

FINANCIAL SECTOR DEEPENING  
MOÇAMBIQUE

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# ACCESS TO FINANCE FOR WOMEN MARKET SYSTEM ANALYSIS AND VISION

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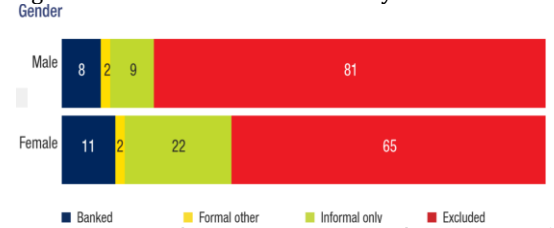
### **Context**

The present analysis seeks to support FSDMoç in developing a targeted strategy addressing women's financial inclusion at the macro, meso and micro levels. To achieve this, FSDMoç now wishes to ascertain the barriers at the each level as well as the opportunities that exist towards building a financial market in Mozambique that is inclusive of women in different income brackets, economic sectors and geographical regions of the country. **Women are a cross cutting theme**, where FSDMoç will advocate for a lens, in all of its investments and activities that draws attention to the inclusion of women in the financial sector.

In Mozambique, **women are relatively less served by the formal financial sector than men**. A study in 2014 found that 13% of women had a bank account compared to 31% of men in 2013%. Further, while access to finance in Mozambique has been gradually increasing (from 13% to 23%) **the gap between women and men has also grown**, with men's access increasing 2.4 times as fast as women's<sup>i</sup>. Similar trends exist in access to formal sector credit.

There evidence, however, that as women become income earners, they have greater financial decision making power in the household (HH), and are relatively more inclined to seek financial services. According to the 2012 MSME FINSCOPE Survey, a **greater percentage of women-owned MSMEs make use of banking and informal financial services than those owned by men**. The relatively high levels of informality among women lend themselves to non-bank and informal solutions. Willingness to work in groups is likely the reason for the greater presence of women in savings groups.

Figure 1: MSME Access to Finance by Gender 2012.



Source: FinScope Mozambique MSME 2012 Survey, Finmark Trust: January 2015.

The present market system analysis seeks to unpack the dynamics in terms of access to finance for women in Mozambique and provide recommendations for FSDMoç's gender strategy.

## **1. Micro-level Analysis: The Core – Sector products, providers, demand, and delivery channels**

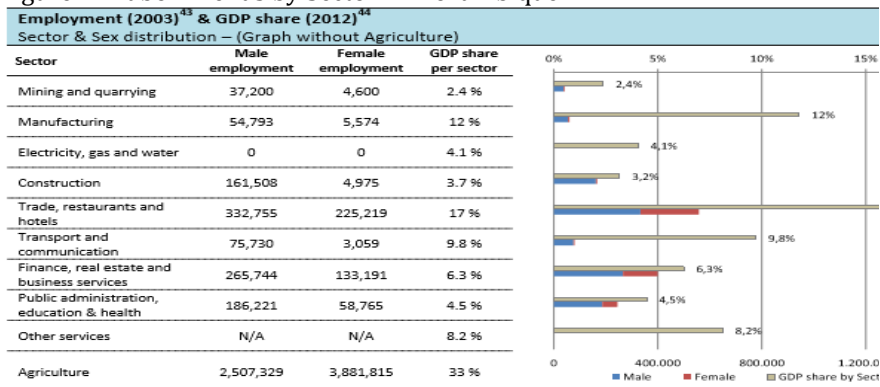
### **A: Micro-Level Description and Analysis**

#### **Demand:**

In Mozambique, demand-side factors have the greatest influence on women's access to finance. DFID's gender research has found that neither donor nor the Government's efforts to improve women's empowerment appear to have had an impact on the **underlying structural barriers preventing women from exploiting economic opportunities**<sup>ii</sup>. Women's access to and use of financial services are directly related to their capacity to exploit economic opportunities.

Women have approximately the same employment levels as men in Mozambique (formal and informal), though the distribution by sector differs by gender<sup>iii</sup>. **Agriculture employs 80% of the labor force**, though it is far more common for women to be working in agriculture (90%) than men (70%), and **their labor in this sector is often unpaid**. Outside of agriculture, women are most present in the informal sector (trade, services), hotels, the financial sector and the public sector. (See Figure 2.)

Figure 2: Labor Trends by Sector in Mozambique



Source: Mozambique Labour Market Profile. Ulandssekretariatet LO/FTF Council (Danish Trade Union Council for International Development Cooperation). 2014.

The needs of women differ among income brackets, localities and in particular between rural and urban. Women's SMEs are a different market from individual women clients. The table below presents a proposed segmentation.

Table 1: Description of Market Segments

Segment	Description
Women in rural areas	<p>The majority of Mozambican women live in rural areas and work in agriculture. Gender roles are relatively well defined in rural areas, both in terms of household responsibilities and economic activities. Women tend to work in consumption crops– rather than cash crops– and often work in production rather than in input purchasing, sales or processing. Many women are unpaid for their labor. Regional differences are pronounced in Mozambique, broadly as follows:</p> <ul style="list-style-type: none"> <li>• <i>North:</i> “Women tend to work the machamba, and men sell the products<sup>iv</sup>.” Women do have some money which they manage to pay for children’s expenses. They are typically not involved in investments such as houses, animals or farm inputs. There is a noted preference among rural women for savings over credit products and risk mitigation is an important factor.</li> <li>• <i>Central:</i> Similar to the north, women are primarily involved in production; however there is some involved in non-agricultural business as well. Women’s businesses are typically home based and focus on their interests (food, clothes and children’s needs.) Married women have less independence in managing a business than single women. Women are rarely seen in agricultural businesses.</li> <li>• <i>South:</i> There is great variation among the three Southern provinces with regards to the rural woman’s role. In Inhambane, there is a very low population density and high levels of food insecurity (CARE estimates some areas have 6.5 months of food security). In more isolated areas, women’s entire networks are their households, and they have very limited decision making power. In Gaza and Maputo, rural men often go to South Africa to work, leaving the women in the rural areas. Gender roles are still prevalent, especially with regards to household responsibilities, but there is greater acceptance among men of the financial need for their spouses to earn income. This change in dynamic appears to also be having a social impact, increasing women’s decision making authority.</li> </ul> <p>Women often participate in informal financial services such as xitiques in rural areas, but the lower the population density, the weaker the networks appear to be. Savings groups (or “ASCAs”) have the potential of playing an important role not only in financial services, but in building social fabric for women outside of their households. Some microfinance institutions (MFIs) are also present in relatively rural areas.</p>

<p>Women in informal sector in urban areas</p>	<p>Women are very present in the urban and peri-urban informal sector. They are primarily engaged in small trade and services. Like the rural areas, there are substantial regional differences in women's business activities. Broadly, it can be broken down as follows:</p> <ul style="list-style-type: none"> <li>• <i>North:</i> Women are less present in business- including the informal sector - than men. In fact, in most markets almost all traders (and buyers) are men in Nampula. Some women do have home based businesses (selling foodstuffs and or prepared food such as cakes.) Many also rely on their children to sell their items at schools or in other public locations. Apparently, socially it is not well looked upon for women to work outside of the home – being seen as a sign of vulnerability. Xitiques play a very important role for women in the North, not only as a place to save but also a social safety net.</li> <li>• <i>Center:</i> While agriculture is much more predominant in the central provinces, urban informal sector women also tend to focus on trade and services. Financial institutions report more “family businesses” in Beira and Chimoi in which the husband will be owner – and thus have transactions with financial institutions – but the wife or other woman in the household is responsible for managing the business. This is seen both for market and home-based businesses.</li> <li>• <i>South:</i> Women work both at home and in informal markets. They are primarily active in retail and services, though some peri urban areas (such as Namaacha) poultry is also common. Women are often organized within their markets and within associations. Market management committees are well structures (and some financial institutions are looking into leveraging this mechanism.) It is not uncommon for informal business women to earn half or more of household income, and Southern women appear to have relatively more decision making power in the household and are relatively more apt to having a bank account or borrowing from microcredit organizations. There are an increasing number of small pay-day lending institutions and over-indebtedness is starting to be seen among women in this market segment</li> </ul> <p>In all regions issues of financial security and ability to meet household expenses – especially food, children's healthcare and school fees are top priorities for women. Women are typically more prone to focus on short term requirements than long term financial needs are goals. There are two commercial banks specializing in the informal market and an increasing number of MFIs, though many have challenges with professionalism and sustainability.</p>
<p>Women owned SMEs (formal sector businesses with &gt;4 employees)</p>	<p>The specific needs of formal sector women-owned SMEs are less well known and less studied than the informal sector. Impressions can be drawn about their needs based on interviews with actors and SME owners. There is an upcoming study funded by the Italian Cooperation which will give a better idea of the market segments in which women tend to work with a focus on hospitality, tourism, fisheries and agriculture.</p> <p>Women businesses tend to remain informal, and formalization appears to have fewer positive effects on women-owned SMEs than men in terms of labor productivity and market integration<sup>v</sup>. As such, women SME owners have successfully grown their business and formalized it tend to have relatively more decision making power than lower income women, though some studies also show that they do not have complete control over the use of their income. Most women-owned SMEs do have a bank account – though many have expressed dissatisfaction with the conditions (including fees) but they tend to struggle with access to credit. Collateral and business management are often cited as the most important challenges.</p>
<p>Women formal employed</p>	<p>Women employed by the formal are often introduced to the financial system through a bank account into which their salary is paid. Lower income employees will often take the entire salary out on or close to pay day in an effort to avoid transaction fees and costs associated with time of withdrawal of funds. This is also due to the locations of bank branches and ATMs, which tend to cover down town areas and market hubs but rarely have presence in neighbourhoods. A study carried out by New Faces New Voices in 2014 found that there a host of consumption needs around home construction, healthcare, education, emergencies and death which are not easily available to them through the formal financial sector.</p>

Following on the segmentation presented above, Table 2 goes on to detail the importance of each segment in the Mozambique market and to highlight whether financial services are needed for business or household

requirements in each segment. The segmentation is not exhaustive, but it covers over 90% of the women in Mozambique<sup>vi</sup>.

**Table 2: Types of Financial Needs for Each Market Segment**

Segment	% of female population	% female within segment	Business	Household
Women in rural areas	80%	61% <sup>vii</sup>	X - may be on or off-farm	X -business and household needs are often intermixed
Women in informal sector in urban areas	10% <sup>viii</sup>	40% <sup>ix</sup>	X - typically trade and services	X - business and household needs are often intermixed
Women owned SMEs (formal sector businesses with >4 employees)	<1% <sup>x</sup>	NA	X	
Women formal employed	6% <sup>xi</sup>	41% <sup>xii</sup>		X

While there is great diversity among the different segments, in each market segment, the needs of women in terms of financial services are different than men. This is driven largely by socio-culture and economic differences between the genders which permeate all segments to a greater or lesser degree. Key among them are:



Women are able to work in groups and keep a strong level of trust among one another. They are more likely to join informal xitiques, savings groups or other forms of informal groups than men.



Women tend to work in areas which are known to them, in which they feel they have sufficient skills. Women in business are more prone to select fields which they dominate professionally and the skill gaps are more often on business management and financial management than technical expertise.



Although women may have less exposure to financial products and services, their experience with informal financial services makes them relatively better placed to absorb financial education than men.



Social norms often dictate the activities and economic sectors in which women engage. For example, in agricultural value chains, women are often involved in production, but less present in transactions. In some locations in Nampula, women are socially discouraged from engaging in business outside of the home. Few women are involved in quickly growing sectors such as construction and PPPs related to natural resources.



In the household (HH), women have less decision making power than men. A 2007 study found a high concentration of decision making with HH heads.

**Table 3: Decision Making Power by Gender**

HH Head Decision	Rural Areas	Urban Areas
Education	100%	89%
Health	96%	78%
Food	64%	65%

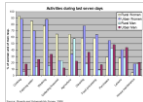
Research indicates, that especially in urban areas, women's income earning capacity has a direct relationship to household decision making<sup>xiii</sup>.



Aversion to risk is present in differing degrees. In very low income, rural areas risk aversion can be very profound, to the extent that women may find it difficult to engage in activities outside of the HH. For higher income business owners and wage earners, may imply less willingness to invest in growth or to seek professional promotion than men.



Women have less access than men to decision-making networks. This may range from presence in community bodies to representation in business associations. Less presence translates into more difficulty in accessing market knowledge and opportunities. Key organizations such as the CTA do not recognize gender issues in their role<sup>xiv</sup>.



Women have to balance professional/ economic activities with non-remunerated responsibilities including agriculture, cooking, fetching water, collecting firewood, cleaning and food-processing.



Women tend to be less mobile than men. Many businesses are home based. It is not uncommon that women rarely leave their village or neighbourhood. In 2014, USAID SPEED found that fewer women businesses use the one-stop registration process because of distance to provincial capitals.



Across all income brackets and in almost all sectors, women earn less money than their male counterparts. They are less present in the formal sector. In addition, within the household, they do not always have full decision making power over their income.



When it comes to business – formal or informal – women have a tendency to centralize management and decision-making. Succession planning is rare, and often if the business owner is ill or otherwise unavailable, the business does not operate.



Women have less access to assets than men. Land is often in the men's name, and women are vulnerable upon the death of their husbands to losing access to land. This impacts business expansion possibilities on one hand and creates vulnerabilities to shocks on another. Household assets, such as houses and vehicles are also often kept in the men's names.



Women's literacy levels are 36% compared to 67%<sup>xv</sup> for men. Illiteracy among women is particularly acute in rural and informal sectors. This translates into low levels of proficiency in Portuguese as well.

These socio-cultural and economic factors affect women's demand for financial services. For example, low levels of literacy result in relatively less awareness among women about financial services. The high percentage of women working in agriculture – many of whom are involved in production rather than transactions - reduces demand for traditional savings and loans products among women. Limited mobility has an important impact on willingness to travel outside of village or neighbourhood to access financial services. These factors are likely important aspects in **the increasing gap between men and women in the use of banking services**, as presented in the "Context Section."

On the demand side, addressing the increasing gender gap in access to finance in Mozambique will likely require targeted efforts which directly address the question of **increasing women's income earning power and decision making power**, as well as increasing business management skills and addressing women-specific issues around taking risks and managing growth of business.

Commercial Banks	19
MicroBanks	8
Microfinance Institutions	199
Credit Cooperatives	7
Investment Fund	2
Mobile Money Operators	2
Credit Card Operator	1
Currency Exchange Operators	22
MicroCredit Operators	69
Associations of Community Savings and Loans Groups ("Caixas")	4

Source: Bank of Mozambique, edited based on research

licensed by the Bank of Mozambique. In addition approximately 200,000 people access financial services through informal savings groups or "ASCAs". There are nine insurance companies and over thirty brokers. Several of these entities – including some microbanks, microcredit operators and ASCAs – are specifically focused on women or have special products for women.

**Supply:**

**Table 4: Financial Sector Snapshot**

There are over 130 financial institutions

Figure 3: Crossing of Women's Financial Needs and Services Available

	Life Cycle Events				Opportunity Events			Emergency Events			
	House Construction	Education	Healthy Illness	Death	Buy Goods for Reselling	Agricultural Inputs	DUAT	Healthy Illness	Death	Natural Disaster	Theft
<b>Semi-Formal Mechanisms</b>											
ASCAs (29%)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Formal Mechanisms</b>											
Saving at Com. Banks	GAP				✓	GAP		GAP			
Savings at MFIs					✓						
Credit from Com. Banks (6%)											
Credit from MFIs (32%)					✓						

Source: Report of the Financial Inclusion for Mozambican Women Event, Bank of Mozambique and New Faces New Voices. Maputo, February 2014.

Additionally, ASCAs have successfully made in-roads into rural areas, which are difficult for traditional financial service providers to cover affordably. Finally there are some creative pilots – such as Hollard's weather-indexed insurance, which is targeted at rural women.

Figure 4: Factors Affecting Women's Preferences



Source: Report of the Financial Inclusion for Mozambican Women Event, Bank of Mozambique and New Faces New Voices. Maputo, February 2014.

That said, almost all of the financial system's assets are presently in the banking system, which has only to a very limited degree looked at women as a specific target market. MFIs and ASCAs are small, with limited outreach capacity and a limited range of potential products. Insurance companies tend to depend on commercial banks to distribute their products. The result is **despite a large number of formal sector service providers, financial outreach to women remains low.**

According to a study carried out by New Faces New Voices in 2014, women have a variety of financial needs ranging from life cycle events to opportunities and emergencies. They use a variety of informal sources to satisfy them including own savings, xitiques, family and friends. With regards to financial services providers, informal savings groups ("ASCAs") can satisfy many of these for low income women, but as women's financial needs increase, there are significant limitations to the services which they can access from microfinance institutions (MFIs) and commercial banks. MFIs offer short-term credit for business needs, and banks offer savings; however, these products do not respond to non-business requirements. Insurance is rarely used.

The study found that there are key factors which contribute to women's preferences (Adjacent). Since informal mechanisms tend offer the required convenience, access, flexibility and well adapted transaction amounts, these are used for many of the life cycle and emergency needs. Financial institutions are preferred for their confidentiality, security and greater level of resources available.

Given this, there is no perfect fit as of yet for all women's financial needs, but there is room to support financial service providers which are natural fits. The table below presents some ideas of the likely fits for the type of financial institution to reach each of the proposed market segments, as well as examples of existing services tailored to women. The implication is that **each market segment would require a different type of supply side strategies.**

**Table 5: Financial Supply by Segment**

Segment	Type of Financial Institution	Examples of Women's Products
Rural	ASCAs – offer savings and eventually loans to some members	CARE- very tailored approach for women of different income levels within rural areas

	<b>Insurance</b> in the long run could be a very important product for farmers who are particularly vulnerable to shocks - <b>but has several impediments unrelated to gender in expanding outreach</b> <sup>xvi</sup> .	Ophavela – some special conditions for women  Hollard is pilot testing a weather-based insurance product in Nampula with women farmers, but admits that it will remain small until other sector-level issues are addressed.
Informal sector urban / peri-urban	Commercial banks – savings /transactions  MSME-specialized banks to offer appropriate savings and loans  MFIs	MozaBanco is launching an informal sector strategy, with branches inside markets, with savings mobilization as the priority.  SOCREMO is introducing more flexibility in its collateral requirements for women (75% loan coverage compared to 100% for its standard products.)  Women’s MicroBank in Matola is a relatively new initiative targeting specifically women with saving and loan products.  FIDES Microbank – offers a group loan product designed around women’s xitiques in Nampula (also intends to incorporate savings once permission is granted.)  Caixa de Mulheres - offers saving and loans in Nampula  Hhukuvuku – offers group lending for women in rural Maputo
SMEs ( <i>formal sector businesses with &gt;4 employees</i> )	Commercial banks – could offer better adapted savings, transaction and loan products  Investment funds could provide capital / quasi-equity or guarantee options	BCI - has a women-SME focused credit line with preferred interest rates (but is reportedly difficult to access)  Banco Terra - Launched “Fundo Poupança Solidária” together with FEMME targeted at women’s business (FEMME has not been satisfied and is presently applying for a microbank license.)
Formal sector employed	Commercial banks - could offer improved, affordable savings and transactions services	Many formal sector employees have a bank account to receive salaries, but often do not maintain savings in this account.

It should be noted that with the exception of CARE and FIDES MicroBank, other interviewed financial institutions do not report to have carried out in-depth market research to understand women’s needs. Several of the existing products targeted at women (for example BCI’s women-SME product) appear to continue to struggle to meet the variety of women’s preferences<sup>xvii</sup>. In fact, most women access finance today use generic products, and women-tailored products are the exception rather than rule. This implies that it may be less important to design women-specific products and more important to ensure that women’s preferences are considered in the design of financial services.

## **B: Micro-Level Key Constraints**

Overall there is an increasing gender gap in access to finance in Mozambique. As access increasing, so does the gap between men and women’s access. This is not driven by any one factor: but micro-level constraints are likely the greatest drivers.

### **Demand:**

On the demand side, women’s demand for financial services is directly related to their engagement in income earning activities. Many women are either not income earners or - especially in rural areas - are not remunerated for their work. Women-owned MSMEs have relatively greater access to finance than male-owned MSMEs. This furthers the argument that income earning is directly related to access to finance. Without systemic changes in women’s economic empowerment, the overall gender gap will likely continue to grow, even if supply, meso and macro level constraints are addressed.

Other demand side issues include:

- Lack of familiarity with financial institutions and financial services

- Specifically for businesses, a need for capacity building in business management and growth.

### Supply:

Supply side barriers to women's access to financial services are related to the appropriateness, affordability and accessibility of financial services. Specific challenges include:

## Challenges



Especially with regards to commercial banks, financial services are deemed complicated and costly. To open bank accounts, customers are required to present a BI, which many do not have. Requirements for a business loan are often more appropriate for formal sector than informal (where most women's businesses are) such as financial statements, business plans and company registration. The time involved and cost of collecting the documentation is often viewed as too costly.

Further, clients report receiving inconsistent and sometimes incorrect information from bank staff. A commonly cited example in BCI's women's loan product, which is advertised at 12%, but at least three interviewed women, received approvals for loans with higher interest rates. This type of experience exacerbates the image that women have of banks as difficult to work with.



Marketing is rarely targeted at women.



Many women do not read and write in Portuguese, but it is common to find staff of financial institutions who do not speak local languages.



Most women are in rural areas. Few formal financial institutions have substantial rural outreach. Even in urban areas, a distance is a consideration for women when choosing whether to use a financial institution.



Linkages between MFIs or ASCAs and commercial banks or mobile money providers have yet to take off, though if successful could have a profound impact especially on rural outreach.

## Causes



Financial institutions - from banks to ASCAs - have varying views of women as clients. Some see them as dependable and good clients, others view them as inexperienced as risky. Some understand that women have different financial demands than men; others do not view them as a specific market - or a substantial enough market to focus on.



Few financial institutions have a deep capacity to conduct market research, and even fewer (if any) to segregate the methodology and findings by gender.



Although many financial institutions have data on the gender of their clients, there is limited use of gender as a point of analysis on to understand market potential, demand qualities or risk profiles.



There are more women than men in the financial sector, but this has not translated into more access to women. No audit has yet been done to understand this dynamic, but interviews reveal the possibility that women are less present in front-line positions which typically recruit clients.



Most management of financial institutions is controlled by men.



Without systematic data collection, it is difficult to make a business case to financial institutions for serving women.

Just as on the demand side, women have specific needs and preferences, on the supply side, there is limited understanding of these needs. The gap between the particularities of the women’s market and the financial services available is very great. Targeted interventions on both sides will be important to address constraints on the micro-level.

**Table 6: Micro-Level Constraint Analysis**

Constraint	Systemic Change	Key Actors
<p>Social and cultural realities decrease women’s use of financial services including norms which dictate the type of economic activities in which women can engage (most unpaid workers in business and farms are women), non-remunerated Girls are less likely to complete school –resulting in higher levels of illiteracy and lower access to household assets. Some direct affect of these realities are than women have less decision making power than men - over financial matters and sometimes over their own income – and women tend to be less willing to take on risks than men. These issues are far more pronounced in rural areas.</p>	<p>Women will only use financial services effectively if some of the social and cultural impediments are first addressed. Financial <b>education</b> would be much more effective if integrated into programs which are addressing the related challenges. Such programs may include:</p> <ul style="list-style-type: none"> <li>Behavior change programs (such as gender violence, women’s rights, women in economy)</li> <li>Economic development programs (such as programs promoting women’s agricultural value chain development)</li> <li>Financial activities (Such as savings groups)</li> </ul>	<ul style="list-style-type: none"> <li>Organizations promoting rights and behaviour change (e.g. Forum Mulher, N’weti, CESC, Plan, Save the Children, etc)</li> <li>Organizations promoting integration into economic value chains (e.g. TechnoServe, CLUSA, SNV)</li> <li>Organizations promoting savings groups (e.g. Ophavela, CARE, World Vision)</li> </ul>
<p>Household responsibilities which limit time and mobility.</p>	<ul style="list-style-type: none"> <li>Financial services which are more accessible to women’s houses – where most businesses are run (<b>branchless banking, mobile money</b>)</li> </ul>	<ul style="list-style-type: none"> <li>Mobile money operating</li> <li>Financial institutions building agent networks</li> </ul>
<p>Women need improved business skills. Businesses are relatively small, most are informal. Even formal sector businesses require upgrading in terms of business strategy, market analysis, management, governance, financial systems. This differs – often – from training needs of male entrepreneurs which may focus more on quality control and risk management.</p> <p>Importantly, women’s decision making power in the household is directly related to her incoming earning capacity. Women who owned MSMEs are more likely than men to access financial services; whereas women in general are far less likely.</p>	<ul style="list-style-type: none"> <li><b>Business education</b>, specifically targeted a women-owned formal sector SMEs and tailored to their business needs will improve their skills and make them more competitive.</li> <li><b>Business support investments</b> to increase income of informal sector women-owned businesses (such as business cooperatives or targeted business services) will also have an important impact on their financial independence – and demand for financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Business support services already tailoring support to women (IdeaLab, ICC with Business Edge Training)</li> <li>Business support services willing to introduced tailored support to women (possible examples- Energy Works, Building Markets, etc)</li> <li>Business networks and associations presenting innovative investments in support of informal sector businesses (such as Atsossi, Fescato, AMIM, etc.)</li> </ul>

<p>Bank's financial products are not well adapted to the needs of women-owned SMEs. Those banks which have special products for women were not based on in-depth market research.</p>	<ul style="list-style-type: none"> <li>As FSDMoc supports banks to introduce <b>market-driven products</b>, disaggregating research by gender can provide clearer insights into how to design products which fit women's needs.</li> <li>FSDMoç could have a role to play in <b>leveraging donor investments</b> (such as credit lines, guarantee facilities) targeted at women, to accompany with improved market research/product adaptation.</li> </ul>	<p>FIs Donors</p>
<p>Banks have majority of women staff, but few women in senior leadership positions. Gender is not typically used as a data point in assessment performance of staff or clients.</p>	<ul style="list-style-type: none"> <li><b>Gender audits</b>, which indicate how well banks address concerns of women - and can assess the impacts on such business indicators as client retention, portfolio performance, profit, staff retention.</li> </ul>	<ul style="list-style-type: none"> <li>NFNV gender audit</li> </ul>
<p>Specialized banks (SOCREMO and BOM), MFIs and informal service providers are more effective at servicing informal sector and rural women than commercial banks, but they are small and have not succeeded in growing. Most are not yet financially sustainable.</p>	<ul style="list-style-type: none"> <li><b>Strengthening</b> efforts of the two remaining <b>microfinance-specialized banks</b> (SOCREMO and BOM) to better serve women could have an important impact on the quality of their services.</li> <li><b>Strengthening savings group promoters</b> to better understand gender issues and tailor their trainings, methodologies and messaging to women's needs could also see a profound qualitative impact on services to women.</li> <li><b>Identifying select MFIs</b> - especially outside of urban centers - which serve women and demonstrate the capacity to grow, and <b>strengthening their internal capacity</b> could support increased/improved access to their primary target market: women</li> </ul>	<ul style="list-style-type: none"> <li>Specialized microfinance banks,</li> <li>MFIs</li> <li>Savings</li> </ul>
<p>There are limited linkages within the financial sectors (among banks, between banks and MFIs, between MFIs or banks and savings groups, between mobile money operators and other financial service providers). Yet non-banks are better at serving women, and banks have the financial capacity to bring services to scale.</p>	<ul style="list-style-type: none"> <li>Identifying potential linkages which have a high likelihood for success as a demonstration and supporting the initiatives could shift the playing field in the financial sector</li> </ul>	<ul style="list-style-type: none"> <li>Specialized initiatives between and among FIs.. usually promoted by the smaller institution (e.g. MFI seeking funding or seeking to serve as an agent)</li> </ul>

## 2. Meso-Level Analysis – Support Functions and Services

### A: Meso-level Description/mapping and Analysis

At the meso-level, in general any support activity which reduces the cost or risk of offering financial services to informal or rural markets will have a relatively greater impact on women (who are more present in those markets.) The gender study will does not attempt to assess the gaps in financial sector infrastructure which could have a positive impact on increased access, but will point out that any efforts to promote support structures such as private **credit bureaus**, well functioning **payment systems** able to handle mobile money and a **clearing house** would have a positive impact on reducing costs and risks. If this encourages greater informal sector and rural outreach, the impact will be relatively more important to women than men.

For women-specific considerations, the following were noted:

**Table 7: Meso-Level Support Functions**

Support Function	Actors and Description
<p>Efforts to support <b>consumer protection</b> would also be relatively more important to women for two reasons:</p> <ul style="list-style-type: none"> <li>• Market studies have indicated that women have relatively less information about financial services and the associated risks and costs</li> <li>• Gender studies have brought out the issue that women are more prone to accept abuse without contesting.</li> </ul>	<p>The Bank of Mozambique has a consumer protection initiative. Supporting it to bring a gender lens and making it accessible and understandable to women could be an important contribution of FSDMoç</p>
<p><b>Need for a coordinating platform:</b> There are various initiatives looking at the question of access to finance for women, and related issues (such as women’s business development or economic empowerment).</p>	<p>There is not as of time a specific coordinating body taking up this issue. There are a few potential candidates, but any of them would require financial support from FSDMoç:</p> <ul style="list-style-type: none"> <li>• <b><i>New Faces New Voices:</i></b> Is a women’s professional association working on the question of improving access to finance for women. It has carried out some studies and presented at various forums on the issue, but as of yet has not budget or staffing and is highly depending on a single person.</li> <li>• <b><i>FEMME:</i></b> A women’s business association, which is particularly interested in the question of improving business skills of women. The association has recently applied for a microbanking license in response to challenges faced by its members in finding appropriate access to finance. Like NFNV, FEMME does not have a secretariat, and is driven very much by its President.</li> <li>• <b><i>Forum Mulher:</i></b> Is a coordinating body for women’s initiatives, and has supported the integration of women’s rights and empowerment into ASCA and microfinance programs. Would need to be assessed carefully for potential political affiliations. It is undergoing a strategic re-alignment, which may shift its focus in the coming year.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Strengthened savings group platform:</b> As savings groups (ASCAs) are a key strategic areas for FSDMoç,</li> </ul>	<p>FSDMoç could provide support to the savings group platform to build members capacity in tailoring services for</p>

<p>this aligns well with the findings of the gender analysis in that ASCAs are likely the most effective tool to reach rural women. Further, they have the capacity to offer not only financial services, but also much needed financial education and empowerment support. The capacity to analyze and tailor financial and non-financial products to women’s needs varies greatly by promoter of ASCAs, and integrating support in improving the gender focus to its members could be an important contribution to the platform.</p>	<p>women as well as in developing/sharing women’s empowerment messages.</p>
<ul style="list-style-type: none"> <li>• <b>Business promotion:</b> In addition to financial literacy and business training (recommended for the micro level) there are some meso-level non-financial functions which could promote women-owned SMEs in improving visibility and access to opportunities:</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Improve access to networks for women-owned SMEs:</i> FEMME has a long-term strategy of increasing access of women-owned businesses to the CTA and opportunities which it can access. If it is possible to support this initiative, through exchange with countries where this has been successfully carried out (perhaps Uganda) this could solidify the nascent efforts.</li> <li>○ <i>Visibility for women-owned SMEs:</i> promote through existing platforms such as the 100 best SMEs, the 100 best companies, etc. a special award for women’s businesses.</li> </ul>

## B: Meso-Level Key Constraints

The following table is the hypothesis of the consultant, given that the proposed meso-level support is not yet operational.

**Table 8: Meso-Level Constraint Analysis**

Support Function	Who does	Who pays	Assessment
Consumer protection	BM	BM	Would likely need support to ensure that it is adapted to and understood by women
Coordinating platform for women’s access to finance initiative	Selected partner (NFNV, FEMME, Forum Mulher)	FSDMoç	Each of the indicated associations has a good philosophical fit and some strong leaders, but any of them would require financial support to ensure sufficient staffing and organization.
Savings group platform	Existing platform	FSDMoç	This platform has been more deeply assessed in the savings group strategy; however, feedback from members indicates that a specific gender focus and sharing of women’s strategies could enhance its impact.
Access to business networks for women-owned SMEs	FEMME	FSDMoç / FEMME	Financial support would be for exposure and strategy development. Implementation would be at

	IdeaLab		the expense of FEMME
Visibility for women-owned MSMEs	Selected coordination partner (NFNV, FEMME, Forum Mulher)	Sponsoring organization	This would hopefully not create a significant cost. The idea would be to try to influence existing programs, such as the 100 best SMEs, to ensure that women's businesses are especially recognized.

### 3. Macro-Level Analysis: “Rules and norms”

#### A: Macro-level Description and Analysis

Mozambique’s legal framework is generally viewed as relatively progressive with regards to women’s rights. Civil society at the national level has been relatively active over the past twenty years on women’s issues, successfully challenging some deeply ingrained traditions – such as criminalizing domestic violence - in recent years.

With that noted, there are some macro-level questions which affect access to finance for women.

**Table 9: Macro-Level Rules and Norms**

Rules and norms	Actors and Description
Gender disaggregated data	The BM has made at least one request to commercial banks to disaggregate their portfolio and client reports by data, but this has not yet been achieved. The absence of data makes it hard for anyone to make a business case for or against promoting access to finance for women. FSDMoç could play an advocacy role in promoting that this becomes a requirement for all regulated financial institutions.
Access to national identification cards (“BIs”)	While it is not longer a regulatory requirement that bank account holders present a BI, most financial institutions continue to require it, as the BI represents the most reliable national identify card. Some estimates are that 15% of Mozambicans have BIs, and this is less for women. Acquiring a BI requires travel and time. Standard Bank has had at least one “BI Fair” in which relevant authorities attended and provided BIs on the spot. Similar efforts to bring the BIs to the people could go a long way in improving access to finance.
Land tenure	According to the law, women do have the right to land leases (“DUATs) however in practice, traditions often prevail and DUATs are often the man’s name, leaving the woman vulnerable to expulsion – particularly in the event of death of the spouse. USAID Speed has put land tenure as one of the gender issues that it will support. Coordination with USAID SPEED could be worthwhile as access to land does affect women’s stability and vulnerability.
Marriage Law	The marriage law in many ways protects women rights – forbidding polygamy, and requiring common ownership of good such that both spouses need to agree to sale of goods and indebtedness. The challenge is more a social norms, which result in women providing approval at the bequest of the husband, but husbands having real discretion over women’s ability to borrow – even when collateral is not required. This becomes more challenging in areas where men are transient, visiting only occasionally. Requirements for permission significantly restrict women’s access to credit. Advocacy efforts to make the marriage law more gender sensitive in this regard could be important.
KYC	Mozambique does not have a tiered KYC. As noted above, few women have BIs – many do not have any photo id cards. A tiered KYC could permit the opening of very small bank accounts without identification or with much more lenient requirements. This would have a relatively greater impact on women.
Community / Cultural Rules and	As discussed in Section 1A, social norms play an important role in women’s access to

Norms	finance indirectly. Women tend to earn less income and have less decision making power at home. Especially in rural areas, women’s labor is often not remunerated, reducing women’s direct participation in markets and financial transactions. Women traditionally are less inclined to take risks, which may also impact their willingness to work with financial institutions – often seen as unwelcoming- or to take on a loan. Also, access to information is more limited due to lower levels of literacy and lower levels of proficiency in Portuguese – the language used by financial institutions. On a positive note, women tend to be more willing to working in groups and have more experience with informal financial mechanisms. Financial education may not be effective in this context unless it is deliberately incorporated into behaviour change programming with a deep understanding of gender issues and/or tied to programming seeking to provide economic opportunities for women – especially on agricultural value chains. It is noted that women tend to access financial services more frequently than men as they become engaged in business.
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## B: Macro-Level Key Constraints

Overall, the macro level constraints are less evident than the micro, however, the table in Section A maps the most critical elements as relates to women’s access to finance.

### 4. Sub-sector vision statement

The vision of the gender strategy is to significantly expand and scale up women’s access to financial services in Mozambique

In order to achieve this pro-poor growth potential, the following key systemic constraints need to be addressed:

**Table10: Summary Constraint Analysis**

Constraint	Systemic change	Key actors
Social, cultural and economic realities affect women’s knowledge of financial services and ability/willingness to use them. These include unequal decision making power, lower income on labor, lower levels of education, less access to assets. Many women’s labor is not remunerated and they are not involved in frequent financial transactions.	Financial education efforts are needed to be accompanied by economic empowerment activities. This could be done through ASCAs in coordination by integrating financial education into existing programming targeted at women’s economic empowerment. Effective programming will need messages and channels tailored to the target market segment.	ASCA promoters Women’s empowerment organizations Related projects Agricultural development programs targeting women
Weak capacity of financial institutions to respond to women’s needs.	Financial institutions need to understand the women’s market better and adapt products which work for women’s needs and preferences. This may also require understanding how their own internal structure affects ability to attract women.	FSDMoç partner financial institutions. Market segmentation project NFNV- Gender audit
Lack of business management capacity - Women-owned MSMEs struggle to grow and professionalize	Women owned SMEs need to improve their business management skills, to understand better than options for financial services and how it can help them, and to have access to key networks and business opportunities. Support needs to be tailored to women.	FSDMoç partner training institutions FEMME – in improving access to networks.

Weak consumer protection - Women are particularly vulnerable to misunderstandings or abuse by financial institutions	The nascent consumer protection efforts of the BM need to be strengthened and adapted to women's reality.	BM
Identification is an important impediment for opening very small bank accounts, with a greater impact on women	BIs are difficult to access and KYCs are not tiered. Efforts to change these two realities could greatly reduce the cost of accessing finance for women.	BM DIC
Unmet potential to leverage efforts in improving access to finance through coordination	A variety of efforts from research (NFNV, Italian cooperation), to private initiatives (FEMME's microbank), to specialized products (BCI, SOCREMO) are underway. If one organization played a coordinating role, such efforts could have a greater effect.	Selected coordinating partner (NFNV, FEMME, Forum Mulher)
Absence of a business case makes it hard to convince financial institutions that women represent a profitable market	Use FSDMoç data, and systematically analyze the costs and benefits of serving women in order to inform a business case.	Selected coordinating partner (NFNV, FEMME, Forum Mulher)

It is proposed that gender be integrated into the existing indicators rather than developing separate indicators for gender. See annex for proposal.

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All Africa: [www.allafrica.com](http://www.allafrica.com)

Banco de Moçambique: [www.bancomoc.mz](http://www.bancomoc.mz)

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vi Young women are not considered as a separate group since they will be covered in a Youth Strategy.

vii Calculate from data presented in Figure 2,

viii SIDA announcement: <http://www.swedenabroad.com/en-GB/Embassies/Maputo/Current-affairs/News/Suecia-apoio-o-acesso-a-financiamento-as-mulheres-empresarias-em-Mocambique-sys/>

ix FINSCOPE 2012

x FINSCOPE 2012

xi Based on Danish Trade Union Council Labor Market report for Mozambique 2014 estimate of 700,000 formal sector employees for workforce of 11,600,000. Women have the same employment rate as men.

xii The Enabling Environment for Women in Growth Enterprises in Mozambique. ILO-WEDGE, South Africa: January 2011.

xiii Tvedten, Inge. Mozambique Country Case Study: Gender, Equality and Development. World Development Report. World Bank: 2012

xiv USAID SPEED 2014 Gender Study

xv World Bank Data. Most recent literacy data is from 2009.

xvi Insurance companies to date primarily distribute through banks and provide primarily commercial insurance or vehicle insurance. Lack of a clearing house limits distribution. Insurance payments are often requested one year in advance. Before addressing gender constraints in its products, more basic challenges with its distribution model need to be addressed.

xvii Based on feedback from interviews with four women-owned businesses, as well as information gathered from working sessions on the strategy, including feedback from FEMME and other women's associations in attendance.