

# Youth Inclusive Rural Finance



**Project full name:**  
Youth Inclusive Rural  
Finance

**Domain:**  
Employment and  
Income

**Opening Phase:**  
2019 – 2020

**Phase I:**  
2020 – 2024

**Total budget:**  
CHF 5'050'000

**Implementing partner:**  
Contributions to  
Tanzanian  
organisations (to be  
confirmed)

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## Context

Tanzania is striving to achieve its Development Vision 2025 of becoming a middle-income country. But Tanzania's **youth** still struggle to get out of poverty with 82.3% in vulnerable employment, which rises to 93.6% when referring to rural youth<sup>1</sup>. Rural youth, in particular young women, concentrate in informal, low-skilled and low value activities. They lack the resources to invest in and upgrade their economic activities hence miss the capacity to move out of vulnerable employment and increase their income and well-being.

Financial inclusion has a key role to play in **empowering** people. Evidence shows that developing inclusive financial systems is an important component for economic and social progress. Over the last decade, financial inclusion increased from 16% to 65% of the adult population in Tanzania, partly due to the impressive uptake of **mobile financial services**<sup>2</sup>. Still, a substantial part of the population is financially excluded. Youth are over-represented in the financially excluded population. Thirty four percent of them have no access to either formal or informal financial services<sup>3</sup>. This is due to a lack of available formal financial products that low-income rural youth consider **accessible and relevant**.

At the **policy level**, the financial inclusion environment is **conductive**: strategic documents have been formulated in the sector and various financial inclusion initiatives are launched by the Government of Tanzania, Development Partners and the Private Sector. The challenge is to develop and integrate appropriate financial products for youth within the national strategies.

## Overall goal

The overall goal of the programme is to **increase financial inclusion for rural youth as a means to improve gainful self-employment**.

## Planned Outcomes

1. Access to and uptake of financial products: Rural youth, in particular women, have improved access to and use financial services as a result of financial service providers developing and offering relevant and affordable products.
2. Advocacy and policy dialogue for youth inclusive financial systems: Favorable policy solutions based on regional cross learning enhance the financial inclusion environment, enabling stakeholders to better address the financial needs of rural youth.

## EXPECTED IMPACT

In partnership with a formal financial service provider, Switzerland will contribute to the design and implementation of a tailored financial solution. A low-cost financial digital solution that bundles a number of services, including saving, micro-credit and an attractive financial literacy program is envisioned. Specific focus will be on removing barriers and enabling young women to access and better manage their money for investment in business opportunities, and being able to access to social services (education, health).

This program will complement SDC's support in Vocational Skills Development by designing with the youth and private financial providers relevant financial solutions, including digital options.

The ability to develop such products is improved if the policy framework is favourable towards inclusive finance and when knowledge from countries in the region can be utilized. **Gender equality will be improved** as gender finance-related issues will be addressed with the partners, at the community and policy levels.

## Target beneficiaries

- Financially excluded youth aged between 16 and 34 living in rural areas. At least 60% of them will be female youth.
- Financial Service Providers and other private actors: their capacity will be strengthened in product development and in a cost-sharing modality enabling them to expand their clientele base.

<sup>1</sup> Integrated Labour Force Survey 2014

<sup>2</sup> Finscope (2017) Insights that drive innovation, Financial Sector Deepening Trust (FSDT).

<sup>3</sup> Finscope (2017) Insights that drive innovation, Financial Sector Deepening Trust (FSDT).