Food and Agriculture Organization of the United Nations

Deconstructing the gender gap in rural financial inclusion

The cases of Mozambique and Tanzania

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Acronyms

AFD	African Development Fund
AFI	Alliance for Financial Inclusion
ASCA	Accumulating Savings and Credit Association
BFA	Bankable Frontier Associates
BOT	[Central] Bank of Tanzania
CGAP	Consultative Group to Assist the Poor
EIB	European Investment Bank
FAO	Food and Agriculture Organization
FI	Financial Institution
FSDMo	Financial Sector Deepening Mozambique
FSDT	Financial Sector Deepening Trust
GSMA	GSM Association
ICC	International Capital Corporation
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IMF	International Monetary Fund
INE	Instituto Nacional de Estatística de Moçambique (National Statistics Institute of Mozambique)
IPA	Innovations for Poverty Action
MFIs	Microfinance Institutions
MMOs	Mobile Money Operators
MZN	Mozambican Metical (currency)
PPI	Progress out of Poverty Index
PPP	Purchasing Power Parity
RISE	Rural Institutions, Services and Empowerment Team of FAO
ROSCA	Rotating Savings and Credit Association
SMEs	Small and Medium-sized Enterprises
TZS	Tanzanian Shilling (currency)
UNCDF	United Nations Capital Development Fund
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development
USD	United States Dollar (currency)

Community terracing in Lushoko, Tanzania

Training on how to open a bank account, Zanzibar

1. Background to the study

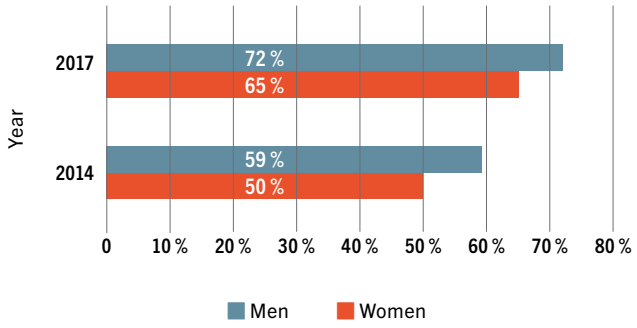
1.1. The global gender gap in access to finance

There is a growing awareness among international institutions, donors and governments that gender inequality in access to financial services represents a critical constraint which needs to be overcome in order to foster rural development. The gender gap in financial inclusion represents one of the main barriers not only to women's empowerment in rural contexts, but, from a macro-level perspective, to regional economic growth and sustainable development.

The extent of this gap is quite considerable. Data from the World Bank's Global Findex 2017[1] shows that in terms of ownership of an account with a formal financial institution (FI), a 7 percent global gap still persists between men and women (72 percent of men compared with 65 percent of women). When taking into consideration only developing countries, this gap rises to 9 percent.

FIGURE 1. The gender gap in account ownership, global

Globally, the gender gap remains unchanged. And the gender gap in developing countries remains a steady 9 percentage points.



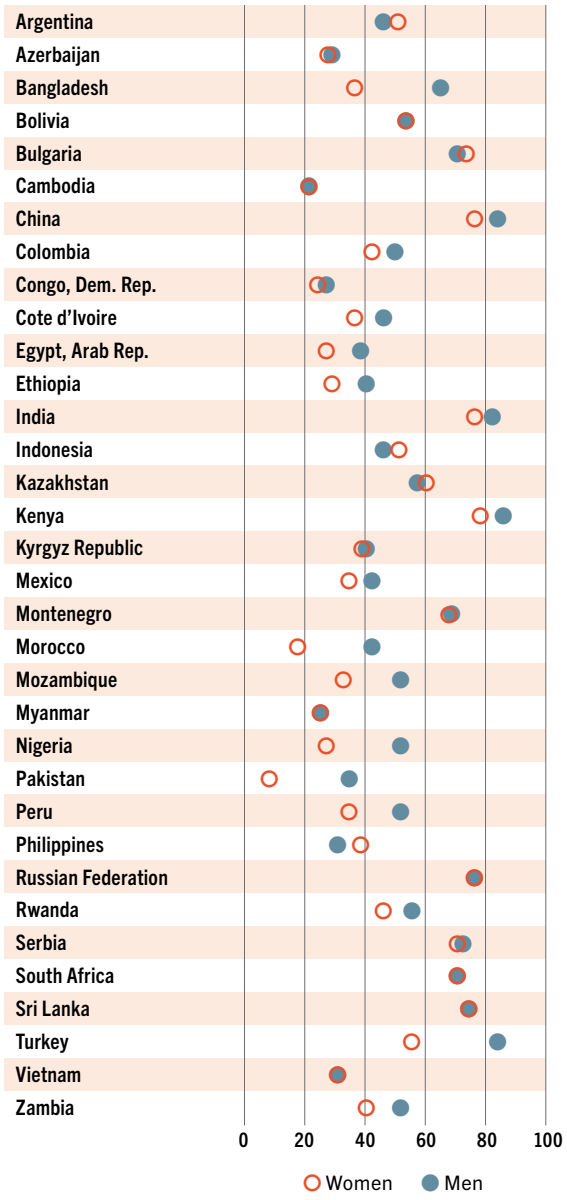
Source: adapted from Demirguc-Kunt *et al.*, 2015

As of today, 1.1 billion women are excluded from the formal financial system, lacking even the most basic financial services which are essential for their economic empowerment. The International Finance Corporation (IFC) has estimated that women-owned businesses have up to USD 320 billion in unmet financing needs worldwide, with 70 percent of women entrepreneurs owning small and medium-sized enterprises (SMEs) having inadequate or non-existent access to formal financial services (IFC, 2013).

Although in recent years progress has been made in reducing the overall financial inclusion gap, **from a gender perspective the problem of inequality has not substantially**

[1] The World Bank's Global Findex database is the world's most comprehensive dataset on how adults save, borrow, make payments and manage risk. Launched with funding from the Bill & Melinda Gates Foundation, the database has been published every three years since 2011. The data is collected in partnership with Gallup, Inc., through nationally representative surveys of more than 150 000 adults in over 140 economies.

FIGURE 2. Account penetration by gender, at country level (2017).
Adults with an account (%)



Source: World Bank, 2018

improved. As shown by data from the Global Findex 2017, although account penetration in developing countries improved by 13 percentage points for both genders between 2014 and 2017, the gender gap has remained substantially unchanged at 9 percentage points. The gap varies significantly by region, with the greatest disparities registered in the Middle East and North Africa region, with a 17 percent gap, and in Sub-Saharan Africa, where a 12 percent gap is registered. Nevertheless, as can be evinced from the sample presented in Figure 2, the gender gap in account ownership can vary widely among countries within the same region, with some countries not having any sizeable gap, and a few having one in favour of women.

Gender disparities in access to credit affect women entrepreneurs in multiple ways. To cite a few: they reduce the capacity of female farmers to start and invest in a business, relative to their male counterparts; they affect women's capacity to access markets and to take advantage of new economic opportunities, and limit their ability to access technology and improved agricultural inputs (e.g. fertilizers, pesticides and improved seed varieties); they also affect business growth, particularly among micro and small enterprises, since women are less able than men to access conventional credit collateral, while – more generally – the number and quality of financial products tailored to their specific needs is considerably more limited (World Bank, 2012).

1.2. The arguments for addressing the financial access gap

After defining the extent and implications of the gender finance gap, it is useful to set out the arguments underlying the necessity of tackling such inequality, from a developmental perspective.

From a micro perspective, engaging women in active participation in the financial system can bring substantial benefits both at the individual level as well as at the levels of the household, the enterprise and the overall community. **At the individual level**, as shown

by multiple authors such as Klapper (2016) and Kumaraswamy and Bin-Humam (2019), promoting women's access to secure savings accounts under their own name can increase their economic resilience, while strengthening their control over financial resources and their bargaining power within the household. These women become better able to manage risk, allocate resources autonomously, invest in their own business endeavours, smooth consumption in the aftermath of external shocks and make strategic financial choices for their future.

Beyond the obvious benefits at the individual level, the financial inclusion of rural women brings positive impacts at **both the household and enterprise level**, which are a consequence of the different roles played by rural women in developing contexts as both family caretakers and entrepreneurs. These investments – in both enterprises and families – can contribute to bringing about generational changes which lead to long-term prosperity and security for whole communities. At the household level, as an ample body of literature shows, increasing women's bargaining power and financial control results in a greater share of household expenditures being dedicated to food, water, household durables and children's education and overall welfare, which in turn improves outcomes related to nutrition, food security, education and health (Duflo, 2012; Ashraf, Karlan and Yin, 2010; Prina, 2015; Hendriks, 2019).

At the enterprise level, multiple field studies and experiments have shown that greater access to a varied range of financial services can result in numerous benefits for female entrepreneurs. In Malawi, women farmers who gained access to private savings accounts

Neema Obeti holds a basket of beans harvested from her family's fields near Mbeya, Tanzania.

(such as commitment or liquid savings accounts) were better able to procure higher quality inputs for producing cash crops, as they became less vulnerable to liquidity constraints and price fluctuations (Brune *et al.*, 2015). In Niger, the introduction of a mobile cash transfer program resulted in substantial time savings for rural women, which allowed them to invest more time in their business endeavours and other productive activities (Aker *et al.*, 2016).

From a macro perspective, there are strong economic arguments for the promotion and fostering of women's financial inclusion: access to finance increases access to productive assets and productivity, while financial intermediation leads to higher economic growth. Overall, strengthening levels of financial access and use can act as a major driver for women's increased participation in the economy, and for economic growth more broadly. For instance, a 2014 IFC research paper on the financial access gap faced by women-owned SMEs has shown that greater inclusion of women's participation in the economy could allow, in some cases, gains of between 2 and 3.5 percent of GDP growth at country level (IFC, 2014). Further past research has proven that increasing women's financial empowerment can have positive effects on a variety of macro-level development indicators, with country-specific characteristics determining the specific linkages and trade-offs between financial inclusion, GDP and equality indicators. (Elborgh-Woytek et al., 2013; Dabla-Norris *et al.*, 2015).

Despite the micro and macro benefits associated with fostering women's financial inclusion, in general policymakers in developing and emerging contexts have not consistently set out to implement a harmonized set of measures that are able to holistically address this dimension of financial inclusion. That is why a comprehensive understanding of the specific barriers which limit the access to and use of financial products on the part of low-income women is fundamental to the design of inclusive policy frameworks, as will be illustrated in the following section.

1.3. The main constraints contributing to the gender gap in financial inclusion

A review of the existing academic literature covering the gender gap in access to finance can help to shed some light on the main barriers responsible for this inequality. Although the constraints described below have been separated into distinct categories, it is evident that all these issues are strongly interconnected, with various components jointly contributing to the phenomenon.

Firstly, **socio-cultural norms** can significantly influence the extent of women's access to financial services, in a number of ways. To start, these norms can result in **time and mobility constraints** for women, particularly in rural areas. For example, in a number of traditional cultures rural women are responsible for a variety of household tasks which take up most of their day, making it harder for them to find the time to take care of their financial necessities. One consequence is that the **limited physical outreach** of formal financial institutions in rural areas (which includes restricted opening hours of local branches) affects women disproportionately more than men, since their reduced time and mobility limits their opportunities for interaction with local branches.

From a supply-side perspective, socio-cultural norms might also influence a **prejudice among financial institutions** which leads them to view women as less attractive clients than men, since they are not as involved in the public and economic spheres (although this varies widely depending on the context). Preconceived notions regarding women's roles in productive activities affect women entrepreneurs looking for credit in a wide range of ways, both directly (e.g. discriminatory credit criteria) and indirectly (e.g. an inclination to lend to larger sectors, ignoring small women-owned enterprises). As a result, women find themselves in a weaker position to take on funding for their microenterprises and SMEs (FAO, 2011; World Bank, FAO and IFAD, 2009).

Furthermore, formal financial institutions in developing contexts **often lack a specific expertise in rural and agricultural financing** and in specifically targeting rural women as potential clients of financial services. This significantly impairs these institutions' capability to design products and services that are tailored on the specific strengths, opportunities, needs and weaknesses of rural women, both in terms of the products' features (e.g. interest rates, flexible repayment terms and grace periods) as well as the alternative delivery channels employed to deliver them to women in rural contexts.

Legal barriers also play a role in restricting women's access to financial services. Indeed, certain legal frameworks discriminate against women in terms of ownership and inheritance rights, limiting women's access to land or property and resulting in a **lack of acceptable assets** which could be used as collateral. As pointed out by Taylor and Boubakri (2013), women's lack of property titles make them unattractive clients for formal financial institutions, which are usually very restrictive in terms of the types of collateral they are willing to accept. Evidence suggests that gender inequality in the availability of acceptable collateral is one of the most critical factors affecting women's ability to access credit and is one of the main reasons for loan rejection (Powers and Magnoni, 2010).

From a global perspective, a 2015 report from the World Bank (Women, Business and the Law 2016), which examined data on legal and regulatory restrictions on entrepreneurship and employment among women since 2009, found that about 90 percent of the 173 economies covered in the study had **at least one law impeding women's economic opportunities** (World Bank, 2015). For example, restrictions on whether property is titled under a woman's name have been proven to hinder access to finance significantly, since titled land is a preferred form of collateral among banks. Moreover, in some countries women are not permitted to open a bank account, or are required to provide specific permissions or additional documentation that can be challenging to obtain. Besides, women are less likely than men to have the kinds of identification documents required to open formal financial accounts, such as national identity cards or passports (Lewis, Villasenor and West, 2016).

Furthermore, the gender gap in **education** also contributes to the challenges women face in accessing financial services. Women in rural areas often have **lower levels of education** than men, which includes fewer opportunities for specialized training and entrepreneurship programs. This translates into a wide number of issues that contribute to gender inequality: more limited business and money management skills; weaker technical proficiency; **lower levels of financial education**; lower creditworthiness for women-led enterprises; higher vulnerability towards clients and suppliers (due to inadequate financial

education); and finally a **lack of confidence** related to money matters that could further discourage women from seeking and making use of formal financial tools.

Extensive academic literature has made clear that lower levels of education result in women being less likely than men to introduce new technology into their businesses, which further reduces their competitiveness (Sabarwal and Terrell, 2008; Weeks and Seiler, 2001; Ruminska-Zimny and Elias, 2004). Connected to this is the issue of unequal access – from a gender perspective – to mobile banking services and more generally to digital financial solutions of various kinds. As pointed out by a study by the GSM Association (GSMA) (2014),[2] at a global level women own fewer mobile phones than men (a 14 percent difference, or 200 million fewer women mobile phone owners), and show considerably lower rates of use of mobile internet and mobile financial services. These **gender gaps in access to digital technology and digital financial services** imply untapped market opportunities of enormous proportions in developing countries (an estimated USD 170 billion market opportunity for the mobile industry in the next five years, according to the GSMA).

Compared with men, women also have a harder time **accessing local market and business networks**, and thus are at a disadvantage in terms of obtaining the resources and information needed to succeed in their businesses. Solid networks encourage women entrepreneurs to assume the necessary risks to expand their businesses, while providing essential market information, logistical support and linkages to other relevant value chain actors (such as suppliers, transformers and investors) (World Bank, 2015).

[2] The GSM Association (commonly referred to as the GSMA or Global System for Mobile Communications, originally Groupe Spécial Mobile) is a trade body which represents the interests of mobile network operators worldwide. The GSMA advocates policy and regulatory positions to governments and institutions on behalf of its members in the mobile industry.

Market trader in Mchikichini Market, Dar es Salaam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2. Rationale and scope of the study

2.1. Foundation and objectives

In recent years, along with the growing recognition of the rural gender gap in financial access as a key constraint to rural development, research has increasingly focused on in-depth analysis of the financial habits and patterns of women in rural areas, in order to produce observations and insights which could foster a more gender-sensitive policy approach towards financial inclusion.

In line with this trend, this paper seeks to explore the financial habits and constraints of rural women in two Sub-Saharan African countries – Mozambique and Tanzania – both at country and village level, with the objective of answering **how, and why, they differ from those of their male counterparts**. Building on the results achieved through this analysis, as well as on the general literature available on the topic, this paper aims to develop **a range of general recommendations** which can assist local policymakers, other public stakeholders and formal financial service providers in shaping their approach towards more gender-sensitive provision of rural financial services.

This study bases its observations on the analysis of two datasets developed in 2016 by the Consultative Group to Assist the Poor (CGAP)[3] of the World Bank, whose in-depth analysis provides useful insights into women's financial habits in developing countries. The first is the **Financial Diaries with Smallholder Families**, a year-long survey of the totality of financial transactions (income, expenses, production, use of financial tools, etc.) carried out by 270 rural smallholder families in Mozambique, Pakistan and Tanzania. The second is the **National Survey and Segmentation of Smallholder Households**, a qualitative survey carried out in Mozambique, Tanzania and Uganda which aims to provide an overall representation of smallholders' economic and financial activities at a national level, including sources of income, expenditures, usage of financial tools, obstacles, pressures, aspirations and needs (both financial and non-financial). The joint analysis of these two datasets (for the two countries, Mozambique and Tanzania, in which both

[3] The Consultative Group to Assist the Poor (CGAP) is a global partnership of approximately 40 leading organizations that seek to advance financial inclusion. CGAP's mission is to improve the lives of poor people by spurring innovations and advancing knowledge and solutions that promote responsible and inclusive financial markets. Its role is to advance and accelerate development of these financial markets by working on frontier issues, which, when unlocked, have the greatest potential to deliver high-quality financial services that benefit a growing number of those who are currently unserved or underserved.

have been carried out) can provide an extremely rich overview of smallholders' financial habits and constraints, both at local and national level, across various dimensions of study.

This research was carried out within the frame of a cross-disciplinary approach, combining the perspectives of two academic fields, gender studies and rural financial inclusion, in order to provide a harmonized set of insights and lessons drawn jointly from both disciplines. Although the past few years have seen an increase in academic research focused on the gender gap in financial inclusion, most of these studies have adopted an approach which only draws from one disciplinary perspective. This can lead to one-sided conclusions which do not properly take into consideration the interrelation between the various dimensions (economic, political, social and cultural) that contribute to this phenomenon.

2.2. General features of the rural populations in the countries under analysis

In order to provide context for the study, this section provides a general outline of the qualitative features of the countries and rural populations that are the subject of this research, together with a brief review of the current state of rural financial inclusion according to the most recent available data.

Mozambique: Situated in Southeast Africa, Mozambique is a country with a total population of approximately 28 million people, 68 percent of whom reside in rural areas. According to World Bank data, in 2008 56.9 percent of the rural population fell beneath the national poverty line. The country registered an annual GDP growth rate of 6.3 percent in 2015. The literacy rate is quite low, especially in rural areas (45 percent of adults in rural areas did not receive a formal education).

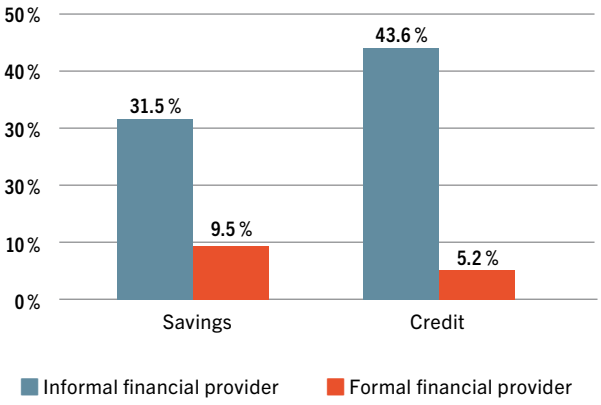
The majority of Mozambique's agricultural production is heavily dependent on smallholder farmers, as approximately 3.2 million smallholders are responsible for 95 percent of the country's agricultural production. According to the National Statistics Institute of Mozambique (INE), at country level 90 percent of female employment is in the agricultural sector, compared with 69 percent of male employment.

As shown by past analyses from CGAP, the smallholder farming sector in the country is quite homogeneous, with agriculture being the main income source for households, although often barely providing an income. 37 percent of agricultural holdings range from 1 to 2 ha in size, while 34 percent are less than 1 ha. Many families fall short of their monthly needs: 55 percent of families report living below the extreme poverty line of USD 1.25 a day, and 58 percent of them report not having enough money for food (Anderson and Learch, 2016).

Rural dwellers' exposure to formal financial services (such as those provided by a commercial bank) is quite limited. They therefore tend to rely primarily on informal providers (such as savings groups, family and friends and informal moneylenders) to meet their financial needs. As can be seen from Figure 3, data from the Global Findex 2017 shows that during 2017, only 9.5 percent of adults in rural Mozambique had saved money with a formal financial institution, while 31.5 percent had done so through an

informal source. Similarly, only 5.2 percent had taken a loan from a financial institution in that year, while 43.6 percent had resorted to informal sources for their credit needs.

FIGURE 3. Percentage of rural adults accessing savings and credit services in Mozambique (2017)



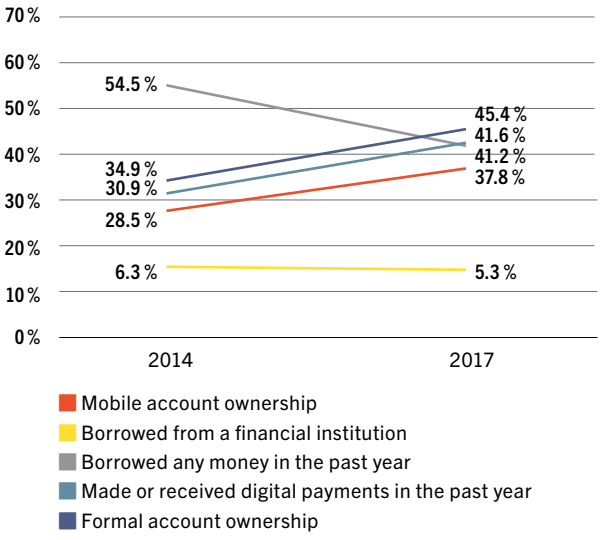
Source: World Bank, 2018

Tanzania: Tanzania is a country with a total population of approximately 53 million people, 68 percent of whom reside in rural areas. According to World Bank data, in 2011 33.3 percent of the rural population was considered to be under the national poverty line. The country registered an annual GDP growth rate of about 7 percent in 2015.

Agriculture is an important sector for the country's overall economy as it makes up about 30.5 percent of Tanzania's GDP. The majority of the active population is employed in agriculture: at country level, 70 percent of female employment is in the agricultural sector, compared with 64 percent of male employment. Tanzania's agricultural production depends largely on smallholder farmers, with staple crops being maize, dry beans and rice. Agriculture accounts for the majority of the water usage in the country, and is heavily affected by irregular rainfall and seasonal droughts, according to the Ministry of Water and Irrigation. A number of other challenges also affect the country's agricultural production, related to the obstacles rural smallholder farmers face in accessing innovative technologies, inputs, financial services and markets, which hinder them from improving their productivity.

There is a notable gap in access to formal financial services in rural Tanzania, although this has improved in recent years, mainly thanks to the expansion of mobile money services. As can be seen from Figure 4, data from the Global Findex 2017 shows that the rate of account ownership among adults in rural Tanzania was 45.4 percent in 2017, compared with the 34.9 percent registered in 2014. This was mainly driven by an 8 percent increase in mobile money account ownership in the same time span. The share of rural dwellers making or receiving digital payments each year also notably increased from 30.9 percent in 2014 to 41.6 percent in 2017. On the downside, the use of formal credit among rural Tanzanians has in fact slightly decreased from the 6.3 percent registered in 2014 to 5.3 percent in 2017 (World Bank, 2018).

FIGURE 4. Evolution of financial inclusion levels in rural Tanzania (2014-2017), (% of adults)



Source: World Bank, 2018

2.3. Datasets employed in the analysis

As outlined at the beginning of this section, this paper draws its results from the analysis of two datasets developed by CGAP: the National Survey and Segmentation of Smallholder Households and the Financial Diaries with Smallholder Families.

1) The National Survey and Segmentation of Smallholder Households is a nationally representative survey which aims to draw a comprehensive map of the economic and financial life of smallholder families, including their interests, aspirations and the barriers and pressures they face. Furthermore, a report developed by CGAP based on the findings of the survey describes financial inclusion in the smallholder sector, exploring household tools which are essential for financial inclusion, including mobile phones and national identification documents, as well as adoption of financial products, awareness, barriers and interests. To date, CGAP has produced National Survey datasets for the following countries: Bangladesh, Cote d'Ivôire, Mozambique, Nigeria, Tanzania and Uganda.[4]

BOX 1.
Criteria for sample selection

To define the target sample for the National Survey, CGAP selected smallholders according to the following criteria:

Households with up to 5 ha OR Farmers who own less than: 50 heads of cattle or 100 goats/sheep/pigs or 1 000 chickens	AND	Agriculture provides a meaningful contribution to the household livelihood, income or consumption

From a methodological perspective, three distinct surveys combine together to form the National Survey: 1) a *Household Survey*, in which the head of the household, their spouse or a knowledgeable adult (defined as individuals over 15 years old) provided basic information on household members and features of the household; 2) a *Multiple Respondent Survey*, in which each adult household member answered a range of questions on demographics, agricultural activities and household economics; and 3) a *Single Respondent Survey*, in which one randomly selected adult from each household provided information about agricultural activities, household economics and mobile phones, as well as use of formal and informal financial tools.

As part of the National Survey in Mozambique, 2 574 households were interviewed, comprising 10 258 individuals. Among these households, 2 168 (84.2 percent) were located in rural areas. Within the Multiple Respondent Survey, 4 456 adult individuals – 2 191 males and 2 265 females – were interviewed.

As part of the National Survey in Tanzania, 2 993 households were interviewed, comprising 14 879 individuals. Among these households, 2 073 (69.2 percent) were located in rural areas. Within the Multiple Respondent Survey, 5 034 adult individuals – 2 385 males and 2 649 females – were interviewed.

[4] Uganda was not selected as a focus country for this study given the absence, at the time of writing, of an equivalent Financial Diaries dataset which could complement the analysis of the National Survey. Similarly, no equivalent National Survey dataset was available for Pakistan, one of the countries for which Financial Diaries were developed.

A community association of farmers in Machino Village, Chokwe District, Mozambique

2) The Financial Diaries with Smallholder Families are the result of a year-long survey covering 270 households in Mozambique, Pakistan and Tanzania, both urban and rural. The researchers interviewed these households every two weeks for an entire calendar year, tracking their income, expenses and agricultural production. The result was approximately 500 000 data points, combined with rich personal stories, about the challenges these families face – related to agriculture, finance and other areas of life such as health and education (Anderson and Ahmed, 2016).

In the case of Mozambique, the sample of the Diaries consists of 93 households in three villages in Nampoula Province (Northern Mozambique), for a total of 508 individuals. Of these, 311 individuals show active cash flows (children, for example, are excluded): 156 men and 155 women.

In the case of Tanzania, the sample consists of 91 households in two villages of the Mbeya Region (West Tanzania), for a total of 420 individuals. Of these, 249 individuals present active cash flows: 102 men and 147 women.

The Financial Diaries provide a way to analyse how smallholders are affected by the agricultural cycle and how they manage their money in response to its ebbs and flows, as well as pointing to ways that financial service providers might better meet smallholders' needs. Even though the Financial Diaries' methodology and sample size are not statistically representative of all smallholder families in the respective countries, this data can assist in developing understandings of financial provision for the smallholder household sector

at a global level (CGAP, 2016). The sample of smallholder households from each country under review displays features which are broadly representative of the types of smallholder segments identified in countries around the world, which presents an opportunity to discuss the types of financial tools that these segments demand regardless of their location.

Using both the National Survey and the Financial Diaries datasets as sources **has enabled analysis of women's financial behaviour from a multidimensional perspective**. On one side, the National Survey provides statistically significant and qualitative information on the financial habits of smallholders at a national level. On the other, the Financial Diaries allow to focus more closely on the day-to-day financial transactions that take place at village level, using a comparative gender perspective.

2.4. Methodology of the study

This study has been developed according to a methodological framework which adopts two levels of comparative analysis. One level relates to the **comparative analysis of the two datasets**: the National Survey and the Financial Diaries were studied together to compare their findings; to check whether the results obtained at country level were mirrored at village level (and if not, why and how they differed); and to explore what insights could be gained from an in-depth analysis of smallholders' financial flows. Since the Financial Diaries data is purely quantitative in nature, the qualitative insights derived from the National Survey were essential to delineate the cultural and societal background to the Diaries' results, together with contextual information obtained from CGAP's related publications.[5] A second layer of analysis **compares the findings between the two samples from the two countries** (Mozambique and Tanzania), in order to highlight significant similarities and unexpected differences between them, from a gender perspective.

In the case of the **National Survey**, the smallholder population of the dataset was initially divided into **three wealth quantiles**[6] at household level, according to their Progress out of Poverty Index (PPI) score registered in the survey. This was done in order to explore how gender-based differences change as poverty levels decrease. Two

BOX 2.
Progress out of Poverty Index (PPI)

The Progress out of Poverty Index (PPI) is a poverty measurement tool for organizations and businesses. The PPI is statistically sound, yet simple to use: the answers to ten questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line – or above by only a narrow margin.

Using the PPI, organizations can identify those clients, customers or employees who are most likely to be poor or vulnerable to poverty, integrating objective poverty data into their assessments and strategic decision-making.

The PPI score acts as a proxy for the household's wealth level, allowing division of the survey population into poorer, middle and richer quantiles. For future reference, this study shall refer to the first, second and third wealth quantiles as, respectively, the lowest, middle and highest quantile. Please refer to Annex 1 for details on the Poverty Scorecards methodology and how this was used to convert a PPI score into an estimate of household wealth.

[5] In this respect, see Anderson and Learch, 2016; Anderson, Marita and Musiime, 2016; and Anderson and Ahmed, 2016 in the bibliography.

[6] In statistics and probability, quantiles are cut points dividing the range of a probability distribution into continuous intervals with equal probabilities, or dividing the observations in a sample in the same way. More specifically, cut points dividing a population into three groups – such as in this case – are called terciles.

sample t-tests[7] were then used to highlight statistically significant differences between genders in a wide variety of categories: education level, main sources of income and expenses, land ownership, access to financial tools, financial literacy levels and many others. Unless otherwise noted, the analysis focused mainly on the rural segment of the sample, given the aim of this research, as well as to draw appropriate comparisons with the Financial Diaries.

In the case of the **Financial Diaries**, the initial analysis focused on breaking down various categories of analysis at village level, according to gender: average household size; main income sources; main categories of expenses; use of financial tools; transfer of physical assets and others. This enabled the delineation of the most significant differences at gender level and for explanation by drawing on existing literature and experiences, as well as the context provided by the National Survey. Following this, by matching average revenue and expenses flows for both genders, it was possible to calculate cash surpluses and deficits for men and women throughout a one-year period (on a monthly and seasonal basis), and the relative formal and informal financial tools adopted for particularly illiquid periods. This data was then compared with the survey's results to point out significant similarities and differences.

BOX 3.
Gender of the household head versus individual analysis

It is important to underline that most of the analyses in this paper were carried out at the individual level of the dataset sample, not at household level. In previous research works of this kind, asset ownership and use was often controlled for the household rather than the individual. Consequently, these studies tended to focus mostly on comparisons between female-headed and male-headed households in order to analyse a variety of aspects, such as land access. The flaw with this approach is that it tends to exacerbate gender differences, since the number and gender of working adults within a household, as well as possible dependents, are not properly taken into consideration (World Bank, 2012).

It is essential to state once again that results obtained from the Diaries **are not representative of the scenario at national level**: they provide a 'snapshot' of the financial situation of specific rural households over a specific one-year period, which can act as a valuable foundation for more wide-ranging reflections on financial provision for rural populations in developing contexts.

[7] To be more precise, these were two t-tests with equal variance at 90 percent confidence level, taking into account the sampling weights embedded in the dataset sample.

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A customer purchases vegetables from a vendor at a local market in Chimoio, Mozambique

3. Results of the study

3.1. Mozambique: Insights from the National Survey

At country level, the analysis of the **National Survey and Segmentation of Smallholder Households** dataset reveals a number of statistically significant gender differentials in rural Mozambique, many of which grow wider as wealth increases. The first parts of this section focus on the characteristics of the rural segment of the sample and the main distinguishing features that separate men from women (ownership of land, expenses, use of labour and so forth), which helps in tracing a clear outline of different kinds of inequalities that can influence a gap in financial inclusion levels. From Section 3.1.5 onwards, the research focuses more directly on issues of financial access, aiming to give a more detailed outlook on the use of formal, semi-formal and informal services among the rural population. To conclude, Section 3.1.6 provides a brief outline of the features of the gender gap in digital access, which also affects levels of financial provision.

3.1.1. Features of the sample from a rural/urban comparative perspective

Before presenting the gender-focused analysis, it is necessary to point out a number of core differences between the rural and urban segments of the National Survey sample used in this research. Table 1 presents a selected number of categories that show relevant and striking differences between rural and urban households in Mozambique. On average, rural households are composed of fewer members compared with urban ones (3.9 compared with 4.6 members). Both types of households have a very high chance of being led by a male head (70 percent in urban areas and 76 percent in rural ones), although the education level of the household head is normally higher in urban areas than rural ones.

TABLE 1. Differences between urban and rural households in the National Survey sample[8]

	Urban	Rural	Difference
Average n. of members per household	4.6 (n. of members)	3.9 (n. of members)	+ 0.7
Agriculture as largest source of income	20.4%	39.5%	-19.1%
Access to electricity	52.9%	12.6%	+ 40.3%
Members w/ mobile phone per household	2 (n. of members)	0.7 (n. of members)	+ 1.1
Male head of household	70.2%	77.6%	-7.4%
Household head's education: Primary education	46.9%	51.8%	Statistically not significant
Household head's education: Secondary education	24.3%	9.5%	+ 14.8%
Household head's education: Higher education	2.7%	0%	+ 2.7%
Average PPI score of the household	46.2 (average score)	37 (average score)	+ 9.2

[8] All the tables and figures in the results section were created by the authors, unless otherwise noted.

Almost twice as many rural households than urban ones **rely on agriculture as their largest source of income** (39.5 percent rural against 20.4 percent urban). Furthermore, an average of 2 members in each urban household own a mobile phone, against 0.7 members per household in rural areas. Only 12 percent of rural households have access to electricity, against 52 percent of urban households.

The last line in the table shows the differences in the average household PPI score. By using the relevant look-up table (which can be found in Annex 1 at the end of this document), it is possible to convert a PPI score to the specific probability that a particular household is situated below the national poverty line of purchasing power parity (PPP) USD 1.25 per day. Using this method, it is found that the average household in the sample has a 59 percent chance of being below the poverty line when located in a rural area, with this decreasing to 33 percent for urban households.[9]

Although this study will focus mainly on rural households, relevant and telling differences between rural and urban women will also be highlighted throughout the analysis. Overall, as will be further outlined in the next sections, the rural segment of the National Survey sample shows notable deficiencies compared with the urban segment in almost all categories under analysis, from education, to income, to access to financial services.

3.1.2. The gender gap in education

Analysing gender-based differences in relation to education levels is an important first step towards understanding one of the main factors contributing to gender inequality in financial inclusion. A number of studies conducted in Mozambique have already shown that low levels of education and literacy are two of the main barriers that limit access to financial services for the rural population, and in particular for women (Browne, 2013; ADF, 2003).

In line with past research, the National Survey results for Mozambique show that, in general, rural women report lower educational levels than men. The differences detailed in Figure 5 can give an idea of the extent of this inequality: in the lowest quantile, fewer women have ever attended school compared with men (a 14 percent gap); fewer women are currently full time students (a 4 percent difference); more men than women have reached secondary education as their highest attended grade (an 8 percent gap);[10] and more women than men are school dropouts (a 14 percent difference). Furthermore, it is notable that among those in the lowest wealth quantile, **levels of attained education beyond secondary are so low** that no significant gender difference can be registered.

As wealth increases, the education levels of both men and women improve, **but the education gap between genders widens** (i.e. men become more educated than women). The figures below show that as wealth increases, a greater proportion of men attend secondary education, while a larger number of women remain at the level of primary education. Among those in the highest wealth quantile, a notably larger share of men is shown to have completed secondary education compared with women (31 percent against

[9] A more detailed explanation of the usage of the look-up table can be found in Annex 1 at the end of this document.

[10] Note that this gap is mirrored by the 8 percent difference in favour of women who have declared primary grade as the highest grade of education that they attended.

FIGURE 5. Education levels in rural areas (lowest quantile)

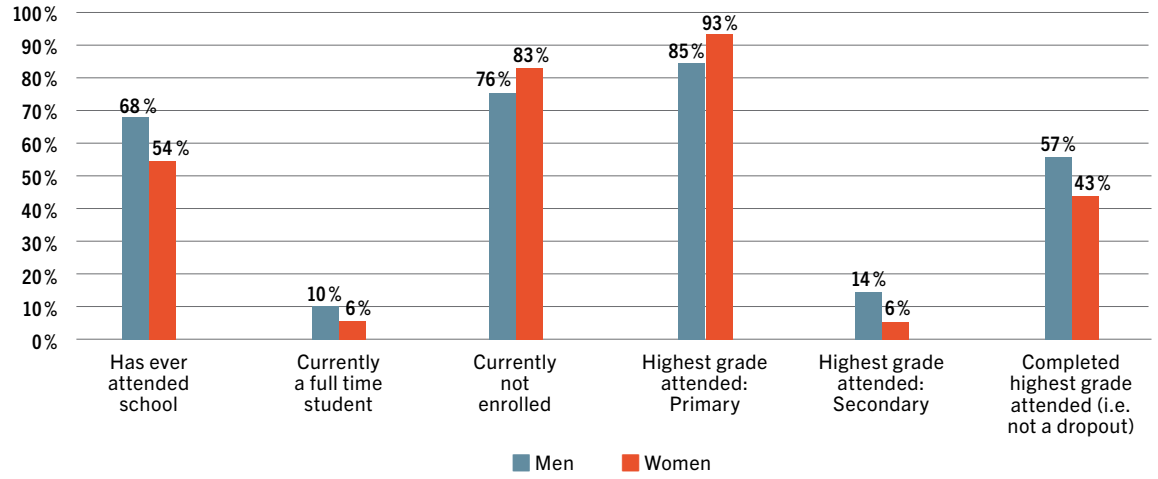


FIGURE 6. Highest educational level reached: Primary

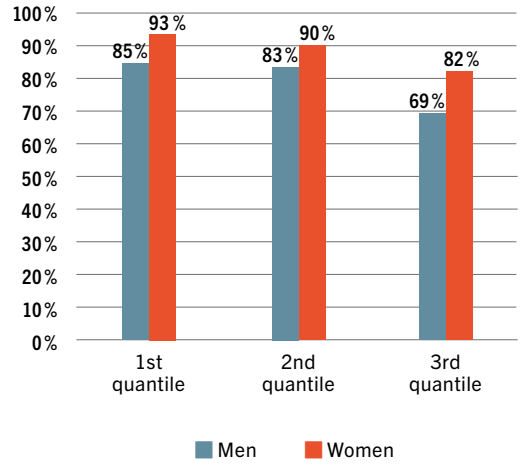
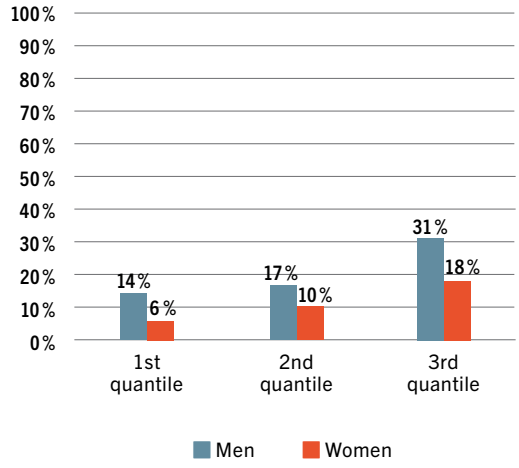


FIGURE 7. Highest educational level reached: Secondary



18 percent), **which underlines a significant gender gap in terms of higher education** (i.e. beyond primary level).

Research from Hoernig and Maugeri (2017) is in line with the results of the present analysis: while a high proportion of girls in the country enrol in primary school (94 percent), only 11 percent continue their studies to secondary level, and only 1 percent will attend university. This of course has a direct impact on women's average levels of financial literacy, as well as their overall familiarity with financial instruments.

3.1.3. Other non-financial elements contributing to gender inequality

The following section addresses a number of relevant non-financial elements linked to the life and activities of rural smallholders in Mozambique which emerged during analysis of the National Survey's sample. Highlighting these elements is necessary in order to delineate the levels of gender inequality in the sample analysed, which can influence the degree of financial access available to men and women.

Land ownership: regarding the state of **land ownership and usufruct** from a gender perspective, previous studies have shown that the legal framework in Mozambique does not contain specific discriminatory provisions in terms of women's rights and opportunities (World Bank, 2015; Browne, 2013). In line with these findings, analysis of the National Survey shows **few significant differences** between men and women either in terms of individual ownership of land or in the use of communally shared land (see Table 2 below). Regardless of their wealth level, **the vast majority of men and women own land via customary law** (around 44 percent in total), with a significant gap in favour of men found only in the lowest quantile. In the lowest and highest quantiles, women use proportionally more **state-owned land** for their activities (a difference that increases in the highest quantile), although in very small percentages. While this lack of sizable differences might appear to suggest that the gender gap in terms of land ownership is quite low, it should be borne in mind that the survey captures neither **differences in quality** of owned land, nor possible differences in terms of the rights men and women can claim over land.

TABLE 2. Modes of land ownership

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Type of ownership	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Individual ownership with lease or certificate	23.1	26.4	Statistically not significant	31.5	26.7	Statistically not significant	20.1	24.4	Statistically not significant
Individual ownership under customary law	52.3	46.5	5.8	42.0	42.9	Statistically not significant	61.4	58.4	Statistically not significant
Communal, resources are shared	17.2	16.6	Statistically not significant	18.7	18.7	Statistically not significant	9.3	7.3	Statistically not significant
State ownership	0.7	2.4	-1.7	1.2	2.3	Statistically not significant	1.4	5.3	-3.9

Participation in household agricultural activities: after considering land ownership, it is useful to focus on the allocation of responsibilities within the household in relation to **participation in agricultural activities**. As shown in Table 3, women in rural households participate in such activities comparatively more than men, and have lower rates of livestock ownership. These differences grow larger as wealth increases (i.e. moving up through the quantiles): a 2.8 percent participation gap in the lowest quantile (skewed towards women) rises up to 16 percent in the highest quantile. It is also notable that men's participation in the household's agricultural activities decreases as wealth rises, **while women's engagement shows almost no change**. Yet despite participating less in agricultural activities, as men's wealth increases, they gradually own more livestock compared with women.

TABLE 3. Participation in agriculture and ownership of livestock

Category	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Participates in household agricultural activities	94.9	97.7	-2.8	88.3	95.1	-6.8	78.6	95.1	-16.5
Has any livestock, herds, poultry	47.8	40.0	7.8	51.8	38.9	12.9	58.6	44.3	14.3

As will be seen in the next section on available sources of income, as their wealth grows, men tend to diversify their income through non-agricultural sources at a considerably higher rate than women. This appears to be in line with the results presented in the table above: a gradual decrease in male participation in the household's agricultural activities is directly correlated to an increase in wealth.

Use of labour for agricultural activities: Table 4 below analyses the sources of labour that men and women use to manage their land and livestock in Mozambique. Although it is hard to specify a clear relationship between the use of various types of available labour and wealth growth, what is evident is that **men employ more labour of different kinds for their agricultural activities, especially as their wealth increases**. Furthermore, it must be underlined that Family labour remains by far the most widely used form of labour, regardless of the wealth level.

TABLE 4. What type of labour do you use to manage land and livestock?

Labour Type	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Friends or neighbours, reciprocity basis	9.8	7.3	Statistically not significant	16.6	11.1	5.5	17.2	11.9	5.3
Hired labour for an extended period	4.0	2.7	Statistically not significant	7.0	3.3	3.7	10.4	7.8	Statistically not significant
Agricultural labour (daily rate)	7.6	3.5	4.1	13.1	9.8	Statistically not significant	17.6	14.3	Statistically not significant
Family labour	25.8	24.1	Statistically not significant	30.9	27.2	Statistically not significant	35.7	27.5	8.2

Frequency of expenses: finally, the National Survey allows analysis of gender differences related to **frequency of expenses** (*How often do you make each of the following expenses?*) in the life of rural men and women of Mozambique, related to day-by-day purchases, larger investments or unexpected expenses. The results show that **men unilaterally spend money on expenses more often than women**, across a large number of expenditure categories: transportation; educational expenses; utility bills (airtime, rent, taxes etc.); emergency expenses; investment in own business or farms; large purchases and home repairs. The only two categories in which there is no significant difference between men and women are groceries and medical-related expenses. This appears to imply that men are primarily responsible for decision-making concerning household expenses, especially for purchases of physical assets and investments.

While men participate less and less in agricultural activities as their wealth grows, women's engagement in this sector shows almost no change.

Conclusions: these findings depict an overall scenario in which **gender inequality affects a wide range of elements within the rural segment** of the National Survey sample for Mozambique. Although not all elements appear to suggest a difference from a gender perspective (e.g. land ownership does not appear to constitute an inequality, based on this data), there are still notable gaps between men and women affecting various aspects of rural life and the agricultural sector. Policy recommendations aimed at fostering financial provision in such contexts need to consider these relevant differences in order to maximize the impact of specific financial tools (see Section 4.2 for specific policy recommendations).

3.1.4. Available sources of income and opportunities for diversification

The following section aims to highlight the constraints faced by rural women who seek to diversify their income sources as their wealth increases. It is assumed that the high and sustained pattern of rural women's participation in agricultural activities, as illustrated in the previous section, reflects a scenario in which men gain access to new sources of income as their wealth increases, moving to a variety of higher-level jobs, while **women remain mostly limited to the agricultural sector**.

This assumption can be corroborated by the results shown in Table 5 below (*What is your primary job?*). As wealth increases (i.e. moving from the lowest to the highest quantile), **men gain access to higher levels of education and move into other job categories** (i.e. as professionals, business owners or labourers), while women remain mostly confined

to the agricultural sector. Hence, as wealth increases, the gap between the number of women and men who identify themselves as farmers widens as well (ranging from a 10.9 percent difference in favour of women in the lowest quantile to a 23.5 percent difference in the highest).

TABLE 5. What is your primary job?

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Job Type	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Farmer	84.8	95.6	-10.9	77.5	92.0	-17.5	63.6	87.1	-23.5
Professional (e.g. doctor, teacher)	1.1	0.1	Statistically not significant	2.2	0.4	+ 1.8	5.3	1.3	+ 4.0
Business owner (non-agricultural)	4.7	1.1	+ 3.6	8.8	3.9	+ 4.9	9.2	3.1	+ 6.1
Labourer	2.7	0	+ 2.7	3.9	0.2	+ 3.7	4.9	0.6	+ 4.3
Shop owner	0	0	Statistically not significant	1.7	0.1	Statistically not significant	2.2	0.7	Statistically not significant

Table 6 below, which analyses the **main sources of income** registered by the survey, further reinforces this notion. When asked which of the categories had been their main source of income in the last 12 months, men and women answered as follows:

TABLE 6. What has been your main source of income in the last 12 months?

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Source of income	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Growing something and selling it (agriculture)	35.9	39.2	Statistically not significant	43.3	48.7	Statistically not significant	32.2	52.1	-19.9
Getting money from family or friends	7.1	13.2	- 6.1	5.2	9.2	- 4.0	5.7	14.4	-8.7
Rearing livestock	6.0	2.8	+ 3.2	7.3	4.0	+ 3.3	5.5	3.6	Statistically not significant
Earning wages or a salary from a regular job	2.8	0.2	+ 2.6	3.6	2.5	Statistically not significant	15.1	4.8	+ 10.3
Earning wages from an occasional job	19.2	16.8	+ 2.4	16.2	12.6	Statistically not significant	18.4	6.1	+ 12.3
Running own business in retail or manufacturing	4.4	0.5	+ 3.9	6.1	2.2	+ 3.9	5.4	2.0	+ 3.4
Running own business by providing services	4.1	1.6	+ 2.5	4.3	2.9	Statistically not significant	6.4	4.4	Statistically not significant
Getting a grant, pension or subsidy of some sort	2.7	2.9	Statistically not significant	3.6	4.2	Statistically not significant	2.6	1.7	Statistically not significant

A number of interesting patterns can be evinced from this table: as wealth increases, relatively more women start deriving the main part of their income from agricultural activities (from 39.2 percent to 52.1 percent in the highest quantile), **while depending increasingly less on occasional jobs to make a living**. Men, on the other hand, show

very little change in their participation levels in agriculture, which ultimately leads to a 20 percent gap in agricultural participation between women and men in the highest quantile.

For the category *Earning wages or a salary from a regular job*, it is notable that, in the highest quantile, 15.1 percent of men claim this is as their main source of income, a conspicuous increase from the middle quantile, and a notable 10.3 percent difference when compared with women. This might seem to indicate that in rural Mozambique, **only the richest segment of the rural male population is able to gain most of its income from regular employment**, while women in general are barred from undertaking such activities in a protracted way. This can have a notable influence on access to formal credit, as many commercial banks look favourably upon steady, safe sources of regular income, such as a salary, when deciding whether to approve loan applications.

Another interesting finding lies in the category *Getting money from family and friends* (which includes remittances from abroad). Regardless of the wealth level, **rural women in Mozambique are generally more dependent than men on donations and remittances** from family and friends, and this gap does not change significantly as wealth increases.

In general, more men than women derive the main part of their income from temporary and regular jobs, from running their own businesses in retail or manufacturing and from rearing livestock. Although there is not always a clear pattern in terms of how these gaps evolve as wealth increases (i.e. moving through the quantiles), it is clear that **men engage in these types of profitable activities at a higher rate than women**.

Conclusion: overall, as wealth increases, **men shift from agricultural occupations to more varied job opportunities**, including white-collar jobs, while for women this occurs to a considerably lesser extent. A number of factors – highlighted in the introductory part of this study – could be responsible for hindering women from moving out of the agricultural sector, including lack of quality education, lack of access to professional networks and social and cultural biases. In terms of technical and policy recommendations, this has a tremendous impact on the design of potential financial tools and interventions aimed specifically at rural women who make their living in such a context. These services would have to take into consideration the higher sensitivity of women's incomes to seasonality, rainfall patterns and a whole range of other agriculture-related issues which can severely affect women's repayment capacities.

3.1.5. The gender gap in access to financial services

After outlining some of the most significant gender gaps which emerged from the National Survey, this section will focus more closely on the actual availability of different financial services for the rural population of Mozambique. With respect to gender inequality in financial inclusion, the analysis of the survey shows a number of interesting elements which fit with the findings detailed in the previous sections.

Familiarity with the formal financial sector: Table 7 presents a range of questions which are meant to capture the **level of familiarity** of rural men and women in Mozambique with the **formal financial sector**. As wealth increases, the difference between the number of men and women who have visited a bank at least once in their lives rises considerably

(from 7.8 percent to 14.7 percent). In the middle and highest quantiles the gender gap in **individual ownership of a bank account** also becomes statistically significant (2.8 percent and 11.8 percent respectively). Therefore, although in the lowest quantile the lack of financial inclusion is widespread for both genders, **a rise in wealth results in increased (albeit moderate) acquaintance with the formal financial sector only for men**. This can be explained by a variety of factors already highlighted in the introductory section, including higher rates of financial literacy of men, a financial regulatory framework which favours men and a socio-cultural bias against lending to women.

In the richest quantile, a considerable gap is registered between men and women in terms of ownership of a bank account.

TABLE 7. Familiarity with banks

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Question	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Have you ever been inside a bank?	11.8	4.0	+ 7.8	19.3	7.8	+ 11.5	46.6	31.9	+ 14.7
Do you personally have a bank account?	1.4	1.5	Statistically not significant	4.2	1.4	+ 2.8	22.6	10.8	+ 11.8

Reasons for not having a bank account: when rural men and women were asked for **their main reasons for not having a bank account**, two primary explanations were given: either they did not know how a bank account worked or they did not know how they could open one. As wealth increases, the reasons for not having an account shift: the lack of access is caused by the scarcity of banking branches in rural areas, as well as not

having enough funds (as required by banks) to open an account. No prominent differences at gender level were found – rural men and women face the same issues in this regard.

These findings are in line with those of past studies carried out in rural Mozambique: low financial literacy levels represent **one of the main limiting factors** for rural financial access. As already shown in Section 1.5, a 2014 FinScope survey reported that more than half of the rural population in Mozambique did not know what a bank was, and that only 10 percent of rural dwellers had an understanding of financial terms such as accounts, deposit, insurance and so forth. These were similar results to the previous iteration of the survey carried out five years prior (FinMark Trust, 2014).

Use of informal financial services:[11] a first element to underline related to the use of informal services from a gender perspective is that **no relevant gender difference was found, in any of the three quantiles**, in the answers to the survey question: *Have you ever used any of the following informal services?*. This appears to imply that **access to informal services is not overtly impacted by gender-based constraints**. The services most widely used are *xitiques*[12] (utilised by around 22 percent of both men and women in the highest quantile) and informal moneylenders (around 12 percent of men and women in the highest quantile). With that being said, slight differences between men and women were registered in relation to the **degree of use** of these services, although these only apply to the lowest quantiles. The sections below will further clarify this point.

Use of semi-formal services: in terms of the use of semi-formal services, the table below shows that the use of financial services provided by microfinance institutions (MFIs) and cooperatives increases slightly within the highest wealth quantile, with a difference in favour of men in the use of cooperatives. In general, however, **the use of these kinds of services is quite uncommon for both genders**, compared with informal services.

TABLE 8. Have you ever used financial products from any of the following? (Semi-formal services)

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Institution	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Microfinance institution	0.7	0.1	Statistically not significant	4.2	3.3	Statistically not significant	6.6	5.7	Statistically not significant
Financial Cooperative	1.6	0	+ 1.6	1.9	1.4	Statistically not significant	4.9	1.5	+ 3.4
Credit union	0.3	0	Statistically not significant	0.3	0.1	Statistically not significant	0.3	0.6	Statistically not significant

Focus on savings services. Table 9 focuses specifically on savings services. When asked which kind of institutions they used to save money in the past year, rural men and women answered as follows:

[11] Informal services, according to this definition, include *xitiques*, money guards, savings collectors and informal moneylenders.

[12] A *xitique* is an informal saving and credit arrangement based on mutual trust which is common in Mozambique. Two or more people contribute a fixed sum, which is loaned in turn to one member of the group. The period between contributions differs from region to region, and can be made daily, weekly or monthly.

TABLE 9. In the past 12 months, have you saved money with any of the following groups?

Institution	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Bank	1.1	1.2	Statistically not significant	6.7	2.4	+ 4.3	19.1	12.7	+ 6.4
Microfinance institution	4.2	0.1	+ 4.1	2.0	3.5	Statistically not significant	5.6	3.4	Statistically not significant
Credit union	3.3	0.7	Statistically not significant	3.4	0.9	Statistically not significant	2.0	2.5	Statistically not significant
Xitique or savings and credit group	6.0	4.8	Statistically not significant	8.9	9.1	Statistically not significant	11.3	16.4	Statistically not significant
Friends and family	24.0	13.5	+ 10.5	30.0	26.5	Statistically not significant	23.3	28.3	Statistically not significant

In the lowest quantile, rural men and women are too poor to be perceived as potential clients by formal financial institutions. Men make greater use of microfinance institutions and friends/family to save their money than women, but only in the lowest quantile. In fact, in this specific quantile women make very little use of savings services compared with men, and even then, mostly through friends and *xitiques*. **As wealth increases, men begin using formal financial services (as provided, for example, by commercial banks) to a greater extent than women**, while the gender differences in the use of informal or semi-formal financial services disappear. This highlights the presence of **an inclusion gap in formal savings services** in rural areas. In any case, the use of banks for savings services becomes notable only at the higher levels of wealth, with informal agents (friends and family and *xitiques*) remaining the most common service providers across all quantiles.

Focus on credit services: focusing more specifically on the side of credit, when asked which borrowing services they had used in the previous 12 months, men and women gave **very similar answers** regardless of the wealth quantile taken into consideration (see Table 10 below). The majority of respondents stated that they **rely on friends and family to obtain credit**. The use of xitiques, microfinance institutions and informal moneylenders grows as wealth increases, while the presence of formal financial institutions (banks) becomes relevant, to a certain degree, only in the highest quantile. In any case, **very few significant differences** are found between men and women, and only in the lowest quantile.

TABLE 10. In the past 12 months, have you attempted to borrow from any of the following?

Institution	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Bank	0.4	1.0	Statistically not significant	3.0	1.7	Statistically not significant	9.1	4.9	+ 4.2
Microfinance institution	0.6	2.3	-1.7	3.7	2.9	Statistically not significant	4.5	4.4	Statistically not significant
Credit Union	0	1.0	-1.0	0.2	0.5	Statistically not significant	1.5	0.6	Statistically not significant

Table continues

Table continues

Institution	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Cooperative	0.7	1.1	Statistically not significant	1.4	1.9	Statistically not significant	1.3	3.1	Statistically not significant
Xitique or savings and credit group	4.4	6.2	Statistically not significant	8.2	11.4	Statistically not significant	13.9	12.1	Statistically not significant
Informal money lender	5.6	7.8	Statistically not significant	9.6	9.6	Statistically not significant	11.0	8.1	Statistically not significant
Friends and family	28.9	23.8	Statistically not significant	38.7	31.3	Statistically not significant	35.1	30.8	Statistically not significant

It is also interesting to note that in rural areas there is **no statistically significant difference in the proportion of men and women who held a loan** at the time of the survey (see Table 11 below). These findings appear to suggest that although women face greater challenges than men in accessing formal financial services, these issues do not translate to a lower availability of loans in general, as **informal credit providers** fill the credit gap left by formal financial institutions.

TABLE 11. Do you currently have any loans? (with any kind of actor)

Question	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Do you currently have any loans?	4	6.7	Statistically not significant	7	3.7	Statistically not significant	10.1	5.2	Statistically not significant

Availability of identification documents: a relevant consideration linked to the gap between men and women relative to their access to formal finance lies in the **availability of identification documents**. As can be seen in Table 12, there is a notable gap between rural men and women in possession of a national ID document within the sample, regardless of the wealth level. Similar gaps are found in the availability of other types of documents, although some differences disappear as wealth grows.

TABLE 12. Which of the following types of identification do you own?[13]

Institution	1st quantile (%)		2nd quantile (%)		3rd quantile (%)	
	Men	Women	Men	Women	Men	Women
National ID	41.5	21.8	59.6	30.1	76.9	54.6
Passport	2.7	0.6	3.9	1.9	9.9	4.4
Driving License	0.3	0.3[14]	2.3	0.6	8.5	1.7
Birth Certificate	34.2	27.0	50.4	41.0	58.6[14]	56.6[14]
Village ID	5.0	1.8	12.2	3.8	7.7[14]	7.4[14]

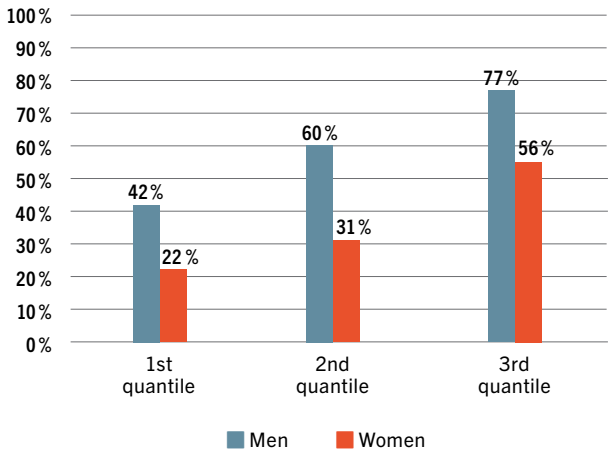
Overall, and regardless of the wealth level considered, there is a steady gap of at least 20 percent between rural men and women in the **ownership of at least one identification**

[13] Please note that only categories of documents which showed statistically significant differences were included.

[14] No statistically significant difference registered in this quantile.

document which could be used to obtain a loan from a formal financial institution (in favour of men, as can be evinced from Figure 8).[15] The gap is more pronounced among the rural population than the urban one.

FIGURE 8. **Respondee owns at least one identification document (which can be used to obtain a loan from a financial institution)**



This gap in the availability of identification documents had been already highlighted by a number of past studies conducted in Mozambique, which showed that approximately half of the adult population (of which a majority were women) did not own an identity card (ICC, 2014; Browne, 2013). As stated in Section 1.3 regarding the main causes of the gender gap in financial inclusion, this lack of identification documents can represent a major obstacle for women seeking to open bank accounts or obtain loans from formal financial institutions, especially when no targeted policy measure is implemented to account for socio-economic and cultural elements which might contribute to a gender-based disparity in access to identification documents.

Conclusion: overall, this section has outlined that the majority of the rural population in Mozambique primarily **makes use of informal services to meet their financial necessities**, with some notable gender differences in the use of savings services (in favour of men) in the lowest quantile. The use of semi-formal (cooperatives, credit unions and microfinance institutions) and formal financial services is limited for both men and women, being reserved mainly for the wealthiest segment of the population. Overall, this is in line with what previous studies on financial access in Mozambique have shown (see Section 1.4, as well as FinMark Trust, 2014).

In general, men show a **higher degree of familiarity with the formal financial sector** than women, which becomes more apparent as their wealth increases. In the same vein, a gender gap in the access to formal financial services is registered mainly in the highest quantile, most likely owing to the fact that, in this particular framework, only the wealthiest part of the rural male population possesses the minimum requirements necessary to access banking services.

3.1.6. The gap in access to digital technology

Specific mention must be made of the gap in access to digital technology and digital finance in rural Mozambique. Although in general a lack of access to digital finance affects the whole rural segment of the sample, women are especially affected by this, as will be shown by the analysis.

[15] A *xitique* is an informal saving and credit arrangement based on mutual trust which is common in Mozambique. Two or more people contribute a fixed sum, which is loaned in turn to one member of the group. The period between contributions differs from region to region, and can be made daily, weekly or monthly.

The majority of the rural population in Mozambique makes use of informal services to meet their financial necessities, with some notable gender-based differences in the use of savings services. The use of semi-formal and formal financial services is reserved for the wealthiest segment of the population.

The most recent data on the levels of digital financial inclusion in Mozambique paints a picture which shows both promise and cause for worry. On one hand, according to data from Financial Sector Deepening Mozambique (FSDMo), in 2016, 40 percent of the adult population in the country owned a mobile money account. This represents almost a twofold increase compared with 2014. Nationwide, there were 176 mobile money operators' (MMOs) agents for every 1 000 adults, covering 77 percent of all districts (FSDMo, 2018).

Despite these encouraging overall results, the **gap in digital financial access in rural areas is still strong**, with almost 70 percent of the rural population and 62 percent of rural women being excluded from digital finance access (Gooley, 2017). There are several reasons for this lag: an uncertain regulatory framework; poor infrastructure to support cash distribution networks; low literacy levels; limited interoperability among banks and mobile network operators; unreliable access to wireless communications; and the formal financial sector's bias against implementing these kinds of innovations in rural areas (UNCDF, 2015). This overall scenario in rural areas is line with the results of this paper's analysis of the National Survey.

Availability of mobile phones: according to this paper's analysis of the National Survey, **there is no difference at gender level in rates of ownership of a mobile phone**, regardless of the wealth quantile taken into consideration. Around 50 percent of rural men and women in the lowest quantile own one mobile phone per individual, which rises to 60 percent in the highest quantile. Overall, lack of money is widely reported as the main reason for not owning a mobile phone (49 percent of both men and women). Although

there is no gender-based gap in terms of the availability of phones, there is a difference in terms of their specific use for carrying out financial and business activities, as will be detailed further below.

Type of mobile phone: the vast majority of the rural population which owns a mobile phone only has a basic model which lacks an internet connection (between 80 percent and 100 percent of all owners, depending on the wealth quantile), which impacts their degree of access to specific digital financial services that require an online connection. As wealth increases, more men and women own mobile phones with an internet connection, although these rates never rise above 20 percent of all owners. Another notable result is that **in the lowest wealth quantile, the only owners of mobile phones with an internet connection are men** (9 percent of all owners). This highlights a potential gender gap in access to digital finance services which require an internet connection for the poorest segment of the population.

Use of mobile phones for business and financial activities: overall, mobile phones are used by the rural population mainly for talking with friends and family (95 percent of respondents), with no difference from a gender perspective in this regard. Notably, in the lowest wealth quantile, 32 percent of men find that h**aving a mobile phone is beneficial to running their businesses**, compared with 19 percent of women – and this difference increases as wealth levels rise. Furthermore, in the highest wealth quantile, 18 percent of men find that **a mobile phone is useful for conducting financial transactions**, compared with 5 percent of women. Notably, this last gender difference disappears when the urban sample is included in the analysis, implying that the gap is unique to rural areas. Given that levels of ownership are similar for men and women, it is likely that other variables contribute to the **gender gap in the use of a mobile phone to run a business or conduct financial transactions**. Some of these variables have already been seen in past sections: rural women have, overall, lower levels of education, reduced access to identification documents and fewer alternatives for income diversification.

3.2. Mozambique: Insights from the Financial Diaries

Using the Financial Diaries together with the Smallholder Families dataset allows a shift in analysis towards more specific, quantitative aspects of rural livelihoods which lie outside of the scope of the National Survey dataset, which is mainly qualitative in nature. In general, it is important to underline that the overall features of the population sample of the Diaries appear to match – in terms of wealth – **with those of the bottom segment in the National Survey** (i.e. the poorest individuals in the lowest wealth quantile of the survey). This is fitting with the profile of the three rural villages in Nampoula Province, whose population comprises the Mozambican sample of the Financial Diaries.

Use of financial tools: as pointed out by CGAP's analysis of the Financial Diaries, at household level the families in the Mozambique sample used a median of only three financial instruments. Their restricted financial portfolio was mostly limited to savings at home. Among the households in Mozambique, only 12 percent used a Rotating Savings and Credit Association (ROSCA) in order to save. 9 percent used an Accumulating Savings and Credit Association (ASCA), while 5 percent used a money guard. Working with such a narrow

portfolio of financial tools, the Mozambican sample generally exhibited spend-as-you-go behavior, with uneven and volatile expenditures (Anderson and Ahmed, 2016).

Savings and credit services: regarding gender differences in the use of credit and savings tools, Tables 13 and 14 below present a number of interesting findings from a gender perspective. Concerning **savings**,[16] while *Keeping money at home* is the preferred solution for both genders, men appear to have access to a number of other savings options (i.e. investing in a business, a formal savings account or a layaway account), albeit to a limited degree. Women, on the other hand, only utilize ROSCAs and ASCAs as an alternative to saving at home. The lack of women who own a formal savings account is a clear sign of the gender gap in access to formal financial services illustrated in the previous sections.

Regarding **borrowing**, the most utilized source for both genders was mainly *Borrowing from friends and family*, which is in line with the results of the National Survey. *Informal credit at a store* was the only other category of note which was used in the sample, with other products being scarcely used, and even then only by men.

TABLE 13. Savings
Active population M=58 (22%) / F=46 (18%)[17]

Saving instrument	Number of individuals who made use of a service[18]	
	Men	Women
Keeping money (cash) at home	49 (19%)	41 (16%)
Checking or savings account	8 (3%)	0
Using a money guard	5 (2%)	1 (2%)
Saving in a ROSCA	4 (1%)	6 (2%)
Private investment in someone else's business	4 (1%)	0
Saving in an ASCA	4 (1%)	5 (2%)
Layaway	1 (0.4%)	0

TABLE 14. Borrowing
Active population M=41 (18%) / F=20 (8%)

Borrowing instrument	Number of individuals who made use of a service	
	Men	Women
Friends and family: Borrowing	43 (16%)	15 (6%)
Informal credit at a store	12 (4%)	7 (3%)
Borrowing from an informal group	1 (0.4%)	2 (0.8%)
Pawning	4 (1%)	1 (0.4%)
Wage advance from employer	2 (0.8%)	0
Supplier Credit	0	1 (0.4%)
Individual loan from Institution	1 (0.4%)	0
Instalment Purchase	0	0
Mortgage	1 (2%)	0

In general, these results describe a scenario in which there are very limited alternatives for savings and credit provision, with the vast majority of men and women preferring to keep cash at home for saving, while relying on friends and family in order to borrow money. The percentages in brackets attest that, overall, **only a small share of individuals within the Diaries' sample make use of financial services**.

[16] An important point to note in relation to the dataset employed is that it does not consider savings in assets other than cash, such as jewelry or household durables. It is fundamental to acknowledge gender-specific cultural tendencies towards saving in these kinds of alternative assets, which are of course contextual to the country and region, as focusing only on cash might overestimate differences in attitudes towards savings between men and women.

[17] Active population refers to the number of people who made use of at least one savings tool, distributed according to gender. Keep in mind that the same individual can use multiple tools. The numbers in parenthesis in the Table represent the percentage relative to the total population of the same gender in the sample (both people who did and did not make use of financial services).

[18] This column represents the number of individuals who have used a specific financial service, distributed according to gender.

Net income flows at village level: as pointed out by CGAP's analysis of the National Survey, at a national level the revenue flow in Mozambique does not match the expenses flow: these deficits can aggravate an already difficult financial situation for farmers and their households. The amounts which households estimate as the minimum amount they need to survive each month is usually higher than their actual average monthly earnings, and the greater the household expenses, the greater their chance of facing a deficit. In fact, it is only among households requiring under MZN 2 000[19] per month that there is as likely to be a surplus as there is to be a deficit. Those households which require more than this monthly amount typically fall short more often than they have a surplus (or in some cases, more often than they break even). Farming households face this situation every month. Where expenses outweigh incomes, not only is there no way to save, but there are also no savings to lean on when income is insufficient (Anderson and Learch, 2016).

According to the Diaries' analysis, women register a lower overall net income flow than men, throughout the year, which appears to be mainly following seasonal patterns of agricultural production.

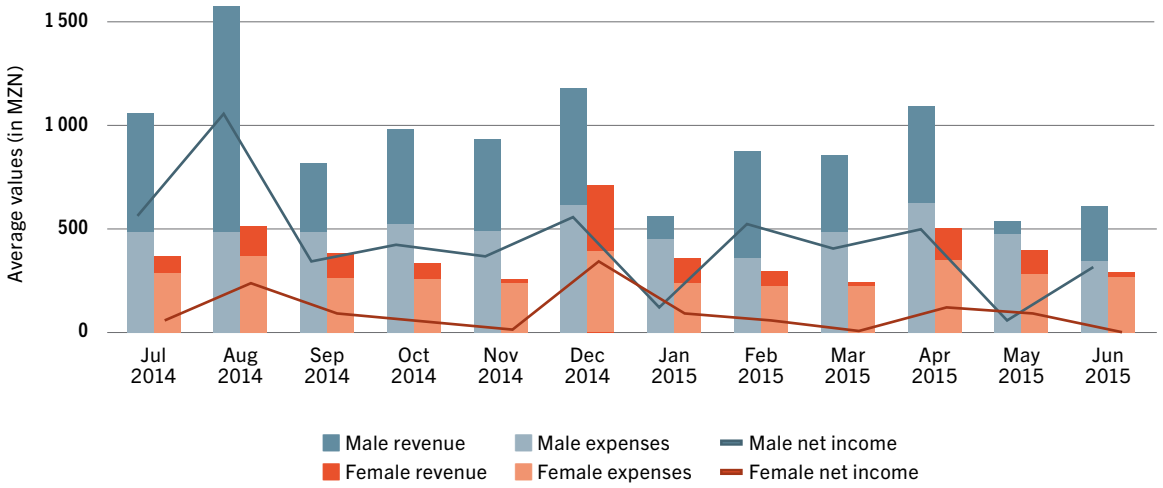
Inspired by CGAP's findings, a similar analysis was carried out at individual level using the Diaries' database, from a gender perspective. Figure 9 plots the average revenue and expenses for individual men and women in the Diaries sample,[20] on a monthly basis. The pillars show revenue and expenses for men (in red) and women (in yellow), while the two colored lines represent the flows of male and female net income (revenue – expenses).

As can be seen in Figure 9, women have a lower overall net income flow throughout the year. These follow a more homogenous pattern, with long periods of declining

[19] The value is in Mozambican Meticals (MZN): 78.46 MZN = 1 USD as of December 2019.

[20] From a methodological perspective, note that each income source registered in the Diaries' survey was ascribed to a specific household member during the initial questionnaire. Thus each transaction associated with an income source is registered under its owner. Similarly, transactions related to expenses were individually attributed to the household member who initiated the respective transaction. Pooled expenses are not included.

FIGURE 9. Gender breakdown of villagers' net revenue flow (Mozambique)



BOX 4.
Note: analyzing the net income only tells a part of the story

It is essential to underline that analyzing gender-based differences in revenues, expenses and net income only sheds light on one side of the equation when it comes to understanding the real determinants of economic and social empowerment for rural women. The ability to save in a secure and easy manner can make a significant difference to women's ability to cope with external shocks and smooth consumption, even if it is done in small amounts and when faced with small revenues. From a policy perspective, for example, at least in the initial phase of a rural development strategy, it makes more sense to focus on fostering access to basic forms of formal savings than trying to intervene in the structural determinants of revenue for female entrepreneurs.

Furthermore, beyond the focus on revenues and expenses, it has to be acknowledged that in poor smallholder households, agricultural production for self-subsistence is normally just as vital to the household's survival as selling crops, and it is usually the combination of revenue and own-use production which supports the household. In developing and emerging contexts, women smallholders are usually more heavily engaged in own-use production than men. As such, to grasp the full picture, it would be fundamental to understand how this component of agricultural production influences women's livelihoods (and that of their households), and how it assists them in compensating for the lower flow of net income that they face, compared with men.

revenue interspersed with brief rises. The flows appear to follow mainly seasonal patterns of agricultural production. Men, on the other hand, have more varied and frequent rises and falls in income, but with average values of net income which are **still substantially higher** than those of women. It is also interesting to note that women's net income falls to zero twice during this time span (November and February 2014), and slightly below zero in June 2015. Men's net income, on the other hand, never falls to zero during the time span under consideration (although it does fall slightly below that of women in May 2015).

These results appear to depict a scenario in which men and women have very different necessities in terms of financial products. Women face relatively longer periods of illiquidity, punctuated by moderate spikes in net income. This implies that tailored financial services would have to provide a means to ensure that the household is able to face such periods, accounting for possible deficits in the household's budget. Men, on the other hand, can rely on more varied income sources which allow them to employ more diversified strategies for savings and investments.

In general, as will be further detailed in the conclusions section, it is essential to consider these gender-based differences in flow patterns while designing financial products tailored for rural women clients, to maximize their impact, sustainability and uptake. Offering longer-term credit products to women, for example, would most likely assist them in capturing a number of sizeable investment opportunities (both agricultural and non-agricultural) which they need to jump-start and expand a business, something which they are normally unable to do when only short-term credit is available.

3.3. Tanzania: Insights from the National Survey

This paper's second country of focus, Tanzania, presents a number of interesting differences compared with the case of Mozambique, although, in the end, the two country-level scenarios which emerge from the analysis share similar core features. What will become evident from the analysis of the data for Tanzania is that lower degrees of gender disparity are found for a number of aspects, not owing to a better enabling environment for women, but instead to **more limited opportunities for both genders**.

From a rural/urban comparative perspective, as can be evinced from the table below, the kinds of differences registered in the Tanzanian sample are similar to those found in Mozambique, although the urban/rural gap appears to be less pronounced overall. Rural households, on the whole, appear to be poorer than urban ones (based on average household PPI scores), with lower levels of education and slightly weaker levels of mobile access.

Bananas being packaged for transport in Kiroka, Tanzania.

TABLE 15. Differences between urban and rural households

	Urban	Rural	Difference
Average n. of members per household	4.6	5.1	-0.5
N. of members with a mobile phone per household	1.9	1.5	+0.4
Agriculture as largest source of income (% of households)	38.3%	71.4%	-33.1%
Male head of household (% of households)	70.2%	76.3%	-6.1%
Household head's education: Primary education (% of households)	76.6%	88.6%	-12.0%
Household head's education: Secondary education (% of households)	18.2%	8.8%	+9.4%
Household head's education: Higher education (% of households)	4.2%	1.2%	+3.0%
Average household PPI score	54.4	44.0	+10.8

3.3.1. The gender gap in education

Compared with Mozambique, Tanzania displays lower levels of gender inequality in education, especially in the lowest and middle quantile. With that being said, some relevant differences are still found from a gender perspective, as can be evinced from Table 16.

TABLE 16. Gender differences in education (rural)

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Category	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Ever attended school	71.9	60.0	+11.9	81.2	76.1	+ 5.1	89.5	82.8	+6.7
Highest grade attended: Primary	91.7	93.8	Statistically not significant	86.3	86.8	Statistically not significant	76.5	84.1	-7.6
Highest grade attended: Secondary	6.3	4.1	Statistically not significant	13.2	11.5	Statistically not significant	20.3	14.5	+ 5.8
Highest grade attended: Higher	0	0	Statistically not significant	0	0.2	Statistically not significant	2.4	0.6	+1.8
Completed highest grade attended (i.e. not a dropout)	64.6	52.5	+12.1	75.2	70.0	+5.2	83.6	75.7	+7.9

In the first two quantiles, men show better results in terms of school attendance (*Ever attended school*), and dropout rates (*Completed highest grade attended*), both of which are around 12 percent higher than the rates for women. In the highest wealth quantile, the education gap becomes more prominent, with men also showing better results in terms of **highest levels of education attended** (secondary and higher). This appears to reflect an overall environment in which it is easier for men to attend school and complete their grades, although **a gender difference in terms of levels of education achieved** appears only at the highest levels of wealth.

3.3.2. Other non-financial elements contributing to gender inequality

As in the case of Mozambique, pointing out relevant gender-related differences in a wide range of non-financial aspects can provide deeper understandings of rural livelihoods

in Tanzania, which might influence inequality in the degree of financial access for men and women in the rural segment of the sample.

Land ownership: there is no statistically significant difference between men and women in terms of the modalities by which they own their land. The majority of land is owned on an individual basis, either under customary law (45 percent of the sample, both men and women) or through a lease or certificate (48 percent of the sample). Increases in wealth do not translate to a noticeable change in any these modalities.

Nevertheless, an important point must be mentioned in regards to these results: although Tanzania does in principle have enabling legislation in terms of equal land titling for men and women (such as the Land Act and Village Land Act of 1999, mandating that women should be treated equally to men in terms of rights to acquire, hold, use and deal with land, the National Land Policy of 1995 and the Land Regulations of 1991), these rules are challenging to implement. Women, for example, often lack financial support to enforce their rights in court, while customary law and traditional practices – particularly relating to inheritances and divorces – are discriminatory towards women (Idris, 2018). Therefore, similarly to the case of Mozambique, these results do not capture differences in the specific rights that men and women can exert over land they own under customary norms.

Use of labour to manage land and livestock: it is only in the lowest wealth quantile that men are more likely than women to employ friends or neighbours (2.7 percent difference) and family (5 percent difference) to manage rural labour activities (see Table 17 below). Overall, family labour is by far the most common type of labour employed, although this decreases considerably as wealth grows, matched by a parallel rise in the use of hired labour.

TABLE 17. What type of labour do you use to manage land and livestock?

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Labour Type	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Friends or neighbours, reciprocity basis	10.3	7.4	+ 2.8	11.6	9.2	Statistically not significant	17.1	15.1	Statistically not significant
Hired labour for an extended period	6.0	5.2	Statistically not significant	13.4	11.3	Statistically not significant	23.2	24.3	Statistically not significant
Agricultural labour (daily rate)	6.4	4.8	Statistically not significant	8.1	8.6	Statistically not significant	9.2	6.6	Statistically not significant
Family labour	58.9	53.9	+ 5.0	45.4	44.1	Statistically not significant	44.1	37.0	+ 7.1

Participation in agricultural activities: in the case of Tanzania, there is no difference at gender level between men and women when it comes to this category: **98 percent of men and women participate in their households' agricultural activities**, and this percentage decreases only minimally with increases in wealth. This in stark contrast with the case of Mozambique, where men gradually stop participating in households' agricultural activities as their wealth increases, while women do so at a much slower rate. This appears to imply a scenario in which the specific constraints which limit rural people's involvement in non-agricultural income-generating activities **equally affect both men and women**, or, more specifically, that gender-specific challenges in this context are not

determinant when compared with a core of critical constraints that which both genders' engagement in this regard.

In terms of the **possession of livestock, herds or other farm animals**, a difference is found in favour of men only in the lowest wealth quantile (59 percent of men compared with 44 percent of women). This difference disappears as wealth grows and ownership of livestock increases for both genders.

Frequency of expenses: as in the case of Mozambique, **men appear to spend money on expenses more often, across a wide variety of expenditure categories** (e.g. transportation, utility bills, investments in their businesses, education and large purchases for home repair). This does not appear to change across different wealth quantiles.

3.3.3. Available sources of income and opportunities for diversification

Compared with the case of Mozambique, in Tanzania both men and women start diversifying their income away from the agricultural sector at a very slow rate as their wealth increases. As can be seen in Table 18, it appears that opportunities for employment outside of agriculture are very limited for both genders, regardless of their wealth. Nevertheless, in the highest quantile a gender gap in employment opportunities is found, with men in that quantile becoming professionals, business owners and shop owners, although at a much lower overall rate than in Mozambique.[21]

TABLE 18. What is your primary job?

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Job Type	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Farmer	93.8	95.5	Statistically not significant	93.5	93.7	Statistically not significant	79.7	88.2	-8.5
Professional (e.g. doctor or teacher)	0.2	0	Statistically not significant	0.3	0.1	Statistically not significant	3.4	0.8	+ 2.6
Business owner	1.7	1.0	Statistically not significant	1.1	2.7	-1.6	5.7	3.0	+ 2.7
Shop owner	0	0.3	Statistically not significant	0.3	0	Statistically not significant	0.5	0	+ 0.5
Labourer	0.3	0.4	Statistically not significant	0.5	0.3	Statistically not significant	1.9	2.3	Statistically not significant

These findings are also reflected in Table 19 (*What has been your main source of income in the past 12 months?*). It is only when considering the highest wealth quantile that a gender gap related to agriculture as the main source of income emerges (9.2 percent more women than men). Furthermore, as wealth increases, more men than women start signalling that earning a salary from a regular or occasional job or running their own businesses by providing services constitute their main source of income, which is similar to the findings in Mozambique. Also similar to Mozambique is the finding that in Tanzania,

[21] As pointed out by a CGAP analysis of its National Survey, widespread participation in farming in Tanzania is not only a result of limited opportunities for other types of jobs: it also represents a life choice and a part of a cultural identity. To give a few examples: 93 percent of the smallholders interviewed agree with the statement "I enjoy agriculture", while 80 percent think of agriculture as the legacy which they will leave to their children and 74 percent want their children to continue in agriculture (Anderson, Marita and Musiime, 2016).

more women than men cite donations and remittances from family and friends as their main source of income (a 3 percent difference in the highest quantile).

TABLE 19. **Which of the following has been your main source of income in the last 12 months?**

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Source of income	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Growing something and selling it (agriculture)	68.8	69.5	Statistically not significant	69	68.9	Statistically not significant	56.3	65.5	-9.2
Getting money from family or friends	1.8	4.4	-2.6	1.5	2.7	Statistically not significant	1.8	5.3	-3.5
Rearing livestock	6.9	4.9	Statistically not significant	4.7	5.8	Statistically not significant	6.1	4.7	Statistically not significant
Earning wages or salary from regular job	1.2	1.9	Statistically not significant	2.4	1.3	Statistically not significant	7.3	3.9	+ 3.4
Earning wages from an occasional job	7.1	4.9	Statistically not significant	8.5	4.1	+ 4.4	7.0	3.4	+ 3.6
Running own business in retail or manufacturing	5.4	4.6	Statistically not significant	5.9	6.6	Statistically not significant	9.4	9.0	Statistically not significant
Running own business by providing services	2.7	1.2	Statistically not significant	2.0	4.6	-2.6	5.4	1.9	+ 3.5
Getting a grant, pension or subsidy of some sort[22]	*	*	*	0.3	0.6	Statistically not significant	0.9	0	+0.9

Conclusion: the results shown in the case of Tanzania outline a scenario in which at the highest levels of wealth, men gain greater access than women **to more varied job opportunities** (although this gap is smaller overall than the one found in Mozambique). The main difference in the case of Mozambique lies in the fact that in Tanzania, agriculture plays a **more important role** as a primary source of income, a factor which changes very little as wealth increases. **Gender-based differences appear to be less pronounced in Tanzania**, mainly because rural employment is concentrated in the agriculture sector, especially at lower levels of wealth, whereas in Mozambique higher employment diversification is seen as wealth rises.

3.3.4. The gender gap in access to financial services

The overall scenario concerning rural financial provision in Tanzania presents several significant differences compared with Mozambique. As will be seen further below, the rural segment of the sample displays a **conspicuously low degree of familiarity with formal financial institutions**, and the number of men and women who use banks for their financial needs is extremely low as well. To satisfy either their credit or savings necessities, most women and men in rural Tanzania rely on friends and family. Although familiarity with various financial service providers (e.g. banks, credit and savings groups, and microfinance institutions) increases slightly as wealth rises, the overall numbers remain noticeably lower than in the case of Mozambique.

[22] There are not enough observations in the category "Getting a grant, pension or subsidy of some sort" in the lowest quantile to conduct an analysis.

Familiarity with the formal financial sector: both categories detailed in Table 20 below show a difference in favour of men in the lowest quantile. The rise in the number of women who both have been inside a bank and own a bank account means that this gap is bridged in the middle quantile. In the highest quantile this difference appears again, owing to the fact that **men continue to increase their familiarity with the formal financial sector**, while women are unable to do so. These results seem to imply that an increase in wealth translates into more equal opportunities for men and women to become acquainted with the formal financial sector, **but only to a point**: further increases from the middle to the highest quantile tend to primarily favour men.

TABLE 20. **Familiarity with banks**

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Question	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Have you ever been inside a bank?	13.3	4.4	+ 8.9	17.1	17.9	Statistically not significant	37.4	16.7	+ 20.7
Do you personally have a bank account?	1.4	0.2	+ 1.2	5.4	3.8	Statistically not significant	16.3	4.3	+ 12.0

This gap is also reflected in the answers to the question *If the need arose, would you attempt to borrow from any of the following?* in the highest wealth quantile: 66 percent of men compared with 54 percent of women state that they would go to a bank to attempt borrowing in times of need. All of these elements underline the presence of **a gender gap in access to formal financial services**, especially in the highest quantile.

Focus on savings services: the use of savings services in rural Tanzania is fairly low, regardless of the quantile considered (see Table 21). Except for friends and family, all other agents and institutions which provide savings services are scarcely present in this paper's results until the highest wealth quantile. The use of banks in particular rises considerably with wealth (from 0.6 percent to 11.2 percent in the case of men). In the case of Mozambique, the use of savings services (especially those involving friends and family) was notably more prominent, and grew quite more considerably as wealth increased.

TABLE 21. **In the past 12 months, have you saved money with any of the following groups?**

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Institution	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Bank	0.6	0.7	Statistically not significant	4.5	6.3	Statistically not significant	11.2	6.5	Statistically not significant
Microfinance institution	0.7	1.2	Statistically not significant	2.4	2.3	Statistically not significant	5.3	3.3	Statistically not significant
Credit union	1.0	1.4	Statistically not significant	2.1	4.0	Statistically not significant	2.4	1.7	Statistically not significant
Savings and credit group	0.5	0.3	Statistically not significant	2.1	2.2	Statistically not significant	1.6	0	+ 1.6
Friends and family	3.2	9.4	-6.2	5.4	9.6	-4.2	6.8	14.4	-7.6

In terms of differences at gender level, women have higher levels of savings with friends and family (7.6 percent difference in the highest quantile). Another interesting element to note is **the scarce use of savings and credit groups**, which drops to 0 percent in the case of women in the highest quantile. This is a stark difference compared with Mozambique (Table 9), where *xitiques* are a common way to save money across all wealth quantiles.

Focus on credit services: as in the case of Mozambique, when asked **which borrowing services they had used in the previous 12 months**, rural men and women gave very similar answers regardless of the wealth quantile. *Friends and family* remains **by far the most common source for obtaining credit** in any quantile. The use of this category decreases with wealth, from 38 percent for both genders in the lowest quantile down to 30 percent in the highest. **The use of any other type of credit agents**[23] **is extremely low**: in the highest quantile, no more than 5 percent of both men and women make use of any type of credit provider apart from friends and family. Use of formal credit services (i.e. banks) is very low (used by no more than 5 percent of men or women in the highest quantile), while men show a statistically significant advantage over women **only in the middle quantile** (a 4 percent difference).

When asked **what their main reasons for borrowing money would be**, it can be seen that men seek credit to buy inputs and make big purchases to a greater extent than women (see Table 22). This difference disappears in the middle quantile, while reappearing again, more strongly, in the highest quantile. This appears to imply that men are more inclined than women to seek credit to foster their agricultural activities and carry out large investments in land and equipment.

TABLE 22. What would be your main reasons to borrow money?[24]

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Reason	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
To buy inputs (such as seeds, fertilizers, pesticides)	43.1	34.0	+9.1	46.8	39.8	Statistically not significant	23.4	12.7	+ 10.7
To make big purchases (such as land, modern equipment)	23.1	15.8	+ 7.3	19.9	20.5	Statistically not significant	37.9	27.2	+10.7
To cover daily expenses	15.5	13.4	Statistically not significant	11.3	16.9	-5.6	11.9	10.9	Statistically not significant

Similarly to the case of Mozambique, there is no significant difference between **men and women currently holding a loan** with any kind of actor at the time the survey was carried out (see Table 23 below), and these numbers change only slightly as the wealth quantile rises. Compared with Mozambique, the percentages of men and women holding a loan are relatively higher (around 5 percent in all quantiles for both men and women). As seen before, the majority of these loans are provided by either friends or family.

[23] This includes microfinance institutions, credit unions, cooperatives, savings and credit groups, and informal money lenders.

[24] Please note that only those reasons which showed statistically significant differences at gender level were included from the original dataset.

TABLE 23. Do you currently have any loans? (with any kind of actor)

	1st quantile (%)			2nd quantile (%)			3rd quantile (%)		
Question	Men	Women	Difference	Men	Women	Difference	Men	Women	Difference
Do you currently have any loans?	8.2	5.8	Statistically not significant	8.8	8.8	Statistically not significant	12.4	8.8	Statistically not significant

Availability of identification documents: the scarcity of identification documents found in the case of Mozambique is substantially more prominent in Tanzania – although in this case it applies more equally to both genders. In general, very few rural men or women own passports, driving licenses, birth certificates or military licenses. In the highest quantile, **only 7 percent of rural men and women own a national identification document**. The only document which men more commonly possess is a school-issued ID document (10.3 percent of men compared with 0.8 percent of women) , and this is only the case in the highest wealth quantile. This is in line with the analysis presented in Section 3.3.1, which showed the extent of the gender gap in education in the highest quantile.

FIGURE 10. Respondee owns at least one identification document (which could be used to obtain a loan from a formal financial institution)

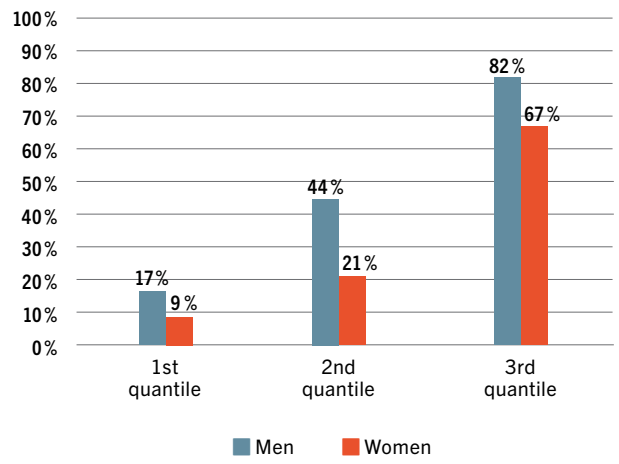


Figure 10 focuses on the percentage of respondents who own **at least one identification document** which could be used to obtain a loan from a financial institution.[25] No gap exists from a gender viewpoint, although the overall percentages are so low (especially compared with Mozambique) that a more pressing constraint appears to be **the general lack of availability for such documents** in the rural segment of the sample.

3.3.5. The gap in access to digital mobile technology

The digital financial services market is considerably more developed in Tanzania than in Mozambique. The country was one of the first in Africa to launch mobile money services in 2008, and it is currently evolving towards a mature, competitive market with an enabling and supporting framework. In 2017, 44.1 percent of adult men and 33.2 percent of women in Tanzania held a mobile money account, according to the Global Findex 2017 (16.5 million registered accounts in total). Overall, 38.5 percent of the population had a registered mobile money account – a percentage which decreases only slightly to 37.8 percent if rural areas are included. Furthermore, the degree of interoperability between distinct mobile money providers is quite high, as the result of an agreement reached by all four major providers in the country in 2016.

[25] The types of document which could be used to obtain a loan from a formal financial institution were national IDs, passports, and driving licences.

The regulatory framework for mobile money in Tanzania has been described as "policy-enabled and market-led", with clearly detailed guidelines which govern both MMOs' and financial institutions' engagement in the digital financial services market. The Government has implemented several regulatory reforms in recent years in an attempt to refine and channel the growth of this sector, including a National Payment Systems Act in 2015 and a series of agent banking guidelines in 2013. Although substantial work still needs to be done, Tanzania's mobile money framework and its strong push towards interoperability has been acknowledged as a major driver in attracting more women towards the formal financial sector (AFI, 2016).

This section will now focus more specifically on the differences at gender level – in terms of digital mobile technology – which emerge from the analysis of the National Survey. Regarding the ownership and use of mobile phones in the rural segment of the sample, unlike Mozambique, there is in fact a **gender-based difference in terms of mobile phone ownership**: 74 percent of rural men in the lowest quantile own at least one mobile phone, compared with 63 percent of women. These numbers rise to 90 percent of men and 77 percent of women in the highest quantile. Furthermore, 78 percent of men in the lowest quantile have made use of a mobile phone **at least once** in their lives, compared with 60 percent of women (an 18 percent difference, which drops to 9 percent in the highest quantile).

Type of mobile phone: in the lowest quantile, **14 percent of men own a basic mobile phone model which also provides them with internet access, compared with 3 percent of women**.

Mobile money agent in Zanzibar, Tanzania

These differences start to disappear as wealth grows, with both genders gaining access to more advanced types of mobile phones. As in Mozambique, this finding appears to imply a gap in digital access which primarily affects the poorest segment of rural women.

Use of mobile phones as a business tool: only 12 percent of the total population in the highest quantile (both men and women) use a mobile phone as an aid in running their businesses, with no noticeable differences at gender level. What is more interesting is that in the highest quantile there is **a noticeable gap between men and women who use their phones to carry out financial transactions** (60 percent of men compared with 47 percent of women). These are reasonably high numbers which appear to reflect that use of a mobile phone as a tool for financial transactions is quite a widespread practice in rural Tanzania, with men being more active in this regard. This finding is also reflected by the fact that **men appear to assign more importance than women to mobile money accounts**, according to the results of the survey, a scenario that could be improved through women-focused public interventions such as targeted awareness campaigns and education on mobile money.

Overall, this data is in line with the data provided by the Global Findex 2017 and Tanzania's 2017 FinScope Survey, which appears to suggest a scenario in which digital financial solutions have already reach a notable degree of expansion, with substantial market opportunities for increased gender-sensitive financial inclusion which could be seized by further expanding the penetration rate of such services in rural areas.

A customer buys rice from traders at a market in Kiroka, Tanzania.

3.4. Tanzania: Insights from the Financial Diaries

Use of financial tools: as pointed out by CGAP's analysis of the Financial Diaries, smallholder families in the Tanzanian sample use a median of 12 different financial tools – considerably higher than the median of two found in Mozambique. Financial portfolios in Tanzania are also larger than those in Mozambique, both at the household and the individual levels. In fact, for the purpose of saving money, 33 percent of households used a ROSCA, 53 percent used an ASCA and 20 percent used a money guard. From a comparative perspective, while in Mozambique it was found that at least one individual in every household had used either ROSCAs, ASCAs or a money guard, in Tanzania this ratio was higher. This indicates that in some households in Tanzania, more than one individual had access to these savings services: 9 percent of individuals used a ROSCA, 14 percent used an ASCA and 5 percent used a money guard to save (Anderson and Ahmed, 2016).

Savings and credit services: regarding gender differences in the use of credit and savings tools, Tables 23 and 24 below present several notable results. As in Mozambique, the preferred solution for both men and women to save their money is saving at home. Both genders appear to use the same kinds of savings services, with women being more active in ROSCAs and ASCAs. Rates of account ownership with a formal financial institution (*Checking or savings account*) are extremely low. With respect to credit services, these are used to a greater extent by men than by women. *Borrowing from friends and family* is by far the most commonly used tool, while Informal credit at a store is the second most popular option.

TABLE 24. Savings
Population M=72 (38%) / F=105 (45%)[26]

	Number of individuals[27]	
Saving instrument	Men	Women
Keeping money (cash) at home	70 (37%)	103 (44%)
Checking or savings account	2 (1%)	3 (1%)
Using a money guard	10 (5%)	10 (4%)
Saving in a ROSCA	11 (5%)	25 (11%)

TABLE 25. Borrowing
Population M=46 (18%) / F=20 (8%)

	Number of individuals	
Borrowing instrument	Men	Women
Friends and family: Borrowing	43 (16%)	15 (6%)
Informal credit at a store	12 (4%)	7 (2%)
Borrowing from an informal group	1 (0.4%)	2 (0.8%)
Pawning	4 (1%)	1 (0.4%)

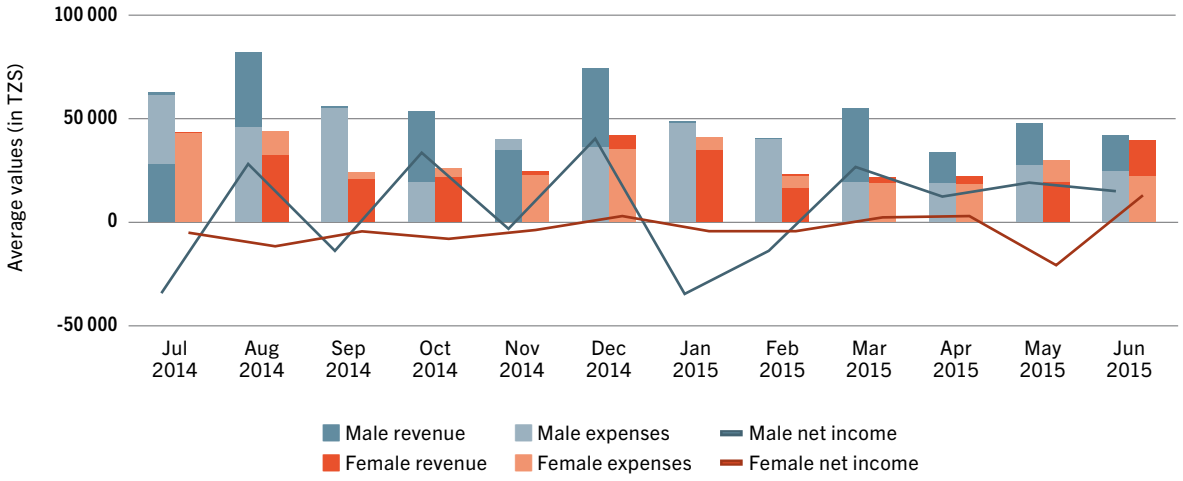
The figure above provides some very interesting insights in relation to net income flows for men and women[28] over a one-year period in the villages under review. Firstly, there are numerous instances in which both men and women present a **negative net income** over the year. While the pattern for men shows more pronounced spikes and falls,

[26] Population refers to the number of people who make use of at least one savings tool, divided by gender. It should be borne in mind that the same individual can use multiple tools.

[27] This column represents the number of individuals who have used a specific financial tool, distributed according to gender. The numbers in parentheses represent the percentage relative to the respective total number of people for each gender (i.e. both people who used at least some form of financial tool and people that did not). It should be borne in mind that the same individual can use multiple tools.

[28] F rom a methodological perspective, note that each income source registered in the Diaries' survey was ascribed to a specific household member during the initial questionnaire. Thus each transaction associated with an income source is registered under its owner. Similarly, transactions related to expenses were individually attributed to the householder member who initiated the respective transaction. Pooled expenses were not included.

FIGURE 11. Net income flows at village level (Tanzania)[29]



women have on average a more regular trend, characterized by long periods of illiquidity, interspersed with a few positive revenue peaks (in December, March, April and June). While this scenario has notable similarities to that in Mozambique, it reflects a considerably more vulnerable situation for men and women alike, with more pronounced and frequent periods of illiquidity, and lower peaks of positive revenue.

In this particular scenario, it can be argued that matching the transactions associated with a financial product to women's specific income flows (e.g. the repayment schedule

A farmer tends to her cassava crops in the village of Tiniu, northern Tanzania.

[29] The figure is in Tanzanian Shillings (TZS): 2298 TZS = 1 USD (as of December 2019).

Farmer Rachael on the phone, having purchased a delivery of trees for her farm in the Tana River watershed, Kenya.

of a loan) would significantly increase its value and utility for this client segment. To give an example, a potential female client may find a higher value in a savings product which allows her to make a deposit in the aftermath of a high liquidity period, such as during January or February, according to the figure above. A financial institution which only considers the aggregate income at household level in its product design process would miss these gender-specific dynamics at the individual level, which would lead it to develop an offer of financial services that does little to specifically engage female clients.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4. Conclusions and recommendations

4.1. Cross-national insights and conclusions

The analyses carried out for both countries depict a scenario in which rural men and women are set on **divergent development trajectories**: as household wealth increases, men have increased levels of education and asset ownership, as well as better access to identification documents and the ability to diversify their incomes. All of these factors represent, at the same time, **both a cause and consequence** of greater access to formal financial services.

From a policymaker's perspective, it is clear that fostering gender-sensitive financial inclusion in such a context will require the implementation of a **multi-dimensional and integrated policy strategy** which intervenes in a coordinated manner in relation to different imbalances, bringing substantial reform to widely varying elements such as access to identification documents, land titling, know-your-customer regulation, financial education, ingrained socio-cultural norms and many other aspects. This also implies supporting coordinated interventions, with different public and private stakeholders (e.g. cooperatives, apex bodies, non-governmental organizations (NGOs) and financial institutions) actively engaged in rural areas, leveraging their informational advantages, networks and field presence to ensure that the policy regulations, programs and initiatives designed to correct these imbalances are implemented in the right way and do not generate unintended negative consequences for women's financial inclusion (Hernandez *et al.*, 2018).

From the private financial sector perspective, as can be seen from the study results, the current high levels of dependence on informal financial providers among rural women in both countries implies a **significant business opportunity** for those formal financial institutions which are capable of targeting them with a tailored offer of financial services which properly considers their time, resources and socio-cultural constraints. Nevertheless, as will be seen in the recommendations section below, achieving this goal requires substantial effort and resource consumption on the part of a financial institution in order to develop the internal capacity, expertise and institutional awareness required to gain a nuanced and insightful perspective of rural women as profitable financial clients.

4.2. Recommendations for policymakers

The analysis of the results presented in this paper highlights a number of critical issues – from the perspective of the enabling policy environment – which limit women's access to finance, both in the areas under consideration and more broadly in similar contexts around the world. This section presents a number of recommendations, validated by the findings of the research, which can support local policymakers in tackling gender-based constraints to rural financial provision through a blend of targeted interventions.

Reform and enforce regulations on asset ownership: asset ownership is a critical constraint to women's access to credit and other financial services, with issues of land titling being at the forefront in this sense. This does not only encompass the introduction of laws and regulations that promote ownership equality, but also the **actual enforcement of these rules**, and awareness of their existence on the part of women.

The case of Tanzania is emblematic in this sense: the country has instituted several statutory regulations which explicitly give equal land ownership rights to both men and women, such as the National Land Policy of 1995, the Land Act and Village Land Act of 1999, as well as the Land Regulations of 1991. Despite this, research has shown that **customary land norms take precedence** over statutory law almost everywhere in rural Tanzania, with women's access to land being dependent on their male relatives and subject to issues of family relations, socio-economic status and ethnic group (AFI, 2016). Furthermore, very few women in rural Tanzania are aware of the existence and content of land laws protecting their ownership rights; while many women carry out agricultural work as their main line of business, a strong gender imbalance exists in terms of the actual enforcement of land ownership rights.

This is why enabling legislation is not enough to guarantee *de facto* gender equality in asset ownership: concrete enforcement of these laws and extensive awareness promotion among the very target of these reforms are fundamental for the policymaker.

Foster gender-sensitive consumer protection norms: fostering targeted protection measures for women in their role as financial actors and clients is a meso-level policy measure which can play a fundamental role in overcoming a range of social and cultural barriers to financial inclusion. The lower levels of information and awareness among women in Mozambique and Tanzania regarding financial services and their associated risks and costs, coupled with entrenched gender-based socio-cultural dynamics, means that these actors are particularly vulnerable to predatory behaviours, abuse and misunderstandings when dealing with different formal financial providers. Establishing gender-sensitive mechanisms to receive and address consumer complaints can go a long way towards increasing women's trust and familiarity with financial services and institutions.

While the Central Bank of Mozambique has made efforts in recent years to implement a nascent financial consumer protection framework, in Tanzania a unified policy approach is still missing, with the protection that does exist falling under the country's Fair Competition Commission. The legislation which regulates these matters in the country is quite dated, with different mechanisms having been implemented by regulators to handle grievances on the part of consumers (a complaints desk and an ombudsman), leading to a fragmented approach towards which does not cover all possible situations.

For example, consumers dealing with non-deposit taking microfinance institutions, a large number of whom are women, still do not have an established channel to voice their complaints (AFI, 2016; FSDMo, 2018).

The National Financial Inclusion Framework 2018–2022 published by the Central Bank of Tanzania clearly underlines that a major barrier towards financial inclusion in the country remains:

> *...the lack of a comprehensive financial consumer protection legal [framework], especially when the majority of the people are now being exposed to digital platforms, which may reduce levels of trust in digital models implementation* (BOT, 2017).

Set concrete and quantifiable policy objectives to advance women's financial inclusion: establishing financial inclusion objectives which deliberately push forward the promotion of financial inclusion among rural women, in a granular and multi-dimensional manner, is an important addition to any national inclusion strategy. This implies, for example, establishing concrete targets to enhance women's access to specific and diverse financial services (e.g. credit, savings and insurance), as well as indirectly fostering essential enablers to inclusion, such as financial literacy, availability of time and more equal socio-cultural dynamics. All of this allows the policymaker to go beyond simply asserting a generic and vague intention of fostering gender-sensitive financial inclusion, to actually implementing a **specific plan and pathway** towards achieving this goal.

Sharifa digs terraces to stop soil erosion in Lushoto, Tanzania.

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Both Tanzania and Mozambique have made efforts in this regard. The Government of Mozambique, in its 2016–2022 National Financial Inclusion Strategy, set specific targets for women's overall access and use of savings accounts. The strategy specified that by 2018, 22 percent of adult women must have a deposit account with a formal financial institution, 6 percent of adult women must have a credit account with a formal financial institution and 35 percent of adult women must have an active account with an electronic money institution (AFI, 2017).

The Central Bank of Tanzania, in its National Financial Inclusion Framework 2018-2022, specifically focused on low-income women and youth as priority targets. As part of this effort, it introduced a series of inclusion goals explicitly targeting women, such as **increasing women's use of financial services by 12 percent** before 2023, while narrowing down by 90 percent the existing gender gap in access to formal financial services (BOT, 2017).

Develop the financial infrastructure: an enabling regulatory framework for gender-sensitive financial inclusion cannot possibly be enforced in a substantive manner without a related investment in the appropriate financial infrastructure, which extensive research has found to be a primary driver in bridging the gender gap in access to finance (AFI, 2017; IFC, 2015; World Bank, 2015). Several examples can be given in this regard:

- Enabling the use of alternative forms of collateral for rural credit provision (such as inventories, rights on contracts and moveable assets), with a view to mitigating the gender imbalance in land and house ownership. This requires the implementation of an **alternative collateral registry**, something which the governments of both Mozambique and Tanzania have set as a primary policy goal.
- Instituting a **national credit bureau** can provide formal FIs with a fundamental incentive to strategically target rural women with a tailored offer of products, as it allows them to build a detailed information base on women as clients. Tanzania implemented two such bureaus in 2012 and 2013, which receive data from the National Credit Reference Database (created by the Central Bank of Tanzania) and additional client information from other sources, such as utility companies. An alternative **credit reference system** is also in development, which employs mobile phone data and includes credit scoring of microfinance loan products (AFI, 2017). Mozambique, meanwhile, at the end of 2018 authorized a private regional credit bureau (Compuscan) to operate in the country, under the supervision of the Central Bank.
- Fostering **interoperability** among different mobile financial service providers is fundamental to increasing the penetration of digital finance (especially in rural areas), which in turn is a powerful driver for women's financial inclusion. In this regard, Tanzania's case has been among the most successful in the whole of Africa, with a strong inter-operator dialogue driving this process forward at a very fast pace: more than 25 percent of the total volume and value of mobile payments in the country at the end of 2017 was carried out between different mobile operators (BFA, 2018).

Improve sex-disaggregated data collection and analysis: ensuring the public availability of a regular stream of sex-disaggregated data on both the demand and supply for financial

services on the part of rural denizens – as well as the creation of gender-sensitive indicators which can be easily accessed and used to inform gender-focused financial inclusion initiatives can prove to be a boon for public sector stakeholders such as Ministries, Central Banks and international development agencies. Sex-disaggregated data collection is useful to monitor the impacts of increased access to financial services on women's economic empowerment and their position in intra-household decision-making processes, fostered either by public initiatives or increasing engagement of the private financial sector. The examples of the National Survey and the Financial Diaries, used in this research, can give an idea of the depth and extent of information that these kinds of exercises can provide to inform projects and policies.

Improving the availability of such data would be an essential support for local policymakers who are seeking to design strong, evidence-based policies for gender-focused financial inclusion and to evaluate the effectiveness of existing measures. It would aid them in assessing whether a determinate policy or initiative is having unintended consequences from a gender differential perspective. Past research has shown, for example, that improving access to finance for rural women can sometimes have a negative impact on their autonomy and empowerment, such as in circumstances in which women do not have effective control over how the money they borrow is actually used by the household.

The case of the Central Bank of Tanzania is a good example of a systematic and well-informed public strategy to ensure the collection of a stream of sex-disaggregated data to advance policy goals. From the side of the demand of financial services, the Bank has established a public-private partnership with the Financial Sector Deepening Trust[30] to carry out a financial demand survey every four years (the FinScope Survey), in order to **obtain baseline values and adjust targets** for its financial inclusion goals, as well as to gain insights into policy, regulatory and market obstacles to access and usage (BOT and FSDT, 2018). From the side of the supply of financial services, the Bank's Financial Inclusion National Council regularly gathers this kind of data from various formal financial providers, which are subsequently used to gauge the progress achieved on the goals established by the 2018–2022 National Financial Inclusion Framework.

Aside from explicit policy goals, it should be noted that sex-disaggregated data could be extensively **leveraged by the private financial sector**, such as by commercial banks which seek to evaluate the potential and profitability of rural women in a particular area as a possible client segment. This would also assist these institutions in developing appropriate financial tools which take into account the profiles and associated risks for women clients from specific viewpoints (e.g. urban/rural, poverty level or mobility level). In the long term, it would assist in mitigating the traditional risk aversion of banks towards lending to women, particularly in rural areas. Finally, it would help to attract international investors from abroad (e.g. impact funds, angel investors and philanthropic foundations) which seek existing gender-sensitive investment opportunities to allocate their capital.

Improve education and access to financial information for rural women: improving the quality and quantity of financial information available to women in rural areas is essential to foster their integration into existing financial networks. The findings of this study have made clear that a large number of the women in the samples **lack awareness**

A group of women attend an agricultural workshop in Lushoto, Tanzania.

of even basic financial aspects. Many of the women surveyed, especially at the lowest levels of wealth, have never been inside a bank branch, or know nothing about mobile money; others lack connections to even informal lending and savings circles. These information sources would have to be culturally appropriate and focused on women's needs, also taking into account the mobility and time constraints that they face in rural contexts. The provision of a basic introduction to financial mechanisms would already represent a significant upturn in their roles as active financial actors.

The results concerning rural women's education levels in Tanzania presented in this study mirror similar data gathered by the Central Bank of Tanzania. A 2014 financial capability survey carried out by the Bank reported that almost 60 percent of those without a financial education in the country were women, of which 34.1 percent resided in rural areas and 24.8 percent in urban areas. These results were attributed to low enrolment and high school drop-out rates, influenced by a range of socio-cultural dynamics such as early marriages and customary beliefs that women do not need to study.

For these reasons, in 2016 the Central Bank of Tanzania implemented a **Financial Education Framework** which specifically set out a detailed strategy to reach urban and rural women with tailored financial education programs and awareness campaigns, and also made use of a variety of alternative delivery channels (e.g. village theatres, roadshows and radio messages) to reach women in their places of work and living (AFI, 2017).

4.3. Recommendations for formal financial providers

Take into consideration gender-specific constraints in product delivery: there is a need for FIs to intervene not only in relation to the features of new financial instruments, in order to make them more appropriate for women's needs, but also in relation to the **channels and modalities** by which these products are offered and delivered. A strategy which focuses on bringing financial services directly to women's households and places of work can aid them in avoiding the cultural and safety constraints related to visiting bank branches in rural areas (CGAP, 2016). Furthermore, the constraints faced by women should be taken into account when it comes to establishing rural FI branches' working hours, including their limited time and mobility, as well as the gender of the retail agent appointed to interact with female clients (due to possible cultural and social constraints). These considerations should be embedded in the **very design** of new financial products developed. Furthermore, an essential complementary intervention would be the provision of capacity building to FIs' staff in rural areas (such as credit agents and bank tellers), in order to sensitize them to gender-based issues. This represents an essential corollary intervention to ensure the uptake of said products.

Promote internal institutional rearrangements at FI level to develop gender-focused capacity: formal FIs in developing contexts usually lack established expertise in financial provision for rural women, unless this specialization has been embedded into their institutional mission and founding principles from the start. FIs which seek to successfully build product portfolios that properly capture segments of female clients should start by reviewing their internal structures and processes, to ensure that sufficient expertise and attention is given to gender-specific considerations in terms of product design, marketing and delivery.

A way to ensure this is to promote the creation of a dedicated department or team within the institution which is **solely devoted towards developing women-focused financial services**, as well as advising and training other departments and teams on mainstreaming gender considerations in their operations. An example of this would be training field staff (such as credit and frontier agents) on how to properly reach out and interact with female clients, making them aware of their specific needs, priorities and constraints. To achieve all of this, senior management would need to provide this dedicated department or team with the training and resources required reach out to and interact with female clients and understand their needs, capabilities and opportunities.

Bundle the offer of services with financial education: both the Tanzanian and Mozambican cases have shown the extent of the rural gender gap in education in these countries, which clearly contributes to low overall levels of financial literacy and familiarity with financial services among women. In this context, bundling financial education for women clients – to complement a product offer –¬ can aid them in better comprehending the terms and implications of the services they are being provided with, as well as the associated risk-return trade-offs. This knowledge can, in turn, improve their decision-making capabilities as empowered financial clients, increase their risk tolerance in relation to borrowing capital and **motivate them towards regular and timely repayments**. This can have substantial beneficial effects for the sustainability, growth and diversification of FIs' financial portfolios in rural areas. From a developmental perspective, important

spill-over effects could be achieved in this way, as women entrepreneurs who were previously averse towards taking on a loan may be encouraged to do so by the successful examples of women-owned SMEs around them which have grown through focused credit provision (i.e. local champions).

Implement gender-sensitive lending methodologies and collateral requirements: the analysis in this paper has highlighted a number of issues unique to rural women in terms of their specific client features and financial necessities. For example, according to data from the Financial Diaries, women in the villages under review were more dependent than men on seasonal agricultural patterns in terms of cash flows, revenues and savings. At the national level, it was shown that rural women in Mozambique remain mostly engaged in the agricultural sector regardless of their wealth, which has substantial implications for the design of products which specifically target this client segment.

Innovative financial services developed to deal with such scenarios can be designed with different objectives in mind: they might seek to aid women towards prospering in traditional sectors, or they might aim at helping them to break free of their constraints and to move into more capital-intensive sectors. Ultimately, what matters is that all of these aspects are properly taken into consideration during the design stage of these services, in order to maximize the impact of financial provision in rural contexts.

In the long term, such measures can support women in kickstarting businesses in more capital-intensive areas such as industry and manufacturing, resulting in more equal levels of business ownership by gender across different SME sectors. This would also assist women in growing and consolidating their businesses, increasing the proportion of women-owned medium-sized enterprises relative to smaller enterprises.

A farmer tends to her crops in Babati, Tanzania.


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Annex 1: Look-up tables to convert PPI scores to poverty likelihoods

The PPI is a poverty index designed by the Grameen Foundation, the Ford Foundation and the research and policy non-profit organization Innovations for Poverty Action (IPA). PPI scores are country-specific, thus they cannot be used to draw comparisons between two countries. The IPA, however, provides a series of country-specific look-up tables, such as the one below. These can be used to convert a household's PPI score into the likelihood that specific household is living below the country-specific poverty line. For example, the table below – which has been specifically designed for Mozambique – shows that a household's PPI score ranging between 45 and 49 (the average rural household score, as can be seen in Section 3.2) is associated with a 33 percent probability that the household is living below Mozambique's poverty line of a USD 1.25 dollars per day.

LOOK-UP TABLE FOR MOZAMBIQUE. Look-up table to convert scores to poverty likelihoods

	Poverty likelihood (%) by poverty line					
	National			USAID 'Extreme'	Intl. 2005 PPP	
Score	100 %	150 %	200 %		USD 1.25/day	USD 2.50/day
0–4	97.1	100.0	100.0	77.7	100.0	100.0
5–9	93.0	98.6	100.0	65.6	96.9	100.0
10–14	89.9	97.5	99.6	62.9	92.6	100.0
15–19	79.4	93.4	97.7	52.3	84.1	98.5
20–24	76.1	91.8	97.3	42.9	81.6	98.1
25–29	72.0	91.1	97.3	35.0	78.3	98.1
30–34	60.8	88.2	96.9	27.0	68.5	97.8
35–39	50.8	78.4	89.2	19.9	59.3	91.8
40–44	31.7	67.1	84.3	12.9	41.5	88.0
45–49	28.8	52.1	73.8	9.7	33.0	78.2
50–54	21.4	45.1	67.8	5.7	26.3	73.4
55–59	8.5	30.6	50.7	3.2	11.9	58.6
60–64	7.2	24.9	43.5	0.0	10.1	51.6
65–69	3.2	15.6	27.1	0.0	5.0	31.7
70–74	0.6	4.8	15.6	0.0	1.4	21.0
75–79	0.0	1.3	9.9	0.0	0.0	13.5
80–84	0.0	0.0	0.0	0.0	0.0	0.0
85–89	0.0	0.0	0.0	0.0	0.0	0.0
90–94	0.0	0.0	0.0	0.0	0.0	0.0
95–100	0.0	0.0	0.0	0.0	0.0	0.0

Source: Schreiner, 2013.

Similarly, in the case of Tanzania, a PPI score between 40 and 44 (the average rural household score registered in the survey, as can be seen in Section 3.3) results in a 23.5 percent chance of the household's income falling below the USD 1.25 per day poverty line (from the 2005 PPP poverty lines), or a 31.2 percent chance of it falling below the USD 1.90 dollars per day line (from the 2011 PPP poverty lines).

LOOK-UP TABLE FOR TANZANIA. Look-up table to convert scores to poverty likelihoods: International 2005 and 2011 PPP poverty lines

	Poverty likelihood (%)							
	2005 PPP poverty lines				2011 PPP poverty lines			
Score	USD 1.25	USD 2.00	USD 2.50	USD 5.00	USD 1.90	USD 3.10	USD 3.80	USD 4.00
0–4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
5–9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
10–14	86.7	100.0	100.0	100.0	89.0	100.0	100.0	100.0
15–19	77.5	99.9	99.9	100.0	85.0	99.9	99.9	99.9
20–24	71.9	93.0	97.0	99.7	78.0	96.3	97.4	98.3
25–29	59.6	92.4	96.7	99.5	70.6	94.5	97.4	98.0
30–34	48.0	84.3	95.0	99.5	57.7	91.7	96.7	97.7
35–39	35.2	77.2	89.5	99.5	47.2	84.4	92.5	94.1
40–44	23.5	64.3	79.6	98.5	31.2	71.8	85.4	88.9
45–49	20.2	54.3	75.7	97.3	28.5	66.1	81.8	84.1
50–54	13.8	45.4	61.2	94.2	18.8	54.0	69.7	72.2
55–59	7.3	38.7	56.9	93.4	11.9	45.5	63.1	65.3
60–64	4.2	25.1	45.6	86.1	5.8	33.7	50.2	53.8
65–69	1.7	21.3	36.8	79.9	3.7	28.9	44.7	46.8
70–74	1.7	13.8	27.1	78.7	3.1	21.2	34.4	37.2
75–79	1.7	12.8	23.2	71.3	2.9	20.1	33.0	35.7
80–84	1.3	3.1	8.1	44.2	1.3	6.3	11.4	13.4
85–89	0.1	2.8	8.1	38.3	1.2	6.3	11.4	13.4
90–94	0.0	0.0	7.6	30.6	0.0	6.3	7.6	7.6
95–100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Schreiner, 2016.

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