

# ACCESS AFRICA

## Equal Access to Financial Services



Nearly four decades of global microfinance experience have proven that when poor people have access to financial services – secure savings, credit, insurance and other products – they can lift themselves out of poverty. Poor people, and especially poor women, are a good credit risk. They invest wisely, not only in income-generating activities, but also in the welfare of their families.

**Access Africa**, CARE's new signature program, is a bold, 10-year investment whose returns will be dramatic: 150 million people in 39 sub-Saharan African countries will have the means to break the vicious cycle of poverty, and transform it into a virtuous cycle of rising income, improved health, better education and greater participation in their communities and nations.

### Why Focus on Africa?

Microfinance has been compared to a vaccine against poverty. And like a vaccine, it is exponentially more effective when applied to entire populations than to scattered individuals.

Since the 1970s, microfinance interventions in Asia and Latin America have evolved into strong, country-wide and even regional networks serving the poor. Not so in Africa, where investment has been small and fragmented, insufficient to grow and sustain services among dispersed populations. Markets are disconnected and banking infrastructure inadequate. Moreover, 42 percent of sub-Saharan Africa's economy is informal, the highest proportion on earth.

But the time is right to invest in a financial sector that benefits the poorest of the poor – the 75 percent of the region's 725 million people who live on less than \$2 a day. Why? The economy is increasingly liberalized and growing steadily, and democracy is deepening. Nations are more effectively using aid, acting against corruption and promoting peace. Two-thirds of the countries have made pro-business reforms. And the international community has pledged to prevent Africa from falling further into poverty.



## Exceptional Return On Investment

Over the next decade, CARE's **Access Africa** program will reach 30 million people – 70 percent of them women – with a suite of basic financial services. With the entire household benefitting from these services, that's 150 million people moving out of poverty. We believe reaching that many people will be the tipping point for developing a financial sector in which all citizens can participate.

*This innovative program encompasses five strategies at three levels:*

**1. Micro** Vastly increase the number of people who benefit from **village savings and loan groups** from 1.2 million in 19 countries to 30 million of the poorest and most marginalized – of whom at least 21 million will be women – in 39 countries.

**2. Meso** At least 9 million of these people will wish to gain access to further financial services. To fulfill their needs:

- Build the ability of **microfinance institutions** to reach downward to clients and upward to formal banks.
- Help microfinance institutions overcome chronic ruptures in their **finance chains** by establishing a venture capital equity fund and a debt fund, and achieve the ratings that will make them attractive to formal institutions.
- Develop an Africa Financial Grid of electronic and wireless **technologies** to fill the vast hardware, software and information gaps in Africa.

**3. Macro** Learn continuously – and parlay results into a robust advocacy agenda to promote a **financial environment** that makes a vibrant microfinance sector possible in sub-Saharan Africa.

To achieve this, CARE is establishing partnerships with governments, microfinance institutes, telecom providers and financial institutions. CARE itself has engaged in economic development work since 1980, and currently manages 74 projects in 66 countries, reaching more than 8.8 million people, mostly women. Our interventions span from improving market access to microfinance to business development services. A cornerstone of **Access Africa** is the village savings and loan methodology that CARE pioneered in Niger in 1991, which has since expanded to 19 African countries.



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