for donors to work at **scale when it comes to blending**.

Introduction by Alice Allan, (Head of Advocacy CARE UK)

1. When framing development in Africa, we tend to focus on the part of the conversation which looks at **donors and investments**, the basis of the ecosystem. So we talk about how to raise money, including via blending. But we do not always discuss how these investments translate to real changes, to **poverty reduction and empowerment in the daily lives of women and youth**.

2. This event aims to **bridge those two debates**, bringing the conversation at macro and micro level together, as all are key to get to a functioning eco-system.

3. It comes exactly at a time when we are thinking about how to implement the recommendations of the [High Level Panel on Women's Economic Empowerment](#), and the contributions to this debate by the [CARE France report on VSLAs](#) and the [CONCORD report](#) on the role of the private sector in development.



“ Partnerships are key for women’s economic empowerment but can only work if all partners have a shared interest in that partnership ”

Cécile Poulain, (Advans Côte d'Ivoire, Project Officer)



1. **Access to financial services is key**: it helps us to achieve at least six Sustainable Development Goals (SDGs). By providing women with access to financial services such as savings and credit, village associations represent a step **towards economic empowerment**, and it leads women to gain **more confidence and status** in their community.

2. **You need to understand your target**, understand which financial flows there are in the community and the household and adapt your product to them.

3. There is a **business case** to work with this segment of the market, that consists of poor women.

4. We need **partners with specific knowledge and capacity** that we as private sector do not have. In Côte d'Ivoire, CARE accompanies VSLAs in business and

financial skills, and ensured the cooperation of a third partner that could share the initial risk to give the first loan, and ADVANS developed the bank products.

5. The EEIP should go to projects which can be scaled up and be profitable.

“ There is a business case to work with the poorest women, but you need to understand your target and link with the right partners. ”

Claudia Fumo, (UK Department for International Development (DFID), Team leader Economic Inclusion and Gender Team)

1. Greater **economic inclusion** of the poorest is an **essential ingredient** of sustained growth. DFID's new Economic Development Strategy recognises that investing in **the economic empowerment of women and girls is critical** for achieving genuinely inclusive growth and leaving no one behind.
2. **Financial inclusion is** a key element for women's economic empowerment. Besides finance, other key elements are **access to land, tackling social norms**, as well as **redistributing unpaid care work**.
3. From CDC's experience with blending in Africa and South-Asia, we know **capital injection needs to be patient and long term**.
4. DFID is particularly interested in the **SME window** of the EEIP, and how concretely it will deliver for **women entrepreneurs**. Results there will be key for success.
5. **The VSLA approach can be very well suited for fragile states**, as it is local, good for social cohesion and depends less on external finance. But connecting what these local groups are doing to the system so it can be leveraged is a challenge.



“The burden of unpaid care falls disproportionately on women: it needs to be recognised and redistributed so women can get more economically active.”

Abigail Burgesson, (African Women Development Fund, Special Programmes Manager)



1. Inclusiveness and outreach by financial institutions is important. But all of this can only work if **root causes are tackled** such as land and property rights and unfair legal systems. We should not just look at symptoms!
2. 'Petty trade' and the informal economy is what is driving the economy and it is driven by women at a time when **Africa has experienced a jobless growth**. Donors need to take this into account when thinking of advancing women's economic empowerment.
3. **Growth is much bigger in the informal sector**. There is a need to strengthen this sector. And to do that, we need to look at norms and the unfavourable legal environment. Investments must be directed at strengthening these systems.
4. We must aim at the **right and multisectoral partnerships** that can **transform the fundamentals** and can lead to success.

“There must be a commitment to fund women's rights organisations who can create the enabling environment for these initiatives to thrive.”

Cynthia Kamikazi, (African Development Bank, Chief Partnerships and Outreach, Legal and Property Rights Expert, Gender, Women and CSOs)

1. To achieve women's economic empowerment, part of what is needed is finance, but women also need **knowledge**: access to information and capacity.
2. With regards to finance, we look at 2 aspects: 1) How to target financial institutions to **dedicate a particular percentage to their women clients**, and 2) How to provide **budget support** to countries in a way that can lead to Women's Economic Empowerment
3. **Technical assistance is needed** for financial inclusion- it is not just about how to increase the capacity of women but also of banks to understand the women's market.
4. We should **incentivise intermediaries to lend to and invest in women-owned Small and Medium Enterprises**.



“Women's Economic Empowerment requires more than investments, it also requires grants and working with women through the whole value chain.”

Zissimos Vergos, (European Commission, DG DEVCO, Team Leader Private Sector - Unit C.4 Private Sector, Trade)



1. Current ODA levels are much below the projected **financing needs for the SDGs**, so we need to realign investment incentives to address inequality and reinforce sustainability, **catyalse private sector resources** and reshape public-private dialogue space.

2. With its three pillars (access to finance, technical assistance/capacity building and structured dialogue), the **EEIP** is an **investment plan** to demonstrate the validity of such a paradigm shift.

Fragile states, LDCs and migration are integral parts of its remit. One of the [5 investments windows](#) of EIP implementation is focused on Micro, Small and Medium Enterprises and another one on digitalisation. **Digitalisation** of the economy, mobile connectivity and the expansion of digital financial services offer a **unique opportunity for scaling financial inclusion for people living at the 'bottom of the pyramid'**.

3. Holistic engagement with private sector at local level is key in this process and one of its most demanding aspects; from informal sector and MSMEs to export value chains. European & African private sector need to discuss the **investment climate** and business **enabling environment**, which is why the third pillar of the EEIP is key to its success.
4. A solid **Monitoring and Evaluation framework** is needed, focused on results and impact measurement, and work on-going in this area will soon be presented.
5. The EU is investing in women's economic empowerment (WEE) in e.g. agriculture, renewable energy and garment sector, and is currently advancing with a blended finance operation with emphasis on building the capacity building ecosystem; financial institutions agree this is critical to lower risk perception and attract more investment in WEE.

“SDGs is all about a change. The European External Investment Plan will seek to assist in delivering this change.”