Making Access Possible

Democratic Republic of the Congo

Pushing the Financial Services Access Frontier in the Democratic Republic of the Congo

Financial Inclusion Roadmap

2016 - 2021

cenfri
The Centre for Financial Regulation & Inclusion
FINMARK TRUST
Making financial markets work for the poor
UNCDF MAKING ACCESS POSSIBLE

PARTNERING FOR A COMMON PURPOSE

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based country diagnostic and stakeholder dialogue, leading to the development of national financial inclusion roadmaps that identify key drivers of financial inclusion and recommended action. Through its design, MAP seeks to strengthen and focus the domestic development dialogue on financial inclusion. The global project seeks to engage with various other international platforms and entities impacting on financial inclusion, using the evidence gathered at the country level.
At country level, the core MAP partners collaborate with Government, other key stakeholders and development partners to ensure an inclusive, holistic process.

MAP DRC represents a partnership between the United Nations Capital Development Fund (UNCDF), the Centre for Financial Regulation and Inclusion (Cenfri) and FinMark Trust for the Development of a Strategic Framework for Financial Inclusion in the Democratic Republic of the Congo (DRC).
This Roadmap was produced by the FinMark Trust as part of the larger MAP diagnostic work in DRC.

The cover symbol

Through the MAP programme, we hope to effect real change at country level and see the impact of financial inclusion on broader national growth and development. The cover graphic features the Lobelia deckenii, a flower synonymous with the DRC. The flower symbolises growth and development while the circle represents inclusive growth. Each flower is an example of the successful growth in a unique environment. By combining the flower with the currency symbol of the DRC we represent the characteristics of the country, linking financial inclusion with successful growth.

ABOUT MAP DRC

This roadmap document is produced as part of a series of documents in the Making Access Possible (MAP) DRC initiative.

MAP DRC has been rolled out under the guidance of the MAP Coordinating Committee chaired by the Ministry of Finance. The Coordinating Committee includes representatives from the Ministry of Finance, the Central Bank, the National Statistics Agency, selected Financial Service Providers (FSPs), industry associations, development agencies and donors.

The key research findings from the MAP diagnostic are captured in the country diagnostic report, DRC Making Access Possible: Financial Inclusion Diagnostic Report, 2016 produced by the Centre for Financial Regulation and Inclusion (Cenfri) in collaboration with Cether, a consulting firm in the DRC. The diagnostic covers the demand-side, supply-side and regulatory analyses. The demand-side component includes an analysis of access, usage, perceptions and attitudes of financial services by target groups, and draws from the quantitative consumer survey, FinScope DRC 2015, and qualitative insights gathered through 48 in-depth qualitative consumer interviews conducted in Kinshasa and Goma in August 2015. FinScope DRC is based on a sample of 5,000 individuals aged 15 and older that is representative of the population residing in "economically active" areas as identified by the Central Bank, totalling 21 million adults. The supply-side analysis covers payments, savings, credit and insurance, and therefore provides an understanding of financial inclusion in a broad context, and draws from stakeholder consultations and a mystery shopping exercise at branches/outlets of various financial institutions.

Documents produced as part of the MAP DRC initiative include: (1) DRC Making Access Possible: Financial Inclusion Diagnostic Report 2016. (2) Presentation: DRC FinScope Survey 2015. A summary presentation of the DRC MAP Diagnostic Report findings, presented to a Stakeholder Workshop in June 2016 and the FinScope dataset are available on request.

The roadmap summarises the main findings and recommendations from the comprehensive diagnostic report and presents a way forward on the recommended priority areas for financial inclusion in DRC.

MAP DRC has been funded by FinMark Trust and UNCDF in partnership with the United Nations Development Programme (UNDP) and the Belgium Cooperation. The MAP methodology and process has been developed jointly by UNCDF, FinMark Trust and Cenfri to improve financial inclusion to improve individual welfare and support inclusive growth.

THIS REPORT WAS PRODUCED BY THE FINMARK TRUST

Acknowledgements

FinMark Trust and the DRC MAP Coordinating Committee would like to extend their gratitude to the compiler of this report, Anthony Githiari, and to those who assisted in the drafting and reviewing of the roadmap action points, including Mia Thom, Barry Cooper, Jaco Weideman, Wicus Coetzee, Jeremy Gray, Christine Hougaard, and Henri Plessers, the authors of the MAP Diagnostic Report in the DRC.

FinMark Trust and the Committee would also like to thank those who reviewed the report and provided invaluable comments: Gérard Mutombo Mule Mule (Ministry of Finance), Joachim Batomene (Ministry of Finance), Marie Josée Ndaya Ilunga (BCC), Monah Andriambalo (UNCDF), Kammy Naidoo (UNCDF), Brendan Pearce (FinMark Trust) and the members of the MAP DRC Coordinating Committee.

We would also like to thank the other individuals from government, Central Bank, development partners (including AFD, GIZ, KFW, DFID, The WB Group, UNDP), financial services providers, industry bodies (ACB, ANIMF, APROCEC, FNM, FPM), technology providers and telecommunications operators for inputs into the diagnostic and consequently the roadmap process, and for your efforts to extend financial services to the excluded.

List of Abbreviations and Acronyms

ACH	Automated Clearing House
ACB	Association Congolaise des Banques
AML	Anti-Money Laundering
ANAPI	National Agency for Investment Promotion
ANIMF	Association Nationale des institutions de Microfinance
APROCEC	Association Professionnelle des Coopératives d'Epargne et de Crédit
ARCA	L'Autorité de Régulation et Contrôle des Assurances (Regulatory Authority and Insurance Supervision body)
ARPTC	Autorite de Regulation de la Poste et des Telecommunications du Congo (Regulatory Post and Telecommunication Authority)
ATM	Automated Teller Machine
BCC	Banque Centrale du Congo (DRC Central Bank)
BCDC	Banque Commerciale du Congo
BIAC	Banque Internationale pour l'Afrique au Congo
BIC	Banque International de Credit
CCA	Conseil Consultatif des Assurances (Insurance Advisory Board)
CCBG	SADC Committee of Central Bank Governors
CDF	Congolese Franc
CENAREF	Cellule Nationale des Renseignements Financiers (National financial intelligence unit)
CFT	Combatting the Financing of Terrorism
CMA	Common Monetary Area
COOCEC	Centrale des Coopératives d'Epargne et de Crédit (Centralised Credit and Savings Co-operative)
COOPEC	Coopératives d'Epargne et de Crédit (Credit and Savings Co-operative)
COPEMECO	Confédération des petites et Moyennes Entreprises du Congo
CPL	Continuous Processing Line
D2B	Donor to Business
D2P	Donor to Person
DfID	The Department for International Development (DfID), UK
DRC	Democratic Republic of the Congo
EFT	Electronic Funds Transfer
EMI	Electronic Money Institution
FBN	First Bank of Nigeria
FMT	FinMark Trust
FPI	Fonds de Promotion de l'Industrie (Industry Promotion Fund)
FNM	Fonds National de la Microfinance (Ministry of Finance)
FPM	Fonds pour l'inclusion financière (Multi-donor Fund)
FSP	Financial Service Provider
G2B	Government to Business
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
GNI	Gross National Income
IMF	International Monetary Fund
INSS	L'Institut National de Sécurité Sociale (National Social Security Institute)
KFW	Kreditanstalt für Wiederaufbau Germany (formerly KfW Bankengruppe)
KYC	Know Your Customer
MAP	Making Access Possible
MECRE	Mutuelle d'Epargne et de Credit (Savings and Credit Mutual)
MFI	Micro Finance Institution
MNO	Mobile Network Operator
MINFIN	Ministry of Finance
MSME	Micro, Small and Medium Enterprise
MTO	Money Transfer Operator
OECD	Organisation for Economic Co-Operation and Development
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organization for the Harmonization of African Business Law)
P2B	Person to Business
P2G	Person to Government
P2P	Person to Person
PASMIF	Programme d'Appui au Secteur de la Microfinance (Microfinance sector programme)
PNSD	Plan National Stratégique de Développement (National Development Plan) 2017-2021
POS	Point Of Sale
ROE	Return On Equity
RTGS	Real-time Gross Clearing and Settlement System
RTL	Real Time Line
SA	Société Anonyme (Public Limited Company)
SACCO	Credit and Savings Co-operative
SADC	Southern African Development Community
SARL	Société à Responsabilité Limitée (Limited Liability Company)
SIRESS	SADC Integrated Regional Settlement System
SONAS	Société Nationale d'Assurances (National Insurance Company)
SSA	Sub Saharan Africa
STC	Société Congolaise de Transfert (National Transportation Company)
TMB	Trust Merchant Bank
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar
VAT	Value Added Tax
ZAR	South African Rand

USD/CDF Exchange Rate

Foreign exchange. The local currency in the Democratic Republic of the Congo is Congolese Franc (CDF). The United Stated Dollar (USD) equivalent shown throughout this document was calculated using a 12 month average exchange rate (between 1 January 2015 and 31 December 2015) of CDF 909/USD.

Contents

EXECUTIVE SUMMARY

The DRC Financial Inclusion Roadmap 2016 – 2021 lays out the national priorities for the enhancement of financial inclusion in the DRC. The Roadmap is based on the diagnostic findings contained in the DRC Making Access Possible: Financial Inclusion Diagnostic Report 2016, which in turn draws on in-country research and interviews, FinScope Survey 2015 and qualitative research. MAP DRC has been conducted in conjunction with the Ministry of Finance in order to inform the financial inclusion agenda in the DRC.

Access to financial services can help fuel economic growth, and at the household level can help build welfare and facilitate access to core services such as health or education. However the DRC is a challenging environment to do business in, and financial institutions face infrastructure and skills gaps that stack the deck against retail market outreach. Additionally a whole generation of people have grown up without formal financial services and find it very difficult to understand, let alone trust financial institutions. They also face severe affordability constraints. Thus, just 32% of the sample population (drawn in the economically active areas) have access to formal financial services, and 54% are classified as financially excluded: placing the DRC at the bottom of the financial inclusion spectrum compared to regional peers. Even within the served population the depth is thin, with only 6% of adults using more than one class of formal financial service.

However the economic hardships people face reinforce the need for financial services to help them manage their financial lives, and a host of informal mechanisms have sprung up to fill the gaps. The most front-of-mind financial service needs identified are the need to pay for goods and services as part of daily life, the need for liquidity to smooth consumption, the need to manage risk especially for health-related expenses, and the need to build human capital.

The Making Access Possible (MAP) programme has helped to identify priority areas that will help to better serve those that are already within reach of the market and, over time, overcome the structural barriers to the development of a more accessible retail market. The overarching policy goal chosen to provide a vision and direction for financial inclusion in the DRC is as follows:

"Improve household welfare, increase economic efficiency and support growth by increasing the percentage of adults with access to at least one formal financial service from 32% (FinScope 2015) to 46%, and increasing those with access to more than one formal financial product from 5% to 10% by 2021[1]".

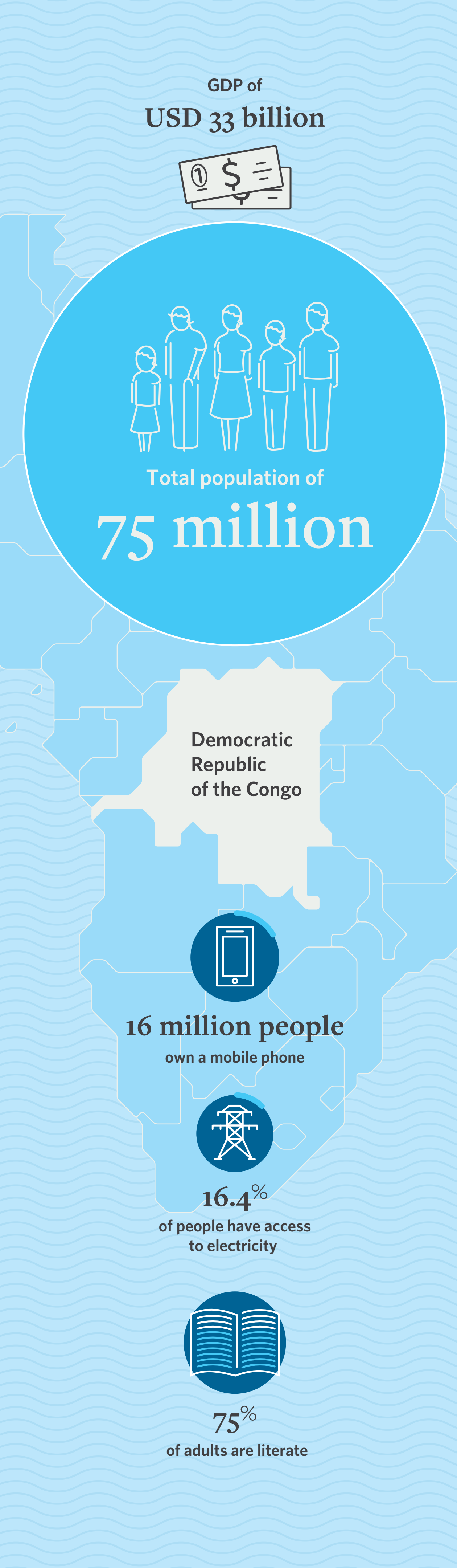
Six priorities are proposed to support this goal, namely:

1. **Extend payment system footprint and use.** Payments are critical to allow people to support each other, to access resources and financial services.
2. **Leverage remittances to attract and share resources.** Congolese are critically reliant on remittances to manage risks, obtain income for their livelihoods and build assets or businesses. FinScope suggests that seven million people receive remittances.
3. **Build trust to save** including full implementation of the National Programme for Financial education and responsible finance. The decades of conflict combined with banking collapses and hyperinflation have eroded understanding of and trust in the formal financial sector.
4. **Unlock intermediation for investment.** Domestic credit to the private sector is very constrained, at only 6% of GDP or USD 2 billion according to the World Bank.
5. **Improve risk management options.** Four million people reduce consumption or sell critical assets to manage insurable risks (FinScope, 2015). Financial shocks therefore often push people into poverty or prevent the poor from improving their situation.
6. **Build the institutions and framework for an enabling environment** for innovations and better coverage to target unserved and underserved areas. Financial inclusion is challenging to achieve and requires a clear vision, sufficient resources including public funds for subsidies and effective collaboration across a broad range of stakeholders.

It is envisaged that the proposed interventions will result in an increase in breadth and depth of financial inclusion in the DRC, in support of national goals, the National Programme for Strategic development (PNSD) and the SADC regional financial inclusion strategy.

Implementation of the Roadmap will be coordinated by the MAP Coordinating Committee under the guidance of the Ministry of Finance over the next 4 – 5 years. A dedicated secretarial support Unit within the Ministry of Finance or the BCC will help with coordination, and will be further supported by a separate non-governmental structure (subject to funding availability) to support the financial inclusion implementation work.

1. 32% corresponds to 7 million adults. Access at 46% means serving 10 million adults with at least one formal product a). 80% of the 1.5 million "Market can reach now" adults (can be reached without any structural market changes), and b). 20% of the 9 million adults in the "Market can reach in future" category (through regulatory changes, product and distribution innovation). The increase in depth corresponds to more deeply serving 1/6 of those currently having formal access.



Background

DRC Financial inclusion Roadmap - Introduction

Financial inclusion is a means to an end – the end being improved household welfare and an impact on those activities that contribute to production and economic growth. Effective financial systems[2] can fuel real economy impacts at the macroeconomic level by mobilising savings for investment purposes (including capital allocation for business development), reducing transaction costs and increasing efficiency, thereby contributing to employment generation and growth. At the microeconomic or household level, financial inclusion can impact people's welfare directly by reducing their transaction costs, enabling them to more efficiently manage risks, allocating capital for productive use and supporting the accumulation of wealth over time. Financial services can also facilitate access to core services, such as health or education. This can impact growth directly, by triggering service sectors, as well as indirectly, by enhancing productivity.

The purpose of the DRC Financial Inclusion Roadmap is to assist the government and stakeholders to identify and implement actions that best improve financial inclusion in support of these goals, based on the research as documented in the diagnostic report. The diagnostic is based on the application of the MAP diagnostic and programming framework, which explores the linkages between financial inclusion and the real economy. What sets MAP apart from other scoping exercises is that the demand-side perspective is the point of departure. The rest of the analysis evaluates the supply of financial services against the core customer needs identified, which may vary across parts of the country and across target market segments. The MAP process is uniquely linked to a multi-stakeholder process that leads to the development and implementation of a national roadmap for financial inclusion.

The key research findings from the diagnostic are captured in the "Making Access Possible: Financial Inclusion Diagnostic Report 2016" prepared by Cenfri and Cether. An important part of the MAP approach is to gather primary evidence. On the supply-side this was through a range of stakeholder consultations conducted in 2015 and a mystery shopping exercise at various financial institutions, while on the demand-side insights were generated through the FinScope DRC consumer survey 2015, with further perspective and nuance added through qualitative insights gathered through a series of 48 in-depth consumer interviews conducted in Kinshasa and Goma in August 2015. FinScope DRC was based on a sample of 5,000 adults (individuals aged 15 and older), being representative of the population residing in "economically active" areas as identified by the Central Bank (totalling 21 million adults out of a total of 40 million adults in the DRC).

This roadmap summarises the findings of the diagnostic, and presents a way forward on the recommended priority areas. It is unique in that it is based on a comprehensive diagnostic, has been developed in a stakeholder intensive process, with a strong implementation focus.

In the DRC MAP has been rolled out under the guidance of the MAP Coordinating Committee chaired by the Ministry of Finance and including representatives from the Ministry of Finance, the Central Bank, the National Statistics Agency, selected Financial Service Providers (FSPs), industry associations, development agencies and donors.

2. See, for example, Calderón & Liu (2003), King & Levine (1993), and Levine (1997).

Roadmap approach and methodology

Schematically the roadmap approach is shown in Figure 1. The roadmap is founded on priority areas identified in the research, representing gaps and opportunities in the market which can have the largest positive impact on consumer welfare if appropriately addressed. Within the diagnostic report framework, each of the highlighted gaps and issues is analysed from the perspective of the user or potential user of the financial product or service, using the Making Markets Work for the Poor (M4P) approach. This approach identifies the stakeholders, structures, laws, regulations and customary relationships that underpin the product or service.

In order to provide a vision and direction, a policy goal (vision) is proposed towards which supportive intervention logic can be organized and monitored, indicating how the proposed interventions will contribute to the achievement of the goal and outcomes.

The final stage of the process is to build consensus from the key stakeholders for the interventions, and to place it in the format of a roadmap, including responsibilities and accountabilities and activities. Costs, timeframes and targets will be firmed up as part of the implementation phase.

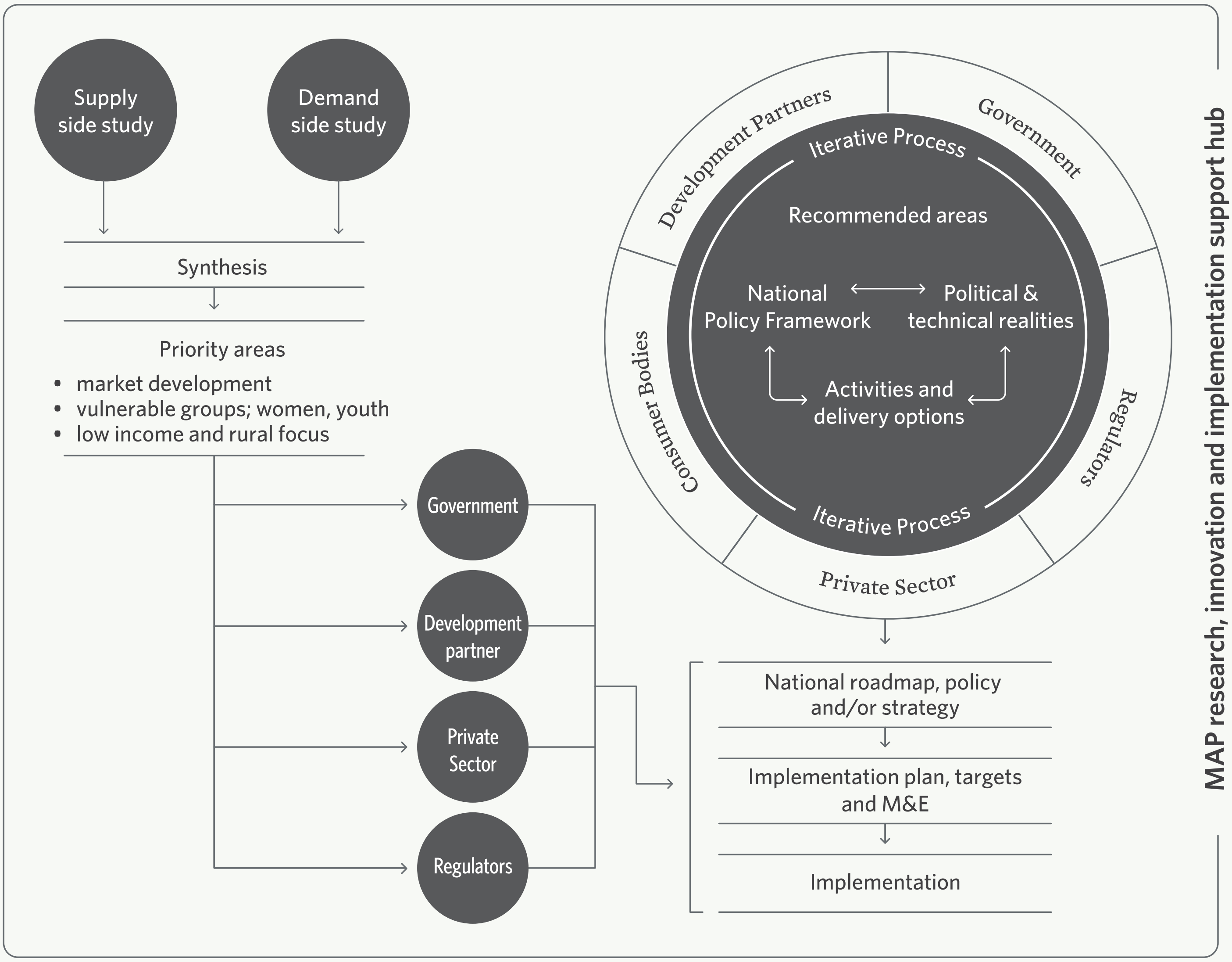


Figure 1: MAP Roadmap approach

DRC Financial sector context

Country context

Large constraints to social participation. The DRC is emerging from decades of conflict. Added to this are severe infrastructure constraints and a vast and difficult to navigate topography. Almost half of all adults live in deep rural areas where they are all but cut off from the outside world. Poverty is widespread with an average income of only USD 85 per month; 53% earn less than USD 3.30 per day[3]. The agricultural industry employs 62% of men and 84% of women (USAID, 2015). However a significant proportion of food is imported.

Poor human development outcomes. On the 2015 Human Development Index, the DRC ranked 179 out of 189 countries (UNDP, 2015).

Most Congolese financially stressed. In total, 71% of FinScope respondents are financially stressed (measured by the self-reported necessity to "often" or "sometimes" go without food or medical treatment, or having to take children out of school).

Financial inclusion can help manage deprivation. In this situation of economic hardship and social exclusion, there are structural challenges to connecting people to resources. Risks and financial shocks reinforce the poverty cycle. Financial services can help to manage these shocks more effectively. The research shows that 60% of adults who earn less than a dollar a day and who are financially excluded have missed a meal, could not send their children to school, or could not pay their health costs. In contrast the corresponding proportion among the financially included is 48%.

Distinct regional realities. The DRC population can be classified into four distinct groups: the "Kinshasa" region has the highest income and education profile. Its population is the most connected and the easiest to reach (though still dispersed in relative terms, compared to other countries). This is followed by the "other urban" and then "rural" areas. The "deep rural" population, estimated at 19 million adults, is so unconnected and difficult to reach that they are not covered by the FinScope survey.

Significant urbanisation and migration. While 65% of the Congolese live in rural areas, there is a high rate of urbanisation, at 4% annually, and external migration. The Ministry of Congolese Abroad (2015) estimates a diaspora of nine million people who remit an estimated USD 9 billion per annum (close to 30% of GDP).

Distinct gender realities. There are also gender differences and in general, men are slightly better off than women, being more educated, and wealthier. They earn on average USD 93.5 per month compared to the USD 76.5 for females.

3. The World Bank poverty line.

Policy Context

Government resolve for financial inclusion. There is currently no consolidated policy on financial inclusion, but elements of financial inclusion are present in other policy documents. MAP consultations showed an awareness among both public and private sector stakeholders, and the commitment to build an inclusive and stable financial service sector.

Significant progress in some areas. The adoption of harmonised business law via the Organisation for the Harmonisation of Business Law in Africa (OHADA) has had a significant impact on the re-development of financial services and has enabled elements of the regulatory system to leapfrog developmental cycles and better align with regional and international norms. In addition a number of other local initiatives have had positive implications on financial inclusion, most notably the bancarisation initiative to pay civil servants via the financial system. Whilst the principle driver was to reduce fraud and administrative costs, the program has also greatly extended financial inclusion. Further initiatives include PASMIF (which leverages a broad set of donors to facilitate access to microfinance for low-income individuals), the digitisation of the credit bureau, the development of frameworks for a national payments system, and agency banking. The Central Bank is also creating a programme for consumer education. Other programmes are not primarily aimed at financial inclusion but nonetheless augment inclusion, such as an education drive for small business management, and development credit to SMMEs.

Financial Inclusion supports development policy goals. Financial inclusion can help serve the DRC government's broader development goals in the following way:

Policy goal	Financial Inclusion role
Improve welfare	• *Improve reliability and speed of **income** receipts* • *Improve efficiency of **payments** for goods and services* • *Improve tools to **manage risks and liquidity*** • *Enable **asset accumulation** for education & health and improve resilience to shocks*
Improve growth and employment	• *Mobilise and intermediate **savings for investment*** • *Enable financial services for **Farmers and MSMEs*** • *Attract remittances and enable **diaspora financial services***
Cross cutting: Build institutions	• ***Improve institutions** to address constraints in financial services*

Table 1. Role of financial inclusion in serving core policy goals in the DRC
Source: DRC MAP Diagnostic Report 2016.

Status of financial inclusion in the DRC

Very low take-up of financial services. There are about 40 million adults in the DRC (including the 19 million deep rural adults), and as indicated in Figure 2 below the majority of them do not use any type financial services – more than 25 million adults are totally excluded. Only seven million people are reached by formal financial services, and a mere one million have more than one type of formal financial service.

High exclusion in regional comparison. Figure 3 below places financial service usage in the DRC in regional perspective. Even after excluding the deep rural population, only 2.3 million (12%) of the adult population are banked. More than half of the sample population (10.5 million adults) are financially excluded, placing the DRC at the bottom of the financial inclusion spectrum compared to regional peers.

Women slightly more excluded than men. On average, men have marginally higher uptake of financial services than do women: 13% are banked compared to 10% for females, and 27% excluded compared to 36% of females.

Even the wealthy excluded. Approximately 900,000 adults who earn more than USD 200 per month have no formal financial services. A further 1.5 million earn between USD 100 and USD 200 per month, but are totally excluded.

Low take-up persists across product markets. Most Congolese who are financially included have either remittances or savings products with savings being the single most used product type. Formal credit and insurance uptake is virtually non-existent (respectively 92% and 99% are completely excluded).

Impressive mobile money numbers, but actual use low. As of 2013, GSMA data indicated there to be 12.4 million mobile money subscribers (GSMA, 2013). However, providers estimate only 10% of these to be active users.

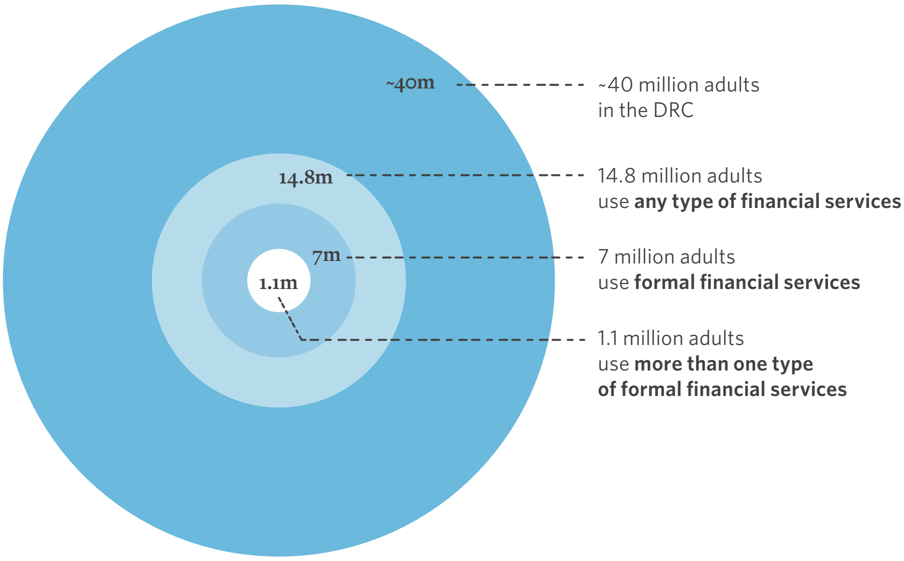


Figure 2. Financial services uptake in the DRC in perspective
Source: DRC MAP Diagnostic Report 2016

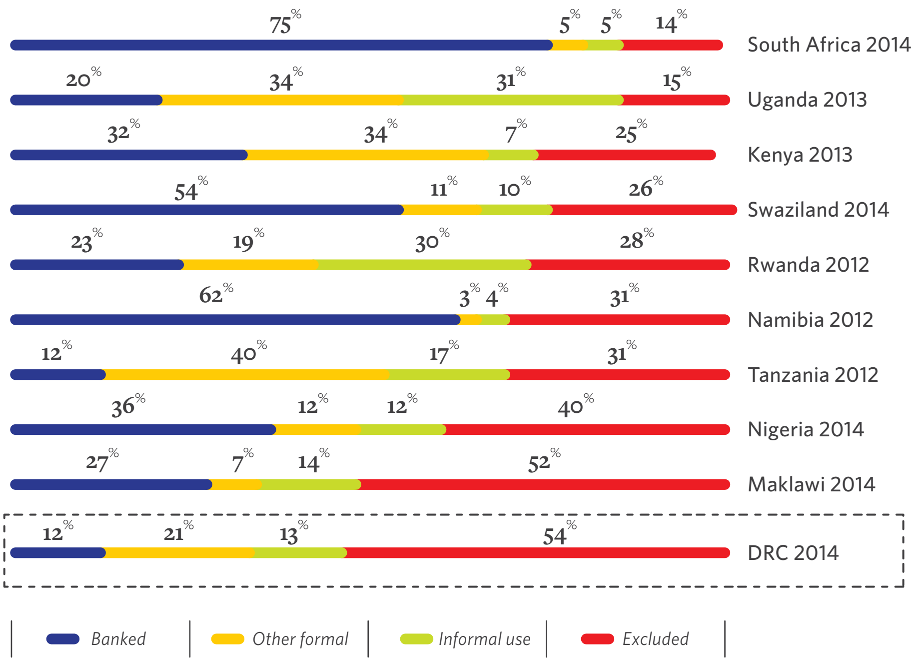


Figure 3. Financial inclusion in the DRC in regional comparison
Source: FinScope DRC (2015), based on population in "economically active" areas; various other country FinScope surveys

Consumer Perspectives

Consumer needs. The analysis highlights that the prime need expressed is to pay for goods and services. The poor state of health infrastructure and the conflict-ridden past combine to create a strong need for risk management for health expenses, loss of income, as well as for loss of assets. To the extent that these needs are met by financial services, they are met largely through savings (for loss mitigation), and a combination of payments and savings (for health expenses). Other significant needs include:

- Education, valued for its role in improving the economic fate of families.
- Consumption smoothing, and more than 60% of surveyed adults indicate that they use financial services (mainly savings) to smooth their consumption.

- Swift, secure sending and receiving of money over a distance, particularly given the reliance on community support, the poor road infrastructure, and the large diaspora.

- Housing, increasing with urbanisation

- Business and agriculture inputs which are critical to maintain incomes and escape poverty. More than 50% of economically active adults are farmers or small business owners. Inputs are largely acquired with savings: very few credit products are available.

Barriers to access and usage. The key barriers to access and usage of financial services are shown in Figure 4. The history of conflict led to periods of hyperinflation and a break-down of the financial system, and the legacy of this turbulence persists in a lack of trust in the financial system: only 37% of FinScope respondents indicated that they trust banks and 20% trust SACCOs or MFIs. There is also a generation of Congolese who grew up unable to use banking and other financial services and are thus still not aware of the role that banking and other formal financial services should or can play or how to use them effectively.

These demand-side barriers are reinforced by a number of supply-side factors, including a poor distribution infrastructure (73% of people do not know where the closest ATM is and 65% do not know where the closest bank branch is). Services are unreliable, liquidity is constrained and queues are very long. In addition most Congolese do not have the documentation required to open an account at a financial service provider.

Consumer perspective:
Key barriers to financial inclusion

Access Barriers		SEVERITY	Usage Barriers	
Proximity	*Need to travel >60 minutes to nearest bank, ATM, supermarket*		Capability	*Too complex: 69% Cannot understand: 71% Complex language: 67% 25% cite it as the reason they?*
Reliability	*Severe connectivity limitations hamper financial infrastructure*	HIGH	Hassle factor	*3.5-4 hrs bank queue; difficulty claiming insurance*
			Trust	*History of financial shocks resulting in loss of funds, limited trust in insurance claims*
Eligibility	*Elector's card is the only official documentation that the majority of Congolese have (77%). Other forms of documents are awned by <10% of adults*	MEDIUM	Awareness	*>60% are unaware of mobile >60% are unaware of insurance*
Cost	*Transaction cost limited barrier compared to others*	LOW	Need	*High degree of need exists*

***Figure 4: Barriers to Financial Inclusion in the DRC** | Source: DRC MAP Diagnostic Report 2016*

Provider Perspectives

History shapes reality. Following its earlier collapse, the retail banking market has grown exponentially, yet still represents a small number in absolute terms when compared to the size of the population.

Distribution very limited and largely confined to urban areas. Distribution is for the most part still branch-based, with MTOs and MNOs being the only providers currently using agents, and then only for limited functionality. The density of branches and ATMs is very limited (0.14 bank branches and 0.19 ATMs per 1 000km2), as is the active mobile money agent network (total of 32 000, 8 000 active). In 2015, over half of the bank branches were located in Kinshasa. The lack of interoperability means that any given consumer has access only to the distribution points of their own financial institution.

Existing footprint not interconnected and costly to use. There is currently no interoperable domestic real-time gross clearing and settlement system (RTGS). Four banks have established a private system and a project is underway to implement a national RTGS system. In the interim most banks in DRC rely on foreign systems, which adds cost, time and risk. The Integrated Regional Settlement System (SIRESS) has recently become operational but none of DRC's banks are yet connected.

Augmenting the distribution footprint. Creating an alternative network of touch points could be done through agency and partnerships with alternative providers such as petrol stations, retailers, agricultural dealers or processors, pharmacies, mines

Description	DRC	Angola	Brazil
ATMs per 100 000 adults	1,14	22,97	129,25
ATMs per 1 000 km2	0,19	2,08	23,86
Commercial bank branches per 100 000 adults	0,82	12,86	47,32
Commercial bank branches per 1 000 km2	0,14	1,16	8,74

Table 2. Distribution infrastructure density
Source: World Bank (2016c), World Bank (2016e), GSMA (2013), IMF FAS (2015)

or post offices. However, networked groups are uncommon and opportunities to partner are limited. Agency baking regulation is underway.

Dollarisation supports stability, but drives up cost and risk. The use of US Dollars (in addition to the Congolese Franc) adds stability, but constrains liquidity as dollars have to be imported and increases the cost of cash and compliance related costs, and introduces currency risk.

Informal services fulfilling a critical role. Almost everybody transacts in cash and many rely on family and friends or informal financial services, including rotating savings groups (likelemba), informal money lenders, mutualitée and acosi[4].

Formal sector caters to smaller, more urban client base. Formal providers have an urban bias, with strong representation of the Kinshasa region in their client base. SACCOs and MFIs provide credit and insurers provide insurance to a small group of adults. Banks focus on savings and transaction accounts, with negligible retail reach of credit.

Environmental Factors

A number of environmental factors challenge sustained growth to serve a larger client base.

Limited consumer viability, reach. The high instance of poverty, generally poor education outcomes and rural nature of the population make consumers difficult to serve. Agricultural and other value chains are very limited, with most infrastructure destroyed in the war. Thus consumers are by and large not "aggregated", making them very risky and costly to serve.

Skills and technology insufficient to meet rapid recent growth. The lost decades created a large skills deficit among providers. For example, there are no qualified actuaries in the DRC and some institutions still manage key parts of their business in Excel software.

Severe infrastructure constraints. The DRC faces extreme infrastructural challenges and the deficient transport infrastructure makes it difficult to travel within the country. Cash distribution is difficult, and the ability of digital financial services to provide a solution is further undermined by poor infrastructure (Electricity reaches only 5% of the population).

Difficult business environment adds risk, time and cost to deliver services. The private sector faces many constraints, and according to the World Bank, the DRC ranked 184th out of 189 countries in the 2016 Ease of Doing Business Indicators. The low ranking is mainly due to lengthy processing times and high costs of exporting and importing containers. Other major constraints include electricity, enforcing contracts, the tax system, protecting minority interests, cross border trade and resolving insolvency.

Inability to manage client relationship risks. A lack of consumer data and difficulties in enforcing contracts challenge decision-making among financial service providers, and leads to a reluctance to take on clients and to extend credit. An effective identity mechanism would assist credit extension – and financial service access in general – as would a reduction in the cost and time of recovering collateral which is currently prohibitive. The tax treatment of non-performing loans also needs addressing.

System challenges to leveraging the cross-border economy: The infrastructure challenges mean that border trade is often simpler than trading between cities within the DRC however financial sector deficiencies undermine formal cross-border trade and remittances.

Legal & Regulatory Environment

Two main regulatory bodies for institutional oversight. The Ministry of Finance is the financial sector policymaker. The regulatory and supervisory mandate rests primarily with the Banque Centrale du Congo (BCC) and L'Autorité de Régulation et Contrôle des Assurances (ARCA)[5]. The BCC regulates credit establishments under the 2002 Law on Credit Establishments, which include banks, as well as microfinance institutions, money transfer operators, exchange bureaux and electronic money institutions. ARCA on the other hand will be set up as a new regulatory authority for insurance. It is established by the 2015 Insurance Law.

Challenges in the Legal & Regulatory environment: Challenges in the legal and regulatory environment can be grouped into three categories: Annexure 2. **Framework conditions** include the difficult environment that exists to set up and manage financial institutions, difficulties in accessing justice and dispute resolution mechanisms outside Kinshasa, and inefficiencies of the legal and judiciary system.

Regulatory gaps and process constraints noted include the need for finalisation / implementation of a comprehensive payments legislation, a comprehensive consumer protection framework, a single source of credit regulation, Agency banking framework, a framework for deposit insurance, liberalisation of the insurance market, and generally by reducing the lag in developing regulatory instruments.

Lastly **Regulatory contents** in need of reform include levelling the playing field between players, addressing onerous tax requirements e.g. on bad debt reserves and loan terms, and careful implementation of the new insurance law and the AML/CFT requirements to encourage access and innovation.

4. The mutualitée and acosi are uniquely Congolese. The mutualitée is a community usually based on a common characteristic (e.g. ethnic origin, profession) with a common goal e.g. to support each other in the face of risk events, or the betterment of their society. Acosi also known as associations are based on the member professions and help them deal collectively with business problems and risks that they face.

5. Other additional ministries and regulatory authorities with relevance for financial inclusion include the Ministry of Planning (financial sector development policy and the improvement of the business environment), and the ARPTC which has oversight of mobile networks and the post office.

Enhancing Financial Inclusion in the DRC

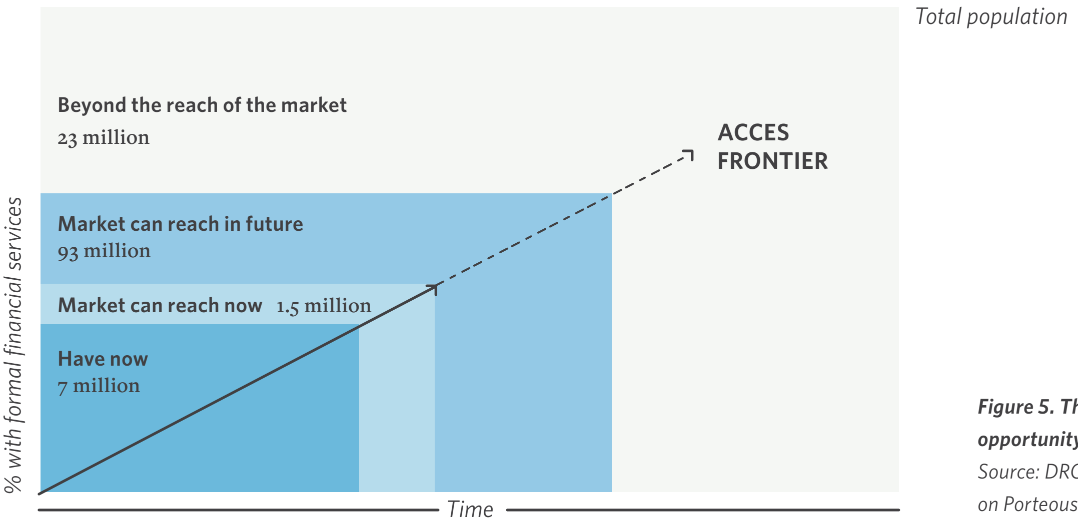


Figure 5. The access frontier: a potential opportunity scenario
Source: DRC MAP Diagnostic Report 2016, based on Porteous (2005) and FinScope (2015)

Estimating the gap – Potential reach of Financial Inclusion in the DRC

The access frontier, represented by the diagonal line on the diagram, maps the current and potential reach of the market for financial services over time. The diagram comprises four zones:

• **"Have now"**: the proportion of the population that is currently served by formal financial services i.e. 32% of adults in the sample population (or 7 million adults) that are formally served. Within this market there is scope to increase depth of usage (that is, the number and variety of financial services taken up by an individual).

• **"Market can reach now"**: Zone 2, called the market enablement zone, represents those consumers that already have access, technically speaking, but are not yet using financial services. At a minimum this includes that part of the formally employed market that is not yet formally served (755,401 adults). If we also assume (i) adults who earn more than USD 200 per month and (ii) adults who both earn more than USD 100 and live in Kinshasa proper to be within easy reach, this zone represents an additional 1.5 million people who could be included through more effective outreach, without any structural market changes.

• **"Market can reach in future"**: The third zone, called the market development zone, includes all the people that do not currently have access to financial services but could become part of the target audience over time. Regulatory changes, as well as product and distribution innovation, can be used to extend the reach of the market to this segment. The size of this zone excludes adults covered by the two segments above and includes adults who live within urban areas and those who live in economically active rural areas and earn more than USD 1 per day. This represents more than 9 million adults.

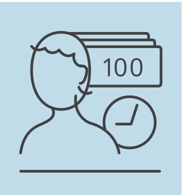
• **"Beyond the reach of the market"**: The market redistribution zone is made up of all the people who are outside the reach of the market – due to their deep rural location, or because they are simply too poor to be viable financial services clients. In the DRC, this zone would comprise the 19 million adults living in "economically inactive" areas, as well as a further four million individuals that are likely to be too poor to be viable financial service clients, as they earn less than USD 1 per day and live in a rural area. The total size of this zone is therefore estimated to be around 23 million people.

The total gap, then, between the current and potential reach of the market is estimated to be at least 10.5 million people. This gap – if bridged – represents a significant opportunity for financial inclusion.

Target Markets

Another way to differentiate across population groups is by considering main source of income. A farmer, for example, will have different financial service needs than a salaried worker. The DRC population can be divided into five target market segments[6]:

• **Formally employed** (1,505,956) – are adults whose main source of income is a salary from a private or public institution. They are the wealthiest target market and live mostly in Kinshasa and other urban areas. The formally employed are also by far the best educated. This target market is the second smallest in size, being marginally larger than the informally employed.



• **Informally employed** (1,487,460) – derive their income from a salary or wage received from an individual or from piece work. They are the smallest of the target markets, the second highest earning and the second most educated.

6. A small percentage (1.75%) of the population do not easily fit into the target market categories and have been excluded.

- **Micro, Small and Medium Enterprises (MSMEs)** (6,188,414) – make a living from owning and running their own business. This target market makes up almost a third of the population. MSMEs have the highest number of income sources on average.

- **Farmers** (6,855,399) – are adults whose main source of income is derived from farming. Apart from a small number in the Kinshasa area, they are almost exclusively located in rural areas and are the poorest of the target markets by a significant margin.

- **Dependents** (4,481,531) – rely on family and friends for their main income. They mostly rely on their parents, spouses and other family to pay their expenses or provide them with money. The gender and age distribution in this group is strongly biased towards females and the youth.

Given that a financial inclusion roadmap will not be able to bridge every gap and realise every opportunity, financial inclusion interventions have been prioritised according to how closely a particular intervention meets each of the segments' needs, and hence its potential reach given the number of people and average income of each segment. Based on the analysis, the most significant impact for financial inclusion is possible where the focus is placed on six priority areas further outlined in the next Section.

A Proposed Goal for financial inclusion in the DRC

The low usage picture, together with the context barriers and market constraints as outlined above are indicative of a financial services market at the early stages of development. It is characterised by a skills deficit, unsophisticated management information systems that are ill equipped to manage complex businesses, large regulatory gaps and severe infrastructure constraints. Retail financial services, while growing in some areas, are still largely underdeveloped in others, notably credit and insurance.

The policy and market focus should thus be on overcoming the structural barriers to the development of a more accessible retail market that will enable it to move into the market development zone of the access frontier. This will include improving infrastructure, regulatory changes to enable markets and building the necessary skills and capability to bridge the missing generation of financial service users[7]. Doing so could unlock a potential market in the order of 10.5 million additional clients. In the interim, a number of specific actions will help to better serve those that are already within reach of the market (that is, to move the access frontier into the market enablement zone). This first-order opportunity can already generate up to 1.5 million new financial service clients.

In order to provide a vision and direction for financial inclusion, the following policy goal has been chosen:

"Improve household welfare, increase economic efficiency and support growth by increasing the percentage of adults with access to at least one formal financial service from 32% (FinScope 2015) to 46%, and increasing those with access to more than one formal financial product from 5% to 10% by 2021[8]".

Six priorities are proposed to support this goal, pushing the access frontier from zone 1 to zone 2 and, eventually, into zone 3. The selected priorities include:

1. **Extend payment system footprint and use.**
2. **Leverage remittances to attract and share resources.**
3. **Build trust to save including full implementation of the National Programme for Financial education and responsible finance.**
4. **Unlock intermediation for investment.**
5. **Improve risk management options.**
6. **Build the institutions and framework for an enabling environment.**

While these priorities primarily address Zone 1- 3 (up to the Market Development Zone of the financial inclusion frontier), additional measures will be needed to help address the currently unreachable market redistribution zone 4. These longer term initiatives are beyond the remit of this Roadmap and include:

- Growth in income and opportunities
- Extend infrastructure to improve distribution footprint
- Enable entry of more players to pool funds and offer long term options
- Address business and contractual environment

7. Noting that a proportion of the population will remain beyond the reach of the financial sector (zone 4 in the access frontier), and that this proportion can only be shrunk through economic growth and increasing incomes.

8. 32% corresponds to 7 million adults. Access of 46% means serving 10 million adults with at least one formal product a). 80% of the 1.5 million "Market can reach now" adults (can be reached without any structural market changes), and b). 20% of the 9 million adults in the "Market can reach in future" category (through regulatory changes, product and distribution innovation). The increase in depth corresponds to more deeply serving 1/6 of those currently having formal access.

Bridging the gap – Implementation Priority Areas

The MAP diagnostic proposed a set of actions as a basis for the national financial inclusion roadmap, under the framework of the six key priorities to better serve those that are already within reach of the market and, over time, overcome the structural barriers to the development of a more accessible retail market. These priorities focus on strengthening formal provision of financial services. That is not to say that informal financial services do not fulfil a valuable role or should be shut down. On the contrary, a significant proportion of Congolese will rely on informal services as their only viable option for many years to come and it is important that this role be acknowledged and facilitated. However, as a financial inclusion diagnostic, the purpose of MAP is to make recommendations to government and financial service providers on how to extend the reach of the financial system and strengthen its operation. Hence the focus on formal financial services.

PRIORITY 1
Extend Payment System Footprint and Use

Payments are critical as they allow people to support each other, to access resources and to access financial services. The needs analysis showed that in the DRC payments including remittances are the most used instruments for people to live their day to day economic lives, to manage risks and to unlock opportunities for human capital development and growth. They form the backbone for all other financial services. Furthermore, efficient payment systems can improve market liquidity to make more capital available for investment.

Yet the analysis depicts an overwhelmingly cash-based society where digital options are limited and where even those with accounts seldom transact digitally. Infrastructure constraints mean that the distribution footprint for electronic payments is extremely limited – for the majority of the population there are simply no options to transact digitally. More than 90% of adults make all their payments in cash. For providers, the business case to move to digital payments is further undermined by a lack of domestic payment infrastructure to clear, settle and switch. Their customers bear the brunt through costly, frequently unreliable[9] services that are not interoperable between providers and often requires them to queue for hours. This further limits incentives to move away from cash.

A number of policy and market actions can be considered to extend the footprint and use of the payment system.

Policymakers and regulators can:

- Extend investment incentives to all financial services providers to extend their footprint.
- Finalise the national payment system regulation that is currently being developed to address interoperability, encourage alternative payment partnerships, allow offline card transactions and allow fair access to payment systems and telecoms infrastructure.
- Enable agency across a range of institutions by finalising agency banking legislation.
- Deepen the current government initiative for bancarisation to go beyond mere account ownership to actual usage of such accounts.

For market players, potential actions (all of which can be supported by government) include:

- Investigate the technology and management solutions to improve reliability of ATMs and POS devices.
- Improve the use cases/user options for digital payments. This can for example be done by introducing digital options for payments to government, including for school fees. Retailers can also be encouraged to take up of digital options. Lastly, the scope should be evaluated for value chain digitisation, for example by moving to electronic options for paying suppliers.
- Enable payment system interoperability, including the process to establish domestic clearing, settlement and switching systems already underway. Appropriate interchange is critical to ensure adequate investment in distribution. Notably, SIRESS provides an option for domestic and regional switching. This action straddles market and regulatory action: it is important for market players to buy into an interoperable system, but regulators can put incentives or requirements in place to encourage them to do so.
- Connect existing distribution channels to a broader suite of financial services. For example: MTOs are effective at cash distribution and are trusted for money transfers, but have limited options to enable savings. Consider partnerships with banks or other financial service providers to extend the services that they can offer.
- Improve the capacity to manage liquidity and reticulate cash throughout the country.
- Enable offline card technology to accommodate connectivity challenges.

This priority will be championed by the BCC.

9. Those touch points that do exist are often out of funds or dysfunctional, or stock only large denomination USD notes that are not suited to the transaction profiles of ordinary citizens.

PRIORITY 2
Leverage Remittances to Attract and Share Resources

The analysis showed that the substantial annual remittance flows matter at the household as well as at the macro level: for the 7 million people who receive remittances, they are critical for survival, for building human capital and for managing financial shocks. And for the economy, remittances represent a source of foreign resources for investment that far outstrips the size of domestic credit provided by the financial sector.

However, there are systemic constraints at the first, middle and last mile to the formalisation of remittances. Domestic remittances are hampered by the limited payment system, while formal cross-border remittance options are limited, expensive and time consuming. Documentation requirements and bank correspondent relationships make it difficult for the diaspora population to send money to the DRC.

Potential actions to support the development of the formal remittances market include:

- Address last mile payment constraints
- Develop cross border corridors to allow more providers to offer such services
- Address first mile issues to send remittances through bilateral engagements with sending countries. This includes documentation requirements and the conditions for establishing correspondent banking relationships.
- Create formal options for trade flows.
- Enable targeted sending options for human capital related remittances (such as remittances to directly pay for health and education).
- Consider a diaspora policy to attract skills and funds.

These actions will be championed by the BCC and will require a concerted effort by policymakers, regulators and market players.

PRIORITY 3
Build Trust to Save

Savings are the most used financial service in the DRC if informal options are included. At the macro level, savings are a critical source of funds for investment. It is thus critical to enable savings to mobilise capital. At the household level they are often used as a buffer against financial shocks arising from risk events, thus preventing people from falling (further) into poverty. Indeed, saving is the main reason why people have accounts.

There is a large gap between total savings needs and uptake of formal savings options. Macro data shows that total domestic savings are very constrained. Demand-side data confirms that of the 11.7 million adults who save, only 2.5 million save in accounts. And two thirds of those with bank accounts (1.7 million people) also save at home or informally. This is symptomatic of a lack of access, but also of a general lack of consumer trust in formal financial services. Almost two thirds of people do not trust banks with their savings, rising to 80% for SACCOs and MFIs. This, in turn, is due to a history of bank crises, failed SACCOs and hyperinflation. The breakdown of the financial system meant that there is a missing generation of people that do not understand financial services. Limited consumer understanding is compounded by frontline financial service provider staff who do not have the capacity to explain how services work, as well as system constraints that undermine reliability and, hence, the customer experience.

It is important for policymakers and regulators to:

- continue to drive the stability of savings institutions;
- strengthen SACCOs and MFIs to collect and secure savings;
- strengthen enforcement to terminate illegitimate savings institutions;
- implement the National Programme for Financial education and responsible finance
- strengthen consumer protection and recourse; and
- build framework to implement deposit insurance

For financial service providers, the priorities are to:

- address payments constraints to improve reliability and convenience to get funds into the formal system; as well as to
- improve capacity of frontline staff to explain products to consumers.

These activities are proposed to be championed by the Ministry of Finance.

PRIORITY 4
Unlock Intermediation for Investment

The analysis showed that there are a number of untapped opportunities for intermediating savings into investment: 2.3 million adults earn more than USD 200 per month, a substantive part of them engaged in small business or agriculture. Yet only about 9% of them have credit. Almost 4 million farmers have some tight value chain connection, but none have formal credit. This speaks to ineffective intermediation.

Current credit provision is very limited and short term in nature. The financial sector is dependent on short-term, small deposits, and institutional investors are limited. These factors combine with high costs, liquidity requirements and contracting constraints to limit credit extension and restrict the term of loans offered. There is also a low loan to deposit ratio in international terms, with almost half of the banking system's assets held in cash.

This low level of intermediation creates an imperative to develop the capital market through a three-pronged approach: unlock savings, promote pooling and overcoming investment constraints to drive opportunities (Figure 6).

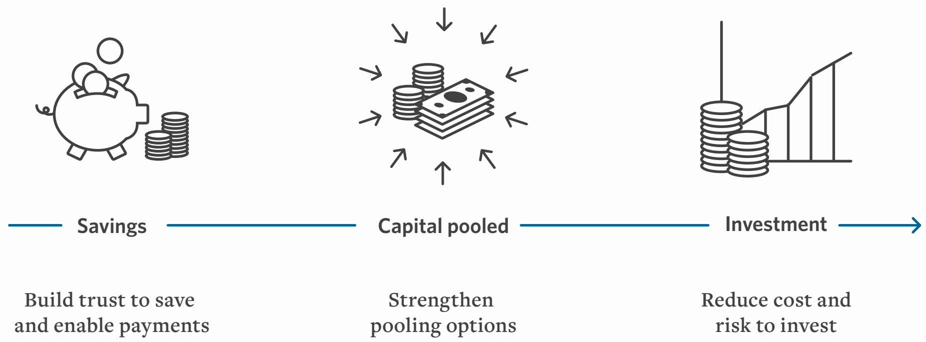


Figure 6. Steps to capital market development
Source: DRC MAP Diagnostic 2016

Potential priority actions include:

- Address payment constraints to improve the receipt of saving and liquidity available for lending
- Connect informal savings and credit options with formal institutions
- Address credit-related regulatory constraints, including the inefficiencies in collateralized lending, the need for alternative credit provision beyond collateral, and central credit regulation to overcome the current difficulties of navigating across multiple pieces of legislation
- Strengthen access to consumer data, including through the credit reference bureau
- Develop the capital market to introduce a wider range of financial instruments and long term pooling options to invest

These activities are proposed to be championed by the Ministry of Finance.

PRIORITY 5
Improve Risk Management Options

Congolese are very exposed to shocks that can push them into poverty or prevent them from rising out of poverty. The analysis showed that at least 45% of borrowers use credit for health events. Furthermore, more than 4 million people indicate that they sell assets or reduce consumption to manage the financial impact of risk events. This speaks of an important need for improved financial tools that help consumers manage their risks. Risk management tools can also allow productive risk taking to build businesses and contribute to growth.

The insurance sector in the DRC is emerging from decades of monopoly provision in many categories of insurance, such as compulsory motor vehicle insurance on which no one could claim. Other entities, such as health mutuelles were regulated as mutual societies, rather than under laws designed specifically for insurance. The result is an underdeveloped market – corporate as well as retail – in which people cope with the impact of risks in a variety of ways, but only a very small group draws on formal insurance. There are simply very few formal options available to deal with financial shocks. This translates into limited trust in insurance. The market is also characterised by very limited awareness of the potential of insurance as a risk management instrument, even among financial service providers. The state of the insurance market has knock-on effects on the credit market, as credit providers cannot manage death-related default risks, as well as on the business sector, which has no mechanism to guard against asset or liability risks. As the overview of regulatory issues showed, the new insurance regulatory framework will provide some opportunities, but will likely still constrain the ability for most consumers and smaller businesses to use insurance to manage risk.

Insurance can contribute significantly to development in the DRC, even if it just serves wealthier customers and corporates better and starts to build long-term savings for investment. It is therefore important to get the building blocks in place for insurance market development. This requires two sequenced steps:

- Building the legal, regulatory and supervisory prerequisites for market development. A few critical interventions are required before the market will be able to function in a stable and sustainable manner that extends access to insurance in the DRC. This includes the need to operationalise and capacitate the new regulatory authority, to implement the new Insurance Law in a way that achieves market entry and supports innovation, to generate data to monitor industry trends, and to facilitate insurance of corporates and groups to jump-start insurance market development.
- Enabling retail market growth. Once the basics of a functional market are in place, a number of further hurdles need to be overcome for insurance to be used as a financial inclusion tool, including finding premium payment solutions and overcoming distribution challenges.

For regulators, it is important to acknowledge the role of community-level / informal risk pooling, especially for the poor who are unlikely to be reached by the formal insurance market, and to make sure that such vehicles are accommodated or carved out in a regulatory dispensation.

The imperative for building risk management options also extends beyond the insurance market, notably to develop savings, remittance and emergency credit options to provide a safety net for those who remain outside of the insurance market as discussed in the sections above.

These activities are proposed to be coordinated by the Ministry of Finance, and by ARCA (the regulator) once it is in place and has sufficient capacity.

PRIORITY 6
Build the Institutions and Framework for an Enabling Environment

An important cross-cutting action to enable the various priority areas above is to strengthen financial inclusion at the institutional or infrastructure level, including to encourage innovation and better coverage of unserved and underserved areas:

- In the first instance, this entails introducing a financial inclusion policy to cement the Ministry of Finance's mandate to focus on lower-income consumers, as well as to mobilise resources and generate a broader support base for financial inclusion.
- Another cross-cutting constraint at the institutional level is data. It is important to address data constraints to enable providers to identify opportunities, and to reduce costs and uncertainty. This can be done by building a data reference bureau, strengthening reporting requirements, analysis and publication, and even just by making legislation available electronically. It is also important to build out the credit reference bureau and open it up to microfinance institutions.
- Thirdly, financial sector skills should be built at the strategic and client facing level to deliver products that meet consumer and business needs. Equally important is building regulatory capacity for inclusive regulation and supervision.
- It will be important to capacitate and empower customary courts to unlock the potential of such courts as points of low-value dispute handling.
- Lastly, consumer capability should be strengthened so that consumers use financial services to their advantage.

In addition a number of regulatory level interventions and approaches will help move the national financial inclusion agenda forward, most notable being:

- Set appropriate rules for a level, accessible playing field. Each of the priorities above has a regulatory or policy component. Among the important regulatory actions highlighted are the need to finalise the national payments system and agency banking frameworks, to extend the reach of investment incentives to all financial service providers, to strengthen the framework for consumer protection and recourse, to build a cross-cutting credit regulatory framework (including to extend the reach of the credit reference bureau), to develop deposit insurance and to implement the insurance framework to build a competitive market. It will also be important to extend equal rights to married women.
- Build a principles-based approach. These actions speak to a broader need for more principles-based legislation, with greater reliance on the expertise of regulators and broader delegated legislative discretion. This would enable considered and timely responses to drive and safeguard financial service development.
- Regulatory requirements to fit risk profiles. There is also a cross-cutting need on a number of fronts for regulatory requirements that are proportionate to the nature of the business and the nature and extent of the risks posed by different types of entities. This includes the need for lower prudential requirements for lower tier banks and non-deposit taking MFIs, proportionate requirements for e-Money service providers, and potentially for certain players in the insurance market. Enabling such providers will shore up competition and distribution options for financial services. Furthermore, a proportionate/risk-based approach to the implementation of the latest (2012) global standards for AML/CFT regulation will facilitate financial inclusion across product markets.

At a policy and implementation level it is essential to remain sensitive to the needs of the vulnerable or potentially vulnerable groups, notably women, youth, the rural and the extreme poor. It is proposed that within each priority area, opportunities need to be sought to encourage and enable these and other vulnerable groups to access formal financial services, embedding interventions within the area's implementation activities.

It is also important to ensure sufficient capacity for the Ministry of Finance in introducing pre-emptive policies to enable financial inclusion, in driving financial inclusion, and in coordination and measurement of financial inclusion. Sufficient funding should be ensured for implementing the financial inclusion Roadmap.

An appropriate tracking and monitoring framework needs to be developed by the stakeholders to help drive implementation, and to create momentum around the Roadmap implementation.

These cross-cutting activities are proposed to be coordinated by the Ministry of Finance.

Roadmap to reform

Summary of Activities, Responsibility, Priority and Timelines

The detailed list of proposed actions as outlined above are further summarized in Annexure 1, together with the responsible entities (Primary and Secondary), implementation time horizon (Short, Medium and Long Term) and priority (High, Medium, Low). Short term would imply 1 – 2 year activities, Medium term 2 – 3 years, and Long term over 4 years.

Anticipated benefits

FinScope DRC (2015) indicates that a vast majority of adults remain without access to any type of formal or informal financial service – 54% in the economically active areas and much higher in the deep rural areas. This limits their ability to effectively manage their financial lives. It limits their capacity to mitigate against risks, smooth their consumption, accumulate assets and invest in productive activities.

Even among the 33% who are served, there is a lot of room for improvement, by deepening access and usage, providing affordable and appropriate products that are conveniently accessible, as well as through customer education and protection. Access to financial services will also help to deliver on the fundamental policy objective of economic growth and employment generation.

The DRC financial inclusion roadmap will help policy makers and stakeholders focus attention on these issues and help build a more inclusive society to the extent possible under the current circumstances.

The Roadmap will help contribute to these and the following other benefits:

- Improving household welfare by extending financial inclusion to households that are currently less well served, such as expanded digital payment and remittance services which will enable individuals to affordably transact, send and receive long distance remittances, and affordable and appropriate savings products that provide the tools to build up savings that can be used to smooth consumption and mitigate risks, and increased options for risk mitigation.

- Supporting economic growth by facilitating credit for productive enterprises and for investment in assets.

- At the macro level improvement in overall economic efficiency by enhancing financial sector infrastructure, improving regulation and reducing risks.

- At the micro level the growth of new and existing institutions to better serve the low income including new partnerships between various players.

- A measurement framework to quantify and track financial inclusion, and to ensure that the program of action remains relevant to national objectives.

From a macro economic standpoint financial inclusion will have a potentially positive impact in helping reduce inequality.

Overall the program will result in the growth, deepening and higher quality of financial inclusion, especially by addressing some of the access barriers observed in the research. Such improvements will be beneficial to the economy. They will also help the DRC contribute measurably towards the Sustainable Development Goals.

Financial Inclusion Roadmap in the Financial Policy Context

As noted earlier there is currently no consolidated policy on financial inclusion, but elements of financial inclusion are present in other policy documents. There is also strong awareness, commitment and resolve among policymakers to build an inclusive and stable financial services sector. A national development strategy, the National Stratégique de Développement 2017-2021, is currently being developed by the Ministry of Planning and the Revolution of Modernity, and will include a financial inclusion policy. As such the Financial Inclusion Roadmap 2016 – 2021 has been completed at an opportune time to form the basis for the policy and strategic framework for financial inclusion in the coming months and years, and is well suited to do so as it is based on a comprehensive diagnostic which pinpoints those priority areas that will provide the greatest return on resources invested, and has been developed in a stakeholder intensive process.

The Roadmap's proposed priorities are in line with, and support the aspirations of the National Stratégique de Développement (PNSD) 2017-2021, as well as the recently adopted SADC regional financial inclusion strategy. The PNSD draft proposals include a national financial education program, responsible finance, enhancements in the regulatory environment and innovative product development to support financial inclusion, a prominent role for BCC, government and Development partners, as well as specific strategies such as interoperability. The SADC Financial Inclusion Strategy on the other hand will support Member States to develop and implement national financial inclusion strategies, recognizing that financial inclusion can play a catalytic role in industrialisation and help address important areas such as domestic resource mobilisation. The strategy emphasises the growth of payments and digital financial services, orienting credit markets towards SMEs and smallholder farmers, and standardising key measurement data.

Financial Inclusion Roadmap in the Context of other Financial Inclusion Work

As noted earlier the government has been engaged in a number of initiatives that support financial inclusion, such as the roll-out of the government to person transfer programmes (bancarisation), and the adoption of OHADA which will continue to have a beneficial impact by helping the regulatory system to leapfrog developmental cycles and better align with regional and international norms.

A number of other financial inclusion initiatives by different development partners are also underway. As an example, the UNDP and UNCDF have created a support program, PASMIF, in cooperation with the Ministry of Finance that seeks to support microfinance within the DRC. Several donors have also come together to roll out a financial literacy initiative in partnership with the Central Bank. Table 3 summarises some of the other ongoing work in the respective priority areas.

These initiatives are generally complementary to the priorities identified in the Roadmap. However they may need to be expanded to cover the full spectrum of activities required, and additionally also evolve to provide support at a national level, providing the capacity needed for coordination and implementation over the next 3 – 5 years and beyond.

Coordination of development partners will need to be enhanced, within Coordinating Committee context and beyond. The roadmap will provide a platform to coordinate these efforts more closely in the future, and is well suited to do so as it is continues to involve multiple stakeholders during implementation.

The Roadmap is not a static document and will be updated over time as new research becomes available, and as the financial inclusion landscape in the DRC evolves.

Roadmap priority area	Relevant donor activity
1. Extend payment system footprint and use.	*Modernization of payment systems (WB)* *Mobile Money/Mobile Banking (IFC, DfID)* *Agency banking (AFD, IFC)*
2. Leverage remittances to attract and share resources.	*Modernization of payment systems (WB)* *Mobile Money/Mobile Banking (IFC, DfID)*
3. Build trust to save including full National Programme for Financial education and responsible finance.	*National Financial Education Programme (GIZ)* *Deposit Guarantee Fund feasibility study (GIZ)* *Youth access to financial services (UNCDF)* *Mobilization of savings (UNCDF MicroLead and VSLAs)*
4. Unlock intermediation for investment.	*Financial inclusion for SMMEs (AFD, IFC, USAID, DfID)* *Agri and rural business/finance (IFC, USAID, DfID, IFAD)* *Capacity building for SMMEs (IFC)* *Microfinance/MFI support (UNCDF)* *Credit bureau modernisation (kfw)*
5. Improve risk management options	
6. Build the institutions and framework for an enabling environment	*Enhancement of regulatory/supervision/market conduct for microfinance sector (WB);* *Responsible finance and gender (GIZ, UNCDF)* *Capacity building for the BCC (GIZ)* *Finance for FSPs (equity and debt) (FPM)* *Investment climate (DfID)* *National policy framework (UNCDF, FinMark, UNDP, Belgian cooperation, IFAD)*

Table 3: Table of active donor projects in the DRC

Implementation and Evaluation

It is proposed that the Coordinating Committee under the chairmanship of the Ministry of Finance will continue to be responsible for the MAP process, championing and providing leadership and coordination during the implementation phase of the financial inclusion Roadmap. Implementation will commence immediately after the research is completed, subject to resource availability.

Actual implementation will be the responsibility of the respective stakeholders, and particularly the regulators, the financial service providers, Ministries as well as development partners active in financial inclusion. Sector associations will assist to coordinate providers in their respective sectors, ensuring that sector positions emerge that support financial inclusion in a sustainable manner. The key stakeholders identified for implementation are shown in Table 4.

The Coordinating Committee will also have a broader mandate to coordinate donors and implementers in financial inclusion in DRC to ensure efforts are aligned.

The membership of the Coordinating Committee will remain largely as it is currently, comprising the Ministry of Finance (chair), Central Bank as a core member responsible for key implementation areas, other Regulators, the National Statistics Agency, selected Financial Service Providers (FSPs), industry associations, development agencies and donors. However it will be necessary to incorporate any new members that are needed during various phases of the implementation.

It is proposed that a dedicated Secretariat support Unit within the Ministry of Finance or the BCC will be set up to support the Coordinating Committee. This unit will be responsible for developing documentation for approval by the Coordinating Committee / Ministry, collecting M&E data and coordinating meetings, with an estimated staff complement of 3 – 5 (subject to budgetary constraints).

A separate development partner-led non-governmental institution is also recommended to support government in the implementation. While the FPM will remain a key forum for development partner joint effort, given that its focus is wholesale funding of FSPs it will not be suitable to evolve into the national coordination body. A separate institution outside of government

Categories	Institutions	Roles & responsibilities
1 REGULATORY AUTHORITIES	• *Central Bank* • *Ministry of Finance* • *ARPTC* • *ARCA (when in place)*	*1. Regulatory and supervisory support* *2. Advice, leadership, facilitation, strategy to achieve Financial Inclusion targets*
2 MINISTRIES & AGENCIES	• *Ministry of Finance* • *Posts & Telecommunications* • *Industry* • *Small & Medium Sized Enterprises* • *Rural Development* • *Agriculture*	*1. Coordination of Initiatives* *2. Budget* *3. Ensure that initiatives comply with Policy statements and with best practice*
3 ASSOCIATIONS & NETWORKS	• *Bankers association (ACB)* • *Federation of Congolese Enterprises (FEC)* • *Association of Female entrepreneurs* • *COPEMECO* • *National Association of MFIs (ANIMF)* • *APROCEC* • *Consumer representatives*	*1. Represent members' ideas in Financial Inclusion committees meetings* *2. Encourage best practice among members*
4 SECTOR ENTITIES	• *Banks, MNOs, Post office, MFIs, SACCOs, MTOs, Retailers, agro dealers, SMMEs, FNM, FPM*	*1. Implementation of best practices* *2. Feedback to coordinating bodies*
5 DEVELOPMENT PARTNERS	• *Agence Française de Développement, Belgian cooperation, DfID, GIZ/KfW, FinMark Trust, IFAD, Swedish cooperation, UNDP/ UNCDF, USAID, World Bank/IFC*	*1. Financial and Technical support* *2. Coordinate amongst each other and with Government*

Table 4: Financial inclusion stakeholders in the DRC

should instead be set up (subject to donor funding availability) to support the financial inclusion implementation work. The alternatives for this will be a structure modelled on DfID FSD model, or a facility within an existing programme where donors can channel funds for national coordination and support. Some of these funds should also be used to drive a few key priorities forward. The Ministry of Finance will need to coordinate an approach to the development partners to set up such a structure.

Successful implementation is contingent on engagement with, and the role played by the private sector. It will be important to get the firm commitment of the private sector players through tailored engagement with sector associations, regulatory processes, as well as with individual players to resolve specific issues for the purposes of enhancing financial inclusion. It is proposed that the Coordinating Committee and its structures will meet with the private sector early on in order to clarify their role in the Roadmap, obtain buy in, as well as clarify actions that the private sector expect Government to put in place for them to play their role in enhancing financial inclusion.

Measurement

Successful implementation partly depends on being able to measure progress, as well as communicating the outcomes of the interventions. The Ministry of Finance will monitor and evaluate the proposed actions and outcomes, and provide regular report backs to various government organs.

Activity based tracking is recommended, complemented by the tracking of outcome and output based targets annually including Access, Usage, Affordability, Appropriateness, Financial literacy, and Consumer protection.

Secondary indicators will be proposed through the work planning process where necessary, to report on the progress or impact of specific stakeholder initiatives.

A draft set of indicators is included as Annexure 3.

Risks

Some of the risks to implementation include:

- Lack of implementation capacity. Mitigation: The Coordinating Committee as part of its short term action plan will focus on development partner and private sector mobilisation and coordination. Development partners and the private sector will be mobilised to support the Roadmap implementation process.

- Lack of buy-in, particularly by private sector stakeholders. Mitigation: The Coordinating Committee as part of its short term action plan will develop a private sector engagement strategy and plan. Regulators will be involved in this process, and where necessary legal and regulatory amendments will be made to support the process.

- Lack of infrastructure to support proposed interventions. Mitigation: MinFin in conjunction with other stakeholders will prioritise infrastructure development in selected bottle neck areas e.g. payment system infrastructure.

- Time frames for legislative reform may be long. Mitigation: MinFin to coordinate and ensure timelines are shortened where possible.

- Alignment to National Stratégique de Développement 2017-2021 as it is finalised. Mitigation: MinFin to engage Ministry of Planning to ensure that the final approved document is aligned to the research recommendations and to the Roadmap.

The Coordinating Committee will work with the stakeholders to ensure that these and other risks are tracked and mitigated.

Conclusions

Access to financial services can help fuel economic growth, and at the household level build welfare and facilitate access to core services such as health or education. However the DRC is a challenging environment to do business in, and financial institutions face infrastructure and skills gaps that stack the deck against retail market outreach. Additionally a whole generation of people have grown up without formal financial services and find it difficult to understand and trust financial institutions. They also face affordability constraints. Thus, only a third of the sample population drawn in the economically active areas have access to formal services, and over half are classified as financially excluded.

The Financial Inclusion Roadmap 2016 – 2021 has laid out the national priorities for the enhancement of financial inclusion in the DRC. The priorities are based on the diagnostic findings, and will help to inform the future financial inclusion agenda in the DRC. Financial inclusion is challenging to achieve and requires a clear vision, sufficient resources and effective collaboration across a broad range of stakeholders.

The proposed interventions will result in an increase in breadth and depth of financial inclusion in the DRC, in support of the National Stratégique de Développement 2017-2021 (in progress), the SADC regional financial inclusion strategy, and the UN Sustainable Development Goals.

Implementation of the Roadmap will be coordinated by the MAP Coordinating Committee under the guidance of the Ministry of Finance over the next 4 – 5 years. The immediate next steps in the Roadmap process include:

- Research findings and Roadmap to be approved by the Coordinating Committee and the Ministry of Finance;

- Capacity building at Ministry of Finance;

- Development of a financial inclusion Policy, Strategy and/or Action plan;

- Finalisation and adoption of the M&E framework including targets to be developed to mobilise stakeholders and monitor outcomes;

- Ongoing implementation of areas where resources are already available and funding mobilization in other areas; and

- Roadmap adoption by all stakeholders.

Implementation of the Roadmap will most visibly contribute to financial inclusion through the development of strategies, products and business models that deliver better value to low income customers.

Annexure 1
Summary of Proposed Roadmap Activities

The actions outlined above are further summarized in Table 4 below, together with the responsible entities (Primary and Secondary), implementation time horizon (Short, Medium and Long Term) and priority (High, Medium, Low). Short term would imply 1 – 2 year activities, Medium term 2 – 3 years, and Long term over 4 years.

Priority area	Actions	Responsible	Priority	Time-line
1. Extend payment system footprint and use (Champion: BCC)	Improve the use cases/user options for digital payments	FSPs, MinFin	▪	▪
	Improve reliability of ATMs and POS devices	FSPs / BCC	▪	▪
	Expand bancarisation to go beyond account ownership to use	MinFin	▪	▪
	Finalize agency banking legislation	MinFin / BCC	▪	▪
	Finalise the national payment system regulation	MinFin / BCC	▪	▪
	Extend investment incentives to relevant financial services providers	MinFin	▪	▪
	Enable payment system interoperability, including the process to establish domestic clearing, settlement and switching systems (underway).	MinFin, BCC	▪	▪
	Connect existing distribution channels to a broader suite of financial services	FSPs, MinFin	▪	▪
	Improve the capacity to manage liquidity and reticulate cash throughout the DRC	BCC, Banks	▪	▪
	Enable offline card technology to accommodate connectivity challenges	BCC, MinFin	▪	▪
2. Leverage remittances to attract and share resources (Champion: BCC)	Extend cross border remittance channels to allow more providers to offer such services	MinFin, BCC, FSPs	▪	▪
	Address last mile payment constraints to deliver cash	FSPs, MinFin	▪	▪
	Reduce sending country documentation constraints	MinFin	▪	▪
	Ease conditions for establishing correspondent banking relationships	BCC, MinFin	▪	▪
	Create formal options for cross border trade flows	MinFin	▪	▪
	Enable targeted sending options for human capital related remittances (e.g. education, health, business)	FSPs, MinFin	▪	▪
	Consider a diaspora policy to attract skills and funds	MinFin	▪	▪

Table 5: Summary of proposed roadmap activities

3. Build trust to save including implementation of the National Programme for Financial education and responsible finance (Champion: MinFin)	Continue to strengthen the stability of savings institutions	BCC, MinFin	•	•
	Strengthen SACCOs and MFIs to collect and secure savings	BCC, MinFin	•	•
	Improve capacity of frontline staff to explain products to consumers	FSPs	•	•
	Strengthen enforcement to terminate illegitimate savings institutions	BCC, MinFin	•	•
	Strengthen consumer protection and recourse	BCC, MinFin	•	•
	Complete framework to implement deposit insurance	BCC, MinFin	•	•
	Address payments constraints to improve receipt of and access to savings	FSPs, MinFin	•	•
	Full implementation of the National Programme for Financial education and responsible finance	MinFin, BCC	•	•
4. Unlock intermediation for investment (Champion: MinFin)	Address payment constraints to improve the receipt of saving and liquidity available for lending	FSPs, MinFin	•	•
	Connect informal savings and credit options with formal institutions	MinFin, BCC	•	•
	Address credit-related regulatory constraints (inefficiency collateral, alternatives, central credit regulation)	BCC, MinFin	•	•
	Strengthen access to consumer credit data (incl through credit bureaus)	BCC, MinFin	•	•
	Develop the capital market to introduce a wider range of financial instruments and long term pooling options to invest	MinFin	•	•
5. Improve risk management options to mitigate shocks and encourage productive risk taking (Champion: MinFin/ARCA)	Build capacity with policy makers, regulators and providers to enable the market and support innovation	MinFin, BCC, ARCA	•	•
	Build trust in insurance with consumers	MinFin, FSPs	•	•
	Refine and implement regulation to serve lower income people	MinFin, ARCA	•	•
	Address payment constraints for premiums and claims	FSPs, MinFin	•	•
	Maintain effective informal options	MinFin, ARCA	•	•
6. Build the institutions and framework for an enabling environment (Champion: MinFin)	Adopt a financial inclusion policy to strengthen inclusion mandate	MinFin, BCC	•	•
	Strengthen MinFin capacity and coordination around financial inclusion initiatives to effectively develop market	MinFin	•	•
	Address data and information constraints to enable providers to identify opportunities	MinFin, BCC	•	•
	Build skills and capacity in financial inclusion initiatives with regulators, policy makers and providers	MinFin	•	•
	Targeted consumer capacity building and financial literacy training	MinFin, BCC	•	•
	Identify opportunities for the rural, youth, women and other vulnerable groups	MinFin	•	•
	Empowerment of customary courts especially for low-value dispute handling	MinFin	•	•
	Responsiveness of regulators to financial inclusion (prompt finalisation of key frameworks, use of principles based approaches and ensuring regulations fit risk profiles)	MinFin, BCC	•	•
	Monitoring and Evaluation framework	MinFin	•	•

Annexure 2 Summarised list of regulatory challenges

Framework conditions	Difficult environment to set up and manage financial institutions including bureaucratic red tape, uncertainty on tax arrangements, difficulties in enforcing contracts, and access to investment incentives.
	Despite not commonly being enforced, married women require their husband's authorisation to bind the estate, putting them at a disadvantage.
	Limited access to justice and dispute resolution mechanisms outside Kinshasa. Customary courts could be used for financial service dispute resolution.
	Resource constraints (due to budgetary constraints) limit the pace of regulatory change and challenge the efficiency of the judicial system.
	Magistrates passing judgements often do not have access to up to date legal texts[10], and efforts to legislate for greater access may not be as effective.
	The drafting quality of financial legislation varies from excellently drafted and well-structured to regulation that is difficult to interpret and open to unintended consequences.
Regulatory gaps and process constraints	Comprehensive payments legislation is underway but it needs to ensure fair access, certainty and interoperability. The status of trust accounts for mobile money is unclear, with the possibility for attachment by creditors, and offline transactions are not accommodated.
	No comprehensive consumer protection framework. Consumer protection principles, including standards on fees, effective interest rate disclosure and over-indebtedness, are not harmonised across institutions.
	No single source of credit regulation: multiple legislation contain provisions regarding credit extension, e.g. the Microfinance Act and the Credit Establishments Law.
	Long lead times for developing regulatory instruments which can inhibit / undermine the momentum and viability of the financial services sector e.g. incubation period for the payments system and agency banking frameworks.
	A framework for deposit insurance and for pooling options for investment
	Implementation timelines of the Insurance Law to liberalise the insurance market as well as uncertainty around the first regulatory actions to be undertaken by ARCA
	Agency banking framework (in development) will change the legal environment for agents considerably.
Regulatory contents in need of reform	Though electronic money is provided for, the framework is sub-optimal and electronic money institutions are not allowed to collect public savings or to offer loan products. Prudential requirements are also not in line with the proportionately low risk. This poses a barrier to competition.
	No level playing field between MFIs, regulated under the Microfinance Law, and banks: including access to the credit reference bureau, and the higher burden on MFIs to offer products adapted to capacity for client repayment.
	Onerous tax implications on bad debt reserves and loan terms, with unintended consequences for reporting.
	AML/CFT requirements pose risk of exclusion as the framework allows simplified customer due diligence for single transactions below USD 10,000, but not for accounts. Moreover, the latest international standards with regard to AML/CFT pose the risk of exclusion if not implemented with care.
	Insurance Law may inhibit access and innovation.

Table 6: Summary of Regulatory challenges

10. This stems from the fact that the only way to access the texts is to buy these directly from the government printing press in the form of an updated gazette. Should a magistrate seek access to this law, they are required to buy the gazette themselves.

Annexure 3
Draft set of financial inclusion indicators

Category	Objective	Indicator
National	Access	# of access points per 100,000 adults by type (Bank, ATM/POS, SACCOs, MFIs, MTOs, MNOs) and by area (Rural, Urban, Kinshasa)
		Percentage of adults with access to at least one formal product (total, women)
		Percentage of adults with access to more than one product category
		Average time taken to access distribution point, Minutes
	Usage	Percentage of adults with at least one type of regulated deposit account
		Number of regulated consumer deposit accounts per 1,000 adults
		Percentage of adults with at least one type of regulated credit account
		Number of regulated consumer credit accounts per 10,000 adults
	Appropriateness / Affordability	# of Basic Savings Accounts appropriate for low income, Number (total, women)
	Alternative channels	Percentage of adults with at least one formal product from non-traditional channel (i.e. excluding banks)
		Percentage of adult population actively using Digital Financial Services
	Implementation capacity	New FI unit with MoF set up and staffed
		MoF capacitated to implement its FI mandate and the Roadmap
Expand Payment footprint	Reach / adoption	% of adults who make all payments in cash
		Number of active digital financial services accounts per 100,000 adults
	Usage	Volume of digital transactions (Mobile, ATM / POS, Total)
		Number of digital transactions (mobile, ATM, total)
	Outreach	Number of active points / agents accepting digital transactions (Kinshasa, Other urban, rural)
Leverage remittances	Cross border	% of cross border remittances that are through the formal system
		# of agreements to reduce sending country documentation constraints
	Domestic	See payments above
Build trust to save	Access	Number of consumer savings accounts (Banks, MFIs, SACCOs, Total)
	Trust	% adults who say they trust financial institutions (Banks, MFIs, SACCOs, Total)
	Usage	Average savings in consumer savings accounts
	Literacy	% objectives of national financial literacy programme achieved
Unlock inter-mediation	Access to credit	Credit extension to private sector as % of GDP
		Number of loans accounts (Banks, MFIs, SACCOs, Total)
	Efficiency / indebtedness	% of people with credit registered in the Credit reference bureau
	Impact	# of new MSME / small farmers benefitting from productive credit (total, women)
Improve risk management		% adults who reduce consumption or sell assets to deal with risks
		Percentage of adults with access to formal insurance
		# of insurance policies (total, women)
Build institutions & frameworks	Regulatory reform	Number of regulatory improvements completed
		Financial inclusion policy adopted
		MinFin capacity adequate to effectively develop market
		Alternative dispute mechanisms in place especially for low-value dispute handling

Annexure 4
Summary of ongoing Donor work

Partner	Area of intervention and support for financial inclusion
Agence Française de Développement	Technical support for FSPs, Finance for SMMEs, Agency banking.
World Bank	(1) Support for modernization of payment systems to promote and facilitate financial inclusion:
	Mapping of the main payments streams to identify the potential for increasing the use of electronic payments;
	Technical assistance for development of a digitization strategy for selected payment flows (Government payments and receipts, migrant remittances);
	Financial Education, including the introduction of innovative tools for the users of electronic payment products;
	Reform the legal framework for retail payments based on diagnostic recommendations.
	(2) Support for:
	Supervision of the microfinance sector
	Enhancing the regulatory framework to promote transparency;
	Training in the supervision of market conduct ;
	Setting up mechanisms for management of customer complaints;
	Technical assistance for the revision of the legal and regulatory framework for MFIs and COOPECs;
	Technical assistance to strengthen the supervision of MFIs and COOPECs.
IFC	Capacity building and Technical assistance to FSPs, Agency banking, SMME finance, strengthening farmers access to financial services, Mobile Banking, ICT training centres for young entrepreneurs, and direct financing to FSPs.
GIZ - Germany	Financial Literacy (National Financial Education Programme), Consumer protection frameworks, Capacity building for the BCC (risk management system, M&E, gender)
KfW - Germany	Credit bureau modernisation, Deposit Guarantee Fund feasibility study, Finance for FSPs (equity and debt), Access to finance Forum
USAID	Agribusiness (support for the banking sector and SMEs), Guarantee fund in support for agriculture (BIAC), and Support targeting SMEs (TMB)
DfID	(1) Market development (Project ÉLAN) – Access to mobile money (in partnership with Central Bank, FSPs + awareness), Financial products for SMEs, Capacity building;
	(2) Flexible Facility (Project ESSOR) The Essor programme, Pour un environnement propice à l'investissement, previously called 'Flexible Facility for Private Sector Development', operates as a flexible facility in the form of a portfolio of investment climate focused projects and interventions. To date, these are Access to finance; Tax reform for MSMEs; Harmonization of the business law (OHADA); Agri-business; Anti-corruption; Access to electricity and Construction permits;
	(3) Potential investment in FPM
IFAD	Support for FSPs for rural agricultural credit, Support to Making Access Possible programme on access to finance
UNDP / UNCDF	PASMIF II to support the strengthening of microfinance sector (support to the BCC action plan, Institutional support to APROCEC and ANIMF, Technical assistance and training for SACCOs, MFIs and banks); Formulation of the national strategy for access to finance – MAP; Responsible finance (client protection, data collection for the promotion of financial transparency); Capacity building; Support for VSLAs; Youth access to financial services; MicroLead for the mobilization of savings
Belgian & Belgian cooperation	Contribution to PASMIF II via UNDP / UNCDF to support the strengthening of microfinance sector capacity

Table 7: Table of active donors in the DRC

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