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Poverty reduction efforts and other social advances in Mozambique have not benefited everyone equally. One of the major bottlenecks for inclusion is the almost non-existence of financial services available for small enterprises and farmers in the rural areas. Microfinance services in Mozambique reach only 10 to 20% of the potential active and bankable poor. The 2009 FinScope Survey estimates that 79% of adults do not have a savings account and only 8% of adults have access to credit.

Micro Bank Fides Mozambique (MBFM) aims at offering diversified financial services to micro and small entrepreneurs, men and women farmers in a tailored manner for their needs. MBFM is a micro finance institution built as a private public development project funded by SDC in partnership with Swiss Microfinance Holding and benefiting from the technical expertise of Financial Systems Development Services AG-FIDES.

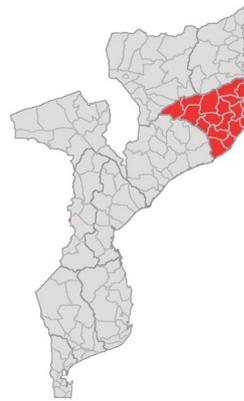
The key challenge for building a sustainable micro finance institution in Mozambican context is capacity building. The lack of qualified staff limits the growth of the sector. However, there are many talented young people, but not enough human resource trained for the provision of high quality retail banking services in the local market.

To face this challenge, an Inclusive Finance Academy (INFINA) was created with the objective to build an apprenticeship program in inclusive finance based on a vocational training approach developed in partnership with MBFM.

Economic Development

Private Sector

Micro Bank Fides Mozambique Inclusive Finance Academy



Geographic focus:

Nampula Province

Target Group:

Micro-entrepreneurs deploying self-employment strategies, small entrepreneurs with more formalized businesses which employ up to ten people, smallholder farmers and youth living in Nampula.

Time frame: July 2012 – December 2016

Phase: 2

Budget:

CHF 8.285.000 – USD 8.500.000 – MZM 366.107.000.000

Implementing Partners:

Financial Systems Development Services AG (FIDES)

Partners:

MBFM: Swiss Microfinance and Bank of Mozambique

INFINA: Liechtenstein Development Service

Responsible:

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Goals

Increase of employment, income and wealth of rural and urban citizens in Northern Mozambique through increased availability of financial products customized for needs of the most vulnerable.

Main activities

MBFM applies innovative microfinance methodologies to target two main client segments:

- Micro entrepreneurs in towns and villages through joint and liability groups.
- Formalized small enterprises through an individual lending product.

The palette of financial services will be progressively open up to a larger range of retail banking services such as savings and deposits.

INFINA

Create capacity of operational staff (field staff, front office cashiers, back office and accounting support) for MBFM with an emphasis on entry-level candidates. A three-year apprenticeship program focus on microfinance drawing from both theory and practice with applied skills related to:

- Market research
- Financial mathematics
- Computer skills
- English
- Communication

Apprentices spend 80% time in the field, which includes hands-on operational experience (in the bank and in communities with clients).

Results achieved

- MBFM had built a portfolio of about 2500 clients with a loan outstanding portfolio of about MZN 3.3 million.
- The lending methodology based on the creation of joint liability groups (DEGO) is fitting with the clients constraints.
- MBFM has started cautiously to provide loans to Small Enterprises based on a classical individual lending technology. Those first months also confirmed the high demand

for financial services from the low income entrepreneurs. Many clients have already shown an interest to save money with MBFM.

- The team is made up of 81 staff and a new group of 25 apprentices are just starting their apprentice training process.
- There is great interest for the type of skill building and research that INFINA is offering due to FIDES' approach to client-orientation and skill building through apprenticeship with a strong learning by doing component. From the 74 apprentices that were trained, 51 remain as MBFM staff.

Expected Results

- A realistic Action Plan and budget have been approved by the Bord of Directors for the year 2015. Reach 14,000 clients with a loan portfolio of about MZN 64 million.
- Expand both the services offered at INFINA as well as the type of clientele served including middle manager level candidates, other MFIs, banks and companies.

Beneficiaries

Direct beneficiaries are Micro entrepreneurs deploying self-employment strategies, small entrepreneurs with more formalized businesses which employ up to ten people, smallholder farmers and youth living in Nampula. Indirect Beneficiaries are the 5 million of citizens living in the Province that will benefit of a solid and financially sustainable micro bank.

Impact

- The access to proximity and diversified financial services by low income rural and urban men and women in Northern Mozambique is increased.
- The palette of financial services offered by the new micro bank will be diversified and include products targeting poor, small-scale men and women farmers, and entrepreneurs to increase their assets and lift them out of poverty.
- The availability of well-trained rural banking staff having the necessary skills and behaviour for servicing those clients is increased for the whole financial sector.

Transversal themes

About 96% of the clients are women.