



More than 20 years of
making financial markets
work for the poor

Strategic Framework

Quick Reference Guide

February 2024

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FinMark Trust (FMT) is an independent non-profit trust. Our purpose, making financial markets work for the poor, is pursued through two principal programmes. The first focuses on the creation and analysis of livelihoods and financial services demand-side data to provide in-depth insights on consumers and small business owners across the developing world. The second is through systematic socio-economic, and financial sector inclusion and deepening programmes to overcome regulatory, supplier, and other market-level barriers hampering the effective provision of services.

Through a symbiotic relationship between rigorous data collection and research activities, these programmes unlock financial and economic inclusion.

Vision, Mission and Purpose

Vision: An equitable world in which all people are recognised and empowered to leverage inclusive financial markets to improve their lives and well-being and to contribute to socio-economic growth.

Mission: FMT works tirelessly to solve the challenges that impact the lives of the poor in the SADC region. We are convinced that financial inclusion is part of a larger development agenda that will ultimately result in improved livelihoods. While we continue to focus on the inclusive development of financial markets, our purpose and strategic focus now also emphasises initiatives that result in real economic impacts. We refer to this broader focus as FI2.0.

Purpose: Making financial markets work for the poor, by promoting financial inclusion and inclusive growth.

FMT Theory of Change

| Social and Human Development Impacts | | | | | |
|---|---|---|--|---|--|
| | Inclusive economic growth , characterised by increased and retained access to jobs and improved livelihoods | Increased access to services for example water, health, affordable housing, food and energy | Sustainable futures characterised by development processes that support increased resilience, equality, social wellbeing and a green future | | |
| Financial system and beneficiary ecosystems deliver increased value to the economy and low-income people | | | | | |
| | Increased regional integration, trade and capital flows that attract investment within and into the SADC region | Enterprises and communities can access useful and more affordable financial solutions and have greater trust in financial markets | Related ecosystems of the enterprises and communities are better able to offer sustainable opportunities to beneficiaries | More capital formation (especially domestic) and more efficient and effective allocation to finance long-term economic growth | |
| Financial Sector Development Outcomes | Effective policy and regulatory environment; incentives aligned with the public good; standards to drive good conduct making misallocation of resources and illicit financial flows less likely | Financial service providers, financial infrastructure, financial models, and financial technologies are in place to make finance flow to solutions that meet people's and businesses' needs, enable them to invest for the future, and help them to manage risk and respond to shocks | Significant sources of capital (DFI, institutional, retail, etc.) invested in financial market innovations responding to specific real economy challenges, their scale-up, and replication | Government and private sector ecosystem capacity and linkages; beneficiary skills and networks; and aligned ecosystem objectives and incentives are in place to help enterprises and vulnerable individuals access more market, livelihood and income opportunities | |

Strategic Priorities for 2024 – 2028

FMT's strategic priorities are organised into five key priority areas. The strategic priorities are supported by four cross-cutting priorities. Each of the areas are important for FMT to achieve its objectives, and to meet the expectations of stakeholders. Individual projects must contribute to at least one of these areas, and at times to more than one strategic or cross-cutting priority.

| Regional financial integration, trade and financial inclusion | Growth and resilience of smallholder farmers and MSMEs | Local community empowerment through digitisation | Better livelihoods for social protection grant recipients | Women and youth empowerment |
|--|--|--|--|---|
| e.g. Remittances/capital flows, SIBE, FI Coordination, SADC Data Portals, SADC FI Strategy/M&E | e.g. Supplier Development, Informal MSMEs, MSME Investment Platform, Green Finance/Climate Change | e.g. Community Digitalisation, Informal/Low-income Workers Income, Informal Cross-border Traders, Remittances | e.g. Generating Better Livelihoods, MSME Investment Platform | e.g. Gender Diagnostics, Gender Data for SADC Regulators/FSPs |
| Data and Analytics | | | | |
| Responsible Finance (Consumer Protection and Financial Literacy) | | | | |
| Informal Sector | | | | |
| Learning, knowledge codification and sharing, influencing | | | | |

Key Learning Questions by Strategic Pillar 2024 – 2028

1. Regional financial integration, trade and financial inclusion

- How can cross-border financial regulations and policies be further harmonised to facilitate regional capital flows, trade and ultimately, integration?
- How can technology, such as mobile money and digital payments, be leveraged to promote financial inclusion and industrialisation in the context of regional integration?
- What lessons can the SADC Secretariat take from SIBE for large programme coordination?
- What are the limitations to gender-disaggregated data in M&E reporting to the CCBG, and how can these be addressed?

2. Growth and resilience of smallholder farmers and MSMEs

- What tools will be most effective to improve access to financial services and credit for smallholder farmers and MSMEs in the SADC context to support their growth and resilience?
- How can value chain approaches, technology and innovation be used to improve productivity, resilience and access to markets for smallholder farmers and MSMEs?
- What SADC-level policy interventions are needed to support the growth and resilience of smallholder farmers and MSMEs?
- How do climate change and environmental factors impact the resilience of smallholder farmers and MSMEs, and what adaptation strategies can be implemented?
- What are successful examples of support programmes or initiatives that have helped smallholder farmers and MSMEs to grow and become more resilient?

3. Local community empowerment through digitalisation

- What are the key benefits to be realised from digitalisation for local communities in terms of economic development and social empowerment?
- What are the main policy, gender-based, cultural and societal barriers to digital inclusion in local communities and how can they be addressed?
- What policies, tools and methodologies can be used to ensure the financial inclusion of informal cross-border traders and to increase the digitalisation of informal cross-border trade?
- What are successful examples of digitalisation projects that have empowered local communities, and what lessons can be learned from them?
- How can partnerships between local governments, civil society organisations, private sector actors, and academia support the sustainable digital empowerment of local communities?

4. Better livelihoods for social protection recipients?

- What are the key challenges faced by social protection recipients in achieving sustainable livelihoods?
- What support and policy interventions are needed to get them over the poverty threshold sustainably?
- How can skills training, capacity-building, and small business development initiatives be utilised to empower social protection recipients to improve their economic prospects?
- What are the opportunities for social protection recipients in emerging sectors such as the digital economy, green jobs, and creative industries?
- What transformation, linkages and capacity support do the key organisations in the grant recipient ecosystem need to support sustainable graduation out of poverty for grant recipients?

5. Women's economic empowerment?

- What are the major cross-cutting barriers for women in SADC to sustainable economic activities?
- How can gender-responsive policies and initiatives be best promoted to ensure women's economic participation?
- How do cultural and societal norms impact women's economic empowerment in SADC, and how can they be addressed?
- How can women's economic empowerment contribute to broader goals of gender equality and social development?
- How does technology contribute to women's economic empowerment, and how can digital literacy be promoted among women?

Geographic Focus

FMT maintains a presence in Botswana, Eswatini, Lesotho, Malawi, South Africa and Zimbabwe, with potential expansion based on funding. Additionally, FMT will conduct SADC-level programming, covering all 16 member states, focusing on data/analytics, policy, M&E, and developing standards like mobile money guidelines, with a global focus on demand-side data and analytics.

Staffing

Increasing staff capacity and succession planning are important to our strategy. This involves mentoring and coaching as well as reviewing job profiles and performance against these to ensure skills matching and development to the requirements of different roles. Further hiring staff members, or consultants who will upskill FMT staff members, with expertise in areas like payments, gender and monitoring and evaluation is crucial to the success of our strategy. This approach aims to enhance technical skills at FMT, alleviate staff overstretch, and contribute to succession planning.

Ensuring FMT is an attractive employer, with advantages such as hybrid working, and competitive salaries is crucial to our strategy.

Partnerships

FMT cultivates partnerships to enhance its value proposition. Potential partners go beyond service providers, funders and programmatic stakeholders. For example, we engage academics to improve research quality and rigor and collaborate with institutions like Statistics South Africa and CSIR for areas such as demand-side data and emerging technologies.

Efforts are also underway to strengthen existing regional and global partnerships, including those with the World Bank, CGAP, IFAD, and the United Nations.

Partnerships with agencies and NGOs involved in the informal sector and women's issues, such as the National Development Agency of South Africa are also pursued to enhance programmatic impact.

Funding and Sustainability

Financial resources ensure long-term impact and sustainability. This strategy is bolstered by the recently secured funding from the Swiss State Secretariat for Economic Affairs (SECO) and BRAC International but the securing of additional funding, aligned with these strategic objectives, is ongoing. FMT continues to pursue funding for FinScope surveys wherever they are required and an additional 3-5-year funded programme to complement the existing funding will bolster sustainability.

FMT is also looking to establish the FMT impact fund, leveraging new funding partnerships with donors and impact investors to create sustainable revenue flows.

FMT will maintain its positive retained earnings policy and grow the fund over the next five years to ensure that there are funds in lean times.

Outreach Targets 2024 – 2028

Table 1: Key indicators of success for FMT during 2024 - 2027

| Indicator | Baseline 2024 | Target 2027 |
|--|--------------------------|--------------------|
| Residents in previously disadvantaged communities using digital payments | 431,536 | 30% increase |
| Percent of adults formally and informally included (women, men, youth and rural) in SADC | 73% (71%, 74%, 73%, 60%) | 80% |
| Number of women supported to improve their resilience across all FMT interventions | 0 | 10,000 |
| Services industry employees recruited to receive their tips digitally | 0 | 2,000 – 40% female |
| Average cost of cross-border remittances | 8.5% | 6% |
| Number of digital cross-border remittance transactions | 2.3 million | 3.3 million |
| Number of digitally facilitated cross-border trade transactions over 3 years | 0 | 4,000 |
| Number of grant recipients linked to employment opportunities | 0 | 2,000 |
| Number of grant recipients that have established their businesses | 0 | 1,000 |
| Number of grant recipients linked to skills interventions | 0 | 2,000 |
| Number of regional eKYC verifications conducted across 4 corridors ¹ | 0 | 5,000 |
| Number of integrations between FSPs and digital civil registry databases for regional eKYC/CDD or identity sharing on 3 corridors ² | 1 | 2 per corridor |
| FinScope Consumer rollout | 4 | 4 per year |
| FinScope MSME rollout | 2 | 2 per year |
| Number of central banks using and providing data on all 15 or at least 10 indicators for M&E | 0 | 15 |
| Number of countries integrated into the SADC data portal | 0 | 15 |

¹ South Africa – Lesotho, Mozambique, Zimbabwe and Malawi

² Targeting 3 corridors – SA – Lesotho; SA – Zimbabwe and SA – Malawi