ABOUT THE TRUST FUND

Microenterprises and small businesses across the world play a key role in their local economies. However, they have a precarious existence and face the greatest hurdles in accessing finance to help them grow. The barriers range from difficulties in meeting collateral requirements and low levels of financial literacy to issues of proximity and physical access to service-providing institutions.

Since 2019, the Financial Inclusion Fund has aimed to strengthen microfinance providers and reinforce their outreach to microenterprises and small firms, particularly businesses run by women or young people in rural communities, through technical assistance.

- Technical assistance and advisory services support:
  - institutional skill development in microfinance institutions;
  - preparation of analyses (gender, social inclusion, market or product);
  - design and drafting of tender and legal documents;
  - project management, including designing innovative solutions tailored to the needs of the unserved, and outreach to final beneficiaries.

- A traineeship programme under the trust fund aims to strengthen the knowledge and skills of students and young professionals from the public and private sectors of beneficiary countries in the African, Caribbean and Pacific and EU Southern Neighbourhood regions. Over a three-year period, EIB Global will host up to 60 trainees under the traineeship programme.

Strategic priorities

The Financial Inclusion Fund supports microfinance institutions and their clients in many ways. The trust fund is flexible and can adapt to changing needs on the ground and help beneficiaries respond to challenges. Each year, the trust fund identifies priority areas for support. In 2022, its strategic priorities were:

- promoting the economic empowerment of women by improving their access to responsible finance and/or enhancing their entrepreneurial skills;
- increasing resilience to climate change for microfinance institutions and their clients, notably through sustainable agricultural practices and access to renewable energy;
- improving access to finance through digital platforms.
ELIGIBILITY

This trust fund supports operations in the least developed countries and low and middle-income countries included in the OECD Development Assistance Committee’s list of recipients of official development assistance.

EXPECTED IMPACT

By the end of 2022, 33 operations were approved under the Financial Inclusion Fund, including 27 projects in Africa, the Caribbean and Pacific, five in the European Union’s Southern Neighbourhood, and a traineeship programme (see page FI 4).

The Financial Inclusion Fund helps partner countries achieve UN Sustainable Development Goals 1, 5 and 8. It is designed to improve financial inclusion and access to responsible finance for micro, small and medium-sized enterprises in emerging and developing economies. This is achieved by providing technical assistance support to a range of inclusive financial service providers, to help them improve the quality of the financial and non-financial services that they offer to microentrepreneurs.

The Financial Inclusion Fund’s operations have had an impact on people’s lives. For example, the trust fund has helped:

• provide digital financial services to almost 600,000 people in remote and rural parts of Zambia;
• train 450 Moroccan female microentrepreneurs in e-commerce;
• enable 200,000 female microentrepreneurs in Uganda to access and use financial products.
As part of the trust fund’s ongoing technical assistance projects with microfinance institutions, more than 8 500 hours of training will be provided to over 140 000 people, with on-the-job coaching for more than 3 300 people, to help them improve their internal management and IT systems, develop strategies, and enhance other institutional skills.

The trust fund’s replenishment in 2023 has made it possible to support new operations. Future projects will focus on promoting the economic empowerment of women (50% will be aimed at gender and social inclusion), encouraging climate action and environmental sustainability, and advancing digitalisation in the least developed and low- and middle-income countries.

The trust fund’s grants are smaller than those of EIB Global’s other trust funds, but their impact on people’s lives is significant. Small entrepreneurs benefit from stronger digital platforms, have better financial knowledge, which makes them more resilient to market fluctuations and shocks, and have better access to the services they need. It is therefore important to continue replenishing the trust fund with fresh donor resources.

**PROJECT HIGHLIGHTS**

- **€107 000** in Financial Inclusion Fund technical assistance for the economic empowerment of women will help Burkina Faso’s microfinance institution Agence de Crédit Pour l’Entreprise Privée train 500 female microentrepreneurs in business administration, sales, and marketing techniques, and train women working in agrifood production in the areas of hygiene and public health. The project focuses on **building women’s skills for the day-to-day management of their businesses** and is contributing to gender equality and sustainable economic growth in Burkina Faso.

- The land in northern Uganda is fertile, but droughts have led to poor harvests for two years running. In 2022, the Financial Inclusion Fund provided a grant to Pride Microfinance Ltd to help it set up an agribusiness hub designed to **improve food security in the region**. The hub will help expand financial inclusion for hundreds of farmers and enhance their business and agricultural skills. It will also provide climate-smart seeds.

- A **two-year project** carried out by Attadamoune Micro-Finance in Morocco, with the help of €63 000 in technical assistance from the Financial Inclusion Fund, came to an end in 2022. Under the project, **450 female business owners received training in e-commerce**. This programme helped female-led businesses stay in touch with clients during the COVID-19 lockdowns. The women learned how to use digital tools to reach new clients and export their crafts and services. Attadamoune Micro-Finance plans to expand the e-commerce training and coaching programme to reach 2 500 women.

- Displaced people face barriers to access financial services (crucial for managing their cash flow), invest in their livelihoods, and build income-generating activities. Displacement also compounds gender-related gaps in access to services and resources. A Financial Inclusion Fund technical assistance package of close to €300 000 for the Displaced Communities Technical Assistance Facility will help inclusive financial institutions better **meet the needs of forcibly displaced people — especially women** — and improve lives in regions with a high emigration rate in Rwanda, Kenya, Nigeria and Uganda.
FINANCIAL INCLUSION FUND AT A GLANCE

€11.5 MILLION in donor funds contributed
(including a €4.8 million replenishment in 2023)

€6 MILLION allocated to operations

33 operations

SUSTAINABLE DEVELOPMENT GOALS SUPPORTED

OUR DONORS

This trust fund was created in 2019 in partnership with the government of Luxembourg. It remains open to contributions from other donors seeking to promote financial inclusion.