FINANCIAL SERVICES TECHNICAL BRIEF

Recognizing that financial services are key for broad-based economic growth, Chemonics works with financial institutions to increase the availability and affordability of financial services for micro, small, and medium enterprises (MSMEs), as well as for underserved populations. We help these institutions develop and improve micro-lending, lending, purchase order financing, mobile money, insurance, and savings products. Through USAID Development Credit Authority (DCA) credit guarantees, we are also expanding small and medium enterprise (SME) lending. In partnership with host country government ministries, central banks, and regulators, we develop appropriate financial sector policies and regulations while strengthening national finance infrastructures through capital markets, credit bureaus, and other key institutions.

Project Portfolio Highlights

Philippines E-PESO. Working with the government and private sector, E-PESO is strengthening the electronic payment (e-Payment) infrastructure of the Philippines to facilitate inclusive economic growth, transparency, and efficiency. Currently, 99 percent of all retail payment transactions in the Philippines take place via cash. By harnessing science, technology, and public-private partnerships, E-PESO aims to increase e-payments to 20 percent of retail payment transactions by 2020. E-PESO's targeted initiatives include technical assistance to government agencies to digitize their public payment streams and educate recipients on e-Payments. The project is also leading comprehensive mapping assessments for the roll-out of a national retail payment system which is currently interoperable among various private sector digital finance agents. By providing direct support to the Philippine Central Bank, E-PESO supports the development of a stable, secure, and efficient regulatory environment for e-Payments.

Financial Access for Investing in the Development of Afghanistan (FAIDA). FAIDA built a sustainable, diverse, and inclusive financial sector to better meet the needs of MSMEs in Afghanistan. The project helped Afghan financial sector partners deliver services more effectively and assisted the government in developing a legal framework and market infrastructure that provides better growth and employment opportunities for all Afghans. FAIDA mobilized more than $59 million in private financing and benefited nearly 139,000 families; developed hundreds of targeted training sessions and certification programs that increased the capacity of more than 2,500 financial sector employees; supported nearly 16,000 businesses with business planning services, training, and financial planning

KEY TOPICS

- Value chain finance
- Microfinance
- SME finance
- Loan guarantees
- Leasing
- Savings and lending groups
- Angel, venture, or impact investing
- Leveraging private capital
- Mobile money

projections; and built the country's infrastructure for mobile money use, facilitating the participation of more than 2,000 merchants and 100,000 individual users in electronic payment systems. Ultimately, more than 104,000 individuals began new or better employment opportunities as a result of participation in FAIDA workforce development programs.

Asia and Middle East Economic Growth Best Practices (AMEG). AMEG is designed to consolidate best practices and lessons learned from USAID implementation experience and to pilot innovative approaches that enable broad-based economic growth across Asia and the Middle East. AMEG has contributed to USAID's knowledge base of economic growth programming in Asia and the Middle East through 52 assessments spanning 20 different technical sectors, including workforce development, public financial management, and access to finance, trade, investment, and mobile money in 22 countries. AMEG has implemented a diverse range of activities to promote improved access to financial services in Asia and the Middle East including piloting revenue-based financing for SMEs who cannot access traditional bank financing; building capacity on secured transaction reforms to 40 top government officials in the MENA region to alleviate stringent loan collateral requirements; and piloting a gender-focused Environment, Social and Government (ESG) investment analysis for seven SMEs in India and Indonesia to support increased lending to women.

Colombia Rural Finance Initiative (RFI). RFI improves inclusive financial intermediation in conflict areas while promoting market-based rural financial services for MSMEs. In Colombia, rural producers − including women, Afro-Colombians, and other marginalized populations − face limited access to finance. To improve their access, RFI provides technical assistance and training for private financial intermediaries to seize these potentially profitable business opportunities. These opportunities expand to rural markets through client-responsive services and incentive and challenge grants for expansion and innovation. Since its inception in August 2015, RFI has worked with 23 financial and non-financial intermediaries in 195 municipalities and has leveraged nearly $7.5 million in private sector investment. Through its grants program and technical assistance, RFI has facilitated the mobilization of more than $200 million in financial services, including more than 56,000 credit loans and 24,000 insurance policies, as well as the opening of more than 88,000 savings accounts.

Financial Sector Program in South Africa (FSP). FSP played a crucial role in facilitating sustainable and scalable solutions that increased SME bankability and access to finance in South Africa. By the end of the program in 2013, FSP's partnership with 12 financial intermediaries across all nine provinces facilitated more than 6,900 financial transactions for SMEs totaling $172 million. FSP worked with partner financial intermediaries to design purchase order finance and energy efficiency finance products. To encourage lending to non-traditional recipients in a conservative market, FSP introduced several DCA guarantee mechanisms. These helped mitigate potential credit risks and supported an innovative debt fund mechanism, leading to an overall $360 million in disbursements. Program activities also developed strategic partnerships with 260 business development service providers and assisted more than 2,850 SMEs to develop the business and financial systems needed to access financing.

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