



Lesotho SIMM Final Stakeholder Meeting

Concept note

July 03, 2019

1. Background

The In 2012 – 2014, UNDP Lesotho, in collaboration with the Ministry of Finance and Central Bank of Lesotho implemented a financial inclusion program, Support to Financial Inclusion in Lesotho (SUFIL). The project was aimed at promoting access to finance among the low-income population, specifically targeting women and youth. The end-of project evaluation recommended continued engagement in the sector, with focus to accelerating provision of financial education and technology for inclusive finance, particularly targeting women, the youth and the poor. In 2016/17 UNDP supported and spearheaded a new project aimed at facilitating growth and development of formal financial inclusion in Lesotho through support to expansion of mobile money services in Lesotho. The stakeholder engagement culminated in a project titled Lesotho SIMM, (scaling inclusion through mobile money). Through this project, the UNDP sought to support the Ministry of Finance and Central Bank of Lesotho to connect the rural population, particularly the unbanked, to financial services.

The project followed an IBEI(Inclusive Business Ecosystem Initiative) approach whereby all ecosystem players are involved. In order to achieve this, the project was structured to have four thematic areas; product and innovation, policy and incentives, financial education and capacity building for agents and merchant. Implementation of Lesotho SIMM kicked off in 2017 and is scheduled to end in June 2019 following a 12-month extension. As such the project plans to hold an exposition to showcase its achievements and share lessons learned ahead of the project closure.

The following section provide a synopsis of what has been covered per each thematic area.'

2. Brief Update:

2.1 Product and Mobile Money Applications Development:

Through this pillar, the project seeks to encourage innovations as well as facilitate development of diversified solutions for product offering for mobile financial services to encourage participation,



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especially of the bottom of the pyramid and rural population. Main interventions implemented under this first theme included the Merchant Pilot Project, the Financial Access Points Mapping Project with a view to understand financial services landscape and the spread of digital financial market in Lesotho. Two studies have been conducted namely the Demand for Mobile Money among the Rural and Low-Income Population in Lesotho as well as the Cost Benefit Study for the Government Digital Payment.

A presentation of the database of the mapping project and the analytics that can be done will be showcased at the Lesotho SIMM project fair. This seeks to demonstrate how this database has enhanced analysis of FI in the Country. The presentation will outline use cases relevant to the stakeholders such as the Central Bank, Bureau of Statistics, the Ministry of Agriculture, Ministry of Finance and the entire financial sector. It will also demonstrate the importance of maintaining the database and continuing the data-ecosystem built through Lesotho SIMM. The project also organised a hackathon where young software developers participated in a 3-day product development competition. Seven winning teams emerged from the competition and were subsequently enrolled in mentoring and further development of their solutions.

2.2 Policy and Incentives:

The second thematic area is policy and incentives through which the project seeks to generate solutions related to institutional, policy and legal frameworks as well as facilitate creation of incentives for participation of different stakeholders. Proposal to introduce interest earning on for mobile money users was the only intervention that was implemented under this policy. The other project that was identified during the course of the project and was implemented in order to improve regulatory requirements for KYC is the Digital Financial Identity project. The status of this initiative will also be shared at this event.

2.3 Capacity building interventions and Financial Education

There are two streams through which the project aims to promote awareness and advocacy for use of mobile financial services, by fusing rudimentary financial education elements and technology education for different population groups. On the other hand, through the last stream, the project aimed to facilitate agents' network to help resolve some of the operational challenges with the merchants, implement a pilot model for cashless payments by linking merchants, agents, and wholesalers. Interventions under these two streams overlapped a lot.

On capacity building, the project engaged two NGOs ; World Vision International and SMME Support Network to conduct financial education training to savings groups and Small Micro and Medium Enterprises in Lesotho respectively. The main purpose for this intervention was to introduce and demonstrate how formal financial inclusion particularly through mobile money services can



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positively impact on growth of businesses. The two organisations trained Basotho adults involved in savings and credit groups and adults in business. From the financial education stream, a video that introduces mobile money and its benefits to SMMEs was produced and used during the mobile money campaigns organized by the Ministry of Finance, Ministry of Small Business Development and the SMME Support Network.

Some of the trained beneficiaries from world vision and SMME Support Network interventions will be invited to share with the platform the positive impacts the trainings have had on their operations. This vital feedback from the demand side perspective will be key to inform the FI programme going forward.

2.4 Other activities and project tools. The project also developed the project website which is a strategic information dissemination tool that stores all the outputs of the project for all stakeholders and the general public. The information includes reports, studies, videos, pictures and links related to the project. The agents mapping results portal is also one of the tools that emerged out of the project.

3. Activity Description

The project is planning to host a platform meeting event in which all the activity results of the project will be showcased to the various stakeholders of the project. The various software products that arose from the Hackathon will be presented and demonstrated to the platform.

The results of the merchant pilot will be presented together with the successes of the SMME mobile money video since they both have the merchant at the center.

The Ministry of Home affairs will present an update on the digital financial identity initiative where the Ministry plays a key role in implementing the agreed pilot. This is to enable instantaneous verification of financial sector clients' identities thus reducing the cumbersome KYC requirements requested for accessing financial services. This activity will also include the role this will play in enhancing financial inclusion in Lesotho.

4.Objectives

These are the objectives of the Closing fair ;-

- To review progress towards project objectives and demonstrate the achievements of the project
- To advocate for the use, support and or adoption of project results and products by stakeholders



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To facilitate sustainability and ownership of the project results among the platform members and promote continuity of the platform action plan beyond the project period. 5.

5. Activity Description

The event will feature presentations of results from the project outputs. These will be around the four thematic areas – products and innovation, policy and incentives, financial education as well as agents and merchant capacity building. There will also be brief demonstrations of the software products developed by the Hackathon winners. The project is planning to host a platform meeting event in which all the activity results of the project will be showcased to the various stakeholders of the project. The various software products that arose from the Hackathon will be presented and demonstrated to the platform. The results of the merchant pilot will be presented together with the successes of the SMME mobile money video since they both have the merchant at the center.

The Ministry of Home affairs will present an update on the digital financial identity initiative where the Ministry plays a key role in implementing the agreed pilot. This is to enable instantaneous verification of financial sector clients' identities thus reducing the cumbersome KYC requirements requested for accessing financial services. The presentation will also include the role that digital financial inclusion plays in enhancing financial inclusion.

6. Objectives

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7. Location and Date

The last stakeholder meeting will be held on **03 July 2019 8am to 2pm at Lesotho AVANI in Maseru.**