



International  
Labour  
Organization



SUPPORTING THE TRANSITION OF INFORMAL ENTERPRISES  
TOWARDS SUSTAINABLE GROWTH AND FORMALISATION IN  
THE AFRICAN, CARIBBEAN AND PACIFIC REGIONS

A young woman with a bright smile is the central focus of the image. She is wearing a light blue headwrap, a brown short-sleeved top with white and red striped trim at the collar and cuffs, and a vibrant, patterned skirt in shades of orange, yellow, and white. She is sitting on a wooden bench, with her hands clasped in her lap, holding a piece of orange fabric. The background consists of a rustic wooden wall with horizontal planks. The overall lighting is soft and natural, highlighting her features and the textures of her clothing.

# INFORMAL ECONOMY PROJECT

Brief Report

JUNE - DECEMBER 2024

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# ACRONYMS

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|               |   |
|---------------|---|
| <b>UNDP</b>   | United Nations Development Programme                  |
| <b>ILO</b>    | International Labour Organization                     |
| <b>EUD</b>    | European Union Delegation                             |
| <b>OACPS</b>  | Organisation of African, Caribbean and Pacific States |
| <b>MSMEs</b>  | Micro, Small and Medium Enterprises                   |
| <b>SINPF</b>  | Solomon Islands National Provident Fund               |
| <b>FSDMOZ</b> | Financial Sector Deepening Mozambique                 |
| <b>DFS</b>    | Digital Financial Services                            |
| <b>TOT</b>    | Training of Trainers                                  |
| <b>ACP</b>    | African, Caribbean and Pacific                        |
| <b>OSS</b>    | One-Stop-Shop   |
| <b>PMU</b>    | Project Management Unit                               |
| <b>GDP</b>    | Gross Domestic Product                                |
| <b>CO</b>     | Country Office  |
| <b>EU</b>     | European Union  |
| <b>AI</b>     | Artificial Intelligence                               |
| <b>SMEs</b>   | Small and Medium Enterprises                          |
| <b>NUIB</b>   | National Unique Identifier for Businesses             |
| <b>NUIT</b>   | Unique Taxpayer Identification Number                 |
| <b>ICA</b>    | Innovation Challenge Award                            |

# INTRODUCTION

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The informal economy plays a central role in most ACP countries, providing employment for a significant share of the population. It contributes between 50% to 80% of GDP in Sub-Saharan Africa, 20% to 60% in the Caribbean, and 10% to 85% in the Pacific.

The United Nations Development Programme (UNDP), in partnership with the ILO, is implementing a project titled “Supporting Informal Enterprises Transition Towards Sustainable Growth and Formalisation in the Africa, Caribbean and Pacific Regions.” This five-year initiative, funded by the European Union and the Organisation of African, Caribbean and Pacific States (OACPS), is being implemented in three target countries: Mozambique, Sierra Leone, and Solomon Islands. The project primarily focuses on supporting women and youth engaged in informal sector activities.

Despite its scale, the informal sector faces persistent barriers to growth, including limited access to finance, a challenging regulatory and business environment, and restricted access to public services, training, infrastructure, and markets. Informal entrepreneurs often lack adequate business and financial skills, as well as information about incentives for formalisation. As a result, the sector remains stagnant, marked by high enterprise mortality and limited capacity to generate income for household needs or business expansion.

The Informal Economy Project focuses on promoting enterprise growth and supporting the transition toward formalisation. Its interventions are organised across five key outcome areas :

1



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Creating an enabling policy and regulatory environment for informal enterprises

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2



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Facilitating access to finance for informal enterprises

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3



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Building capacity among financial intermediaries and informal enterprises

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4



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Fostering collective actions and innovations to address gaps in selected sectors

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5



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Disseminating knowledge and experience at the regional and global levels

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The project recognises that transforming informal enterprises into competitive, profitable, and formal businesses is only feasible through an integrated policy framework. This includes a favourable regulatory environment, a simplified business registration and compliance regime, improved access to tailored financial services, and opportunities that promote business growth and access to incentives that accelerate formalisation. Other key interventions include relevant business training, access to capital, and the establishment of collective platforms to demonstrate implementation through an ecosystem development approach.

## During the reporting period, several emerging issues and opportunities were identified across the three target countries:

- Formalisation is a complex, long-term process requiring a multi-pronged approach, including regulatory reform, enforcement, and incentive structures to enhance productivity and competitiveness.
- Informal economy actors operate in diverse sectors with different challenges and growth dynamics. Therefore, formalisation approaches must be segmented and tailored, avoiding one-size-fits-all models.
- Existing partners should be engaged to integrate formalisation into their service offers, ensuring a clear win-win proposition for both intermediaries and informal actors.
- Low access to financial services remains a barrier to enterprise growth and formalisation. This calls for innovative partnerships — for example, engaging central banks to review collateral regulations and promote alternative collateral models.
- The growing availability of digital financial services creates new opportunities to accelerate formalisation and financial inclusion. However, FinTechs continue to face regulatory hurdles, including outdated regulations, limitations on digital payments and e-money, and complex tax and registration requirements that constrain their growth and potential.

## A. PROJECT STATUS PER COUNTRY

This section presents the status of the project per country

# Sierra Leone

## Informal Economy Project



Sierra Leone



## OUTPUT 1: Integrated policy framework for formalization of informal enterprises developed and promoted

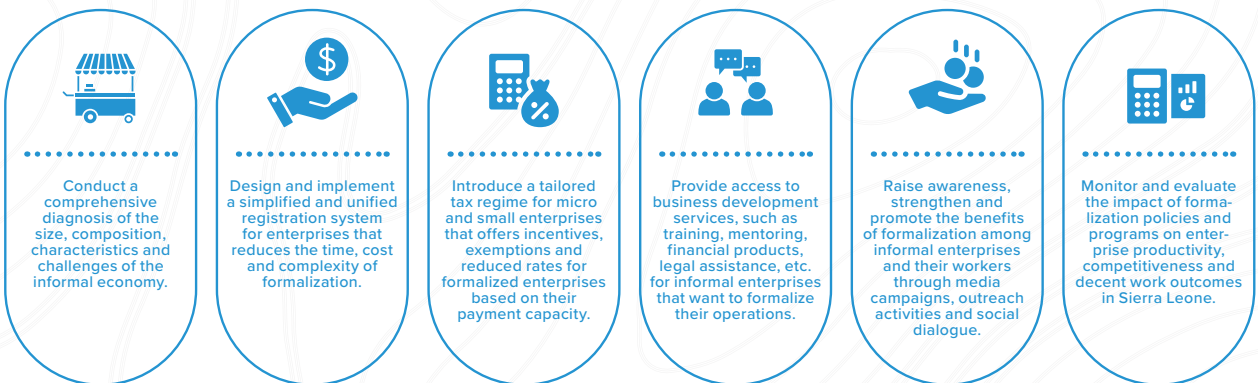


Figure 1: Launch of formalization roadmap in Sierra Leone

The project facilitated a financial sector roundtable that generated critical insights to inform the development of a national roadmap and related policy actions aimed at improving access to finance and promoting formalisation of informal enterprises. In collaboration with key national stakeholders from both the public and private sectors, the project successfully developed and launched Sierra Leone’s national roadmap for enterprise formalisation in October 2024. The launch event was attended by 139 participants, including key stakeholders who delivered remarks.

*The Photo from the left includes Mr Fredrick Ampiah - the UNDP Resident Representative of Sierra Leone, Mr. Alhaji Ibrahim Sesay - the Minister of Trade and Industry, Mr Kutin Nikola Team Leader - Economic and Social Sectors, EUD and Madam Fatmata Kargbo – the Deputy Minister of Trade and Industry*

The objective of the formalisation Roadmap/ Agenda is to unleash the full potential of small enterprises through interventions targeted at business support organizations, enterprises and changes to the broader enabling environment conditions including the legal and regulatory framework and norms. The formalisation agenda road map recommended the following :





**OUTPUT 2 :** New financial services developed and promoted; capitalization opportunities for financial intermediaries expanded

## 2.1 Financial intermediaries supported to identify and adopt their products and services targeting informal sector

The project provided technical assistance to five financial intermediaries to support the refinement and development of financial products. Details of these products are presented in the table below.

| Name of Financial Intermediaries       | Status Update   |
|--|---|
| Salone                                 | Developed a digital platform for the agriculture and smallholder sector to support digital supply chain and payment infrastructure. Conducted a training needs assessment for smallholder farmers, intermediaries, and other beneficiaries, and completed the corresponding report. Plans to integrate cocoa traceability into the platform to comply with EU certification requirements and to update the training manual based on assessed needs. |
| LAPO Microfinance Company (SL) Limited | Assessed and refined existing MSE loan products. Completed a product assessment, developed a comprehensive policy and procedures manual to standardise lending practices in the agriculture sector, and provided staff training and advisory support, including strategic marketing guidance.   |
| Ecobank Microfinance Sierra Leone Ltd  | Designed and demonstrated a digital business record-keeping mobile app tailored to informal enterprises. Delivered training and advisory support on using the application.  |
| ILCUF and Quick Micro Finance.         | Designed agricultural enterprise development loans targeting agribusiness and livestock sectors. Completed product assessment and developed relevant financial products and marketing strategies. Provided training to partner institutions.  |
| Reliable Microfinance                  | Completed a comprehensive review of existing products to better address the needs of agribusinesses, seasonal crops, machinery acquisition, and livestock management. Developed refined financial product strategies and marketing plans, with future training and product scale-up underway.   |

## Pilot Testing and Scale-Up

Preparations are underway for the pilot testing and subsequent scale-up of financial products supported by the ILO. A technical expert will be recruited to assist partner institutions based on their specific needs.

During consultations with partners in Sierra Leone, several challenges were identified that could affect product rollout. These include limited capital for on-lending to beneficiaries, high staff and marketing costs related to pilot implementation, and the need to streamline internal processes within the institutions.

The **Blended Finance Study Report** was completed, and a **matchmaking event** is planned for **February 2025**.



## The Blended Finance Study Report identified several key barriers to expanding blended finance in Sierra Leone:

- High interest rates, even when concessional funds are available.
- Concerns from potential investors about Sierra Leone's classification as a fragile state, which affects investor confidence and discourages long-term funding.
- Most microfinance institutions (MFIs) manage small portfolios, making them less attractive to investors.
- Government concessional funds are often politicised, leading borrowers to view them as grants rather than loans. This results in high default rates and disrupts the credit market.
- The informal sector is considered highly risky, deterring financial intermediaries from lending to its actors.
- There is significant demand for financial products tailored to the needs of informal enterprises, combined with financial literacy and business training.



The study recommends expanding concessional financing and providing non-financial support—such as business skills training. It also highlights the need for commercial banks to downscale operations to serve micro and small enterprises, including those in the informal sector.

## 2.2 Financial intermediaries and fintech companies provided awards and technical support to develop and scale-up their innovations

To promote innovation,  
**USD 600,000**  
 in Innovation Challenge Grants  
 were awarded to four financial  
 institutions,

each receiving  
**USD 150,000**  
 to pilot digital financial solutions  
 targeting informal enterprises:

- LAPO Microfinance Company (SL) Limited, in partnership with SMART PAY Sierra Leone, Orange Money, and Africel Money, developed a digital platform enabling clients to open electronic wallets and perform digital transactions via the web, mobile apps, or USSD—accessible even without internet connectivity. The wallets are linked to LAPO bank accounts and allow users to transfer funds between accounts and withdraw cash at LAPO branches and Smart Pay agents. The platform was piloted with 55 clients across several towns including Tongoh, Shelmingo, Fenton, Kabala, Tikonkoh, Moyamba, Segbwema, Allen Town, and Kenema.

LAPO plans to scale the solution to 15,000 clients across all 36 branches. The solution is fully integrated with their core banking system and has already been tested with 200 clients. LAPO has also introduced new credit and deposit products for informal enterprises.

- APEX Bank, in collaboration with Smart Systems Ltd, a local FinTech company, is setting up a digital platform to streamline its front- and back-end operations. The pilot reached 25 clients and a larger test phase is planned with 1,650 clients before full launch through community banks and Financial Services Associations (FSAs) in 2025.
- MikashBox signed a partnership agreement in December 2024 to support the digitalisation of savings groups, improving record-keeping and enabling connections with formal financial institutions.
- Smart Systems is also developing a Single Agent Gateway System (SAGS), launched in December 2024. This system will integrate multiple service providers—financial and non-financial, including government institutions—and allow agents to offer a wide range of services through a single, open-access platform.



## OUTPUT 3 : Strengthening the Capacity of Informal Sector Intermediaries, Aggregators, and Government, and Promoting Digital Technology

### 3.1 Incubators and accelerators awarded awards and provided technical support for innovation development and scaling-up

The project received 15 proposals and selected five incubators and accelerators to support through the Informal Economy Project. These organisations aim to build capacity among early-stage digital innovators and promote enterprise development.

Table: Incubators and Accelerators supported by Informal Economy Project

| Name of partner     | Status Update   |
|---------------------|---|
| eWomen SL,          | Empowering 14 female innovators through enhanced technical skills, access to resources, mentorship, networking opportunities, and development of a business support hub app.                                      |
| Project 1835,       | Establishing a sustainable tech incubator to support at least 10 start-ups, create 100 jobs in six months, and deliver training in entrepreneurship, funding, mentorship, and community digital entrepreneurship. |
| Creative Hub Africa | Providing technical support to 20 start-ups, with 70% female-led and 30% youth-led, through capacity building, market access, and financial support.  |
| Life by Design      | Mentoring 20 start-ups, particularly in agriculture and sectors tied to the Government’s Big 5 Midterm Priorities, through a growth accelerator model offering mentorship and strategic support.                  |
| Innovation SL       | Delivering tailored technical assistance to 4 start-ups, including training, mentorship, industry expertise, and resource access to boost efficiency and sectoral performance.                                    |

Each selected partner was awarded a grant of USD 40,000 to support the growth and scaling-up of digital innovations that benefit the informal sector. The contracting process was finalized, followed by a signature ceremony held at the EUD offices in December 2024. During this event, partners showcased their approaches and solutions.

UNDP, in collaboration with the European Union Delegation (EUD), hosted an official launch of incubators and accelerators partnerships at the EU offices. Partners presented their projects and received symbolic cheques. Among them were incubator and accelerator partnerships.

Keynote speakers included Ambassador Jacek Jankowski, Head of the EU Delegation in Sierra Leone, and Fredrick Ampiah, UNDP Resident Representative. Both highlighted the critical role of innovation and digital solutions in transforming the informal economy.

The UNDP Resident Representative of Sierra Leone, Mr. Fredrick Ampiah, stated: «Talents abound everywhere. It is up to us to identify the challenges these startups face and create an enabling tech solution ecosystem that supports increased business productivity and efficiency — including measures to formalize and stimulate the informal economy.»

The EU Ambassador Jankowski reaffirmed the EU’s commitment to sustainable development, emphasizing the importance of strategic partnerships with the Government of Sierra Leone, the Ministry of Trade and Industry, UNDP, and ILO: “Through these collaborations, we aim to foster innovation, empower informal enterprises, and generate job opportunities.”





## COMMUNICATION AND AWARENESS CAMPAIGNS ON FORMALISATION

The project initiated awareness and advocacy efforts by launching a Call for Proposals to engage youth organizations and local universities. These partnerships aim to conduct research on key topics within the informal sector. The findings will inform government policy decisions through grant-supported studies.



*Example of Awareness-Raising Activities on the Benefits of Formalisation*

## Communication and Capacity-Building Activities

The ILO, in collaboration with the Ministry of Trade and Industry (MTI), organised a one-day awareness workshop with media professionals to promote formalisation. In November, key information on formalisation procedures and benefits was shared through jingle adverts in Krio and two other local languages, aired on eight radio stations over a period of 30 days. TV discussions were also held in the lead-up to the roadmap launch, covering the importance of formalisation, government progress, procedural steps, and the associated benefits.

Additionally, from 30th September to 3rd October, the ILO facilitated training for statistical government agencies to enhance data collection on the informal sector. Sessions included introductions to labour statistics, the updated statistical framework on informality and employment, and how national policies and programmes intersect with data needs in this area.

Representatives from national statistics offices and various ministries (trade, youth affairs, social security, etc.) participated, as shown in the photo below.



*Figure 2: Participants attending the data collection workshop.*

# Solomon Islands

## Informal Economy Project



Solomon Islands



## OUTPUT 1: Integrated policy framework for formalization of informal enterprises developed and promoted



In September 2024, the project organised a workshop to enhance understanding of formalisation pathways and the role of financial institutions and intermediaries. The session was attended by 14 managers, including seven women, representing the Ministry of Commerce, Industry, Labour and Immigration, the Development Bank of Solomon Islands (DBSI), Solomon Islands National Provident Fund (SINPF), Our Telekom, and the Postal Service.


*Key outcomes of the workshop included raising awareness of the benefits of formalisation and identifying practical strategies that financial intermediaries can adopt to support a progressive and sustainable transition for informal enterprises.*

Figure 3: Workshop on formalization pathways and the role of financial institutions/intermediaries formalisation.


### ILO supported the development of two formalisation incentives including Business registration guide.

Review of a One-stop shop (OSS) modality for business registration and compliance highlights that successful implementation in the Solomon Islands requires a multifaceted approach addressing infrastructure, legal, institutional, and stakeholder challenges. By developing a robust digital platform, establishing physical OSS centers, enhancing inter-agency collaboration, undertaking legal reforms, and investing in capacity building and public awareness, the government can create a One-Stop-Shop that streamlines registration and compliance processes for all entrepreneurs. These efforts must be supported by sustained financial investment and a commitment to inclusivity. **Recognizing this potential, the Government of the Solomon Islands - through the Ministry of Trade - intends to leverage these recommendations to guide its formalisation agenda nationwide.**

### ILO held a workshop in October 2024 with the following results:



Presented the draft paper on registration and compliance procedures for micro and small enterprises (MSEs) in the Solomon Islands.



Received feedback on the simplified business registration guide



Engaged stakeholders in a guided discussion on the feasibility of a On e-Stop-Shop service for business registration and compliance.

The next step of actions to include the development of simplified brochures explaining the formalization steps and procedures to entrepreneurs. They will be disseminated across relevant government offices, business development centres and in other support structures for entrepreneurs.



## OUTPUT 2 : New financial services developed and promoted & capitalization opportunities for financial intermediaries expanded

### 2.1 Financial intermediaries supported to identify and adopt their products and services targeting informal sector

UNDP provided technical assistance (TA) to develop financial products for three local financial intermediaries. For Our Telekom, the project achieved the following:

#### Our Telekom

Our Telekom Launched M-SELEN services for smallholder farmers in the Solomon the project has achieved the following: -



Assessment of payment landscape for smallholder farmers and Agri-MSMEs in Solomon Islands



Developed strategies and plans for the launch of M-SELEN bulk payment services for smallholder farmers, including channel strategy, agent strategy, and customer acquisition strategy



Technical Integration of the mobile money platform to meet the needs of the target group and



Capacity building of Our Telekom team is ongoing based on the report findings and position of the new product within Our Telekom.

### Solomon Islands National Provident Fund (SINPF)

SINPF currently promotes savings (YouSAVE) from the informal sector. However, there is high demand of loans from the beneficiaries of YouSAVE. The project supported the refinement of SINPF existing Nano-Loan product to better serve the interests of the informal enterprises and entrepreneurs, with a focus on women and youth. The technical support was provided to refine the target market needs, product attributes including costing, and providing support for product rollout. The Technical Assistance (TA) support resulted into the following: -

Completed review and refining of the product.

Conducted institutional capacity assessment to support product pilot and roll out.

Developed marketing and digital strategies for the Nano loan product.

Developed a plan for product roll out to be presented to the Board for approval.

### MobileFund (NANO Loan) is a digital micro credit product with the following characteristics:

- A Provides micro consumer and business loans.
- B Uses mobile or digital platforms as delivery channels.
- C Online loan applications are made by dialing \*673#
- D Loan disbursements are made through mobile money.
- E Loan size ranges from minimum Solomon Island Dollar (SBD) 50 to maximum SBD 2000 depending on customer affordability and savings history



## Development Bank of Solomon Islands (DBSIs)

Technical Assistance (TA) was provided to enhance two existing loan products: the MSME Credit Line - Women and MSME Credit Line – Youth. This support involved reviewing the products, conducting institutional assessments to identify capacity gaps, and undertaking a demand-side study to better understand the target clientele.

The consultant report has been completed and will be presented to the BOD for review and approval.

### Key recommendations include:

- Need to reorganize the organizational structure of the banks and create two units within SME Lending and Development to support this product.
- Support MSEs training in business skills, financial and digital literacy in partnership with other agencies. There will be a need to build partnerships with donors, DFS providers, NGOs and training institutions.
- Engage in advocacy and lobby for funds to on-lend or for guarantee facility, review of policy to support MSE finance,
- Leverage technology for expanding product outreach and process optimization. Consider partnerships with Our Telcom that poses an established mobile payment solution.
- Present the products and findings to the management and board.

The ILO's plans to recruit a fellow to provide technical assistance to support the roll out of the products.

## 2.2 Financial intermediaries and fintech companies provided awards and technical support to develop and scale-up new/innovative financial services

The project is implementing this output in partnership with two financial intermediaries as below: -

### 2.2.1 Our Telekom

- Completed the refining of M-Selen prototype with its attributes to meet the financial needs of the target groups.
- The project achieved the Customization of the bulk disbursement payment service, a key feature designed to facilitate payments for individuals, micro, small, and medium-sized enterprises (MSMEs), and large enterprises was completed. The customization was based on the Business Requirements Document (BRD) to enhance usability and streamline the payment process for businesses within the M-SELEN ecosystem.

#### The primary objectives of the customization include:

- Streamline the onboarding and registration process for organizations, merchants, and billers.
- Provide a seamless and user-friendly interface for businesses to perform bulk payments.
- Ensure that the system supports both MSMEs and large enterprises, promoting broader financial inclusion.
- Introduce robust reconciliation and reporting mechanisms for improved transparency and accountability.
- The partner reached 10,000 at pilot stage and by end of December the project reached 250,000 clients using the mobile payment systems for payments.



The benefits to the target group for use of the bulk payment systems include:



#### Individuals benefit

Indirectly from the improved bulk payment service as recipients of disbursements. Payments such as salaries or supplier fees or any other payments are now processed more efficiently, ensuring timely access to funds.



#### Micro Small Medium Enterprises (MSMEs)

can now manage their disbursements more efficient in terms of time and cost given the simplified processes and accessible SSP. This drives greater financial inclusion, as more MSMEs can now adopt digital payment solutions.



#### Larger enterprises,

the bulk payment service offers a robust and scalable platform capable of handling high-volume transactions, improving operational efficiency and reducing payment processing times.

### 2.2.2 Solomon Islands Postal Services

The institution is promoting savings accounts referred as Jam Jar accounts products bundled with a suite of digital financial services beyond the supply of basic cash in/out, bill pay/airtime and P2P products. Postal services plan to promote small businesses and enterprise training to adopt better budgeting and cash management practices. Solomon Islands Postal Services continues to build the technology solution.

**OUTPUT 3 :** New financial services developed and promoted & capitalization opportunities for financial intermediaries expanded

#### 3.1 Trainers trained on entrepreneurship

- This component is implemented by the ILO. In collaboration with the ILO's Enterprise Formalization Project, the initiative recruited Our Telekom as the implementing partner to deliver training to 2,400 beneficiaries.
- Target localities to include Western Province (Gizo, Munda & Noro towns) and Malaita Province (Auki) which includes the target cocoa farmers with plans to Financial Education reach at least 400 beneficiaries by February 2025.

#### 3.2 Trainers trained on financial literacy

The project is contextualizing the Financial Education materials for Training of trainers (TOT) for Solomon Islands to be completed in March 2025.

#### 3.3 Provision of Innovation Challenge Awards to incubators and accelerators to support growth and scaling-up of firms developing digital innovations benefiting the informal sector (special focus on solutions addressing the impact of Covid-19).

During the year, through several consultations with key stakeholders the project found that Solomon Islands does not have incubators and accelerators, a decision was made by the Steering Committee to support the establishment of a technology Incubator hub within the Solomon Islands National University (SINU). A concept note was developed and submitted to UNDP and EUD, this was approved and implementation to be commenced in 2025.



## OUTPUT 4 : Sectoral collective action platforms established and operationalized

The project supported the cocoa subsector platform to organise and host a multi-stakeholder including

Key Cocoa Industry stakeholders (Private sector) along the industry value chain (Growers, processors, domestic wet and dry bean traders, dry bean traders and exporters and domestic value adders);



The cocoa working group held a meeting to address the upcoming EU Deforestation Regulation (EUDR) and its expected impact on trade and cocoa exports from the Solomon Islands to the EU market.

Key issues discussed during the workshop included the implications of EU deforestation regulations, sustainable cocoa plantation system practices, and cocoa traceability mechanisms.

### Next step of action following this meeting are



## Challenge fund to establish and operationalise sectoral collective platform

Challenge fund to The project identified **6 partners** to be awarded funding through the ecosystem grants to support the market development of the cocoa sector. Three community based civil society organisations were selected and contracting process started, and they include HAFA Development Foundation Trust Board, Alisuri Sustainable Livelihood Association Trust Board, Kirusehu United Farmers Associations and three private sector companies including ST Cocoa exporter, Lukasco Group, Cathliro Commodities. Contracting of these partners is ongoing. Key deliverables of this grant will include training of farmers of business management skills including record keeping, negotiation, quality assurance of cocoa from harvesting, drying and storage and support construction of driers.

# Mozambique

Informal Economy Project



Mozambique



## OUTPUT 1 : Integrated policy framework for formalization of informal enterprises developed and promoted

The national Formalization Roadmap is currently under development to be completed and launched by April 2025. The delay for the completion of the task is a result of low technical capacity of the consultant that was initially hired. ILO hired a new consultant in November, however given the elections and an unpredictable political situation that characterised Mozambique since the elections, the task has further delayed and will be completed by the end of first quarter of 2025.

## OUTPUT 2 : New financial services developed and promoted & capitalization opportunities for financial intermediaries expanded

### 2.1 Financial intermediaries supported to tailor products and services for the informal sector.

UNDP in partnership with Financial Sector Deepening Mozambique (FSDMOZ) have implemented technical assistance support to eight financial intermediaries to develop financial products. The pilot testing of these products will be supported by ILO through a technical expert (fellowship) programme expertise. This task will commence in 2025.

The partners include the followings:

|   |  |   |  |
|---|--|---|--|
| <p><b>Moza Banco</b><br/>(Bank)</p> <p>AgriPack is an integrated bundle of products and services tailored for small agribusiness, aiming to increase their market inclusion and provide quick, accessible financial solutions within the formal financial sector.</p> | <p><b>Hollard</b><br/>(Insurance)</p> <p>an agricultural digital insurance platform that enables informal businesses to easily manage their insurance policies online.</p> | <p><b>Vodacom</b><br/>(Mobile Network Operator)</p> <p>to allow informal businesses to receive payments in a specific subaccount under an M-Pesa number, helping clients separate personal and business transactions.</p> | <p><b>Makhobo</b><br/>(Consortium)</p> <p>digital credit lines designed to reduce distance and bureaucracy in the financing process for informal traders in agricultural products.</p> |
| <p><b>Britam</b><br/>(Insurance)</p> <p>a solution focused on developing insurance services for credit, health, funerals and hazards.</p>   | <p><b>OFEC</b><br/>(Community development financial institutions)</p> <p>a solution to provide loans to groups of informal businesses operating in the same sector.</p>    | <p><b>Diamond</b><br/>(Insurance)</p> <p>a user-friendly platform that allows individuals and informal businesses to access and manage insurance policies.</p>  | <p><b>Socrema</b><br/>(Microbank)</p> <p>a solution to improve access to credit and micro-insurance.</p>   |



These organizations were trained in Human-Centered Development solutions to design and adopt innovative financial services models targeting informal enterprises.

## 2.2 Financial intermediaries and fintech companies provided awards and technical support to develop and scale-up their innovations



Challenge Fund Partners in Mozambique

An Innovation Challenge Award (ICA) was launched, and four institutions were selected from a total of 18 received. The project, through the Innovation Challenge Award (ICA) will reach about 107,000 people with different products as shown on the table below:

Figure 4: UNDP and FinTechs presented to the EUD products and services that are being tested to promote business formalization and growth.

| Name of Partners and Innovation solutions supported by the Informal Economy Project.   |
|--|
| <p><b>Vodacom – Mini Paga Facil</b><br/>                     To create a sub-wallet with Mini Paga Facil feature on their existing mobile number. This feature allows clients to manage business transactions separately from personal accounts. This product will help the entrepreneur to manage their business finances. This solution is available for analog cell phones and smartphones. Vodacom is tailoring Mini Paga Facil products and will launch by Jan 2025.</p>  |
| <p><b>Paytek – Mama Soko</b><br/>                     To promote the Soko a solution that provides support for business registration, digital and financial literacy, access to credit, and business to business payment. The entrepreneur will access a NUIT (unique tax number), open a digital account, issue an invoice with an application certified by the tax authority.<br/>                     Paytek and the microcredit institution Caixa Mulher are designing digital solutions. Plans for piloting testing the products in the retail markets.</p>   |
| <p><b>Hiveonline and ICC consortium – myCoop.online</b><br/>                     The solution is to be used to leverage agriculture financing. The digital financial product is to target agricultural cooperatives to enable access to buyers, suppliers, and financial institutions. This solution will digitally register cooperative data (members, location, production), provide accounting tools, loan portfolio management, and production forecasting thereby increasing efficiency in operations and securing crops for their supply chain. Partnership with financial service providers will be explored by Hiveonline.</p> |
| <p><b>GAPI and Volet consortium - Volet-SuperApp</b><br/>                     The App promotes digital loan disbursement, digital payment services (electricity, water, internet, insurance, and other services), and assists businesses to obtain NUIT (unique tax number) and NUIB (unique bank identifier).<br/>                     The development of the Volet SuperApp is underway. The implementation is pending the approval from the Tax Authority to access its APIs to process NUIT in its platform.</p>   |



In September 2024, the project organised a collaboration meeting with the EU Delegation, to demonstrate the digital solutions supported by the project. All the four partners presented their solutions, plans and expected results. This event provided an opportunity to explore synergies with other EU programmes in the areas of digitalization, the private sector and agriculture.

The discussion emphasised the need for financial literacy, MSMEs business training, digital financial regulations and the regularization of digital payment apps.

## **OUTPUT 3 :** Capacity of informal sector intermediaries aggregators and government strengthened, and use of digital technology promoted

### **3.1 Trainers trained (ToTs) on financial literacy**



Figure 5: Replication training on financial literacy

A training of trainer's programme was conducted focusing on financial literacy and attended by 42 people (of which 18 were women). The trainers were from public and private sectors, such as GAPI, Banco de Moçambique, FSDMoc, Technoserve, Vodacom, IPEME, Ministry of Agriculture, and Institute of Cereals. These trainers have conducted training to 398 people of which 198 are women. The areas of training included how to set financial goals, how to manage money wisely (create, keep track of a budget...), understanding

savings products, how to use credit facilities and avoid uncontrolled debt, how to choose means of payment and money transfer products, establish good relations with financial institutions, understand risks and how to protect oneself (insurance products) . Key conclusions or observation during the trainings were that the training was well adapted to the Mozambican context and even the Central Bank was impressed and showed interest in replicating in their offices nationwide, other trainers were also impressed with the curriculum and the only regret would be that we can provide more support for the replications (sponsor the replications).

### **3.2 Provision of Innovation Challenge Awards to incubators and accelerators to support growth and scaling-up of firms developing digital innovations benefiting the informal sector (special focus on solutions addressing the impact of Covid-19).**

UNDP partnered with IdeaLab, to support the design and technical assistance to incubators and accelerators including conducting mapping and gap analysis of the incubator and accelerator landscape and identifying relevant operators to support local start-ups. The project plans to launch a call for proposals for incubators and accelerators by December.



## OUTPUT 4 : Sectoral collective action platforms established and operationalized

### 4.1 Collective platform established and operationalized

A Collective Action Platform was launched in Quelimane, Zambezia Province, and is currently being implemented across ten districts. This platform serves as a strategic mechanism to strengthen interventions in the rice, beans, and corn value chains, which are pivotal to the region's socioeconomic development.

It brings together key ecosystem actors—ranging from the private sector and agricultural associations to smallholder farmers, academia, UN sister agencies, and government representatives at national, provincial, and district levels. Through this multi-stakeholder engagement, members have already begun identifying key challenges, opportunities, and action areas to drive forward the development of these value chains.

A primary challenge identified is the inefficiency of grain storage systems, which hampers the effective commercialization of agricultural products, especially for smallholder farmers. In response, the

project will support the development of a market system for hermetic storage bags across Zambezia Province to reduce post-harvest losses and enhance product quality.

In parallel, the cereal value chains—including beans, maize, rice, and soya—face structural issues such as low product quality, limited production and processing capacity, poor sustainability, and restricted market access. To address these, the project will invest in inclusive business models aimed at raising market standards, boosting productivity, and building a resilient, sustainable, and inclusive market ecosystem for these staple crops.

**The project plans to identify partners through use of call for proposals process to support ecosystem development for hermetic bags, rice, beans and maize.**



Figure 6: Meeting with members of the collective action platform

*The Collective Action Platform was established in Quelimane, Zambezia province, across 10 districts to support rice, beans, and corn value chains. It brings together actors from the private sector, farmers' associations, smallholders, academia, UN agencies, and all levels of government. Key challenges identified include poor storage, limited market access, and low productivity. Opportunities lie in inclusive business models and improved infrastructure. Priority actions focus on better coordination, farmer training, and post-harvest solutions..*

## B. OTHER PROJECT ACHIEVEMENTS

### Project Financial Report and Plans for the next 6 months

#### 1. Communication and Visibility

- Country steering committee and **EUD meetings** were held in all three project countries to enhance visibility and coordination.
- **Dedicated country office webpages** were developed to host updates and promote access to project materials.
- All major **project events and workshops** featured consistent branding with partner logos (UNDP, EU, OACPS, etc.), including:
  - Press releases
  - Radio segments and news flashes
  - Event backdrops and workshop materials
- Three **lessons learned briefs** were submitted to OACPS, covering:
  - Digitalization of LAPO Credit Services as a driver of financial inclusion
  - Effective Partnership Management as key to implementation success
  - Performance-Based Contracting as an efficient grant management tool

#### 2. Key Project Achievements

- **Three country steering committee meetings** were successfully conducted, reflecting strong engagement of national stakeholders. Discussions focused on:
  - Reviewing project progress and alignment with national priorities
  - Updating workplans and defining next steps
- **A Global Steering Committee meeting** was held virtually:
  - Recognized progress across all outputs
  - Key recommendations:
    - Strengthen coordination with **EUD offices**
    - Continue collaboration with **OACPS communication team**
    - Align with EU/OACPS-funded initiatives in the region
    - Approved a **12-month no-cost extension to June 2027**

### 3. Regional and Global Engagement

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- **Abidjan Workshop – November 2024:** Co-hosted with ILO and UNDP Inclusive Growth team to exchange innovations in transitioning from informality to formality across West Africa.
- **SADC Financial Inclusion Forum – Johannesburg:**

- o Project Manager was a keynote panellist at the SADC knowledge-sharing event (organized by FinMark Trust, ministries of finance and central banks)
- o Shared insights on digital financial inclusion for informal sector actors

### 4. Strategic Initiatives and Operational Progress

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- **Artificial Intelligence for Informality Solutions:**

- o TOR for consultancy launched
- o Consultancy firm selected
- o Contracting to be finalized by January 2025

- **Internal Acceleration Workshop – May 2024:**

- o Hosted in collaboration with ILO
- o Brought together project coordinators and finance teams
- o Focused on sharing lessons and defining **accelerated implementation plans**

## Plans for the next 6 months JANUARY – MAY 2025

Continue to implement the acceleration work plans including:

Complete the national formalization roadmap in Mozambique.

Pilot testing and scaling up of digital solutions and financial products.

Roll out training activities in entrepreneurship, digital literacy, business development services and sectoral issues and data collection.

Support the implementation of the action plans of the ecosystem platform in Mozambique and Solomon Islands.

Conduct the artificial intelligence study



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