

Financial Sector Deepening Trust Tanzania welcomes £15m commitment from UK aid to initiate new phase of financial sector development

Commitment comes as part of ambitious £320m UK aid package for strengthening Africa's financial markets, to boost economic growth and reduce poverty at scale.

20 January 2020, London: The Financial Sector Deepening Trust today welcomes a £15m commitment from UK Aid, part of a £320m package that will initiate an ambitious new phase of financial sector development across the continent. Announced ahead of the [UK-Africa Investment Summit](#) London, the package includes additional funding for 9 existing Financial Sector Deepening Programmes [FSDs] and to set up and scale new FSDs in high-priority markets, including Ethiopia, Ghana, Sierra Leone and the West African Monetary Union.

The new commitment, announced by Secretary of State Alok Sharma, represents the start of an important new approach to financial sector development in sub-Saharan Africa. The package from UK Aid recognises that a comprehensive, integrated approach to financial market development in Africa is required to realise the continent's potential and help meet the [United Nation's global goals](#). The £320m commitment provides funding for ambitious programmes that create financing solutions for the opportunities and challenges faced across Africa's economies, from individual households and micro-enterprises to business and infrastructure investment. This means addressing the entire system of finance from savings groups to capital market development, and operating more closely to the interface between finance and the real world.

UK International Development Secretary Alok Sharma said, *"The UK is already the top financial exchange for Africa's businesses and we want investors to seize the exciting opportunities that Africa offers. These new initiatives, announced ahead of the UK-Africa Investment Summit, will make it easier, greener and more secure to invest in Africa, mobilising billions of pounds of sustainable investment to help end poverty."*

FSD Tanzania was established in 2004 with the aim of transforming the financial sector to contribute to inclusive growth and support livelihoods in Tanzania. FSD Tanzania works with diverse partners to such as policy makers, regulators, financial services providers, innovators, technology firms, researchers and development partners to deliver relevant, appropriate, convenient and affordable solutions that meet the needs of the priority markets. Guided with a clear Tanzania's vision on inclusive finance and a deeper understanding of the country's market systems, FSD Tanzania endeavours to support the development of a financial sector that addresses the needs of low-income people, women, youth, farmers and enterprises. These efforts have yielded impressive gains over the last fifteen years. Tanzania posted an impressive growth in financial inclusion from 17% in 2009 to 65% in 2017, driven by mobile money. The outcomes seen have been led by high technology adoption and digitization. The progress made is accounted for by a conducive macro-economic environment, commitment by the Government, Bank of Tanzania, Tanzania Communications Regulatory Authority and other regulators to financial inclusion, pragmatic approach by policy-makers and regulators,

digital financial services, technology and investments by private sector guided by the leadership of the National Council for Financial Inclusion.

UK Aid commitment to FSD Tanzania comes alongside the funding from Global Affairs Canada, Embassy of Sweden, Embassy of Denmark and the Bill & Melinda Gates Foundation. FSD Tanzania values this commitment which is critical towards supporting the transformation of Tanzania's financial sector to better serve the economy and the society.

*“The attainment of greater impact through the financial sector requires a paradigm shift from simply deeper financial systems to inclusive finance with a sacrosanct value proposition to relevant segments of the markets and the economy as a whole”, says Sosthenes Kewe, Executive Director-FSD Tanzania. “UK Aid’s support alongside other development partners allows us to focus in areas that promise greater impact to the economy and society in the future by working on agricultural value chains, enterprise transformation, low cost and affordable housing, climate change for future sustainability and technologies and digitization. These are some of the areas the Tanzanian government and private sectors have been reliable partners in the effort to realise more inclusive finance, especially in terms of linking the aspirations of Tanzanians with equitable growth for inclusive development as the country aspires to achieve a middle income status. The journey that Tanzania is embarking on now aims to ensure that the financial sector development is based on addressing opportunities for growth or welfare gains in the real economy and social sectors. These opportunities should go beyond looking simply at the immediate needs of individual low-income households or individual enterprises for existing financial services which has been largely the focus of the financial inclusion agenda over the past decade. The financial system needs to re-embrace the essence of its intermediation function to ensure inclusive **financial solutions** are created such that the necessary investments can be achieved to drive productivity improvements and simultaneously enable low-income people to participate fully as producers, workers or consumers.”*

The £320m package also marks an important step forward for the FSD Network. After nearly twenty years of operation and UK aid support, the FSD Network today comprises 9 active FSD programmes, with a strong track-record of impact, unparalleled local insight with applied research, and a powerful network of relationships with local regulators, policy makers, industry bodies, and low-income households. The new FSDs will join the Network, enabling them to benefit from, and contribute to, continent-wide knowledge sharing and cross-border collaboration.

Betty Wilkinson, Chair of the FSD Network Council, commented on the commitment, *“On behalf of the nine existing members of the FSD Network and those new FSDs in formation, our sincere gratitude to the UK Government for this generous, constructive, and thoughtful five-year commitment. We pledge to broaden and deepen our innovative work across Africa to make money work for low-income families, women, youth, the excluded, and those who need financial services the most. This new package will enable us to apply finance - in all its forms - to the challenge of the Sustainable Development Goals. The FSD Network will enhance livelihoods for poor people; improve access to basic human services where finance is a barrier; and enable a sustainable future, particularly addressing the financial aspects of climate change and illicit capital flows”.*

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