FSDMoç
INVESTINDO EM INCLUSÃO FINANCEIRA

FSDMoç THEORY OF CHANGE

Social Impact

Human Development Impact

Inclusive economic growth characterised by increased and retained access to jobs and improved livelihoods	Increased access to basic goods and services - for example health, affordable housing, food and energy	Sustainable futures characterised by development processes that can create and sustain resilience, equality, fairness and social well-being for individuals and communities
Inclusive Growth	**Basic Services**	**Sustainable Future**

Financial Inclusion Outcomes

Cross cutting themes
Gender, Climate change are mainstreamed and proactively addressed in project selection, implementation and measurement

Value-enhancing financial solutions for households and businesses - Financial Service Providers, financial models and financial technologies in place to make finance flow to solutions that meet people and business's current needs, enable them to invest for the future and help them to manage risk and respond to shocks	**More investment in solutions** - Significant sources of capital (DFI, institutional, retail etc) invested in financial market innovations responding to specific real economy challenges, their scale up and replication	**Public-private models created** to incentivise investment, banking or insurance that contributes to SDGs	**Financial solutions are useful and more affordable,** especially for marginalised groups, and there is greater trust across financial markets

Financial system infrastructure (eg payments, data etc) strengthened	Institutions (and networks of institutions) created or strengthened through FSD network support to deliver on financing gaps for the real economy	Gaps in laws, regulations, standards, policy and government processes being addressed	Financial solutions developed that can deliver short-term and long-term benefits (climate change, equity, reduced conflict, reduced illicit financial flows)	Effective policy and regulatory environment; incentives aligned with the public good; standards to drive good conduct making misallocation of resources and illicit financial flows less likely

Market System Change (Output)

Ideas for financial solutions in commercial and social sectors developed and piloted in partnership with others	Training and capacity building provided to market actors, regulators and policymakers on design and implementation of interventions	Increased awareness and understanding of new or improved financial products and services of individuals and SMEs	Dissemination of evidence-based research outputs	Investments and grants used by FSDs as seed capital to take risks, leverage others and open up markets	Collaborative programmes developed by existing and new FSDs, enabling cross-fertilisation of ideas and increased efficiency and effectiveness of the network

FSDMoc Activities

Advocacy	Targeted analysis of marginalised groups and environment	Capacity-building including TA and training	Convening	Partnership brokering	Research, scoping and analysis	Project co-creation and management	Funding - Grants	Funding - Risk Capital and guarantees

Activities leading to change

FSDMOC THEMATIC AREAS

Digitalization and Innovation	Improve Usage of Financial Services	Financial Education and Literacy	Research & Data Analytics	Insurance	Alternative SME Finance

Market Systems Challenges

Weak capacity of Financial Service Providers to design digital financial services/ products oriented to consumer needs which results on the lack of appropriate products that meet customer needs	Limited regulatory capacity and coordination from regulatory institutions	Weak / inadequate financial market infrastructure to address access to financial services and digital ID	Low levels of financial literacy and education of market actors including users of final solutions	Limited/inadequate market information to drive evidence-based policy formulation, decision making by investors, and product development in key sectors	Lack of incentives for the financial sector to deliver value to the real economy and particularly the SDGs. This may include business support, pension funds are incentivized, blending finance, public private models/areas of opportunities that FSPs have not seen	Lack of alternative finance for SMEs which includes intermediation of funds for SMEs, financal advise (is aligned with FSD Network) (eg: risk capital, resulting in poor capitalisation of innovative business models, and lost opportunities for crowding investment

Focus on inclusiveness of low-income people, SMEs, women, youth, smallholder farmers, people with impairment

Exogeneous factors:

- Political economy including leadership and corruption
- Political instability
- Conflict Areas
- Climate change
- Macro-econonomic (including fiscal) policy
- Infrastructure (mobile coverage, power, transport)
- Education level
- Large informal economy
- Shocks such as pandemics

Human development and sustainability challenges

Fundamental shortfalls in opportunities for people to lead lives where their basic needs are met, as outlined in the Sustainable Development Goals. Poverty, hunger, inadequate healthcare, poor education provision, lack of access to clean water and sanitation, lack of access to clean and affordable energy, shortage of job opportunities, lack of infrastructure, inequality and climate change.