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NATIONAL COUNCIL FOR FINANCIAL INCLUSION

National Financial Inclusion Framework (2023 - 2028)
A Public -Private Stakeholders' Initiative

FOREWORD

The National Financial Inclusion Framework 2023 – 2028 is the third Framework to be implemented under the National Council for Financial Inclusion, building on the success recorded after the implementation of the second Framework, which ended in December 2022. Key achievements under the second Framework was the increase of the percentage of adults who access formal financial services from 86 % 2017 to 89% in 2023, as well as growth in usage of formal financial services from 65% in 2017 to 76% in 2023. The notable increase was mainly attributed to high adoption of digital financial services, increased awareness of financial products and services and strong collaboration amongst public and private financial inclusion stakeholders.

As we move to the third Framework, emphasis is made to address barriers and gaps that are still persistent despite progress made in the implementation of previous Frameworks. Specific interventions will focus on expanding usage of quality of formal financial services to disproportionately excluded population segments and access to and usage of a broad range of affordable financial products and services for financial health.

To achieve the desired vision, the implementation of this Framework will maintain public and private sector collaborations coupled with development partners support to propel effective implementation of the set financial inclusion initiatives.

Further, it is worth noting that, the third Framework sets out specific initiatives for women; youth; MSMEs; smallholder farmers and fishers; and persons with disability to contribute to improving their participation in economic activities, subsequently their well-being and national economic development.

It is my conviction that apart from the named priority segments, implementation of the Framework will also support other individuals and businesses in Tanzania to access and use a broad range of high-quality financial products and services leveraging on financial technologies and innovations.

Finally, I am looking forward to implementing institutions to commit themselves and cooperate with all financial inclusion stakeholders in turning our aspirations into tangible outcomes that will improve the lives of Tanzanians and drive sustainable and inclusive economic growth.



Mr. Emmanuel M. Tutuba
Chairperson, National Council for Financial Inclusion

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This Framework would not be possible without the participation of various stakeholders including; Government Ministries relevant to financial inclusion matters, Regulatory Authorities, Financial Service Providers, Industry Associations as well as Development Partners. These stakeholders devoted their precious time to provide new ideas, best practices and market feedback during the consultation and rethinking workshops. Therefore, the National Council for Financial Inclusion appreciates your technical advice that not only shaped our thinking in the design of this work but laid a foundation for a flourishing financial sector in Tanzania as a result of implementing this Framework.

ABBREVIATIONS & ACRONYMS

AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
BoT	Bank of Tanzania
BRELA	Business Registration and Licensing agency
CMGs	Community Micro finance Groups
CMSA	Capital Markets and Securities Authority
DFS	Digital Financial Services
FSPs	Financial Service Providers
GDP	Gross Domestic Product
ICT	Information and Communication Technology
KYC	Know Your Customer
M&E	Monitoring and Evaluation
MFIs	Micro finance Institutions
MSMEs	Micro, Small and Medium Enterprises
NC	National Council
NFIF 3	Third National Financial Inclusion Framework
NFIF	National Financial Inclusion Framework
NFIF2	The Second National Financial Inclusion Framework
NIDA	National Identification Authority
NSC	National Steering Committee
NTC	National Technical Committee
SACCOS	Savings and Credit Cooperative Society
TCRA	Tanzania Communications Regulatory Authority
WHO	World Health Organization
E-KYC	Electronic Know Your Customer
PO- RALG	Presidents Office and Regional Administration and Local Government
TGEP	Tanzania Generation Equality Program

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Glossary

Financial inclusion

Access to and usage of broad range of high quality and affordable formal financial product and services.

Financial exclusion

Inability to access and/or use formal financial products and services.

Access

Proximity of financial access points to individuals and businesses.

Adult

An individual aged 16 years and above

Uptake

Establishing a formal relationship with a financial service provider. For instance, opening a transactional account.

Usage Active utilization of broad range of financial product and services.

Micro, Small & Medium Enterprises (MSME)

Business whose revenues, assets, or a number of employees are within threshold defined in the National Small and Medium Enterprises (SMEs) Policy 2023.

Youth

Persons aged between 16 to 35 years

Financial Services Providers

Providers of banking, microfinance, social security, insurances, investment and payment services.

ICT Infrastructures

Software, hardware, firmware, networks, and Websites

Physical infrastructures

Physical structures, such as transportation networks and power grid

Priority segments

Key focus groups of individuals and business during implementation of the Framework.

Development partners

Domestic and international partners supporting the implementation of the Framework.

Seaweed farming in
Zanzibar



EXECUTIVE SUMMARY

The third National Financial Inclusion Framework builds on the second Framework (2018-2022) by enhancing public and private sector collaboration to advance financial inclusion in the country. This Framework among others leverage on the lessons learned from previously implemented frameworks, insights from the country's development strategies, new dynamics in the financial behavior of consumers, industry aspirations and technological opportunities.

The Framework supports the implementation of the national development plans including, Tanzania Development Vision 2025, Zanzibar Development Vision 2050, Tanzania Long Term Perspective Plan 2011/12-2025/26, the National Five-Year Development Plan 2021//22-2025/26 and Financial Sector Development Master Plan 2020/21-2029/30. The alignment of this Framework is anchored on its vision which is to ensure all adults and businesses have access to and use a broad range of affordable and high-quality financial products and services, to improve their financial well-being and living standard.

To achieve this vision, the Framework's strategic objectives are geared towards improving access, expanding usage of a broad range of financial products and services, enhancing the quality of financial products and services and enhancing the financial welfare of individuals and businesses. Among others, the Framework prioritizes unlocking the barriers to financial inclusion for women; youth; persons with disability; smallholder farmers and fishers; as well as MSMEs as special segments of the population. In addition, given the challenges experienced by the poor, the implementation of this Framework will also place special emphasis on the rural and urban poor population.

To attain all these, the Framework will leverage on four key enablers which are technology and innovation; enabling policy, legal and regulatory frameworks; consumer empowerment; and enhancement of information and data infrastructures. Further, its implementation will be guided by principles of flexibility, collaboration, and evidence-based decision-making.

To operationalize this Framework, the NC has developed an Action Plan which sets activities to be implemented over five years. The activities will be embedded in each implementing institution's strategic plan and financed by institutions' respective budgets or support from fellow member(s) or development partners in cases of deficit or technical limitations.

Regarding coordination, The National Council shall provide overall oversight; the National Steering Committee shall be responsible for administrative and quality control while the National Technical Committee shall provide technical advice and progress reports on the implementation of the Framework. In addition, the Central Bank serves as the secretariat to the coordination structure. Finally, the Framework has set a means through which it will be monitored and evaluated against the expected outcomes and set targets. Further, it outlines possible risks and proposes mitigation measures against the risks for successful implementation.

Therefore, implementation of this Framework is expected to advance financial inclusion and promote development of the financial sector in the country.

INTRODUCTION

The third National Financial Inclusion Framework (NFIF3) builds on the second Framework, which was implemented over five years from 2018-2022 with the main focus of enhancing the usage of financial products and services. NFIF3 continues to reinforce a public and private sector initiative in building an effective and inclusive financial system.

While the second Framework emphasized the need to increase the usage of financial products and services, this third Framework focuses on addressing persistent barriers from the previous Frameworks relating to access and usage and it amplifies the dimensions of quality and welfare.

In this regard, NFIF3 amplifies the dimension of quality and welfare through interventions that focus on customer centricity of product design and delivery models to enhance sustained usage of a broad range of high-quality financial products and services. It also promotes consumer empowerment and financial health.

The Rationale for the National Financial Inclusion Framework

To continue addressing financial inclusion challenges in the country, the third Framework sets a strategic road map of what Tanzania intends to achieve in the financial inclusion space for the next five years through a Public and Private sector partnership approach. The joint efforts and effective collaborations by all relevant stakeholders to implement various financial inclusion interventions have been a great success in addressing financial exclusion challenges. Hence, The United Republic of Tanzania has significantly reduced the gap between the unserved and the undeserved population in the financial system through the implementation of the NFIF.

Similarly, the National Financial Inclusion Framework contributes to the implementation of Tanzania Development Vision 2025, Zanzibar Development Vision 2050, Tanzania Long Term Perspective Plan 2011/12-2025/26, the National Five - Year Development Plan 2021//22 -2025/26, and Financial Sector Development Master Plan 2020/21-2029/30. Thus, implementation of NFIF3 is expected to effectively catalyst financial sector development as well as fuel economic growth and development.

Financial Sector Landscape

The financial sector plays a key role in mobilizing savings and allocating credit to various sectors of the economy. It enables enterprises and households to cope with economic uncertainties by hedging, pooling, sharing and pricing risks. Recognizing the importance of the financial sector, the Government has continued to undertake several initiatives in improving the legal, regulatory and business environment to promote growth and development in the financial sector.

In 2022, the financial sector assets grew by 7.2% while its contribution to the country's GDP was 9.2 percent and largely dominated by banking and social security sub-sectors. In ensuring integrity and stability of the financial system, the Government continues to reinforce prudential measures and implement effective monetary and fiscal measures. .

The growth of financial sector assets is attributed to the increase in financial access points, enhanced payment infrastructures, increased adoption and usage of technology in the delivery of financial services, supportive legal and regulatory frameworks and implementation of the National Financial Inclusion Framework. Consequently, the recorded development in the financial sector has provided Tanzanians with easy access to and usage of financial products and services following linkages among FSPs due to interoperability of payment infrastructures as well as Fintech innovations.

Tanzania's financial sector contains banking, micro-finance, insurance, capital markets and social security sub-sectors as described in Figure 1.

Figure 1: Financial Sector Landscape**Sources: BOT, CMSA, TIRA, PMO-LYED & MOF-Zanzibar**

STATUS OF FINANCIAL INCLUSION IN TANZANIA

Financial inclusion facilitates access to and usage of quality financial services and products for individuals and businesses who are excluded or underserved by the mainstream financial system. Understanding the importance of financial inclusion in promoting economic growth, job creation and poverty reduction, Tanzania implemented various strategic initiatives (First- and Second-Generation Financial Sector Reforms, 1991-2012) to reform the financial sector.

During the reforms among others, the Microfinance Policy of 2000 was developed with a focus on expanding financial services to the low-income segment of the population both in rural and urban areas, thus making the sector an integral part of the country's financial system. In addition, the SME Development Policy of 2003 was developed to improve access to finance by promoting sustainable financing mechanisms and promote innovative financial products for SMEs.

These initiatives resulted in an increased number of financial service providers and enhanced competition in the market. Despite the recorded success, critical challenges remained to constrain the development of the financial sector and its role in promoting financial inclusion in the country. The financial inclusion challenges included; low access to credit for MSMEs and the unbanked; low level of financial literacy and financial consumer protection; limited supply of customer-centric products; lack of appropriate market infrastructures; high cost of financial services and products and limited access to and use of formal financial services.

National Financial Inclusion Framework (2014-2016)

In order to address limited access to and usage of financial products and services to the unserved and the underserved, Tanzania developed and implemented the first National Financial Inclusion Framework (2014-2016) using a public and private sector collaboration approach. The Framework placed major emphasis on addressing access to finance barriers including regulatory and infrastructure constraints. By the end of 2017, access to formal financial services increased from 42% in 2013 to 86% while usage of formal financial services increased from 57.7% to 65%.

National Financial Inclusion Framework (2018-2022)

Following the completion of implementing the first Framework, Tanzania continued to address financial inclusion challenges by developing and implementing the second NFIF (2018-2022) which focused on driving the usage of formal financial services. During the implementation of the second Framework, special emphasis was given to vulnerable segments of the population such as Youth, Women, as well as small and medium scale Enterprises. Results of implementing NFIF2 indicated that the percentage of adults with access to and usage of formal financial services has increased from 86% and 65% in 2017 to 89% and 76% in 2023, respectively.



Existing Challenges and Opportunities

Despite the notable achievements that have been gained since the implementation of the financial sector reforms to the second National Financial Inclusion Framework, the country faces several challenges towards an inclusive financial system. Currently, issues related to availability of unique identification, consumer empowerment, legal and regulatory frameworks and gender gap remain to be significant barriers to financial inclusion. Therefore, it is of paramount importance for the Government, FSPs, Financial sector regulators and to collaborate in addressing identified barriers for an inclusive financial system.



FINANCIAL INCLUSION 2023-2028

Definition

Financial Inclusion means access to and usage of a broad range of affordable and quality financial products and services on a sustainable basis by individuals and businesses to improve their financial well-being and standard of living.

Vision | Universal access to and usage of a broad range of affordable and quality financial products and services that improve financial well-being and livelihood

Guiding Principles

Implementation of the Framework will be grounded on three principles which are considered to be important in promoting financial inclusion in Tanzania; flexibility, collaboration and evidence-based.

Flexibility | Continuously provide an enabling and flexible legal and regulatory framework for financial inclusion

Collaboration | Encourage consistent commitment, engagement/participation and partnership with Government, private sector and other stakeholders to leverage their strength in implementing financial inclusion framework

Evidence-based | Financial inclusion initiatives are implemented based on data and incremental learning

Strategic Objectives

The NFIF 3 envisions four strategic objectives which are considered critical to realizing the intended vision to be;

- Universal access to financial services and products;
- Expand usage of a broad range of financial products and services;
- Enhance quality of financial products and services; and
- Enhance the financial welfare of individuals and businesses.

The strategic objectives are further expounded in the subsequent section

Universal Access to Financial Services and Products

Universal access refers to all adult Tanzanians and businesses having access to formal financial products and services. When financial access points are physically or virtually accessible by people then they can easily establish relationships with formal financial service providers by opening a transaction account. Access to finance helps people and businesses store and send money, receive money and borrow from a formal financial services provider. Full access to formal financial services and products by adult Tanzanians and businesses is expected to increase investment, catalyse wealth accumulation, reduce poverty, income inequality and enhance financial stability by protecting consumers against financial shocks.

Figure 2: Barriers, opportunities and enablers for increasing access to financial products and services

Barriers

- Limited distribution of financial access points
- Limited availability of national identification including youth below 18 years
- Limited ownership of smart phone
- Inadequate physical and ICT infrastructures
- Policy and regulatory constrains limiting financial inclusion

Opportunities

- Existence of advanced technology and innovations that can facilitate accessibility
- Increasing rollout of national identity cards
- Implementation of National Microfinance Policy
- Rural electrification
- Linkages of social groups to FSPs

Enablers for Universal access

- Documentation to ease client onboarding for formal financial services
- Infrastructure for remote electronic -KYC
- Availability and access to consumer digital data

Expand usage of a broad range of financial products and services

The availability of a broad range of financial services and products from the market provides customers with an opportunity to choose what is appropriate for their specific needs. Individual and business financial needs vary depending on personal financial management or business transaction needs, as such the demand for storing value, making payments, accessing credit, managing risk or investing for the future including planning for retirement will determine the type of financial product individuals and businesses need.

Tanzania has registered high access to financial services with low usage of banking, insurance, pension and investment in capital markets. For this, NFIF3 intends to leverage the recorded success to expand the usage of a broad range of financial products and services. From the supply side, deepening the financial sector is critical to ensure an adequate supply of a range of products and services tailored to match the specific needs and preferences of the people. On the other side, consumers will benefit from a variety of financial choices, diversification of financial options, convenience and flexible financial services and products which in turn will accelerate frequent usage of financial products and services.

Through the deepening of the financial sector and the adoption of technology and innovations, the menu of financial products and services will be broadened to allow the majority of adult Tanzanians to graduate from the use of basic to advanced financial services in line with the varying needs of businesses and people.

Figure 3: Challenges and Opportunities for Expanding Usage of Financial Products and Services

Barriers

- Inadequate customer centric financial services and products
- High preference of cash for transactions
- Low financial literacy
- High cost of financial services
- Low adoption of digital financial services
- Inadequate financial consumer protection
- Limited usage of data for financial inclusion
- Limited asset ownership that can act as collateral

Opportunities

- Existence of potential financial educators
- Existence of Government support on financial inclusion initiatives
- Broader usage of Mobile Money Services

Enablers for Expanding usage of formal financial product and services

- Availability of affordable and appropriate range of financial product and services
- Availability of affordable and interoperable digital payment infrastructures
- Existence of digital channels for delivery of financial literacy

Enhance Quality of Financial Products and Services

Delivery of quality financial products and services provides convenience, reliability, affordability, and transparency and ensures the availability of customer-centric financial products and services. However, for this to happen consumers must have the necessary financial capability to understand features of financial products and services, understand their rights and have the necessary confidence to engage with FSPs.

Through technology, innovations, research and financial consumer protection, the implementation of the Framework is expected to raise the quality bar in the provision of financial services as well as the financial capabilities of Tanzanians.

Figure 4: Challenges and Opportunities for Enhancing Quality of Financial Products and Services

Barriers	
<ul style="list-style-type: none"> - High transactional cost of financial service proportionate to income segments - High credit costs - Low awareness on consumer rights and responsibilities - Limited public trust on financial service providers - Inadequate complaints handling mechanism and supervision - Inadequate governance in managing MFIs - Growing of cybersecurity and fraud risks associated with DFS - Limited availability of researches and studies on financial inclusion 	
Opportunities	
<ul style="list-style-type: none"> - Existence of Tanzania Instant Payment System (TIPS) - Existence of Credit Reference Bureaus (CRB) - Existence of complaints handling mechanisms of FSPs - Existence of financial consumer protection frameworks - Existence of research houses to conduct researches and studies on financial inclusion 	
Enablers for Enhancing Quality of financial product and services	
<ul style="list-style-type: none"> - Availability of reliable and convenient financial product and services - Availability of financial literacy programs - Availability of effective financial consumer complaints handling mechanisms and dispute resolution 	

Enhance the financial welfare of individuals and businesses

Policymakers and Financial Service Providers need to consider people's and businesses' financial well-being when designing policies and financial solutions. This is important because, when people and businesses meet their current and future needs, plan for the future and cope with unexpected events then they are considered to be financially healthy.

Despite the increased level of financial inclusion in the country, the majority of Tanzanians

and businesses lack financial control and the ability to withstand financial shocks. In this Framework, for purposes of improving the well-being of Tanzanians and their businesses, priority will be given to enhancing the capabilities of financial consumers, providing them with a variety of financial choices to meet their current and unexpected financial needs and plan for the future to meet expected financial goals.

Figure 5: Challenges and Opportunities for Enhancing the Financial Welfare of Individuals and Businesses

Barriers	<ul style="list-style-type: none"> - Cultural and social norms limiting the usage of financial products and services - Limited initiatives and financial solutions for sustainable financing - Low uptake of insurance services - Low financial capability among Tanzanians - Low-income levels for the majority of Tanzanians - Presence of unexpected events such as economic downturns, natural disaster and health crises - Low uptake of pension services
Opportunities	<ul style="list-style-type: none"> - Presence of national financial education programs - Government support for sustainable financing including blue and green economy initiatives - Presence of micro insurance policy business - Presence of Financial Consumer Protection regulatory frameworks - Enabling legal and regulatory environment for promoting market innovation
Enablers for Enhancing the Financial welfare of individuals and businesses	<ul style="list-style-type: none"> - Availability of personal financial management programs - Availability of financial resilience product and services - Availability of affordable and appropriate investment products

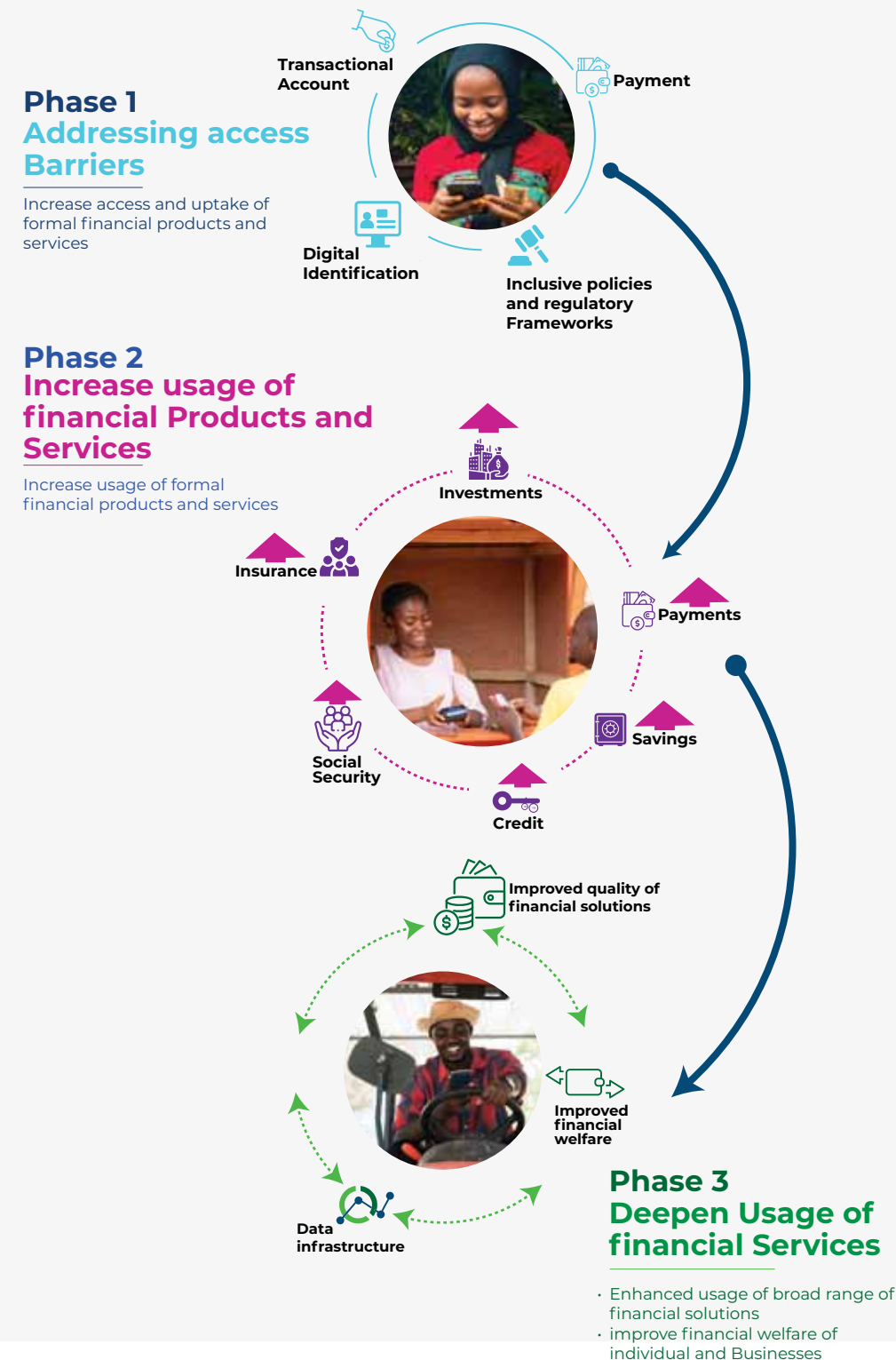
Tanzania Financial Inclusion Pathways

The first financial inclusion framework in Tanzania focused on reducing financial inclusion access barriers to increasing the distribution and proximity of financial services access points. The implementation of the first Framework led to the increased usage of mobile payment services and facilitated several regulatory reforms to support inclusive finance initiatives in the country. Since the first Framework did not address all the challenges for inclusive finance, the second framework was developed with an emphasis to increase the usage of formal financial leveraging on increased financial access points in the first phase. Tanzania recorded an increased usage of formal financial services in the second phase, however, the increase is significantly dominated by the usage of

remittance and micro-credit services. In addition, there is a need to improve the quality of financial services and the capabilities of financial consumers to stimulate the demand for formal financial services.

Given the past experiences, the third Framework, therefore, brings a fundamental shift from the current status quo overly anchored on limited usage of financial products and services. This Framework focuses on addressing persistent barriers from the previous Frameworks relating to access and usage and it amplifies the dimensions of quality and welfare (Figure 6).

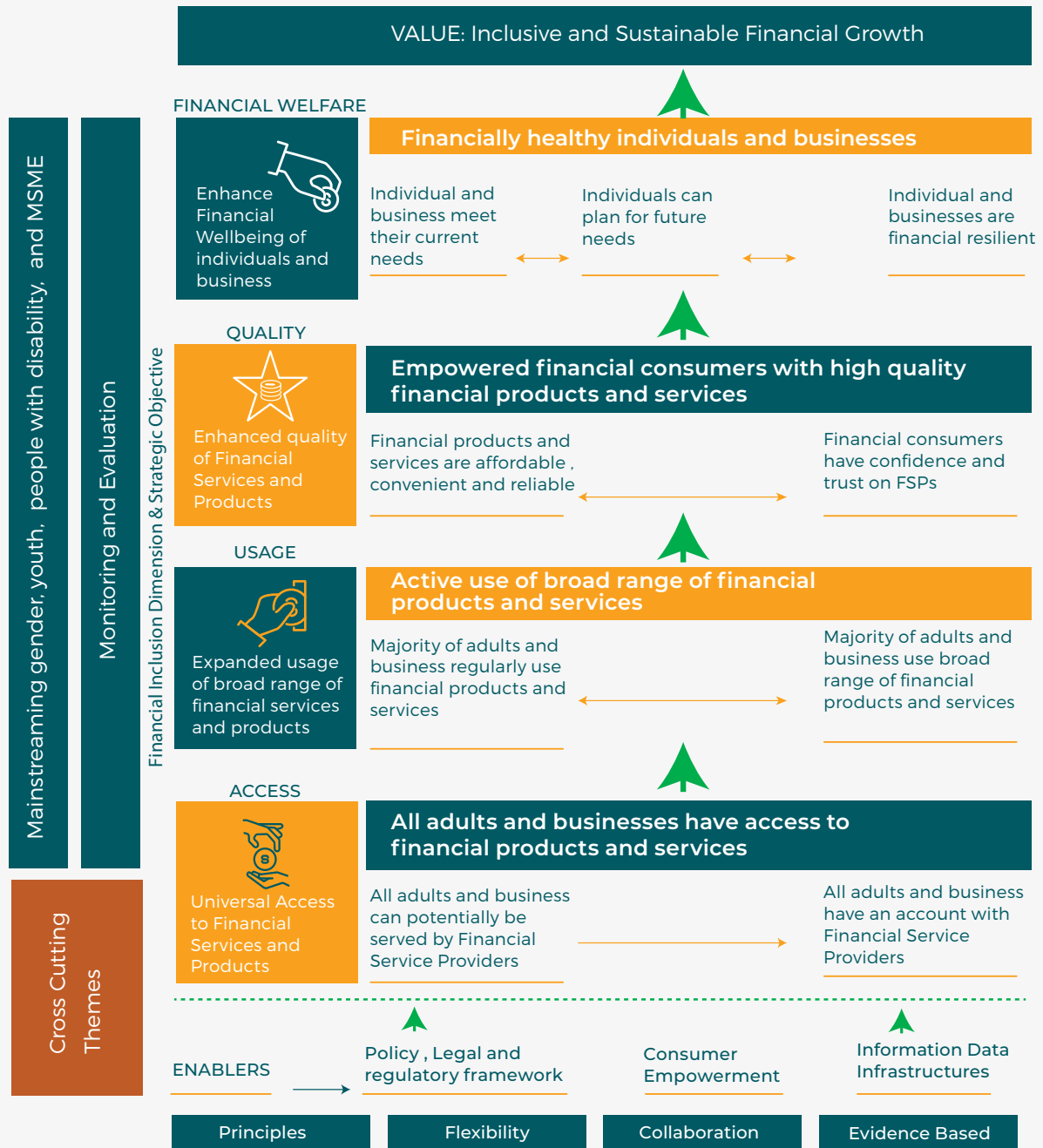
Figure 6: Financial Inclusion pathways



Value Creation Map

The value creation map presented in Figure 7 is a visual presentation of the third National Financial Inclusion Framework. The map indicates the key dimensions of financial inclusion and the cause-effect relationship among expected outcomes. It highlights the priority areas, cross-cutting issues and key enablers which are considered the foundation for overcoming financial exclusion in Tanzania.

Figure 7: The Third National Financial Inclusion Framework at Glance



Expected Outcomes

The expected outcomes have been designed to directly motivate the anticipated focus on expanding financial inclusion in the country. The initiatives have been set for financial inclusion stakeholders to implement towards attaining the specified outcome (Table 1).

Table 1: List of expected outcome and strategic initiatives

Strategic Objective	Expected Outcome	Specific Outcomes	Initiative
Universal access to financial services and products	All adults and businesses have access to financial products and services	All adults and businesses can potentially be served by FSPs	<ul style="list-style-type: none"> Expand agent and branch networks coverage in rural areas Increase ownership of Mobile phone Implement E-KYC Expand physical and ICT infrastructures networks in rural areas Continue to create financially inclusive policy, legal and regulatory frameworks Increase issuance and expand coverage of National Identification Enhance interoperability of national Identification and Business Registration Infrastructure with third parties Enhance business formalization programs to address challenge of MSME informalities Promote the adoption of financial technologies and innovations
		All adults and businesses have an account with FSPs	

Strategic Objective	Expected Outcome	Specific Outcomes	Initiative
Expand usage of a broad range of financial products and services	Active use of a broad range of financial products and services	The majority of adults and businesses regularly use financial products and services	<ul style="list-style-type: none"> • Expand adoption of Digital Financial Technology • Expand the scope and coverage of credit reference systems • Implement linkage between CMGs and FSPs • Enhance postal code and physical address system • Ensure timely availability and management of financial inclusion data • Provide awareness of financial solutions • Implement interoperability of payment infrastructures • Implement financial inclusion research and studies • Facilitate the development of secured transactions law • Develop collateral registry for movable assets • Enhance the development of customer-centric financial products and services • Strengthen and expand Credit Guarantee schemes to increase access to credit • Expand the availability of inter operable information and transactional infrastructure • Expand scope, coverage and usage of credit reference system • Deepen and enhance access to sustainable financing

Strategic Objective	Expected Outcome	Specific Outcomes	Initiative
		The majority of adults and businesses use a broad range of financial products and services	
Enhance the quality of financial products and services	Empowered financial consumers with high-quality financial products and services	Financial consumers have confidence and trust to engage with FSPs	<ul style="list-style-type: none"> • Develop and implement financial literacy programs • Incorporate financial literacy into the national education system • Enhance disclosure and transparency in the financial sector • Enhance market conduct supervision • Promote fair competition in the financial sector • Enhance complaints handling and redress mechanisms • Promote the development of affordable and demand-driven financial products and services • Strengthen the management of financial cybersecurity risks • Strengthen protection of financial consumer data • Extend coverage and improve the efficiency of deposit insurance
		Financial services and products are affordable, convenient and reliable	

Enhance the financial welfare of individuals and businesses	Individuals and businesses are financially healthy	Individuals and businesses are able to meet basic current financial needs	<ul style="list-style-type: none"> • Enhance disclosure and transparency in the financial sector • Enhance market conduct supervision • Promote fair competition in the financial sector • Enhance complaints handling and redress mechanisms • Promote the development of affordable and demand-driven financial products and services • Strengthen the management of financial cyber-security risks • Strengthen protection of financial consumer data • Extend coverage and improve the efficiency of deposit insurance
		Individuals and businesses are financially resilient	<ul style="list-style-type: none"> • Enhance financial consumers' capability and protection • Enhance and expand sustainable finance initiatives. • Expand access to pension for the informal sector
		Individuals and businesses achieve their long term financial goals	<ul style="list-style-type: none"> • Expand access to and use of micro insurance services • Development of national taxonomy for addressing impact of climate change • Foster competition and adoption financial technology

Key Enablers

To promote financial inclusion in Tanzania, the Third National Financial Inclusion Framework identifies, Technology and Innovation; Enabling policy, legal and regulatory frameworks; Consumer empowerment; as well as Information and data infrastructures; as key enablers for reducing the exclusion gap and fostering the financial well-being of Tanzanians. The NFIF 3 enablers are expounded in the subsequent section:

Technology and Innovation

Financial services technologies and innovations help provide cost-effective financial solutions, financial literacy, enhanced financial security and accessible outreach to unserved and underserved persons. Technology and innovations provide alternatives to brick-and-mortar financial institutions, enabling digital financial services that can efficiently reach remote areas unlikely to be served by traditional networks. The National Council for Financial Inclusion is determined to achieve meaningful access to and usage of quality and affordable formal financial services leveraging innovative solutions and technology-led distribution channels. Consequently, the adoption of financial services technologies and innovations will contribute toward the attainment of Tanzania Development Vision 2025, Zanzibar Development Vision 2050, and Financial Sector Development Master Plan 2020/21-2029/30.

Enabling policy, legal and regulatory frameworks

The provision of enabling legal, regulatory and policy framework is essential in providing a conducive environment for the development, testing and adoption of innovative financial solutions. The National Council for Financial Inclusion intends to enhance the existing legal and regulatory framework to achieve consumer empowerment, financial innovation, accessible financial services, encourage healthy competition and promote financial stability. The existence of enabling legal, regulatory and policy framework help broaden the scope of outreach to women, youth, and people with disabilities.

Consumer empowerment

The rapidly changing financial services technologies and innovations in the financial sector come with sophisticated products and services that outpace the literacy level of financial consumers. Given the unparalleled sophistication in the design of products, services and distribution channels, most customers found themselves excluded, resulting in a loss of confidence in the financial system. This calls for financial education initiatives to impart to financial consumers rudimentary financial education to increase the uptake and the level of usage of novel products and services. Considering this, consumer empowerment forms part of financial inclusion enablers leveraging on financial education programs, consumer protection initiatives, and complaints handling and redress mechanisms. In addition, empowerment initiatives further improve consumer awareness and understanding of risks and benefits. Further, Consumer empowerment is of paramount importance to impart consumers with invaluable knowledge and skills to make informed decisions in the usage of financial products and services to improve their lives. Enhanced consumer empowerment

framework contributes to increased consumer confidence in the financial system and uptake and usage of formal financial products and services

Information and data infrastructures

The National Council for Financial Inclusion intends to focus on ensuring the financial structure allows for enhanced data generation and dissemination, systems interoperability, credit score, credit reference system and credit guarantees mechanisms. Enhanced interoperability will ensure adequate availability of granular data of people and business profiles accessible via integrated system infrastructures. This will consequently facilitate seamless harmonization of research, and indicators and keep abreast with global standards for comparability, performance analysis and central data repository. Similarly, the enhancement of these platforms is essential in serving a dynamic and inclusive financial system.

Considering rapidly growing digital financial services, availability of broader digital, information, internet connectivity and transactional infrastructures in unserved and underserved areas. Further, the enhancement of these platforms is crucial to ensure the widespread inclusivity of hard-to-reach communities to participate effectively in the financial system.

Leveraging the availability of granular data, interoperable information and transactional infrastructure will help policymakers design people-centred policies that respond to existing financial inclusion challenges in Tanzania. Also, the availability of adequate information will help regulators design and implement regulations and guidelines that support the financial inclusion agenda in the country. Additionally, enhanced information and transactional infrastructure will help financial service providers respond to customer needs through the development of customer-centric products and services.

Priority Segments

Implementation of the first and the second NFIF has led to increased access to and usage of financial services in the country. Despite the recorded success, some of the population groups continue to be underserved and unserved, including women, youth, persons with disability, smallholder farmers and MSMEs. In this context, the Framework provides key consideration to these priority segments to ensure the effective realization of its strategic objectives. The details of financial inclusion situational analysis, challenges and opportunities for each of these groups are detailed in the next sections. In addition, the Framework will address general challenges that cut across urban and rural poor population



WOMEN

Women represent 51 percent of the country's population and 52 percent of the workforce, yet they remain undeserved and unserved in access and usage of financial services, mainly due to socio-cultural norms and their economic status. Despite the progress made on financial inclusion for women through the implementation of the previous Frameworks which narrowed the gender gap from 10 percent in 2017 to 3.6 percent in 2023, indicating that the gender gap is narrowing, however still persistent. It is attributed to barriers such as lack of collateral, limited documentation for accessing banking services and social-cultural norms

In this framework, more efforts will be put to address the barriers that impede women accessing banking services and other formal financial services identified to have low uptake by women. This augments with the Government initiative on Generational Equality Forum aimed at implementing national commitments on women economic justice and rights as a vehicle towards the realization of women economic. Such intervention include by promoting gender-inclusive financial policies, tailoring financial products and services to women's needs and enhancing women's capabilities through the implementation of financial literacy programs. Ultimately, achieving financial inclusion for women in Tanzania is expected to have significant social and economic benefits, including increased economic growth, reduced poverty, and improved gender equality.



YOUTH

Tanzania is a relatively young country, with youth comprising about 64.8 per cent of the total labour force. This population segment is an engine for economic growth and essential for the inclusive and sustainable development of our nation, hence needs to be a priority segment for financial inclusion interventions. The microfinance sector, financial NGOs and Government Youth Empowerment Funds have been at the forefront to accommodate and save the youth through the provision of group lending, digital credit, and micro-loan services.

Implementation of previous Framework has increased youth uptake of formal financial services from 66 percent in 2017 to 73 percent in 2023. Despite the recorded success, active usage of formal services remains at 55 percent coupled with low uptake of credit, insurance and savings services. Barriers limiting youth uptake and usage of formal financial services include perception of FSPs that youth are low-value customers with high risk of moral hazard. In addition, unemployment, lack of collateral, geographical limitations and limited identification remain setbacks for the majority of youth to access formal financial services.

This framework aims at addressing the youth-specific challenges by fostering strategic partnerships between FSPs, Government, education institutions and youth organizations to reach out to more young people and provide financial education, promote uptake and usage of formal financial services including the adoption of digital financial services. In addition, the provision of capacity-building programs for youth is expected to improve their financial capability, and ownership of assets, promote entrepreneurship and innovation, job creation and poverty reduction, hence ensuring increased welfare to the youth.

A woman in a light blue shirt is shown in profile, pouring water from a white bucket into a larger container. The background is slightly blurred, showing an indoor setting with some equipment.

MSMEs

Micro, Small and Medium Enterprises (MSMEs) are a significant group in Tanzania, and they play a key role in the economy, by creating jobs and generating income for individuals and households. Despite their key role they often struggle to access credit, which limits their ability to grow or become more productive. In addition, MSMEs remain vulnerable to financial and economic shocks, which threaten their survival. The limited access to formal financial services by MSMEs has been mainly due to widespread informality, lack of viable collateral, low financial literacy as well as high transaction costs of financial services (transactional and interest costs).

In a bid to improve financial inclusion to MSMEs, this framework focuses on promoting the usage of financial technology to reduce informality of MSMEs operations, promote business formalization, enhance access to credit through effective credit schemes, improve capabilities of business people through financial education as well as implementing regulatory reforms that will reduce barriers to financial inclusion such as simplifying registration and costs of compliance. Through the implementation of this Framework, MSMEs will have more opportunities to grow, increase their contribution to the economy and create more jobs for the economy.

A woman with a prosthetic left arm is smiling and working on a shoe. She is wearing a colorful patterned top and a blue apron. The background shows a workshop setting with various tools and materials.

PERSONS WITH DISABILITY

According to WHO, for every 10 people, one (1) is disabled. Yet these individuals are often overlooked in financial inclusion efforts largely due to physical and social barriers, leaving so many potential customers untapped. Limited accessibility features and assistive technologies in the provision of financial services, social discrimination and stigma as well as low employment levels continue to hinder access to and usage among people with disability.

The recent development in digital financial services has somehow driven the increase in financial inclusion particularly for mobility disabled individuals, however, other groups of this segment remain excluded. In addition, various financial education and empowerment programs by Government, disability-focused associations and donors, have also contributed to improved access to and usage of financial services and products, among people with disabilities.

Recognizing the need to expand access to and usage of formal financial services to people with disabilities, this framework underscores the need for policy reforms to improve physical accessibility standards and promote non-discrimination practices. In addition, partnerships among FSPs and policymakers with disability organizations will raise awareness of the special needs of this population segment, thus fostering the development of convenient product designs to cater for all groups in the disability spectrum. By improving access and usage of financial services to persons with disability, this population segment will enjoy greater financial independence, improve financial security, provide employment opportunities and improve the standard of living.



SMALLHOLDER FARMERS AND FISHERS

The agriculture and fisheries sector employs more than half of the adult working population while contributing to approximately 27 percent of the total GDP. The sector is mainly smallholder farmers, livestock keepers and fishers mostly located in rural areas. Smallholder farmers and Fishers in Tanzania are highly excluded or underserved by the financial system mainly due to agricultural and fisheries associated risks, geographical barriers and limited financial access points in the rural areas.

Interventions by various financial inclusion stakeholders have improved the uptake of formal financial services by smallholder farmers from 55 percent in 2017 to 70 percent in 2023. Despite these improvements, FSPs do not adequately meet the needs of this segment due to high uncertainty in smallholder farming, weak property rights that limit the usage of land as collateral, inconsistent cash flows, coupled with some cultural practices that reduce demand for formal financial services. Consequently, smallholder farmers and fishers mostly obtain financing from sources such as contract farming and warehouse receipts as well as MFIs, while few large-scale farmers and fishers can access financing from commercial banks. During the implementation of this Framework, a conducive environment for access to and use



of formal financial services by small holder farmers and fishers will be created by developing enabling policies such as operationalization of the movable collateral registry, promotion of credit guarantees, development of products that meet the needs of smallholder farmers such as crop insurance, hedging products, as well as agriculture loans whose repayment is aligned with farmers' cash flows. In addition, emphasis will be given to promoting financing of aqua-farming and deep-sea fishing as well as investment in fisheries and aquaculture infrastructures and facilities. These interventions are expected to increase the participation of this segment in the financial system as well as increase productivity, manage agricultural risks, reduced poverty levels and create a foundation for an industrialized economy.

Table 2: Strategic Initiatives for priority Segments

Priority segment	Expected outcome	Opportunities
Women	<ul style="list-style-type: none"> Increased access to and enhanced usage of financial services and products 	<ul style="list-style-type: none"> Increased ownership of mobile phones Increased women community saving and credit groups Presence of Women's Fund Government support on gender- inclusive initiatives Presence of Women Affairs Committee for Financial Inclusion The growing number of women entrepreneurs Presence of the Tanzania Generation Equality Program (TGEP) and the National Advisory and Coordinating Committee on Generation Equality Forum.
Youth		<ul style="list-style-type: none"> Accounts for 59 per cent of the adult population High adoption of digital financial technology Existence of accelerator programs for youth A growing number of youth entrepreneurs

Challenges	Strategic Initiatives
<ul style="list-style-type: none"> • Unfavorable social and cultural norms • Limited rights on ownership of assets • Low financial literacy • The high-income gap in relation to men • Most participate in informal economic activities • Low level of literacy and business capabilities • Limited FSPs' understanding of women's financial needs and behavioural aspects. • Low participation of women in leadership roles in the financial sector 	<ul style="list-style-type: none"> • Promote linkage of women community-based groups and cooperatives saving and credit groups with FSPs • Promote ownership of affordable smart phones to women • Enhance the availability of gender-disaggregated data • Implement financial inclusion interventions with a gender lens • Facilitate women's business formalization • Promote women's technology adoption including delivery of digital literacy programs. • Promote strategic platforms for enhancing women's capabilities and advocacy for financial inclusion • Promote women's participation in the decision-making process across FSPs. • Enhanced disaggregation of data to enhance policy responses and product designs suitable to women • Conducting objective based tracking on market initiatives aimed at supporting women inclusion. • Implementing Financial Inclusion Award that will include women award category.
<ul style="list-style-type: none"> • Low-income levels that limit ownership of assets • Lack of identification for youth below 18 years • Lack of credit history for accessing credit • Poor personal financial management skills • Most participate in informal economic activities 	<ul style="list-style-type: none"> • Increase youth participation and ensure the sustainability of Government's funded credit programs • Promote private-sector credit programs for youth • Promote the design of youth-centred financial services and products • Promote youth agri-financing • Promote financing of youth startups • Promote entrepreneurship programs for youth

MSMEs		<ul style="list-style-type: none"> • Presence of supportive Government support for MSMEs development • Existence of digital finance technology • Existence of MSMEs guarantee schemes • Existence of capacity-building programs for MSMEs
Priority segment	Expected outcome	Opportunities
Persons with Disabilities		<ul style="list-style-type: none"> • Digital financial services reduce access constraints for persons with disability. • The supportive legal and regulatory environment on persons with disability • Presence of groups and associations of persons with disability
Small holder Farmers and Fishers		<ul style="list-style-type: none"> • Existence of support from Government and development partners on agricultural • Existence of agricultural guarantee schemes • Existence of agricultural development financing institutions • Existence of agricultural cooperatives • Existence of agricultural irrigation schemes • Existence of several water bodies • Presence of underexploited fish stocks in both fresh and marine waters • Existence of Eco-tourism potential in aquatic habitats including aquaculture parks

- The majority of MSMEs lack documentation and credit history
- Lack of formalized business-owned assets that can be used as collateral
- Low adoption of digital financial services
- Inadequate MSMEs financing

- Streamline policy and regulatory requirements to reduce compliance costs for MSMEs
- Promote innovative financial products and solutions tailored for SMEs
- Promote Credit Guarantees Schemes for MSMEs
- Enhance linkage of creative arts MSMEs with FSPs
- Promote MSMEs business formalization
- Promote MSMEs' business formalization and capability strengthening
- Strengthen the mechanism for capturing transactions data to support MSMEs financing
- Enhance coordination for MSMEs financing ecosystem

Challenges

Strategic Initiatives

- Inconvenient delivery channels for persons with disability.
- The financial education delivery approach does not accommodate persons with disability.
- High perceived risk by FSPs towards people with disability
- Limited financial products to cater for specific needs of people with disability
- Low participation in economic activities

- Promote the development of accessible and easy-to-use delivery channels.
- Tailor financial education programs for persons with disability.
- Promote linkages between FSPs and persons with disabilities
- Promote inclusive finance for persons with disabilities

- Inadequate agricultural infrastructures
- Lack of formalized assets to be used as collateral
- The high inherent risk in agricultural activities
- Limited penetration of agricultural financing
- Inadequate financing to support small fishers
- Inadequate marketing strategies for fisheries products

- Provide incentives for FSPs to provide credits to smallholder farmers
- Strengthen agricultural credit guarantees schemes
- Promote the development of financial solutions tailored to smallholder farmers
- Promote linkage between smallholder farmers and FSPs
- Promote studies on financing smallholder farmers
- Promote formalization of smallholder farmers' assets
- Strengthen financing of the agricultural value chain
- Promote financing of aqua-farming and deep-sea fishing
- Promote investment in fisheries and aquaculture infrastructure and facilities for production, processing and marketing.
- Promote access to Agri-insurance

A photograph of two men in a meeting. The man on the left is wearing a patterned blue and yellow sweater over a white collared shirt. The man on the right is wearing a grey suit jacket over a white collared shirt. They are both looking down at a document on a table. The background shows a modern office environment with glass partitions and a yellow sign on the wall.

FINANCING AND ACTION PLAN

Financing of the Framework

In each financial year, implementing institutions shall set aside financial resources to implement their financial inclusion activities which are in their strategic plans. In the event of a deficit, activities may be financed by support from other institutions or development partners as approved by National Council based on agreed priority areas. To support budget deficits under the approval of NC, the National Secretariat may coordinate the funding process between implementing institutions and supporting stakeholders or development partners in line with NFIF Implementation Support Guidelines. In addition, the coordination expenses will be borne by the National Secretariat.



Action Plan of the Framework

To implement the identified financial inclusion dimensional and priority segment initiatives (Table 1 & table 2), an action plan in this framework (NFIF Action Plan) in this framework consolidates this initiatives to be implemented by each implementing institution within their annual institutional programs. This action plan shall be monitored and overseen by the National Council and the secretariat shall provide periodic progress report to the National Council and its committees to facilitate monitoring. The annual Action Plans shall be developed by National Technical Committee reviewed by National Steering Committee and approved by the National Council.



FINANCIAL INCLUSION STAKEHOLDERS AND COORDINATION STRUCTURE

Financial Inclusion Stakeholders

Implementation of this Framework shall involve multiple stakeholders including Ministries and Government agencies who are responsible for creating an enabling business environment for FSPs including the development of financially inclusive policy and legal frameworks; Financial Regulators who are responsible for creating supportive regulatory and supervisory frameworks to foster financial inclusion; FSPs who are responsible with the provision of financial solutions and awareness programs to consumers; Associations and Networks responsible for coordinating their members to implement financial inclusion initiatives and providing financial inclusion insights from the private sector; and Development partners who shall provide technical and financial support during implementation of the Framework.

Figure 8: Financial Inclusion Stakeholders

Ministries and Government Agencies	<ul style="list-style-type: none"> • Develop inclusive policies and Legal Frameworks • Create enabling business environment for FSPs • Implement Financial Inclusion Initiatives
Financial Sector Regulators	<ul style="list-style-type: none"> • Develop and implement financial inclusive regulator frameworks • Implement financial inclusion initiatives under their mandate • Provide advice and guidance to FSPs on achieving Financial Inclusion goals
Association and Networks	<ul style="list-style-type: none"> • Represent their members in Financial Inclusion Committees • Coordinate Financial Inclusion Initiatives among member institutions • Facilitate sharing of financial inclusion information between members and stakeholders
Development Partners	Provide Technical and Financial Support

Coordination Structure

The Framework is set to achieve the financial inclusion goals by bringing together public-private stakeholders sharing a common financial inclusion vision through a coordinated mechanism. The coordination structure of this Framework has three levels of governing bodies comprising members from public and private stakeholders. The highest level is the National Council for Financial Inclusion (NC), followed by the National Steering Committee for Financial Inclusion (NSC) and the National Technical Committee for Financial Inclusion (NTC). In addition, the coordination structure has the Women Affairs Committee for Financial Inclusion (WACFI) as an adviser to the NC on matters related to women's financial inclusion. The NC and its committees shall receive secretarial and coordination services from the National Secretariat for Financial Inclusion (NS) which is the Central Bank of Tanzania (BoT).

Figure 9: Coordination Structure of NFIF3

National Council (NC)

The National Council is the overall decision-making body for promoting the financial inclusion agenda in the country. It is responsible for the provision of overall strategic direction and oversight of the financial inclusion agenda. The NC comprises 27 members who are the Permanent Secretaries from relevant Government ministries, Heads of Regulatory Authorities and Government agencies, and chairpersons of practitioners' associations. The Governor of the Bank of Tanzania is the chairperson of the NC. The NC conducts its meetings on a semi-annual basis and when the need arises. Specifically, the NC is responsible for:

- (a) Setting the strategic direction for financial inclusion;
- (b) Reviewing and approving National Financial Inclusion Framework and its Action Plan to achieve financial inclusion goals;
- (c) Overseeing financial inclusion implementation progress and monitoring outcomes;
- (d) Reviewing and approving proposals from the National Steering Committee;
- (e) Adding to the voice and influence of financial inclusion in broader development policies, strategies or programs of national interest; and
- (f) Promoting any financial inclusion-related issue and advising the government on the best way forward.

National Steering Committee

The National Steering Committee is the administrative and quality control organ, accountable to the NC. The NSC is made up of 32 members at the director and commissioner levels from Government ministries and agencies, regulatory authorities, and practitioners' associations. The NSC meets at least quarterly and is chaired by the Deputy Governor of the Bank of Tanzania. Specifically, the NSC is responsible for:

- (a) Reviewing reports and proposals submitted by the NTC;
- (b) Reporting progress on implementation of financial inclusion initiatives to NC;
- (c) Guiding the NTC activities and making recommendations to the NC on matters related to financial inclusion; and
- (d) Implementing procedures and controls necessary for the implementation of financial inclusion initiatives

National Technical Committee

The National Technical Committee provides technical advice and reports the progress on the implementation of financial inclusion initiatives in the country. The NTC members are contact persons from implementing institutions and are responsible for reporting the progress of implementation of agreed activities, challenges faced and recommendations. The NTC is made up of 47 senior officers from various stakeholders and meets at least quarterly. The NTC is chaired by the Director responsible for financial deepening and inclusion from the Bank of Tanzania. Specifically, the NTC is responsible for:

- (a) Reporting progress on implementation of the Framework activities;
- (b) Providing technical advice to the NSC;
- (c) Supporting implementing institutions on financial inclusion technical issues;
- (d) Developing Financial Inclusion Framework and its Action Plan; and
- (e) Monitoring and evaluating the implementation of the Framework at the institutional level

Technical expertise will be shared among implementing institutions to leverage on diversity of the available technical resources.



Priority Segment Focal Persons

Issues related to Women, Youth, MSME's, Small Holder Farmers and Fishers and persons with disabilities require a special lens during the implementation of financial inclusion interventions. For this reason, the coordination structure of the Framework will include focal persons in the NTC experienced in issues related to priority population segments. Specifically, the focal persons shall be responsible for;

- a) Providing technical advice to the NTC on strategic interventions appropriate for each priority segment;
- b) Act as a link between associations and stakeholders of the special group to advocate for issues that require special considerations in the design and delivery of specific financial inclusion initiatives;
- c) Collect data related to the financial inclusion of a specific priority segment; and
- d) Prepare and report to the NTC performance reports related to the implementation of financial inclusion initiatives for specific priority groups.

Women Affairs Committee for Financial Inclusion (WACFI)

The Women's Affairs Committee for Financial Inclusion (WACFI) is an advisory committee reporting to the National Council. The committee is responsible for the national coordination of women-targeted financial inclusion initiatives implemented under this Framework both in Tanzania Mainland and Zanzibar. In addition, WACFI comprises members from Tanzania mainland as well as Zanzibar responsible for promoting the enhancement of women's capabilities and advocacy for women's financial inclusion in the country.

National Secretariat for Financial Inclusion

The Bank of Tanzania through the Directorate of Financial Deepening and Inclusion is the National Secretariat for Financial Inclusion (NS). The National Secretariat coordinates the implementation of the Framework on behalf of the NC on a day-to-day basis. Specifically, the NS is responsible for:

- a) Organizing all meetings for the various technical teams and committees aimed at advancing the Financial Inclusion agenda;
- b) Providing secretarial support to the committees;
- c) Collecting, compiling and reporting financial inclusion information when required;
- d) Coordinate mobilization of financial resources for implementing the Framework on behalf of the NC;
- e) Facilitate engagement of technical experts as requested by financial inclusion committees.
- f) Coordinating monitoring and evaluation of the Framework; and
- g) Coordinating financial inclusion capacity-building programs to support the implementation of the framework

CUSTOMER SERVICE



**MONITORING &
EVALUATION**

The achievement of Tanzania's financial inclusion goals requires a robust monitoring and evaluation system which is well-resourced and acceptable to all stakeholders. The existence of such a system will facilitate in demonstrating results; timely identification of obstacles and guide the allocation of resources.

In view of this Framework puts in place a monitoring and evaluation system to track the implementation of the financial inclusion initiative and its performance indicators. Specifically, the M&E system facilitates:

- (a) establishment of financial inclusion indicators and stipulate targets;
- (b) monitoring of financial inclusion indicators;
- (c) implementation of financial inclusion strategic initiatives;
- (d) evaluation of NFIF outcome during mid and end-term evaluations;
- (e) documentation of lessons drawn during the implementation of this Framework; and
- (f) allocation of resources across implementing institutions in the course of implementing the framework.

Operationalization of the M& E system will ensure each implementing institution executes assigned initiatives within the specified time frame as stipulated in the action plan and track respective indicators as stipulated in the results framework. Hence, each implementing institution will be responsible to ensure their institution plans embed assigned financial inclusion initiatives and provide the status of implementation including hurdles and proposals to address faced challenges to the NTC for onward submission to the NSC.

The NC shall have ultimate responsibility for the monitoring and evaluation of the National Financial Inclusion performance. The National Secretariat, as an implementing organ of the NC, will coordinate the monitoring and evaluation framework as well as undertake day-to-day monitoring and evaluation as per the M&E Plan while the NTC will provide technical guidance on how to strengthen M&E systems of NFIF implementing entities. In addition, the M&E role will be supported by M&E analysts and experts from implementing institutions.

In the desire to ensure the robustness of the M&E system, a database for financial inclusion will be made available to allow capturing of both demand and supply side data by implementing institutions for sustainable measuring of financial inclusion progress. Decisions on financial inclusion matters will be based on M&E thus, NSC and NC shall be appraised periodically for timely decision-making. In addition, adequate investment and flexibility to accommodate new data needs and sources will be prioritized to improve the quality of the financial inclusion database and where possible data needs to be integrated into relevant national surveys.

Consequently, the evaluation of the implementation of NFIF will be conducted twice mid and after-implementation to highlight the effectiveness of initiatives and determine the extent to which planned initiatives contribute to achieving NFIF objectives.

To strengthen the monitoring and evaluation of NFIF, each implementing institution will need to ensure capacity is available to assess its organizational efficiency and effectiveness on implementing financial inclusion initiatives. Also, to operationalize this M&E Framework, the Secretariat will work with all the key stakeholders to develop a results framework and a detailed M&E action plan. The NC will review and approve the plan on an annual basis in line with strategic objectives or financial inclusion and prevailing aspiration for financial sector developments

Measurement Framework

The results monitoring framework outlines key indicators and targets which will be used to gauge progress made towards achieving the expected outcomes on each dimension of financial inclusion, that is, Access, Usage, Quality and Welfare. Access will be measured in terms of proximity to financial access points and uptake, usage will be based on a range of products and frequency of use, quality will be measured based on the financial capability of consumers, affordability and appropriateness and efficiency of the complaints handling mechanism while financial welfare will be measured by the ability of individuals and business to meet current financial needs, manage financial shocks and plan for future. The agreed indicators for each financial inclusion dimension are detailed in Annexure 1.

Risk Management

Risk management entails possible risks which may jeopardize the attainment of the intended outcomes as well as providing relevant mitigation measures. During implementation of the Framework, there are risks if not treated may undermine the realization of the set strategic objectives. Details of the expected risks, their levels and proposed mitigation approaches are described in Table 3

Table 3: Possible Risks and Mitigation Approaches

SN	Risk	Potential impact	Mitigation approach
1	Tight fiscal conditions limiting Government resources to support the implementation	High	- Prioritize activities - Mobilize financial resources from the private sector and development partners
2	Cybersecurity risk	High	Create awareness among financial consumers Enhance regulatory and supervisory frameworks for cybersecurity
3	Stringent AML/CFT requirements	Medium	Implement risk base KYC regime
4	A slow process of legal and regulatory reforms	Medium	Provide dedicated staff to make follow up on the process

5	Low prioritization of financial inclusion interventions due to change in leadership	Medium	Ensure management succession plan and knowledge transfer
6	Trade-off between financial inclusion and stability	Low	The balance between financial inclusion and stability
7	Conflict of interest among implementing institutions	Low	Enhance coordination

ANNEXURE

1. Measurement Framework

DIMENSION		ACCESS				
Strategic Objective 1		Universal access to financial services and products				
Specific Outcome 1.1		All adults and businesses can potentially be served by FSPs				
Indicator	Measure / Indicators	Baseline 2023	Target		Data Source	Reporting Frequency
			Mid 2025	End 2028		
1.1.1	% of adults living within 5km of financial access points	89%	92%	95%	BOT	Annual
1.1.2	% of adults with a unique and verifiable identification	58%	63%	65%	NIDA	Annual
1.1.3	% MSMEs with formal registration	10%	12%	15%	MITI	Annual
1.1.4	% of adults own a mobile phone	71%	73%	75%	Ministry of Industry and Trade	Annual
1.1.5	% of borrowers with credit history in the Credit Reference System	30%	33%	35%	BOT	Annual

1.1.6	% of MSMEs borrowers with credit history in the Credit Reference System	19%	22%	25%	BOT	Annual
1.1.7	% of adults with access to the internet	31%	40%	50%	Finscope/TCRA	Annual
Specific Outcome 1.2	All adults and businesses have an account with FSPs					
1.2.1	% of adults with accounts which can transact with FSPs	76%	80%	85%	Finscope	3 years
1.2.2	% of MSMEs with an account in FSPs	11%	13%	16	MSMEs survey	3 years
DIMENSION	USAGE					
Indicator	Measure / Indicators	Baseline 2023	Target		Data Source	Reporting Frequency
			Mid 2025	End 2028		
Specific Outcome 2.1	The majority of adults and businesses regularly use financial products and services					
2.1.1	% of adults with active accounts with FSPs	60%	70%	75%	Finscope	3 years
2.1.2	% of MSMEs with an active account with FSPs	31%	38%	50%	MSMEs survey	3 years
Specific Outcome 2.2	The majority of adults and businesses use a broad range of financial products and services					
2.2.1	% of adults using more than one financial service and products	33%	45%	50%	Finscope	3 years
2.2.2	% of adults with investments in capital markets	2.4%	5%	10%	CMSA	Annual
2.2.3	% of adults with insurance cover	10.3%	15%	20%	TIRA	Annual

2.2.4	% of adults who have borrowed from FSPs	11%	20%	27%	Finscope	3 years
2.2.5	% of MSMEs credit to total credit	12%	20%	25%	BOT	Annual
DIMENSION	QUALITY					
Strategic Objective 3	Enhance the Quality of financial products and services					
3.1.1	Financial consumers have confidence and trust to engage with FSPs					
Indicator	Measure / Indicators	Baseline 2023	Target		Data Source	Reporting Frequency
			Mid 2025	End 2028		
3.1.1	% of adults with confidence to engage with FSPs	56%	65%	70%	FinCap Survey	2 years
3.1.2	% of financially literate adults	60%	65%	70%	FinCap Survey	2 years
3.1.3	% of adults with digital financial literacy	40%	50%	55%	FinCap Survey	2 years
3.1.4	% of FSPs with complaints handling mechanisms	5%	15%	30%	BOT	Annual
3.1.5	% of complaints resolved by FSPs	85%	90%	95%	BOT	Annual
Specific Outcome 3.2	Financial services and products are affordable, convenient and reliable					
3.2.1	% of financial consumers who can afford the costs of financial services and products	80%	85%	90%	FinScope/ Financial Inclusion Survey	2 years
3.2.2	% of financial consumers satisfied with existing financial services and products	80%	85%	90%	FinScope/ Financial Inclusion Survey	2 years

3.2.3	% of financial consumers with confidence in their financial service providers	75%	89%	85%	Finscope/ Financial Inclusion Survey	2 years
DIMENSION	WELFARE					
Strategic Objective 4	Enhance the financial welfare of individuals and businesses					
Specific Outcome 4.1	Individuals and businesses meet their current needs					
Indicator	Measure / Indicators	Baseline 2023	Target		Data Source	Reporting Frequency
			Mid 2025	End 2028		
4.1.1	% of adults with the ability to pay bills, debts and other financial obligations timely	14%	20%	25%	FinScope / FinCap Survey	2 years
4.1.2	% of MSMEs with the ability to pay bills, debts and other financial obligations timely	3%	10%	15%	FinScope / FinCap Survey	2 years
Specific Outcome 4.2	Individuals and businesses can cope with unexpected events					
4.2.1	% adults who can access emergency funds within 30 days without difficulties	55%	65%	70%	FinScope / FinCap Survey	2 years
4.2.2	% of MSMEs with access to emergency funds within 30 days	71%	75%	80%	FinScope/ MSME Survey	2 years
4.2.3	% of MSMEs with insurance	4.4%	10%	15%	FinScope/ MSME Survey	2 years
Specific Outcome 4.3	Individuals and businesses can plan for future					
4.3.1	% of adults with investments in financial and real assets	28%	35%	40%	FinScope/ Financial Inclusion Survey	2 years
4.3.2	% of adults with a pension account	3.6%	5%	10%	FinScope/ Financial Inclusion Survey	2 years

4.3.3	% of MSMEs with contingent financing plans	50%	55%	60%	FinScope/ Financial Inclusion Survey	2 years
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2. NFIF3 Action Plan

Specific outcomes	Initiative	Responsible
All adults and businesses can potentially be served by FSPs	Promote usage of alternative collateral to enhance access to credit	BOT & MOF
	Expand agent and branch networks coverage	FSPs and their associations
	Increase ownership to Mobile phone	MNOs, TCRA & MOF
	Implement E-KYC	BRELLA, NIDA Financial sector regulators
	Expand physical and ICT infrastructures networks in rural areas	Ministry of Information, Communication and Information Technology
	Continue to create financial inclusive policy, legal and regulatory frameworks	Ministries & Financial sector regulators
All adults and businesses have an account with FSPs	Increase issuance and expand coverage of National identification	NIDA
	Enhance interoperability of national Identification and Business Registration Infrastructure with 3rd parties	NIDA & BRELA
	Increase business formalization and registration	MIT, BRELA, PO-RALG & TRA
	Promote adoption of financial technologies and innovations	FSPs & Financial sector regulators
Majority of adult and business	Expand adoption of Digital Financial Technology	FSPs & Financial sector regulators
Specific outcomes	Initiative	Responsible
Regularly use financial products and services	Promote usage of alternative collateral to enhance access to credit	BOT & MOF
	Expand scope, coverage and usage of credit reference systems	FSPs & Financial sector regulators
Majority of adult and business use broad range of financial products and services	Promote linkage between CMGs and FSPs	
	Enhance postal code and physical address system	PO-RALG & TCRA

Majority of adult and business use broad range of financial products and services	Enhance postal code and physical address system	PO-RALG & TCRA
	Ensure timely availability and management of financial inclusion data	FSPs & Financial sector regulators
	Promote financial innovations and technology	Financial Sector Regulators
	Promote awareness on existing financial solutions	FSPs
	Promote interoperability of payment infrastructures	BOT
	Promote financial inclusion researches and studies	Financial sector regulators
	Facilitate the development of secured transactions law	MOF
	Enhance development of customer centric financial product and services	FSPs and their associations
	Strengthen and expand Credit Guarantee schemes to increase access to credit	MOF & BOT
	Expand availability of interoperable information and transactional infrastructure	FSPs & Financial sector regulators
Financial consumers have confidence and trust to engage with FSPs	Develop and implement financial literacy and digital financial literacy programs	FSPs & Financial sector regulators
	Incorporate financial literacy in national education system	MOEVT, Financial sector regulators, TCU, NACTVET, TIE
	Enhance disclosure and transparency in financial sector	FSPs & Financial sector regulators
	Enhance market conduct supervision	Financial sector regulators
	Promote fair competition in financial sector	Financial sector regulators
	Enhance complaints handling and redress mechanisms	Financial sector regulators
	Promote development of affordable and demand driven financial products and services	FSPs and their associations
	Strengthen management of financial cybersecurity risks	FSPs & Financial sector regulators
	Strengthen protection of financial consumer data	FSPs & Financial sector regulators
Extend coverage/scope and improve efficiency of deposit insurance	MOF & DIB	

3. Members of the National Council

1	President's Office - Regional Administration and Local Government (PO-RALG)
2	President's Office, Finance and Planning, Zanzibar
3	President's Offices, Labour, Economic Affairs and Investment Zanzibar
4	Prime Minister's Office; Labour, Youth, Employment and Persons with Disability (PMO-LYED)
5	Ministry of Finance (MOF)
6	Ministry of Community Development, Gender, Women and Special Groups (MCDWAC)
7	Ministry of Community Development, Gender, Elderly and Children, Zanzibar
8	Ministry of Industry and Trade (MIT)
9	Ministry of Trade and Industrial Development, Zanzibar
10	Ministry of Education, Science and Technology (MOEST)
11	Ministry of Education and Vocational Trainings, Zanzibar
12	Ministry of Agriculture (MOA)
13	Ministry of Blue Economy and Fisheries, Zanzibar
14	Bank of Tanzania (BOT)
15	Tanzania Communication Regulatory Authority (TCRA)
16	Tanzania Insurance Regulatory Authority (TIRA)
17	Capital Market and Securities Authorities (CMSA)
18	Deposit Insurance Board (DIB)
19	Financial Intelligence Unit (FIU)
20	Tanzania Cooperative Development Commission (TCDC)
21	Tanzania Bankers Association (TBA)
22	Tanzania Mobile Network Operator Association (TAMNOA)
23	Tanzania Association of Microfinance Institutions (TAMFI)
24	National Economic Empowerment Council (NEEC)
25	Tanzania Consumer Advocacy Society (TCAS)
26	Association of Tanzania Insurers (ATI)
27	Women Affairs Committee for Financial Inclusion (WACFI)

4. Members of the National Steering Committee

1	President's Office - Regional Administration and Local Government
2	President's Office, Finance and Planning, Zanzibar
3	President's Offices, Labour, Economic Affairs and Investment Zanzibar
4	Prime Minister's Office; Labour, Youth, Employment and Persons with Disability (PMO-LYED)
5	Ministry of Finance (MOF)
6	Ministry of Community Development, Gender, Women and Special Groups (MCDWAC)
7	Ministry of Community Development, Gender, Elderly and Children, Zanzibar
8	Ministry of Industry and Trade (MIT)
9	Ministry of Education, Science and Technology (MOEST)
10	Ministry of Education and Vocational Trainings, Zanzibar
11	Ministry of Agriculture (MOA)
12	Ministry of Blue Economy and Fisheries, Zanzibar
13	Bank of Tanzania (BOT)
14	Tanzania Communication Regulatory Authority (TCRA)
15	Tanzania Insurance Regulatory Authority (TIRA)
16	Capital Market and Securities Authorities (CMSA)
17	Deposit Insurance Board (DIB)
18	Financial Intelligence Unit (FIU)
19	Tanzania Cooperative Development Commission (TCDC)
20	Tanzania Bankers Association (TBA)
21	Tanzania Mobile Network Operator Association (TAMNOA)
22	Tanzania Association of Microfinance Institutions (TAMFI)
23	Tanzania Institute of Education (TIE)
24	National Identification Authority (NIDA)
25	Tanzania Private Sector Foundation (TPSF)
26	Fair Competition Commission (FCC)
27	Zanzibar Fair Competition Commission (ZFCC)
28	SCCULT (1992) Limited (SCCULT)
29	Tanzania Consumer Advocacy Society (TCAS)
30	Business Registrations and Licensing Agency (BRELA)
31	Zanzibar Business and Property Registration Agency (BPRA)
32	Association of Tanzania Insurers (ATI)

5. Members of the National Technical Committee

1	President's Office - Regional Administration and Local Government
2	President's Office, Finance and Planning, Zanzibar
3	President's Offices, Labour, Economic Affairs and Investment Zanzibar
4	Prime Minister's Office; Labour, Youth, Employment and Persons with Disability (PMO-LYED)
5	Ministry of Finance (MOF)
6	Ministry of Community Development, Gender, Women and Special Groups (MCDWAC)
7	Ministry of Community Development, Gender, Elderly and Children, Zanzibar
8	Ministry of Industry and Trade (MIT)
9	Ministry of Education, Science and Technology (MOEST)
10	Ministry of Education and Vocational Trainings, Zanzibar
11	Ministry of Agriculture (MOA)
12	Ministry of Blue Economy and Fisheries, Zanzibar
13	Ministry of Energy (MOE)
14	Bank of Tanzania (BOT)
15	Tanzania Communication Regulatory Authority (TCRA)
16	Tanzania Insurance Regulatory Authority (TIRA)
17	Capital Market and Securities Authorities (CMSA)
18	Deposit Insurance Board (DIB)
19	Financial Intelligence Unit (FIU)
20	Tanzania Cooperative Development Commission (TCDC)
21	Tanzania Bankers Association (TBA)
22	Tanzania Mobile Network Operator Association (TAMNOA)
23	Tanzania Association of Microfinance Institutions (TAMFI)
24	National Economic Empowerment Council (NEEC)
25	Tanzania Institute of Education (TIE)
26	National Identification Authority (NIDA)
27	Zanzibar Social Security Fund (ZSSF)
28	Tanzania Private Sector Foundation (TPSF)
29	Zanzibar Fair Competition Commission (ZFCC)
30	Fair Competition Commission (FCC)
31	SCCULT (1992) Limited (SCCULT)
32	Tanzania Consumer Advocacy Society (TCAS)
33	Association of Tanzania Insurers (ATI)
34	Tanzania Revenue Authority (TRA)
35	Zanzibar Revenue Authority (ZRA)
36	Business Registrations and Licensing Agency (BRELA)
37	Zanzibar Business and Property Registration Agency (BPRA)
38	Tanzania Social Action Fund (TASAF)

39	National Council for Technical and Vocational Education and Training (NACTVET)
40	Tanzania Commission for Universities (TCU)
41	ICT Commission
42	Tanzania Fintech Association
43	Tanzania Federation of Disabled People's Organizations
44	Tanzania Youth Association
45	Tanzania Smallholder Farmers Association (TASOFA)
46	Small Industries Development Organizations (SIDO)
47	Women Affairs Committee for Financial Inclusion (WACFI)

6. Members of the Women Affairs for Financial Inclusion Committee

1	President's Office - Regional Administration and Local Government
2	President's Office - Regional Administration, Local Government and Special Departments, Zanzibar
3	President's Office, Finance and Planning, Zanzibar
4	Ministry of Finance (MOF)
5	Ministry of Community Development, Gender, Women and Special Groups (MCDWAC)
6	Ministry of Community Development, Gender, Elderly and Children, Zanzibar
7	SACCOS Representative
8	People with Disability Representative
9	Three appointees of the National Council

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NATIONAL COUNCIL FOR
FINANCIAL INCLUSION