



FSD Kenya welcomes £17.14m commitment from UK Aid to initiate new phase of financial sector development

Commitment comes as part of ambitious £320m UK aid package for strengthening Africa's financial markets, to boost economic growth and reduce poverty at scale.

20 January 2020, London: FSD Kenya today welcomes a £17.14m commitment from UK Aid, part of a £320m package that will initiate an ambitious new phase of financial sector development across the continent. Announced ahead of the [UK-Africa Investment Summit](#) London, the package includes an overall additional £220m for nine existing Financial Sector Deepening Programmes (FSDs) and £100m to set up and scale new FSDs in high-priority markets.

The new commitment, **announced by the UK's International Development Secretary, Alok Sharma**, represents the start of an important new approach to financial sector development in sub-Saharan Africa. The package from UK Aid recognises that a comprehensive, integrated approach to financial market development in Africa is required to realise the continent's potential and help meet the [United Nation's global goals](#). The £320m commitment provides funding for ambitious programmes that create financing solutions for the opportunities and challenges faced across Africa's economies, from individual households and micro-enterprises to business and infrastructure investment. This means addressing the entire system of finance from savings groups to capital market development and operating more closely to the interface between finance and the real world.

Mr. Sharma said: "Africa's substantial investment potential is clear, with many African countries outstripping global economic growth in recent decades. The UK is already the top financial exchange for Africa's businesses, and we want investors to seize the exciting opportunities that Africa offers. These new initiatives, announced ahead of the UK-Africa Investment Summit, will make it easier, greener and more secure to invest in Africa, mobilising billions of pounds of sustainable investment to help end poverty."

FSD Kenya was established in 2005 to support the development of inclusive financial markets in Kenya. Anchored on a detailed understanding of the country's market systems and a clear vision of the future, FSD Kenya has closely collaborated with relevant government agencies, private sector actors and development partners to support the development of a financial sector that meaningfully addresses the needs of low-income people and smaller enterprises. These efforts have yielded impressive gains over the last 15 years. Financial inclusion in Kenya has expanded from 27% in 2006 to 83% in 2019, thanks in large part to the growth of digital finance. This tremendous leap in financial inclusion has brought many previous underserved or outright excluded populations into the formal financial fold and opened new opportunities to leverage the digital economy.

Spurred by this renewed commitment from UK Aid, FSD Kenya is optimistic about the future of the financial sector's contribution to Kenya's long-term development goals.

"UK Aid's support allows us to harness the unprecedented gains in financial inclusion towards addressing urgent real-world problems like climate change and the growing housing needs in Kenya," **said FSD Kenya CEO Tamara Cook**. "It is also a timely opportunity to enhance agricultural value chains, and to link low income households to trade platforms that can help grow their incomes. The Kenyan government and private sector have been reliable partners in this effort to realise more inclusive

finance, especially in linking the aspirations of ordinary citizens with affordable and sustainable financial solutions.”

The £320m package also marks an important step forward for the FSD Network. After nearly twenty years of operation and UK aid support, the FSD Network today comprises nine active FSD programmes, with a strong track-record of impact, unparalleled local insight with applied research, and a powerful network of relationships with local regulators, policy makers, industry bodies, and low-income households. The new FSDs will join the Network, enabling them to benefit from, and contribute to, continent-wide knowledge sharing and cross-border collaboration.

Betty Wilkinson, Chair of the FSD Network Council, commented on the commitment: “On behalf of the nine existing members of the FSD Network and those new FSDs in formation, our sincere gratitude to the UK Government for this generous, constructive, and thoughtful five-year commitment. We pledge to broaden and deepen our innovative work across Africa to make money work for low-income families, women, youth, the excluded, and those who need financial services the most. This new package will enable us to apply finance - in all its forms - to the challenge of the Sustainable Development Goals. The FSD Network will enhance livelihoods for poor people; improve access to basic human services where finance is a barrier; and enable a sustainable future, particularly addressing the financial aspects of climate change and illicit capital flows.”

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