

FSD Network Introductory Brief

Who we are

The FSD Network is a family of nine Financial Sector Deepening, or FSD, programmes operating across Africa. FSDs work alongside governments, business leaders, non-profit organizations, research institutions, regulators, and policymakers to develop more inclusive financial systems. We believe that financial systems have the potential to play a major role in enabling inclusive growth and ensuring access to basic services while assuring a sustainable future. Guided by the imperatives of the United Nations' [Sustainable Development Goals](#) (SDGs), the FSD Network seeks to mould sustainable financial systems in a way which works better for the poor across Africa. We are deeply committed to equity between men and women and supporting the vulnerable and marginalised.

The FSD model is driven by a strong focus on the needs and priorities of our countries and the continent on which we work. Each of the independent FSD programmes pursues strategies developed with local stakeholders to tackle opportunities and constraints to inclusive financial system development. FSD Africa and Finmark Trust both undertake cross-cutting programmes, regional initiatives, and activities in countries beyond the current country network. Country-specific FSDs lead programme engagement in their nations. There are plans to establish a further five FSD country operations within the next two years. Each programme has strong governance centred on well-qualified boards, investment committees, and senior management with a deep understanding of the specific market context. The Network currently employs over 250 financial sector experts along with other key specialists.

Since 2001, when the first FSD programme was created and funded by the UK government's Department for International Development (DFID), the FSD Network has attracted funding from a number of sources, including the Swedish International Development Cooperation Agency, the Bill & Melinda Gates Foundation, the Mastercard Foundation, US Aid, Government of Canada, the World Bank and Netherlands Development Co-operation, and a number of other foundations and governments. DFID remains the largest funding partner across the FSD Network.

The Network was officially formed on 27 September 2019. Current members of the FSD Network are:

[Access to Finance Rwanda](#)
[EFInA \(Nigeria\)](#)
[FinMark Trust \(Southern Africa\)](#)

[FSD Africa](#)
[FSD Kenya](#)
[FSD Mozambique](#)

[FSD Tanzania](#)
[FSD Uganda](#)
[FSD Zambia](#)

Strategy

A comprehensive, integrated approach to financial market development in Africa is required to realise the continent's significant economic potential and address the SDGs. This evolution requires innovative programming to build financial systems able to address the needs of low-income individuals, businesses of all sizes and kinds, and governments. It involves working across multiple levels of the financial system, from informal community-based savings groups to capital markets. Increasingly FSD's work focuses on how to deepen the impact of finance in solving real world problems.

In January 2020, the FSD Network welcomed a £320m five year commitment from UKAid to initiate this ambitious new phase of financial sector development across the continent. Building on the success of well over a decade of programming by FSDs and their partners, which has helped increase access to finance to 43% of adults in sub-Saharan Africa, this new funding package represents the next phase of efforts to build inclusive finance. The core effort is to address the interactions between finance and the real sector, to enable more inclusive and sustainable growth of economies and societies.

The FSD Network aims to build inclusive financial systems which enable developments in three directions:

- (i) **Inclusive growth**, focusing on job creation and income generation by low income groups;

- (ii) **Basic services**, targeting the provision of basic services such as education, sanitation, and health to underserved and vulnerable groups;
- (iii) **Sustainable futures**, aiming to create a sustainable environment, focusing on the natural ecosystem but also encompassing governance and justice.

The priorities under this programme will be to:

- Identify, demonstrate, and scale new ways to enhance inclusive growth through more effective **financing of investment**
- Develop and new **financial solutions for the livelihood needs** of poor and marginalised households with a strong focus on improving gender equity
- Enable the development of core **financial system infrastructure** across national markets and at a regional level to support innovation.
- Support the emergence of better **regulatory frameworks** to underpin impact, stability, and competition
- Enhance the **integrity of financial systems** across the continent by enhancing regulatory frameworks for identifying and controlling illicit flows

The UK aid funding package will also enable the formal expansion of the FSD Network into high-priority markets including Ethiopia, Ghana, Sierra Leone, and the West African Monetary Union.

Recognising the common challenges across markets on the continent, the FSD Network is establishing new collaborative programmes. This will bring together country-level know-how and know-who with new dedicated domain expertise in order to address more effectively some of the most pressing challenges facing the Network. Areas currently planned encompass sustainable finance – looking especially at green finance, new perspectives on tackling gender-driven barriers to inclusion, affordable housing finance, digital finance and its role in the future digital economy, and agriculture with a strong focus on smallholder production and markets. The Network is now working closely together on developing responses to the COVID-19 crisis. Early Network actions have included Network-wide sharing of specific new interventions, rapid research, and scenarios analysis to help identify effective approaches to mitigate impacts on livelihoods, financial systems, and economies.

How we work

Each member of the Network is substantially independent, with its own governance structure responding to local needs and priorities. The member FSDs create their own programmes and engagements responding to the specific markets of their geographic areas of operation. Each FSD administers its own funds and approaches in line with the circumstances of the countries in which it works, and in accordance with the priorities of its governance bodies (Boards, Trusts, donor projects). Regional FSDs work in countries of opportunity where an FSD is not present, and by invitation on special topics in countries where an FSD is resident and collaboration can help.

The FSD Network as a federation of independent organisations is governed by a Council made up of the CEOs/MDs of all members. The Council decides on major directions and creates the opportunity for members to engage in areas of common interest. A Task Force has been established by the Council to create and facilitate interactive formats for collaborative programming across the Network, and to help establish the systems for mutual engagement. FSD Africa provides shared services to the Network and is also responsible for establishing new FSDs.

The FSDs in the FSD Network use a range of non-financial and financial tools, including:

- Grants and returnable grants
- Investment capital through FSD Africa's investment arm, [FSD Africa Investments](#)
- Technical assistance, both from staff and from outside experts
- Market insights, knowledge sharing, financial education, and advocacy
- Convening.

Each instrument can be deployed in isolation, combination or in sequence, and at different intensities in response to the precise nature of the financial sector challenge in any given market. FSDs frequently work in close partnership with other development partners, think tanks, and private research arms of firms to enable more rapid, effective, and sustainable market change.

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