



REPUBLIC OF BURUNDI



**MINISTRY OF FINANCE AND ECONOMIC
DEVELOPMENT PLANNING**

**NATIONAL FINANCIAL INCLUSION
STRATEGY (NFIS)
2015-2020**

October 2014

Table of contents

1. INTRODUCTION.....	5
2. CONTEXT FOR DEVELOPING THE NFIS.....	6
2.1 FINANCIAL INCLUSION	6
2.2 CONTEXT FOR DEVELOPING THE NFIS.....	7
3. CURRENT STATUS OF FINANCIAL INCLUSION	7
3.1 FINDINGS FROM THE SURVEY ON FINANCIAL INCLUSION IN BURUNDI	7
3.2 SPECIFIC CHARACTERISTICS OF FINANCIAL INCLUSION FOR THE RURAL SECTOR.....	10
3.3 SPECIFIC CHARACTERISTICS OF FINANCIAL INCLUSION FOR WOMEN, YOUTH AND ENTREPRENEURS	13
3.4 LEGAL FRAMEWORK FOR FINANCIAL INCLUSION	14
3.5 INSTITUTIONAL FRAMEWORK FOR FINANCIAL INCLUSION.....	14
4. JUSTIFICATION OF THE NFIS	15
5. COMPONENTS OF THE NFIS	ERREUR ! SIGNET NON DEFINI.
5.1 GUIDING PRINCIPLES BEHIND THE NFIS.....	ERREUR ! SIGNET NON DEFINI.
5.2 TARGET CLIENTELE OF THE NFIS	18
5.3 CONDITIONS FAVOURING ATTAINMENT OF THE RESULTS SOUGHT BY THE NFIS	18
5.4 OBJECTIVES AND SUB-OBJECTIVES OF THE NFIS.....	19
5.5 NFIS RESULTS AND INDICATORS	21
5.6 PRESENTATION OF THE ACTIVITIES AND THEIR IMPLEMENTATION STRATEGIES.....	23
5.7 RESPONSIBILITIES OF THE ACTORS.....	33
5.8 NFIS BUDGET	41
6. NFIS COORDINATION AND MONITORING PLAN	42
6.1 COORDINATION AND MONITORING PROCESS.....	42
6.2 NFIS COORDINATION AND MONITORING COMMITTEE (CMC-NFIS)	43
6.3 EXECUTIVE UNIT OF THE CMC-NFIS.....	44
6.4 FINANCIAL AND MATERIAL NEEDS OF THE CMC-NFIS.....	45
APPENDIX 1: DETAILED NFIS OPERATIONAL PLAN 2015 - 2020.....	46
APPENDIX 2: BUDGET BY SUB-OBJECTIVE	79

List of Initials and Acronyms

ABEF	Association des Banques et des Etablissements Financiers du Burundi (Association of Banks and Financial Institutions of Burundi)
ABUCO-TI	Association Burundaise des Consommateurs ó Transparency International (Burundi Association of Consumers, International Transparency)
AFI	Alliance for Financial Inclusion
ARCA	Agence de Régulation et de Contrôle des Compagnies d'Assurances (Insurance Regulation Authority)
ASSUR	Association des Assureurs et des Réassureurs du Burundi (Burundi Association of Insurers and Reinsurers)
ATM	Automated Teller Machine
BBIN	Burundi Business Incubator
BIF	Burundian Franc
BNDE	Banque Nationale pour le Développement Economique (National Bank for Economic Development)
BRB	Banque de la République du Burundi (Bank of the Republic of Burundi)
CAPAD	Confédération des Associations de Producteurs Agricoles (Confederation of the Associations of Agricultural Producers)
CCI-ODAG	Caisse Coopérative Indépendante - Organisation pour le Développement de l'Archidiocèse de Gitega (Independent SACCO - Organization for the Development of the Archdiocese of Gitega)
CECM	Caisse Coopérative d'Epargne et de Crédit Mutuel (Mutual Savings and Credit Cooperative)
CEI	Centrale d'Echange d'Informations (Central Data Exchange)
CFCIB	Chambre Fédérale de Commerce et de l'Industrie du Burundi (Burundi Federal Chamber of Commerce and Industry)
CMC-NFIS	Coordination and Monitoring Committee of the NFIS
COOPEC	Coopérative d'Epargne et de Crédit (Savings and Credit Cooperative)
COSPEC	Coopérative Solidarité avec les Paysans pour l'Epargne et le Crédit de Cibitoke (Cibitoke Solidarity with Farmers for Savings and Credit Cooperative)
CSLP II	Cadre Stratégique de Croissance et de Lutte contre la Pauvreté (Strategic Framework for Growth and the Fight Against Poverty)
DPAE	Direction Provinciale de l'Agriculture et de l'Elevage (Provincial Directorates of Agriculture and Livestock)
FO	Farmers Organization
FENACOBUR	Fédération Nationale des COOPEC du Burundi (National SACCOs Federation of Burundi)
FI	Financial Institution
FIGA	Fonds d'Impulsion, de Garantie et d'Accompagnement (Impetus Guarantee and Support Fund)
FMCR	Fonds de Micro Crédit Rural (Rural Microcredit Fund)
FORCE	Fonds pour la Relance, les Conseils et les Echanges en Microfinance (Fund for Revival, Consultancies and Exchanges in Microfinance)
IFC	International Finance Corporation
IGA	Income Generating Activity
MAVC	Microfinance, Agri-Finance and Value Chains program
MCPEA	Microcrédit pour les Pauvres Economiquement Actifs (Micro Credit for the Economically Active Poor)
MFI	Microfinance Institution
MFPDE	Ministère des Finances et de la Planification du Développement Economique

	(Ministry of Finance and Economic Development Planning)
MINAGRIE	Ministère de l'Agriculture et de l'Élevage (Ministry of Agriculture and Livestock)
NFIS	National Financial Inclusion Strategy
NGO	Non-Governmental Organization
PAIOSA	Programme d'Appui Institutionnel et Organisationnel au Secteur Agricole (Institutional and Organizational Support for the Agricultural Sector Program)
PASMi	Projet d'Appui au Secteur de la Microfinance (Support Project for the Microfinance Sector)
PNSEB	Programme National de Subvention des Engrais du Burundi (National Fertilizer Subsidy Program of Burundi)
PNIA	Plan National d'Investissement Agricole (National Plan for Agricultural Investment)
PRODEFI	Programme de Développement des Filières (Program to Develop Value Chains)
PRODEMA	Projet de Développement des Marchés Agricoles (Project to Develop Agricultural Markets)
PSSM	Politique et Stratégie du Secteur de la Microfinance (Policy and Strategy for the Microfinance Sector)
PSD	Projet de Développement des Secteurs Financier et Privé (Project to Develop the Financial and Private Sectors)
RIM	Réseau des Institutions de Microfinance au Burundi (Network of Microfinance Institutions of Burundi)
RNP	Régie Nationale des Postes (National Postal Authority)
SDSF	Stratégie de Développement du Secteur Financier (Development Strategy for the Financial Sector)
SME	Small and Medium Enterprise
TFP	Technical and Financial Partner
TG	Technical Group
UCODE	Union pour la Coopération et le Développement (Union for Cooperation and Development)
WISE	Women's Initiative for Self-Empowerment

1. Introduction

Preparing the National Financial Inclusion Strategy (NFIS) is a continuation of the efforts of the Government to make financial services and products¹ accessible to all categories of the population. It is intended to remove constraints preventing some strata of the population from having access to and use of these services and products. This calls for the introduction of mechanisms to facilitate matching the supply with the demand for financial services and products. The NFIS proposes a series of measures that require a commitment on the part of the country's authorities and the participation of stakeholders to supervise the demand for or the supply of financial services and products.

Burundi, through the Bank of the Republic of Burundi (BRB) and the Ministry of Finance and Economic Development Planning, is a member of the Alliance for Financial Inclusion (AFI) since May 2009. AFI is a global network of policymakers from developing countries, created in September 2008 by the German Technical Cooperation Agency (GTZ) and funded by the Bill & Melinda Gates Foundation. The mission of this alliance is to provide policymakers with the tools and resources needed to enable the economically active poor to have greater access to formal financial services and products and thereby take advantage of their enormous economic potential.

The NFIS is a cross-cutting strategy. It targets the financial sector, including microfinance, but since it concerns demand the proposed actions also involve the agricultural sector and business development.

The NFIS was drawn up through a participatory process during which the actors concerned were consulted. Previously, the BRB carried out a national survey on financial inclusion under the coordination of a Steering Committee composed of members from the BRB and key partner institutions. The findings of this survey were disseminated in a workshop.

The BRB then organized a workshop of reflection on the survey findings during which suggestions were gathered from various actors regarding practical actions to be undertaken to promote financial inclusion. Finally, the draft version of the NFIS was validated in a workshop that was coordinated by an ad hoc Technical Committee and chaired by the Second Vice-Presidency of the Republic of Burundi.

The strategy first presents the context in which it was prepared and an overview of the situation. It then lays out the guiding principles and the conditions for successful implementation. The components of the strategy consist of key objectives, results, indicators and a description of the activities. A Coordination and Monitoring Plan is also presented. Finally, one Appendix features the Operational Plan to be implemented and another Appendix presents a detailed budget of the NFIS by sub-objective.

¹ Where the expression *financial services and products* is employed, it refers to the financial services and products offered by formal financial institutions.

The duration of the NFIS operational plan is six years (2015 to 2020). Part of the first year will be dedicated to introducing the mechanisms for implementation and coordinating financing.

2. Context for developing the NFIS

2.1 Financial inclusion

CONCEPT OF FINANCIAL INCLUSION

The concept of financial inclusion is based on the importance of enabling access to and usage of financial services and products for the entire adult population. This concept marks a change of approach in the development of financial services and products offered to the population. Financial inclusion is concerned with meeting the complete range of financial needs of the population using all mechanisms capable of satisfying this demand.

In the context of Burundi, financial inclusion can be defined as:

Permanent access by the adult population to a set of financial products and services (i) offered by formal and sustainable financial institutions, governed by adequate regulations, (ii) that are diversified, affordable and adapted to the needs of the population, and (iii) used by the latter for the purpose of contributing to the improvement of the conditions of their socioeconomic life.

It is therefore a question, not only of providing the population with sustainable access to financial services and products, but also of ensuring that the conditions imposed guarantee their usage. For this, the financial services and products offered must be adapted to the needs of the users and facilitating mechanisms must be put in place.

Emphasis will therefore be placed on the development of markets by providers of financial services and products, mainly those involved in microfinance. In addition, the presence of banking and microfinance institutions, of institutions dedicated to financial inclusion and the arrival of operators able to meet the demand constitute a second justification for this expansion. At the same time, certain types of clientele need to structure their demand in order to have access to financial services and products (e.g.: farmers, women, youth and micro and small entrepreneurs). This structuring can be carried out by actors involved in financial inclusion other than the providers of financial services.

PARAMETERS FOR A FINANCIAL INCLUSION STRATEGY²

Strategies for financial inclusion can be viewed as action plans, agreed on and defined at the national level, that the stakeholders can follow to attain the objectives

² Taken from the Reference Framework for Financial Inclusion Strategies, World Bank, August 2012

set. Successful strategies coordinate efforts with the principal stakeholders, both public and private, allocate responsibilities among them, and include resource planning, by identifying priority objectives.

A comprehensive approach to financial inclusion includes at least three elements: 1) access to financial services and products, 2) usage of the financial services and products and 3) the quality of the financial services and products, defined by the capacity of the consumers to benefit from them and the related aspects of consumer protection and financial education.

Developing a strategy for financial inclusion requires a portrait of the existing status of financial inclusion, followed by the setting of objectives to be achieved. The next step is to plan measures that will remove the obstacles to financial inclusion. Finally, the strategy must be monitored to assess progress in its implementation and reveal changes in indicators defined by the strategy.

2.2 Context for developing the NFIS

The participation of Burundi in the AFI made it possible to finance a project whose goal is to provide the country with a strategy for financial inclusion. To implement this project, a Technical Committee was set up in order to ultimately have the strategy adopted at the Government level. Prior to this, in August 2012, a national survey on financial inclusion in Burundi was carried out in order to obtain a portrait of the existing financial inclusion situation and learn more about the demand and the constraints to financial inclusion. Following the survey, an expert advice was sought on ways to improve the legal, regulatory and institutional framework of the financial sector in order to increase financial inclusion in Burundi.

In November 2013, the BRB organized a workshop in collaboration with AFI to discuss financial inclusion. This workshop brought together stakeholders active in financial inclusion and made it possible to draw up a list of proposals for increasing financial inclusion. The workshop was an opportunity to hear from national and international panelists who outlined their experiences with, and their vision for, various aspects of financial inclusion.

The next step was for the Technical Committee of the NFIS Project to formulate a National Financial Inclusion Strategy, with the support of an expert. The NFIS was validated by the public in a workshop organized by the BRB in September 2014. After validation, it was presented to the Government for adoption and official launch before its implementation.

3. Current status of financial inclusion

3.1 Findings from the survey on financial inclusion in Burundi

In 2012, the BRB carried out a national survey on the status of financial inclusion. In addition to data from the demand, Financial Institutions (FI) provided data as of the end of 2011. Some of the survey's indicators for financial inclusion were updated by

the BRB in 2014 on the supply of financial products and services at the end of 2013.³ The following sections summarize the findings from the survey.

USERS OF FINANCIAL SERVICES AND PRODUCTS

- According to the demand side survey carried out in 2012, 12.5% of the adult population had a saving account in a formal financial institution.
- According to the data collected from FIs, 19% of the adult population had a saving account in a financial institution at the end of 2011. New data collected from FIs as of December 2013 revealed that this percentage had increased to 23.8%, showing a significant annual growth of 12.7%. This is an indicator of financial inclusion that should be monitored during implementation of the NFIS.
- According to the demand side survey, this indicator of financial inclusion was only 8.5% for the population in rural areas, 7.9% for women and 7.1% for youth aged 18 to 30.
- According to data collected from FIs in 2011, women accounted for only 28.5% of their clientele. In 2013, the proportion was 32.4%, showing an increase of 6.8% per year.
- With 12.5% of financial inclusion, Burundi ranged practically the last among nine countries in East and Southern Africa.⁴
- According to the demand side survey, financial inclusion stands at 3.7% for the banking sector, 7.8% for the microfinance sector, and 2.3% for the National Postal Authority (RNP).⁵

AVAILABILITY OF FINANCIAL SERVICES AND PRODUCTS

- By 2013, all the Communes of Burundi have at least one access point for financial services and products.
- In 2011, the country had 492 access points for financial services and products. This number has significantly increased, reaching 646 by the end of 2013, with an annual increase of 15.7%.
- By December 2011, 65.4% of financial access points were in rural areas. Despite the overall increased number of financial access points by end of 2013, the percentage in rural areas had dropped to 61.2%.⁶
- According to the demand side survey, only 49.4% of the population live within 8 kilometres of a financial access point.
- The combination of indicators shows that the provinces of Ruyigi, Rutana and Karusi are underserved.

³ Some parameters of the demand side survey had to be adjusted in order to ensure concordance with the update. This was especially true for the adult population of Burundi. This is why some indicators presented may differ from those of the demand side survey.

⁴ The average is 28.4% with only Tanzania below 11%.

⁵ The total percentage for financial inclusion is greater than 12.5% (13.8%) because some individuals have accounts in more than one type of institution.

⁶ Only the towns of Bujumbura, Gitega and Ngozi are not included in the rural areas.

- The number of access points offering deposit services is advantageously compared to that of Tanzania and Rwanda.⁷

USAGE OF FINANCIAL SERVICES AND PRODUCTS

- According to data collected from FIs as of December 2011 and 2013, the number of adults with a deposit account increased from 12.5% to 14.3% in two years. At the end of 2013, 21.1% of adults had a deposit account compared to 19% in 2011.
- At the time of the survey in 2012, the percentage of depositors in MFIs was higher in Burundi (170 individuals out of 1,000) than in Rwanda (127 out of 1,000 individuals) and Tanzania (30 out of 1,000 individuals), but the situation was different in banks where Burundi is by far in the last position.
- 14% of the adult population use informal financial systems.
- The number of borrowers accounted for only 3.7% of the adult population by end of 2011. It rose up to 4.6% by end of 2013, which is an increase of 12.3% per year.
- In two years, the number of borrowers rose up from 37.3 per 1,000 adults to 46.5.
- According to the survey done in 2012, there were 43 borrowers per 1,000 adults in Burundi, compared to 47 in Rwanda and 36 in Tanzania.
- Outstanding loans saw significant growth, increasing from 329.6 billion BIF to 479.5 billion BIF in two years, which is an increase of 22.7% per year.

SUPPLY OF FINANCIAL SERVICES AND PRODUCTS

Besides the financial access pointsø geographical coverage in Burundi, which was discussed above, the survey provides the following information concerning the supply of financial products and services:

- The country currently has 10 banks, 2 financial establishments, 27 MFIs⁸ and the RNP.
- MFIs account for 41% of access points against 38%⁹ for banks and 20% for the RNP.
- MFIs have experienced rapid growth in recent years. In 2013, they had over 700,000 users, or 65% of all users of financial services and products.
- Few banks or MFIs have developed specific financial services and products for small entrepreneurs (e.g.: special windows/desks, specific training for staff, etc.).
- The RNP has introduced financial transfer services through its postal agencies, but the RNP also accepts saving deposits and provides a number of types of loans.
- Transfer and payment services through mobile phone have grown significantly in the country since 2012 and these types of services are expanding.

⁷ Burundi: 12.9 access points per 100,000 adults, Rwanda 11.7, Tanzania 4.

⁸ FENACOBU is counted as a single MFI.

⁹ Including automated teller machines (ATMs)

- The market penetration approach via agent banking has not been developed even if some banks are considering it.
- The number of ATMs has increased but mainly in urban areas.

In conclusion, the level of financial inclusion is very low in Burundi. One of the main reasons is the level of poverty of the population, which limits their capacity for saving and having access to credit. Financial inclusion will therefore increase in tandem with growth in income, especially for the rural population. Better access to and increased usage of financial services and products are only two of the factors that can enable this growth in income. Often, financial services and products are only support measures.

The survey clearly shows that some specific clienteles must be targeted in order to increase the level of financial inclusion. These clienteles are the rural population, women, youth and micro and small entrepreneurs.

The survey findings show that,, the problems of financial inclusion in Burundi are linked more with usage of financial services and products than access to institutions. That is to say that a number of constraints act as barriers between the supply and the demand, hence, the strategy must address means for overcoming them.

Besides low income, constraints linked to demand include the lack of information and financial literacy, the lack of the demand organizational structures, the lack of viable projects, the lack of individual capital for investing or guaranteeing loans, the absence of alternative solutions and the risks related to bad weather or natural disasters.

The constraints linked to the supply are inadequate loan conditions, lack of financial products that match the population needs and types of activities carried out, lack of diversity in the guarantees required, interest rates that make it hard to earn a profit, lack of knowledge or specialization concerning some markets (rural, small entrepreneurs).

3.2 Specific characteristics of financial inclusion for the rural sector

As indicated in the National Plan for Agricultural Investment (PNIA, 2012 - 2017), agriculture is the main activity for 90% of the population. On average, individuals farm lots of at most 0.5 hectares. Foodstuffs account for 90% of production and 80% of this production is for self-consumption. This means that a very significant part (72%) of production is not commercialized, which is the characteristic of subsistence farming.

Rural areas have different strata of agricultural producers. Financial products, in particular loans, must then be adapted to each of these strata.

These strata are generally the following:

- producers in a subsistence farming, consuming most of their production, or in a deficit situation;¹⁰
- producers in a position to commercialize part of their production, approximately 25% or more of their production;
- large scale agricultural producers (industrial production).

The category of producers in a position to commercialize part of their production can be divided into two sub-categories. The first sub-category is made up of progressive farmers, adopting improved farming methods, controlling water management and integrating livestock raising, etc. These producers are often affiliated with value chains that provide better opportunities for commercialization of products in addition to technical support. The second sub-category consists of producers who are individually able to produce a surplus and can aspire to become progressive producers.

Agricultural credit also involves the links in the value chains: commercialization, packaging, transformation.

Credit products must therefore address the needs of these different strata.

STRATA OF PRODUCERS IN A SUBSISTENCE FARMING

For the strata of producers in subsistence farming, who are the majority of agricultural producers (72%), it is generally accepted that these individuals will hesitate to borrow in order to increase their production and productivity. This is because they fear experiencing poor harvests, hence endangering their food security in addition to meeting their loan obligations. However, they might apply for a loan for an Income Generating Activity (IGA). These are projects such as small scale livestock raising, market gardening, small business or craftwork for which they can better evaluate their ability to repay. Most of the time, this type of credit usually involves a solidarity group loan. This is undoubtedly the type of credit that could prove most successful in Burundi.

The Rural Microcredit Fund (FMCR) and a dozen MFIs are already committed to spreading this approach.¹¹ In addition, nine COOPECs affiliated with FENACOBU are testing this type of credit. We can hope that with significant support, this approach could expand rapidly and cover the entire country. However, major efforts must be made to create and structure these solidarity groups and support MFIs and their staff in mastering this type of credit. The FMCR already provides this type of technical assistance. It is undoubtedly the way to have the greatest impact on the majority of the population. The expansion of this type of credit will eventually require refinancing for the structures that provide it. This type of credit calls for high operational costs, which translate into high lending rates. Subsidizing interest rates would make it possible to reduce the cost of these loans for the beneficiaries.

¹⁰ This category includes not only those who are in a deficit situation but also the landless who are economically active.

¹¹ ISHAKA, UCODE, Twitezimbere, COSPEC, Hope Fund, CECM, WISE, CCI-ODAG, TURAME.

STRATA OF PRODUCERS IN A POSITION TO COMMERCIALIZE PART OF THEIR PRODUCTION

This type of producers accounts for approximately 28% of all producers. They are the target clientele for agricultural credit. These loans are to be used for the purchase of intrants and small equipment, storage, land rental, etc.

These producers have difficult access to credit because they lack real guarantees or funds to pledge. In addition, intrants are not always available and there is always the risk of bad weather or natural disasters. Intrants subsidy program makes a significant contribution and plays a role in increasing production and productivity, while reducing production costs at the same time.

Some MFIs offer this type of agricultural credit. For some, it can account for 20% to 80% of their loan portfolio (UCODE, COSPEC, CECM, etc.). However, these MFIs are located in specific regions and do not cover the entire territory. This type of credit is generally linked to value chains with some organization, technical assistance and possibilities for storage and commercialization. In some cases, this technical assistance can avail credit guarantees to producers and MFIs. Some MFIs manage to offer loans in the absence of this type of value chain, which is usually organized under a project, by accepting solidarity group guarantees from groups of producers, guarantees from their associations or by accepting pledged inventory.

In some value chains where a purchaser or processor is necessarily involved, MFIs or operators grant loans for intrants to be reimbursed when the crop is delivered (triangular credit).¹² In the absence of an MFI, some value chains, such as the coffee value chain, are considering setting up specialized MFIs for producers so that they have access to intrants and small equipment.

Working with value chains that have some degree of organization constitutes a condition, if not a factor for the success of a FI interested in agricultural credit. Organization of the value chains is undergoing timid but noteworthy development in Burundi. This is in fact one of the main development strategies in the PNIA. A number of projects have put a priority on the development of the value chains (eg: PRODEFI, PAIOSA, PRODEMA, etc.), without forgetting other interventions of the same type underway or in preparation.¹³

The introduction of interest rate subsidies and guarantees for agricultural loans would be a major contribution towards expanding agricultural credit, especially if the guarantees cover risks related to bad weather or natural disasters.

STRATA OF LARGE SCALE AGRICULTURAL PRODUCERS

Large scale agricultural producers (industrial production) generally benefit from credit from commercial banks or the National Bank for Economic Development (BNDE) for aspects related to production. In some cases the mechanisms need to be revised to make them more flexible.

¹² This is the case for the value chains for rice, tea, cotton, passion fruit, etc.

¹³ For example, the Microfinance, Agri-Finance and Value Chains program (MAVC) of the Dutch NGO ICCO and Terrafina Finance in collaboration with RIM, with financing from the Netherlands.

The development of links further down the value chain, such as commercialization, storage and transformation, requires financing for investment and for working capital. This type of activity is undertaken by the private sector, by producer associations or by cooperatives. The funds required are generally substantial and the client's own capital is limited. It is therefore necessary that banks, and more specifically the BNDE, introduce financing mechanisms in order to remove the constraints for these investments. In this case, partial subsidies for equipment can be considered, but also the use of credit lines at concessional rates, loan guarantees, impulse funds or the participation of projects in investment costs. The financing of value chains that are undergoing privatization must also be taken into consideration.

3.3 Specific characteristics of financial inclusion for women, youth and entrepreneurs

As it is the case for agriculture, financing needs of entrepreneurs can be represented by a pyramid. The greatest number, the very small or micro enterprises, form the base followed by small enterprises,¹⁴ medium enterprises¹⁵ and large enterprises. Again, the financing of each stratum must take different forms. Women and youth are mainly in the first two categories and specific attention must be paid to them.

For micro enterprises, solidarity group loans, as applied in rural areas, can be adopted for this stratum. This is already the case for MFIs involved in this type of credit (e.g.: Turame Finance s.a., CECM, WISE s.a., etc.). This type of credit targets women in particular.

The micro and small entrepreneurs' stratum is however underserved. The requirements for guarantees and minimum capital are an obstacle to access to financing. At the same time, micro and small entrepreneurs find it difficult to formulate viable business projects, taking into account their capacity to repay. Banks and MFIs provide a number of loans to small entrepreneurs but are faced with these problems. For instance, WISE s.a. provides financing for projects of women entrepreneurs and can offer loans to women with less stringent conditions.

Coaching is therefore necessary for this type of clientele. Already, structures such as the Burundi Business Incubator (BBIN), Université Lumière and the Federal Chamber of Commerce and Industry (CFCI) are involved in financial education and coaching for small entrepreneurs. In some cases, other accompanying measures are planned, such as access to credit lines with concessional rates or loan guarantees. These efforts and accompanying measures must be increased in order to make small entrepreneurs more eligible for loans. To this end, the Association of Banks and Financial Institutions (ABEF) is promoting a project to support financing for small enterprises via the Impetus Guarantee and Support Fund (FIGA).

¹⁴ In this document, we will use the term small entrepreneurs to designate this strata of small enterprises.

¹⁵ Often small and medium enterprises are jointly referred to as SMEs. Here, these two components are differentiated because the financial services they require are different.

Little support is offered specifically to young entrepreneurs, though by some projects. MFIs rightly consider that this clientele presents significant risk. Initiatives undertaken targeting this clientele often consist of support measures that limit the risk (e.g.: UCODE in association with PRODEFI).

3.4 Legal framework for financial inclusion

The legal and regulatory framework directly applying to the fields of activity related to financial inclusion is the following:

- the new legislation governing banking activities that covers banks and financial establishments, but also the MFIs, the RNP, payment systems and electronic money, etc.
- the statute of the Bank of the Republic of Burundi
- the insurance code of Burundi.

Analysis of these documents shows that the concerns of financial inclusion have in large part been taken into account (protection, education and information for the users of financial services and products, protection of savings deposits, transfers of funds, electronic transactions and mobile telephony, commercial and banking agents, Central Data Exchange, insurance products, real-estate leasing, housing loans, etc.).

However, the stakeholders concerned (banks, MFIs, telephony operators, consumer associations) are awaiting adoption of the regulations, directives and instructions before giving their opinion on how effective these changes to the legal framework are for financial inclusion.

In addition, a Bill regarding personal property securities (guarantees) is in preparation and should also take financial inclusion into account. The innovations proposed by the NFIS could also make it necessary to revise the legal framework; this is the case for deposit insurance and the development of microinsurance.

3.5 Institutional framework for financial inclusion

The actors involved in financial inclusion come from both the public and private sectors. The NFIS intends to pay specific attention to private actors, representing demand.

ACTORS IN THE PUBLIC SECTOR INCLUDING SUPPORT PROJECTS

- Ministry of Finance and Economic Development Planning (MFPDE)
- Bank of the Republic of Burundi (BRB)
- Ministry of Agriculture and Livestock (MINAGRIE)
- Ministry for Communal Development
- Rural Micro Credit Fund (FMCR)
- National Bank for Economic Development (BNDE)
- National Postal Authority (RNP)
- Ministry for Youth, Sports and Culture

- Ministry for National Solidarity, Human Rights and Gender
- Ministry of Commerce, Industry, Posts and Tourism (MCIPT)
- Insurance Regulation Authority (ARCA)
- Provinces and Communes.

To this list can be added:

- Government projects of a financial nature, associated with financing from Technical and Financial Partners (TFP), notably PASMi-FORCE and the PSD¹⁶
- Government projects for rural development, in particular those associated with financing from the TFPs.

ACTORS IN THE PRIVATE SECTOR REPRESENTING DEMAND

- Confederation of the Associations of Agricultural Producers (CAPAD)
- Actors involved in the development of value chains
- Actors involved in the economic development of women, youth and small entrepreneurs
- Burundi Association of Consumers, International Transparency (ABUCO-TI).

ACTORS IN THE PRIVATE SECTOR REPRESENTING THE OFFER

- Professional associations such as the Network of Microfinance Institutions (RIM), the Association of Banks and Financial Establishments (ABEF) and the Burundi Association of Insurers and Reinsurers (ASSUR)
- Microfinance institutions (MFI)
- Commercial banks
- Telephony operators.

NATIONAL ORIENTATIONS

The NFIS aligns perfectly with the orientations and objectives of the Strategic Framework for Growth and the Fight Against Poverty (CSLP-II). It has the objective of providing financial tools to the population to alleviate poverty.

Two national strategies and action plans provide a framework for the development of the financial sector at the institutional level. These are the National Strategy for Development of the Financial Sector 2011-2017 and the Policy and Strategy for the Microfinance Sector 2012-2016.

Other strategies, policies and programs also contribute to increasing financial inclusion. In particular, there is the Strategic Plan for Local Economic Development, of the Ministry for Communal Development and the National Agricultural Investment Plan (PNIA). The NFIS is thus a cross-cutting strategy that complements these strategies, for which coordination is necessary.

4. Justification of the NFIS

¹⁶ PASMi: Support Project for the Microfinance Sector; PSD: Project to develop the financial and private sectors.

The adoption of a strategy for financial inclusion in Burundi is based on the following justifications:

Justification no. 1: The findings of the 2012 national financial inclusion survey show that only 12.5% of the adult population have a deposit account in a formal FI. The rural population in particular is excluded from formal financial networks. Other strata of the population have difficult access to financial services and products. These are women, youth and micro and small entrepreneurs.

Justification no. 2: Financial inclusion is a factor for economic development and poverty reduction. The NFIS is therefore in line with the objectives of the Strategic Framework for Growth and Fight Against Poverty Second Generation (CSLP-II).

Justification no. 3: The financial inclusion approach focuses on the needs of the population regarding financial services and products. This demand-side approach makes it possible to better meet needs by identifying all the means available, thereby making greater inclusion possible.

Justification no. 4: The National Financial Inclusion Strategy focuses on constraints that act as barriers between the supply of and the demand for financial services and products and proposes measures to remove these constraints.

Justification no. 5: The demand-side approach makes it possible to clearly identify and propose actions in order to meet the need for structuring among the rural population and technical assistance for underserved clienteles to make them have access to financial services and products.

Justification no. 6: The NFIS is a cross-cutting strategy. It complements the strategies already adopted for the financial sector and the strategies and programs adopted for other sectors for some aspects of financial inclusion, while ensuring actions are coordinated.

Justification no. 7: Preparation of the NFIS is supported by the Alliance for Financial Inclusion (AFI), of which Burundi is a member.

5. Components of the NFIS

5.1 Guiding principles behind the NFIS

The following principles guided the development of the NFIS. These principles helped in defining the objectives and the sub-objectives as well as in determining the activities to include in the operational plan.

Principle no. 1: The first principle followed by the NFIS is **to meet the needs of the population for financial services and products** (demand-side approach).

Principle no. 2: The NFIS seeks **to improve access to and usage of financial services and products, the supply of adapted financial services and products and**

the quality of the financial services and products, while ensuring a favourable legal and institutional environment.

Principle no. 3: The Objectives, sub-objectives and activities were included only if they could have a **direct effect on financial inclusion**.

Principle no. 4: Based on the findings of the 2012 national financial inclusion survey , **some strata of underserved users of financial services and products have been given priority** under the NFIS (rural population, women, youth, micro and small entrepreneurs) in order to significantly increase the level of financial inclusion.

Principle no. 5: The main goal of the objectives, sub-objectives and activities is **to remove constraints to the matching of the supply and the demand** for formal financial products, not only for credit, but also for mobilizing savings.

Principle no. 6: Access to financial services and products is often **only an accompanying measure for other development activities in sectors of the economy**. This principle is particularly true for the rural sector which requires technical assistance incorporating aspects of rural financing to ensure its development. Structuring the rural populations and providing technical support to them are often a prerequisite for introducing financing measures.

Principle no. 7: The NFIS was designed as **a cross-cutting strategy** complementing other national strategies and programs. Without including all of the elements of the other strategies and programs and avoiding duplication, it nevertheless reproduces some elements that have a direct impact on financial inclusion or complement it. In this respect coordination will be essential in order **to ensure cohesion and coherence**.

Principle no. 8: The NFIS takes into account the need **to increase financial literacy and information** among the general public and **to protect the consumers** of financial services and products.

Principle no. 9: The actions of the NFIS must ensure **the security and stability of the financial system** and favour **the consolidation of existing financial institutions**.

Principle no. 10: The NFIS is based on **results-based management**. Monitoring and evaluation of the NFIS will be done in accordance with the results attained.

Principle no. 11: The objectives, sub-objectives, results and activities of the NFIS are intended to be **tangible, realistic and achievable**, in accordance with the resources available to the State of Burundi and actors.

Principle no. 12: The NFIS is based on **the commitment of public and private actors** to carry out the activities in the NFIS operational plan and to participate in **dialogues among actors**.

5.2 Target clientele of the NFIS

Based on the results of the 2012 survey on the status of financial inclusion in Burundi and identification of the strata of population who are least well served, the NFIS places a priority on three segments of the population where financial inclusion needs to achieve significant gains. The objectives and activities of the NFIS target the following clienteles in particular:

- Rural populations
- Women and youth
- Micro and small entrepreneurs.

5.3 Conditions favouring attainment of the results sought by the NFIS

A number of conditions would contribute to attaining the results sought by the NFIS. While not prerequisites for undertaking all of the activities, these conditions would make it easier to attain the results sought and the impact of the NFIS would thereby be increased.

AT THE NATIONAL LEVEL

- Economic growth and thereby increased revenue for the population, particularly in the rural sector, and continuation of measures to reduce poverty
- Control over inflation
- Political stability
- Management of monetary policy favouring development and therefore overall improvement in interest rates
- Recognition of the private sector as a driving force for development by limiting the interventions of the State to the regulatory framework, the introduction of conditions favouring development and the provision of incentives for accelerating it
- A conducive legal framework for financial inclusion.

AT THE PUBLIC SECTOR LEVEL

- Implementation of the National Strategy for Development of the Financial Sector 2011-2017 and the Policy and Strategy for the Microfinance Sector 2012-2016
- Collaboration and cohesion of actions among the ministries involved in the implementation of the NFIS
- Involvement of government agencies in financial education for the population and protection of consumers of financial services and products
- Fulfillment of objectives and actions specified in the PNIA, including structuring of rural populations, particularly for the development of the value chains
- Availability of infrastructures that favour rural development (storage, commercialization and processing of agricultural products)
- Maintenance and sustenance of the fertilizer subsidy program

- Support for income generating activities for the most vulnerable population, including access to group solidarity loans
- Acceleration of land titling, especially in rural areas
- Business environment conducive to the development of small entrepreneurs
- Dialogue between actors in the financial sector and actors in the rural development.

AT THE LEVEL OF PRIVATE ACTORS AND ACTORS FOR DEVELOPMENT

- Willingness and commitment of private actors to increase financial inclusion, namely banks, MFIs and their professional associations
- Commitment of FIs to ensure protection of consumers of financial services and products
- Capacity building for MFIs in order to ensure their development, professionalization and modernization
- Commitment of rural actors and their associations to participate in the execution of the NFIS operational plan
- Involvement of national and international FIs for investment, refinancing and guarantee mechanisms that benefit the private sector
- Commitment of and coordination with national and international NGOs that are active in areas related to financial inclusion
- Support from national and international organizations for the creation and coaching of women and youth groups
- Availability of advice and coaching for small entrepreneurs by national and international organizations
- Contribution from and coordination with TFPs for financing NFIS activities.

5.4 Objectives and sub-objectives of the NFIS

ULTIMATE OBJECTIVE OF THE NFIS

The ultimate objective of the NFIS reiterates the definition of financial inclusion in Burundi. This is:

Permanent access by the adult population to a set of financial products and services (i) offered by formal and sustainable financial institutions, governed by adequate regulations, (ii) that are diversified, affordable and adapted to the needs of the population, and (iii) used by the latter for the purpose of contributing to the improvement of the conditions of their socioeconomic life.

GLOBAL OBJECTIVES AND SUB-OBJECTIVES OF THE NFIS

Objective 1:

Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage.

Sub-objective 1.1:

Improve geographic coverage of financial services and products.

Sub-objective 1.2:

Improve conditions for access to financial services and products.

Sub-objective 1.3:

Inform, educate and protect the public in general and the target clientele of the NFIS in particular.

Sub-objective 1.4:

Develop financial services and products using mobile phone and other technologies.

Sub-objective 1.5:

Ensure refinancing for financial institutions.

Objective 2:

Make quality financial services and products available, that match the needs of the target clientele of the NFIS.

Sub-objective 2.1:

Increase the level of savings and ensure security of deposits.

Sub-objective 2.2:

Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities.

Sub-objective 2.3:

Develop approaches and financial products and services for women and youth.

Sub-objective 2.4:

Develop approaches and financial products and services for micro and small entrepreneurs.

Sub-objective 2.5:

Develop microinsurance products and services.

Objective 3:

Improve the environment for financial inclusion.

Sub-objective 3.1:

Provide a legal framework for the financial sector that is adapted to financial inclusion.

Sub-objective 3.2:

Set up a regulatory framework for the protection of consumers of financial products and services.

Sub-objective 3.3:

Adjustments to legislation, regulations, policies and mechanisms in areas related to the financial sector.

Sub-objective 3.4:

Supervisory mechanisms for financial institutions adapted to the NFIS, in particular for innovations related to the distribution of financial services and products.

Sub-objective 3.5:

Coordination and coherence with the national financial inclusion strategy.

5.5 NFIS results and indicators

The main results sought concern the target clientele of the NFIS in particular.

- Increased number of users of financial services and products
- Increased availability of access points for financial services and products throughout the territory
- More intensive usage of financial products
- Financial products and services that are better adapted to NFIS target clienteles
- Suitable mechanisms for enabling access to formal financial services and products
- Population that is better informed, educated and protected with regard to usage of financial services and products
- Better environment for the development of financial inclusion
- Improved supervisory mechanisms for activities in the financial sector
- Appropriate coordination and monitoring of the NFIS.

The indicators proposed for monitoring the attainment of these results are presented in the following tables. They are inspired by the indicators in the 2012 *National Survey on Financial Inclusion in Burundi*, with additional indicators to better measure changes in the status of financial inclusion.

Globally, it is expected to double the number of active accounts in financial institutions in order to attain 2.4 million accounts. The survey on financial inclusion revealed that 12.5% of the adult population had at least one deposit account in a FI. The goal for 2020 is 31.7%. Women clients could make up 48.7% of the total clientele of the FIs.

Indicators for access: users

Indicators	End of 2011	End of 2013	Estimate 2014	Objective 2020	Growth 2014-2020
Access					
Users					
Number of active client accounts (FI)	831 454	1 075 141	1 204 158	2 376 794	97.4%
% of active accounts among adult population (FI)	19.0%	23.8%	25.9%	42.5%	64.3%
% of adult population with at least one deposit account in a licensed FI (S)	12.5%	14.3%	16.1%	31.7%	97.4%
% of adult female population with at least one deposit account in a licensed FI (S)	7.9%	9.1%	10.1%	20.0%	97.4%
% of adult population age 18 to 30 with at least one deposit account in a licensed FI (S)	7.1%	8.1%	9.1%	18.0%	97.4%
% of rural adult population with at least one deposit account in a licensed FI (S)	8.5%	9.7%	10.9%	21.5%	97.4%
% of adults with an account in a bank (S)	3.7%	4.2%	4.8%	9.4%	97.4%
% of adults with an account in an MFI (S)	7.8%	8.9%	10.0%	19.8%	97.4%
% of women with an account in a licensed FI (FI)	28.5%	32.4%	34.3%	48.7%	41.9%
% of participants in informal structures linked to formal networks				27.8%	
Number of participants in informal structures linked to formal networks (S)				217 952	

(FI): Data from financial institutions

(S): Data from survey

The number of financial institutions will increase by 41.9% to set at 61 FIs. However, the number of access points should increase by 58.7% compared to the situation at the end of 2014, for a total of 1,107 access points. Banks should introduce 220 banking agents during this period who will offer their financial services and products mainly in rural areas.

Indicators for access: availability of financial services

Indicators	End of 2011	End of 2013	Estimate 2014	Objective 2020	Growth 2014-2020
Availability of services					
Number of licensed financial institutions (BRB)	33	40	43	61	41.9%
Number of access points (FI)	492	646	698	1107	58.7%
% of access points in urban areas (FI)	34.6%	38.8%	37.8%	31.8%	-15.9%
% of access points in rural areas (FI)	0.7	0.6	0.6	0.7	9.6%
Number of access points per 1000 km ² (FI)	17.7	23.2	25.1	39.8	58.7%
Number of access points per 100,000 adults (FI)	11.2	14.3	15.0	19.8	32.1%
Number of access points per commune	3.8	5.0	5.4	8.6	58.7%
% of communes with at least one access point (FI)	95.4%	100.0%	100.0%	100.0%	0.0%
% of adult population living within 8 km of an access point (S)	49.4%	52.0%	53.4%	62.5%	17.1%
Number of bank correspondants (FI)				220	
Number of transactions by mobile telephony (FI)	43 926	500 000	600 000	1 791 590	3.0 time
Number of ATMs (FI)	27	75	90	269	3.0 time
Number of ATMs per 100,000 adults (FI)	0.7	1.7	1.9	4.8	2.5 time

(FI): Data from financial institutions

(S): Data from survey

Based on estimates at the end of 2014, deposits in FIs should more than double by 2020. This would mean 37.7% of the adult population would have a deposit account. Counting on actions for financial inclusion, the volume of credit should surpass 2,000 billion BIF in 2020, representing 2.7 times the estimates for outstanding loans in 2014.

To attain these objectives, it is expected that in 2020, MFIs will require refinancing of 188.5 billion BIF, 4.6 times more than in 2014. Over the six years of implementation of the NFIS operational plan, the subsidy program will provide 13.4 billion BIF to subsidize the interest rates for rural loans. It is expected that during the

period that the guarantees are in effect, an outlay of 3.2 billion BIF will be required to honour the guarantees offered for agricultural loans.

Indicators of usage: savings and credit

Indicators	End of 2011	End of 2013	Estimate 2014	Objective 2020	Growth 2014-2020
Use					
Savings					
Total savings deposits of individuals (million BIF) in licensed FIs (FI)	490 095	498 005	563 742	1 186 202	110.4%
Number of deposit accounts (FI)	831 454	953 483	1 067 901	2 107 847	97.4%
% of adult population with a deposit account (FI)	19.0%	21.1%	22.9%	37.7%	64.3%
Number of deposit accounts per 1000 adults	190	211	229	377	64.3%
Loans					
Total loans to individuals (million BIF) (FI)	329 590	479 516	565 829	1 527 486	170.0%
% of adult population with at least one loan in a licensed FI (FI)	3.7%	4.6%	5.3%	11.9%	124.7%
Number of loans outstanding (FI)	163 389	209 776	247 536	668 236	170.0%
Number of loans outstanding per 1000 adults (FI)	37	46	53	119	124.7%
Other uses					
Annual volume of refinancing finance institutions (FI) (millions BIF)	25 000	32 500	40 625	188 547	364%
% of outstanding loans of MFIs refinanced	34.0%	29.8%	31.0%	47.3%	52.7%
Volume of interest rate subsidies of rural loans (millions BIF)				5 009	
Interest rate subsidies funds cumulative (million BIF)				13 402	
Volume of guaranteed agricultural loans (FI) (million BIF)				71 554	
Guarantee funds needed (million BIF)				1 431	
Cumulative guarantee funds (million BIF)				3 169	

(FI): Data from financial institutions

(S): Data from survey

5.6 Presentation of the activities and their implementation strategies

Objective 1:

Ensure increased and permanent access to and usage of financial services and products by the population with conditions that favour access and usage.

Sub-objective 1.1:

Improve geographic coverage of financial services and products.

Activity 1.1.1: Open financial access points in underserved provinces

Activity 1.1.2: Develop agent banking network

Activity 1.1.3: Create business ties with informal savings and credit groups

After identifying objectives for opening financial access points (fixed or mobile) in the underserved provinces, calls for expression of interest will be made to MFIs in order to be able to finance part of the investment costs. It is expected that the ABEP will encourage its members to develop the concept of agent banking networks for rural areas. The presence of informal savings and credit groups represents a significant potential for inclusion. It will be a question of creating links between these groups and MFIs.

Sub-objective 1.2:

Improve conditions for access to financial services and products.

Activity 1.2.1: Review methods for setting interest rates and other charges linked to credit

Activity 1.2.2: Revise credit conditions

Activity 1.2.3: Revise credit guarantees required

Activity 1.2.4: Revise entry conditions for opening an account and other charges linked to savings

Activity 1.2.5: Provide services to clients to ensure that credit files are prepared in a transparent manner

In order to address the issue of interest rates, it will first be necessary to carry out a study on how interest rates are determined by MFIs and banks. For both sectors it is a matter of determining the ratio between the resource costs, operational costs, loan losses and surplus available from financial returns. Then, activities could be planned with FIs in order to mitigate abnormalities.

Credit conditions generally engender constraints to access (repayment schedule, delayed disbursement, etc.). It will be necessary to establish a list of credit conditions that constitute barriers. The RIM and ABEF should subsequently propose mechanisms to circumvent these constraints and encourage their members to implement them.

Most of the time, guarantees required concern direct deposit of salaries, pledged savings and physical guarantees. For many clients this constitutes a barrier to access to credit. Other types of guarantees can be developed. The RIM will be invited to ask its members to introduce other types of guarantees facilitating access.

Fees for opening accounts and service charges discourage small savers from opening bank accounts. Banks will be asked to review these fees and charges for small savers.

In order to ensure transparency, banks, MFIs and the RNP are asked to ensure that their loan officers transmit all information concerning a loan to clients. In addition, FIs should provide advisory support to borrowers, so that they may clearly comprehend their repayment capacity.

Sub-objective 1.3:

Inform, educate and protect the public in general and the target clientele of the NFIS in particular.

Activity 1.3.1: Ensure country-wide coordination for awareness, communication and financial education efforts

Activity 1.3.2: Undertake national awareness campaigns on the use of financial services and products

Activity 1.3.3: Inform clients and staff of financial institutions about using financial services and products, preferably in Kirundi

Activity 1.3.4: Inform clients and staff of financial institutions about directives concerning protection of consumers of financial services and products

Activity 1.3.5: Integrate financial education programs in educational institutions

The activities of this sub-objective call for a national coordination by a Technical Group created by the CCS-NFIS for this purpose, in order to implement a roadmap for carrying out financial education programs at various levels.

These country-wide financial education programs target the general public, the clientele, the staff of FIs and students. For the general public, campaigns will be undertaken jointly by actors in the financial sector. The professional associations (ABEF, RIM) will draw up awareness programs for their respective clienteles explaining the features of financial services and products offered by FIs. The financial education activities of the FMCR in rural areas will continue and be expanded, as will those of the RIM concerning savings.

Regarding protection of consumers, the BRB will inform the clientele and the staff of FIs about directives thereabouts. It would be desirable that Burundi, through the RIM, adhere to the principles promoted by the Smart Campaign program.

Educational institutions will be encouraged to integrate financial education courses into their curriculum, but in the meanwhile related sessions will be organized time to time by these educational institutions.

Sub-objective 1.4:

Develop financial services and products through mobile phone and other technologies.

Activity 1.4.1: Promote financial services and products through mobile phone

Activity 1.4.2: Integrate interconnection within MFI networks and at the RNP

Activity 1.4.3: Expand access to ATMs

Mobile telephony is developing quickly in Burundi along with the financial services and products associated with it. There are no major constraints to this development either for banks or MFIs. It is only a matter of promoting its development and ensuring that financial services and products will be available in rural areas. The main networks of MFIs and the RNP must integrate the necessary technology to enable interconnection with their access points. Banks must develop Automated Teller Machines (ATM) in order to encourage greater usage of their financial services.

Sub-objective 1.5:

Ensure refinancing for financial institutions

Activity 1.5.1: Introduce and consolidate refinancing mechanisms for MFIs

Activity 1.5.2: Introduce and consolidate long-term refinancing mechanisms for banks and MFIs

Activity 1.5.3: Encourage the channeling of national savings into credit

In order to increase access to credit, MFIs need access to refinancing. This involves consolidating the existing mechanisms for refinancing (FMCR, BNDE) and the FMCR's guarantee mechanisms for loans made by banks to MFIs. Consolidation calls for the availability of additional funds at concessional rates and a review of the lending process to facilitate better access.

A significant percentage of the liquidities of MFIs is concentrated in banks. It would be desirable that a system similar to the bank's inter-bank system be instituted for MFIs in order to maximize financial resources available for rural credit.

An analysis must be made to determine the feasibility of having insurance companies and the social security funds make funds available to refinancing financial institutions in order to increase the financing of rural credit (e.g.: the BNDE and the FMCR). In addition, it is proposed that mechanisms be introduced in order to channel savings of the diaspora, so that these funds can have a greater impact on the country's development.

Objective 2:

Make available quality financial services and products that match the needs of the target clientele of the NFIS.

Sub-objective 2.1:

Increase the level of savings and ensure security of deposits.

Activity 2.1.1: Promote the mobilization of savings in financial institutions

Activity 2.1.2: Develop specific and attractive savings products

Activity 2.1.3: Set up deposit insurance programs

Besides activities for increasing financial literacy, financial inclusion starts with the mobilization of savings. This calls for promoting savings with attractive savings products (term deposits, etc.), with specific goals (savings for housing, education, etc.) and savings products linked to credit, in particular for group loans with a solidarity group guarantee.

In order to reassure the clientele and encourage them to make greater use of FIs, a feasibility study will be made for deposit insurance. If the conclusions are positive, it should be introduced. It seems preferable to create a specific deposit insurance mechanism for banks and another for MFIs. The funds for deposit insurance are made of contributions from FIs to cover deposits in case an institution fails.

Sub-objective 2.2:

Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities.

Activity 2.2.1: Improve financial products and services adapted for the rural population

Activity 2.2.2: Develop adapted financial products and services for agricultural credit

Activity 2.2.3: Begin structuring for agricultural producers

Activity 2.2.4: Continue and improve intrants subsidy program

Activity 2.2.5: Subsidize interest rates for rural credit

Activity 2.2.6: Guarantee agricultural loans

Activity 2.2.7: Set up a structure for integrating the mechanisms for subsidizing intrants, subsidizing interest rates and guaranteeing agricultural loans

Activity 2.2.8: Assess the feasibility of introducing mechanisms for crop insurance

Following the analysis mentioned in Section 3.2 on the specific nature of financial inclusion in rural areas, two approaches are recommended for rural credit. The first concerns credit for subsistence farmers and the second, agricultural credit for producers able to produce a surplus for commercialization.

The first activity of this sub-objective is to popularize credit for income generating activities (IGA) for groups offering a solidarity group guarantee. This type of credit could experience significant growth since at least 70% of the rural population commercialize very little of their production. The FMCR is promoting Micro Credit for the Economically Active Poor (MCPEA). This program could be the cornerstone for creating these solidarity guarantee groups, introducing them to savings and credit practices, supporting the development of IGAs and creating a link with MFIs. It is expected that 20,000 of these groups will have been set up by the end of 2020.

A number of MFIs offer now this type of product to their clientele and intend to expand it throughout their networks. NGOs are also promoting this type of credit. It is a question of coordinating these initiatives, in order to make this approach accessible to an increasing number of the population.

The second activity seeks to develop and consolidate credit for agricultural production, preferably in organized value chains. It is a question of developing financial products services adapted to the specific value chains, in particular for intrants (grouped loans, sub-distributed loans, triangular loans among producers, FIs, economic operators, etc.) to make operations more efficient and secure. The distribution network for these loans constitutes a constraint since MFIs do not have satisfactory coverage in the country or hesitate to devote too large a percentage of their portfolio to this activity. This is why the promotion of MFIs specialized for value chains could be undertaken if the financial services and products of MFIs are not accessible in the areas in question. Involved MFIs would have specialized and qualified staff in order to offer this type of credit. Training must be planned.

This type of credit for value chains requires a dialogue between FIs and actors in the value chains. This dialogue will need to be facilitated. It is suggested that mechanisms for cooperation be set up at the provincial level.

At the same time, credit linked to the partial subsidy program for intrants will be promoted, as will inventory credit. Mechanisms will need to be adopted so that inventory credit and credit for commercialization and processing is accessible for organized value chains. These types of credit call for long-term resources and should therefore involve the BNDE.

As previously stated, it would be preferable to offer agricultural credit to farmers who produce a surplus to commercialize and who work within organized value chains. The third activity therefore targets structuring of the rural population through value chains. This activity is not the responsibility of the financial sector. However, it is an essential condition for further development of agricultural credit. It involves structuring the value chains, promoting farmers' organizations (FO), creating producer cooperatives and strengthening commercialization and processing channels. These activities therefore include technical coaching for stakeholders in the value

chains, technical support, procurement systems for intrants and setting up necessary infrastructures for the value chains such as warehouses.

The fourth activity of this sub-objective is intended to maintain the fertilizer subsidy program and expand it to include subsidies for seed and small equipment. The current project mode system should be made sustainable in a structure dedicated to the distribution of these subsidies.

The fifth activity for promoting rural credit is the introduction of a mechanism to subsidize interest rates for rural credit, on the condition that this subsidy reaches the producers. For loans made by FIs, it would take the form of an ex post subsidy for their current rural portfolio. The subsidy could vary annually in line with the BRB's lending rate for banks. This subsidy mechanism should be managed by an autonomous and independent organization. The introduction of this subsidy system for interest rates will require preliminary studies to determine the parameters. One of the concerns will be to define rural credit, in particular to consider the relevance of including group loans with solidarity group guarantees and inventory, commercialization and processing credit.

Similarly, the sixth activity intended to promote agricultural credit focuses on guarantees. In this case, it is a question of partially guaranteeing the agricultural loans made by FIs. A feasibility study will also be necessary here. However, it has already been recommended that an autonomous and independent structure manage this system. It will be necessary to assess if the guarantees can cover the total amount of these guaranteed loans in the event of bad weather or natural disaster, since this is the main concern of financial institutions already offering agriculture credit.

In parallel with this guarantee mechanism, MFIs could develop auto-guarantees with producers in the value chains and their associations. These would be guarantees provided by groups of producers (associations, cooperatives, projects) through the creation of local funds or pledged stock.

The introduction of subsidy mechanisms for agricultural intrants and interest rates, in addition to a mechanism for agricultural guarantees, justifies the creation of a sustainable structure for integrated management of these three mechanisms. The modalities for defining and creating this structure are to be defined. However, this structure for financing agricultural development must remain autonomous and independent and use financial institutions as vehicles for its financing activities.

The last activity for encouraging rural credit is monitoring of current and planned testing for crop insurance. Decisions as to whether these tests are relevant or not should be made and recommendations formulated. Meanwhile, MFIs and their associations could assess the feasibility of setting up their own crop insurance for loans. This crop insurance would reimburse either the total or part of the amount of loans to MFIs in the event of bad weather or natural disaster.

Sub-objective 2.3:

Develop approaches and financial products for women and youth.

Activity 2.3.1: Develop financial products and services adapted to women and youth

Activity 2.3.2: Encourage women and youth to form groups

Activity 2.3.3: Inform and educate women and youth about using financial products and services

Activity 2.3.4: Encourage guarantee mechanisms for loans to women and youth

The main activity for women and youth consists in developing group loans with solidarity group guarantees. This was mentioned in Activity 2.2.1, but also applies to urban areas. In addition, there are national and international organizations working to develop savings and credit for these specific clienteles and their efforts should be encouraged.

Saving and credit products can only be made sufficiently accessible for each of these two target clienteles if they organize into groups. Efforts to encourage this must be made. Group training can then be delivered dealing with project development and using credit.

In order to give these clienteles access to credit, it is also recommended that, during support projects for these groups, the possibility of offering guarantees to FIs be analyzed. This is currently being tested with some MFIs.

Sub-objective 2.4:

Develop approaches and financial products and services for micro and small entrepreneurs.

Activity 2.4.1: Adapt financial products and services to the needs of small entrepreneurs

Activity 2.4.2: Encourage micro and small entrepreneurs to form groups

Activity 2.4.3: Provide advisory support to micro and small entrepreneurs and their associations

Activity 2.4.4: Introduce and consolidate mechanisms for guaranteeing loans to small and medium entrepreneurs

Activity 2.4.5: Set up stimulus funds for SMEs

Activity 2.4.6: Introduce windows/desks and financial institutions specialized for small entrepreneurs

Activity 2.4.7: Improve the business environment for entrepreneurs

In order for financial products and services of FIs to reach more micro and small entrepreneurs, access conditions should be reviewed (types of guarantees, duration of loans, etc.). Micro and small entrepreneurs are invited to work closely with trained loan officers dedicated and specializing in business loans.

Micro enterprises should be formed into groups. This will facilitate grouping their applications, providing coaching, studying files and eventually providing group solidarity guarantees. They need support, advice and coaching. There are specialized

organizations that provide such coaching and advice, but they are not always linked to mechanisms for financing. Promotion of an integrated approach is recommended.

Banks and MFIs hesitate to make loans to small entrepreneurs because of the risk their projects represent. Few small entrepreneurs have access to guarantees and this denies them access to credit. Therefore, organizations and projects providing support to this clientele should be encouraged in order to improve or develop guarantee systems for small entrepreneurs.

Projects for creating or expanding business activities require entrepreneurs to invest their own funds that can then be complemented with a loan. Often, entrepreneurs lack such funds and this limits lending. The Impetus Guarantee and Support Fund (FIGA), promoted by the banks via ABEF, envisions such type of mechanism.

Banks and some major MFIs should set up windows/desks specialized for small entrepreneurs, in order to ensure better access and better synergy. These windows/desks should also be accessible in agencies outside the capital. Setting up financial institutions specialized for small entrepreneurs, such as those found elsewhere on the continent, would also be desirable.

Finally, a strategy for financial inclusion targeting entrepreneurs could better attain its objectives if the business environment were improved. Already, Burundi has been applauded for implementing the recommendations of the Doing Business program. It is a matter of continuing to follow these recommendations in order to achieve a more favourable environment.

Sub-objective 2.5:

Develop microinsurance products and services.

Activity 2.5.1: Develop microinsurance

Microinsurance is underdeveloped in Burundi and few proposals have been made for developing this type of financial product. However, it would be desirable that feasibility studies be carried out for introducing microinsurance services in the country. If studies confirm the relevance of microinsurance and define its main parameters, it should be developed.

Meanwhile, MFIs could develop internal loan-life insurance in a systematic manner (covering their entire portfolio, shared risk principle). These contingency funds would cover outstanding payments on loans in the event of death.

Objective 3:

Improve the environment for financial inclusion.

Sub-objective 3.1:

Provide a legal framework for the financial sector that is adapted to financial inclusion.

- Activity 3.1.1: Adjust as needed the legal framework governing banks and MFIs in function of financial inclusion*
- Activity 3.1.2: Adapt the legal framework to deposit insurance*
- Activity 3.1.3: Integrate microinsurance into the legal framework*

Modifications to the legislation governing banks and MFIs have been made. This revision has made it possible to adapt the legislation to the new market environment. What remains is to produce accompanying regulations. Since the financial market will continue to experience change and innovation, it is probable that the legislation, or at least the accompanying regulations, will have to be adjusted before the end of implementation of the operational plan.

Deposit insurance, once it has been defined, will probably require changes to the regulatory framework. This is also the case for microinsurance.

Sub-objective 3.2:

Set up a regulatory framework for the protection of consumers of financial products and services.

- Activity 3.2.1: Issue directives for consumer protection to FIs*

The AFI suggests elements to consider for the legal framework in order to protect consumers of financial services and products.¹⁷ To these elements can be added national concerns. In the absence of legislation protecting consumers, it is planned that directives be drawn up to this effect by the BRB and, once adopted, applied in all FIs. As with all other directives, their implementation should be monitored by the BRB.

Sub-objective 3.3:

Make adjustments to legislation, regulations, policies and mechanisms in areas related to the financial sector.

- Activity 3.3.1: Adjust the legal framework governing areas related to the financial sector as necessary*
- Activity 3.3.2: Actively pursue registration of land and buildings in the communal land registries*
- Activity 3.3.3: Reform the process for enforcement of security rights*

An inventory of all the provisions of the legal framework to be adjusted, in addition to legislation governing the financial sector, remains to be done. Once the list of adjustments is available, it will be the task of the Coordination and Monitoring Committee of the NFIS (CMC-NFIS) to make the necessary presentations to the involved ministries so that adjustments to the legal framework related to the financial sector can be made.¹⁸

¹⁷ E.g.: Obligation to divulge pertinent information to clients, prevent unfair and misleading practices, possibility of access to recourse mechanisms, obligation to provide advice regarding credit, obligation to protect personal information.

¹⁸ For example, source taxation on interest revenue constitutes a constraint for mobilizing savings in financial institutions.

Another important element for access to financial services and products is the possibility of providing land titles and proof of ownership. Although work on registration of titles was begun some years ago, the procedure must be accelerated in order to cover a large part of the territory as soon as possible.

The system for enforcing security rights for FIs is complicated. This process should be reviewed with involved government services with a view to simplifying it. It is also proposed that technical support and the necessary materials be provided to improve the process.

Sub-objective 3.4:

Ensure there are mechanisms for the supervision of financial institutions adapted to the NFIS, in particular for innovations related to the distribution of financial services and products.

Activity 3.4.1: Adapt surveillance mechanisms to innovations in the financial sector

Activity 3.4.2: Provide authorization for the opening of MFIs or financial access points in line with the objectives of the NFIS and ensure their sustainability

Activity 3.4.3: Strengthen the mechanism of the Central Data Exchange (CEI)

In the context of a new version of the legislation governing banking activities and the accompanying adapted regulations, it will be necessary to review the surveillance procedure in order to adapt it. The staff of the BRB will need to receive training on these transformations.

The procedure and criteria for licensing new institutions in the microfinance sector should not constitute a constraint to the creation of MFIs. However, they should ensure that such entities offer guarantees of sustainability.

Work on the Central Data Exchange (CEI) has already begun. The reformed CEI should therefore be in place and operational during implementation of the NFIS operational plan.

Sub-objective 3.5:

Coordination and coherence with the national financial inclusion strategy.

Activity 3.5.1: Set up the NFIS Coordination and Monitoring Committee (CMC-NFIS) and ensure that it is operational

Activity 3.5.2: Monitor and evaluate implementation of the NFIS

Activity 3.5.3: Ensure mobilization of funds for implementation of the NFIS

Activity 3.5.4: Ensure coordination of the NFIS with the SDSF and the PSMF

Activity 3.5.5: Promote the NFIS to the authorities and the general public

Implementation of the NFIS will be ensured by a Coordination and Monitoring Committee (CMC-NFIS). This Committee will assume responsibility for coordination by ensuring that actors mentioned in the NFIS fulfill their responsibilities. It could also undertake consultations with actors as needed.

An NFIS monitoring and evaluation team will be created in order to provide the information required by the CMC-NFIS. This information will concern changes in the indicators of financial inclusion, the execution of activities and attainment of results for these activities, and the mobilization of funds for carrying out the activities planned under the NFIS. An information bulletin will be transmitted on a regular basis to actors involved with the NFIS. An end-term evaluation will be carried out.

In order to be more operational, the CMC-NFIS will set up Technical Groups (TG) that will help coordinate actions for topics that require larger scale efforts. These TGs will include members of the CMC-NFIS and other actors active in areas related to the topics targeted by the TGs. These groups will be tasked with ensuring that the activities planned in their fields of expertise are carried out and coordinated. The CMC-NFIS will evaluate the relevance of forming these groups according to specific topics, but it is foreseeable that some groups will be necessary, such as: a group for financial education (Sub-objective 1.3), a group for access to financial services and products (Sub-objectives 1.1 and 1.2), another for rural financial products (Activity 2.2.1), another for agricultural credit (Activity 2.2.2). A group could also be set up in view of the feasibility study on introducing the subsidy mechanism, the guarantee mechanism for agricultural credit and the creation of a structure to integrate these mechanisms, along with management of subsidies for intrants (Activities 2.2.4, 2.2.5, 2.2.6 and 2.2.7).

The CMC-NFIS will ensure the mobilization of funds in order for the activities planned in the NFIS to be carried out. It will therefore take the necessary steps with the Government and the TFPs to assemble the necessary funds, excluding situations where the budgets are already procured elsewhere. A roundtable of the TFPs is planned, at least at the beginning of the implementation of the NFIS.

Since the NFIS is a cross-cutting strategy coordination is necessary, at the very least with the Development Strategy for the Financial Sector (SDSF) and the Policy and Strategy for the Microfinance Sector (PSSM). Annual meetings are planned with representatives of these strategies in order to ensure proper coordination.

The CMC-NFIS will ensure representation of the NFIS before government authorities in order for the objectives of the NFIS to be confirmed as national priorities and measures taken to facilitate its execution. The role of the Committee also includes informing the general public about the status of financial inclusion, progress made and activities carried out under the NFIS.

5.7 Responsibilities of the actors

ACTORS IN THE PUBLIC SECTOR

Ministry of Finance and Economic Development Planning (MFPDE)

In addition to its responsibilities concerning the development of the financial sector in general, and microfinance in particular, the MFPDE has the following responsibilities under the NFIS:

- Participate in actions linked to information, education of the public and protection of consumers of financial services and products
- Participate in studies enabling greater financial inclusion, such as the study on the use of liquidity by banks and MFIs, the feasibility study for deposit insurance, the feasibility study for subsidizing interest rates and the study for introducing a guarantee mechanism for agricultural credit
- Participate in drawing up and introducing mechanisms for channeling liquidity of MFIs into rural credit, subsidizing interest rates for rural loans, providing guarantees for agricultural loans
- Participate in a review of the legal framework
- Participate in studies and in setting up a structure for integrating the financing of agricultural development
- Encourage insurance companies and social security funds to make funds available for rural credit
- Encourage the creation of specialized FIs for small entrepreneurs
- Continue to apply recommendations from Doing Business
- Participate in raising awareness in the involved ministries regarding the importance of adjusting the legal framework related to the financial sector.

Bank of the Republic of Burundi (BRB):

In the context of financial inclusion, the BRB must ensure a suitable legal framework and its implementation. With respect to the NFIS, the BRB must:

- Propose adjustments to the overall legal framework, in particular with regard to: personal property securities (guarantees), deposit insurance, microinsurance, protection of consumers of financial services and products, directives concerning licensing of MFIs
- Inform the staff and clientele of FIs regarding directives concerning the protection of consumers of financial services and products and participate in financial education programs
- Participate in studies such as the study on the use of liquidity by banks and MFIs, the feasibility study for deposit insurance, the feasibility study for subsidizing interest rates and the feasibility study for introducing a guarantee mechanism for agricultural credit
- Integrate legal innovations introduced under the NFIS, such as protection of consumers of financial services and products, into supervision
- Participate in raising awareness in the involved ministries on the importance of adjusting the legal framework related to the financial sector
- Strengthen the mechanisms of the CEI.

Insurance Regulation Authority (ARCA):

Its main responsibility will be to participate in efforts related to microinsurance and monitoring of crop insurance testing.

Ministry of Agriculture and Livestock and the Provincial Directorates of Agriculture and Livestock (DPAE)

The responsibilities of the Ministry of Agriculture and Livestock and of its provincial directorates under the NFIS are to ensure the complementarity of its objectives and programs for the development of agriculture with actions for integrating the agricultural sector into the financial sector. In particular, the Ministry will:

- Structure the agricultural sector, especially its value chains, in order to put in place the basic conditions for enabling access to financial services and products for agricultural producers (structuring of value chains, technical support, forming producer groups, setting up rural infrastructures such as those for commercialization, processing and warehouses)
- Participate in studies and implementation of mechanisms for subsidizing interest rates and setting up guarantee funds for agricultural loans
- Participate in monitoring crop insurance testing
- Ensure sustainability of the mechanism for subsidizing intrants and incorporate subsidies for seed and small equipment into the current subsidy mechanism
- Participate in studies and set up a structure for integrating the financing of agricultural development
- Stimulate discussion and partnerships among FIs, producers and their representatives.

Ministry for Communal Development

In addition to the role played by the FMCR, the Ministry for Communal Development has the following responsibilities:

- Participate in support efforts for structuring value chains by encouraging rural structuring through the creation of producer groups and cooperatives
- Educate producers, their associations and their cooperatives about using credit
- Link provincial and communal authorities and actors for the development of the value chains and ensure coordination with financial services and products.

Rural Microcredit Fund (FMCR):

The FMCR must consolidate the actions already undertaken for refinancing MFIs, financial education and promoting rural microcredit. The FMCR should:

- Consolidate refinancing and guarantee mechanisms for MFIs, in particular by seeking credit lines at concessional rates to pass on to MFIs
- Continue and increase the scope of its MCPEA program, which is based on savings and credit groups with solidarity group guarantees undertaking income generating activities
- Continue its financial education program for the rural population
- Encourage links between savings and credit associations and MFIs
- Participate in discussions, create partnerships among FIs, producers and their representatives
- Participate in the education of producers, their associations and cooperatives about using credit.

National Bank for Economic Development (BNDE):

The BNDE, like other banks, must become involved in actions targeting financial inclusion. Some actions are, however, specific to it:

- Consolidate refinancing mechanisms for MFIs
- Seek credit lines at concessional rates for the refinancing of rural credit granted by banks and MFIs
- Develop credit adapted to agricultural value chains such as credit for equipment, commercialization and processing
- Participate in discussions among FIs, agricultural producers and their representatives
- Provide support and advice to small entrepreneurs and SMEs and coach them in preparing loan applications
- Participate in the consolidation of existing guarantee funds for entrepreneurs.

National Postal Authority (RNP):

- Link credit products with mechanisms for intrants distribution
- Participate in the continuation of the fertilizer subsidy program.

Ministries in charge of women and youth

- Provide support to women and youth groups
- Provide specific support for the education of women and youth regarding savings and access to credit.

Ministry of Commerce, Industry, Posts and Tourism

- Encourage micro and small entrepreneurs to form groups
- Make it possible for micro and small entrepreneurs to benefit from coaching and financial education activities.

Ministries in charge of education and educational institutions:

With regard to the objectives of the NFIS, the responsibilities of these ministries are to develop financial education within the network of educational institutions. These ministries will:

- Define objectives and suitable mechanisms for developing financial education via the educational institutions
- Support integration of financial education courses into the curriculum of the educational institutions.

Ministry of the Environment

- Expand and accelerate the program for registering land and property titles.

Provinces and Communes:

The Provinces and Communes must support implementation of the NFIS by facilitating coordination of development on their territory, mainly with regard to matching rural structures with financial institutions. Among other things, they will have to:

- Support the creation of links between informal savings and credit associations and MFIs
- Stimulate discussion and partnerships among FIs and producers and their representatives at the communal level
- Introduce joint action mechanisms at the provincial level for financing of value chains.

ACTORS FROM THE PRIVATE SECTOR AND ACTORS FOR DEVELOPMENT

Actors from the financial sector:

Specific roles are attributed to institutions in the financial sector. Moreover, they participate in activities that concern all other stakeholders in this sector, notably:

- Participate in financial education efforts
- Participate in feasibility studies for a subsidy mechanism for interest rates and guarantees for agricultural credit
- Participate in studies for setting up a structure to integrate the financing of agricultural development
- Participate in the validation of legislation and regulations concerning financial inclusion
- Participate in consultation workshops on topics related to financial inclusion.

Network of microfinance institutions (RIM):

RIM is the professional association of MFIs. Considering the important role planned for MFIs in the implementation of the NFIS, RIM is involved in the pursuit of all objectives. However, its role is to assist MFIs so that they can assume their responsibilities, to provide them with information (studies) needed for their development and to ensure their representation.

Studies and planning

- Carry out or participate in studies, in particular on how interest rates are determined by MFIs, loan conditions, the development of new types of guarantees, deposit insurance, microinsurance, interconnection costs, loan-life and crop insurance and the use of liquidity by MFIs (make recommendations for better use).

Technical support

- Help MFIs ensure better coverage of the territory
- Help MFIs review interest rates, loan conditions and types of guarantees
- Participate in the training of MFI staff and the development of products (savings, solidarity credit, adapted credit for value chains, intrants credit,

inventory credit, lease financing, credit for micro and small entrepreneurs, women and youth)

- Help MFIs develop communication and education strategies for their clientele and staff
- Help MFIs introduce deposit insurance
- Help MFIs obtain access to refinancing
- Help MFIs ensure consumer protection.

Representation

- Participate in financial education programs
- Participate in discussions among FIs, agricultural producers and their representatives.

Association of Banks and Financial Establishments (ABEF):

ABEF represents the commercial banks. It therefore supports its members in financial inclusion efforts. This includes representing its members, providing them with technical support and carrying out or participating in studies for the development of the banking sector under the NFIS.

Studies and planning

- Carry out or participate in studies, in particular on how interest rates are determined by banks, loan conditions, the possibility of allowing access to small savers and deposit insurance.

Technical support

- Raise awareness and help banks develop networks of agent banking
- Participate in the consolidation of guarantee mechanisms for refinancing MFIs
- Support banks in the development of products and approaches (eg: savings, specific financial services and products for small entrepreneurs)
- Support the introduction of deposit insurance in banks
- Introduce a mechanism for refinancing, guarantees, advice and stimulus for the clientele of entrepreneurs
- Participate in setting up deposit insurance
- Raise awareness of banks regarding consumer protection measures.

Representation

- Develop communication strategies for the clientele of banks
- Participate in the mechanism for delivering information to the staff and clientele of banks regarding directives concerning the protection of consumers of financial services and products
- Participate in information sessions on financial education in educational institutions.

Association of Insurers and Reinsurers of Burundi (ASSUR)

ASSUR should participate in carrying out analyses and, if necessary, in introducing microinsurance and crop insurance.

Microfinance institutions (MFI):

MFIs should ensure their own development and participate in the NFIS by ensuring better coverage of the territory and offering adapted financial products and services. They should:

- Open access points in the underserved provinces
- Participate in studies, in particular those carried out by RIM, and implement the recommendations of these studies (see RIM studies)
- Improve credit conditions and develop new types of guarantees
- Develop products adapted to the demand (e.g.: savings, solidarity group guarantee, value chain, intrants, inventory credit, loan-life and crop insurance, for women and youth)
- Specialize and train staff in agricultural credit and credit for micro and small entrepreneurs
- Implement recommendations concerning the protection of consumers of financial services and products
- Professionalize and modernize their institutions
- Participate in the development of transfers and payment services via mobile phone
- Integrate deposit insurance
- Undertake discussions with informal associations of savings and credit, groups with solidarity group guarantees and actors in the agricultural value chains
- Participate in communication efforts for financial education.

Commercial banks:

The NFIS proposes the following mechanisms to commercial banks to enable greater financial inclusion:

- Ensure better coverage of the territory (develop agent banking networks, ATMs)
- Participate in studies, in particular those undertaken by the ABEF, and implement the recommendations of these studies (see ABEF studies)
- Improve conditions for access to savings accounts and credit
- Develop financial products and services adapted to specific clienteles (savings, small entrepreneurs)
- Develop approaches and specialized financial products and services for small entrepreneurs (specialized windows/desks)
- Implement recommendations concerning the protection of consumers of financial services and products
- Participate in communication efforts for financial education
- Participate in the development of transfer and payment services via mobile phone
- Participate in the consolidation of guarantee mechanisms and refinancing mechanisms for MFIs
- Integrate deposit insurance
- Participate in existing guarantee funds and create new mechanisms for guarantees and advice for entrepreneurs.

Insurance companies and social security funds

For these institutions, the issue is to:

- Encourage the insurance companies and social security funds to make funds available for rural credit.

Mobile telephony operators

Mobile telephony operators are called on to:

- Develop transfer and payment services via mobile phone
- Develop mobile telephony financial access points in rural areas.

Actors for the development of the value chains

These actors include government services, producer associations, CAPAD,¹⁹ cooperatives, private operators, projects and others involved in the development of the value chains. A number of these actors have specific tasks under the NFIS. These tasks are the following:

- Participate in the support for structuring the value chains, including the creation of producer groups and cooperatives
- Provide technical support to groups in value chains
- Participate in setting up the necessary infrastructures for the production and commercialization of agricultural products, including warehouses for inventory credit
- Participate in the feasibility study for setting up a subsidy mechanism for interest rates and the study on guarantees for agricultural credit
- Participate in studies for setting up a structure for integrating the financing of agricultural development
- Encourage use of existing MFIs for agricultural credit or create MFIs for specific value chains
- Participate in discussions among FIs, agricultural producers and their representatives.

Actors for the economic development of women, youth and micro and small entrepreneurs

These actors include associations of women, youth, micro and small entrepreneurs, organizations providing support and advice to entrepreneurs, and the Federal Chamber of Commerce and Industry. Coaching for their members or clientele constitutes a factor for enabling access to financial products and services. They are therefore called on to:

- Participate in the structuring of groups of women, youth and micro and small entrepreneurs
- Educate women, youth and micro and small entrepreneurs about savings and credit
- Provide support and advice to micro and small entrepreneurs and SMEs and help them prepare loan applications.

¹⁹ CAPAD: Confederation of Agricultural Producers Associations

Burundi Association of Consumers-Transparency International (ABUCO-TI)

ABUCO-TI participates in financial inclusion through its interactions with financial institutions, the promotion, the protection and the defense of consumers' rights with regard to the use of financial products and services. It will:

- Participate in drawing up directives on the obligations of banks and MFIs regarding the protection of consumers of financial services and products
- Participate in the dissemination of these directives.

Support Project for the Microfinance Sector (PASMi)

PASMi is a project under the authority of the MFPDE and is managed by FORCE. The Policy and Strategy for the Microfinance Sector is largely funded by this project. In order to avoid duplication of efforts, PASMi-Force will participate in a number of actions of the NFIS that target the structuring of the microfinance sector. The activities in which it will participate are generally part of its own program.

Project to Develop the Financial and Private Sectors (PSD)

PSD is a government program that provides support to the financial and private sectors. Some of its actions directly concern financial inclusion. Its contribution to the implementation of the NFIS is therefore significant. As a result, the execution of some activities will call on its program (for example: support to the BRB, setting up deposit insurance, support to micro and small entrepreneurs, strengthening the business environment, reform of the judicial process for the enforcement of security rights, etc.).

Technical and Financial Partners (TFP)

The TFPs, which may be donor agencies, international institutions or foreign NGOs, make it possible to carry out activities through technical, material or financial transfers. The participation of the TFPs can be found in most of the activities of the three key objectives of the NFIS. Their mode of intervention can be multiple including the financing of projects, transfer of knowledge, provision of materials or participation in basket funds.

5.8 NFIS Budget

The overall budget of the NFIS is 36.7 billion BIF, of which 13.9 billion BIF is provided by the State (37.8%) and 22.8 billion BIF comes from budgets for development aid (62.2%). In addition, 175.6 billion BIF will be required for refinancing FIs, so that they can serve the increased demand for credit.

The main budget lines are:

- Financial education and protection of consumers of financial services and products
- Promotion of rural credit for the greatest number via groups with solidarity guarantees
- Development of agricultural credit

- Subsidies for rural credit interest rates
- Guarantees for agricultural loans.

The budget provides for the necessary funds for execution of the activities presented in the operational plan. However, the budget only provides for financing that is not already acquired from other programs. The budget, therefore, addresses the specific activities of the NFIS or activities that are complementary to other programs. This means, for example, that budgets for executing activities already planned under the Strategy for Development of the Financial Sector, the Policy and Strategy for the Microfinance Sector and programs already underway under the National Plan for Agricultural Development are not integrated into the budget of the NFIS.

The budget is presented by year. In addition, a presentation is made for the State's counterpart contribution and for amounts not yet obtained, in particular from development aid programs. Credit lines needed are treated separately since they represent a debt and not investment or operational costs. The budget is only a first draft of what is needed. At startup of implementation of the NFIS, these budgets will need to be revised with more precision. An annual revision will be necessary.

6. NFIS Coordination and Monitoring Plan

6.1 Coordination and monitoring process

The NFIS will be implemented by a Coordination and Monitoring Committee (CMC-NFIS). This committee will be assisted by an Executive Unit responsible for executive tasks, in particular monitoring the implementation and coordination of the Technical Groups (TG) tasked with specific topics. The role of the CMC-NFIS will be to coordinate and monitor implementation of the NFIS and also to undertake feasibility studies for various aspects required by the NFIS, to undertake consultations on the development of specific aspects and to provide representation, information and education.

Since the NFIS is a cross-cutting process, it must coordinate actions for financial inclusion, not only with regard to the development of microfinance, but also those carried out by any and all stakeholders who can stimulate greater financial inclusion. Some of these actions are specific to the NFIS, but others concern the Policy and Strategy for the Microfinance Sector, the Strategy for Development of the Financial Sector, or other strategies, programs and work plans, such as the PNIA of the Ministry of Agriculture and Livestock or the Strategic Plan for Local Economic Development of the Ministry for Communal Development. It will therefore assume a coordinating role with these various strategies.

The Executive Unit of the CMC-NFIS will ensure permanent monitoring of the execution of the NFIS and will also support the committee in its responsibilities related to preparing studies and consultations (workshops) and producing the reports required by the CMC-NFIS. In view of the involvement of the BRB in setting up the NFIS and its strong ties with the Alliance for Financial Inclusion (AFI), it is proposed that the Executive Unit of the CMC-NFIS be housed at the BRB.

Technical Groups (TG) will be set up. Their role will be to assist the CMC-NFIS in coordinating actions for topics that require larger-scale efforts. These TGs, put in place by the CMC-NFIS, will work with other actors active in areas related to the topics addressed by the TGs. The TGs will be tasked with ensuring that the activities planned in their fields of expertise are executed and coordinated. The CMC-NFIS will assess the relevance of forming these groups with regard to specific topics (e.g.: TG for financial education (Sub-objective 1.3), TG for access to financial services and products (Sub-objectives 1.1 and 1.2), TG for rural financial products and services (Activity 2.2.1) and TG for agricultural credit (Activity 2.2.2)). A TG could also be created to analyze the feasibility of introducing a subsidy mechanism for interest rates, a guarantee mechanism for agricultural loans and the creation of a structure for integrating these mechanisms, including management of the subsidies for intrants (Activities 2.2.4, 2.2.5, 2.2.6 and 2.2.7).

6.2 NFIS Coordination and Monitoring Committee (CMC-NFIS)

RESPONSIBILITIES OF THE CMC-NFIS

The responsibilities of the CMC-NFIS will be the following:

- Coordinate implementation of the NFIS by ensuring that the actions planned are properly executed and that those responsible for these actions under the operational plan assume their responsibilities.
- Set up the Executive Unit of the CMC-NFIS and the Technical Groups.
- Sign memoranda of understanding with the institutions identified as responsible for the execution of activities.
- Coordinate the actions of the NFIS with the people responsible of the Policy and Strategy for the Microfinance Sector and the Strategy for Development of the Financial Sector.
- Monitor implementation of the NFIS with regard to changes in the indicators, and also the execution of activities planned by the NFIS and the mobilization of funds to ensure its execution.
- Produce annual work plans, jointly with the actors concerned, and reports on the status of financial inclusion and the progress of work included in the operational plan.
- Carry out studies on specific problems and feasibility studies on the mechanisms to be introduced under the NFIS.
- Consult stakeholders on topics requiring their opinion, mainly via workshops.
- Ensure representation of the NFIS with government authorities and the various government bodies, in order to inform them about the status of financial inclusion and constraints for implementation and advise them on subjects related to financial inclusion.
- Maintain links with donor agencies, in particular the AFI.
- Communicate with the stakeholders involved in implementing the NFIS and also with the general public to keep them informed about the evolution of financial inclusion in the country and activities carried out under the NFIS.
- Adjust, as needed, the NFIS during implementation and perform an end term evaluation.

- Coordinate the activities of its Executive Unit, including adopting a procedural document, approve its annual operational budget, validating the hiring of staff and providing authorizations for budget appropriations, in particular for the attribution of subcontracts.

COMPOSITION OF THE CMC-NFIS

The committee will be composed of representatives from the following institutions:

- Second Vice-Presidency of the Republic of Burundi, Chair
- Ministry of Finance and Economic Development Planning, Vice-Chair
- Bank of the Republic of Burundi, Secretary
- Ministry for Communal Development, member
- Ministry of Agriculture and Livestock, member
- Network of microfinance institutions (RIM), member
- Association of Banks and Financial Establishments (ABEF), member
- Confederation of the Associations of Agricultural Producers (CAPAD), member.

The Executive Coordinator of the Executive Unit of the CMC-NFIS may attend meetings of the CMC-NFIS.

FREQUENCY OF CMC-NFIS MEETINGS

The CMC-NFIS will meet at least twice a year and more often if necessary.

6.3 Executive Unit of the CMC-NFIS

RESPONSIBILITIES OF THE EXECUTIVE UNIT OF THE CMC-NFIS

The responsibilities of the Executive Unit of the CMC-NFIS will be the following:

- Monitor the execution of NFIS activities, changes in indicators and mobilization of funds
- Produce progress reports on the status of financial inclusion, the NFIS and its operational plan
- Produce a work plan each year detailing the activities to be executed during that period
- Coordinate the work of the Technical Groups
- Assist the CMC-NFIS in coordinating the actions of the NFIS with other strategies, policies, programs and work plans
- Coordinate execution of the studies required by the CMC-NFIS
- Support the CMC-NFIS in holding consultation workshops and meetings with donor agencies
- Support the CMC-NFIS in its representation and communication responsibilities
- Update the NFIS, if necessary
- Coordinate the evaluation of the NFIS
- Present an annual operational budget and manage it.

COMPOSITION OF THE EXECUTIVE UNIT OF THE CMC-NFIS

The Executive Unit of the CMC-NFIS will consist of the following staff:

- Executive coordinator (team leader)
- Member in charge of monitoring and evaluation
- Member in charge of data compilation and analysis
- Member in charge of carrying out studies, holding workshops and other representation and consultation activities
- Member in charge of administration, finances and procurement
- Administrative assistant
- Driver.

6.4 Financial and material needs of the CMC-NFIS

For the operation of the CMC-NFIS and its Executive Unit the financial and material needs are the following:

- Salaries of the Executive Unit
- Operation of the Executive Unit
- Furniture, IT and communications equipment for the Executive Unit
- Costs for carrying out studies
- Costs for consultation workshops
- Costs for communications
- Consultation fees for meeting the needs of the CMC-NFIS, in particular for setting up the monitoring and evaluation system and updating and evaluating the NFIS
- Purchase and operating costs of a vehicle.

Appendix 1: Detailed NFIS Operational Plan 2015 - 2020

Objectives, Sub-objectives and Activities	Sub-activities	Institutions in charge ²⁰	Participants	Activity outcomes	Timeframe
Objective 1:					
Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage					
<i>Sub-objective 1.1: Improve geographic coverage of financial products and services</i>					
Activity 1.1.1: Open financial access points in underserved provinces	<ul style="list-style-type: none"> Establish objectives for opening access points in the provinces underserved by MFIs 	PASMi-FORCE	RIM	<ul style="list-style-type: none"> 1,107 access points by 2020 68.2% of access points in rural areas 	Year 1
	<ul style="list-style-type: none"> Launch calls for expression of interest for opening MFI access points (fixed or mobile) and finance part of costs 	PASMi-FORCE	MFI		Years 1 to 3
	<ul style="list-style-type: none"> Open access points in the underserved provinces 	MFIs	PASMi-FORCE		Years 1 to 3
	<ul style="list-style-type: none"> Reopen COOPECs closed during the recent civil crisis 	FENACOBU	PASMi-FORCE		Years 1 to 3

²⁰The institution in charge is automatically the main participant.

Activity 1.1.2: Develop agent banking networks	<ul style="list-style-type: none"> Encourage banks to develop agent banking networks 	ABEF		<ul style="list-style-type: none"> 220 banking agents by 2020 	Year 1
	<ul style="list-style-type: none"> Provide institutional support to banks wishing to develop an agent banking network 	ABEF	Banks, TFPs		Years 1 to 4
Activity 1.1.3: Create business ties with informal savings and credit groups	<ul style="list-style-type: none"> Identify informal savings and credit associations 	FMCR	Communes	<ul style="list-style-type: none"> By 2020, 27.8% of participants in informal structures will be linked to FIs 	Years 2 to 4
	<ul style="list-style-type: none"> Encourage links between informal savings and credit associations and MFIs 	FMCR	Saving and Credit Associations, MFIs		Years 3 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²¹	Participants	Activity results	Timeframe
Objective 1:					
Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage					
<i>Sub-objective 1.2: Improve conditions for access to financial services and products</i>					
Activity 1.2.1: Review methods for setting interest rates and other charges linked to credit	<ul style="list-style-type: none"> Produce comparative studies on how interest rates are determined by MFIs and banks (resource costs, operational costs, credit quality, surplus) 	RIM, ABEF	MFIs, PASMi-FORCE, banks	<ul style="list-style-type: none"> Overall reduction of interest rates by MFIs and banks 	Year 1
	<ul style="list-style-type: none"> After the studies, make recommendations for reducing interest rates 	RIM, ABEF	MFI, PASMi-FORCE, banks, BRB		Years 1 to 3
Activity 1.2.2: Revise credit conditions	<ul style="list-style-type: none"> Establish the list of conditions for approving loans and identify conditions to be improved 	RIM, ABEF	MFIs, PASMi-FORCE, banks	<ul style="list-style-type: none"> Improved credit conditions 	Year 1
	<ul style="list-style-type: none"> Revise loan conditions to facilitate access 	MFIs, banks	RIM, ABEF		Years 1 to 3

²¹The institution in charge is automatically the main participant.

Activity 1.2.3: Revise credit guarantees required	<ul style="list-style-type: none"> Develop new types of guarantees and improve existing types of guarantees (solidarity group, pledged inventory, pledged savings, etc.) 	RIM	PASMi-FORCE, MFIs	<ul style="list-style-type: none"> New forms of guarantees are accepted at MFIs 	Year 2
	<ul style="list-style-type: none"> Introduce the new types of guarantees in the MFIs 	MFIs	RIM, PASMi-FORCE		Years 2 and 4
Activity 1.2.4: Revise entry conditions for opening an account and other charges linked to savings	<ul style="list-style-type: none"> Provide small savers with conditions enabling access to savings services offered by banks 	ABEF	Banks	<ul style="list-style-type: none"> Enabling conditions for small savers introduced in banks 	Years 2 and 3
Activity 1.2.5: Provide services to clients to ensure that credit files are prepared in a transparent manner	<ul style="list-style-type: none"> Encourage banks and MFIs to provide support for clients when preparing credit files 	RIM, ABEF	MFIs, banks	<ul style="list-style-type: none"> 100% of FIs inform their clientele about credit conditions and provide support for their capacity to repay 	Years 1 and 2
	<ul style="list-style-type: none"> Provide all required information about credit conditions 	MFIs, banks	RIM, ABEF		Years 2 and 3

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²²	Participants	Activity results	Timeframe
Objective 1: Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage					
<i>Sub-objective 1.3: Inform, educate and protect the public in general and the target clientele of the NFIS in particular.</i>					
Activity 1.3.1: Ensure country-wide coordination for awareness, communication and financial education efforts	<ul style="list-style-type: none"> Hold a national workshop on communication and financial education and formulate proposals for actions to be undertaken 	TG for financial education	Actors in financial and education sectors, TFPs	<ul style="list-style-type: none"> Roadmap established, executed and monitored 	Year 1
	<ul style="list-style-type: none"> Draw up a roadmap listing activities and responsibilities of actors 	TG for financial education			Year 1
	<ul style="list-style-type: none"> Monitor implementation of the roadmap 	TG for financial education	TFPs		Years 1 to 6

²²The institution in charge is automatically the main participant.

<p>Activity 1.3.2: Undertake national awareness campaigns on the use of financial products and services</p>	<ul style="list-style-type: none"> Draw up biannual awareness programs for the general public on the use of financial services and products, establishing the responsibilities of the actors 	TG for financial education	Actors in financial and education sectors, TFPs	<ul style="list-style-type: none"> Annual awareness campaigns for the general public undertaken 	Year 1, 3 and 5
	<ul style="list-style-type: none"> Carry out and monitor national communications programs which should be in Kirundi. 	TG for financial education	TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Continue the FMCR and RIM financial education programs 	FMCR, RIM	TFPs		Years 1 to 6
<p>Activity 1.3.3: Inform clients and staff of financial institutions about using financial products and services, preferably in Kirundi</p>	<ul style="list-style-type: none"> Develop communications strategies for the clientele of banks and MFIs 	ABEF, RIM	Banks, MFIs	<ul style="list-style-type: none"> Staff of banks and MFIs informed on financial inclusion Communications strategies for clientele and staff implemented in banks and MFIs 	Year 2
	<ul style="list-style-type: none"> Raise awareness of bank and MFI staff about the objectives and implication of financial inclusion for their institutions 	Banks, MFIs	ABEF, RIM		Years 2 and 3
	<ul style="list-style-type: none"> Develop communications tools for members of professional associations (clientele and staff) that take into account the language usually used 	ABEF, RIM	Banks, MFIs		Year 2
	<ul style="list-style-type: none"> Implement internal communications strategies of FIs 	Banks, MFIs	ABEF, RIM		Year 2 to 3

<p>Activity 1.3.4: Inform clients and staff of financial institutions about directives concerning protection of consumers of financial products and services</p>	<ul style="list-style-type: none"> Inform clients and staff of FIs about directives concerning protection of consumers of financial services and products 	BRB	ABEF, RIM, banks, MFIs	<ul style="list-style-type: none"> Information transmitted to clientele and staff of all FIs about directives concerning the protection of consumers of financial services and products 	Years 2 and 3
	<ul style="list-style-type: none"> Apply the principles promoted by the Smart Campaign 	RIM	MFI		Years 2 to 6
<p>Activity 1.3.5: Integrate financial education programs in educational institutions</p>	<ul style="list-style-type: none"> Develop objectives and appropriate mechanisms for promoting financial education via educational institutions 	Ministries in charge of education	Educational institutions	<ul style="list-style-type: none"> Financial education course integrated into the curriculum of educational institutions 50% of educational institutions at primary and secondary levels have benefited information sessions on financial education 	Year 2
	<ul style="list-style-type: none"> Integrate a financial education course into the curriculum of educational institutions 	Educational institutions	Ministries in charge of education		Years 2 to 6
	<ul style="list-style-type: none"> Hold information sessions on financial education in educational institutions 	MFPDE	BRB, RIM, ABEF, Educational institutions, TFPs		Years 1 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²³	Participants	Activity results	Timeframe
Objective 1:					
Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage					
<i>Sub-objective 1.4: Develop financial products and services using mobile phone and other technologies</i>					
Activity 1.4.1: Promote financial products and services through mobile phone	• Develop transfer and payment services via mobile phone	Mobile telephony operators	Banks and affiliated MFIs	<ul style="list-style-type: none"> 100% of the territory covered with financial services via mobile phone 1.8 million transactions via mobile phone by 2020 	Years 1 to 6
	• Develop financial access points for mobile phone in rural areas	Mobile telephony operators	Banks and affiliated MFIs		Years 1 to 6
Activity 1.4.2: Integrate interconnection within MFI networks and at the RNP	• Integrate interconnection within MFI networks and at the RNP	MFIs, RNP	PASMi-FORCE, TFPs	<ul style="list-style-type: none"> Interconnection completed in networks with more than 10 access points and at the RNP 	Years 1 to 3
	• Analyze and recommend measures for reducing the cost of interconnecting the internet services for MFI networks	RIM	MFIs		Year 2
Activity 1.4.3: Expand access to ATMs	• Expand access to automated teller machines (ATM)	Banks		<ul style="list-style-type: none"> 269 ATMs by 2020 	Years 1 to 6

²³The institution in charge is automatically the main participant.

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁴	Participants	Activity results	Timeframe
Objective 1:					
Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage					
<i>Sub-objective 1.5: Ensure refinancing for financial institutions</i>					
Activity 1.5.1: Introduce and consolidate refinancing mechanisms for MFIs	<ul style="list-style-type: none"> Consolidate refinancing mechanisms for MFIs 	FMCR, BNDE	Banks, RIM	<ul style="list-style-type: none"> 188.5 billion BIF in refinancing for MFIs by 2020 Refinancing of MFIs ensured 	Year 2
	<ul style="list-style-type: none"> Consolidate guarantee mechanisms for refinancing MFIs 	FMCR	Banks, ABEF, TFPs		Year 2
	<ul style="list-style-type: none"> Seek refinancing from foreign institutions 	MFIs, banks			Years 1 to 6
Activity 1.5.2: Introduce and consolidate long-term refinancing mechanisms for banks and MFIs	<ul style="list-style-type: none"> Benefit from credit lines at concessional rates for refinancing rural credit granted by banks and MFIs 	TFPs	FMCR, BNDE	<ul style="list-style-type: none"> 188.5 billion BIF available for refinancing via credit lines at concessional rates 	Years 1 to 6

²⁴The institution in charge is automatically the main participant.

<p>Activity 1.5.3: Encourage the channeling of national savings into credit</p>	<ul style="list-style-type: none"> Carry out a study on the use of liquidity by banks and MFIs 	RIM, ABEF	MFPDE, MFIs, banks, PASMi-FORCE	<ul style="list-style-type: none"> Increase in volume of national savings channeled into rural credit 20% of funds of insurance companies and social security funds available for rural credit 	Year 2
	<ul style="list-style-type: none"> Develop mechanisms for channeling liquidity (savings deposits) of banks and MFIs into rural credit 	RIM, ABEF	MFPDE, PASMi-FORCE		Year 2
	<ul style="list-style-type: none"> Encourage insurance companies and social security funds to channel funds into rural credit 	MFPDE	Insurance firms and social security funds		Years 2 to 6
	<ul style="list-style-type: none"> Encourage concentration of savings of the diaspora 	Diaspora Directorate (MAE)	Housing promotion funds		Years 3 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁵	Participants	Activity results	Timeframe
Objective 2: Make quality financial services and products available, that match the needs of the target clientele of the NFIS					
<i>Sub-objective 2.1: Increase the level of savings and ensure security of deposits</i>					
Activity 2.1.1: Promote the mobilization of savings in financial institutions	<ul style="list-style-type: none"> Promote the mobilization of savings through financial education via financial institutions (See 1.3) 				
Activity 2.1.2: Develop specific and attractive savings products	<ul style="list-style-type: none"> Develop specific savings products 	MFIs, banks, RNP	RIM, ABEF	<ul style="list-style-type: none"> Range of savings products in MFIs and banks expanded 	Years 2 and 3
	<ul style="list-style-type: none"> Develop term deposits or other products with an attractive interest rate 	MFIs, banks, RNP	RIM, ABEF		Years 2 and 3
	<ul style="list-style-type: none"> Develop savings products associated with credit products 	MFIs, banks, RNP	RIM, ABEF		Years 2 and 3

²⁵The institution in charge is automatically the main participant.

<p>Activity 2.1.3: Set up deposit insurance programs</p>	<ul style="list-style-type: none"> Carry out a feasibility study on deposit insurance for banks and MFIs 	RIM, ABEF	MFIs, banks, MFPDE, BRB, PSD, PASMi-FORCE	<ul style="list-style-type: none"> Deposit insurance introduced in MFIs and banks 	Year 3
	<ul style="list-style-type: none"> Develop mechanisms for deposit insurance 	RIM, ABEF	MFI, banks, BRB, PSD, PASMi-FORCE		Year 3
	<ul style="list-style-type: none"> Introduce deposit insurance in banks and MFIs 	RIM, ABEF	MFI, banks, PSD, PASMi-FORCE		Year 4
	<ul style="list-style-type: none"> Manage the deposit insurance programs 	RIM, ABEF	MFIs, banks		Years 4 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁶	Participants	Activity results	Timeframe
Objective 2: Make quality financial services and products available, that match the needs of the target clientele of the NFIS					
<i>Sub-objective 2.2: Develop financing mechanisms, approaches and products and services adapted to rural needs, in particular for agricultural activities</i>					
Activity 2.2.1: Improve financial products and services adapted for the rural population	<ul style="list-style-type: none"> Disseminate savings and credit group with solidarity group guarantee approach, mainly through the MCPEA 	FMCR, MFIs	RIM, projects, TFPs	<ul style="list-style-type: none"> 20,000 savings and credit groups with solidarity group guarantees created 100% of savings and credit groups with solidarity group guarantees associated with MFIs 	Years 1 to 6
	<ul style="list-style-type: none"> Provide support to savings and credit groups with solidarity group guarantees 	FMCR (MCPEA), MFIs	RIM, projects, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Encourage the development of income generating activities (IGA) through coaching and technical assistance to savings and credit groups with solidarity group guarantees 	FMCR (MCPEA), projects	MFIs, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Create links between savings and credit groups with solidarity group guarantees and MFIs 	FMCR (MCPEA)	Projects, MFIs, TFPs		Years 1 to 6

²⁶The institution in charge is automatically the main participant.

<p>Activity 2.2.2: Develop adapted financial products and services for agricultural credit</p>	<ul style="list-style-type: none"> Develop credit products adapted to value chains, solidarity group credit (sub-distribution), triangular credit (actors in the value chain), etc. 	MFIs	RIM, actors in value chains, agricultural projects, BNDE, TFPs	<ul style="list-style-type: none"> Growth in agricultural credit from 3.7% of all outstanding credit in 2011 to 11.9% by 2020 Availability of agricultural credit for the value chains Credit approaches adapted to agriculture developed Effective coordination between actors for agricultural development and in the financial sector for agricultural credit 	Years 1 to 6
	<ul style="list-style-type: none"> Encourage use of existing MFIs for agricultural credit or create new ones for the value chains. 	Actors in value chains, agricultural projects	CAPAD, RIM, PASMi-FORCE, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Associate credit products with distribution mechanisms for intrants 	MFIs, RNP	RIM		Years 1 to 6
	<ul style="list-style-type: none"> Develop inventory credit 	MFIs	RIM, PASMi-FORCE, projects, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Develop credit for production, commercialization and processing (MT-LT) 	BNDE	PASMi-FORCE, projects, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Specialize and train MFI staff in agricultural credit approaches 	MFIs	RIM, PASMi-FORCE, projects, TFPs		Years 1 to 6

	<ul style="list-style-type: none"> Encourage discussion and partnerships among FIs, producers and their representatives 	DPAE, Communal authority	Actors in value chains, CAPAD, MFIs, RIM, BNDE, FMCR, projects, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Set up consultation mechanisms at the provincial level for financing value chains 	Provinces and Communes	Actors in value chains, CAPAD, MFI, BNDE, projects, TFPs		Years 2 to 5
<p>Activity 2.2.3</p> <p>Proceed to the structuring of agricultural producers</p>	<ul style="list-style-type: none"> Provide support for structuring value chains 	MINAGRIE (DPAE)	Actors in value chains, projects, Ministry of Communal Development, TFPs	<ul style="list-style-type: none"> 5 times more producers active in organized value chains Increased number of active producer associations and cooperatives Producers participating in value chains trained in use of credit Producers participating in value chains receive technical assistance Availability of infrastructures for production, storage, commercialization and processing 	Years 1 to 6
	<ul style="list-style-type: none"> Encourage rural structuring into producers groups and the creation of cooperatives 	Ministry of Communal Development	DPAE, actors in value chains, CAPAD, projects, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Educate producers, their associations and their cooperatives about using credit 	Ministry of Communal Development FMCR	DPAE, CAPAD, MFI, RIM, BNDE, projects, TFPs		Years 1 to 6

	<ul style="list-style-type: none"> Provide technical coaching to producers grouped in value chains 	Actors in value chains	DPAE, agricultural projects, MINAGRIE, TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Set up infrastructures for the production, storage, commercialization and processing of agricultural products 	MINAGRIE, (DPAE)	Projects, actors in value chains, BNDE, TFPs		Years 1 to 6
Activity 2.2.4: Continue and improve intrants subsidy program	<ul style="list-style-type: none"> Continue the fertilizer subsidy program 	MINAGRIE, (PNSB)	RNP, TFPs	<ul style="list-style-type: none"> Fertilizer subsidy program maintained Subsidies for seed and small agricultural equipment Set up of a sustainable structure for fertilizer subsidies 	Years 1 to 6
	<ul style="list-style-type: none"> Incorporate the subsidy for seed and small equipment into the existing subsidy mechanism 	MINAGRIE (PNSB)	TFPs		Years 2 to 6
	<ul style="list-style-type: none"> Ensure the sustainability of intrants subsidy mechanism 	MINAGRIE	TFPs		Year 3
Activity 2.2.5: Subsidize interest rates for rural credit	<ul style="list-style-type: none"> Carry out a feasibility study for introducing a subsidy mechanism for rural credit interest rates 	CMC-NFIS	MINAGRIE, MFPDE, TFPs, Actors in financial and rural sectors	<ul style="list-style-type: none"> 13.4 billion BIF in subsidies for rural credit interest rates in 6 years. Autonomous and independent mechanism for managing subsidies for interest rates in place 	Year 1
	<ul style="list-style-type: none"> Develop a model for a subsidy mechanism for rural credit interest rates 	MINAGRIE, MFPDE, Ministry of Communal Development	TFPs		Year 1

	<ul style="list-style-type: none"> • Create an autonomous and independent institution for managing the subsidy mechanism for rural credit interest rates 	MINAGRIE, MFPDE, Ministry of Communal Development	MFPDE, TFPs		Year 2
	<ul style="list-style-type: none"> • Implement activities of the subsidy mechanism for rural credit interest rates 	Person in charge of interest rate subsidy mechanism	Steering Committee of the mechanism, FIs, TFPs		Years 3 to 6
	<ul style="list-style-type: none"> • Monitor and evaluate the subsidy mechanism for rural credit interest rates 	Steering Committee of the mechanism	Interest rate subsidy mechanism, TFPs		Years 3 to 6
Activity 2.2.6: Guarantee agricultural loans	<ul style="list-style-type: none"> • Carry out a feasibility study for introducing a guarantee mechanism for agricultural credit that takes into account bad weather and natural disasters 	CMC-NFIS	MINAGRIE, MFPDE, CAPAD, TFPs, actors in financial and rural sectors	<ul style="list-style-type: none"> • Volume of guaranteed agricultural credit at 71.6 billion BIF by 2020 • Autonomous and independent mechanism for managing agricultural guarantees in place 	Year 2
	<ul style="list-style-type: none"> • Develop a model for the guarantee mechanism for agricultural credit 	MINAGRIE, MFPDE	FIs, TFPs		Year 2
	<ul style="list-style-type: none"> • Create an autonomous and independent institution for managing the guarantee mechanism for agricultural credit 	MINAGRIE, MFPDE	MFPDE, FIs, TFPs		Year 3

	<ul style="list-style-type: none"> Implement activities of the guarantee mechanism for agricultural credit 	Person in charge of guarantee mechanism for agricultural loans	Steering Committee of mechanism, FIs, TFPs		Years 4 to 6
	<ul style="list-style-type: none"> Monitor and evaluate the guarantee mechanism for agricultural credit 	Steering Committee of mechanism	Guarantee mechanism for agricultural loans, TFPs		Years 4 to 6
	<ul style="list-style-type: none"> Develop types of auto-guarantees adapted to agricultural credit in the MFIs (solidarity groups, FOs, cooperatives, inventory credit, triangular credit, etc.) 	MFIs	RIM, FOs, cooperatives, PASMi-FORCE, TFPs		Years 1 to 6
<p>Activity 2.2.7: Set up a structure for integrating the mechanisms for subsidizing intrants and interest rates and guaranteeing agricultural loans</p>	<ul style="list-style-type: none"> Carry out a feasibility study for setting up a structure to integrate the mechanisms for intrants and interest rate subsidies and guarantees for agricultural loans 	CMC-NFIS	MINAGRIE, MFPDE, actors in financial and rural sectors, TFPs	<ul style="list-style-type: none"> An operational structure for financing agricultural development 	Year 2
	<ul style="list-style-type: none"> Make necessary arrangements for the creation of a structure to integrate the mechanisms for intrants and interest rate subsidies and guarantees for agricultural loans 	MINAGRIE, MFPDE	TFPs		Year 2

	<ul style="list-style-type: none"> Start up activities and ensure functioning of the structure integrating the mechanisms for intrants and interest rate subsidies and guarantees for agricultural loans 	Structure for integrating agricultural development financing	MINAGRIE, MFPDE, TFPs		Years 3 to 6
<p>Activity 2.2.8: Assess the feasibility of introducing mechanisms for crop insurance</p>	<ul style="list-style-type: none"> Monitor and document testing of crop insurance 	CMC-NFIS	MINAGRIE, TFPs	<ul style="list-style-type: none"> Recommendations made for crop insurance Testing of crop insurance within MFIs carried out 	Years 1 to 3
	<ul style="list-style-type: none"> Decide and choose orientations regarding crop insurance 	CMC-NFIS	MINAGRIE, TFPs		Year 4
	<ul style="list-style-type: none"> Follow up on recommendations from evaluation of crop insurance testing 	MINAGRIE	ARCA, RIM, ASSUR, PASMi-FORCE, TFPs		Years 4 to 6
	<ul style="list-style-type: none"> Promote crop loan insurance within MFIs (study, testing, dissemination) 	RIM	MFIs, PASMi-FORCE, TFPs		Years 2 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁷	Participants	Activity results	Timeframe
Objective 2: Make quality financial services and products available, that match the needs of the target clientele of the NFIS					
<i>Sub-objective 2.3: Develop approaches and financial products and services for women and youth</i>					
Activity 2.3.1: Develop financial products and services adapted to women and youth	<ul style="list-style-type: none"> Develop solidarity group loans with solidarity group guarantees (See 2.2.1) 			<ul style="list-style-type: none"> Development of solidarity group credit with solidarity group guarantees (See 2.2.1) 	Years 1 to 6
	<ul style="list-style-type: none"> Apply approaches of national and international savings and credit programs for women and youth 	RIM, FMCR	MFIs, projects for women and youth	<ul style="list-style-type: none"> Increased number of women and youth benefit from savings and credit programs 	Years 1 to 6
Activity 2.3.2: Encourage women and youth to form groups	<ul style="list-style-type: none"> Provide support for groups of women and youth 	NGOs and women and youth associations	Projects, TFPs	<ul style="list-style-type: none"> Increased number of women and youth belong to groups 	Years 1 to 6

²⁷The institution in charge is automatically the main participant.

<p>Activity 2.3.3: Inform and educate women and youth about using financial products and services</p>	<ul style="list-style-type: none"> • Provide specific support for educating women about saving and access to credit 	<p>NGOs and women and youth associations</p>	<p>TG financial education, projects, TFPs</p>	<ul style="list-style-type: none"> • Increased number of women and youth participated in financial education programs 	<p>Years 1 to 6</p>
	<ul style="list-style-type: none"> • Target women and youth in financial education campaigns (See 1.3.2, 1.3.3 and 1.3.4) 				<p>Years 1 to 6</p>
<p>Activity 2.3.4: Encourage granting of guarantees for loans to women and youth</p>	<ul style="list-style-type: none"> • Encourage granting of guarantees for loans to women and youth 	<p>Projects for women and youth</p>	<p>FMCR, TFPs</p>	<ul style="list-style-type: none"> • Increased volume of credit for women and youth benefiting from guarantees 	<p>Year 1 to 5</p>

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁸	Participants	Activity results	Timeframe
Objective 2:					
Make quality financial services and products available, that match the needs of the target clientele of the NFIS					
<i>Sub-objective 2.4: Develop approaches and financial products and services for micro and small entrepreneurs</i>					
Activity 2.4.1: Adapt financial products and services to the needs of small entrepreneurs	<ul style="list-style-type: none"> Review conditions for granting credit to small entrepreneurs 	Banks, MFIs	ABEF, RIM, PASMi-FORCE, TFPs	<ul style="list-style-type: none"> Facilitated access to financial services and products for small entrepreneurs 	Year 2
	<ul style="list-style-type: none"> Specialize the staff of FIs in credit for small entrepreneurs 	Banks, MFIs	ABEF, RIM, PASMi-FORCE, TFPs		Years 2 to 6
Activity 2.4.2 Encourage micro and small entrepreneurs to form groups	<ul style="list-style-type: none"> Encourage micro and small entrepreneurs to form groups 	Ministry in charge of commerce and industry	CFCIB, coaching organizations, projects	<ul style="list-style-type: none"> Increased number of micro and small entrepreneurs formed into groups and trained 	Years 1 to 6
	<ul style="list-style-type: none"> Offer coaching and technical assistance to micro and small entrepreneurs 	Ministry in charge of commerce and industry	CFCIB, coaching organizations, PSD, projects, TFPs		Years 1 to 6

²⁸The institution in charge is automatically the main participant.

Activity 2.4.3: Provide advisory support to micro and small entrepreneurs and their associations	<ul style="list-style-type: none"> Provide advice and support for preparing loan applications to micro and small entrepreneurs 	Coaching organizations	Projects, PSD, BNDE, TFPs	<ul style="list-style-type: none"> Increased number of micro and small entrepreneurs received advisory support 	Years 1 to 6
	<ul style="list-style-type: none"> Provide coaching and technical assistance to micro and small entrepreneurs 	FIGA	ABEF		Years 1 to 6
Activity 2.4.4: Introduce and consolidate mechanisms for guaranteeing loans to small and medium entrepreneurs	<ul style="list-style-type: none"> Consolidate existing guarantee funds for small and medium entrepreneurs 	ABEF	BNDE, banks, PSD, TFPs	<ul style="list-style-type: none"> Increase in volume of guarantee funds 	Years 2 and 3
	<ul style="list-style-type: none"> Introduce new formulas for guarantee funds for SMEs 	FIGA	ABEF, banks, TFPs		Year 1
Activity 2.4.5 Set up stimulus funds for SMEs	<ul style="list-style-type: none"> Develop interest among financial institutions in creating stimulus funds 	ABEF	Banks, TFPs	<ul style="list-style-type: none"> Stimulus fund operational 	Year 1
	<ul style="list-style-type: none"> Set up a stimulus fund (FIGA) 	FIGA	ABEF, banks, TFPs		Year 1
Activity 2.4.6: Introduce specialized windows/desks and/or financial institutions specialized for small entrepreneurs	<ul style="list-style-type: none"> Create specialized windows/desks for small entrepreneurs in FIs 	Banks, MFIs	ABEF, RIM	<ul style="list-style-type: none"> Increased number of specialized windows/desks in the banks and MFIs Increased number of FIs specialized for small entrepreneurs 	Years 2 to 6
	<ul style="list-style-type: none"> Encourage the creation of FIs specialized for small entrepreneurs 	MFPDE	ABEF, RIM		Years 1 to 6
Activity 2.4.7 Improve the business environment for entrepreneurs	<ul style="list-style-type: none"> Continue to apply the recommendations from Doing Business 	MFPDE	Ministries concerned, SFI, PSD	<ul style="list-style-type: none"> Positive changes in Doing Business indicators 	Years 1 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ²⁹	Participants	Activity results	Timeframe
Objective 2:					
Make quality financial services and products available, that match the needs of the target clientele of the NFIS					
<i>Sub-objective 2.5: Develop microinsurance products and services</i>					
Activity 2.5.1: Develop microinsurance	<ul style="list-style-type: none"> Study the relevance of microinsurance 	RIM	ARCA, ASSUR, PASMi-FORCE, TFPs	<ul style="list-style-type: none"> Microinsurance mechanisms developed and disseminated Loan life insurance mechanisms introduced in MFIs 	Year 3
	<ul style="list-style-type: none"> Develop and disseminate mechanisms for microinsurance 	RIM	MFI, ASSUR, PASMi-FORCE, TFPs		Years 3 to 6
	<ul style="list-style-type: none"> Develop efficient mechanisms for loan life insurance 	RIM	MFI, PASMi-FORCE, TFPs		Years 3 to 6

²⁹The institution in charge is automatically the main participant.

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ³⁰	Participants	Activity results	Timeframe
Objective 3: Improve the environment for financial inclusion					
<i>Sub-objective 3.1: Provide a legal framework for the financial sector that is adapted to financial inclusion</i>					
Activity 3.1.1: Adjust as needed the legal framework governing banks and MFIs in accordance with financial inclusion	<ul style="list-style-type: none"> Prepare and validate regulations according to the new legislation concerning financial inclusion 	BRB	MFPDE, Actors in financial sector	<ul style="list-style-type: none"> Legislation and regulations adapted to needs of financial inclusion Legislation and regulations in force for personal property securities 	Year 1
	<ul style="list-style-type: none"> Adjust regulations as needed to innovations promoted by the NFIS 	BRB	MFPDE, Actors in financial sector, PSD		Years 1 to 6
	<ul style="list-style-type: none"> Propose legislation and regulations concerning personal property securities (guarantees) 	BRB	MFPDE, Actors in financial sector, PSD		Year 1
	<ul style="list-style-type: none"> Take the necessary measures to encourage the refinancing of MFIs and banks by international financial institutions 	BRB	MFPDE, RIM, PASMi- FORCE		Year 1

³⁰The institution in charge is automatically the main participant.

	<ul style="list-style-type: none"> Ensure the protection of financial transactions via mobile phone 	BRB	MFPDE, mobile telephony operators, banks		
Activity 3.1.2: Adapt the legal framework to deposit insurance	<ul style="list-style-type: none"> Adapt the legal framework to deposit insurance 	BRB	MFPDE, RIM, ABEF	<ul style="list-style-type: none"> Legal framework adapted to deposit insurance 	Year 2
Activity 3.1.3: Integrate microinsurance into the legal framework	<ul style="list-style-type: none"> Identify the needs and parameters for better integration of microinsurance into the legal framework 	ARCA	MFPDE, RIM, ASSUR, PASMi-FORCE	<ul style="list-style-type: none"> Legislation and regulations in force for microinsurance 	Year 3
	<ul style="list-style-type: none"> Develop and propose provisions for integrating microinsurance into the legal framework 	BRB, ARCA	MFPDE, RIM, ASSUR, PASMi-FORCE		Year 3

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ³¹	Participants	Activity results	Timeframe
Objective 3: Improve the environment for financial inclusion					
<i>Sub-objective 3.2: Set up a regulatory framework for the protection of consumers of financial products and services</i>					
Activity 3.2.1: Issue directives for consumer protection to the FIs	<ul style="list-style-type: none"> Prepare directives on FI obligations regarding the protection of consumers of financial services and products 	BRB	ABUCO, RIM, ABEF, RNP, PSD, PASMi-FORCE	<ul style="list-style-type: none"> Directives for the protection of consumers of financial services and products applied in MFIs and banks 	Year 1
	<ul style="list-style-type: none"> Issue and disseminate directives on obligations regarding the protection of consumers of financial services and products 	BRB	ABUCO, RIM, ABEF		Year 2
	<ul style="list-style-type: none"> Supervise the application of directives on the protection of consumers of financial services and products 	BRB			Years 2 to 6

³¹The institution in charge is automatically the main participant.

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ³²	Participants	Activity results	Timeframe
Objective 3: Improve the environment for financial inclusion					
<i>Sub-objective 3.3: Adjustments to legislation, regulations, policies and mechanisms in areas related to the financial sector</i>					
Activity 3.3.1: Adjust the legal framework governing areas related to the financial sector as necessary	<ul style="list-style-type: none"> Identify modifications to be made to the legal framework related to the financial sector 	MFPDE	ABEF, RIM PASMi-FORCE, PSD	<ul style="list-style-type: none"> Legal framework related to the financial sector adjusted 	Year 2
	<ul style="list-style-type: none"> Raise awareness of ministries and relevant institutions regarding the importance of adjusting the legal framework related to the financial sector 	MFPDE	Actors in financial sector		Year 2
	<ul style="list-style-type: none"> Adjust the legal framework related to the financial sector 	Ministries concerned			Years 2 to 6
Activity 3.3.2: Actively pursue registration of land and buildings in the communal land registries	<ul style="list-style-type: none"> Expand and accelerate the registration program for land and buildings 	Ministry in charge of environment		<ul style="list-style-type: none"> Majority of titles registered by 2020 	Years 1 to 6

³²The institution in charge is automatically the main participant.

<p>Activity 3.3.3</p> <p>Reform the process for enforcement of security rights</p>	<ul style="list-style-type: none"> Raise awareness and coach actors in the judicial system (justice, trade tribunal, land titles, etc.) about the issue of enforcing security rights 	MFPDE	BRB, SFI, TFPs	<ul style="list-style-type: none"> More efficient procedure for enforcing security rights 	Years 3 and 4
	<ul style="list-style-type: none"> Provide technical support to actors in the judicial system for revising the procedure for enforcing security rights 	MFPDE	Actors in judicial system, BRB, PSD, SFI, TFPs		Years 3 and 4
	<ul style="list-style-type: none"> Provide means for implementing the revised procedure for enforcing security rights 	MFPDE	Actors in judicial system, PSD, SFI, TFPs		Years 4 and 5

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ³³	Participants	Activity results	Timeframe
Objective 3:					
Improve the environment for financial inclusion					
<i>Sub-objective 3.4: Supervisory mechanisms for financial institutions adapted to the NFIS, in particular for innovations related to the distribution of financial products and services</i>					
Activity 3.4.1: Adapt supervisory mechanisms to innovations in the financial sector	<ul style="list-style-type: none"> Update supervision practices, in particular for innovations promoted by the NFIS 	BRB	PSD	<ul style="list-style-type: none"> Supervision practices adapted to financial inclusion 	Years 1 and 2
	<ul style="list-style-type: none"> Implement adjustments to supervision practices and train staff 	BRB	PSD	<ul style="list-style-type: none"> Supervision practices for the RNP in force 	Years 1 and 2
Activity 3.4.2: Provide authorization for the opening of MFIs or financial access points in line with the objectives of the NFIS and ensure their sustainability	<ul style="list-style-type: none"> Revise directives concerning licensing of MFIs in order to facilitate the process while ensuring their sustainability 	BRB	RIM, PSD	<ul style="list-style-type: none"> Licensing procedures facilitated 	Years 1 and 2
	<ul style="list-style-type: none"> Apply the directives for licensing 	BRB		<ul style="list-style-type: none"> Licensing procedures that favour the sustainability of institutions 	Years 1 and 2

³³The institution in charge is automatically the main participant.

Activity 3.4.3: Strengthen the mechanism of the Credit Data Exchange (CEI)	<ul style="list-style-type: none"> Develop new mechanisms for the CEI 	BRB	SFI, PSD	<ul style="list-style-type: none"> CEI operational and used by FIs 	Year 1
	<ul style="list-style-type: none"> Introduce and administer the new mechanisms for the CEI 	BRB	SFI, PSD		Years 1 and 2
	<ul style="list-style-type: none"> Ensure that the CEI receives data from the banking and microfinance sectors 	BRB	FIs, SFI, PSD		Years 2 to 6

Objectives, Sub-objectives and activities	Sub-activities	Institutions in charge ³⁴	Participants	Activity results	Timeframe
Objective 3:					
Improve the environment for financial inclusion					
<i>Sub-objective 3.5: Coordination and coherence with the national financial inclusion strategy</i>					
Activity 3.5.1: Set up the NFIS Coordination and Monitoring Committee (CMC-NFIS) and ensure that it is operational	<ul style="list-style-type: none"> Set up the CCS-NFIS and ensure that it is operational 	Second Vice-Presidency		<ul style="list-style-type: none"> Mechanism for coordination and monitoring of NFIS in place, including Executive Unit Technical Groups set up Implementation of NFIS coordinated Financial sector consulted 	Years 1 to 6
	<ul style="list-style-type: none"> Hold semi-annual meetings of the CMC-NFIS 	CMC-NFIS	TFPs		Years 1 to 6
	<ul style="list-style-type: none"> Hold consultation workshops on topics related to financial inclusion 	CMC-NFIS	Actors in financial sector, TFPs		If needed
	<ul style="list-style-type: none"> Set up Technical Groups and ensure they are operational 	CMC-NFIS			Years 1 to 6
Activity 3.5.2: Monitor and evaluate implementation of the NFIS	<ul style="list-style-type: none"> Monitor implementation of the NFIS (indicators, activities, mobilization of funds) 	CMC-NFIS	NSIF Monitoring Team, TFPs	<ul style="list-style-type: none"> Implementation of NFIS monitored and evaluated Actors involved in NFIS informed about progress Actors informed about progress in implementation of the NFIS 	Years 1 to 6
	<ul style="list-style-type: none"> Adopt directives compelling FIs to provide data for indicators 	BRB	ABEF, RIM		Year 1
	<ul style="list-style-type: none"> Inform actors about progress in implementing the NFIS 	CMC-NFIS	Executive Unit		Years 1 to 6

³⁴The institution in charge is automatically the main participant.

	(information bulletin)		of the NFIS		
Activity 3.5.3: Ensure mobilization of funds for implementation of the NFIS	<ul style="list-style-type: none"> Detail the budget required for the NFIS 	CMC-NFIS	Executive Unit of the NFIS	<ul style="list-style-type: none"> Required budgets obtained for implementing the NFIS 	Year 1
	<ul style="list-style-type: none"> Seek funds from TFPs 	CMC-NFIS	Executive Unit of the NFIS		Years 1 to 6
	<ul style="list-style-type: none"> Organize a roundtable with TFPs on the mobilization of funds for financing the NFIS 	CMC-NFIS	Executive Unit of the NFIS, TFPs		Year 1
Activity 3.5.4: Ensure coordination of the NFIS with the SDSF and the PSMF	<ul style="list-style-type: none"> Hold annual coordination meetings with the NFIS, SDSF and PSMF 	Representatives of CMC-NFIS	Representatives of SDSF and PSMF	<ul style="list-style-type: none"> Efforts of the three strategies coordinated Data collection standardized 	Years 1 to 6
	<ul style="list-style-type: none"> Standardize data collection for monitoring the NFIS, SDSF and PSMF 	Executive Unit of the NFIS	Monitoring teams from SDSF and PSMF		Years 1 to 6
Activity 3.5.5: Promote the NFIS to the authorities and the general public	<ul style="list-style-type: none"> Inform the general public about the objectives of the NFIS and progress in its implementation 	CMC-NFIS	Executive Unit of the NFIS, TFPs	<ul style="list-style-type: none"> Public informed about objectives of the NFIS and its implementation 	Years 1 to 6
	<ul style="list-style-type: none"> Represent the CMC-NFIS before authorities to facilitate implementation of the NFIS 	CMC-NFIS			Years 1 to 6

Appendix 2: NFIS Budget by Sub-Objective

Budget NFIS by sub-objective

TOTAL BUDGET NFSI	Total	State counterpart	Others funds
	36 728 464	13 880 437	22 848 027
<i>Thousand \$US</i>	23 696	8 955	14 741
<i>% financed</i>	0	37.8%	62.2%
Credit lines needs	175 647 227	0	175 647 227
Objective 1 : Ensure increased and permanent access to and usage of financial services and products by the population with conditions that encourage access and usage	1 714 228	240 000	1 474 228
Sub-objective 1.1 : Improve geographic coverage of financial services and products	185 203	0	185 203
Sub-objective 1.2 : Improve conditions for access to financial services and products	0	0	0
Sub-objective 1.3 : Inform, educate and protect the public in general and the target clientele of the NFIS in particular	1 473 875	240 000	1 233 875
Sub-objective 1.4 : Develop financial services and products using mobile telephony and other technologies	0	0	0
Sub-objective 1.5 : Ensure refinancing for financial institutions	55 150	0	55 150
Objective 2 : Make quality financial services and products available, that match the needs of the target clientele of the NFIS	29 856 087	11 609 177	18 246 910
Sub-objective 2.1 : Increase the level of savings and ensure security of deposits	128 250	0	128 250
Sub-objective 2.2 : Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities	29 091 649	11 609 177	17 482 472
Sub-objective 2.3 : Develop approaches and financial products for women and youth	279 000	0	279 000
Sub-objective 2.4 : Develop approaches and financial products for micro and small entrepreneurs	304 750	0	304 750
Sub-objective 2.5 : Develop microinsurance products	52 438	0	52 438
Objective 3 : Improve the environment for financial inclusion	5 158 150	2 031 260	3 126 890
Sub-objective 3.1 : Provide a legal framework for the financial sector that is adapted to financial inclusion	70 000	0	70 000
Sub-objective 3.2 : Set up a regulatory framework for the protection of consumers of financial products and services	0	0	0
Sub-objective 3.3 : Adjustments to legislation, regulations, policies and mechanisms in areas related to the financial sector	10 000	0	10 000
Sub-objective 3.4 : Supervisory mechanisms for financial institutions adapted to the NFIS, in particular for innovations related to the distribution of financial services and products	0	0	0
Sub-objective 3.5 : Coordination and coherence with the national financial inclusion strategy	5 078 150	2 031 260	3 046 890

Détails: Objective 2.2

	Sub-Objective 2.2	State Conterpart	Others funds
<i>Sub-objective 2.2 : Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities</i>	<i>29 091 649</i>	<i>11 609 177</i>	<i>17 482 472</i>
<i>% financed</i>		<i>39.9%</i>	<i>60.1%</i>
Activity 2.2.1: Improve financial products and products adapted for the rural population	3 870 000	1 548 000	2 322 000
Activity 2.2.2: Develop adapted financial products and services for agricultural credit	1 960 100	0	1 960 100
Activity 2.2.3: Begin structuring for agricultural producers	499 200	0	499 200
Activity 2.2.4: Continue the intrants subsidy program and improve it	0	0	0
Activity 2.2.5: Subsidize interest rates for rural credit	18 281 887	8 621 177	9 660 710
Activity 2.2.6: Guarantee agricultural loans	4 331 287	1 440 000	2 891 287
Activity 2.2.7: Set up a structure for integrating the mechanisms for subsidizing intrants, subsidizing interest rates and guaranteeing agricultural loans	106 425	0	106 425
Activity 2.2.8: Assess the feasibility of introducing mechanisms for crop insurance	42 750	0	42 750