

Final Evaluation of the Shaping Inclusive Finance Transformation (SHIFT) Programme in SAARC

Bangladesh:
Merchant development driving rural markets (MDDRM) component
FINAL REPORT
23 SEPTEMBER 2021



2021

23 SEPTEMBER 2021

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Final Evaluation of the Shaping Inclusive Finance Transformation (SHIFT) Programme in the SAARC -
Bangladesh: Merchant development driving rural markets (MDDRM) component

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Programme Data Sheet

| | |
|------------------------|--|
| Country: | Bangladesh |
| Programme Title (long) | Merchant development driving rural markets (MDDRM) |
| Programme Atlas Code | Project# 00103821 / Award# 00101200 |

Financial Breakdown (by donor)

| Commitments | Original agreement (EUR) | Amendment 1 (EUR) | Amendment 2 (EUR) | Amendment 2 (USD) |
|----------------------------|--------------------------|-------------------|-------------------|-------------------|
| UNCDF | 550,000 | 536,339 | 534,424 | 559,007 |
| European Union (EU) | 4,950,000 | 4,827,053 | 4,809,815 | 5,369,830 |
| Total | 5,500,000 | 5,363,392 | 5,344,239 | 5,928,837 |

Delivery to date (by completion, March 2021) in US\$

| Donor | 2017 | 2018 | 2019 | 2020 | 2021 (Jan-Mar) | Total |
|--------------|---------|-----------|-----------|-----------|----------------|-----------|
| UNCDF | 101,743 | 420,625 | 36,639 | - | - | 559,007 |
| EU | 748,013 | 1,051,539 | 1,228,931 | 1,056,917 | 1,154,557 | 5,239,976 |
| Total | 849,756 | 1,472,164 | 1,265,570 | 1,056,917 | 1,154,997 | 5,798,983 |

Project implementation

| | |
|---------------------------------------|--|
| Executing Agency | UNCDF |
| Implementing Agency | UNCDF |
| Key Project Partners | Government implementing partner: Bangladesh Bank Cooperating partners: Ministry of Finance and Bangladesh Telecommunication Regulatory Commission Implementing partners: Bangladesh Dokan Malik Samity, Dnet and Federation of Bangladesh Chamber of Commerce and Industry |
| Approval Date of Project ¹ | 1 December 2016 |
| Project Duration ² | 36 months |
| Project Amendment | Two no-cost extensions; one until September 2020 and one until March 2021 |
| Evaluation Date | January – June 2021 |

Project context

| | |
|---|---|
| Other current UNCDF projects in-country | Project# 00115936 / Award# 00119451 (UNESCAP); Project# 00122987 / Award# 00129238 (INFF); Project# 00124353 / Award# 00131246 (Visa) |
| Previous UNCDF projects (if relevant) | Project# 00100957 / Award# 00097112 (BMGF) |
| Previous evaluations (if relevant) | Mid-term evaluation (2019) |
| Dates of audits | 2018 Audited Transactions, UNBoA |

¹ Date of UNCDF signature of grant agreement with the EU.

² As per grant agreement with the EU.

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Abbreviations and Acronyms

| | |
|-------|---|
| a2i | Access to Information |
| ADB | Asian Development Bank |
| ASEAN | Association of Southeast Asian Nations |
| AWP | Annual work plan |
| BAB | Bangladesh Association of Banks |
| BBS | Bangladesh Bureau of Statistics |
| BDMS | Bangladesh Dokan Malik Samity |
| BDS | Business development services |
| BDT | Bangladeshi Taka |
| BFP-B | Business Finance for the Poor - Bangladesh |
| BMGF | Bill and Melinda Gates Foundation |
| BTCA | Better Than Cash Alliance |
| BTOR | Back-to-office report |
| BTRC | Bangladesh Telecommunication Regulatory Commission |
| BWCCI | Bangladesh Women Chamber of Commerce and Industry |
| DFCG | Digital Finance Consultative Group |
| DFS | Digital financial services |
| DP | Development partner |
| eKYC | Electronic know-your-customer |
| EQ | Evaluation question |
| EU | European Union |
| FBCCI | Federation of Bangladesh Chamber of Commerce and Industry |
| FGD | Focus group discussion |
| FIPA | Financial Inclusion Practice Area |
| FMCG | Fast-moving consumer goods |
| GDP | Gross domestic product |
| GMS | General management support |
| IT | Information technology |
| IDE | Inclusive Digital Economies |
| IFAD | International Fund for Agricultural Development |
| GoB | Government of Bangladesh |
| M&E | Monitoring and evaluation |
| MDDRM | Merchant development driving rural markets |
| MFI | Microfinance institution |
| MFS | Mobile financial services |
| MM | Micro merchant |
| MMLA | Micro merchants landscape assessment |
| MoF | Ministry of Finance |

| | |
|---------|--|
| MSME | Micro, small and medium enterprise |
| MTE | Mid-term evaluation |
| NFIS | National Financial Inclusion Strategy |
| RRF | Results and resources framework |
| PBA | Performance-based agreement |
| PKSF | Palli Karma-Sahayak Foundation |
| PoWER | Participation of Women in Economy Realized |
| PRISM | Poverty Reduction through Inclusive and Sustainable Markets |
| ProDoc | Project/programme framework document |
| PSC | Project Steering Committee |
| RMG | Ready-made garment |
| SAARC | South Asian Association for Regional Cooperation |
| SDG | Sustainable Development Goal |
| SHIFT | Shaping Inclusive Finance Transformation |
| TA | Technical assistance |
| ToC | Theory of change |
| ToR | Terms of reference |
| UN | United Nations |
| UNCDF | United Nations Capital Development Fund |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNEG | United Nations Evaluation Group |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| US\$ | US Dollar |

For conversion/illustration purposes, the following exchange rate has been used throughout the report:
US Dollar (US\$) 1 = Bangladeshi Taka (BDT) 85

Executive Summary

Introduction. This Report covers the evaluation of the merchant development driving rural markets (MDDRM) component in Bangladesh under the Shaping Inclusive Finance Transformation (SHIFT) programme in the South Asian Association for Regional Cooperation (SAARC) region. Focusing on the provision of digital services, including digital financial services (DFS), MDDRM sought to greater growth and competitiveness of retail micro merchants (MMs) through stronger integration with the fast-moving consumer goods (FMCG) and financial services value chains. To these ends, it targeted the four districts of Jamalpur, Sherpur, Sirajganj, and Tangail and, in line with the four workstreams of the global strategy of UNCDF's Inclusive Digital Economies (IDE) Practice Area, was structured around four pillars and outputs; namely: (i) Pillar 1 Data and analysis – relevant information and data on MMs are available and accessible to policy makers/regulators and private sector actors for information, action and formulation of policies/regulations and business decisions; (ii) Pillar 2 Capacity development – capacity building tools, information and support services are developed and provided to MMs for improvement of their skills, business operations and practices; (iii) Pillar 3 Policy and advocacy – awareness, education and advocacy events are provided to MMs and consumers (policy makers/regulators, private sector actors) for increasing understanding of products, services, rights, and responsibilities; and (iv) Pillar 4 Innovation incentives - business models are piloted with DFS and FMCG providers utilizing MM networks reaching rural low-income consumers. Funded by the European Union (EU), the MDDRM component was implemented between February 2017 and March 2021 in parallel with another initiative (i.e. the policy advocacy component) financed by the Bill and Melinda Gates Foundation (BMGF) until March 2019.

Evaluation Approach and Methodology. The Evaluation was based on the MDDRM theory of change and guided by an evaluation matrix structured around the six evaluation criteria of relevance, coherence, effectiveness, efficiency, impact, and sustainability as well as the cross-cutting areas of gender and inclusion. It relied on: (i) a desk review of over 100 documentary sources; (ii) interviews with 72 representatives from 31 different entities at the global, macro, meso, and market level; and (iii) interviews with 84 MMs (one third women) in all four target districts as well as two focus group discussions with 21 MMs in Jamalpur and Sherpur. Based on these sources of information, the Evaluation also included the in-depth assessment and drafting of four case studies; namely the Amar Dokan related work under Pillar 2 as well as the Bank Asia, iSocial and SureCash/TallyKhata pilots under Pillar 4.

Relevance. The MDDRM component was a very relevant initiative. It was (and still is) fully aligned with GoB priorities regarding both financial and digital inclusion as outlined by national development plans and strategies (including the promotion of a 'Digital Bangladesh' and enhanced access to finance, including credit for microenterprises). Within the context of the Bangladeshi economy, MDDRM included a well positioned focus on the FMCG sector and MM sub-sector as well as an appropriate target of four comparatively poorer and disadvantaged districts. The needs of MMs and Government of Bangladesh (GoB) counterparts are also considered to have been adequately identified and addressed, also thanks to its integration of real economy and financial sector work. Nevertheless, because of its concentration on the male dominated MM sub-sector and the closure of the BMGF-funded policy advocacy component in March 2019, the MDDRM component, although its activities considered gender, did not fully build upon or materialize initial SHIFT SAARC ambitions with regard to the financial and digital inclusion of women.

Coherence. The MDDRM component was a coherent undertaking, both internally and externally. Completely in line with UNCDF's global strategy, it was also consistent with the objectives of the overarching SHIFT SAARC programme and complementary to the BMGF-funded policy advocacy component. It focused on a mostly neglected sub-sector of the Bangladeshi economy and hence effectively filled a gap providing added value and fitting well with similar efforts of other DPs (including the UK-funded Business Finance for the Poor in Bangladesh facility and the Second Small and Medium-Sized Enterprise Development Project of the ADB) and the GoB (notably the Access to Information programme). Relations with other DPs/initiatives could, however, have been further enlarged or deepened.

Effectiveness. The MDDRM component successfully reached or outperformed all its output targets. Overall, beneficiaries and target groups are also very satisfied. Output delivery in turn brought some important achievements at the outcome level, which can at least partially be ascribed to the efforts of the MDDRM component. Pillar 1 produced six research reports/knowledge products, including an important landmark assessment of the Bangladeshi MM segment. The MM research in particular generated a lot of attention and has been used for both policy/regulator formulation (notably the introduction of personal retail accounts) and business decision making (especially by the pilot promoters). Pillar 2 developed an educational toolkit and platform, with the Amar Dokan booklet reaching over 23,000 MMs and the Amar Dokan app having around 15,000 regular users, as well as provided training to some 4,400 individuals (including 36 master trainers and almost 2,900 MMs, comprising some 300 women entrepreneurs, as well as over 500 representatives of MM associations and BDS intermediaries and 900 capacity building participants at various levels).. These efforts effectively strengthened knowledge among MMs and led to some changes in business practices, but seemingly less in terms of DFS uptake. Pillar 3 carried out several large-scale awareness raising events and campaigns, some of which attracted crowds of around 100-150,000 individuals each. Although evidence is scarce, there are some potentially encouraging signs - also fast-tracked by the Covid-19 pandemic - of increasing DFS uptake among MMs and consumers as well as of growing attention to MMs among other stakeholders (although it is difficult to contribute the former trend to MDDRM efforts). Pillar 4 implemented 10 pilot initiatives in two rounds promoting a broad selection of different services, tools and models (including the successful TallyKhata bookkeeping app), with the onboarding of almost 7,000 MMs in the four target districts by the completion of the pilots. Although faced with various challenges (including low levels of digital literacy calling for substantial involvement and follow-up support from market promoters), piloted solutions are being extended, with TallyKhata registered users amounting to 2.4 million and the other five first round pilots reaching almost 200,000 MMs across the country in the second quarter of 2021.

Efficiency. The MDDRM component was a relatively efficient intervention, from a financial as well as an operational perspective. By completion, total spending amounted to US\$5.8 million, which represented 98% of the total available budget. The utilization of funds was proportionate with efforts and results under the four pillars, while cost-effectiveness ratios of for example US\$80 per trained individual under Pillar 2 and US\$15 per onboarded MM by the ten pilots under Pillar 4 seem reasonable. However, MDDRM implementation suffered from delays caused by procurement issues and the Covid-19 pandemic. Supported by an adequate governance structure, the in-country project management team (even if it could have benefitted from the inclusion of a gender expert) provided quality support and continuity. Although performance varied among the implementing partners, the pilot promoters generally performed well. Risk management and reporting mechanisms were appropriate, but the M&E framework primarily tracked output delivery and hence included some gaps (also terms of measuring gender related results).

Possible Impact. Evidence of impact - primarily of final beneficiaries (i.e. MMs) at the micro level, but also at the market level - is very limited and only anecdotal. Nevertheless, there are some signs of possible improvements with regard to MMs' integration along the FMCG and financial services value chains as well as business performance. For example, interviewed MMs report on facilitated interactions with suppliers and better access to supplies as well as greater DFS use and availability of more credit options. There are also some indications of MDDRM/UNCDF, and particularly the pilots, having had a demonstration effect at the market level with an increasing attention to the MM segment and other targeted interventions allegedly ongoing or starting. Some interviewed MMs also point to improvements related to business performance, including an increase in the number of customers and consequently also a growth in sales/income as well as a reduction in credit sales and other benefits (including important cost and time savings). Most interviewed MMs also believe MDDRM support to have contributed to the changes at the impact level. However, in terms of gender, the MDDRM component is likely to have promoted only limited results.

Prospects for Sustainability. The outlook for sustainability of MMDRM efforts and results differs. Sustainability depends not only on the level of commitment as well as the availability of financial and human resources, but also on continued support. At the market level, expectations are very positive, with pilot promoters demonstrating a convincing and ambitious commercial commitment and investing both financial and human resources to support continued MM outreach. At the micro level, the outlook is also encouraging, with interviewed MMs committed to continued use of promoted solutions/support, although further assistance is probably necessary and the business case has yet to become more evident. At the meso level, prospects are poor because of lack of sufficient capacity and/or commitment. Finally, at the macro level, political commitment is generally strong, but due to a general lack of financial resources, sustainability likely calls for additional support.

Conclusions. Overall, the MDDRM component can be considered a successful initiative. In Bangladesh, MDDRM/UNCDF effectively acted as a catalyzer and facilitator, stimulating an interest in the MM segment and engaging MMs for last mile outreach. Adopting a market development approach, it invested important resources and leveraged partnerships towards supporting the MM/DFS ecosystem at all levels (albeit more at the micro and market level and less at the macro and meso level). Despite delays and other challenges (including the Covid-19 pandemic), it managed to achieve some notable results, although longer term impact in terms of value chain integration and business growth have yet to materialize. On the whole, the MDDRM component is expected to make a positive contribution to the inclusion of MMs in a digital economy as promoted by IDE's global strategy. Based on the MDDRM experience, the following general lessons learned can be drawn: (i) a sector-specific focus and in-country presence are important for a greater understanding and the provision of more adequate support; (ii) the selection of implementing partners and procurement processes should not be underestimated; and (iii) policy advocacy and gender inclusion require continuous support. Furthermore, with specific regard to the pilot initiatives, implementation and subsequent scale-up need time and resources towards successfully engaging with FMCG companies and establishing other partnerships to complement promoters' core business activities, reaching out and providing continued assistance to not yet digitally ready MMs, and demonstrating the value added and business case of promoted solutions.

Recommendations. Based on the findings, and in line with some of the lessons learned, some strategic and operational recommendations for future programming and implementation can be made. At the strategic level: (i) promote focus on real economy sectors towards facilitating a better understanding of beneficiaries' needs and more adequate support delivery as well as - as targeted by IDE's global strategy - supporting digital economies (rather than merely digital financial services) ; (ii) maintain holistic approach of UNCDF/IDE interventions, also when sector-specific, by considering all levels of the DFS/sector ecosystem in coordination with similar efforts of other DPs and governments; and (iii) assure UNCDF's in-country presence, or at least regular in-country engagement, in (potential) target countries towards supporting the appropriate design and effective implementation of UNCDF/IDE interventions. At the operational level: (i) foster effective partnerships, especially for interventions integrating financial and real economy sector work, by engaging with and building the capacity of relevant and competent implementing partners; (ii) build business innovation initiatives through challenge grant funding (or other competitive financing mechanisms) towards piloting new products/services, models and approaches, also considering longer and more dedicated support to certain pilots for the scaling up of solutions; (iii) strengthen the M&E systems of UNCDF/IDE interventions by including relevant indicators and targets related to all levels of the results chain towards measuring also market level changes and, possibly through the implementation of impact assessments one or two years after completion, longer term results; (iv) reinforce UNCDF's knowledge management function by maintaining and expanding the online Microentrepreneurs Asia portal towards serving as a valuable source of information covering numerous countries and sectors and, possibly, by creating a regional (or global) online depository; and (v) sustain gender engagement beyond the design/preparatory phase by supporting program/project management teams with gender experts also throughout the course of implementation as well as include higher lever gender related indicators and targets towards promoting and measuring effective gender inclusion and results.

1. Introduction

Preamble. This Report (the 'Report') has been prepared within the framework of the final evaluation of the merchant development driving rural markets (MDDRM) component, or sub-project, in Bangladesh under the Shaping Inclusive Finance Transformation (SHIFT) programme in the South Asian Association for Regional Cooperation (SAARC) region (the 'SHIFT SAARC programme') - hereinafter referred to as the 'Evaluation' or the 'Assignment'. The Report is submitted to the United Nations Capital Development Fund (UNCDF or the 'Client') by Microfinanza (lead firm) in collaboration with MDF Training and Consultancy (partner) - hereinafter collectively referred to as the 'Consultant'.

Evaluation Purpose and Objectives. As a final assessment of a completed initiative, the Evaluation had the two-fold purpose of supporting both **accountability and learning** towards informing interventions or approaches of the UNCDF, the European Union (EU) and other MDDRM related partners (notably the national counterparts, i.e. Bangladesh Bank and the Ministry of Finance). More specifically, as outlined in the Terms of Reference (ToR), attached in Annex B, the objectives of the Evaluation were to: (i) assist UNCDF and its partners in understanding the various aspects and results of the MDDRM component; (ii) consider variations in MDDRM performance at different levels, taking into account implementation modalities, evolution of strategy and importance of context on MDDRM results; (iii) provide evidence of the contribution of the MDDRM component to Bangladesh's financial inclusion and UNCDF's broader financial inclusion strategy; and (iv) situate the MDDRM component in the broader development cooperation environment, compared to similar financial inclusion initiatives of UNCDF and other development partners.

In particular, the Evaluation assessed the MDDRM component with regard to the **six evaluation criteria** for development cooperation efforts; and namely (i) relevance, (ii) coherence, (iii) effectiveness, (iv) efficiency, (v) impact, and (vi) sustainability.³ Being a final evaluation, it particularly focused on effectiveness and efficiency, but also addressed possible impact and prospects for sustainability as well as relevance and coherence. Within the assessment of the criteria, the Assignment considered **gender (and namely the inclusion of women) as a cross-cutting area** and reviewed MDDRM's **performance at all levels**, including **contribution to changes** at: (i) the macro level, i.e. the broader financial inclusion policy and regulatory framework; (ii) the meso level, i.e. market or industry enablers/facilitators; (iii) the market level, i.e. private sector actors; and (iv) the micro (and client) level, i.e. the final beneficiaries. It also sought to **situate the MDDRM component within the broader development cooperation environment** (i.e. at the global level).

Evaluation Scope. The Evaluation focused on the MDDRM component of the SHIFT SAARC in Bangladesh project (which in turn was part of the broader SHIFT SAARC programme). It concerned the **whole implementation period**, i.e. from the launch of the MDDRM component in February 2017 until its completion in March 2021. In geographical terms, the Assignment covered Bangladesh, and in particular the **four target districts of Jamalpur, Sherpur, Sirajganj, and Tangail**.

Report Structure. The remainder of this Report is structured as follows:

- Section 2 presents an overview of the MDDRM component and the context in which it was implemented;
- Section 3 illustrates the methodological approach of the Evaluation;
- Sections 4 through 9 summarize the key findings related to the six international evaluation criteria of relevance, coherence, effectiveness, efficiency, possible impact, and prospects for sustainability; and
- Section 10 provides some conclusions (including lessons learned) and recommendations.

³ These criteria originate from an Organisation for Economic Co-operation and Development (OECD) / Development Assistance Committee (DAC) initiative seeking to systematize the evaluation of development cooperation initiatives.

The Report also includes the following sixteen annexes:

- Annex A – SHIFT SAARC Programme Results and Resources Framework
- Annex B – Terms of Reference
- Annex C - MDDRM Theory of Change
- Annex D - Evaluation Matrix
- Annex E – Consulted Documentation
- Annex F - Checklist for Interviews with Stakeholders at Global, Macro, Meso, and Market level
- Annex G – Interviewed Stakeholders
- Annex H - Questionnaire for Interviews with Supported/Onboarded MMs
- Annex I - Profiles of Interviewed MMs
- Annex J - Signed UNEG Code of Conduct Statements
- Annex K – Effectiveness: Output Delivery (Pillars 2 and 3)
- Annex L – Pilot Partners
- Annex M - Amar Dokan Case Study
- Annex N - Bank Asia Case Study
- Annex O – iSocial Case Study
- Annex P - SureCash/Tally Khata Case Study

2. MDDRM Context

2.1 MDDRM Overview

SHIFT SAARC Framework. The MDDRM component, or sub-project, in Bangladesh was part of the SHIFT SAARC programme; a broader **regional initiative promoting the facilitation of linkages between financial markets and the real economy**. Implemented by UNCDF – through the former Financial Inclusion Practice Area (FIPA); now the Inclusive Digital Economies (IDE) Practice Area - and launched in July 2016, the five-year SHIFT SAARC programme built on the experience of the SHIFT programme in the Association of Southeast Asian Nations (ASEAN) region (which started in 2014). In particular, in line with IDE’s global strategy (i.e. ‘Leaving no one behind in the digital era’), the programme intended to support regulatory reform, capacity building of capacity and business innovation towards expanding economic participation and opportunities. SHIFT SAARC ultimately aimed to promote *“improved livelihoods and reduced poverty among low-income people, especially women”* (impact), with *“at least one million low-income people, 65% of whom are women, and 30,000 small and growing businesses access[ing] and us[ing] financial services to secure opportunities for employment, enterprise development and increased sustainable consumption”* by 2021 (development outcome at the client level).⁴ Although the SHIFT SAARC programme framework document (ProDoc) does not target any specific UN Sustainable Development Goal (SDG), it can be linked to the promotion of full and productive employment as well as sustained, inclusive and sustainable economic growth (SDG 8) and the fostering of inclusiveness and innovation (SDG 9) towards, ultimately, ending poverty (SDG 1). Out of the eight SAARC countries,⁵ the SHIFT approach was first piloted and only active in one country; Bangladesh (primarily because of the lack of funding).

Particularly focusing on the **promotion of digital financial services** (DFS), including mobile financial services (MFS), the SHIFT SAARC in Bangladesh project targeted the access and usage of DFS by at least 200,000 low-income people, women and businesses. SHIFT SAARC activities in Bangladesh commenced with the launch of a policy advocacy component, or sub-project, in July 2016. Funded by the Bill and Melinda Gates Foundation (BMGF), this component sought to promote an enabling policy and regulatory environment for DFS and closed in March 2019 (see further Box 2.1 at the end of this sub-section). With support from the EU, the MDDRM component was subsequently added in February 2017. This sub-project focused on the fast-moving consumer goods (FMCG)⁶ industry, and notably on **facilitating the market system for rural micro merchants (MMs)**, i.e. smaller retailers and shopkeepers (*mudi dokani*). In addition to these two main components/sub-projects, the SHIFT SAARC framework also houses other initiatives with activities in Bangladesh; for example: (i) the Women MSME Fintech Innovation Fund (March 2019 – December 2021) and the Women’s Livelihood Bond (March 2019 – December 2023) promoted by UNCDF and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) as well as other DPs;; and (iii) a financial literacy initiative for MSMEs (August 2020 – June 2023) supported by Visa.⁷

⁴ SHIFT SAARC Programme Framework Document, p.1.

⁵ I.e. Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

⁶ FMCG, also known as consumer packaged goods (CPG), include non-durable household goods that sell relatively quickly (i.e. with a shorter shelf life) and at comparatively low costs; such as packaged food and beverages (including fresh, frozen and processed foods, baked goods, prepared meals, candies, etc.), stationery and other office supplies, consumer electronics, cleaning products, toiletries and cosmetics, over-the-counter medicine, etc. (See <https://www.investopedia.com/terms/f/fastmoving-consumer-goods-fmccg.asp>)

⁷ Until the fourth quarter of 2020, the SHIFT SAARC portfolio also included a project promoting innovation in cross-border remittances and maximizing the development impact of migration funded by the Swiss Agency for Development and Cooperation (SDC) and implemented between October 2019 and December 2024.

Objectives. The *overall objective* (ultimate impact) of the MDDRM component was to **reduce poverty** “through increased consumption and employment, and reduced gender disparities in economic participation and financial access through pro-poor private sector development of off-farm distributive trade markets in rural economies”.⁸ In support of this ultimate goal, the *specific objective* (impact, or development outcome) was to **promote “greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh through tighter vertical integration with [...] FMCG value-chains and stronger horizontal integration with financial services value chains, especially through digital payment and m-commerce platforms”**.⁹ In line with its rural and pro-poor focus, the MDDRM sub-project was **implemented in four districts in the north-central and underserved part of Bangladesh**, namely (i) Jamalpur and (ii) Sherpur (Mymensingh division), (iii) Sirajganj (Rajshahi division), and (iv) Tangail (Dhaka division). Within these districts, the component ultimately targeted **reaching out to 10,000¹⁰ rural MMs¹¹** and related individuals (i.e. employees and unpaid family labor), particularly female entrepreneurs and women.

Output Areas and Activities. In line with the four workstreams of IDE’s global strategy, the MDDRM component, like the SHIFT SAARC framework as a whole, was structured around **four key areas of intervention, or pillars**, namely (i) data and analysis, (ii) capacity development, (iii) policy and advocacy, and (iv) innovation incentives. Within each pillar, the implementation of various activities - through the provision of technical assistance (TA) funding and/or grant funding - supported the delivery of a defined output. In particular:

- **Pillar 1 Data and analysis** (15% of budget) - Relevant information and data on MMs are available and accessible to policy makers/regulators and private sector actors for information, action and formulation of policies/regulations and business decisions (Output 1). Activities within this area included: (i) the implementation of a countrywide survey, and related ‘deep dive’ in the four target districts, of the MM segment (i.e. the Micro Merchants Landscape Assessment – MMLA); (ii) the setting up of an online portal (i.e. Microentrepreneurs Asia) for the sharing of MMLA data; (iii) the completion of two digitalization studies, namely one on MFIs and one on the FMCG supply chain; (iv) the implementation of a consumer behavior study on the use of MFS among women; and (v) the organization of a knowledge management event towards encouraging the use of data when formulating policies/regulations and making business decisions.
- **Pillar 2 Capacity development** (22% of budget) – Capacity building tools, information and support services are developed and provided to MMs for improvement of their skills, business operations and practices (Output 2). This pillar involved: (i) the development of an education toolkit and platform for MMs (i.e. the ‘Amar Dokan’¹² booklet – supported by a training manual - and mobile application); (ii) the training of MMs, including training based on the Amar Dokan booklet as well as training for female entrepreneurs; (iii) the training of meso and market level entities, including training of and TA to MM association representatives and training of business development services (BDS) intermediaries (i.e. FMCG sales representatives and FSP/DFS agents); and (iv) other capacity building activities (such as knowledge sharing fairs and exposure visits).
- **Pillar 3 Policy and advocacy** – (10% of budget) Awareness, education and advocacy events are provided to MMs and consumers (policy makers/regulators, private sector actors) for increasing understanding of products, services, rights, and responsibilities (Output 3). Complementary to the capacity building activities under Pillar 2, the Pillar 3 focused primarily on reaching out to MMs and

⁸ ToR, p.5.

⁹ Ibid.

¹⁰ This outreach target is defined by the MDDRM application form for the EU PRISM grant (p.3). It is the understanding of the Consultant that this target relates only to the number of MMs reached through various capacity building efforts under Pillar 2 (see below).

¹¹ For the purposes of this Evaluation, and in line with the definition used by the MDDRM-funded Micro Merchants Landscape Assessment (MMLA), micro merchants are defined according to the National Industrial Policy of 2016, in which micro industry in the service sector is classified as “employing no more than 15 employees and/or holding assets worth less than BDT1 million, excluding land and buildings”.

¹² Literally meaning ‘my shop’.

consumers through (i) the implementation of large-scale fairs and campaigns (including community fairs and a Facebook campaign) and (ii) the production and distribution of a newsletter, videos and various promotional material towards raising awareness on DFS and consumer rights and responsibilities. While policy dialogue was mainly the ‘domain’ of the policy advocacy component funded by the BMGF (see Box 2.1 at the end of this sub-section), the MDDRM component - in support on its activities under the Pillar 1 and Pillar 4 - also engaged in communication and awareness raising activities for policy makers/regulators and private sectors, including the organization of (i) a 2017 conference on the utilization of MM networks for DFS expansion, (ii) the 2018 Bangladesh Digital Financial Inclusion Conference, and (iii) workshops of the Digital Finance Consultative Group (DFCG) as well as the implementation of (iv) other outreach efforts (such as the production of a DFS newsletter).¹³

- **Pillar 4 Innovation incentives** (54% of budget) - Innovative business models are piloted with DFS and FMCG providers utilizing MM networks reaching rural low-income consumers (Output 4). The promotion of business model pilots involved the provision of funding to DFS or FMCG companies and other service providers (hereinafter ‘pilot promoters’). A first round of six pilots started in 2018 and 2019, while a second round of four pilots (targeting the scale-up or minor customization of already available solutions) was launched, and completed, in the first quarter of 2021. A brief overview of the ten pilots funded by the MDDRM component is provided in Exhibit 2.1 below.

Exhibit 2.1 MDDRM Pilots

| Promoter (Budget)* | Type of promoter | Piloted services/tools/models | Pilot districts | Pilot period |
|--|-----------------------|---|---|--------------------------------|
| 1st round | | | | |
| Bank Asia (US\$248,599) | Commercial bank | Digital payment platform (‘Merchant Gateway’) facilitating transactions of MMs and their customers and valorizing data for alternative credit scoring and extension for supply purchases | Jamalpur, Sherpur and Sirajganj (19 <i>upazilas</i>) | October 2018 – September 2020 |
| CloudWell (US\$226,185) | Fintech company | DFS aggregator platform (‘PayWell’) ¹⁴ digitizing MM payments and promoting MMs as intermediaries | Jamalpur, Sherpur, Sirajganj, and Tangail (30 <i>upazilas</i>) | June 2019 – January 2020 |
| ekShop/Synesis IT (US\$181,606) | Software company | E-commerce platform (‘Bazar Bondhu’) ¹⁵ promoting MMs as e-commerce agents and digital accounting (through modified version of the ‘Store Mate’ tool) ¹⁶ | Jamalpur, Sherpur, Sirajganj, and Tangail | December 2019 – September 2020 |
| Field Buzz (US\$48,438) | Software company | Digital inventory platform for supply chain transactions (and digital wallet) | Sherpur and Sirajganj | October 2019 - January 2020 |
| iSocial (US\$198,325) | Social enterprise | Basic business and health services training for female MMs (‘Kallyani’ women) ¹⁷ coupled with digital platform (initially ‘Insight Suite+’, now ‘Shujog’) ¹⁸ for supply orders and transactions (as well as e-learning) | Sherpur and Sirajganj (4 <i>upazilas</i>) | June 2019 – September 2020 |
| SureCash/Progoti Systems (US\$198,471) | Mobile wallet company | Digital wallets facilitating MM payments and credit extension based on transaction accounts coupled with bookkeeping app (‘TallyKhata’) ¹⁹ | Jamalpur, Sherpur, Sirajganj, and Tangail (5 <i>upazilas</i>) | April 2019 – March 2021 |

¹³ UNCDF became the coordinator of this multi-stakeholder group in 2017.

¹⁴ www.paywellonline.com

¹⁵ Bazar Bondhu (bondhubzr.com) can be translated as ‘my friend in the market’.

¹⁶ www.storemate.org

¹⁷ ‘Kallyani’ can be translated as ‘a woman who brings wellbeing’. By going door-to-door as well as through schools and small home-based shops, these women provide rural households with products and services within several areas, such as nutrition, healthcare, financial inclusion, skills development, etc. (See <https://www.facebook.com/iSocialKallyanis>)

¹⁸ shujog.xyz

¹⁹ www.tallykhata.com

| Promoter (Budget)* | Type of promoter | Piloted services/tools/models | Pilot districts | Pilot period |
|--|-------------------|--|---|----------------------|
| 2nd round | | | | |
| BRAC Bank (US\$68,238) | Commercial bank | Digital overdraft facility for FMCG supplies (embedded credit based on transaction assessment) | Jamalpur, Sherpur, Sirajganj, and Tangail | January – March 2021 |
| Carnival Assure (US\$71,237) | Insurance company | Digital microinsurance (health and life) | Jamalpur and Sherpur | January – March 2021 |
| Giga Tech (US\$88,025) | Software company | Digital business registry platform facilitating trade license issuance/renewal and verification | Tangail | January – April 2021 |
| Sheba Platform (US\$60,000) | Fintech company | Accounting and DFS platform ('sManager') ²⁰ with online supply ordering and e-commerce features | Jamalpur and Sirajganj | January – March 2021 |

* Including subsequent scale-up funding from MDDRM.

Timing. The MDDRM sub-project was **launched in February 2017** and originally planned as a three-year initiative. Following delays in the implementation of activities, primarily related to lags in the procurement of the MMLA under Pillar 1 and the contracting of the business model pilots under Pillar 4, the duration was extended at no-cost until September 2020. A second no-cost extension was subsequently granted due to the Covid-19 pandemic. The component is eventually **closed in March 2021**.

Funding. The MDDRM component was **financed almost exclusively by the EU**, and namely by the EU-funded Poverty Reduction through Inclusive and Sustainable Markets (PRISM) project in Bangladesh.²¹ With a **total available budget of around US\$6.5 million** (EUR5.5 million), the EU committed to financing 90%.²² The remaining 10% represented UNCDF's co-financing share, which was funded with funds from the BMGF. In fact, also after the closure of the policy advocacy component in March 2019, the BMGF partly funded some important MDDRM activities, including three studies²³ and the 2019 financial inclusion data hackathon under Pillar 1 as well as the 2018 Bangladesh Digital Financial Inclusion Conference and some DFCG consultation events under Pillar 3.

Governance. At the programme level, the MDDRM initiative was governed by a **SHIFT SAARC Board** composed of delegates from UNCDF (represented by IDE and the Regional Office for Asia) as well as the programme funders (namely the EU and, up until March 2019, the BMGF). Meeting at least once per year, the Board provided strategic direction for and general oversight of programme implementation. At the project level, the implementation of activities in Bangladesh was guided and monitored by a **Project Steering Committee (PSC)**, which also convened once a year. Members of the PSC included representatives from UNCDF as well as (i) Bangladesh Bank (various departments) – government implementing partner and (ii) the Ministry of Finance (MoF), and notably the Financial Institution Division and (iii) the Bangladesh Telecommunication Regulatory Commission (BTRC) – both cooperating partners.

Management. Responsibility for the implementation of project activities lay with the in-country **project management team**, which was composed of: (i) a country project coordinator; (ii) a policy and advocacy specialist (until mid-2018); (iii) a communications officer; (iv) a monitoring and evaluation (M&E) and data analyst; (v) a project officer; (vi) a project associate (as well as a driver). The project management team in Bangladesh was in turn supported by the SHIFT SAARC programme manager and other staff (including a

²⁰ smanagerproduct.info

²¹ Together with three implementing partners (see below) as co-applicants, UNCDF (lead applicant) received grant funding from this EU-funded project for the implementation of the MDDRM component.

²² Per the grant agreement with the EU (total eligible costs) and considering an exchange rate of around EUR1=US\$1.18.

²³ Namely (i) EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh, January 2019; (ii) UNCDF and EU, Gender centrality of mobile financial services in Bangladesh: consumer behavior research, 2019; and (iii) UNCDF and EU, Digital transformation of MFIs in Bangladesh: Opportunities, challenges and way forward, January 2019.

senior regional technical advisor, a data management specialist, an innovation manager, an M&E officer, and a programme associate) with the UNCDF Regional Office for Asia in Bangkok as well as by UNCDF headquarters (namely the Management Support Unit, the Partnership, Policy and Communications Unit and the Finance and Management Services Unit) in New York.

For the implementation of some MDDRM actions (most notably capacity building activities under Pillar 2 and awareness raising measures under Pillar 3), UNCDF has engaged with **three implementing partners**. These partners, also co-applicants of EU funding, included: (i) Bangladesh Dokan Malik Samity (BDMS), the national association of shop owners (including also DFS agents); (ii) Dnet, a non-profit social enterprise promoting information and knowledge sharing towards facilitating participation among and between private and public sector stakeholders; and (iii) Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), the main apex trade association. Finally, the MDDRM component has also partnered with other initiatives supported by the United Nations (UN) in Bangladesh; such as the Access to Information (a2i) programme implemented by the Government of Bangladesh (GoB) with funding from the United Nations Development Programme (UNDP) as well as the Better than Cash Alliance (BTCA) promoted by the UN (see further Section 2.2 below).

SHIFT SAARC Mid-term Evaluation. A mid-term evaluation (MTE) of the SHIFT SAARC programme as a whole was carried out in 2019.²⁴ The **key recommendations** of the evaluation were to:

- Fast-track the innovation pilots towards providing evidence to encourage further investments;
- Reinforce the capacity building system in order to extend outreach and create a more systemic approach towards promoting institutional change (also considering gender) within FSPs and other stakeholders;
- Adapt programme management, consolidating time and resources towards a more in-depth focus on fewer sectors, segments and initiatives;
- Revise the monitoring and results measurement framework by including additional indicators towards tracking market system development as well as conduct post-support monitoring towards capturing change at the MM level; and
- Incorporate gender as a key strategic focus by implementing gender analyses, recruiting a gender ‘champion’ within the SHIFT SAARC management team, ensuring the inclusion of female entrepreneurs and customers in the business model pilots, and integrating gender considerations across all programme activities.

Box 2.1 SHIFT SAARC in Bangladesh: Policy Advocacy Component²⁵

Launched in July 2016, the policy advocacy component of the SHIFT SAARC in Bangladesh project sought to promote improved policies and country strategies for DFS as well as increased private sector investments for enhanced DFS product offering. Its final target was to **support an increase in the percentage of the adult population using DFS** from 9% in 2015 to 35%²⁶ in 2019. It envisaged implementation partnerships with three institutions - i.e. the Bangladesh Institute for Bank Management (BIBM), the Institute for Inclusive Finance and Development (InM) and the Policy Research Institute (PRI) - but these partnerships were never approved by the SHIFT SAARC Board.

The policy advocacy component primarily **targeted support to improve the policy and regulatory framework for DFS**. To this end, apart from having funded some research and other activities supported by the MDDRM component under Pillar 1 (see ‘Funding’ above) and following a DFS regulatory framework assessment, it provided training for policy makers and regulators as well as recommendations on specific policy/regulatory pieces; including: (i) the MFS Regulation (2018); (ii) the Prudential Guideline for Agent Banking Operations (2017); (iii) the Guidelines on Agent Banking for the Banks (2018); (iv) the National Financial Inclusion Strategy (seemingly adopted in April 2021); (v) the Interoperability Draft Guidelines; and (vi) the electronic know-your-customer (eKYC) Guidelines (these eventually passed in January 2020, but implementation had been delayed because of the Covid-19 pandemic). It also

²⁴ iMC worldwide for UNCDF, Mid-term evaluation: Shaping Inclusive Finance Transformations (SHIFT) programme in SAARC, 30 August 2019.

²⁵ Information from Final Narrative Report to the BMGF.

²⁶ The target was originally set at 30% by the SHIFT SAARC in Bangladesh Project Framework Document.

supported policy and regulatory dialogue between public and private sector actors, through for example the Digital Finance Consultative Group (DFCG). The policy advocacy component also supported a Participation of Women in the Economy Realized (PoWER) women and girls financial inclusion country assessment for Bangladesh and subsequent strategy as well as financial diaries research in the Hrishipara village in the Gazipur district (Dhaka division).

Initially budgeted as a US\$3.9 million intervention, BMGF funding was reduced to **US\$2.25 million** due to changing circumstances for MFS in Bangladesh as well as changes in priorities for the BMGF. As a result, the component also closed earlier than originally scheduled in May 2019.

2.2 Country Background

Macro- and Socio-economic Context. With a population of around 163 million in 2019 (63% rural),²⁷ Bangladesh is currently classified as a lower middle income country by the World Bank. Although the effects of the Covid-19 pandemic have yet to be recorded, **a steadily growing economy** and relatively low unemployment rates (albeit higher for women and youth) have supported economic improvements also in per capita terms. The share of people living in poverty is consequently decreasing, even if the poverty level still remains high at around one-fifth of the population. Bangladesh’s Human Development Index (HDI) is progressing slowly but steadily, even if positioned only 133rd out of 189 countries and territories in 2019. Finally, the country’s Global Gender Gap Index (GGGI) has also seen a slight improvement in recent years, placing Bangladesh 65th among 153 countries in 2020.

Exhibit 2.2 Macro- and Socio-economic Indicators: 2016 - 2020

| Indicator | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------------------|------------------|
| GDP growth (%) | 7.1 | 7.3 | 7.9 | 8.2 | 5.2 ^A |
| GDP per capita (current US\$) | 1,402 | 1,564 | 1,698 | 1,856 | |
| GNI per capita, Atlas method (current US\$) | 1,370 | 1,520 | 1,750 | 1,940 | |
| Unemployment, total (% of total labor force, ILO) | 4.3 | 4.4 | 4.3 | 4.2 | 5.3 |
| Unemployment, women (% of female labor force, ILO) | 7.4 | 6.8 | 6.7 | 6.6 | |
| Unemployment, youth (% of youth labor force, ILO) | 11.1 | 12.3 | 12.2 | 12.1 | |
| Poverty headcount ratio, national poverty line (% of population) | 24.3 | | | 20.5 ^B | |
| Human Development Index ^C | 0.606 | 0.616 | 0.625 | 0.632 | |
| Global Gender Gap Index ^D | 0.698 | 0.719 | 0.721 | 0.726 | 0.719 |

Sources: World Bank, World Development Indicators; ^A Bangladesh Bank projection; ^B www.adb.org/countries/bangladesh/poverty; ^C United Nations Development Programme (UNDP); ^D World Economic Forum (WEF).

Box 2.2 MDDRM Target Districts²⁸

Bangladesh is currently divided into 8 divisions, 64 districts and 492 sub-districts (*upazilas*). The **four target districts of the MDDRM component comprises a total of 33 upazilas**, namely Jamalpur (7), Sherpur (5), Sirajganj (9), and Tangail (12). The economies of all four districts are predominantly agricultural. Based on shares of the last population census in 2011 and the projected population of 163 million in 2019, the population of the four target districts can be estimated at a total of **11.6 million** (or 7% of Bangladesh’s total population). The most populous districts are Tangail (3.9 million, 2.4%) and Sirajganj (3.6 million, 2.2%), followed by Jamalpur (2.6 million, 1.6%) and Sherpur (1.5 million, 0.9%).

Financial Inclusion Overview. As presented in Exhibit 2.2 overleaf, **financial exclusion decreased** substantially in the years leading up to the launch of the SHIFT SAARC programme and the MDDRM component. Nevertheless, only half of the adult population owned an account in 2017. Finally, the financial inclusion of women was lower across the board, while that in rural areas was lower in terms of financial account ownership. Since 2017, the number of MFS accounts has grown rapidly, reaching 96.5

²⁷ World Bank, World Development Indicators.

²⁸ Bangladesh Bureau of Statistics; www.jamalpur.gov.bd, www.sherpur.gov.bd, www.sirajganj.gov.bd, and www.tangail.gov.bd.

million registered clients and 36.7 million active accounts, respectively representing around three fifths and one quarter of the population, in April 2021.²⁹ Nevertheless, in 2020, with an overall financial inclusion score of between 40 and 42 (compared to an average score of 54 in the East and South Asia region and 53 in lower middle income countries) out of 100 (representing the ideal financial inclusion environment), Bangladesh was ranked 44 among 55 countries by the Global Microscope survey.³⁰

Exhibit 2.3 Financial Inclusion Indicators: 2014 and 2017

| Indicator | 2014 | 2017 |
|--|------|------|
| Account ownership, total (% age 15+) | 31 | 50 |
| Account ownership, women (% age 15+) | 26 | 36 |
| Account ownership, rural (% age 15+) | 20 | 50 |
| Financial institution account ownership, total (% age 15+) | 29 | 41 |
| Financial institution account ownership, women (% age 15+) | 25 | 32 |
| Financial institution account ownership, rural (% age 15+) | 28 | 40 |
| Mobile money account ownership, total (% age 15+) | 3 | 21 |
| Mobile money account ownership, women (% age 15+) | 2 | 10 |
| Mobile money account ownership, rural (% age 15+) | 2 | 22 |

Source: World Bank, Global Findex

FMCG Sector Overview. The *wholesale and retail sector represents around 13% of the Bangladesh's GDP*.³¹ The Bangladeshi FMCG sector – including food and beverages, beauty and personal care, and household care - is in turn dominated by a dozen of larger players, including Unilever Bangladesh and Nestlé Bangladesh as well as the Bangladeshi PRAN-RFL Group.³² In addition to traditional FMCG companies, suppliers and distributors, a couple of innovative start-ups have started serving the retail segment, including MMs, in recent years. For example, ShopUp,³³ founded in 2017, provides business-to-business sourcing through an e-commerce platform as well as logistical services and MSME finance. It is currently operative in all 64 districts and aims to reach 5 million retailers/shops by 2024. With specific regard to the MM segment, MDDRM-supported research³⁴ assessed the total MM population in Bangladesh at around 1.3 million (7% women, 38 years average age) in 2018. This is almost double the number in 2003, with an additional 50,000 MMs entering into activities each year. In total, the MM sub-sector is estimated to involve a total of 1.9 million individuals.

Other Relevant Initiatives. The MDDRM component operated in parallel with numerous other digital and financial inclusion initiatives promoted by the GoB and/or other DPs. Other relevant interventions include for example:

- The **a2i programme** implemented by the GoB with support from UNDP and other DPs. In particular, a2i has supported the establishment of 4,500+ digital centers at the union council level towards providing even the remotest villages with access to online services, including digital government-to-person (G2P) payments. Furthermore, it hosts the DFS Lab+ in collaboration with Bangladesh Bank towards expanding and deepening digital financial inclusion as well as provides funding for innovations (with around US\$4.5 million awarded to almost 250 awardees to date).³⁵
- The UN-promoted **BTCA**, a partnership between governments, private sector actors and international organizations hosted by UNCDF, focuses on accelerating the transition from cash to responsible digital payments in low- and middle-income countries. BTCA provides support to Bangladesh Bank for

²⁹ Bangladesh Bank: www.bb.org.bd/fnansys/paymentsys/mfsdata.php

³⁰ Economist Intelligence Unit (EIU), Global Microscope: <http://www.eiu.com/landing/Global-Microscope>

³¹ Bangladesh Bureau of Statistics: bbs.gov.bd

³² www.unb.com.bd/category/Business/top-fmkg-companies-in-bangladesh-at-a-glance/63105

³³ shopup.com.bd

³⁴ EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh, January 2019.

³⁵ a2i.gov.bd

the development of a digital finance roadmap as well as the digitization of salaries in the ready-made garment (RMG) industry.³⁶

- The UK-funded ***Business Finance for the Poor in Bangladesh (BFP-B) programme***, a 2013-2021 initiative that promotes access to finance for micro and small enterprises towards promoting the inclusion of unserved or underserved business segments in the formal financial sector. To this end, it has for example supported the GoB in the development of the country's first National Financial Inclusion Strategy as well as provided challenge funding to 36 different initiatives.³⁷
- The ***Second Small and Medium Sized Enterprise Development Project (SMEDP2)*** funded by the Asian Development Bank (ADB). This initiative started in 2016 and provides a total of US\$2 million in wholesale credit lines in support of SMEs (mostly in the manufacturing sector, but, especially after the Covid-19 pandemic, also trading) as well as entrepreneurship training to micro and small businesses (including over 400 women entrepreneurs).³⁸

³⁶ www.betterthancash.org

³⁷ www.bfp-b.org

³⁸ www.adb.org/projects/36200-023/main and 19 May 2021 ADB interview.

3. Evaluation Approach and Methodology

3.1 MDDRM Theory of Change

The Evaluation was based on a reconstruction of the ‘theory of change’ (ToC) of the MDDRM component. The MDDRM ToC can be described with reference to five main elements. In particular:

- The first element refers to the **challenges** addressed by the MDDRM, e.g. the financial exclusion of low-income people, including the limited use of DFS;
- The second consists of the **inputs** available to address these challenges, which include the financial and human resources as well as MDDRM partnerships (such as Bangladesh Bank and the three implementing partners) and the engagement of other beneficiaries and stakeholders;
- The third concerns the **activities** through which available resources have been deployed (for example the provision of funding to pilot promoters under Pillar 4) as well as the **outputs** delivered by the MDDRM-funded activities (e.g. capacity building tools, information and support services are developed and provided to MMs – Output 2);
- The fourth element relates to the ‘transformation’ of the outputs into **outcomes**, i.e. the discrete changes that the MDDRM component is expected to generate, such raised awareness and knowledge of products, services, rights, and responsibilities among MMs and consumers (policy makers/regulators, private sector actors) towards promoting DFS uptake (Pillar 3); and
- Finally, the fifth element refers to the expected **impact** (or development outcome) of the MDDRM component, i.e. greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh (through greater integration with FMCG and financial services value chains), as well as – ultimately – its intended ultimate impact in terms of reducing poverty (through increased consumption and employment as well as reduced gender disparities in economic participation and financial access).

The MDDRM ToC is based on a set of **assumptions**, which mostly refer to: (i) the actual availability of financial and human resources; (ii) the degree of commitment and buy-in of relevant counterparts, including GoB partners (such as Bangladesh Bank), the three implementing partners and the pilot promoters; and (iii) the willingness of MMs and consumers to uptake new products, services and models. Finally, MDDRM’s expected results chain is influenced by the presence of **other concomitant initiatives** - including the BMGF-funded policy advocacy component, but also similar initiatives of other development partners (DPs) or the GoB - as well as the existence of **external factors** - such as more general market, economic and/or political developments as well as the Covid-19 pandemic) - which - directly or indirectly - may affect the environment in which the MDDRM component operated. The MDDRM ToC, as reconstructed by the Consultant based on the SHIFT SAARC ToC as well as the framework documents for the SHIFT SAARC programme and the SHIFT SAARC in Bangladesh project, is attached in Annex C.

3.2 Evaluation Matrix

The specific aspects to be analyzed by the Assignment were spelled out in the ToR in the form of **six higher-level evaluation questions** (EQs) linked to the six evaluation criteria. In particular:

- **Relevance** - EQ1 The extent to which MDDRM objectives and design respond to the priorities and needs of the country, target entities/groups and final beneficiaries;
- **Coherence** - EQ2 The extent to which MDDRM is consistent with UNCDF’s work (internal coherence) as well as with other interventions in the country (external coherence);
- **Effectiveness** - EQ3 The extent to which MDDRM has achieved its intended results, referring to both output delivery (i.e. the extent to which MDDRM has delivered the expected outputs by implementing planned activities and reaching out to the intended target groups, such as providing relevant data and research under Pillar 1) and outcome achievement (i.e. the extent to which the delivery of MDDRM

outputs, such as the training provided to MMs under Pillar 2, have translated into the achievement of expected outcomes in terms of changes in for example the business management capacity). It should be noted that while the delivery of outputs (implementation of activities) relates to the direct results of the MDDRM component (i.e. aspects that MDDRM/UNCDF has control over), the achievement of outcomes relates to the indirect results of the MDDRM component (i.e. aspects that partners, beneficiaries and other stakeholders have control over);

- **Efficiency** – EQ4 The extent to which MDDRM has delivered results in an economic, timely and well managed/governed way, considering the use of funds and timeliness (financial efficiency) as well as management and oversight (operational efficiency);
- **Possible impact** – EQ5 The extent to which MDDRM is expected to reach its specific objectives (development outcome); and
- **Prospects for sustainability** – EQ6 The extent to which the results of MDDRM are likely to be sustained / continue beyond the completion of the intervention.

The six broader EQs are supported by a total of **24 sub-questions**. Some of these EQs specifically cover the **cross-cutting issues** of gender equality and human rights (or inclusion).³⁹ Each question refers in turn to a number of judgment criteria and performance indicators, namely the standards and evidence to be relied upon in order to provide an assessment. Together with the means and sources used for verifying the evidence (as further outlined in Section 3.3 below), the EQs and judgement criteria/performance indicators constitute the **evaluation matrix**, which served to guide the evaluation process. The full-fledged evaluation matrix is presented in Annex D.

3.3 Evaluation Methods

Introduction. The Evaluation relied on varied methods for the collection and elaboration of evidence (also defined as ‘means and sources of verification’ in the evaluation matrix). These included the **desk review of documentary sources** for the retrieval of secondary information as well as **consultations with stakeholders and beneficiaries** at various levels for the generation of primary evidence. Furthermore, based on a combination of the various sources of information, the Assignment included four **case studies** for a more in-depth assessment of selected actions promoted by the MDDRM component. The use of different data collection methods and sources subsequently allowed for **data aggregation and analysis** based on the triangulation and verification of findings towards providing an assessment as comprehensive, accurate and credible as possible.

Case Studies. The Evaluation involved the preparation of four case studies towards looking more closely at certain parts of the MDDRM component; and namely: (i) the **Amar Dokan related work** (including both the educational toolkit, i.e. the Amar Dokan booklet and app, and training) implemented by Dnet in all four target districts (and nationally) in support of building the capacity of MMs under Pillar 2; as well as – under Pillar 4 - (ii) the **Bank Asia pilot**, which promoted a digital payment platform facilitating transactions of MMs and their customers and valorizing data for alternative credit scoring and extension in the Jamalpur, Sherpur and Sirajganj districts; (iii) the **iSocial pilot**, which focused exclusively on female MMs women (i.e. Kallyani women) through the provision of basic business (and health services) training in the Sherpur and Sirajganj districts and the development of a digital platform; and (iv) **the SureCash pilot, and in particular the TallyKhata app**, a bookkeeping tool promoted in all four target districts (as well as nationally). Relying of both the review of relevant documentary sources and consultations with stakeholder and beneficiaries (see below), the case studies focus on achievements and challenges towards identifying lessons learned. The four case studies are attached in Annexes M through P.

³⁹ Human rights are considered more broadly as the internationally recognized human and related rights - as defined by (i) the Universal Declaration of Human Rights, (ii) the International Convention of Economic, Social and Cultural Rights, and (iii) the International Covenant on Civil and Political Rights – but, for the purposes of this Evaluation, human rights refer more specifically to considerations for the inclusion of disadvantaged, marginalized or vulnerable groups (such as ethnic minorities, youth, people with disabilities, etc.).

Documentary Review. The desk review covered the following six categories of documentary sources: (i) project/programme documentation - namely MDDRM/SHIFT SAARC related material, including strategic and planning documentation, budget allocation and expenditure figures, progress reports and other information from implementing partners and pilot promoters, reports to donors, the MTE, etc; (ii) MDDRM products - including the knowledge products produced under Pillar 1 and other MDDRM-funded material tools (such as the Amar Dokan booklet and the tools promoted by the pilots); (iii) UNCDF documentation - notably documentation related to the strategic direction of UNCDF globally as well as in Bangladesh; (iv) development partner documentation - this comprises broader UN and EU strategies as well as information on relevant initiatives implemented or supported by other DPs (including the UN-promoted Better than Cash Alliance and the EU-funded PRISM project); (v) national policies, etc. - namely national development plans and policies, relevant regulatory pieces as well as material on relevant GoB initiatives (notably the a2i programme, implemented by the GoB with UNDP funding); (vi) other relevant documentation - notably background information on the Bangladeshi country context, including data from the World Bank and the Bangladesh Bureau of Statistics (BBS). Overall, the **review covered over 100 documents**. The list of consulted documentation is attached in Annex E.

Consultations – Interviews with Stakeholders at Global, Macro, Meso, and Market Level. Interviews with stakeholders were based on a flexible checklist of themes for discussion (attached in Annex F) and **involved a total of 72 representatives from 31 different entities**, namely: (i) UNCDF (including five members of the SHIFT SAARC / MDDRM team and another five UNCDF staff at the Regional Office for Asia and headquarters) and five DPs/initiatives at the global level; (ii) three GoB partners/initiatives (including Bangladesh Bank and the Ministry of Finance) at the macro level; (iii) two implementing partners (i.e. BDMS and Dnet)⁴⁰ and three other entities at the meso level; and (iv) all ten pilot promoters and seven other actors at the market level. The complete list of interviewed stakeholders is attached in Annex G. The interviews were carried out online because of Covid-19 related travel and quarantine restrictions.

Consultations – Interviews with MMs at Micro Level. Interviews at the micro level covered the four case studies, i.e. MMs supported by the Amar Dokan work and onboarded by the Bank Asia, iSocial and SureCash/TallyKhata pilots. The interview program was based on a structured questionnaire (attached in Annex H) and **included a total of 84 MMs (one third women) in all four target districts** and 12 *upazilas* (see Exhibit 3.1 overleaf). Some of the interviews with Bank Asia and iSocial MMs in the Sherpur district were carried out in-person, but the bulk of the MM interviews were done over the telephone due to local Covid-19 related restrictions. Following a random sampling based on (i) location of onboarded/support MMs, (ii) reported activity levels and (iii) different parameters from the baseline data collected by the pilot promoters (age, level of education, value of daily sales, etc.), the pool of interviewees included a **diverse group of MMs**. Ranging between 24 and 61 years of age (average 34), interviewed MMs had different levels of education (ranging from only primary schooling up to university degrees) as well as smartphone access (73% with smartphone and 21% with no phone) and financial/MFS access (including 11% without bank and MFS account). Selling mostly groceries (but also cosmetics and confectioneries), interviewed MMs, with an average of nine years in business, included those who had just recently started activities as well as those with well established shops. The sizes of the business activities also varied, with average daily sales ranging from as little as BDT500 (~US\$6) up to as much as BDT100,000 (~US\$1,175). An overview of the profiles of the interviewed MMs across the four case studies is provided in Annex I. Finally, in the Sherpur district, the Assignment also included interviews with three MMs not supported/onboarded by the MDDRM component.⁴¹

⁴⁰ The Consultant also approached FBBCI on several occasions, but the interview was eventually never scheduled due to staff changes, elections and the Covid-19 pandemic.

⁴¹ The Assignment originally envisaged briefer interviews also with MMs (2-3 in each target district) who had not been supported/onboarded by the MDDRM component towards gathering information on possible demonstration/replication effects of MDDRM-supported activities at the micro level. However, since in-person fieldwork was halted due to the Covid-19 pandemic (see Section 3.4 below), only three such interviews were carried out.

Exhibit 3.1 Interviews with MMs

| Upazila | Amar Dokan | Bank Asia | iSocial | SureCash/TallyKhata | Total |
|-------------------|------------------------|-----------------|------------------|---------------------|-----------|
| Jamalpur | | | | | 20 |
| Jamalpur Sadar | | 10 | | | 10 |
| Islampur | 5 ⁴² | | | | 5 |
| Sarishabari | 5 | | | | 5 |
| Sherpur | | | | | 22 |
| Sherpur Sadar | | | 12 (4 in person) | | 12 |
| Nakla | | 5 (4 in person) | | | 5 |
| Nalitabari | | 5 (3 in person) | | | 5 |
| Shirajganj | | | | | 21 |
| Shirajganj Sadar | | | | 10 | 10 |
| Belkuchi | | | 5 | | 5 |
| Ullah Para | | | 6 | | 6 |
| Tangail | | | | | 20 |
| Tangail Sadar | | | | 5 | 5 |
| Ghatail | 11 | | | | 11 |
| Mirzapur | | | | 5 | 5 |
| Total | 21⁴³ | 20 | 23 | 20 | 84 |

Consultations – Focus Group Discussions with MMs at Micro Level. Before local Covid-19 related restrictions came into force, the Consultant was able to host an in-person FGD with 6 iSocial MMs in the Sherpur district (i.e. in Sherpur Sadar). Subsequently, an online FGD with 15 Bank Asia MMs in the Jamalpur district was also facilitated with the kind assistance of Bank Asia officers. FGDs with MM onboarded by the Bank Asia and iSocial pilots hence **included a total of 21 MMs in two districts.**

Data Aggregation and Analysis. In order to register, aggregate and assess the information from the interviews (and FGDs), the Consultant made use of (i) **transcription files** for the interviews with stakeholders at the global, macro, meso, and market level and (ii) **data input/analysis sheets** for the interviews (and FGDs) with MMs at the micro level following the structure of the checklist/questionnaire. The key points, and relevant anonymized quotes, from the consultations at all levels were highlighted. The transcription files and input/analysis sheets were completed shortly after the interviews (and FGDs) as well as cross-checked between the members of the evaluation team in order to avoid and correct for possible errors. Final quality assurance of the files/sheets was provided by the Team Leader. Findings from the various consultations with informants as well as the documentary review was then **triangulated** towards ensuring validity and significance. The analysis, as well as subsequent reporting, **followed the structure of the evaluation matrix** and related EQs.

⁴² One of the MMs supported by Dnet in Islampur was also onboarded by the Bank Asia pilot, but the interview refers only to the Dnet support.

⁴³ Among the interviewed MMs supported by Dnet, 4 had received MM training and the *Amar Dokan* booklet as well as downloaded the *Amar Dokan* app, 14 had received MM training and the booklet, 1 (in Islampur) had received the booklet and downloaded the app, and 2 (both in Ghatail) had only downloaded the app.

Box 3.1 Integration of Gender Equality and Human Rights⁴⁴

Gender equality and human rights were considered **areas of cross-cutting importance** and the Evaluation addressed these perspectives in programme design as well as implementation at all levels of the intervention (i.e. macro, meso, market, and micro level). For example, under relevance, the extent to which MDDRM design incorporated gender equality and human rights was considered (EQ1.3). In assessing output delivery, attention was paid to for example the number of knowledge products incorporating gender issues, the number of women trained or onboarded, etc. (EQ3.3). The utilization of resources for the integration of gender was also reviewed (EQ4.4), while the assessment of (likely) impact included considerations for possibly changed attitudes and behaviors towards gender equality and human rights among partners and beneficiaries at various levels (EQ5.4).

When analyzing data, attention was paid to **potential gender differences** with regard to for example the satisfaction with outputs delivered, willingness and capacity to uptake DFS, changes in business performance, etc. The gender dimension was also considered within the data collection process as such. For example, the Evaluation included the organization of one all female FGD with supported MMs; namely Kallyani women as supported by the iSocial pilot. Furthermore, it is important to note that gender concerns not only women, but should rather be looked at from a holistic point of view. For example, young unemployed men can also constitute a vulnerable group in some countries, albeit this did not seem to be an issue in the case of the MDDRM component. Finally, the evaluation team itself used gender neutral, or gender balanced, language in both written and oral communications.

The Evaluation also sought to address the broader dimension of human rights by looking at the possible **inclusion of disadvantaged or marginalized groups**, such as youth and people with disabilities. This primarily involved an assessment of the extent to which the MDDRM component included disadvantaged/marginalized groups in the implementation of its activities (i.e. training activities targeted at youth, etc.).

Box 3.2 Ethical Considerations

The Evaluation was carried out by a diverse group of five professionals⁴⁵ who adhered to the principles set out by the United Nations Evaluation Group (UNEG) Code of Conduct for Evaluation in the UN System (2008) and the Evaluation Consultants Agreement Forms (as signed by all five evaluation team members and attached in Annex J). More specifically, all MMs and stakeholders were treated with **respect and professionalism**. No informants were obliged to participate in consultations or to provide answers to questions that she/he/they could not or did not wish to provide feedback on. The evaluation team commenced all meetings (interviews and FGDs) by assuring the interviewees/participants that the Evaluation was an independent exercise. As such, their answers and feedback were treated as strictly confidential and not disclosed to any third party. Interviewees within the same entity (such as Bangladesh Bank) were also offered the opportunity to be interviewed individually. MMs were assured that the interviews and FGDs were not 'interrogations' (or tests/exams), while the FGDs did not require participants to reveal more 'private' feedback (such information on business performance). Feedback (including specific quotes) have only been presented in an aggregated and/or anonymous manner in this Report. Any data input and analysis files to be shared with the Client will not include the names of persons or specific entities.

With regard to **cultural and social aspects**, the two local consultants informed the other evaluation team members of Bangladeshi customs (codes of conduct) relevant when contacting and interviewing beneficiaries at the micro level and stakeholders at the macro, meso and market level. When requested/preferred by the macro, meso or market level interviewees, the interviews were carried in Bangla by of one of the local consultants. Finally, the two local consultants conducted all interviews and FGDs at the micro level.

⁴⁴ Human rights are considered more broadly as the internationally recognized human and related rights - as defined by (i) the Universal Declaration of Human Rights, (ii) the International Convention of Economic, Social and Cultural Rights, and (iii) the International Covenant on Civil and Political Rights - but, for the purposes of this Evaluation, human rights refer more specifically to considerations for the inclusion of disadvantaged, marginalized or vulnerable groups (such as ethnic minorities, youth, people with disabilities, etc.).

⁴⁵ Namely: (i) Team Leader - Swedish national and economist with 20+ years of experience in the evaluation of development cooperation initiatives related to private sector development (including financial inclusion); (ii) Lead Inclusive Finance Expert - French national and engineer with 10+ years of experience in technology strategies for MFIs, including MIS and digital finance / FinTech solutions; (iii) Local Consultant - Bangladeshi national with 10 years of experience in monitoring and results measurement of initiatives related to financial inclusion and market development, private sector development, SME development; (iv) Local Consultant - Bangladeshi national with 10 years of experience in impact evaluations, M&E and learning, and project management in several fields (including gender and human rights); and (v) Project Director - Dutch national with almost 20 years of experience in leading evaluations, including assessments of social impact of international programs in various sectors.

3.4 Limitations and Challenges

Covid-19 Related Issues. The Covid-19 pandemic *prevented in-person consultations* with MMs (except, as mentioned above, some Bank Asia and iSocial MMs in the Sherpur district)⁴⁶ and other stakeholders. Consequently, the stakeholder interviews were carried out online by video conferencing, while the MM interviews were done over the telephone. While in-person interactions - allowing for more direct contact and, in the case of MMs, on-premises assessment - are preferable, the fact that the interviews had to be carried out online or over the telephone is not considered to have greatly affected the Evaluation. Finally, due to the impossibility of in-person fieldwork, FGDs with Amar Dokan and SureCash/TallyKhata MMs as well as interviews with consumers and other MMs who had not been supported/onboarded by the MMDRM could not be carried out.

Data Availability. The availability of evidence (including baseline information on onboarded/supported MMs) was generally sufficient for an adequate assessment of the MDDRM component. Some shortcomings should nevertheless be mentioned. For example, given the nature of activities carried out under Pillar 3 (i.e. targeting a wider and unknown audience) and the impossibility of in-person fieldwork due to the Covid-19 related restrictions, only limited and sporadic information was available to support the appraisal beyond outreach (output delivery) for Pillar 3. Similarly, the assessment of possible impact primarily relied merely on consultations with onboarded/supported MMs and qualitative feedback from the pilot promoters. Furthermore, since the pilots had only recently been completed, more comprehensive information/feedback on actual changes is simply not available since results at the impact level have yet to materialize. Consequently, *evidence regarding possible impact can only be considered anecdotal.*

Data Use. Consultations at the micro level were also *not meant to provide statistically significant results*, but rather only to report on a selected number of onboarded/supported MMs. Results from the MM interviews can hence not be translated onto all MMs supported by the MDDRM component or, even less so, the entire MM population in the four target district or Bangladesh. Nevertheless, with a total of 84 interviewees and 21 FGD participants, a fairly broad variety of answers were collected towards at least pointing to some important results.

MDDRM Contribution. Based on the resources available for the Assignment, the evaluation design *did not allow for an adequate (quantitative) counterfactual assessment or control group comparison.* Furthermore, intended interviews with MMs who had not been supported by the MDDRM component could not be carried out because of local Covid-19 restrictions. Nevertheless, feedback was solicited from both MMs and pilot promoters on what they would have done, or not done, had MDDRM support not been provided towards gathering some anecdotal qualitative 'counterfactual' evidence of the results of the MDDRM component. Finally, considering the *existence of other intervening factors* (including other initiatives in the country, but also the general economic context), focus was placed on contribution rather than on attribution. I.e., it is not possible to prove definitively or isolate the actual casualty link between MDDRM-promoted activities and system or market-level results. Interviewed MMs and other stakeholders were consequently asked to what extent they believe implemented MDDRM activities and consequent outputs to have contributed to the expected outcomes (such as increased business management capacity) and possible impact (e.g. increasing sales). Finally, since the MDDRM component was *part of a project that included also the BMGF-funded policy advocacy component*, the 'unbundling' of support, and hence also the contribution, is not clear-cut. While the policy advocacy component partially overlaps with activities under Pillar 3, the BMGF has also partly financed some research activities under Pillar 1. The staff/consultant costs of the project management team have also been financed by both the EU and the BMGF.

⁴⁶ The in-person fieldwork in the Sherpur district was carried out adhering to customary hygienic practices (physical distancing, use of face mask, hand-washing, etc.) towards reducing Covid-19 transmission.

4. Relevance

The MDDRM component was a very relevant initiative. Fully in line with GoB priorities regarding financial and digital inclusion, within the context of the Bangladeshi economy it included a well placed focus on the FMCG sector as well as on four relatively poorer and disadvantaged districts. The needs of MMs and GoB counterparts are also considered to have been adequately identified and addressed, also thanks to its integration of real economy and financial sector work. Nevertheless, because of its concentration on the male dominated MM sub-sector and the closure of the BMGF-funded policy advocacy component in March 2019, the MDDRM component did not completely build upon or materialize initial SHIFT SAARC ambitions with regard to the inclusion of women.

4.1 Alignment with Country Priorities and Context [EQ1.1]

Alignment with GoB Objectives. The MDDRM objective of, ultimately, reducing poverty by promoting greater growth and competitiveness of retail merchants through supporting financial inclusion and supply chain integration and focusing on digital service provision can be considered *well aligned with the priorities of the GoB* as spelled out in various national development and strategic documents. The promotion of a ‘Digital Bangladesh’, recognizing also the gender divide with regard to access and use of ICT, was an integral part of GoB’s 2021 Vision.⁴⁷ This vision also promoted enhanced access to microfinance as one of the strategies for accelerated poverty reduction. Similarly, the seventh five-year plan⁴⁸ for the 2016-2020 period included a focus on financial inclusion, also in rural areas, with *“access to finance [being] of utmost important pre-condition to promote economic activities, employment opportunities and thereby helps alleviate poverty”* (p.106). It consequently called for a continued expansion of microcredit, including credit for small scale businesses and microenterprises, as well as for the popularization of solutions for *“rural e-commerce and low-cost online transactions”* (p.631). Although retail merchants are not specifically mentioned, the plan also stressed *“[t]he growth of economic activities in the ‘informal sector’ or micro-enterprises [as] an important component of economic development”* (p.540).

These *priorities are upheld also by the current vision and plan*. In particular, the 2041 Vision⁴⁹ confirms access to finance as a key pillar of its nine-point strategy for poverty reduction and, in line with GoB’s continued ‘Digital Bangladesh’ commitment, specifically supports *“greater financial inclusion through mobile and digital technology”* (p.30). The eighth five-year plan⁵⁰ mentions digital financial inclusion for the first time and commits, also by defining specific policy interventions, to making *“the digital/ mobile financial services (DFS/MFS) system more effective in achieving financial inclusion of the poor and marginalized groups”* (p.xlviii). It also recognizes the growing financial inclusion gender gap as a cause for concern. Furthermore, although just recently approved, the National Financial Inclusion Strategy (NFIS)⁵¹ has been several years in the making and strongly emphasizes DFS as key towards promoting financial inclusion across the country. The eighth seven-year plan also commits to the development of a digital financial inclusion strategy by 2023.

⁴⁷ GoB (General Economics Division, Planning Commission), Perspective plan of Bangladesh 2010-2021: Making Vision 2021 a reality, April 2012.

⁴⁸ GoB (General Economics Division, Planning Commission), Seventh five year plan FY2016 - FY2020: Accelerating growth, empowering citizens, 11 November 2015.

⁴⁹ GoB (General Economics Division, Planning Commission), Making Vision 2041 a reality: Perspective plan of Bangladesh 2021-2041, March 2020.

⁵⁰ GoB (General Economics Division, Planning Commission), 8th five year plan July 2020 – June 2025: Promoting prosperity and fostering inclusiveness, December 2020.

⁵¹ GoB, National Financial Inclusion Strategy: Journey towards sustainable and impactful financial inclusion through digitization and innovation, 10 April 2021. The development of the strategy was primarily supported by the UK-funded BFP-B programme and to some extent also the BMGF-funded policy advocacy component.

Box 4.1 Alignment with Gender Priorities

Through the initial gender focus (see Section 4.3 below) and subsequent activities carried out in support of women MMs, the MDDRM component was ***also in line with the GoB's gender priorities***. Albeit somewhat dated, the 2011 National Women Development Policy⁵² specifically targets access to and expansion of both credit/finance and training for the employment and economic empowerment of women. The importance of technology is also highlighted.

The ***relevance of the MDDRM objectives and design is confirmed also by interviewed macro level stakeholders***, who consider MDDRM to be very aligned with the priorities of the country (*"It is definitely in line with the political agenda"*). In particular, since the 'Digital Bangladesh' vision seeks to *"bring digital services to the doorsteps of its citizens"*, MMs are believed to be an important gateway to these doorsteps (*"They are in every corner of every village in Bangladesh, serving their every daily needs"*). Microenterprise digitalization and support are generally considered a top priority for the country; also from the point of view of their eventual formalization (*"which is very important for our economy"*). Interviewed stakeholders at other levels also concur with the relevance of the MDDRM component (*"Financial inclusion and value chain integration are seriously important topics for Bangladesh"*).

Alignment with Country Context. First, as outlined in Section 2.2 above, the wholesale and retail sector accounts for around 13% of the Bangladeshi economy. At the time of MDDRM preparation, the FMCG industry in particular - sustaining an annual private consumption growth rate of around 10% - was one of the fastest growing sectors of the Bangladeshi market,⁵³ and hence a sector with promising business and employment opportunities. Furthermore, the research carried out by the MDDRM component (i.e. the MMLA) estimated the MM segment at some 1.3 million MMs, with a total employment engagement of around 1.9 million (i.e. including MMs as well as their employees and unpaid family members) and around 50,000 people entering the market each year. Although the MM segment engages only a small share (just above 1%) of the total population and more than half (56%) of MM businesses are very small (i.e. with an annual turnover below US\$1,900), the MM sub-sector was estimated to generate a total of around US\$18 billion in annual turnover, which corresponded to almost 7% of the GDP when the MMLA study was carried out in 2018.⁵⁴ As also concurred by interviewed macro and global level stakeholders, ***targeting the FMCG sector and the MM sub-sector can consequently be considered a well placed focus in the context of the Bangladeshi economy***. Again, concentrating on MMs as *"last mile distributors and facilitators"* is deemed as particularly appropriate. Finally, given that many MMs were found by the MMLA to be very small (as stated above) as well as informal (with one third never having had a trade license), a good share of the MM segment likely belongs to the poorer strata of the population. Focusing of this sub-sector, and especially in the four target districts (see below), can hence be deemed ***suitable also from a poverty reduction perspective***.

Second, as also illustrated in Exhibit 2.2 in Section 2.2 above, the level of financial inclusion was still relatively low in 2017, with only half of the adult population (and 36% of the adult female population) with account ownership and - despite a comparatively substantial mobile phone (but low smartphone) penetration at the time⁵⁵ - only one fifth (one tenth for women) with mobile money account ownership.⁵⁶ Furthermore, although mobile money transactions were growing rapidly at the time of MDDRM preparation (having increased from nil in 2011 to over 1 billion in 2015), 94% of all transactions were

⁵² GoB (Ministry of Women and Children Affairs), National Women Development Policy 2011, March 2011.

⁵³ EBL Securities, FMCG industry review of Bangladesh, 21 June 2018.

⁵⁴ I.e. 274 billion in current US\$ (World Bank, World Development Indicators).

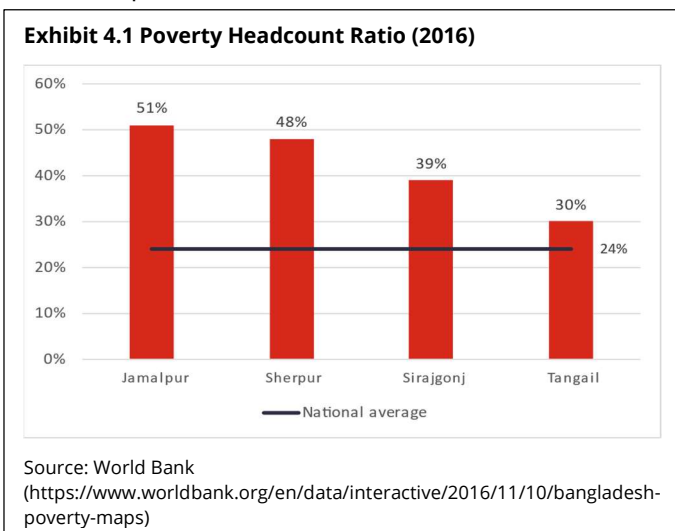
⁵⁵ In 2016, the unique subscriber mobile phone penetration in Bangladesh stood at 53% (compared to 48% in India and 50% in Southern Asia), while smartphone penetration was only just above 5% (compared to 22% in India). See Groupe Spéciale Mobile Association (GSMA), Economic impact: Bangladesh mobile industry, 2017 and Newzoo, Global mobile market report, 2017.

⁵⁶ It should also be noted that while the level of account ownership in Bangladesh was lower than in the South Asia region (70% adult population and 64% adult female population), the mobile account ownership was higher (4% adult population). See 2017 Global Findex data (<https://globalfindex.worldbank.org>).

estimated to be made in cash and the digital transactions were heavily dominated, as supported by the ‘Digital Bangladesh’ vision, by G2P payments.⁵⁷ The MMLA also revealed that few MMs are digitally connected (30% smartphone and MFS account ownership). The **relatively low levels of (digital) financial inclusion provided ample scope of work** for the MDDRM component and the UNCDF is generally considered by interviewed stakeholders to have “stepped into this space” appropriately.

On the whole, although a couple of interviewed stakeholders at market level believe the digital focus to have been a bit premature for Bangladesh (“The market is not yet ready; need another two-three years ... you need digital adaptation before being able to penetrate”), **most stakeholders agree with the appropriateness of the MDDRM approach** in relation to the stage of development of the Bangladeshi DFS context (“The ecosystem was ready to receive this promotion”; “Bangladesh was ready, digital understanding is increasing”). Even if interviewed stakeholders also at the macro level recognize that there are still some gaps (“The DFS system is not yet at par”), most consider that you have to start from somewhere in a “chicken and egg” situation. The MDDRM approach of piloting something and “preparing the ground” is therefore deemed suitable. Nevertheless, a couple of stakeholders considered that the **informality of the MM sector was not adequately taken into account** and that, consequently, the MDDRM initiative should have sought to engage MFIs (“which are more used to dealing with this kind of segment”) rather than commercial banks (“which could not work with MMs without a trade license”).

Finally, **interviewed stakeholders generally agree with the focus on the four target districts**, where poverty rates were higher (especially in Jamalpur and Sherpur) than the national headcount ratio at the time of project preparation (“These are the places where we should engage”; “Inclusive growth has yet to reach to these four districts, where earnings are far below the national average”). The population in these districts is reportedly also less included financially as well as less active digitally than in other, more urban, parts of the country.⁵⁸ However, a couple of stakeholders pointed out that these districts are often “hotspots for pilot projects” and hence receiving a lot of attention and overlapping assistance, even if this seemingly does not apply to the MM segment (i.e. supported and onboarded MMs were generally not supported by other initiatives).⁵⁹



4.2 Alignment with Needs of Target Groups [EQ1.2]

Final Beneficiaries. The **MDDRM component can be considered to adequately have identified and sought to respond to the needs of the final beneficiaries**, i.e. the MMs. In particular, in parallel with (i) an initial preparatory qualitative study on the transactions behavior of MMs as well as (ii) a MM capacity development needs assessment carried out by one of the implementing partners,⁶⁰ the MMLA (one of

⁵⁷ While 69% of G2P payments were made digitally, only 10% of business-to-person (B2P) and 2.6% of person-to-business (P2B) payments were made electronically. See BTCA, Bangladesh country diagnostic – Building digital Bangladesh: The way forward for digitizing payments, November 2016.

⁵⁸ In 2014, the four target districts ranked quite low in terms of financial inclusion among all 64 districts; i.e. Jamalpur 43, Sherpur 57, Sirajganj 56, and Tangail 47. Bangladesh Bank (Hasan, Md Rashel and Islam, Md Ezazul), Financial Inclusion Index at District Levels in Bangladesh: A Distance-based Approach, May 2016.

⁵⁹ However, in some areas, pilot promoters, having to onboard unique MMs, competed against each other (“It was difficult for us to find MMs not onboarded by other pilots”).

⁶⁰ Dnet, 3rd installment report (Annex 3).

the main deliverables of the MDDRM component - see Section 6.1.1 below) was implemented specifically towards gaining a greater understanding of both the demand and supply side constraints as well as challenges faced by the MM segment. MDDRM activities were subsequently designed and implemented towards responding to the identified needs. For example, the Amar Dokan work under Pillar 2 sought to address limited business management capacities, while the creation of an online business registry platform by the Giga Tech pilot and the development of the TallyKhata app by the SureCash pilot under Pillar 4 sought to address, respectively, issues with formalization and poor bookkeeping practices. In support of outreach to the MM segment, the MDDRM component also carried out (i) an assessment of communications channels to be used for raising awareness and disseminating knowledge among MMs and their consumers as well as (ii) a mapping of entities providing BDS to MMs.⁶¹ The latter exercise subsequently led to training activities at the meso level (Pillar 2) targeting FMCG sales representatives and FSP/DFS agents (hereinafter 'BDS intermediaries'), instead of more traditional BDS providers (which were found to be virtually non-existent for the MM segment), towards encouraging them to provide basic BDS support to their MM clients. Finally, as also highlighted by a couple of interviewed stakeholders, ***the very design of the MDDRM component - by integrating real economy and financial sector work - focused on understanding and addressing the specific needs of a particular segment*** ("This is absolutely essential; only then do you understand the true needs").

GoB Counterparts. As also concluded by the MTE, the SHIFT SAARC in Bangladesh project "was grounded in an effective stakeholder consultation" (p.2). In preparation of the project, UNCDF carried out a scoping mission in 2016, meeting with relevant national counterparts as well as private sector players in the DFS ecosystem towards carrying out an internal socio-economic, political and financial inclusion analysis. This analysis led to the development of a concept note, which was validated by GoB counterparts during a follow-up mission, and funding proposals. The building of capacity of relevant macro level stakeholders (namely Bangladesh Bank and MoF) was subsequently primarily the remit of the BMGF-funded policy advocacy component (see Box 2.1 in Section 2.1 above), while MDDRM support at this level was more indirect. Feedback in this regard hence refer to the project as a whole, and ***interviewed macro level stakeholders generally consider SHIFT SAARC in Bangladesh to have identified and addressed their needs*** ("UNCDF responded to our needs"; "Support was sufficient for our unit").

4.3 Cross-cutting Issues [EQ1.3]

The ***design and preparation of the SHIFT SAARC in Bangladesh project, including the MDDRM component, included a dedicated focus on gender inclusion***. For example, the overall objective of the MDDRM component ultimately targets "reduced gender disparities in economic participation and financial access". In line with UNCDF/UNDP and EU guidelines,⁶² the MDDRM funding proposal also commits to the implementation of a gender analysis and the mainstreaming of gender across all activities, as well as to the respect for human rights. Funded by the BMGF, in 2017, the SHIFT SAARC in Bangladesh project supported the implementation of a Participation of Women in Economy Realized (PoWER) country assessment on the financial inclusion of women and girls as well as the organization of a validation and dissemination workshop.⁶³ Following this preparatory assessment and consequent recommendations, increasing women's DFS participation, including the digitization of retail value chains for women, was identified as one of the key policy areas to be addressed by the SHIFT SAARC in Bangladesh project.⁶⁴ To

⁶¹ Ibid.

⁶² UNCDF, Strategy on Gender Equality and the Empowerment of Women: 2018-2021; UNDP, Gender Equality Strategy: 2018-2021; European Commission, Joint Staff Working Document - Gender equality and women's empowerment: Transforming the lives of girls and women through EU external relations 2016 - 2020, 21 September 2015.

⁶³ PoWER is UNCDF's global strategy on women's economic participation and empowerment (see <https://www.uncdf.org/power/homepage>).

⁶⁴ SHIFT SAARC Board meeting presentation, October 2017.

this end, the project committed to taking *“an active role in coordinating and formulating a policy action agenda to increase women’s participation in DFS”*.⁶⁵

However, as also highlighted by the MTE, ***subsequent efforts did not fully build upon or materialize initial ambitions***. Even if small informal home-based retail shops are recognized by interviewed stakeholders to provide potential business opportunities for women (*“It is a good entry point for female entrepreneurs”*; *“This is one sector where women can be lifted up and recognized”*), the MM sub-sector is clearly dominated by men (in fact, only 1.5% of the 2,100 MMs surveyed for the MMLA were female, while, overall, the MMLA estimates around 7% of the country’s 1.3 million MMs to be women). The MMDRM component ***nevertheless sought to include women*** by conducting gender centric research (Pillar 1), providing dedicated training to women entrepreneurs (Pillar 2), developing gender-centric communication material (Pillar 3), and implementing a pilot targeting only female MMs, i.e. Kallyani women (Pillar 4). On the other hand, with the conclusion of the BMGF-funded policy advocacy component (and the consequent departure of the policy advocacy professional from the project management team – see Section 7.2 below) and although subsequent MDDRM-supported policy briefs and recommendations consider measures to reduce barriers for women, SHIFT SAARC has not played as active a role as originally anticipated at the policy level towards increasing women’s DFS participation. Furthermore, gender indicators and targets were included in the MDDRM component’s M&E framework, but related only to output delivery (i.e. number of women trained, reached, etc. – see further Section 7.2 below). The MDDRM framework was hence not able to capture and measure potential changes in women’s economic participation and financial access. Also, apart from the iSocial pilot (which onboarded only women MMs), the procurement of the pilots did not include any specific gender targets⁶⁶ reportedly because of the greenfield nature of these initiatives in a male dominated sector (*“We couldn’t be as gender focused as we wanted when trying something new in a sector with almost only men”*).

Finally, a targeted inclusion of marginalized groups was not part of the MDDRM component. However, its general ***focus on the MM segment - a sub-sector not traditionally supported by other initiatives*** - can be considered as inclusive. Some commonly disadvantaged individuals (such as youth and the disabled) also participated in or were reached by MDDRM activities.

⁶⁵ Blog 1: Filling the data gaps: Four research actions to advance DFS in Bangladesh.

⁶⁶ Even if the second round pilots included the collection of gender disaggregated data.

5. Coherence

The MDDRM component was both an internally and externally coherent initiative. Fully aligned with UNCDF's global strategy, it was also consistent with the objectives of the SHIFT SAARC programme and complementary to the BMGF-funded policy advocacy component. Focusing on a mostly neglected sub-sector of the Bangladeshi economy and the only initiative targeting MMs, it effectively provided added value and fitted well with other financial inclusion related GoB and DP efforts. Collaborations with other DPs/initiatives could, however, have been further expanded or strengthened.

5.1 Internal Coherence [EQ2.1]

Global Level. As also affirmed by interviewed UNCDF staff at various levels, *the objectives and the design of the MDDRM component are squarely in line with UNCDF's strategic framework and IDE's global strategy.* First, the guiding principles of UNCDF's strategic framework for the 2018-2021 period include focusing on 'last mile' outreach (which the MM segment clearly facilitates) and on piloting innovations (as promoted under Pillar 4). Second, adopted in 2019, IDE's new global strategy – 'Leaving no one behind in the digital era' – focuses on promoting not only DFS but also digital economies. Financial inclusion is hence not merely seen as an end by itself, but also, or rather, as a means to an end (i.e. inclusive economic growth). Although UNCDF had been engaged in other sector-specific work in the past (notably related to clean energy and agriculture), the MDDRM component represented the first UNCDF initiative that specifically targeted linking the real economy, and hence a particular market segment, with the financial sector work (*"The focus on the real sector was a new thing for UNCDF"*). This ***integrated focus is clearly consistent with the shift in UNCDF's approach***, as signaled not only by the new global strategy (*"This link is now at the heart of our strategy"*), but also by changing the name of the 'Financial Inclusion' Practice Area to the 'Inclusive Digital Economies' Practice Area. Furthermore, even though the retail (or services sector) is not specifically mentioned by the strategy, it targets MSMEs and MMs can clearly be considered an important market segment for, as stressed by the strategy, reaching out to the 'last mile'. Finally, the four pillars of the MDDRM component and the SHIFT SAARC programme also fit well with the global strategy's workstreams - i.e. empowered customers (addressed by the second MDDRM/SHIFT SAARC pillar), inclusive innovation (fourth pillar) and enabling policy and regulation (third pillar) – and strategic instruments (i.e. data and analysis, as covered by the first pillar).

Programme and Project Level. The objectives and the design of the MDDRM component were ***also consistent with the programme and the project of which it was part.*** In particular, by seeking to promote greater growth and competitiveness of retail merchants by supporting integration along the financial services and FMCG value chains, the MDDRM component contributed to the intended development outcome of the SHIFT SAARC programme; namely increasing access and use of financial services towards securing opportunities for employment and enterprises development. The design of the SHIFT SAARC programme in turn, being based on the SHIFT ASEAN programme, relied on the experience of and learning from another regional UNCDF initiative. Furthermore, the SHIFT SAARC in Bangladesh project is considered complementary to other UNCDF-supported actions implemented in the country within the SHIFT SAARC framework; namely (i) the fintech innovation fund and livelihoods bonds for female MSMEs, implemented together with UNESCAP and other DPs and (ii) the financial literacy initiative for MSME supported by Visa (see Section 2.1 above). Finally, within the SHIFT SAARC in Bangladesh project as such, the MDDRM component focused on concrete and sector-specific measures at the market and micro levels; hence ***usefully complementing the BMGF-funded policy advocacy component***, which targeted more general DFS efforts at the macro level.

5.2 External Coherence [EQ2.2]

UN Framework. First, with regard to the UN's SDGs, although the MDDRM funding proposal (or the SHIFT SAARC ProDoc – see Section 2.1 above) does not explicitly target any specific SDG, the **MDDRM objectives contribute to** – as reported also in the annual progress reports to the EU – promoting: (i) sustained, inclusive and sustainable economic growth (**SDG 8** – targets 8.3, 8.5 and 8.10); (ii) resilient infrastructure, inclusive and sustainable industrialization and innovation (**SDG 9** – targets 9.3, 9.b and 9.c); (iii) inclusive and equitable lifelong learning opportunities (**SDG 4** – targets 4.3 and 4.4); all as well as – through the training (Pillar 2) and onboarding (Pillar 4) of Kallyani women and the gender related research (Pillar 1) – (iv) gender equality (**SDG 5** – targets 5.a, 5.b and 5.c); towards, ultimately, (v) ending poverty (**SDG 1** – targets 1.1, 1.2, 1.4, and 1.b). At a broader strategic UN level, MDDRM/SHIFT SAARC was **generally coherent with the United Nations Development Assistance Framework (UNDAF)** for Bangladesh in the 2017-2020 period,⁶⁷ which targeted financial inclusion and access to credit under one of its three outcome areas (i.e. 'increased opportunities'). More concretely, other UN related initiatives in the country primarily include the Better Than Cash Alliance (BTCA). As presented in Section 2.2 above, BTCA promotes the digitization of wage payments in the Bangladeshi RMG industry – another sector-specific initiative – as well as the drafting of a digital payments roadmap for the country (expected to be launched in 2021). **BTCA efforts**, and especially the digital payments roadmap, **are highly relevant for and complementary to the work of the MDDRM component.**

GoB Initiatives. The UN system also promotes other relevant initiatives in the country. In particular, supported by UNDP and other DPs, the GoB embarked on the ambitious Access to Information (a2i) programme, a flagship initiative of the 'Digital Bangladesh' agenda. As outlined in Section 2.2 above, the promotion of DFS, and especially digital G2P payments, and of other digital services lies at the heart of this initiative. It also includes an innovation fund to finance novel digital solutions in various areas. The **MDDRM component's focus on digital integration and innovation fitted very well with the a2i programme** and the two initiatives have worked together on numerous occasions. Apart from the joint organization of several stakeholder events and support for policy dialogue (see below), through MDDRM/SHIFT SAARC, UNCDF reportedly supported the a2i programme and Bangladesh Bank in the setting up of DFS Lab+ (initially FinLab BD) towards encouraging digital financial inclusion in various ways (including product/service innovation, rural e-commerce support, financial literacy, and policy/regulatory reform).

Other DP Initiatives. By **targeting a specific market segment, the MDDRM component also complemented several more general financial inclusion related initiatives** funded by other DPs (see Section 2.2 above). For example, the UK-funded Business Finance for the Poor in Bangladesh (BFP-B) facility, which promotes access to finance for micro and small enterprises, supports Bangladesh Bank in the development of the NFIS and the Microcredit Regulatory Authority in the establishment of a credit information bureau. Like the MDDRM component, BFP-B also provided funding to private sector actors for the piloting and scaling up of different business models. Similarly, the Second Small and Medium-Sized Enterprise Development Project (SMEDP2) of the ADB is supporting Bangladesh Bank, and the SME Foundation (SMEF), in supporting the SME segment by developing a national business incubator strategy as well as providing business management training and wholesale financing to FSPs for onward lending to SMEs (including women entrepreneurs) in various sectors (mostly manufacturing, but also commerce with the onset of the Covid-19 pandemic). Furthermore, at the policy level, Bangladesh Bank is also supported by the World Bank in several areas (including eKYC, electronic transfers and check clearing), while the Japan International Cooperation Agency (JICA) and the International Fund for Agricultural Development (IFAD) supports the MoF in the provision of finance to farmers and other agricultural enterprises. This **parallel policy support is also considered complementary to the SHIFT SAARC**

⁶⁷ UN, United Nations Development Assistance Framework UNDAF 2017-2020, January 2017. UNDAF is now referred to as UN Sustainable Development Cooperation Framework.

assistance by interviewed macro level stakeholders. Finally, although the scope of work of the MDDRM component did not fit squarely within any of the three main areas of EU engagement in Bangladesh for the 2014-2020 period (i.e. democratic governance, food and nutrition security, and education and skills development),⁶⁸ interviewed EU stakeholders believe it to have been complementary to the other skills development efforts of the PRISM project. Digital transformation is now also a key pillar of EU support in the country.

Box 5.1 Value Added of the MDDRM Component

Interviewed stakeholders at various levels **recognize the MDDRM component for having filled a gap by supporting an otherwise neglected sub-sector of the Bangladeshi economy.** In fact, it is the **only initiative specifically supporting MMs**, while the FMCG retail sector in general has reportedly also not been targeted by any other DP or GoB initiative before (*"This is the first time in the Bangladesh context that MMs are specifically targeted; their issues have never been raised at the national level before; "No one else is working with this segment"*). MDDRM efforts were hence both welcomed (*"It was a very generous and timely step in this ignored area"*) and considered complementary to other initiatives in the country.

Partnerships. During implementation, **MDDRM/SHIFT SAARC sought to expand its collaborations** with several of the relevant initiatives mentioned in the paragraphs above. For example, and in addition to the DFS Lab+ initiative with the a2i programme, MDDRM/SHIFT SAARC hosted a number of large financial inclusion events in association with both the a2i programme and the BFP-B facility; including: (i) the 2018 Bangladesh Digital Financial Inclusion Conference with the a2i programme and the BFP-B facility; (ii) 2019 financial inclusion data hackathon with the a2i programme; and (iii) a couple of DFCG consultation workshops with the BFP-B facility (see further Section 6.1.3 below). MDDRM/SHIFT SAARC also collaborated with the a2i programme for the organization of policy roundtables and exposure visits. Other global stakeholders, including the ADB and UN Women, also report on relatively regular formal and informal interactions with MDDRM/SHIFT SAARC towards sharing information and experiences (*"The contacts and meetings were good and useful"*).

However, the component/project, as well as the ecosystem as whole, **could probably have benefitted from further enlarging or deepening its relationships with some relevant stakeholders.** For example, beyond the more superficial high-level sharing of information with BTCA, MDDRM/SHIFT SAARC could have supported a more concrete operational engagement, and especially a stronger involvement in the development of the digital payments roadmap (an area of obvious importance for the MM segment). Similarly, while the national counterpart of the EU PRISM project – the Bangladesh Small and Cottage Industries Corporation (BSCIC) – commonly participated in MDDRM-supported events (with several BSCIC MMs attending for example the MDDRM-promoted innovation fairs – see Section 6.1.3 below – and subsequently adhering to MDDRM-supported platforms), greater engagement with BSCIC (which coordinates a total of 79 industrial estates around which many MMs work) as well as with the other PRISM grantees might have been beneficial. More structured coordination with other relevant entities – such as SMEF or the Palli Karma-Sahayak Foundation (PKSF) – could possibly also have provided support for further outreach. Interviewed MDDRM/SHIFT SAARC staff also acknowledge that more could probably have been done to raise the profile of the MDDRM work – not only in Bangladesh, but also globally – towards creating additional linkages and synergies with other efforts.⁶⁹

⁶⁸ European Commission, Development cooperation instrument: Multi-annual indicative programme (MIP) 2014-2020, 30 March 2014.

⁶⁹ It should be noted that the UNCDF Country Team has recently completed the implementation of the Inclusive Digital Economy Scorecard (IDES) in Bangladesh, which will support not only the measurement of the digital economy and the setting of priorities, but also the establishment of partnerships.

6. Effectiveness

The MDDRM component successfully reached or outperformed its output targets, with beneficiaries and target groups generally reporting to be very satisfied. Output delivery in turn brought some important results also at the outcome level, which can at least partially be accredited to the MDDRM component.

Pillar 1 produced six research reports/knowledge products, including an important landmark assessment of the Bangladeshi MM segment. The MM research in particular generated a lot of attention and has been used for both policy/regulatory formulation (i.e. introduction of personal retail accounts) and business decision making (and especially by the pilot promoters).

Pillar 2 developed an educational toolkit and platform, with the Amar Dokan booklet reaching over 23,000 MMs and the Amar Dokan app having around 15,000 regular users, as well as provided training to some 4,400 individuals (including 36 master trainers and almost 2,900 MMs, comprising some 300 women entrepreneurs, as well as over 500 representatives of MM associations and BDS intermediaries and 900 capacity building participants at various levels). These efforts effectively strengthened knowledge among MMs and led to some changes in business practices, but seemingly less in terms of DFS uptake.

Pillar 3 carried out several large-scale awareness raising events and campaigns, some of which attracted crowds of around 100-150,000 individuals each. Although evidence is scarce, there are some potentially encouraging signs - also fast-tracked by the Covid-19 pandemic - of increasing DFS uptake among MMs and consumers and growing attention to MMs among other stakeholders (although it is not possible to contribute the former growth to MDDRM efforts).

Pillar 4 implemented 10 pilots in two rounds of funding promoting a broad selection of different services, tools and models (including the successful TallyKhata bookkeeping app), with the onboarding of almost 7,000 MMs in the four target districts by completion. Although faced with various challenges (including low levels of digital literacy calling for substantial involvement of and follow-up support from market promoters), piloted solutions are being extended, with TallyKhata registered users amounting to 2.4 million and the other five first round pilots reaching almost 200,000 MMs across the country in the second quarter of 2021.

6.1 Output Delivery [EQ3.1a-d & EQ3.3]

Introduction. By completion, the MDDRM component *effectively reached, and often outperformed, its output targets* towards: (i) making relevant information and data on MMs available and accessible to policy makers/regulators and private sector actors - Pillar 1; (ii) developing and providing capacity building tools, information and support services to MMs - Pillar 2; (iii) providing awareness, education and advocacy events to MMs and consumers (policy makers/regulators, private sector actors) – Pillar 3; and (iv) piloting business models with DFS and FMCG providers – Pillar 4. Exhibit 6.1 overleaf presents a summary overview of the MDDRM component's output targets and results, while Sections 6.1.1 through 6.1.4 provide a detailed account of performance under each pillar.

Exhibit 6.1 MDDRM Output Targets and Results⁷⁰

| Indicator | Target | Result |
|---|---------|------------------------|
| Pillar 1 Data and analysis | | |
| # of research reports / data sets | 6 | 6 |
| Pillar 2 Capacity development | | |
| # of MMs reached (by Amar Dokan booklet) | 10,000 | 23,786 |
| # of regular users (of Amar Dokan app) | n/a | ~15,000 |
| # of people trained | 3,000 | 4,403 |
| # of MMs | 2,500 | 2,549 |
| # of women entrepreneurs | 225 | 322 |
| # of MM association members, etc. | 250 | 558 |
| # of master trainers | 25 | 36 |
| # of other capacity building participants | n/a | 938 |
| Pillar 3 Policy and advocacy | | |
| # of individuals reached | 100,000 | ~300,000 ⁷¹ |
| Pillar 4 Innovation incentives | | |
| # of pilots | 6 | 10 |
| # of unique MMs onboarded by pilot completion (four target districts) | 5,300 | 6,969 |
| # of registered TallyKhata users (four target districts) | n/a | 41,068 |

6.1.1 Pillar 1 – Data and Analysis [EQ3.1a & EQ3.3]

Volume and Outreach. The MDDRM component *successfully completed, as targeted, six pieces of research reports/datasets* on different topics towards making data available for the policy/regulatory formulation and business decision making processes. In particular:

- **Micro Merchant Landscape Assessment (MMLA).** In parallel with the preparatory qualitative research on the transactions behavior of MMs carried out by Dnet,⁷² this assessment – covering 2,100 MMs across the country - was the *first comprehensive study on the MM segment in Bangladesh*. In addition to the countrywide assessment,⁷³ a *‘deep dive’ report focusing on the four target districts* was also produced.⁷⁴ The two reports, available in both English and Bangla, have been distributed in more than 950 copies.⁷⁵ Furthermore, based on the MMLA research findings and upon the request of Bangladesh Bank, the MDDRM team prepared a dedicated policy brief with targeted recommendations and concrete calls for action in a number of areas towards accelerating MM growth and development.⁷⁶
- **Microentrepreneurs Asia.**⁷⁷ In order to share the data from the MMLA research with an even broader audience, an *online data portal* was set also up. This platform provides open and user-friendly access to the MMLA statistics and is expected to accommodate additional data derived from other UNCDF-supported research on microenterprises across Asia. The portal was launched in October 2018 and, by end June 2021, recorded a total of 9,494 visitors and 12,555 sessions.⁷⁸

⁷⁰ As outlined by the MDDRM logframe and tracked by the MDDRM dashboard.

⁷¹ If the participants/followers are simply added up, the various fairs and campaigns (including the Facebook campaign) under Pillar 3 reached a total of 417,312 individuals. However, since there is probably a significant overlap (with some people attending both a fair and being reached by a campaign), the adjusted outreach is estimated at around 300,000.

⁷² Dnet, EU and UNCDF, Understanding micro-merchants in Bangladesh, June 2018.

⁷³ EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh, January 2019 (<https://map.uncdf.org/article/3986>).

⁷⁴ EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh: A closer look at Jamalpur, Sherpur, Sirajganj and Tangail districts, December 2018 (<https://map.uncdf.org/article/4245>).

⁷⁵ The findings from the MMLA were also validated by a multi-stakeholder workshop (155 participants) and disseminated through a shorter research brief, infosheet and infographic leaflet.

⁷⁶ UNCDF, A think piece on assessing and improving the micro-merchant segment in Bangladesh’ dynamic industry, 2021 (<https://www.uncdf.org/article/6395/policy-note-on-improving-the-micro-merchant-segment-in-bangladeshs-dynamic-industry>).

⁷⁷ www.microentrepreneurasia.com

⁷⁸ 14 July 2021 email from the MDDRM team.

- **Digitalization Research.** A first study, circulated in over 550 copies, targeted the **digital transformation of MFIs**.⁷⁹ Based on this research, another policy brief was also drafted towards outlining the regulatory gaps and policy recommendations for supporting the digitalization of MFIs.⁸⁰ A second study focused on the **digital transformation of the FMCG supply chain** operations and payments, and also includes 'next steps' recommendations for the FMCG sector and FSPs as well as for policy makers and DPs.⁸¹
- **Gender Research.** Towards informing the gender related policy process and agenda, the MDDRM component commissioned a dedicated **consumer behavior study on the use of MFS among women** in Bangladesh.⁸² Based on the research findings, the study – which was widely disseminated, with more than 1,100 copies distributed to various stakeholders - also identifies some key recommendations for MFS providers and regulators.

In addition to these reports/datasets and related recommendations, the MDDRM component also supported the organization of a **data hackathon** in March 2019 towards encouraging the use of data in the development of products/services and formulation of policies/regulations. This two-day event was in partnership with the a2i programme and other entities, inviting representatives from the private sector, academia, regulatory bodies, DPs, etc. to collaborate and pitch data-driven ideas for promoting financial inclusion.⁸³ Around 100 teams (300 participants) took part in the first day, with 16 teams (56 participants) selected for the second day and the final selection of the winners.

Satisfaction. Consulted **stakeholders at all levels consider the MMLA an important landmark study** on the Bangladeshi MM market (*"The first of its kind in Bangladesh - when you try to find info on MMs, everything refers to SHIFT SAARC project"*). It is recognized by both public and private actors to have **filled a definite gap in data availability** and, as such, to have promoted a better understanding of the MM market (*"This was a great piece of work"; "It is an amazing study"; "That work has been a reference document for us - it is of good quality and relevant and no other work is available on this"*). Furthermore, even if it was difficult to engage the FMCG sector in the research (with especially larger companies not willing to participate), the FMCG digitalization study also produced some valid and appreciated information (*"The demand for data is great - there was a lot of interest when it was published"*). Despite dissemination efforts, the other studies are not as well known among the consulted stakeholders. Finally, the data hackathon event was also appreciated by participants, as reported to the SHIFT SAARC Board (*"This has been an incredible experience. It's not always that we get access to such free rich database"*).⁸⁴

6.1.2 Pillar 2 – Capacity Development [EQ3.1b & EQ3.3]

Volume and Outreach - Educational Toolkit and Platform. As further outlined in the Amar Dokan case study (attached as Annex M), the MDDRM component developed of a dedicated booklet (supported by a training manual) and app towards supporting widespread business development and financial education learning for MMs. Making use of both text (in Bangla) and illustrations, the **Amar Dokan booklet** provides an easy-to-understand overview of important business development areas (such as the attraction of customers and the management of supplier relations) as well as of financial education topics (including DFS and the importance of savings). At completion, a total of **23,786 copies** of the

⁷⁹ EU and UNCDF, Digital transformation of MFIs in Bangladesh: Opportunities, challenges and way forward, April 2019 (<https://www.uncdf.org/article/4484/digital-transformation-of-mfis-in-bangladesh>).

⁸⁰ EU and UNCDF, Policy brief: Digital transformation of MFIs in Bangladesh, 2019 (<https://www.uncdf.org/article/4484/digital-transformation-of-mfis-in-bangladesh>).

⁸¹ EU, Innovision and UNCDF, Digital transformation of FMCG supply chain operations and payments in Bangladesh: Challenges, opportunities and way forward, March 2021 (<https://www.uncdf.org/article/7065/digital-transformations-of-fast-moving-consumer-goods-fm-cg-supply-chain-operations-and-payments-in-bangladesh-challenges-opportunities-and-way-forward>).

⁸² EU and UNCDF, Gender centrality of mobile financial services in Bangladesh, March 2019 (<https://www.uncdf.org/article/4453/gender-centrality-of-mobile-financial-services-in-bangladesh>).

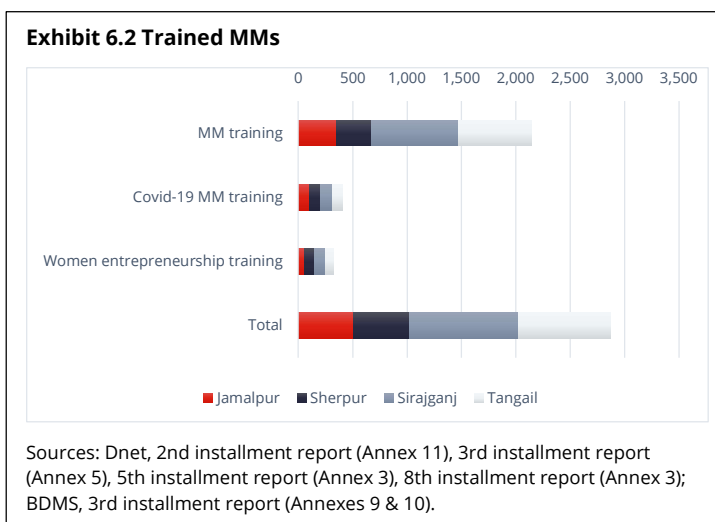
⁸³ The most common solutions focused on (i) utilizing technology to address barriers, (ii) encouraging consumer behavior through rewards, and (iii) advancing knowledge through social awareness campaigns.

⁸⁴ SHIFT SAARC Board Report 2019.

booklet had been distributed, which is significantly above the targeted amount of 10,000.⁸⁵ The **Amar Dokan app** (available as of April 2019) is primarily a bookkeeping tool allowing MMs to manage their day-to-day business transactions (including sales on credit) as well as track and analyze their business performance. The platform, which was developed considering gender, also includes a knowledge section (namely the online access to the Amar Dokan booklet).⁸⁶ The Amar Dokan app recorded over **100,000 downloads and around 15,000 regular users** (i.e. users who had used the app in the previous three months) in March 2021,⁸⁷ while it had 1,760 active daily users between February and April 2021.⁸⁸

Volume and Outreach - Training of MMs.

Based on the structure and content of the Amar Dokan booklet (supported by the training manual), a dedicated one-day training module (hereinafter 'MM training') was developed and provided in various batches, covering most *upazilas* in the four target districts, to a total of 2,141 MMs (13% women, ranging from 5% in Sherpur to 22% in Jamalpur). Apart from women, some commonly disadvantaged or marginalized individuals (such as youth and the disabled) also participated in the MM training.⁸⁹ In response to the Covid-19 pandemic, the MM training module was adapted and delivered



to an additional 408 MMs (hereinafter 'Covid-19 MM training' - see Box 6.1 below). Finally, as a complement to the MM training, dedicated training was also provided to 322 (overreaching the target of 225) female MMs (hereinafter 'women entrepreneurship training'). This training was provided primarily to Kallyani women through the iSocial training model on basic business management and financial education (including DFS) as well as provision of health services (see further the iSocial case study – attached as Annex O). **By completion, surpassing the target of 2,500, business development and financial education training had been provided to a total of 2,871 MMs.** Almost two thirds of the trained MMs were from the two most populous districts of Sirajganj and Tangail.

Box 6.1 Emergency Response I⁹⁰

Towards addressing the business challenges and health risks faced by MMs during to the Covid-19 pandemic, Dnet organized **dedicated business development and financial education training sessions for a total of 408 MMs across the four target districts.** The training included: (i) shop organization/decoration in compliance with hygiene rules; (ii) customer attraction minimizing the threat posed by Covid-19; (iii) opportunities for sales enhancement; (iv) capital protection during the pandemic and disasters in general; (v) saving practices for risk preparedness; (vi) importance of DFS; and (vii) application of digital tools for business record. Based on the Covid-19 MM training topics, a **digital advisory service** was also delivered, **reaching a total of 7,366 MMDRM-supported MMs in the four target districts** through 6,431 short message service (SMS) and 5,836 outbound dialer (OBD) messages. Finally, a Covid-19 related Amar Dokan chapter (using text, illustrations and audio) was made available through the Amar Dokan platform. By the end of April 2021, the chapter had been viewed by **23,122 MMs throughout Bangladesh.**

⁸⁵ 'Project tracker' file, May 2021.

⁸⁶ The Amar Dokan app was also intended to allow for the creation of an online MM network for the coordination and promotion of BDS services, but this part has seemingly not been activated.

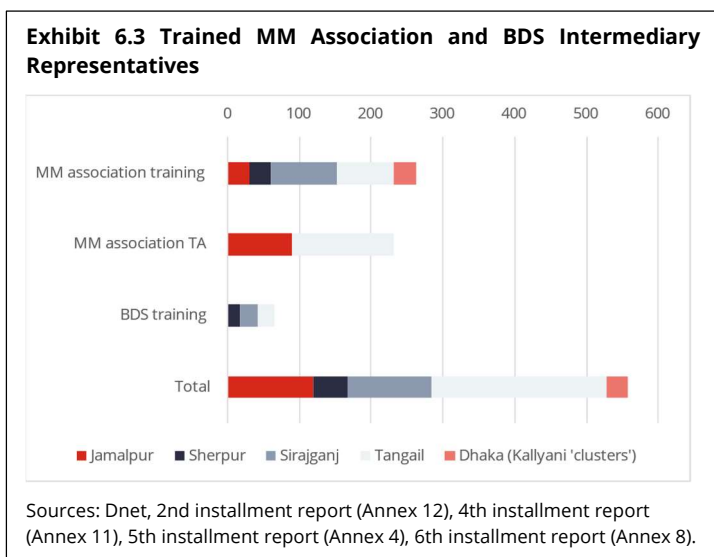
⁸⁷ Dnet interview, 3 March 2021.

⁸⁸ Dnet, 'Amar Dokan app usage report feb to apr21' file.

⁸⁹ For example, the MM training provided by Dnet to 1,736 MMs included 13% below the age of 25 as well as some disabled MMs.

⁹⁰ Dnet, 8th installment report (Annexes 3 & 7), 18 May 2021 email.

Volume and Outreach – Training of MM Associations and BDS Intermediaries. In addition to the training of MMs, the MDDRM component also supported the building of capacity at the meso and market level for the extension of services and support to MMs. First, 262 representatives (5% female) of MM associations (including 30 staff of Kallyani ‘clusters’) in all four target districts underwent one to three days of training towards strengthening their mentoring and business development support for MMs (hereinafter ‘MM association training’). Similarly, two-day TA sessions were held with 51 leaders from 11 associations in Jamalpur and Tangail (hereinafter ‘MM association TA’). These leaders subsequently extended the TA to an additional 180 members of their respective associations. Finally, training was delivered to 65 FMCG sales representatives and FSP/DFS agents in Sherpur, Sirajganj and Tangail towards encouraging them to provide basic BDS support to their MM clients (hereinafter ‘BDS training’). **All in all, 558 representatives of MM associations and BDS intermediaries had been trained.** This entailed **more than double the by-completion target of 250** trained individuals at the meso level.



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and BDS intermediaries had been trained. This entailed **more than double the by-completion target of 250** trained individuals at the meso level.

Volume and Outreach - Other Capacity Building Activities. The training of MMs as well as MM associations and BDS intermediaries was provided by a **pool of around 36 master trainers** (also trained under the MDDRM component). These master trainers included staff of the implementing partners (mostly Dnet and BDMS, but also FBBCI) and iSocial (dedicated to the women entrepreneurship training), but also Bangladesh Bank and UNCDF. Furthermore, as a complement to more traditional training activities, the MDDRM component organized numerous other events (such as MM knowledge sharing fairs, exposure visits and informative training workshops) to increase understanding and build the capacity of various stakeholders at different levels. These **other activities involved 938 participants**, including not only MMs, but also representatives of MM associations, FSPs, FMCG companies, fintech companies, regulators, etc. (see further Annex K).

Satisfaction. Even if some MMs faced time constraints and were initially not convinced of the possible usefulness of the training, the **level of satisfaction with capacity development deliverables is very high.** Among the interviewed Amar Dokan MMs who had a copy of the Amar Dokan booklet (19), all but four (who never or rarely used it) were satisfied with it to ‘a great extent’ (“*The booklet was very helpful; I used to read it during my leisure time*” – male MM, Tangail). The appreciation for the booklet also necessitated the printing of thousands more copies than originally anticipated (i.e. a total of over 23,000 compared to the first print of 10,000). Likewise, the Amar Dokan based MM training is greatly recognized. On average, 95% of MM training participants reported to be ‘highly satisfied’ (and the remaining 5% to be ‘moderately satisfied’) with both the contents and approach of the training.⁹¹ Similarly, all but one of the interviewed Amar Dokan MMs who had received MM training (18) reported to be satisfied ‘to a large extent’ (“*The training was very useful*” – male MM, Jamalpur). Interest in the MM training has generally been very strong, with more MMs participating in the training than initially invited (“*The word spread and merchants were really interested*” – implementing partner). On the other hand, the perceived utility of the Amar Dokan app is seemingly lower. Only seven of the interviewed Amar Dokan MMs had downloaded the app, and among those, four were satisfied ‘to a large extent’ (“*The app helps me keep business transaction records*” - male MM, Jamalpur) and three ‘not at all’ (i.e. they never used the app). Nevertheless,

⁹¹ Dnet, 3rd installment report (Annex 6), 4th installment report (Annex 3); BDMS, 3rd installment report (Annex 9).

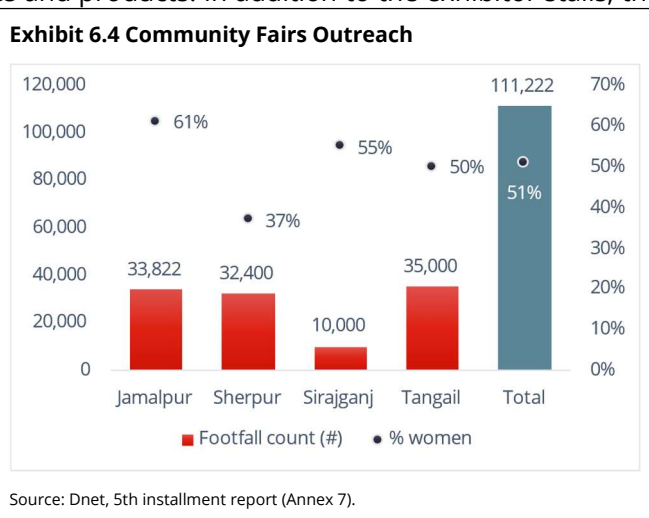
MMs recognize the MDDRM component’s contribution to having accessed the promoted tools, with all but four of the interviewed Amar Dokan MMs stating that they would not have attempted to use the promoted or other similar tools without the support received.

The appreciation for training and other capacity building activities among MM association representatives is also high, with the majority of participants reported to be ‘highly satisfied’ (and the remaining share to be ‘moderately satisfied’) with regard to relevance (average 84%), enhanced understanding (97%) and usefulness for MM development (94%).⁹² Similarly, all BDS training participants stated to be ‘highly satisfied’ with the support received,⁹³ which is confirmed by the three interviewed FMCG representatives who had undergone the BDS training (“*The topics covered in the training were very timely and necessary*”; “*The training focused on the practical needs of the MMs*”). Finally, a couple of interviewed stakeholders stressed the **importance of the dedicated capacity building efforts for the MM segment in terms of having filled a gap** (“*This is unprecedented when it comes to development projects in Bangladesh; MMs were largely overlooked before*”).

6.1.3 Pillar 3 – Policy and Advocacy [EQ3.1c & EQ3.3]

Volume and Outreach – MMs and Consumers. In line with the communications strategy for the SHIFT SAARC in Bangladesh project, the MDDRM component **effectively implemented an ambitious outreach program** towards raising awareness among MMs and consumers on DFS and consumer rights and responsibilities (related to both DFS and FMCG). This involved the organization of several large-scale fairs and campaigns as well as other outreach activities. Working also with community leaders, the events attracted large crowds (“*much more than expected*” – UNCDF staff), **with two initiatives respectively more than surpassing the total target of 100,000 individuals reached.**

For example, in 2018 and 2019, the MDDRM component organized two-day **community fairs (melas)** in 11 *upazilas* across the four target districts.⁹⁴ A total of 23 national exhibitors (including FMCG companies and DFS providers) as well as several local enterprises (such as cosmetics, clothing and handicraft stores) participated in these fairs showcasing their services and products. In addition to the exhibitor stalls, the fairs also involved various cultural shows and competitions towards drawing the attention of participants and disseminating messages on DFS and consumer rights. Total participation was estimated at **over 110,000 people**, including 51% women (with female participation particularly high in Jamalpur) and 45% youth. In December 2019, two two-day **digital innovation fairs**, one in Jamalpur and one in Tangail, were also organized to present digital solutions for MMs. A total of 74 stalls (38% women-owned business) and other activities (drama show and raffle draws) attracted around **25,000 participants** (60% in Jamalpur and 40% in Tangail).⁹⁵



⁹² Dnet, 3rd installment report (Annex 7), 4th installment report (Annex 4); BDMS, 2nd installment report (Annex 3).

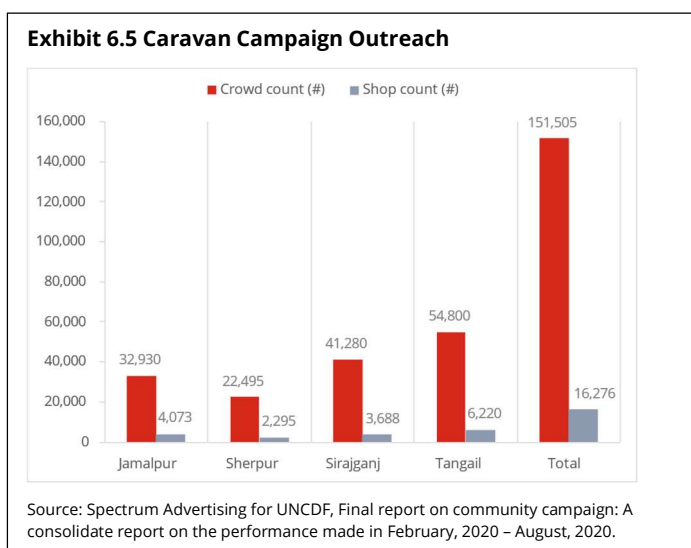
⁹³ Dnet, 4th installment report (Annex 11).

⁹⁴ Namely 4 fairs in Jamalpur (May and October 2018), 3 in Sherpur (May 2018), 2 in Sirajganj (February and March 2019), and 2 in Tangail (March 2019).

⁹⁵ Dnet, 6th installment report (Annex 6).

The awareness-raising work under the Pillar 3 also involved the implementation of different campaign drives. In parallel with the community fairs, a drama-based **community campaign** in all 33 *upazilas* of the four target districts was carried out in 2018 and 2019. Involving 83 events,⁹⁶ the community campaign is estimated to have drawn a total crowd of **30,410 people** (34% in Tangail and 26% in Sirajganj, the two most populous targets districts, and 24% in Jamalpur and 16% in Sherpur).⁹⁷ Furthermore, during the

Covid-19 pandemic in 2020, a **caravan campaign** ran through all 33 *upazilas*. The campaign lasted 165 days (5 days for each *upazila*), with branded pick-ups distributing sound messages and information leaflets at various community hubs and hot spots. Ultimately, the caravan campaign **reached a total of over 150,000 people** (with an average crowd count of over 900 people per day/event) **and 16,000 grocery shops** (with an average shop count of almost 100 shops per day/event). Finally, a DFS (and business development) learning **Facebook campaign** ('Shofol Dokani')⁹⁸ was launched in August 2020. With 51 postings, this campaign had reached **99,175 followers** by March 2021.⁹⁹



In addition to the fairs and campaigns, outreach activities at the micro/client level also included the production and distribution of: (i) a **'Dokan' newsletter** (in Bangla and English) - 5 issues and over 2,000 copies disseminated; (ii) **videos** and other audio-visual pieces; and (iii) branded **promotional material** (bookkeeping register, notebook, folder, pen, sales slip, etc.) with different messages and images promoting the use of DFS.¹⁰⁰ Finally, under Pillar 3, the MDDRM component originally also expected to provide **a gender centric e-platform** for the voicing of consumer concerns and provision of suggestions. The elements of such a platform was subsequently partly incorporated into the Amar Dokan app developed under Pillar 2 (see Section 6.1.2 above). In fact, the design and development of the Amar Dokan app/platform and its features included specific considerations for women's attitudes towards business challenges and opportunities as well as digital access.

Volume and Outreach – Other Stakeholders. While activities under the Pillar 3 primarily targeted final beneficiaries (i.e. MMs and consumers) at the micro/client level, the MDDRM component also supported awareness-raising and advocacy efforts among relevant stakeholders at the market, macro and global levels. In addition to the MMLA related outreach (see Section 6.1.1 above), this work most notably involved the organization of the **Bangladesh Digital Financial Inclusion Conference** in November 2018. This conference was organized in association with the a2i programme, the BFP-B facility and BRAC and involved consultative sessions on various themes (including the MM economy, the DFS gender gap and remittances of migrant workers) and a digital finance innovation fair (the first of its kind in Bangladesh) with 25 DFS providers and other companies showcasing their products and services. It brought together over **400 delegates**¹⁰¹ from private sector actors, policy makers, regulators, and DPs. The contents and recommendations (which particularly stressed the need to address the financial

⁹⁶ Namely 27 events in Jamalpur and 14 in Sherpur (May 2018) as well as 18 in Sirajganj and 24 in Tangail (February and March 2019).

⁹⁷ Dnet, 5th installment report (Annex 8).

⁹⁸ Literally meaning 'successful shopowner' (www.facebook.com/ShofolDokani).

⁹⁹ The same postings were also tweeted on a dedicated Twitter account (twitter.com/ShofolDokani). UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021.

¹⁰⁰ UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021.

¹⁰¹ SHIFT SAARC Board presentation, March 2019.

inclusion gender gap, but also increase DFS use among MMs) of this multi-stakeholder event were disseminated through the production of a booklet.¹⁰² In 2017, in partnership with the Bangladesh Institute of Bank Managers, a **conference on the utilization of MM networks for DFS expansion** was also organized. This event gathered around 300 representatives (20% women) at various levels and included discussions on the use of digital technologies and customer centric approaches. Furthermore, in 2017 and 2018, the SHIFT SAARC in Bangladesh project, in partnership with the BFP-B facility, hosted a series of **DFCG consultation workshops** on different topics - including financial literacy, digital identity and the NFIS – towards accelerating the pace of digital financial inclusion in the country. Since the completion of the policy advocacy component funded by the BMGF, this multi-stakeholder platform has, however, seemingly not been active. The MDDRM component nevertheless maintained the engagement with Bangladesh Bank (see Section 6.2.3 below) as well as organized or participated in **other financial inclusion related events** involving stakeholders at various levels (see further Annex K).

Finally, outreach efforts targeting other stakeholders beyond MMs and consumers at the micro/client level also included the production of: (i) a **DFS newsletter** (in English), with updates on the SHIFT SAARC in Bangladesh project as well as an inventory of news, articles and blogs related to DFS and financial inclusion in Bangladesh and elsewhere - 18 issues, 1,600 stakeholder representatives on the distribution list;¹⁰³ (ii) a SHIFT SAARC **blog** on specific topics, including innovations in rural retailing, the DFS gender gap, digital transformation of MFIs, DFS policy recommendations, mobile money behavior, etc. - 27 entries, over 3,000 readers in March 2021; and (iii) postings on various UNCDF social media accounts (Facebook, Twitter, Instagram, LinkedIn).¹⁰⁴ MDDRM activities and results were also covered by traditional media (i.e. newspapers, radio and TV).

Box 6.2 Emergency Response II¹⁰⁵

The MDDRM component printed and disseminated around **2,000 leaflets** in Bangla (developed by UNDP under WHO guidelines) to assist communities in the four target districts in preparing against Covid-19 transmission. Furthermore, in partnership with the a2i programme and MDDRM pilot promoters, UNCDF organized **six webinars on Covid-19 related and other targeted topics** (including the impact of Covid-19 on MSMEs, the role of digital empowerment for micro and small enterprises, the creation of livelihood opportunities for women through digital means, and the enhancement of MMs' financial literacy and market linkages).

Satisfaction. Given the nature of activities carried out (i.e. targeting a wider and unknown audience), **feedback on the level of satisfaction with policy and advocacy deliverables is only sporadic, but positive.** For example, 88% of the participants in the community fairs reported to be satisfied (ranging from 85% in Tangail to 95% in Sirajganj).¹⁰⁶ With 98,632 likes in March 2021, appreciation for the Shofol Dokani Facebook campaign is seemingly also high.¹⁰⁷ UNCDF and implementing partner staff also report on high levels of satisfaction among MMs with regard to events ("*Feedback was really fantastic*") as well as promotional material (especially the bookkeeping register, which was "*widely accepted and particularly appreciated by MMs*"). Finally, beyond the micro level, consulted stakeholders generally expressed satisfaction with the MDDRM-supported events in which they had participated.

¹⁰² EU and UNCDF in association with a2i, BFP-B and BRAC, Digital finance for inclusive growth: Bangladesh Digital Financial Inclusion Conference 2018.

¹⁰³ Interview with UNCDF staff.

¹⁰⁴ UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021.

¹⁰⁵ UNCDF, UNCDF SHIFT Communication KM products at a glance (as of March 2021).

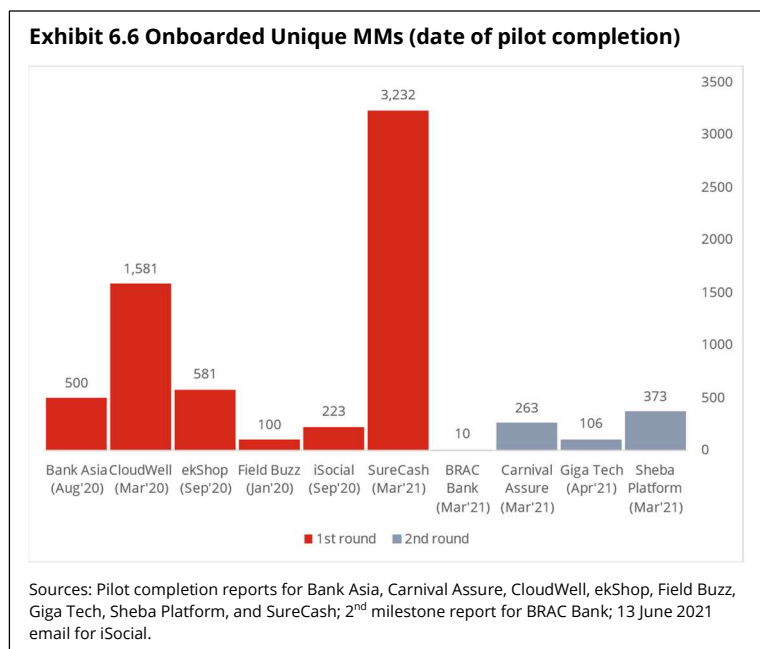
¹⁰⁶ Dnet, 5th installment report (Annex 7).

¹⁰⁷ UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021.

6.1.4 Pillar 4 – Innovation Incentives [EQ3.1d & EQ3.3]

Volume and Outreach – Onboarded MMs. As summarized in Section 2.1 above, the MDDRM component funded a total of **ten pilot projects** (i.e. four more than the targeted six) promoting various digital solutions for MMs. The initiatives piloted a **wide range of different services, tools and models**, including digital payments, digital bookkeeping and accounting, digital supply orders, credit assessment and extension based on registered transactions, e-commerce, digital microinsurance, and digital

business registry (i.e. trade license issuance/renewal and verification). The funded solutions essentially seek to address the challenges and gaps identified by the MMLA. By pilot completion, the ten initiatives had **onboarded a total of 6,969 unique¹⁰⁸ MMs** (including 6,217 under the first round and 752 under the second round) **in the four target districts, surpassing the initial outreach target of 5,300** by almost one third. In fact, all pilots but one (i.e. BRAC Bank)¹⁰⁹ reached or exceeded their targets for onboarded merchants. It should be noted that, while iSocial had trained and/or deployed 223 women as Kallyani MMs by the end of the pilot in September 2020,¹¹⁰ they had not yet effectively been onboarded onto



the enhanced digital platform (i.e. Shujog) since it was launched only in March 2021.¹¹¹ Furthermore, as can be expected given the limited share of women MMs among the total MM population (i.e. only around 1.5%, as estimated by the MMLA), apart from the iSocial MMs (all Kallyani women), few of the onboarded MMs are female. For example, only around 1% of the onboarded Bank Asia MMs were female.¹¹²

Finally, under the SureCash pilot and in addition to the 3,232 MMs onboarded with a SureCash wallet, the MDDRM component supported a rapid scale-up activity for the TallyKhata bookkeeping app, which was developed and launched by the SureCash pilot. This **additional TallyKhata drive onboarded another 2,369 MMs in the four target districts**. As a result of this and other efforts (the TallyKhata app is available on Google Play store and marketed also through other means), by the SureCash pilot completion in March 2021, the TallyKhata app had a total of 41,068 registered users in the four target districts (21% Jamalpur, 12% Sherpur, 28% Sirajganj, and 39% Tangail) and 1.96 million in the whole country. Almost one third (i.e. some 600,000) of the registered TallyKhata users at the country level were

¹⁰⁸ 'Unique' in the sense that each MM had only been onboarded by one of the ten pilots.
¹⁰⁹ While the BRAC Bank pilot was not able to reach its target of disbursing credit to 100 MMs by March 2021 because of the limited implementation period and the Covid-19 pandemic, it carried out more than the targeted number of credit assessments (i.e. 166).
¹¹⁰ Among the 23 interviewed iSocial MMs, most (17) have received training (although two of these have subsequently never been active, i.e. ordered or received supplies from iSocial), while the rest (six) had only been deployed as Kallyani women (and two of these have never been active).
¹¹¹ At the end the pilot, 181 of the onboarded Kallyani had registered to use (but not actually used) an earlier version of the platform (i.e. Insight Suite+). See further the iSocial case study attached in Annex O.
¹¹² Baseline information on 500 onboarded Bank Asia MMs. While the reported share of female MMs onboarded by the SureCash pilot is around 8% (according to baseline information on 1,996 onboarded SureCash MMs), the actual share is expected to be much lower because a microenterprise is not uncommonly registered in a woman's name, but effectively run by her husband, brother or other male family member. For example, when approaching SureCash MMs to solicit their participation in the interview program, all MMs (around 15) who were registered as women and contacted by the Consultant were actually not female (i.e. in practice, the shops were not owned or run by the registered women).

estimated to be retailers,¹¹³ which - although not all can be considered micro or FMCG retailers - represent an impressive outreach (i.e. just below half of the total FMCG MM population as estimated by the MMLA).

Volume and Outreach – Transactions/Orders and Credit. Some pilot promoters also report on the volume and value of transactions/orders of the onboarded MMs during the course of the pilots. In particular, ***MMs onboarded by five first round pilots generated more than 645,000 transactions for a total value of almost BDT393 million (~US\$4.6 million).*** The numbers are, however, dominated by one or two pilots, with CloudWell and SureCash representing 92% of all transactions, and SureCash alone 68% of the total transaction volume. In addition to these, ***on a monthly basis, the TallyKhata app reported over 15 million recorded transactions across the country*** in March 2021. Furthermore, following the assessment of credit worthiness of a total of 702 MMs based on transaction records, ***the Bank Asia, SureCash and BRAC Bank pilots extended credit to 161 MMs.***

Exhibit 6.7 Pilots' Transaction Volume and Value

| | Transactions (#) | Transactions (BDT) |
|---------------------------|------------------|--------------------|
| Bank Asia (Jan-Jun'20) | 16,298 | 60,000,201 |
| CloudWell (Jul'19-Jan'20) | 344,430 | 42,600,000 |
| ekShop (as of Sep'20) | 2,894 | 215,068 |
| iSocial (as of Sep'20) | 34,850 | 23,350,915 |
| SureCash (as of Mar'21) | 247,440 | 266,581,197 |
| Total | 645,912 | 392,747,381 |

Note: For SureCash, transactions recorded under merchant and agent wallets (not personal wallets).
Sources: Pilot completion reports.

Box 6.3 Emergency Response III¹¹⁴

Apart from facilitating digital emergency related government payments through MMs to people in need, pilot promoters also mobilized in other more concrete ways in response to the Covid-19 pandemic. For example, Bank Asia ***distributed some 500 foodstuff packages and 3,000 sanitation products*** (masks, gloves and soap) to different categories of low-income earners (such as rickshaw pullers, maids and day laborers). It also launched 'pop-up' messages with Covid-19 related information on the Bank Asia app, reaching over 100,000 users across Bangladesh. Similarly, iSocial raised awareness among targeted Kallyani women on how to protect themselves and others from Covid-19 contraction, provided essential supplies to low-income households and, partnering with FMCG brands, distributed hygiene articles to rural households. Finally, the ekShop pilot was launched at the outbreak of the Covid-19 pandemic and subsequent countrywide lockdown and disruption of the delivery of supplies outside Dhaka. Seeking to respond to the skyrocketing demand for sanitation products, the pilot quickly ***mobilized and distributed a total of 2,749 hygiene items*** (soaps, sanitizers and masks) to the onboarded MMs in the four target districts. Furthermore, following severe floods, the pilot collaborated with other organizations and the onboarded MMs for the delivery of special relief packages (namely dry foods and female hygiene products) to the affected population. These efforts also created stronger relationships between some MMs and customers, with many recipient households now being regular customers of the MMs engaged in relief efforts. Today, consumers can also use ekShop's *Nitoponno* service, an emergency helpline for the home delivery of groceries.

Satisfaction. The ***level of satisfaction among the interviewed MMs onboarded by the Bank Asia, iSocial and SureCash/TallyKhata pilots is generally high***, with 70-75% reporting to be satisfied to a 'large' or 'some' extent (satisfaction is high also among the Bank Asia and iSocial FGD participants). Apart from all having received a smartphone through the pilot, the interviewed Bank Asia MMs (also those participating in the FGD) are particularly appreciative of easily being able to pay out government allowances/stipends (as promoted by the 'Digital Bangladesh' vision) to their customers as well as make digital payments ("*I can transact money immediately*"; "*I use it to pay bills ... it is easy to use*"). They also appreciate that it is less costly to use than the alternatives. The

Exhibit 6.8 Satisfaction among Interviewed MMs

| Level of satisfaction | Bank Asia (n=20) | iSocial | | SureCash / TallyKhata (n=20) |
|-----------------------|------------------|-----------------|-----------------|------------------------------|
| | | Training (n=17) | Supplies (n=19) | |
| To a large extent | 45% | 71% | 68% | 60% |
| To some extent | 25% | 0% | 11% | 15% |
| To a limited extent | 20% | 6% | 11% | 0% |
| Not at all | 10% | 24% | 11% | 25% |

¹¹³ SureCash, 25 February 2021 interview.

¹¹⁴ UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021; ekShop, Pilot completion report.

five interviewed Bank Asia MMs who had received a BDT15,000-30,000 (~US\$175-350) credit under the pilot are also mostly happy with the loan support, although a couple said that the amount was much smaller than anticipated (“They said we would receive BDT100,000, but I received BDT15,000, which is very negligible”). Another three interviewed Bank Asia MMs also said they were supposed to receive a loan, but had not received it yet. The possibility of receiving a loan is generally considered an attractive feature, as reported not only by the Bank Asia but also the Sheba Platform pilot (“It motivated onboarding”; “We got a lot of applications for loans, there was huge interest in this”) as well as by interviewed MMs (“I need working capital; it would be great if iSocial could manage some financing for me” – Kallyani woman, Shirajganj; “If there can be options for access to finance that would be beneficial” – male Amar Dokan MM, Tangail).

With regard to iSocial, the Kallyani MMs generally appreciate the training received (“I learned a lot of new things”; “It helped me understand the job”), including the training on the provision of health services (which allows them to earn some extra income), as well as the access to supplies at better conditions (“It gave me easy access to goods/products”: “I receive products and get a higher commission [than other suppliers]”). Of the six interviewed iSocial MMs who have tested the previous or revised digital platform, two are happy with the app (“It was helpful”; “It works well”), while the other four are either not comfortable using it or do not understand how to use it and hence prefer to make their orders by phone. Finally, the SureCash/TallyKhata MMs recognize the ease of keeping sales and, especially, credit records (“I don’t need to write things down on paper”; “I don’t need to remember customers’ credit”). Other pilots also report on good levels of satisfaction.¹¹⁵ Despite this generally positive feedback, however, **the level of satisfaction among some MMs is lower**. A handful of Bank Asia and SureCash/TallyKhata MMs (even some who consider themselves a digitally ‘savvy’) are not satisfied either because they do not think they need the apps (“I don’t sell on credit, so I don’t need it”) or because they consider them complicated (“The app is problematic”) or because they faced some technical issues (“The app needs to be faster; the app is quite slow”), while some iSocial MMs point to insufficient or late supplies as well as weak follow-up support.

Indirectly, the level of satisfaction can also be derived from whether or not MMs make use of the tools or support promoted by the pilots. The **majority of the interviewed Bank Asia, iSocial and SureCash/TallyKhata MMs are still using the piloted apps and services** (Bank Asia 75%, iSocial 70%, SureCash/TallyKhata 65%). All participants in the Bank Asia FGD also still use the app. Similarly, **at the end of the six first round pilots, an average of around two thirds of the onboarded MMs were reported as active** (ranging from 37% for SureCash to 82% for TallyKhata and 90% for Field Buzz).¹¹⁶ During the second quarter of 2021, the average share of active MMs (including those onboarded after the completion of the pilot – see Section 6.2.4 below) had fallen to 38% (ranging from 20% for CloudWell – with more active users in the four target districts (26%) than in the rest of the country (19%)¹¹⁷ - to 84% for iSocial).¹¹⁸ It should also be noted that ‘active’ is defined very differently. For example, while Bank Asia reports daily users and TallyKhata monthly users as active, CloudWell and ekShop consider those with at least one transaction in the last 90 days.

¹¹⁵ For example, the CloudWell call center reports that MMs are generally satisfied, ranking various parameters more than four out of five (CloudWell, 4 March 2021 interview).

¹¹⁶ Pilot completion reports.

¹¹⁷ CloudWell, which works with both FMCG and other retailers, also reports that the activity level in the four target districts is higher for FMCG MMs (27%) than other MMs (24%).

¹¹⁸ Bank Asia, 19 May 2021 email; CloudWell, ‘MM Status updated Apr’21’ file received 30 May 2021; ekShop, Micro merchant pilot aftermath, 21 May 2021; Field Buzz, 16 June 2021 email; iSocial, 13 June 2021 email; and SureCash/Tallykhata, pilot completion report.

6.2 Outcome Achievement [EQ3.2a-d & EQ3.3]

Introduction. Successful performance at the output level also led the MDDRM component to achieve some important outcomes. As further outlined in Sections 6.2.1 through 6.2.4 below these include: (i) use of the MDDRM-supported MM research in policy/regulatory formulation and business decision making (Pillar 1); (ii) strengthened knowledge and improved business practices among MMs (Pillar 2); (iii) growing attention - promoted also by the Covid-19 pandemic - to the MM segment among stakeholders at the macro, meso and market level; and (iv) extension of piloted solutions, with five first round pilots having onboarded almost 200,000 MMs and the number of registered TallyKhata users reaching 2.4 million across the country in the second quarter of 2021. There are also some potentially encouraging signs - also accelerated by the Covid-19 pandemic - of increasing DFS uptake among MMs and consumers, but it is difficult to ascribe this growth to the MDDRM component's efforts under Pillar 3.

6.2.1 Pillar 1 – Data and Analysis [EQ3.2a & EQ3.3]

Creation of Interest. As an intermediary outcome, interviewed stakeholders at all levels confirm that ***the MDDRM-supported research work - and especially the MMLA - generated a lot of attention*** from policy makers/regulators and private sector actors as well as DPs (*“This research, when released, was shaking the discussion agenda”; “Everyone is now talking about MM issues”*). The MMLA in particular supported considerations for MMs in policy and business discussions, with relevant stakeholders discovering MMs as a *“vibrant”* and *“untapped”* market. The MMDRM component can consequently be considered to have, at least to some extent, promoted evidence-based policy/regulation formulation and business decision making.

Use in Policy/Regulation Formulation. In more concrete terms, at the macro level, the MMLA findings and recommendations of the MMLA-based policy brief – as prepared by the MDDRM team upon the request of Bangladesh Bank - were subsequently incorporated into a couple of regulatory and strategy pieces. In particular, following the challenge of the lack of trade licenses (required for business account opening and formal credit access) among MMs identified by the MMLA research and consequent MDDRM-supported recommendations to allow for certain exceptions towards supporting a process of gradual formalization, Bangladesh Bank issued a ***circular on prudential guidelines for the introduction of personal retail accounts*** in 2020.¹¹⁹ Apart from operationalizing the eKYC work promoted by the BMGF-funded policy advocacy component, this circular allows for MMs to open accounts (with certain daily and monthly transaction limits) without a trade license, encouraging FSPs and other payment service providers to rely on national IDs and certifications from local trade associations. Interviewed stakeholders recognize the significance of these first ever regulatory guidelines targeting the MM sector (*“One of the biggest ice breaking things for doing this work”*) as well as the important contribution of the MDDRM component to this effect (*“We took it up from this engagement; this is highly attributable to the EU”*). Furthermore, although the development of the NFIS was primarily supported by the BFP-B facility and to some extent also the BMGF-funded policy advocacy component, the MMLA findings and recommendations of the MMLA-based policy brief have also - albeit more indirectly - served to inform feedback on and the ***finalization of the NFIS***. For example, MMs are specifically mentioned as a dedicated target group under two out of 12 strategic goals.¹²⁰ Other research-based and MMDRM-supported recommendations - such attention to the digital divide, MFI access to a national ID card database and increase of withdrawal limits as well as, more generally, focus on digital services and importance of financial literacy – are also highlighted. A long time in the making, the NFIS was seemingly approved in April 2021 and is expected to be made public shortly. Finally, a couple of interviewed stakeholders also testify to an interest in MMDRM-supported research within other policy development

¹¹⁹ Bangladesh Bank, Payment Systems Department Circular No.09/2020, 16 November 2020.

¹²⁰ Namely 1) Increase financial deepening and 2) Strengthen payment system and service delivery channels.

work, such as the drafting of the digital payment roadmap (developed with support from the BTCA). However, the main source of evidence remains the MMLA.

Use in Business Decision Making. The MMLA research has also prompted action at the market level, with private sector actors utilizing the data and findings for designing or adapting their services towards specifically targeting the MM segment. In fact, most pilot promoters (as well as a couple of their partners) testify to the MMLA, by promoting a greater understanding of MMs, having **contributed to realizing the potential of and building a business case around the MM market** (“It allowed us to understand the segment and make a viable business case, so we said ‘let’s go and target this market’”; “It helped us in assessing the market size and project our business”; “We didn’t know that the market was so big; so thanks to the data we learned a lot and are now planning a business development drive”; “The MMLA has been very useful; it gave us an indication for the needs in the market and we launched our own [credit] product based on this, a very good starting point”). Other private sector actors have reportedly used the MMLA findings when applying for challenge funding under the BFP-B facility; and hence even before the MDDRM component launched the procurement for its own pilot interventions. Furthermore, the MDDRM component **inspired some private sector actors to carry out additional research on the MM segment**. For example, the company engaged to carry out the FMCG digitalization research subsequently completed its own study on the impact of the Covid-19 pandemic on MMs (“We would not have done this if not involved in the project”).¹²¹ However, market level stakeholders not directly involved in MDDRM activities or pilots have seemingly made limited use of the MMLA (“I have heard about it, but not read it”; “I know that an assessment was done, but I have not yet gone through it”). Other MDDRM-supported research, and notably the recently published FMCG digitalization work, could generally also have benefitted from the promotion of the use of this data towards attracting private sector engagement and brokering partnerships between FSPs and FMCG companies.

Box 6.4 Basic Bibliographic Search on MDDRM-supported Research Products

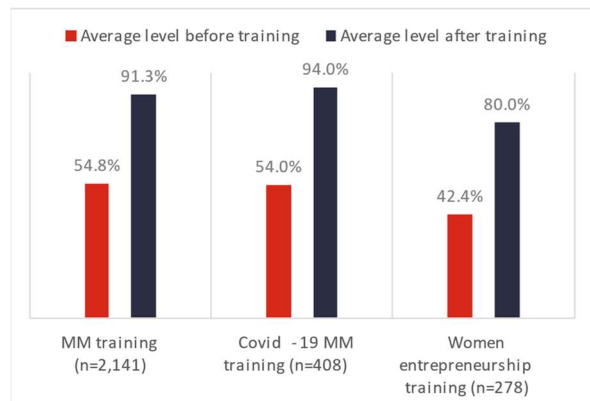
Based on a basic bibliographic search using the Google search engine, **the MMLA report** – apart from having received local media attention - **is cited or mentioned in around 20 publications/places** beyond the UNCDF. These include research papers and case studies by consultancy firms (e.g. IMC WorldWide, Nathan Associates), articles by internet-based communities (e.g. ICTworks), as well as other reports published by DPs (e.g. IFC) and knowledge hubs (e.g. SDGhelpdesk). The **gender centrality research is referenced by at least 11 publications/sources**, including academic papers (i.e. Columbia University, BRAC University) as well as articles by knowledge hubs (e.g. Rural Finance and Investment Learning Centre), internet-based communities (e.g. Alliance for Financial Inclusion, CDC Gender Toolkit) and think tanks (e.g. Policy Research Institute). Finally, the **MFI digitalization study has also received attention**, having been presented during the European Microfinance Week as well as quoted in articles by consultancy companies (e.g. BFA Global), knowledge hubs (e.g. Policy Information Point,) and think tanks (e.g. InM). The more recently published FMCG digitalization report is so far only mentioned internally (i.e. within the UNCDF).

¹²¹ Innovision, Digest 9 - COVID 19 impact on low income population: micro-merchants, 2020.

6.2.2 Pillar 2 – Capacity Development [EQ3.2b & EQ3.3]

Capacity of MMs. As measured by the implementing partners, *most trained MMs, also female entrepreneurs, significantly strengthened their knowledge related to the training topics*, with the average level of knowledge before and after training increasing by 67% (MM training), 74% (Covid-19 MM training) and 89% (women entrepreneurship training). Only a small share (around 8% on average, but ranging from as low as 2-3% in Sherpur and Sirajganj to 17% in Tangail) of those who underwent the MM training demonstrated no change in their level of knowledge,¹²² hence clearly meeting the target of at least 75% of trained individuals with improved competencies. MM training have *seemingly also led to actual changes of some business practices, but less in terms of DFS uptake*. According to a post-training survey of trained MMs, the majority of the 150 respondents reported to now protect their capital by separating their personal and business accounts (85%) as well as save regularly, i.e. daily or weekly (80%), while MFS use had only seen a limited increment.¹²³ The great majority of those who participated in other capacity building activities for MMs - such as the informative MM meetings for women entrepreneurs (91%), the MM knowledge sharing fairs (87%) and the Covid-19 related digital advisory support (85%) - also demonstrated or reported on improved levels of understanding as well as willingness to apply the learning in their business operations.¹²⁴ Furthermore, almost all (94%) of the MMs participating in the MM knowledge sharing fairs, which also sought to solicit feedback on the results of the MM training previously, informed on having adopted of their learnings in their business practices (*“The training helped us to make wise decisions, protect capital, way of customer attraction and gave us knowledge on so many issues to help us in our business operations”* – male MM, Sirajganj).¹²⁵

Exhibit 6.9 Knowledge Improvements among MMs



Sources: Dnet, 2nd installment report (Annex 11), 3rd installment report (Annex 5), 5th installment report (Annex 3), 8th installment report (Annex 3); BDMS, 3rd installment report (Annex 9).

These findings are confirmed by the interviews with the 21 Amar Dokan MMs, who also report on *increased capacities leading to improved practices*. In particular, they refer not only to improved general business management skills and practices (86%; *“I now know how to run a business in an efficient manner”* – male MM, Tangail) and bookkeeping capacity and practices (71%; *“Regular bookkeeping helps me track my business performance”* – male MM, Jamalpur), but also less credit sales (*“I only transact in upfront payments now”* – female MM, Tangail) and strengthened savings behavior (*“I learned not to spent all the money available”* – male MM, Tangail). All 21 Amar Dokan MMs also *accredit the better capacities/practices to the support received* (i.e. the MM training and/or the Amar Dokan booklet/app). Finally, although the MDDRM component has naturally been able to provide face-to-face training to only a very small share of the country’s MM population, *many trained MMs are seemingly sharing the contents of the training with others, hence further extending outreach and capacity*. For example, two thirds of the interviewed Amar Dokan MMs report to have promoted their learnings to other MMs and small businesses in their neighborhoods.

¹²² Dnet, 5th installment report (Annex 3).

¹²³ Dnet interview, 3 March 2021.

¹²⁴ Dnet, 6th installment report (Annexes 7 & 9), 8th installment report (Annexes 6 & 7).

¹²⁵ Dnet, 6th installment report (Annex 9),

Box 6.5 Testimonials of Improved Knowledge among Participants in MM Capacity Building Activities¹²⁶

"I learned many new things from this training that I never had. During the classroom session, I was nervous about the sales of products and services in the real field. The session on field simulation allowed me to have a real field experience and made me confident to serve my community" – female MM, Jamalpur

"After 20 years of my business, I have learned about saving practices for risk preparedness, importance of digital financial services, and way of capital protection etc. I will be more aware about these things for my business development in future" - male MM, Jamalpur

"Despite having a small business, nevertheless I will start using merchant account as I learned about its benefit from this training. We are inspired to run our business smoothly even in this pandemic situation, as we all shared our present situation and discussed about the initiatives that can be taken for us." – female MM, Sherpur

"I am a disabled person. I liked the training and have learned many new things specially capital protection and savings for risk preparedness. I am making a promise that I will open a bank account and will start savings in the next month" – male MM, Sirajganj

Capacity at Meso and Market Level. The MDDRM component *also contributed to increase the capacity to serve MMs among MM associations and BDS intermediaries.* On average, the participants in the MM association training increased their level of knowledge by 56% (i.e. from 50% before to 78% after the training), with 15% showing no signs of improvements (only 10% in Jamalpur and Sherpur as well as for the Kallyani cluster representatives trained in Dhaka).¹²⁷ Similarly, four fifths of the representatives participating in the MM association TA illustrated improved competencies.¹²⁸ The BDS training participants also improved their knowledge, with an average increase of 61% (i.e. from 52% before to 80% after the training).¹²⁹ This is confirmed by the three interviewed FMCG representatives having undergone BDS training, who all said that the training was very helpful for them, improving their capacity ('to a large extent') to build relationships with and support the business development of their MM clients (*"We learnt how to guide the MMs to sell their products more effectively, how to run a shop"; "If the MMs do better business, that is beneficial for our business as well"*). Other capacity building activities for meso and market level actors reportedly also contributed to improved understanding and competencies for most participants, e.g. exposure visits (100%), informative MM association meetings (87%) and FMCG workshop (84%).¹³⁰

6.2.3 Pillar 3 – Policy and Advocacy [EQ3.2c & EQ3.3]

DFS Uptake among MMs and Consumers. Given the nature of activities carried out under the third pillar (i.e. targeting a wider and unknown audience), *evidence on the understanding of and willingness to uptake DFS among MMs and consumers is very scarce, even if encouraging.* For example, three quarters of sampled visitors at the community fairs reported an interest in uptaking presented digital products and services, with interest somewhat higher in Tangail (83%) and Jamalpur (80%) than in Sirajganj (65%).¹³¹ Interviewed stakeholders at various levels as well as MMs also confirm a growing DFS uptake among not only MMs but also the general population in the four target districts (and the country as a whole). However, this *growth is more likely to be part of the steadily increasing trend in DFS penetration* – which, as presented in Section 2.1 above, has brought the current MFS use to 36.7 million active accounts¹³² - *than the outcome of the MDDRM component's awareness-raising efforts.* Although the various outreach activities under the third pillar certainly reached impressive numbers, even the largest events only covered a very small share (around 1.3%) of the population in the

¹²⁶ Dnet and BDMS installment reports.

¹²⁷ Dnet, 5th installment report (Annex 4).

¹²⁸ Dnet, 6th installment report (Annex 8).

¹²⁹ Dnet, 4th installment report (Annex 11).

¹³⁰ Dnet, 6th installment report (Annexes 4, 10 & 11).

¹³¹ Dnet, 5th installment report (Annex 7).

¹³² <https://www.bb.org.bd/fnansys/paymentsys/mfsdata.php> (numbers as of April 2021).

four target districts.¹³³ Participants in such events might also already be relatively digitally savvy and connected. In fact, interviews with MMs carried out during the caravan campaign revealed that the great majority (91%) reported already having at least some knowledge of DFS (with 18% having received some DFS related training, also through other MDDRM efforts), while three quarters already had a DFS account (with bKash being the most popular) and an average DFS experience of 3.4 years.¹³⁴ Furthermore, DFS uptake among MMs and their consumers naturally depends not only on their DFS interest and literacy, but also on so many other factors (including access to mobile phones and internet connectivity). On a final note, interviewed stakeholders testify that, in general, the ***Covid-19 pandemic is speeding up the digitalization process*** (“Covid has created an appetite for digital services and opportunities”; “With the pandemic, they understood the importance of MFS”; “Covid has created a tremendous interest, especially with regard to digital payments and taking businesses online”).

Box 6.6 Testimonials of Interest and Uptake among Community Fair Visitors¹³⁵

“I learned that shopkeepers can be punished for selling expired products. Now onward, I will examine expire date before purchasing any products ... Once upon a time digitalization was fairytale to us. Now, it is a ‘must’ for all of us” – male visitor, Jamalpur

“Through this fair, I have learnt about insurance policy and I am thinking of opening a scheme now” – male visitor, Sherpur

“A lot of visitors like me are getting to know about many new services of financial transactions. Honestly, if I had not come today I might still be ignorant about these services” - male visitor, Sherpur

“This fair gave me the opportunity to learn about some of the innovations, usage of DFS and about the consumer rights. As a student, I found them interesting and I will share these learnings with my family and friends” - female visitor, Tangail

DFS Promotion among Other Stakeholders. Even if the BMGF-funded component was primarily responsible for raising awareness among macro (and market) level stakeholders in support of a DFS dialogue, the MDDRM component has maintained relations, to some extent, with relevant counterparts towards encouraging *“an exchange of ideas”*. On the one hand, some interviewed stakeholders believe these, and previous SHIFT SAARC, interactions to have contributed to an increasing DFS understanding and acceptance on part of GoB counterparts and Bangladesh Bank in particular (*“Policy makers are forthcoming”*). On the other hand, a couple of interviewed market level actors still point to a *“fundamental mindset problem”* even if there is an understanding of the need to digitize (*“The regulators still do not completely understand how the market works”*; *“There has been talk of policy changes for a long time, but nothing happens; they don’t have the big picture yet”*). With more specific regard to MMs, however, the MDDRM component has ***successfully raised awareness of activities and results*** (most notably related to the MMLA and the pilot interventions), ***effectively bringing attention to the MM segment*** (*“Perhaps the greatest success of the [MDDRM component] is to have mainstreamed MMs in the policy discussion and interventions”*). Finally, most interviewed stakeholders believe that the ***Covid-19 pandemic has accelerated some efforts*** - such as the publishing of the guidelines on personal retail accounts (see Section 6.2.3 above) - also at the macro level (*“Covid has played a role here too; policy makers are now open for discussions”*; *“They realized that MMs are essential for digital payments reaching customers”*). Similarly, FSPs and MFS providers are reportedly increasingly recognizing opportunities for new products and services (*“[The pandemic] has actually opened some doors for digital solutions”*; *“MFS companies have done great deal to increase confidence and service”*).

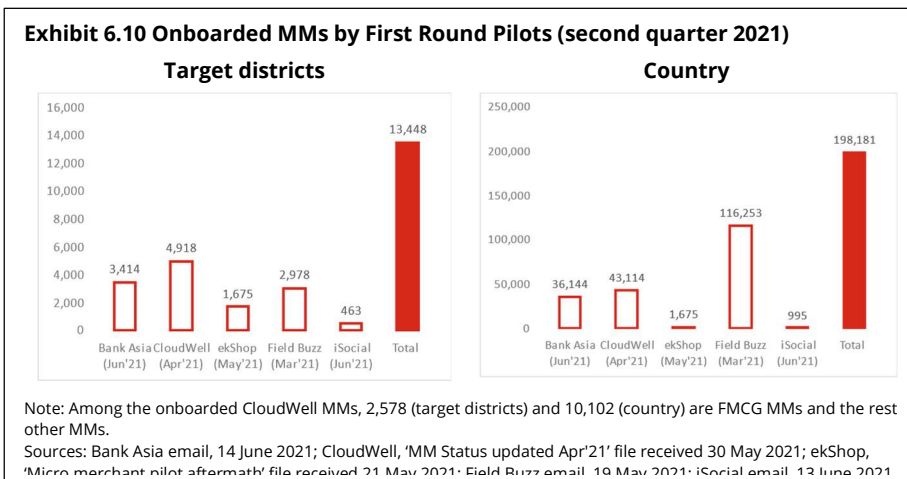
¹³³ In fact, according to a validation survey of randomly selected MMs along the routes of the first round of the caravan campaign, only two fifths had seen the caravan (and another two fifths might have seen the caravan) and received DFS related information material from the campaign (with another half of respondents not remembering). Similar outreach results were found for the second round of the campaign. Wahid, Zaman, Report on caravan campaign validation survey, April 2020; UNCDF, Report on caravan validation survey, August 2020.

¹³⁴ Spectrum Advertising for UNCDF, Final report on community campaign: A consolidate report on the performance made in February, 2020 – August, 2020.

¹³⁵ Dnet, 3rd installment report (Annex 9), 4th installment report (Annex 5).

6.2.4 Pillar 4 – Innovation Incentives [EQ3.2d & EQ3.3]

Continued Outreach. After the completion of the first round pilots, the promoters – most of which were also supported by additional MMDRM funding¹³⁶ - remain committed and continue with their efforts, improving the promoted solutions based on the pilot feedback and extending outreach to new MMs (“We have developed an appetite for digitization”; “The momentum is there”). As a result, **by the second quarter 2021, the five first round promoters that completed their pilots in 2020 (namely all but SureCash) had onboarded a total of around 13,000 MMs in the four target districts (i.e. more than four times the amount at pilot completion) and almost 200,000 MMs in the country as a whole.** Apart from the continued iSocial outreach (see



further the iSocial case study in Annex O), the share of women among the additional onboarded MMs is not known, but expected to be low. These additional outreach numbers also lead to higher transaction volumes and values. For example, between February and April 2021 (three months), the onboarded CloudWell MMs completed 2.6 million transactions for a total value of over BDT272 million (~US\$3.2 million),¹³⁷ while, in mid-June 2021, the onboarded Bank Asia MMs performed an average of 6,600 transactions with an average total transaction value of BDT8.5 million (~US\$100,000) per day (see the Bank Asia case study attached in Annex N).¹³⁸ Furthermore, although attempts to increase the number of SureCash wallets have paused since pilot completion in March 2021, the **number of TallyKhata users also continue to grow, with a total of 2.4 million registered users** (including around 61,000 in the four target districts) in June 2021 (see further the SureCash/TallyKhata case study in Annex P).¹³⁹ In fact, according to interviewed stakeholders (also at the macro level), the TallyKhata app is now a very well-known and appreciated tool (“TallyKhata is a pioneer in this market”), used not only by MMs but reportedly also be regular workers and students as well as organizations for keeping track of payments and other financial transactions. Several interviewed non-SureCash/TallyKhata MMs also mention that they or other MMs in their communities use the TallyKhata app (“TallyKhata app is becoming popular”). Finally, the second round promoters also continue with their efforts to reach out to MMs. For example, in May 2021, Carnival Assure had onboarded a total of 6,000 MSME resellers across the country,¹⁴⁰ while BRAC Bank had extended 500 MM credits (including 160 in the four target districts).¹⁴¹

MMDRM/UNCDF Contribution. Although most pilot promoters had plans to, eventually, reach out to MMs, MDDRM pilot funding - as well as UNCDF engagement more generally – supported, or even pushed, the pilot promoters in several different ways. In particular, MDDRM/UNCDF contributed to allowing the pilot promoters to:

- **understand the potential and nature of the MM segment** (“We didn’t have the right expertise to do targeted interventions; the pilot allowed us to learn”; “The pilot allowed us to gain full understanding of the ecosystem”; “We have understood that MMs are a viable segment”);

¹³⁶ All but Field Buzz received supplementary funding for the scaling up of activities during the first quarter of 2021.

¹³⁷ CloudWell, 'MM Status updated Apr'21' file received 30 May 2021.

¹³⁸ Bank Asia email, 14 June 2021.

¹³⁹ SureCash email, 17 June 2021.

¹⁴⁰ Carnival Assure interview, 25 May 2021.

¹⁴¹ BRAC Bank interview, 26 May 2021.

- **anticipate or accelerate engagement and outreach** (“We would have done it anyway, but UNCDF, thanks to the dedicated resources, added a lot of ballistic firepower in accelerating execution”; “It was in our head for a while, but didn’t think about launching it so soon”; “We thought about it but never did it; so the pilot gave a push for us”);
- **venture into new areas and build capacity in the field** (“We had an urban focus before; the pilot allowed us to go into more rural outreach, last mile retailers”; “The project area required us to think nationally rather than just locally in Dhaka”; “Our footprint increased in the two districts; we did this before, but only in Dhaka, and without the pilot, we would not have moved into rural areas”);
- **fund or de-risk new solutions** (“With the single digit lending rate, which is too low, we had cut off our credit experiments, so the pilot allowed us a financial cushion to continue”; “We used the UNCDF money as risk mitigation to try out a collateral free credit based on transaction scores”; “The UNCDF sandbox allowed us to experiment”);
- **prove the business case of and ensure high level institutional commitment to serving MMs** (“It helped us take the concept to the board and have their buy-in; it assisted us in making it happen, we found the route to break through. The pilot had a big impact; I would say 70-75% thanks to UNCDF”; “The pilot allowed us to put our business case to our board”; “The pilot accelerated our business model development, making it viable. In fact, it is now one of our frontline business streams for us”); and
- **establish new or consolidate existing partnerships** (“We are grateful that UNCDF allowed us to do this”). In fact, under the pilots, the pilot promoters – an already diverse group of commercial banks, DFS providers, fintech/software companies, etc. – established and consolidated numerous partnerships and/or onboarded other companies for reaching out to and/or servicing MMs. All in all, these partnerships and collaborations include almost 40 different service providers, such as FMCG companies (including Unilever, but also several Bangladeshi suppliers and distributors) as well as FSPs, DFS/MFS providers (including bKash and Nagad), fintech companies, and others (see further Annex L). It should, however, be noted that it was reportedly more challenging to engage and collaborate with larger FMCG companies than with other partners (see further Box 6.7 below). Furthermore, several pilot promoters are now also collaborating amongst themselves (“The cohort of other applicants and partners allowed us to learn and cross-fertilize ideas”). For example, Bank Asia already had a long-standing partnership with ekShop before the pilot, but is now working also with iSocial (with Kallyani women collecting data for Bank Asia client acquisition) and ShopUp (partner of the BRAC Bank pilot). In collaboration with CloudWell, iSocial’s field officers act as PayWell agents providing mobile phone recharges and bill payment services to Kallyani women. CloudWell is now also partnering with ekShop and TallyKhata.

Onboarded MMs also recognize the MDDRM component’s contribution to having accessed the promoted services/tools/models. In fact, four fifths of the interviewed Bank Asia MMs and all iSocial MMs reported that they would not have attempted to use the promoted or other similar services/tools/models had it not been for the support received. MDDRM contribution to their DFS/support use is confirmed also by the Bank Asia and iSocial FGD participants. Among the interviewed SureCash/TallyKhata MMs, who also consider themselves as more digitally savvy than the other interviewed pilot MMs, two fifths would had tried and one fifth might have tried even without the support received.

Box 6.7 Challenges during and after Pilot Implementation

Despite the achievements, the promoters faced several challenges during pilot implementation as well as after when scaling up; as illustrated also in the Bank Asia, iSocial and SureCash/TallyKhata case studies (attached as Annexes N through P). First, the **level of previous digital literacy, experience and confidence was commonly very low** (“Only around 50% are comfortable using their smartphones”). For the effective identification and onboarding as well as retainment and motivation of MMs, the hands-on involvement of and follow-up support from market promoters or field officers was consequently often needed (“It requires human interaction”). The level of engagement of the promoters/officers, however, varied, with some being more supportive than others. Less engaged promoters/officers in turn led to some MMs insufficient understanding of certain features of the promoted solutions

or even of how to use them, despite their user-friendliness. Sometimes it is also a question of building trust, not only in digital service provision (“Many MM first fear the security of their deposited money in the app”), but also in certain kinds of products (“Insurance still has a negative reputation in Bangladesh because of fraud by agents”). Furthermore, since many MMs are still not ready to go completely digital, many pilot promoters rely on an assisted approach also after the completion of the pilots (which funded field engagement) through which they support MMs in making digital orders, recording digital transactions, etc. (“We still don’t see much potential yet in the pure retail model ... for now we keep our assisted model”; “They have to be pushed”). Second, **even with engaged market promoters or field officers, the value added and/or possible business case of a proposed solution were not always apparent to the MMs.** The pilot promoters hence provided other incentives, such as gadgets, but also other services towards soliciting continued engagement necessary for reaching sufficient scale.

Third, **ensuring the active collaboration of FMCG companies was not always smooth**, with the sharing of data and interoperability proving particularly demanding for several pilot promoters. Different operational practices and bureaucratic procedures also challenged effective FMCG cooperation. A couple of fintech promoters also faced issues working with banks due to inflexible approval procedures. Fourth, some promoters, especially those without in-house IT resources, **faced technical difficulties in the development of the apps or platforms.** For example, in the case of iSocial this delayed the effective launch of its integrated platform until after the pilot was completed. The Kallyani women onboarded and trained during the pilot hence did not (yet) make use of it. Finally, some promoters found it **difficult to implement activities not part of their core business.** For example, SureCash, part of a fintech company (Progoti Systems), successfully developed the user friendly TallyKhata app, but faced challenges with the physical onboarding/training of MMs.

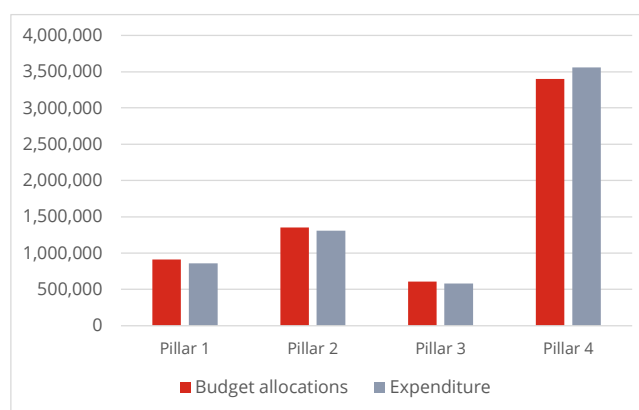
7. Efficiency

The MDDRM component was a relatively efficient intervention, from both a financial and an operational perspective. By completion, spending totaled US\$5.8 million, almost all the available budget. The use of funds was commensurate with efforts and results under the four pillars, while cost-effectiveness ratios seem reasonable. MDDRM implementation was, however, affected by delays related to procurement issues and the Covid-19 pandemic. Supported by an adequate governance structure, the in-country project management team provided quality support and continuity. Performance was good among the pilot promoters, but varied among the implementing partners. While risk management and reporting mechanisms were appropriate, but the M&E framework primarily tracked output delivery and hence included some gaps (also with regard to gender).

7.1 Financial Efficiency and Timeliness [EQ4.1 & EQ4.4]

Availability and Use of Funds. By completion in March 2021, **total MDDRM expenditures amounted to US\$5.8 million.**¹⁴² Given the nature of implemented activities, the pilot initiatives under Pillar 4 understandably account for over half (56%) of total spending, while the capacity building efforts under Pillar 2 comprise just above one fifth (21%). Total **spending was in line with committed and allocated funds**, with only around US\$130,000 (2%) of the US\$5.9 million budget not utilized.¹⁴³ Financial resources were considered sufficient (and possibly even more than commensurate) by interviewed MDDRM/SHIFT SAARC staff (“We had more than enough money; the budget fit the needs of the project”; “We had a lot of leeway; the allocated budget was in line with the scope of activities and interventions”). Finally, **budget allocations/expenditures dedicated to gender are estimated to be rather limited.** Apart from the iSocial pilot and additional upscaling budget of just below US\$200,000 under Pillar 4, the other gender-specific MDDRM activities – i.e. the gender centrality research under Pillar 1, the women entrepreneurship training under Pillar 2 and the development of gender centric promotion material and activities under Pillar 3 – are expected to amount to only a small share of total spending.

Exhibit 7.1 MDDRM Budget Allocations and Expenditures (US\$): 2017 – March 2021



Note: GMS and RMCS expenditure figures are not yet final.
Source: 'SAARC Financial summary 2016-2020 V2' and 'EU expense Jan-Mar 2021' files provided by UNCDF, and 11 August 2021 email.

¹⁴² As illustrated in the programme data sheet in the beginning of this Report, EU funded 90% of MDDRM expenditures, while UNCDF (with BMGF funding) contributed with 10%.

¹⁴³ The original budget (i.e. total eligible costs as per the grant agreement with the EU) amounted to EUR5.5 million and subsequently, i.e. after two amendments, to EUR5.3 million/US\$5.9 million (see programme data sheet in the beginning of this Report).

Exhibit 7.2 MDDRM Expenditures by Cost Category: 2017 - March 2021

| Cost category | US\$ | % of total |
|--|------------------|------------|
| Grants - Implementing partners | 1,491,682 | 25.7% |
| Contractual services - Pilot promoters | 1,389,123 | 24.0% |
| Contractual services - Service contracts | 618,526 | 10.7% |
| UNCDF staff | 567,123 | 9.8% |
| Contractual services - Consultants | 443,405 | 7.6% |
| General management support (GMS) | 378,939 | 6.5% |
| Contractual services - Others | 329,589 | 5.7% |
| RMCS | 213,049 | 3.7% |
| Workshops | 216,986 | 3.7% |
| Communications | 64,481 | 1.1% |
| Travel | 86,078 | 1.5% |
| Total | 5,798,983 | |

Note: GMS and RMCS expenditure figures are not yet final.
 Source: 'Figure for expense including contribution' file provided by UNCDF (9 August 2021 email).

*In line with MDDRM efforts, the two largest cost categories account for the bulk of implemented activities, namely the (i) implementing partner grants for the realization of primarily capacity building activities (Pillar 2) and awareness raising initiatives (Pillar 3) and (ii) contractual services for the implementation of the pilots (Pillar 4), each representing around one quarter of total expenditures. Other contractual services (i.e. 'service contracts' and 'others'), covering the research work (Pillar 1) as well as other MDDRM efforts, account for an additional 16% of total expenses. Furthermore, **expenses not strictly related to the implementation of specific MDDRM activities comprise***

reasonable shares of overall spending. In particular, costs for UNCDF staff and contractual services for consultants (international as well as national) stand at below one fifth of total expenditures, while management costs (i.e. GMS)¹⁴⁴ and other overhead expenses (namely RMCS,¹⁴⁵ communications, workshops, and travel) account for around one sixth.

Cost-effectiveness. Detailed information on the costs of the various training initiatives, awareness raising events, etc. are not available to the Consultant. A cost-effectiveness analysis can hence only be carried out more broadly at the pillar level. With regard to the Pillar 2, the total adjusted outreach for the various training and other capacity building efforts (including the Amar Dokan booklet) is considered around 15,000 individuals.¹⁴⁶ This leads to a **reasonable capacity building rate of US\$80 per trained individual**. Similarly, for the Pillar 3, estimating an amended outreach of around 300,000,¹⁴⁷ the **cost of awareness raising activities is as low as US\$1.2 per person reached**. Finally, with regard to the Pillar 4, if the around 200,000 MMs onboarded in the country as a whole by the second quarter of 2021 are considered (hence allowing for some scaling up),¹⁴⁸ the **pilot expenses amount to the moderate rate of around US\$15 per onboarded MM**.¹⁴⁹

¹⁴⁴ This category includes the costs incurred in providing general management and oversight that cannot be traced to specific project/programme activities.

¹⁴⁵ The category comprises office rent, UNDP service fee, exchange rate gains/losses, stationary, and any other services/purchases to support project/programme activities.

¹⁴⁶ The Amar Dokan booklet was distributed in 23,786 copies, while various capacity building activities were delivered to 11,758 MMs and other individuals. Since there is some overlap in the number of individuals trained and the receipt of the Amar Dokan does not necessarily mean that the recipient has been effectively trained, for the purpose of the cost-effectiveness exercise, a total of around 15,000 individuals are considered to have been trained by the MDDRM component.

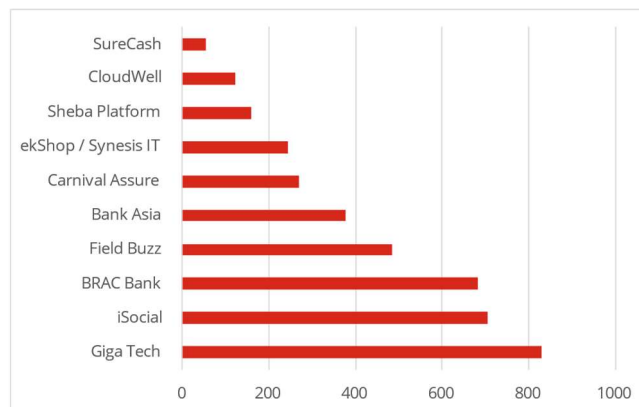
¹⁴⁷ As mentioned in the beginning of Section 6.1 (Exhibit 6.1) above, if the participants/followers are simply summed up, the various fairs and campaigns (including the Facebook campaign) under Pillar 3 reached a total of 417.312 individuals. However, since there is probably a significant overlap (with some people attending both a fair and being reached by a campaign), the adjusted outreach is considered around 300,000.

¹⁴⁸ This number does not include the 2.5 million registered TallyKhata users.

¹⁴⁹ By way of comparison, this acquisition cost compares favorably with the average US\$20 in 'investment cost' per new client (i.e. total funding / number of new clients) for the global UNCDF FIPA portfolio 2011 (with calculations covering two global thematic initiatives and five country sector programs). See UNCDF FIPA Portfolio Review Synthesis Report, 11 February 2013. Comparative figures for more recent UNCDF initiatives are not available.

If only the number of MMs onboarded as well as project cost by pilot completion are counted, the **ratios vary greatly**, from US\$56 for the SureCash pilot to US\$705 for the iSocial pilot and US\$830 for the Giga Tech pilot. These differences can, however, at least partly be explained by the very different nature of and approaches adopted by the pilots. For example, while the SureCash and CloudWell pilots respectively involved the registration of a digital wallet and the enrollment on a digital platform, the iSocial pilot provided basic business management training to the onboarded female MMs. The expenses are naturally higher in the latter case. However, even if some interviewed pilot promoters report that more resources are commonly required to “convince and support” female MMs, this does not necessarily imply that the costs of acquiring women as active users are higher than for men. Furthermore, the high per MM cost of the Giga Tech pilot can be explained by the substantial amount of support provided for the establishment and promotion of an online business registry within the very limited implementation period for the second round pilots (i.e. the number of onboarded MMs was consequently also limited). Finally, each US\$ spent on the five first round pilots reporting on transactions (see Exhibit 6.7 in Section 6.1.4 above) had generated more than five times the value (i.e. ~US\$5.4) in digital transactions by pilot completion.

Exhibit 7.3 Cost per Onboarded MMs at Pilot Completion (US\$)



Note: While the BRAC Bank pilot had effectively extended only 10 credits by pilot completion in March 2021, in May 2021 it had provided a total of 160 credits in the four target districts; the initial target of 100 credit is therefore considered.

Timeliness. MDDRM **implementation was affected by several delays for reasons both within and outside the control of UNCDF.** First, procurement of the MMLA research was prolonged because of a lack of bidders. The completion of the assessment and an up-to-standard report also took longer than expected. Since the MMLA was essential for the definition of subsequent MDDRM activities (including the pilots), the delays in its completion also postponed the overall implementation of the MDDRM component (i.e. many other activities could not be carried out in parallel with but only subsequent to the MMLA). Second, MDDRM also faced challenges with the procurement of the pilots. In particular, due to EU requirements, the implementation of the pilots could not be financed through grant challenge funding (as is traditional for UNCDF projects), but had to be procured as services. Consequently, instead of inviting private sector actors to propose and cocreate solutions to address a set of outlined challenges, the MDDRM team had to define the terms of the services and hence the solutions to be provided. This not only required specific expertise, but also took a lot of time. Once the calls for proposals had been defined, the procurement itself also took longer than anticipated due to low response rates (“There are only a limited number of entities in the local market that are capable of implementing innovative solutions, particularly in the targeted districts”). In fact, the first pilot round involved no less than five calls,¹⁵⁰ as well as dedicated efforts to “hunt down” and assist potential partners. The second pilot round call was more successful, attracting a total of 14 applicants (of which seven were found compatible with the requirements of the call and hence shortlisted). Interviewed MDDRM/SHIFT SAARC staff estimate that **challenges with the MMLA and the pilot procurement delayed implementation by 12-18 months.** A first no-cost extension until September 2020 was consequently granted. Furthermore, MDDRM **implementation was naturally also affected by the Covid-19 pandemic**, which prompted a second no-cost extension until March 2021. Delays related to the pandemic involved not only the first round pilots (with four pilots granted no-cost extensions),¹⁵¹ but also the implementation of other activities

¹⁵⁰ Launched in June, September and December 2018 as well as in January and May 2019.

¹⁵¹ Namely Bank Asia (8 months), ekShop (2 months), iSocial (7 months), and SureCash (13 months).

(such as the caravan campaign). Finally, the procurement process for the second pilot round was also delayed, with the contracts signed only in late January 2021 even if the deadline for proposals of shortlisted applicants was at the end of August 2020. This left the second round promoters with a very limited and challenging implementation period; i.e. basically only two months, or even one month in the case of BRAC Bank (*"The timing was too restrictive"; "The timeline was too ambitious; rice takes time to cook"*).

7.2 Operational Efficiency [EQ4.2, EQ4.3 & EQ4.4]

Governance. The MDDRM component - being part of a project which included a second component funded by another DP and which in turn was part of a broader programme - was ***positioned within an intrinsically complex - and perhaps even confusing, albeit flexible - framework, but the governance structures are generally considered to have been adequate.*** At the programme level, the SHIFT SAARC Board, comprised of UNCDF and the two SHIFT SAARC funders, provided strategic direction of and general oversight of implementation (including the setting of priorities, the approval of annual work plans and budget, the endorsement of grant and service contracts, and the monitoring of overall performance). The Board met once each calendar year and is considered by its members to have efficiently carried out its duties in a collaborative fashion (*"Board decisions were followed up on"; "EU was supportive of what we did"*). At the project level, the Project Steering Committee (PSC) has also met on an annual basis, providing guidance and monitoring in support of the smooth implementation of project activities. Although the inclusion of BTRC in the PSC was seemingly more of a formality, interviewed MDDRM/SHIFT SAARC staff report on the active engagement of the other national members (*"Bangladesh Bank was very helpful and proactive"; "The MoF chair was very dynamic, dedicated time and attention"*). On the other hand, a couple of interviewed PSC members refer that the discussions with UNCDF could have been more frequent and structured (*"It would have been good if we had had more meetings so that we could have been more informed and part of the decision-making process"; "Regular interaction is required; reports don't say it all"*). Finally, the MDDRM component also set up a Reference Group composed of representatives from UNCDF and the three implementing partners towards coordinating the implementation of activities. Even if this group met regularly and engagement naturally also depends on the commitment and capacity of its members (see below), a couple of interviewed MDDRM/SHIFT SAARC staff consent that the operational coordination could have been better (*"We could have been more inclusive; we could have done a better job here, not just engage them at the last stage of things"*).

Availability of Human Resources. As presented in Section 2.1 above, MDDRM implementation was supported by an ***in-country project management team composed of various profiles***, including a policy and advocacy officer until mid-2018. The core team was in turn assisted by additional staff (including the SHIFT SAARC programme manager and, in support of the work under Pillar 4, an innovation manager) with the UNCDF Regional Office for Asia in Bangkok as well as others at UNCDF headquarters. Interviewed MDDRM/SHIFT SAARC staff point to resources sometimes being a bit stretched (*"There was a lot of running around"; "Staff was not enough"*), but implementation also relied on a pool of consultants (even if the procurement of these, which had to be done through the UNDP system, sometimes was delayed). Furthermore, ***interviewed stakeholders recognize the caliber and hands-on approach of the team*** (*"The UNCDF is team very good, active and professional and committed"; "They have been forthcoming and supportive"*). The pilot promoters in particular report a high appreciation for the MDDRM team, which not only provided implementation assistance and reporting guidance, but also facilitated contacts and partnerships (*"They were great; very diligent as well"; "UNCDF was very understanding and helped expedite the project"; "They were very accommodating, providing good on-the-ground assistance"*). The inclusion of reliable Bangladeshi professionals is also acknowledged (*"The project has been very strategic in placing resources that are trusted by the GoB, and I think they have taken time to engage and listen"*). Overall, the amount and type of human resources engaged can consequently be considered to have sufficiently catered to the results to be achieved by the MDDRM component. With the SHIFT SAARC programme manager, the country project coordinator and the communications officer having been part of the team from the start and the others having been replaced only once, the project management team also

provided continuity. However, given SHIFT SAARC's initial ambitions related to gender, it **would have benefitted from the inclusion of a gender expert.** It is also not possible to ascertain the amount of human resources dedicated to supported the design and implementation of gender related activities. Finally, given that MDDRM activities were primarily carried out in the four target districts, a couple of interviewed stakeholders also suggested that a local presence could have been useful (*"You need to have boots on the ground; not just in the capital"*).

Performance of Implementing Partners and Pilot Promoters. The bulk of MDDRM activities under Pillar 2 and Pillar 3 was carried out by the three implementing partners (some Pillar 1 activities were also implemented by Dnet). Relations with the implementing partners were regulated by performance-based grant agreements (PBAs), as traditionally used by UNCDF towards incentivizing engagement through a step-by-step approach, and the **performance was mixed.** On the one hand, Dnet, which eventually and successfully implemented the greater part of the activities under Pillar 2 and Pillar 3, is recognized by interviewed MDDRM/SHIFT SAARC staff to have performed very well thanks to its experience, capacity and proactiveness (*"Dnet is a well-oiled machine"; Dnet was more active, more experienced and hence had the readiness"*). On the other hand, the operational onboarding of BDMS and, particularly, FBCCI proved challenging. Despite the dedication of some FBCCI staff, an institutional commitment at a higher level was more difficult to assure. In particular, following a change in leadership, priorities reportedly also changed (*"They seemingly disowned their engagement"; "They had other, bigger, initiatives to work on"*). BDMS, even if institutionally committed (*"They really wanted to be part of the [MDDRM work]"*), faced institutional infrastructure and capacity constraints affecting the quality of deliverables. Traditionally more involved in policy advocacy, it had little experience in for example the provision of training. In order to ensure the delivery of outputs, most of the FBCCI budget and some of the BDMS budget were consequently reallocated to Dnet. It should be noted that the MDDRM/SHIFT SAARC team acknowledges its own limitations in seeking to build the relationships with BDMS and FBCCI, at least initially (*"We failed to proactively engage with them"*). The limited engagement of the two umbrella associations is also recognized to have at least somewhat reduced MDDRM outreach and results (*"If we had been able to mainstream them into implementation and make them actively participate in the formulation of the DFS agenda, the success would have greater and wider"*).

The pilot promoters – which, as mentioned in Section 7.1 above, were not engaged through PBAs, but rather contracted to provide a service – **generally performed well.** Only one of the pilots (i.e. BRAC Bank) was not able to reach its target (credit) outreach target by completion because of the very limited implementation period for the second round pilots coupled with the Covid-19 pandemic.¹⁵² On the whole, despite the delays in procurement and because of the Covid-19 pandemic (see above), interviewed stakeholders recognize the achievements of the pilot in a limited amount of time (*"They managed to do a lot of activities in the last months; quite remarkable"*). The Bank Asia, Field Buzz and SureCash/TallyKhata pilots are particularly mentioned, as well as the ekShop pilots with regard to its efforts in response to the Covid-19 pandemic (see Box 6.3 in Section 6.1.4 above). Nevertheless, a couple of interviewed stakeholders believe that, had it not been for contract restrictions (i.e. the services/solutions to be provided had already been defined by the calls for proposals) and time pressure, some projects could have been more innovative in their approaches.

Risk Management. At a general level, potential risks and mitigation measures were addressed by both the SHIFT SAARC Board and the PSC, and mostly concerned engagement of implementing partners and delays in implementation. The annual progress reports to the EU (see below) also included considerations for risks and possible measures towards addressing identified challenges (including for example difficulties in engaging FBCCI and delays in the implementation of certain activities, such as the MMLA). With regard to implemented MDDRM activities, MM training included the mitigation of risk connected to credit. Finally, the MDDRM component **adopted suitable and proactive measures in**

¹⁵² The BRAC Bank pilot did, however, overachieve the targeted number of credit assessments to be carried out.

response to the Covid-19 pandemic. Apart from initially postponing the delivery of assistance and subsequently providing it digitally or at a distance, several MDDRM-supported activities served to inform MMs (and consumers) on hygienic practices and other measures towards minimizing the risk of contagion as well as on risk awareness and preparedness in general (see Box 6.1 in Section 6.1.2 and Box 6.2 in Section 6.1.3 above).

Reporting. Overall, the **reporting mechanisms have adequately served the purposes of informing on progress and identifying challenges to be addressed.** At the component/project level, the MDDRM/SHIFT SAARC team provided detailed annual progress reports to the EU as well as, in connection with the yearly meetings, the SHIFT SAARC Board and the PSC. Monthly progress reports in Bangla were also submitted to Bangladesh Bank. Internally, implementing partners submitted quarterly and annual progress reports as well as thorough reports on implemented activities in connection with each grant installment. Similarly, the pilot promoters reported on progress through briefer schematic monthly and quarterly reports as well as more narrative milestone reports. While the pilot promoters understand and concur with the reporting requirements (“A necessary evil of how these things work”), they proved burdensome for a few (especially for those working with a DP for the first time). Finally, MDDRM staff and consultants reported on field visits and monitoring of MDDRM activities through back-to-office reports in the standard UNCDF format.

M&E Framework. On the other hand, as also pointed out by the MTE and affirmed by interviewed MDDRM/SHIFT SAARC staff, the **M&E system included some gaps and could have been more solid** (“We could have done a lot better”). Based on the results and resources framework (RRF), the M&E system – as reported by the ‘project tracker’, including a ‘dashboard’ for the pilot initiatives – **primarily reported on output delivery** across all four pillars (e.g. the number of reports produced, MMs trained, MMs/consumers reached by awareness raising activities, MMs onboarded by the pilots, etc.). At the outcome level, the RRF included three indicators; namely (i) % of individuals reporting improved competencies (Pillar 2), (ii) % of target audience reporting improved understanding and willingness and uptake (Pillar 3) and (iii) % of promoters and onboarded MMs expressing willingness to replicate and scale up practices promoted by the pilots (Pillar 4). However, apart from the Pillar 2 outcome indicators, the others have not been sufficiently measured during the course of implementation. The M&E system also did not include a sufficient amount of indicators towards effectively measuring changes at the outcome level, and especially the momentum at the broader market level or within the DFS ecosystem.¹⁵³

The RRF also contained indicators and targets at the impact level – namely (i) 25% of low-income consumers reporting satisfaction with MM products and services and (ii) 30% of targeted MMs improving business performance, as well as, ultimately, (iii) 20% reporting changes in economic participation and financial access and (iv) 20% reporting reduction in poverty incidence, as measured by the Poverty Probability Index (PPI),¹⁵⁴ among low-income households targeted by the MDDRM – but these were generally not measured or tracked. The **first round pilots collected informative business related baseline data on onboarded MMs** (including average daily sales, average daily income, number of customers, average transaction size, etc.), while Dnet gathered information on the average daily sales of trained MMs. This baseline information, compiled by the MDDRM component in a MM database, would provide a valuable resource for a possible assessment of MDDRM’s impact on onboarded/supported MMs’ business performance in one or two years. Other baseline information towards measuring the remaining impact indicators was, however, not collected.

Finally, the M&E system disaggregated and targeted several output indicators by sex (namely number of women MMs/individuals trained, reached or onboarded).¹⁵⁵ Under Pillar 3, the framework also targeted the setting up of a gender centric platform (as eventually provided through the Amar Dokan app

¹⁵³ It should be noted, that while not included in the M&E system, some pilot promoters (as presented in Section 6.1.4 above) reported on the volume and value of digital transactions during the course of the pilots.

¹⁵⁴ Formerly the Progress out of Poverty Index (www.povertyindex.org).

¹⁵⁵ The second round pilots also included the collection of gender disaggregated data

developed under Pillar 2).¹⁵⁶ However, ***gender is not really considered beyond the output level.*** Furthermore, since the MDDRM component did not explicitly target the inclusion of other disadvantaged or marginalized groups, the framework does not comprise other inclusion related indicators or targets.

¹⁵⁶ But, as reported in Section 6.1.3 above, this was not delivered.

8. Possible Impact

Although evidence is very limited and only anecdotal, there are some signs of likely improvements at the impact level. Interviewed MMs report on facilitated interactions with suppliers and better access to supplies as well as more DFS use and availability of more credit options. There are also some indications of MDDRM/UNCDF, and particularly the pilots, having had a demonstration effect at the market level with an increasing attention to the MM segment and other targeted interventions allegedly ongoing or starting. Some interviewed MMs also testify to changes related to business performance, including an increase in the number of customers and hence also a growth in sales/income as well as a reduction in credit sales and other benefits (including important cost and time savings). With regard to gender, however, MDDRM is likely to have supported limited results.

8.1 Vertical and Horizontal Integration [EQ5.1 & EQ5.2]

Integration with FMCG Value Chains. Only a limited number of interviewed MMs at the micro level report on changes in their access to or relationships with suppliers. In particular, seven (one third) Bank Asia MMs as well as one Amar Dokan MM and one TallyKhata MM testify to the app/support having **facilitated their relationships with suppliers**. (“I can now easily pay Unilever with the app, without using cash”; “The transactions with suppliers are faster and easier”; “I now know how to better interact with them; the suppliers give me priority”). Some - mostly iSocial MMs (seven), but also one Amar Dokan MM and one Bank Asia MM - also point to a **greater access to products** (“I can receive the supplies directly from iSocial and they sell multiple brands”; “I now sell also medicines”; “I do not fall short of supplies anymore”). Among those reporting on changes, around three quarters claim these improvements can be attributed to the app/support either to a great or to some extent.

At the market level, a couple of interviewed stakeholders report on an **increasing interest among FMCG companies and providers in the MM segment** as their last mile clients (“Suppliers now want to connect directly with MMs, and the app helped them to reach out”). Within the framework of the MDDRM-supported pilots, there is, however, no evidence of changes in the commercial distribution or other relevant activities among partner or onboarded suppliers. There is no substantiation of other MMDRM activities having promoted such changes either.

Integration with Financial Services Value Chains. Among the interviewed MMs at the micro level, basically only Bank Asia MMs report on improvements in their access to or use of DFS and other financial services. For example, 11 (half) Bank Asia MMs testify to an **increased use of MFS**, and especially the transfer of government stipends and the payments of bills. Although the SureCash/TallyKhata MMs were all provided with a SureCash wallet, the interviewed MMs did not report on any changes in their MFS access/use. I.e. those using their SureCash wallets were already utilizing, including being agents for, other MFS (such as bKash and Nagad) before the pilot. Furthermore, five (one quarter) Bank Asia MMs, namely those who had received a credit through the pilot, had **more credit options**. Four Bank Asia MMs and one Amar Dokan MM also testify to (i) increasing share of customers paying with DFS (two), (ii) more secure transactions (two), (iii) improved credit readiness (one), and (iv) better credit conditions (one). Finally, the majority (around four fifths) of those experiencing improvements stated that they contribute the changes to a great extent to the pilot, while the remaining share believed the pilot support to have contributed to some extent to the reported improvements.

At the market level, as mentioned in Section 6.2.4 above, the banks and DFS providers engaged in the pilots have, following completion, generally **sought to improve, if not change, their product/service delivery**. I.e. the feedback and results of the pilots have served to inform continued MM outreach and service. The provision of credit based on transactional records is still a relatively new concept, but still considered by the pilot promoters as a highly demanded and potentially profitable product for the MM

segment. Some interviewed stakeholders also confirm a stronger commitment to DFS on part of FSPs involved in the pilot, but it is not possible to ascertain the extent to which the MDDRM component contributed to this or whether it is part of a more general trend (*“Financial institutions are placing more and more emphasis on DFS these days”*).

MDDRM/UNCDF Demonstration. Evidence of possible demonstration or replication effects is limited and only anecdotal and primarily related to the pilots. First, at the market level, the ***pilot promoters are increasingly being approached by various actors*** previously not involved in MDDRM efforts thanks to their pilot experiences (*“The pilot was an ice breaking part”; “Others are now joining the game”; “There are more actors looking into MMs, there was no traction before; and this is completely attributable to the MDDRM”*). Second, a couple of interviewed stakeholders also testify to ***similar types of efforts, not linked to the pilot promoters, also being underway*** (*“This is now seen as a lucrative market”*). The Bank Asia pilot in particular is recognized as a source of inspiration by actors not directly involved in MDDRM activities (*“The Bank Asia pilot is getting good traction now”*). For example, partly motivated by Bank Asia’s pilot experience, one of the core foci of Prime Bank’s strategy for its agent banking system, which was launched at the end of 2020, is to engage MMs as agents throughout the country (which will include, like the Bank Asia pilot, the development of a dedicated platform). Also seemingly inspired by the Bank Asia model, the MM outreach concept is reportedly being copied also by other banks (including Citibank). Although some actors - such as ShopUp (see Section 2.2 above), but also Unilever Bangladesh (which already had its own dedicated app through which MMs can place, but not pay, their orders) - were already engaged in providing MMs with digital services (including DFS) before the implementation of the first round pilots, MDDRM/UNCDF is recognized by a couple of interviewed stakeholders to have been *“fast forwarding the whole scenario”*. Third, for a couple of pilot promoters and partners, the ***pilot experiences have served as leverage when approaching and attracting potential local as well as international investors and funders*** (*“The pilot helped increase our credibility when pitching to investors”; “There is a significant level of interest from all sides, also a foreign investor; there are a lot of opportunities”*).

Furthermore, at the global/macro level, ***other DPs are also getting involved***. For example, since there are no regulatory guidelines on alternative credit scoring, ADB is currently discussing the provision of digital credit through suppliers with the GoB. Finally, at the micro level, around half on the interviewed MMs onboarded by Bank Asia, iSocial and SureCash/TallyKhata as well as many of the Bank Asia and iSocial FGD participants have promoted the pilot tools/support to and consequently ***inspired use among fellow MMs and others*** in their local communities (*“I motivated many others to open a Bank Asia account”; “I promoted the app to around 20-30 people, and 2-3 out of them started using it”; “Three women became Kallyani being motivated by me”*).¹⁵⁷

8.2 Growth and Competitiveness [EQ5.3]

Introduction. Evidence of the MDDRM component’s possible impact in terms of the growth and competitiveness of MMs’ businesses is also limited and anecdotal (see also the Bank Asia, iSocial and SureCash/TallyKhata case studies attached in Annexes N though P). As summarized in the paragraphs below, interviewed MMs (as well as the Bank Asia and iSocial FGD participants) nevertheless report on ***some improvements related to their business performance***, including (i) increasing customer base, (ii) growing sales/income, (iii) changing credit practices, and (iv) other business related changes. Apart from the effects of the Covid-19 pandemic (see Box 8.1 below), there are also no indications of adverse changes affecting the business growth and competitiveness of MMs onboarded/supported by the MDDRM component.

¹⁵⁷ The three MMs interviewed in the Sherpur district who had not been onboarded by the pilots (or in other ways supported by the MDDRM component) had all heard of the piloted solutions/support even if they were not yet able to use them because of the lack of smartphones or knowledge.

Customer Base. Between one third and one half of the Amar Dokan (six), Bank Asia (seven) and iSocial (12) MMs have attracted an **increase in the number of customers**, and especially women in the case of iSocial (*"I now sell sanitary napkins, which attracts more female customers"*). The Amar Dokan MMs report on an increase between 10% and 50% thanks to having improved their business practices (notably their customer relations and the organization of their shops). The most appreciated features of the Bank Asia app are that the MMs can (i) transfer GoB stipends and allowances and pay bills and (ii) transact outside normal banking/business hours, which both attract customers (*"I can transact on off days when other options are not available"*; *"Some customers come to received their stipends when the Bank Asia branch is closed"*). Finally, most of the Kallyani women started their MM businesses within the scope of the iSocial pilot and hence commenced with a customer base of zero. All but three MMs (all Bank Asia MMs) reporting on a growth in their customer base claim that the MDDRM component contributed to this to a great (16) or some (six) extent.

Sales/Income. In most cases, the increase in customers also resulted in a **growth in sales/income** among the Amar Dokan, Bank Asia and iSocial MMs (*"My income almost doubled because of offering Bank Asia services"*; *"My income increased by 40% along with the number of customers"*). Also in this regard do the majority (85%) of the MMs reporting on an increase in sales/income believe that the MDDRM support contributed to a great or some extent. A telephone survey carried out by Dnet just before the start of the Covid-19 pandemic also confirmed increased business volumes among trained MMs. In particular, 150 respondents reported an average sales increase of 50% one year after and thanks to the Amar Dokan based MM training.¹⁵⁸

It should be noted that, having started their businesses under the iSocial pilot, most interviewed Kallyani women (as well as the those participating in the iSocial FGD) - relying not only on the sales of iSocial products, but also on the provision of basic health services to their communities - were **effectively able to create their own sources of income and hence also support, at least partially, themselves and their families** (*"My dream of being self-dependent is fulfilled"*; *"I feel more accomplished as I can contribute to the family income"*; *"iSocial opened a business opportunity for me"*). In this regard, a couple of interviewed Kallyanis faced some initial resistance from their families or neighbors, but this was no longer the case when they, supported by iSocial, started their businesses and were able to contribute financially to their households (*"Some people tried to discourage me in the beginning, but now they are okay with my work"*; *"My mother was initially worried how people would react to me working as a Kallyani"*).¹⁵⁹ In fact, **several onboarded Kallyani women testify to starting a business having improved their confidence and earned the respect of their families and communities** (*"The program gave me the confidence and courage to introduce my shop"*; *"I am receiving higher respect from my family and society because of making additional income"*; *"I now have a greater role in the household decision-making. People now value my judgement"*).

Credit Practices. Two fifths of the Amar Dokan MMs **reduced or ceased the selling on credit** (*"I was struggling with credit issues; the training inspired me to stop selling on credit"*). The share of customers buying on credit as well as the value of sales on credit consequently dropped. The contribution of the MDDRM support is also believed to be high, i.e. to a great (seven) and some (one) extent. These changes in credit practices have, however, reportedly not resulted in a decrease in their customer base. I.e. some customers might be attracted to a certain MM because she/he allows them to buy on credit. On the other hand, none of the interviewed MMs report on a change in the share of supplies bought on credit.

Other Business Related Effects. A handful of interviewed MMs also report on other changes brought on by the pilots or the support received to a great or some extent. In particular:

¹⁵⁸ Dnet interview, 3 March 2021.

¹⁵⁹ iSocial reports that around 30% of women facing some initial resistance, while many Kallyani women do not continue their business activities after they get married.

- **Greater variety of and more secure supplies** – around fifth of the iSocial MMs report on a more varied selection of products and two Amar Dokan MMs on reduced delays in stocking, which in turn attracts and pleases their customers (“*I have a wider portfolio of products now*”);
- **Improved customer satisfaction** – three iSocial MMs and one Amar Dokan MM point to an increase in the satisfaction of their customers (“*My customers are pleased with the diversified portfolio*”; “*My customers are happy with my behavior*”);
- **Increased savings behavior** – one Amar Dokan MMs improved his savings practices based on the learning from the MM training;
- **Reduced losses** – while the SureCash/TallyKhata MMs do not report on any business related changes thanks to their improved bookkeeping practices, one Amar Dokan MM reduced his business losses thanks to the accounting training he received;
- **Business expansion** – partly assisted by the credit of BDT 30,000 (~US\$350) received through the pilot, one of the interviewed Bank Asia MMs opened up another shop, for a total investment value of BDT 200,000 (~US\$2,350); and
- **Cost and time savings** – two Bank Asia MMs highlight that being able to transact digitally allows them to save on transportation costs as well as their time, with one reporting of costs savings in the order of BDT400 (~US\$4.7) and time savings of around 5 hours per week. These might seem like small amounts, but, considering that the numbers are weekly figures and that the MM population is quite large, if the same cost and time savings could be applied to even just half of the country’s MMs, total annual savings would amount to BDT160 million (~US\$1.9 million) and over 21 million working days. The Bank Asia FGD participants also consider the time savings important (“*Our time has been saved and we can concentrate on our businesses*”).

Box 8.1 Effects of the Covid-19 Pandemic

In general, supported MMs reported that, with the beginning of the Covid-19 lockdown, their **sales initially increased** as customers were buying larger quantities to keep at home. With the extension of restrictions and decrease in customers’ income, however, the **sales subsequently decreased** and the share of sales on credit increased. In many areas, with schools closed, MMs lost their student customers, an important part of their customer based for FMCG products. Interruptions in the product supply chain forced many MM to spend additional resources on transportation. With prolonged shutdowns or restrictions on opening hours, products expired or were damaged by rats or insects, resulting in financial losses. MMs also reported on wholesalers (i) increasing the prices, forcing MMs to increase also the final sales prices, which in turn created dissatisfaction and distrust among their customers and (ii) not allowing for the purchasing of supplies on credit, hence resulting in reduced inventories. Many MMs, despite being closed, also had to pay the full rent as property owners did not allow for discounts. Finally, even when shops were allowed to operate, making customers adhere to health safety measures (including physical distancing) proved difficult, hence causing some MMs to be fined by local administrations. Consequently, **MMs increasingly used their savings, and in some cases also working capital, for survival**. On the other hand, in a few cases, the Covid-19 pandemic **also created new business opportunities**. For example, a trained MM started a tissue and face mask production business financed by the collection of customer credits facilitated by the Amar Dokan app.¹⁶⁰

The findings are generally confirmed also by an independent country-wide research carried out in the beginning of the pandemic in April 2020.¹⁶¹ Surveyed MMs reported on **a 60% fall in the number of daily customers and a 70% decrease in average daily revenues**. While 64% and 44% respectively coped with the drop in income by collecting cash from their debtors (i.e. customers) and using their savings, over half of the respondent MMs’ businesses survived with borrowed money, hence affecting their ability to recover after the crisis.

¹⁶⁰ Dnet, 8th installment report (Annexes 3, 4, 5, & 6).

¹⁶¹ Innovision, Digest 9 - COVID 19 impact on low income population: micro-merchants, 2020.

8.3 Cross-cutting Issues [EQ5.4]

As concluded also by the MTE, ***gender related impacts are likely modest***. Apart from the possible benefits produced for the Kallyani women supported by the women entrepreneurship training (Pillar 2) and onboarded by the iSocial pilot (Pillar 4), there is no concrete evidence of MMDRM's contribution to an increasing recognition of gender (or human rights) at the macro, meso, market, or micro level. Capacity building, awareness raising and policy advocacy events have certainly sought to reach out to female entrepreneurs and customers as well as build gender awareness among relevant stakeholders, but – as pointed out in Section 4.3 above – MDDRM/SHIFT SAARC efforts did not fully build upon or materialize initial gender inclusion ambitions. The retail sector is dominated by men and, although a couple of interviewed stakeholders believe the MDDRM/SHIFT SAARC work to have had at least some effect on raising gender awareness (*"The tendency is there"*), others point to attitudes being hard to change (*"It is not easy to work on gender issues with so few merchants being female in Bangladesh"*). Finally, apart from the Kallyani women, other interviewed MMs were not able to express an opinion on whether the pilot/support had addressed gender (or the inclusion of disadvantaged or marginalized groups) and, consequently, whether this had changed their own gender (or inclusion) considerations.

9. Prospects for Sustainability

The outlook for sustainability of MMDRM efforts and results varies. Sustainability depends not only on the level of commitment as well as the availability of financial and human resources, but also on continued support. At the market level, expectations are very positive as pilot promoters demonstrate a strong commercial commitment, engaging both financial and human resources to support continued MM outreach. At the micro level, the outlook is also encouraging with interviewed MMs committed to continued use of promoted solutions/support, but further assistance is probably necessary and the business case has to become clear. At the meso level, prospects are relatively poor as sufficient capacity and commitment have not been built. Finally, at the macro level, political commitment is generally strong, but due to a lack of financial resources, sustainability likely requires further support.

9.1 Sustainability at Micro Level [EQ6.1 & EQ6.2]

Introduction. At the micro level, sustainability of MDDRM efforts and consequent results rely on the continued use of the promoted solutions and application of the support received. This commitment in turn depends on the perceived value added and business case incentives. The ***prospects for sustainability among MMs generally appear encouraging, even if - in the long-term - they likely depend on additional support.***

Commitment. In line with their general satisfaction with and appreciation for the piloted solutions and provided support, ***four fifths of the interviewed MMs confirm that they will continue making use of the MDDRM-funded solutions/support.*** Commitment to continued use is higher among interviewed Amar Dokan and Bank Asia MMs, with just one or two MMs reporting that they will not use the Amar Dokan work or the Bank Asia app in the future. Continuation among the SureCash/TallyKhata MMs is somewhat lower, with 30% no longer wanting to use the TallyKhata app (or the SureCash wallet). However, given the rapidly increasing number of registered users throughout Bangladesh, prospects for the sustainability of the general outreach and utilization of the TallyKhata app look promising. Commitment among interviewed iSocial MMs varies. While two Kallyani women have closed their business activities because there was not enough fixed/regular income, another six have effectively paused their business activities because of the lack of supplies or follow-up support and hence reply that they only might continue. The sustainability of impact results at the MM level hence also varies; i.e. MDDRM efforts might have a lasting effect in terms of possibly greater integration with the financial inclusion and FMCG value chains as well as potentially stronger business growth and competitiveness first and foremost if MMs continue to use the proposed (and future) solutions and apply the acquired capacities. This commitment is naturally also facilitated by a continued engagement at other levels (as presented in Sections 9.2 through 9.4 below).

Further Support and Incentives. Even when confirming continued use, interviewed MMs ***generally call for follow-up or additional support*** (“I want more training on business management”; “A proper training on the use of the app would be very helpful”; “I want greater orientation on the app to know how to use all the features”). In this regard, the assistance provided by the market promoters varies, with some being less hands-on than others. This in turn effects not only the initial onboarding of MMs (as mentioned in Box 6.7 in Section 6.2.4 above), but also the understanding of the usefulness and value added of the promoted solutions and hence the prospects for their continued use. On a more general level, with only a very small share of the country’s MM segment as well as general population having been directly supported or reached by the MDDRM component, the scope remains large, as pointed out by both interviewed MMs and other stakeholders (“We worked with only 10,000, but they are so many ... there is more to be done”). Finally, and perhaps more importantly for MMs to sustainably provide last mile outreach (also according to several interviewed stakeholders, especially at the market level), ***the***

business case of using or providing the promoted and other future digital solutions must be clear (“What’s in it for the MMs; what do they gain?”). I.e. the value added in financial or other terms of using/providing digital services has to be evident for the MMs. In this regard, scale is critical since digital commissions are comparatively low.¹⁶² That is, digitally serving only a couple of customers per day does not provide sufficient numbers for MMs to consider the provision of digital services as a revenue stream. However, with customers’ use of DFS still being relatively limited, the benefits (economic or otherwise) of providing payment other digital services to their costumers is not yet evident for many MMs (“They want more commission”; “There should be some financial benefits for the MMs”; “There should be more incentives for the agents”). Consequently, for sustainability at the micro level, **continued efforts to promote digital financial literacy and DFS uptake are essential.**

9.2 Sustainability at Market Level [EQ6.1 & EQ6.2]

Introduction. Prospects for sustainability at the market level is determined by the institutional (i.e. commercial) commitment and the availability of financial and human resources. While the possible effects of the interest generated among other market actors is not clear (i.e. will the possible demonstration effects - as presented in Section 8.1 above - lead to effective action?), the **prospects for sustainability among the pilot promoters are promising.** In particular, they have realized the business potential of serving the MM segment and are investing both financial and human resources to support outreach.

Commercial Commitment. As confirmed by their expansion plans, the **level of dedication is high among almost all first round pilot promoters.**¹⁶³ In particular:

- Bank Asia, having already onboarded some 36,000 MMs by mid-June 2021 and committed to “challenging the market”, is planning to reach a total of 87,000 MMs by the first quarter of 2022 towards eventually onboarding a sustainable scale of around 240,000 MMs in 80,000 villages by 2023. It is also preparing to extend its credit line in support of working capital based on revenue streams, introduce remittance features as well as partner with other FMCG companies.¹⁶⁴ The dedication of Bank Asia to MM outreach is recognized also by its pilot partner Unilever Bangladesh, which in turn intends to continue the partnership once the Bank Asia (and BRAC Bank) platform as well as the general ecosystem have been scaled up,¹⁶⁵ as well as by consulted macro and global stakeholders (“The Bank Asia management is really committed”).
- Based on the pilot learnings, CloudWell is expanding its MM network across Bangladesh and planning to introduce a digital wallet. It has already received a no objection certificate from the Bangladesh Bank to prepare the launch of e-wallet services under a payment services provider license. The core focus is to facilitate digital transactions with customers and suppliers as well as, in collaboration with banks and MFIs, the extension of digital credit based on transaction records. In order to reach sufficient scale, MMs are still considered an important target segment along with already established MFS and MNO agents.¹⁶⁶
- Starting with the extension of activities in another two areas (i.e. the Jessore district and the Singra upazila in the Natore district), where the onboarding of the first MMs is currently underway, ekShop is exploring the possibility of a country-wide last mile expansion towards eventually reaching 20-30,000 small retail shops. Based on the experience of the pilot, continued outreach efforts include a

¹⁶² For example, one interviewed stakeholder estimates that while MM can earn 10-15% profit on selling physical goods, the provision of digital services only provides 1-2% commission.

¹⁶³ Following the impressive expansion after pilot completion, with over 115,000 onboarded MMs by the first quarter of 2021, Field Buzz had planned a dedicated roll-out drive in Dhaka. However, primarily because of challenges faced with onboarding due to the Covid-19 pandemic, the Dhaka drive as well as further activities in Bangladesh subsequently ceased (with operations in the country currently winding down). Field Buzz, 3 March 2021 interview and 22 September 2021 email.

¹⁶⁴ Bank Asia interview, 1 March and 10 June 2021.

¹⁶⁵ Unilever interview, 27 May 2021.

¹⁶⁶ CloudWell interview, 4 March 2021 and 19 August 2021 email.

focus on promoting digital financial literacy as well as building partnerships below the union level (i.e. at the village level).¹⁶⁷

- Subsequent to the completion of the pilot, iSocial launched the updated version of its multiservice platform (i.e. Shujog for Kallyani women as well as Shokrumi for their male counterparts) in March 2021 and is working on the provision of additional features (including an e-learning module providing basic financial literacy education) and the establishment of digital dealerships for FMCG companies towards reducing the delivery times. These efforts target the onboarding of 20,000 Kallyani women by 2022.¹⁶⁸
- Finally, SureCash is committed to the TallyKhata app, the downloading and use of which has successfully taken off, as well as to the digital merchant wallets, which is likely to become one of its main business products, and is looking into connecting with suppliers as well as with banks and MFIs. Digital credit is also of interest, but the promoter intends to gain a better understanding (also from a regulatory point of view) of how this product can viably be scaled up before committing.¹⁶⁹

The ***second round promoters are also committed to the roll-out of piloted activities***. For example, BRAC Bank, is now working also with several other FMCG companies in addition to Unilever Bangladesh. It is currently scaling -up the onboarding of new retailers as well as marketing its products to existing grocery customers in order to facilitate retailer financing across the 1.2 million MM market.¹⁷⁰ By lowering costs through digitalization of onboarding as well as the assessment, disbursement and collection of credit, it is confident in the scalability of its MM products- This in turn is considered as “a stepping stone to [its] bread and butter products” of traditional financing by addressing the challenge of credit assessment in a data-poor financial landscape.¹⁷¹ BRAC Bank’s pilot partner, ShopUp, is also committed to its MM engagement. It continues to increase its retail base (served by over 15 warehouse/procurement places outside of Dhaka) and, while it has ceased the extension of credit directly to merchants, it is about to launch of a digital embedded credit facility (with ShopUp acting as the intermediary by taking on the loan and the distribution houses being responsible for individual credit assessments and disbursements).¹⁷² Similarly, Carnival Assure, which had already onboarded some 6,000 resellers in May 2021, is planning to expand beyond its two pilot districts of Jamalpur and Sherpur towards reaching around 10-20,000 by the end of 2021 as well as provide inventory insurance (as well as other financial and auxiliary services)¹⁷³ in addition to the life and health insurance promoted under the pilot.¹⁷⁴ Giga Tech and Sheba Platform also intend to expand, both within and the beyond the four target districts, but first need to secure resources as they realize the need for continuous education and incentives (see below).¹⁷⁵

Availability of Financial and Human Resources. The realization of the commitment to expansion in turn relies on the availability of both financial and human resources. First, ***access to funding varies between pilot promoters***. More established entities, e.g. Bank Asia and iSocial, are confident in having sufficient traction to raise funding independently from both investors and other DPs. On the other hand, start-ups, such as the Sheba Platform and the BRAC Bank pilot partner ShopUp, generally find it more difficult to secure funding to expand beyond the pilot. Other pilot promoters also call for additional international support (“UNCDF focused on onboarding, but we need to keep them in the loop; otherwise they are difficult to retain. We need to have a follow-up project; otherwise sustainability will not be there”), while Giga Tech awaits the finalization of the national and local budgets towards understanding whether

¹⁶⁷ ekShop, ‘Micro merchant pilot aftermath’, 21 May 2021 and 26 February 2021 interview.

¹⁶⁸ iSocial interview, 24 February and 28 May 2021.

¹⁶⁹ SureCash interview, 25 February and 3 June 2021.

¹⁷⁰ BRAC Bank, 2nd milestone report, March 2021 and 18 August 2021 email.

¹⁷¹ BRAC Bank interview, 26 May 2021.

¹⁷² ShopUp interview, 7 June 2021.

¹⁷³ For example by promoting access to savings and credit products as well as encouraging MMs to act as wifi huts/cottages for their communities by selling internet access scratch cards.

¹⁷⁴ Carnival Assure, Pilot completion report, March 2021 and 25 May 2021 interview.

¹⁷⁵ Giga Tech interview, 27 May 2021; Sheba Platform interview, 24 May 2021.

resources are available to engage with other local municipal governments. Interviewed MDDRM/SHIFT SAARC staff acknowledge the common failure of inadequate ‘exit’ strategies in terms of not considering funding and support for the scaling up of successful pilot initiatives (“*We don’t think about scaling up, but need to think of this from the start*”).

Second, considering also that assisted onboarding and/or follow-up support are still required in many cases (especially for some products, such as insurance and credit based on transactions), **human resources generally represent a challenge** (especially in tech and credit related areas), **even if staffing can be considered sufficient for most pilot promoters**. For example, Bank Asia, which also has a solid internal IT team, has approved a MM organogram of 66 staff; which represents a substantial increase from the initial seven-person MM team and is considered sufficient to support its ambitious expansion plans.¹⁷⁶ At ekShop, 11 out of its 28 staff are dedicated to the e-commerce platform for merchants and, in order to increase the “stickiness” of its service provision, it has recently engaged two medical doctors who provide medical advice through a dedicated telemedicine call center.¹⁷⁷ Also applying an assisted model, Field Buzz engages over 1,700 sales representatives for onboarding and serving its ever increasing number of MMs.¹⁷⁸ Finally, although SureCash does not have a dedicated team for the TallyKhata app, around 40 of its 150 staff work on the app.¹⁷⁹ However, as originally intended for cost-effectiveness purposes, SureCash no longer has market promoters in the field and hence relies on digital onboarding and tutoring. Recognizing the costs of face-to-face training and the workload of its field officers – who not only have to onboard and train new MMs and provide support to existing MMs, but also manage orders and distribute supplies as well as engage with local governments and communities towards facilitating acceptance of female entrepreneurship - iSocial is also going partly digital for the onboarding and follow-up support by introducing an e-learning feature on its platform. Finally, in addition to 50-60 core staff and field officers (of which around half are engaged in the platform), iSocial is also planning to engage male Kallyanis or transportation workers on a free lance basis for the distribution of supplies.¹⁸⁰

9.3 Sustainability at Meso Level [EQ6.1 & EQ6.2]

On the whole, **prospects for sustainability at the meso level are relatively poor**. The MDDRM component has provided training to MM associations and BDS intermediaries towards building local capacity in support of the MM segment. However, this training targeted individuals rather than institutions and it is not clear to what extent trained individuals remain with the providers. For example, two of the three interviewed representatives who received BDS training are no longer working for FMCG companies and have moved onto other activities. More importantly, the MDDRM component failed to effectively engage with two of its three implementing partners, i.e. BDMS and FBCCI. It can hence not be considered to have built the capacity of these two important MM related umbrella associations. Although BDMS was involved in implementation and BDMS trainers were trained with MDDRM support, some have left and, without additional UNCDF funding, BDMS does not have the resources to provide training to its MM members. Nevertheless, BDMS has been instrumental in supporting MMs during the Covid-19 pandemic. This has for example included the facilitation of working capital support.¹⁸¹ Furthermore, Dnet, the third implementing partner, acquired relevant knowledge and has both the commitment and the capacity to provide relevant services. It is committed to keeping the Amar Dokan app alive and is looking for grant funding in order to continue the provision of training to MMs as well as exploring opportunities for collaboration with a couple of FMCG companies. It is currently also involved in research

¹⁷⁶ Bank Asia interview, 1 March and 10 June 2021.

¹⁷⁷ ekShop interview, 26 February 2021.

¹⁷⁸ Field Buzz interview, 3 March 2021.

¹⁷⁹ SureCash interview, 25 February and 3 June 2021.

¹⁸⁰ iSocial interview, 24 February and 28 May 2021.

¹⁸¹ In September 2020, BDMS signed an agreement with IFIC Bank for the provision of loans to BDMS MM members across the country from the Cottage, Micro, Small and Medium Enterprises Stimulus Fund of the BoG.

on financial literacy barriers for UNESCAP. However, it should be noted that Dnet is a social enterprise and hence not an umbrella or support association representing the interests of the retail sector.

9.4 Sustainability at Macro Level [EQ6.1 & EQ6.2]

Introduction. Like at the market and meso levels, prospects for sustainability at the macro level is also defined by the institutional (in this case political) commitment and the availability of financial and human resources. In general, ***although commitment is high among policy makers and regulators, the prospects for sustainability at the macro level partly depends on additional support*** from UNCDF (see Box 9.1 overleaf) or other DPs.

Political Commitment. At a general level of ownership, and in line with GoB priorities as spelled out by current national strategies (see Section 4.1 above), ***interviewed stakeholders almost unanimously concur that national counterparts are dedicated to the promotion of financial and digital inclusion*** (“The government is generally committed to digitizing”; “The GoB is quite ambitious right now”; “Bangladesh Bank is definitely committed”). Furthermore, as mentioned in Section 6.2.3 above, the Covid-19 pandemic is likely to reinforce its dedication to digitalization. Nevertheless, considering remaining gaps (regarding for example interoperability and high MFS transaction costs),¹⁸² some market level stakeholders call for an even stronger commitment to DFS/MFS towards moving beyond simpler cash-out and cash-in transactions (“We are still at a very basic stage ... but need to look at the next stage”). In this regard, it should also be noted that the continuation, let alone the institutionalization, of the DFCG as an important platform for public-private DFS dialogue is not assured. With specific regard to the financial and digital inclusion of MMs, ***most interviewed stakeholders also confirm the macro level commitment to “popularizing the MM model”*** (“Policy makers are serious about this”). There are also no signs of regulatory reversals, i.e. the circular on prudential guidelines for MM accounts is expected to remain in force. However, without follow-up initiatives by UNCDF or other DPs, a couple interviewed stakeholders at the market and global level believe that traction will weaken (“DPs still have a role to drive this agenda”; “If UNCDF is not behind this, everything will fade away”).

Availability of Financial and Human Resources. In recent years, other DPs (notably ADB, BTCA and the UK – see Section 2.2 above), but to some extent also SHIFT SAARC (with regard to for example eKYC) and the MMDRM component (regarding MM related issues), have ***sought to build the capacity and technical infrastructure of Bangladesh Bank and other relevant national counterparts***. Interviewed macro level stakeholders consequently consider themselves as relatively self-reliant, although continued support would be welcomed towards further integrating international knowledge and best practices (“There is always some need”) as well as strengthening the capacities also of local government divisions. Due to a ***general lack of financial resources***, however, several interviewed market and global level stakeholders question the ability of national counterparts to effectively act on their commitments and ambitions; not only regarding MMs, but also in terms of the more general implementation of the NFIS (“Lack of further support will impact the sustainability negatively”; “If UNCDF does not continue, it will fall flat”). In this regard, the MoF and Bangladesh Bank have for example submitted a request for UNCDF assistance with regard to the digitalization of the issuance and renewal of trade licenses (as supported by the Giga Tech pilot).

¹⁸² Which in turn are at least partly due to agent banking being driven by banks and insufficient regulatory synergies between FSPs (regulated by Bangladesh Bank) and MNOs (regulated by BTRC).

Box 9.1 Continued UNCDF Engagement in Bangladesh

Although the SHIFT SAARC Board dissolved in July 2021 following the completion of the MDDRM component, UNCDF/IDE continues its engagement in Bangladesh, in particular through the implementation of its Bangladesh country strategy for the development of inclusive digital economies. In addition to the ***already ongoing initiatives launched within the SHIFT SAARC framework*** – namely, as presented in Section 2.1 above, (i) the fintech innovation fund and livelihoods bonds for female MSMEs, implemented together with UNESCAP and other DPs (2019-2023) and (ii) the financial literacy initiative for MSME supported by Visa (2020-2023) – and other UNCDF-supported efforts - such as the cross-border remittances project funded by SDC (2019-2024 - and ***building upon the experience of the MDDRM component, UNCDF recently launched another sector-specific action***. Starting in March 2021, the new project supports the digitization for sustainable women livelihoods in the RMG sector – the mainstay of the Bangladeshi economy - and includes (i) the identification of market gaps on the demand and supply side that could be addressed by digital solutions and (ii) the piloting of at least three digital solutions in partnership with RMG and fintech companies. In general, and in line with the global strategy, the UNCDF country strategy for Bangladesh over the 2021-2025 period¹⁸³ involves a ***continuation of its market system development approach*** by supporting (i) enabling policies and regulations (focusing on evidence-based policies and strategies for the digital economy), (ii) inclusive innovation (including digitization of MSMEs), (iii) digital economy infrastructure (e.g. eKYC implementation support), and (iv) empowered customers (including digital and financial literacy for micro and small enterprises).

¹⁸³ UNCDF, Leaving no one behind in the digital era UNCDF-Bangladesh, January 2021.

10. Conclusions and Recommendations

10.1 Conclusions

Overall Assessment. On the whole, the *MDDRM component can be considered a successful initiative*. A *highly relevant* undertaking, it was - and still is - well aligned with GoB priorities and the Bangladeshi economic context. It also adequately sought to identify and address the needs of MMs and GoB counterparts. However, because of its focus on the male dominated MM sub-sector and the closure of the BMGF-funded policy advocacy component in March 2019, MDDRM efforts, although seeking to involve women, did not completely build upon or materialize initial SHIFT SAARC ambitions regarding gender inclusion. The MDDRM component was also a *generally coherent* initiative, squarely in line with UNCDF's global strategy, consistent with the intentions of the SHIFT SAARC programme as well as complementary to the BMGF-funded policy advocacy component. It was also fitted well and collaborated with other GoB and DP initiatives, effectively filling a gap by focusing on a generally neglected sub-sector of the Bangladeshi economy.

The MDDRM component *successfully delivered on or beyond its output targets*. In particular, it: produced important research on the MM segment and other relevant knowledge products (Pillar 1); trained thousands of MMs and other stakeholders (Pillar 2); carried out awareness raising activities for hundreds of thousands of individuals (Pillar 3); and implemented ten pilot initiatives with the onboarding of thousands of MMs in the four target by completion (Pillar 4). Beneficiaries and target groups largely report on *high levels of satisfaction* across all four pillars. MDDRM efforts *also resulted in some important outcomes*, with: the MM research being used by both policy makers/regulators and private sectors actors (Pillar 1); improved capacities and changes in business practices, but less in terms of DFS use (Pillar 2); possibly encouraging signs of DFS uptake among MMs and consumers as well as increasing attention to MMs among other stakeholders, also accelerated by the Covid-19 pandemic (Pillar 3); and continued onboarding of MMs by pilot promoters, reaching tens of thousands in the four target districts and hundreds of thousands in the country overall (Pillar 4). Furthermore, beneficiaries and target groups *generally accredit, at least partly, improvements to the support received*.

Even if the MDDRM component suffered from delays caused by procurement issues and the Covid-19 pandemic, it can be considered a *relatively efficient and cost-effective* initiative. Governance structures were adequate, and the sufficiently staffed project management team is recognized for its quality and for having provided continuity. While the performance of implementing partners varied, the pilot promoters generally performed well. The risk management and reporting mechanisms were also sufficient, but the M&E framework - primarily tracking output delivery - included some gaps (also in terms of gender). Evidence of possible impact is limited and only anecdotal, but there are *some signs of potential improvements with regard MMs' value chain integration and business growth*. MDDRM/UNCDF, particularly through the pilots, has seemingly also had some demonstration effects, with other actors increasingly interested in the MM segment and similar efforts reportedly underway. Gender related impacts are, however, likely modest. Finally, *prospects for sustainability vary*. The outlook at market level is promising, with pilot promoters investing financial and human resources to support their commitment to continue serving MMs. Prospects for sustainability among MMs also seem encouraging if incentives are obvious, while they are poor at the meso level. Policy makers/regulators are generally committed, but sustainability partly relies on additional support.

In conclusion, MDDRM/UNCDF *acted as a catalyzer and facilitator, effectively kindling an interest in the MM segment and engaging MMs for last mile outreach*. Adopting a market development approach, it invested important resources and leveraged partnerships towards supporting the MM/DFS ecosystem at all levels (albeit more at the micro and market level and less at the macro and meso level). Despite delays and other challenges (including the Covid-19 pandemic), it managed to achieve some

notable results, even if longer term impact in terms of integration along the financial services and FMCG value chains as well as business growth - towards, ultimately, reducing poverty - have yet to manifest themselves. On the whole, the MDDRM component is ***expected to make a positive contribution to the inclusion of MMs in a digital economy as promoted by IDE's global strategy.***

Box 10.1 Gender and Inclusion

SHIFT SAARC activities in Bangladesh ***involved an initial focus on gender inclusion***, with the implementation of a PoWER country assessment on the financial inclusion of women and girls (funded by the BMGF) and the identification of women's DFS participation as one of the key policy areas to be addressed. The MDDRM ***subsequently sought to include women***, through for example: (i) the completion of gender related research, i.e. a consumer study on the use of MFS among women in Bangladesh under Pillar 1; (ii) the provision of women entrepreneurship training to 322 Kallyani women as well as MM training and other capacity building activities to many other female MMs and representatives of women associations under Pillar 2;¹⁸⁴ (iii) the development of gender-centric communication material and implementation of several large-scale awareness raising events with important shares of female attendees (e.g. 51% for the community fairs) and participants (e.g. 38% women-owned businesses with stalls) under Pillar 3; and (iv) the completion of a dedicated pilot (i.e. the iSocial pilot) onboarding and training 223 Kallyani women under Pillar 4. The design and development of the Amar Dokan app under Pillar 2 also specifically considered women MMs. However, following the completion of the BMGF-funded policy advocacy component, the dedicated SHIFT SAARC commitment to women's DFS participation at the policy level was not sufficiently followed up on. Finally, as mentioned in Section 7.2 above, the MDDRM M&E system failed to adequately track performance beyond the output level. The MDDRM component consequently ***did not fully build upon or materialize initial gender ambitions.***

The MDDRM component ***did not specifically target the inclusion of marginalized or disadvantaged groups.*** Nevertheless, it can be considered as generally inclusive by having targeted a traditionally neglected sub-sector of the Bangladeshi economy (i.e. the MM segment). Furthermore, some commonly disadvantaged or marginalized individuals (such as youth as well as disabled and transgender individuals) participated in or were reached by MDDRM activities.¹⁸⁵

Lessons Learned. Based on the experience of the MDDRM component, a series of lessons learned can be drawn. These include both more general ones related to the MDDRM component as a whole and more specific ones related to pilot implementation and other MMDRM activities. In particular:

- ***Sector-specific focus.*** Targeting a certain sector allows for a greater understanding of the particular needs of the final beneficiaries and, consequently, for the provision of more adequate support.
- ***In-country presence.*** The provision of continuous support from an in-country team composed also competent and trusted local consultants is essential for understanding the country context as well as for creating and maintaining relationships, especially with national counterparts.
- ***Implementing partners.*** The careful selection of implementing partners is important since lack of commitment and/or weak capacity can prove challenging for implementation and sustainability.
- ***Procurement.*** Issues with procurement of business innovations pilots, but also of research work, should not be underestimated since the preparation of calls as well as the selection and contracting commonly take time.
- ***Pilot implementation.*** Business innovations require time and resources to pilot and scale up and should hence be allowed sufficient implementation periods and support in order to promote results and ensure sustainability.
- ***FMCG collaboration.*** Engaging with FMCG companies, especially larger ones, can be challenging since it requires the sharing of data and integration of processes and/or platforms.
- ***IT challenges.*** Successfully developing and rolling a digital application can be a (too) demanding for companies without their own sufficient IT resources or reliable/established IT partnerships.

¹⁸⁴ For example, the MM training provided by Dnet and BDMS to a total of 2,141 MMs included 269 (13%) women. Dnet also hosted dedicated informative meetings/training for 196 women MMs. Dnet, 5th installment report (Annex 3), 6th installment report (Annex 7), 8th installment report (Annex 6); BDMS, 3rd installment report (Annex 9).

¹⁸⁵ For example, the MM training provided by Dnet to 1,736 MMs included 13% below the age of 25. Some disabled MMs participated in the MM training, while one transgender shopkeeper hosted a stall at one of the community fairs in Jamalpur.

- **Core business activities.** Similarly, companies usually perform better on activities close to their core business; hence the importance of partnerships for effective pilot implementation and scale-up.
- **Digital readiness.** Even after having received support, not all MMs are willing or able to go completely digital.
- **Assisted outreach.** Consequently, physical interactions by and support from market promoters and field officers still have an important role play not only in the onboarding of but also in the provision of follow-up support to MMs.
- **Value added.** DFS uptake depends on the value added and business case of proposed solutions and the provision of bundles of products/services and other incentives are commonly useful to ensure effective onboarding and eventually reach scale.
- **Policy/regulatory support.** Policy and regulatory work require continuous dialogue and efforts and should hence preferably not rely on ad hoc actions.
- **Gender.** The inclusion of gender ambitions during the design phase or initial stages of implementation does not suffice since the integration of gender needs to be considered throughout in order for initiatives to effectively produce gender related results (also at the outcome and impact level).

10.2 Recommendations

Introduction. Based on the findings, and in line with some of the lessons learned outlined above, this sub-section proposes some recommendations for future programming and implementation. Although the distinction is not always clear-cut, these include recommendations at the strategic as well as the operational level; as presented in the sub-sections and paragraphs below.

10.2.1 Strategic Recommendations

Promote Focus on Real Economy Sectors. Through the MDDRM initiative, UNCDF/IDE specifically linked real economy with financial sector work for the first time. The MDDRM experience testifies to the usefulness of this approach towards understanding the specific needs of a particular market segment and, subsequently, defining dedicated support. A better understanding and more targeted assistance are in turn likely to support the achievement, as well as the sustainability, of UNCDF/IDE interventions. Combining real economy and financial sector work is also considered an effective approach towards promoting, as targeted by IDE's global strategy, inclusive digital economies rather than merely digital financial services. UNCDF/IDE management is consequently recommended to (i) include considerations for combining financial and real economy sector work in its strategic planning (including the upcoming UNCDF strategic framework for the 2022-2025 period) as well as (ii) allocate dedicated resources to the implementation of similar initiatives; targeting not only the retail sector, but also other sectors (e.g. agribusiness, manufacturing, education, etc.) or sub-sectors depending of the priorities and needs of the country.

Maintain Holistic Approach of Interventions. In line with the four workstreams of IDE's global strategy and the market development approach traditionally adopted by UNCDF interventions, any UNCDF/IDE initiative – also when sector-specific – should consider all levels of the DFS/sector ecosystem. This allows not only for comprehensive support, but also for beneficial interaction between the different levels (e.g. lessons learned from pilot interventions at the market level can feed into actions at the macro level). Hence also in this regard, it is recommended that the future programming and resource allocation of UNCDF/IDE management continue to support policy/regulatory assistance at the macro level, capacity building of support organizations at the meso level, funding for business innovations and solutions at the market level, training of final beneficiaries at the micro level, etc. This does, however, not imply that a single intervention must do it all. I.e. program/project management teams and/or in-country UNCDF representatives (see below) should identify and coordinate with similar efforts – of other DPs and governments, but also within UNCDF (just like the MDDRM component effectively complemented the

policy advocacy component) – so that the design and implementation of UNCDF/IDE initiatives effectively support the gaps to be filled at the macro, meso, market, and micro levels (considering both the financial sector and the real economy sector to be targeted).

Assure In-country Presence. For an adequate (i) understanding of the country context, (ii) identification of other initiatives (see above), (iii) design and implementation of interventions, (iv) selection of implementing partners (see below), and (v) involvement of national counterparts, UNCDF/IDE management should allocate resources to maintain or strengthen its in-country presence. While a permanent UNCDF presence (in the form of a UNCDF country representative) might not be possible when there are no ongoing UNCDF/IDE projects, a regular engagement – through for example UNCDF’s regional offices (such as the one in Bangkok for the Asia region) - in (potential) target countries should be assured. This also supports continued policy dialogue after and between interventions. Furthermore, it is recommended that program/project management teams rely on competent local consultants, as they are particularly important for building and maintaining relationships with national counterparts and implementing partners.

10.2.2 Operational Recommendations

Foster Effective Partnerships. The MDDRM experience demonstrates the importance of identifying and engaging with relevant and competent implementing partners. Since UNCDF/IDE is not specialized in real economy work, this is particularly important for interventions integrating financial and real economy sector work. Program/project management teams and/or in-country UNCDF representatives should therefore carry out at least some basic/preliminary capacity (and commitment) assessments of potential implementing partners (including sector-specific associations in the case of integrated interventions) and, possibly, base the selection/involvement against some predefined criteria (e.g. a commitment to a certain amount, or type, of staff to be engaged in the implementation of an intervention). Furthermore, in order to build local capacity as well as ensure ownership and sustainability, some resources within UNCDF/IDE interventions should be dedicated to support the effective capacity building of implementing partners.

Build Business Innovation Initiatives. As supported by IDE’s global strategy, the funding of business innovation pilots is essential for the testing of new products/services, models and approaches as upfront costs during the gestation period are generally high. Innovations also take time and resources to scale up. Since scale is important for demonstrating the business case to both private sector actors and final beneficiaries, UNCDF/IDE interventions could also consider providing longer and more dedicated assistance to certain pilots. In some cases, the launch of fewer pilots and follow-up support to a selected number of these (successful) pilots instead of the provision of only pilot support to a larger number of initiatives could be preferable. Furthermore, it is recommended that UNCDF/IDE interventions finance pilots through challenge grant funding - as traditionally supported by UNCDF - instead of procuring them as services. I.e. it should be the market that proposes solutions to defined challenges, rather than UNCDF/IDE identifying which services should be provided. Other forms of funding, such as credit guarantees (as recently used by UNCDF in for example Burkina Faso and Zambia) and blended financing, could also be considered.

Strengthen the M&E System beyond the Output Level. It is recommended that the M&E systems of UNCDF/IDE interventions include relevant indicators and targets related to all levels of the results chain (i.e. outputs, outcomes and impact). In particular, market development initiatives (such as the MDDRM component) would benefit from the inclusion of outcome level indicators towards measuring the momentum at the market level or behavioral changes (e.g. the number of other private sector actors actively promoting similar services to those promoted by UNCDF, the number of policies/regulations adopted based on UNCDF-supported recommendations, the volume and value of DFS transactions, etc.). With regard to impact, since evidence beyond the anecdotal is usually not available at completion

because results at the impact level require time to manifest themselves, selected UNCDF/IDE interventions could include provisions for the implementation of impact assessments one or two years after closure. In this regard, the baseline data collected by the MDDRM pilot promoters provide a valuable source of information. Furthermore, if the ultimate impact is - which it often is - to reduce poverty among final beneficiaries, UNCDF/IDE initiatives should at least occasionally collect, through for example the Poverty Probability Index (PPI) measurement tool,¹⁸⁶ baseline and post-completion poverty data on supported/onboarded beneficiaries. Finally, the collection and tracking of more complex impact data for selected interventions naturally requires more resources, which should be considered not only within the framework of the individual interventions, but also (and perhaps preferably) at the regional/global level.

Reinforce the Knowledge Management Function. The data collected by the MDDRM component, and especially the MMLA research, provide important and detailed information on the MM segment in Bangladesh, serving not only MDDRM implementation, but potentially useful also for other initiatives, actors and purposes (public, private and academic). It is hence recommended that the Microentrepreneurs Asia portal be maintained and expanded, perhaps under the auspices of the UNCDF Regional Office for Asia. If not abandoned but rather built upon, this platform can serve as a valuable source of information covering numerous sectors and countries in Asia (or beyond). With data and research being one of the key instruments of IDE's global strategy, UNCDF's knowledge management function could also be strengthened by the creation of an online regional (or global) depository containing the research, studies and reports produced not only by MDDRM/SHIFT SAARC but also by other UNCDF-supported initiatives in Asia (or globally). Since program/project related sites usually do not survive long after completion, a regional/global depository would allow DPs, governments, private sector actors, academia, etc. to access data and information as well as valuable lessons learned and best practices also after interventions have been implemented.

Sustain Gender Engagement beyond the Design/Preparatory Phase. Effective gender inclusion requires a dedicated effort starting with program/project design and preparation and throughout implementation, as well as - ultimately - evaluation. Initial gender ambitions do not suffice, but should be supported by targeted activities, approaches as well as resources during implementation. This is particularly important when seeking to promote policy dialogue and change at the macro level. To this end, it is recommended that program/project management teams be supported by gender experts - either in-house staff from UNCDF's regional offices or headquarters (and hence funded by regional/global budgets) or consultants engaged for specific interventions (and hence financed by individual program/project budgets) - not only in the design or initial phase of interventions, but also throughout the course of implementation. Furthermore, towards measuring effective change, the M&E systems of UNCDF/IDE interventions should move beyond output level indicators (e.g. the number of women trained or onboarded) by including gender related indicators and targets also at the outcome and impact level (such as the number or share of trained or onboarded women who improved their business practices or received credit, the number of gender related recommendations adopted in policies/regulations, the number or share of female entrepreneurs supported by the program/project who improved their business performance).

¹⁸⁶ Formerly the Progress out of Poverty Index (www.povertyindex.org).

Annex A – SHIFT SAARC Programme Results and Resources Framework

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| <p>Intended Outcome as stated in UNCDF Strategic Framework:</p> <ul style="list-style-type: none"> • Outcome 1: Financing increased for basic services and inclusive growth/local economic development; • Outcome 2: Effective financing mechanisms established to increase resilience to economic and environmental shocks in the last mile; • Outcome 3: Policy environments fostered that enable last mile financing for development. |
| <p>SHIFT SAARC Impact:</p> <p>Improved livelihoods and reduced poverty among low income people, especially women in SAARC countries by 2021.</p> <p>Indicator: Types of income sources; levels of income; type of assets in business and household; nature and type of businesses (Data will be disaggregated by: gender, poverty status, geography, main income earner)</p> <p>Data Source: Sample survey of SHIFT SAARC clients incorporating Progress out of Poverty Index questionnaire; Review of existing research where applicable, Deep dive research, Mid-term Evaluation and Final Evaluation by UNCDF; Periodic qualitative case studies on small sample; Possibly (to be decided) additional survey to assess nature of changes.</p> <p>Baseline¹⁸⁷: 322 million people live below the international poverty line in SAARC countries.</p> <p>Target: Low income people, especially women and small business targeted by SHIFT SAARC partners have improved levels of income and household/business assets as a result of UNCDF intervention by 2021.</p> |
| <p>SHIFT SAARC Outcome:</p> <p>At least one million low income people, 65% of whom are women, and 30,000¹⁸⁸ small and growing businesses access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • # of low income people that have been reached by all UNCDF SHIFT SAARC partners (including FSPs, MNOs or other providers of financial services) • % of women reached by SHIFT SAARC • # of small and growing businesses that have been reached by SHIFT SAARC <p>Data Source:</p> <ul style="list-style-type: none"> • Mid Term Evaluation and Final Evaluation; Possibly (to be decided) additional survey to assess nature of changes; |

¹⁸⁷ UNCDF SHIFT SAARC strategy is to intervene across all SAARC countries through information and policy advocacy, while evolving deep engagements across at least 3 countries through the full range of programming interventions across data, policy and advocacy, capacity development, and innovation incentives. SHIFT SAARC will be rolled out first in Bangladesh thus the baseline data, when available, showcases only baseline information for Bangladesh. However, the targets have been approximated based on budgetary availability and population sizes, as well as by comparison to other similar programmes in the region.

¹⁸⁸ Estimates based on the data provided by SHIFT ASEAN Second Window Challenge Fund “Fostering Innovative Business Models for Women’s Financial Inclusion” open to a various types of innovations and scaling up. In this window the cost per individual acquisition is around \$5 while the cost per business acquisition is around \$50. Taking into consideration the ratio of funding requested towards customer to business acquisition is around 2:1 in the SHIFT ASEAN Challenge Fund window; with the available \$5,125,000 USD of Challenge Fund grants amount available under SHIFT SAARC, we estimate to achieve around 1 million low income people and 30,000 businesses.

- UNCDF partners' quarterly portfolio progress reports. Data will be disaggregated by: gender, use, poverty status, type of financial service, location (rural vs urban).
- Baseline:**
- Bangladesh: 8% of mobile money users have active accounts (total registered accounts 33 million)¹⁸⁹
 - To be established
 - To be established
- Target:**
- 1,000,000 low income people
 - At least 65% women
 - 30,000 small and growing businesses

| Outcomes/Outputs | Indicators | Activities, risks and assumptions | Responsible parties | Inputs |
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| <p>Market Outcome 1 Data and exchange for financial and real economy markets: Increased use of evidence for decision making among regulators, FSPs, meso level organizations to meet the needs of low income consumers, especially women, and small and growing businesses in SAARC by 2021.</p> | <p>Indicator: Indicator 1: % of policy makers, business and meso level organizations targeted by the programme reporting to use evidence produced by SHIFT for policy making (disaggregated by type and gender as appropriate); Indicator 2: % of improved and accessible data that are disaggregated by sex.</p> <p>Data source: A questionnaire administered in a form of in Depth Interview with a selection of policy makers/regulators, businesses and meso level organizations.</p> <p>Baseline: 0%</p> <p>Target: 1. By 2021, at least 30% of policy makers, businesses and meso level organizations report using evidence 2. At least 60% of improved and accessible data are disaggregated by sex</p> | <p>Activities</p> <p>1.1 Synthesize existing research findings into formats tailored to government, FSPs, businesses, and donors.</p> <p>1.2 Identify data needs among regulators, FSPs and businesses.</p> <p>1.3 Capture new data, especially customer centric data on women and businesses which are not well captured by existing research and; identify market drivers.</p> <p>1.4 Sponsor national research organizations in undertaking case studies, consumer centric behavioral research, and big data analytics.</p> | <p>UNCDF</p> <p>Country Government</p> <p>SAARC Institutions</p> <p>International Associations (ANDE, AFI etc)</p> <p>Research Institutions</p> <p>FSPs and businesses</p> | <p>Financial: US\$ 3,373,588</p> <p>Funded: US\$ 897,312</p> <p>Unfunded: US\$ 2,476,045</p> |
| <p>Programme Outcome 1 for Regulators and Providers:</p> | <p>Indicator: % of targeted FSPs, businesses and meso level organizations report sharing of market information (e.g. client outreach, new products and business practices and the like</p> | | | |

¹⁸⁹ Bangladesh Telecommunication Regulatory Commission, data as of February 2016.

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| <p>Improved data, (supply and demand) quality and availability for regulators, FSPs, meso level organizations and small and growing businesses.</p> | <p>information) with other actors in financial inclusion eco system on a regular basis.</p> <p>Data Source: UNCDF progress reports, MIX Market reports, FSP partner quarterly reports, a questionnaire administered in a form of in Depth Interview with a selection of policy makers/regulators, businesses and meso level organizations.</p> <p>Baseline: Bangladesh - Availability of Intermedia FII reports, Findex, MIX Market among others. For other countries to be established.</p> <p>Target: At least 35% of targeted FSPs, businesses and meso level organizations report sharing of market information on a regular basis by 2021.</p> | <p>1.5 Promote use of credible research practices and tested analytical tools to collect data and generate robust analytics (e.g. MAP, ANDE¹⁹⁰ entrepreneurial ecosystem diagnostic toolkit, BTCA payment-system diagnostic etc.)</p> <p>1.6 Prepare reports targeting policy makers/regulators and market providers.</p> <p>Risks: data collected and analysis generated are not properly disseminated, understood or used correctly.</p> <p>Assumptions: data and analytics component provides in-depth accurately analysed data</p> | | |
| <p>Output 1 Data and Analysis: Produced, consolidated and analysed data on supply, demand and regulatory constraints affecting low income consumers, especially women, and real economy businesses in SAARC to strengthen the evidence base for decision making.</p> | <p>Indicator: Indicator 1: # of knowledge products and researches produced by the programme (disaggregated by: type of products, nature of topic); Indicator 2: # of on line platforms used to upload the knowledge products and researches; Indicator 3: # of downloads from UNCDF website; Indicator 4: # of stakeholders with whom research studies and knowledge products have been shared; Indicator 5: % of knowledge products incorporating gender issues.</p> <p>Data Source: UNCDF progress reports; websites from which reports can be accessed (including UNCDF and other well respected websites such as CGAP Microfinance Library, USAID Microlinks and the like); UNCDF on line download reports.</p> <p>Baseline: 0</p> <p>Targets: 1. 6 knowledge products* generated as follows: ○ 2 knowledge products (2018)</p> | | | |

¹⁹⁰ Aspen Network of Development Entrepreneurs (ANDE).

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| | <ul style="list-style-type: none"> ○ 4 knowledge products (2021) 2. At least 5 on line platforms used by 2021. As follows: <ul style="list-style-type: none"> ○ 3 platforms (2019) ○ 2 platforms (2021) 3. At least 500 downloads from UNCDF website as follow: <ul style="list-style-type: none"> ○ 250 (2018) ○ 250 (2021) 4. At least 500 stakeholders (disaggregated by gender) have received knowledge products by 2021. As follows: <ul style="list-style-type: none"> ○ 250 stakeholders (2018) ○ 250 stakeholders (2021) 5. At least 100% of knowledge products incorporate gender issues (2021) <p>*Appropriate format will be determined upon SHIFT start but can include: Policy Brief, Technical Note, Approach Paper, White Paper.</p> | | | |
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| Outcomes/Outputs | Indicators | Activities, risks and assumptions | Responsible parties | Inputs |
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| <p>Market Outcome 2 Knowledge and Skills for Financial and Real Economy Markets: Increased adoption of sustainable market strategies and business practices among regulators FSPs and meso level organizations to develop solutions to meet the needs of low income consumers, especially women and small and growing</p> | <p>Indicator: Indicator 1: # of improved operational practices introduced (disaggregated by type of operational practices); Indicator 2: % of improved operational practices in use after one year of introduction; Indicator 3: % of newly introduced operational practices that are gender friendly (e.g. specific consideration for female clients). Data source: UNCDF progress reports; Discussions with FSPs, businesses and regulators; periodic qualitative case study examining operational practices. Baseline: 0 Target: 1. At least 3 new or improved operational practices (for example: improvements in Know Your Customer (KYC) forms,</p> | <p>Activities</p> <p>2.1 Facilitate capacity self-assessment undertaken by regulators to identify knowledge gaps and learning objectives.</p> <p>2.2 Engage development partners to co-invest in supporting regulators, FSPs, businesses to meet learning objectives.</p> <p>2.3 Facilitate peer-to-peer learning among regulators, FSPs and businesses in SAARC.</p> <p>2.4 Facilitate participation of regulators, FSPs and businesses in relevant learning</p> | <p>UNCDF</p> <p>Country Government</p> <p>SAARC Institutions</p> <p>International Associations (ANDE, AFI etc)</p> <p>Research Institutions</p> <p>FSPs and businesses</p> | <p>Financial: US\$ 3,883,030</p> <p>Funded: US\$ 953,200</p> <p>Unfunded: US\$ 2,929,645</p> |

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| <p>businesses in SAARC by 2021.</p> | <p>introduction of complaints mechanisms etc.) have been introduced by FSPs/or businesses easing access to services for low income people in SHIFT SAARC by 2021</p> <ol style="list-style-type: none"> At least 50% of introduced practices are functional a year after introduction At least 30% of introduced practices are gender friendly by 2021 (e.g. specific consideration for female clients) | <p>opportunities (e.g. training, conferences, South-south exchanges).</p> <p>Risks:</p> <ul style="list-style-type: none"> Policy makers, businesses and FSP professionals do not make the time to attend the trainings, workshops and exchanges despite SHIFT SAARC training addressing their knowledge gaps Organizations do not have institutionalized learning policies therefore SHIFT SAARC training beneficiaries keep learning to themselves and not share it within their respective organizations Interest in capacity building support is greater than ability of the SHIFT SAARC to fund it. | | |
| <p>Programme Outcome 2 for Regulators & Providers:</p> <p>Increased knowledge and skills of regulators, FSPs, businesses and meso level organizations to develop financial products, business models and policies addressing the needs of low income people, especially women, and small and growing businesses.</p> | <p>Indicator:</p> <p>Indicator 1: % of regulators (disaggregated by gender, department, capacity building topic, role) who have received capacity building from the programme report increased capacity to develop policies meeting the needs of low income people, especially women, small and growing businesses;</p> <p>Indicator 2: % of FSPs who have received capacity building from the programme report increased capacity to develop financial products and business models meeting the needs of low income people, especially women and small and growing businesses;</p> <p>Indicator 3: % of meso level organizations and businesses who have received capacity building from the programme report increased capacity to develop innovative business models and solutions for low income people, especially women and small and growing businesses.</p> <p>Data source: UNCDF progress reports; capacity building pre and post-test reports, and; periodic qualitative case studies examining changes in knowledge and capacity.</p> <p>Baseline: 0</p> <p>Target:</p> <ol style="list-style-type: none"> 50% of regulators report increased capacity by 2021 50% of FSPs report increased capacity by 2021 50% of meso level organizations and businesses report increased capacity by 2021 | <p>Assumptions:</p> <p>Large numbers of professionals in the financial and real economy markets in SAARC are willing to participate and actively engage in learning activities</p> | | |

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| <p>Output 2 Capacity Development: Provided capacity building activities on financial products, business models and needs of low income consumers, especially women and small and growing businesses for regulators, policy makers, Financial Service Providers and businesses higher up in the real economy value chain in SAARC.</p> | <p>Indicator: Indicator 1: # of stakeholders who have received capacity building from the programme through trainings, knowledge exchanges etc (disaggregated by gender, stakeholder type and topic); Indicator 2: % of trainees who received training on ways to include gender sensitive approach to inclusive finance; Indicator 3: % of trainees assessed capacity building activities as useful against pre agreed scale, (disaggregated by gender, stakeholder type and topic).</p> <p>Data Source:</p> <ul style="list-style-type: none"> • Training reports; UNCDF progress reports, Return to Office reports; Questionnaire <p>Baseline: 0</p> <p>Target:</p> <ol style="list-style-type: none"> 1. 100 stakeholders benefit from capacity building opportunities by 2021. As follows: <ul style="list-style-type: none"> ○ 50 (2018) ○ 50 (2021) 2. At least 25% of trainees received gender sensitive approach training by 2021 3. 50% of trainees found capacity building opportunities useful by 2021 | | | |
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| Outcomes/Outputs | Indicators | Activities, risks and assumptions | Responsible parties | Inputs |
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| <p>Market Outcome 3 Policy and Partnerships for Financial and Real Economy Markets: New policy, regulatory and normative frameworks stimulating innovation</p> | <p>Indicator: Indicator 1: #, types and specific features of new or improved regulations (scope, transparency, relevance to low income consumers, women and small businesses, ease of compliance); Indicator 2: % of new or improved regulations that are gender friendly (e.g. specific consideration for female clients).</p> | <p>Activities</p> <p><u>Networks and Platforms</u></p> <p>3.1 Scope national and regional networks, platforms and individual opinion-shapers with wide constituencies in financial and real-</p> | <p>UNCDF</p> <p>Country Government</p> <p>SAARC Institutions</p> | <p>Financial: US\$ 3,938,207</p> <p>Funded: US\$ 1,245,693</p> <p>Unfunded: US\$ 2,692,045</p> |

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| <p>and expansion of products and services among FSPs and real economy businesses to meet the needs of low income consumers, especially women, and small and growing businesses in SAARC by 2021.</p> | <p>Data source: UNCDF progress reports, Intermedia FII reports; Reports from FSP providers; Qualitative assessment through interviews and focus group discussions</p> <p>Baseline: To be established</p> <p>Target:</p> <ol style="list-style-type: none"> 1. At least 3 new or improved regulatory frameworks (such as mobile banking, agent banking, financial inclusion, digital financial services or national strategies (such as Financial Inclusion) have been introduced in SHIFT SAARC by 2021 2. At least 30% of new or improved regulations are gender friendly (e.g. specific consideration for female clients) | <p>economy markets where women are significant participants.</p> <p><u>Communication & Advocacy</u></p> <p>3.2 Engage and facilitate networks, coalitions and individuals to convene on financial and real economy market constraints and opportunities and ways policy processes can be leveraged to address these issues, particularly as they affect women’s participation in these markets.</p> | <p>International Associations (ANDE, AFI etc)</p> <p>Research Institutions</p> <p>FSPs and businesses</p> | |
| <p>Programme Outcome 3 for Regulators and Providers:</p> <p>Improved policy and advocacy environment, coalitions and partnerships between public/private sector, financial and real economy markets to meet the needs of low income people, especially women, and small and growing businesses.</p> | <p>Indicator:</p> <p>Indicator 1: # of financial inclusion coalitions formed and functioning;</p> <p>Indicator 2: # of joint agreements, or joint statements signed between DFS providers and businesses; DFS providers and meso level organizations, and DFS providers and Ministries;</p> <p>Indicator 3: # of coalitions active 2 years after formation.</p> <p>Data source: UNCDF Progress reports.</p> <p>Baseline: Bangladesh: 0 NFIS strategy; 1 draft MFS regulatory guidelines. To be determined for the other countries.</p> <p>Target:</p> <ol style="list-style-type: none"> 1. At least 2 new national coalitions have been formed between financial and real economy market actors aiming to advance financial inclusion in SHIFT SAARC by 2021 2. At least 4 joint agreements have been signed among SHIFT stakeholders by 2021 3. At least 1 formed coalition is active 2 years after formation by 2021 | <p>3.3 Undertake perception surveys among policy makers and regulators to assess the openness and responsiveness to policy processes.</p> <p><u>Direct Support for Policy Development</u></p> <p>3.4 Support the financial market regulators and relevant ministries backing real-economy markets to develop specific strategies and policies to support pro-poor, pro-women, and pro-small business market development in SAARC</p> <p>3.5 Support participation of national governments in regional/ global policy dialogues</p> <p>3.6 Facilitate collaboration between SAARC governments and other regional/international bodies to peer-review and support the development of</p> | | |

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| <p>Output 3 Policy and Advocacy Supported regulators and policy makers to develop holistic and inclusive regulatory frameworks, policies and strategies through multi-stakeholders' consultative processes, encouraging financial services providers and businesses to target and better serve low income consumers, especially women and small and growing businesses in SAARC.</p> | <p>Indicator: Indicator 1: % increase of influential stakeholders participating in consultative processes (disaggregated by gender); Indicator 2: # of policy and regulatory meetings organized.</p> <p>Data Source: UNCDF copy of Synthesis reports.</p> <p>Baseline: 0</p> <p>Target: 1. 10% increase by 2021 2. at least 8 policy and regulatory meetings organized by 2021</p> | <p>specific strategies and policies targeting pro-poor, pro-women, and pro-small business market development</p> <p>Risks:</p> <ul style="list-style-type: none"> · Policy makers are unwilling to expense their political capital and do not act on changes needed. ·The political will does not favour the new policy frameworks proposed. ·National policy and practice does not keep pace with regional policy. ·Regional policy development is too vague to be practically implemented. <p>Assumptions:</p> <ul style="list-style-type: none"> • Political climate in SHIFT SAARC countries is favourable for bold changes in regulatory and policy environment supported by role of financial services and real economy markets in regional economic growth • Strong data evidence proves the importance of supporting the political changes • Strong demonstration of successes of financial services programmes (i.e. DFS) push regulators to act rapidly on changes | | |
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| Outcomes/Outputs | Indicators | Activities, risks and assumptions | Responsible parties | Inputs |
|---|---|---|--|--|
| <p>Market Outcome 4 Innovation for Financial and Real Markets:</p> | <p>Indicator: Indicator 1: # of new or improved financial products and business models scaled up by the supported FSPs and businesses (relevance, scalability, cost - effectiveness, ease of replication);</p> | <p>Activities</p> <p>4.1 Innovation-driven communication</p> | <p>UNCDF</p> <p>Country Government</p> | <p>Financial: US\$ 8,828,046</p> <p>Funded:</p> |

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| <p>Increased investments from the private sector leading to enhanced diversification and replication of products, services, and business models focusing on meeting the needs of low income people, especially women and small and growing businesses in SAARC by 2021</p> | <p>Indicator 2: % of scaled up financial products and/or business models responsive to women’s needs.</p> <p>Data source: UNCDF progress reports; Possibly (to be decided) additional survey to understand satisfaction with changes among low income consumers, especially women and small & growing businesses.</p> <p>Baseline: UNCDF Country assessment reports</p> <p>Target:</p> <ol style="list-style-type: none"> At least 3 new or improved products/business models scaled up by FSPs and businesses in SHIFT SAARC by 2021. At least 30% of financial products and/or business models scaled up responsive to women’s needs | <p>a. Above the line communication:</p> <ul style="list-style-type: none"> Widely showcase innovative business products and practices <p>b. Below the line communication:</p> <ul style="list-style-type: none"> Facilitate communication of financial products and business models best practices in SAARC region and globally for targeted providers and businesses <p>4.2 Modified Technical Assistance Challenge</p> <ul style="list-style-type: none"> Expression of interest (Eoi) based identification of selected providers and businesses, and supporting an active learning-action process, analysing provider/businesses data and facilitating reflections of potential areas of business process/product/business-model improvements, identifying information gaps, assumptions and risks, and development of costed plans to test assumptions and risks of new business process, product or business model. Request for application (RFA) process, assessed and finalised through an independent assessment panel of experts, for technical assistance to selected providers implement plans to test assumptions and risks of new business process, product or business model. Select partners taking into consideration the social and environmental screening procedure. Sign input-based technical assistance agreements with close monitoring and capturing of lessons for wider dissemination. | <p>SAARC Institutions</p> <p>International Associations (ANDE, AFI etc)</p> <p>Research Institutions</p> <p>FSPs and businesses</p> | <p>US\$ 871,886</p> <p>Unfunded: US\$ 7,957,045</p> |
| <p>Programme Outcome 4 for Regulators and Providers: Increased quality and supply of a wide range of client centric financial products, business models and services meeting the needs of low income people, especially women, and small and growing businesses.</p> | <p>Indicator:</p> <p>Indicator 1: # of new or improved financial products and/or business models piloted with the support of SHIFT SAARC;</p> <p>Indicator 2: % of piloted financial products and/or business models responsive to women’s needs.</p> <p>Data source: UNCDF progress reports</p> <p>Baseline: UNCDF Country assessment reports</p> <p>Target:</p> <ol style="list-style-type: none"> At least 8 new or improved products, technology or business models targeting low income consumers, women and small businesses piloted with the support of SHIFT SAARC by 2021 At least 30% of piloted products, technology or business models responsive to women’s needs | | | |
| <p>Output 4 Innovation Incentives: Provided incentives for FSPs and businesses to develop, pilot and validate financial products and business</p> | <p>Indicator:</p> <p>Indicator 1: # and type of incentives provided to FSPs and businesses;</p> <p>Indicator 2: % of incentives targeting women.</p> <p>Data source: UNCDF Progress reports, Intermedia FII reports, periodic qualitative client satisfaction studies</p> | | | |

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| <p>models to meet the needs of low income consumers, especially women, and small and growing businesses in SAARC.</p> | <p>Baseline: 0</p> <p>Target:</p> <ol style="list-style-type: none"> 1. 3 types of incentives will be provided as follows: <ul style="list-style-type: none"> • dissemination of innovation through various communication channels (conferences, workshops, campaigns etc) (2017) • TA (2017) • Challenge Fund (2018) 2. At least 60% of the incentives target women | <p>4.3 Second Generation Challenge Funding</p> <ul style="list-style-type: none"> •Request for application (RFA) process, assessed and finalised through an independent assessment panel of experts, for matching funds to selected providers implement plans to test innovations at moderate scale. •Sign performance-based funding agreements with close monitoring and capturing of lessons for wider dissemination keeping in consideration the social and environmental screening procedure. <p>4.4 Engage development partners in supporting the innovation of products and business models development process and offer opportunities to co-invest in projects.</p> <p>4.5 Crowd-in and attract investors to capitalize on financial services providers and real economy businesses expansion and scale, and their need for further mainstream capital.</p> <p>Risks: the local context doesn't favour information sharing and innovation</p> <p>Assumptions: SAARC Governments support and promote Financial Inclusion Commitment</p> | | |
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Annex B – Terms of Reference

Final Evaluation of the Shaping Inclusive Finance Transformation in the SAARC Region – Component: Merchant development driving rural markets in Bangladesh (MDDRM)
 Countries to be covered by the evaluations:

SHIFT SAARC: Bangladesh

Executing Agency: United Nations Capital Development Fund (UNCDF)

Timeframe of programme implementation to be assessed

SHIFT SAARC: July 2016 – July 2021

Initial approved budget: SHIFT SAARC: US\$20,022,870

Total committed budget to end Q4 2020:

SHIFT SAARC: US\$ 9,145,914

SHIFT MDDRM: US\$5,310,289.20

Total disbursement to end Q4 2020

SHIFT SAARC: US\$ 1,859,760

SHIFT MDDRM: US\$3,479,855.97

Funders:

SHIFT SAARC: Bill and Melinda Gates Foundation, UNCDF

SHIFT MDDRM: European Union

Timing for the evaluations:

- SHIFT MDDRM: i) Inception phase: November - December 2020 ii) Country visits: December – January 2020/1 iii) Write up phase and final report: February - March 2021

Evaluation during a crisis: COVID-19

As COVID-19 spreads globally, it is a massive health, humanitarian, and development crisis. UNCDF Evaluation Unit remains operational and is adapting the way it works and manages evaluations. Our priority is the safety of our staff, consultants and stakeholders while trying to ensure that UNCDF continues to benefit from high quality evaluative evidence to support its strategic learning and accountability. The text boxes “Evaluation during a crisis: COVID-19” throughout these TOR provide additional information, including on how the conduct of this evaluation will be affected by COVID-19.

1. THE SHIFT PROGRAMME IN BANGLADESH

Evaluation during a crisis: COVID-19

- As of July 9, 2020, Bangladesh had reported 172,134 confirmed cases of COVID-19 with 2,197 deaths .
- From May 30, The Government of Bangladesh has made wearing masks and social distancing mandatory when outside the home.
- The public transit system is running in a reduced capacity and is subject to health and hygiene directives. From July 1- August 3, no one will be allowed outdoors from 10 p.m. to 5 a.m. except to receive medical services, to go to work, or to buy or sell medicine. Stores can remain open until 7 p.m.
 - The Government of Bangladesh has authorized the resumption of limited international commercial flights.

- To avoid the further spread of the COVID-19 pandemic, the Civil Aviation Authority of Bangladesh announced until further notice all international commercial passenger flights from Bahrain, Bhutan, Hong Kong, India, Kuwait, Malaysia, Maldives, Nepal, Oman, Saudi Arabia, Sri Lanka, Singapore, Thailand, and Turkey shall not be allowed to land at any airport in Bangladesh.
- From June 1, domestic commercial passenger flights have resumed on a limited scale . UNCDF's Evaluation Unit will continue to monitor the situation in Bangladesh during the conduct of the evaluation following strictly instructions from the UN Bangladesh country team regarding the deployment of consultants.

1.1. SHIFT SAARC – CONTEXT

SAARC Regional Socio-economic context

The SAARC region has a population of 1.7 billion people across eight nations. The SAARC economy, with a GDP of US \$2.4 trillion, has achieved sustained growth and is projected to continue growing strongly over the next 10 years. The region has experienced a dramatic reduction in the share of the population living in poverty, but the region is quite varied in terms of the level of development and the size of individual economies. Additionally, there are widening inequalities in economic opportunities and incomes across SAARC, which impacts women in particular. Gender inequalities are persisting in areas of political and economic participation which can result in lower levels of growth and social welfare.

SAARC Region Financial Inclusion Context

Financial inclusion through the access to and use of formal financial services (i.e. regulated financial services) is thought to support low-income people's movement out of poverty. The level of financial inclusion in SAARC remains low, at about 50 percent on average, but with wide variation across the region depending on income level, education level and gender, among other variables. Businesses within the region, particularly small or women-owned, have low access levels to formal credit. Female business ownership is also low at 18%.

Bangladesh Socio-economic context

Bangladesh's economy has grown at a strong pace for the past ten years, accompanied by a decline in the poverty rate and improvements in human development indicators. The Government of Bangladesh is pursuing strategies to achieve Middle Income Country (MIC) status by 2021. The latest figures indicate that 14.8% of the 164.7 million population live on less than \$1.90 a day (2011 PPP), down from 19.6% in 2010.

Bangladesh Financial Inclusion context

Financial inclusion is key objective of the Bangladesh government. The Bangladesh Bank has expressed its commitment to financial inclusion, and has been an active member of the Alliance for Financial Inclusion (AFI) since 2009 and has been a member of its Board of Directors since 2016. From the time of the Maya Declaration in 2011, the Bank has achieved 16 out of 55 of its financial inclusion targets, including formulating comprehensive consumer protection guidelines.

With the growth in the country's economy, financial inclusion in Bangladesh has improved over the past few years, although it remains relatively low. Between 2013 and 2017, the share of Bangladeshis with formal financial services accounts rose from 20% to 37%. Financial inclusion among the rural poor grew particularly quickly and stood at 34% in 2017. This growth in accounts reflects an increase in the number of registered mobile account holders (18% in 2017 versus 13% in 2016). Twenty percent of adults had bank accounts, which was relatively unchanged since 2013, while 9% had accounts at nonbank financial institutions (NBFIs), mainly Microfinance Institutions (MFIs), down from 20% in 2014. Account holders at NBFIs are more likely to be women living in rural areas and living below \$2.50/day .

There is an important distinction between access to financial accounts, usage of financial accounts, and usage of over-the-counter (OTC) financial services. In Bangladesh, OTC money transfers and payments have predominated. Use of OTC transactions removes the customer's need to have their own account as they use the services via an agent's account. The agent system prevents most users from taking full advantage of advanced products and services, such as savings or loans. Of all mobile money users, 61% are OTC users and only 39% are registered with mobile accounts.

A much higher percentage of males own a mobile phone (81% compared to 53% of women), and mobile phones are critical to using a mobile wallet. Intermedia, a communications-as-a-service company, found a significant gender gap (9%) between male and female active basic users of mobile money. In 2017, 10% of adults were active basic mobile money users (6% of women and 15% of men).

1.2. BACKGROUND INFORMATION

The Shaping Inclusive Finance Transformations programme framework for the SAARC countries (SHIFT SAARC) is a regional market-facilitation initiative that seeks to stimulate investment, business innovations, and regulatory reform to expand economic participation of and opportunities for low-income people, especially women, and small and growing businesses to be active agents in the formal economy. SHIFT in SAARC will work primarily through FSPs to address both demand and supply-side constraints in interlinked financial and real economy markets. This is expected to contribute to increased growth in income and employment, reduced vulnerability to shocks and lower poverty levels.

A 60-month programme period was approved by UNCDF in June 2016 with initial funding of \$3,968,090, a major contribution of which came from the Bill and Melinda Gates Foundation (BMGF) with key programmatic focus on policy advocacy, research and capacity building of regulators in Bangladesh.

In February 2017, a micro-merchant centered 'real sector' component was added with support from the European Union (EU). This additional component aims at fostering business growth and financial inclusion of micro-merchants in Northern Bangladesh through facilitating capacity building and business innovation. This component is the main focus of this final evaluation. Annex 1 – SHIFT SAARC Programme Contribution and Annex 2 for SHIFT SAARC Theory of change.

1.3. SHIFT SAARC IN BANGLADESH

To date, the SHIFT in SAARC programme is implemented only in Bangladesh and focuses on accelerating the use of DFS.

In Bangladesh, SHIFT works through two projects as mentioned above. One is funded by the BMGF and one by the EU. The programme has also received UNCDF core funding. The BMGF-funded project (which has stopped) focused on promoting an enabling environment for DFS, while the EU-funded project (subject of this final evaluation) focuses on improving the real economy market system for micro-merchants (shopkeepers) in the FMCG industry in order to improve incomes and build demand for DFS.

1.4. SHAPING INCLUSIVE FINANCE TRANSFORMATION (SHIFT) IN SAARC: MERCHANT DEVELOPMENT DRIVING RURAL MARKETS IN BANGLADESH (MDDRM)

In February 2017, a micro-merchant centric real sector component was added to SHIFT SAARC in Bangladesh with supports from the European Union (EU). This additional component aims at fostering business growth and financial inclusion of micro-merchants in Northern Bangladesh through facilitating capacity building and business innovation. Following the Logical Framework part of the grant agreement with the European Union, the Merchant development driving rural markets in Bangladesh (MDDRM) has the overall objective of reducing poverty through increased consumption and employment, and reduced gender disparities in economic participation and financial access in Bangladesh through pro-poor private sector development of off-farm distributive trade markets in rural economies.

The following table summarizes the expected outcomes and outputs of the SHIFT MDDRM component:

| Objectives | Description |
|-------------------|---|
| Overall objective | Reduced poverty through increased consumption and employment, and reduced gender disparities in economic participation and financial access in Bangladesh through pro-poor private sector development of off-farm distributive trade markets in rural economies. |
| Outcome | Greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh through tighter vertical integration with Fast Moving Consumer Goods (FMCG) value-chains and stronger horizontal integration with financial services value chains, especially through digital payment and m-commerce platforms. |
| Output 1 | Relevant information and data sets about micro – merchants are available and accessible to policy makers and private sector actors for information, action and formulation of policies and business decisions. |
| Output 2 | Capacity building tools, information and support services are developed and provided to micro-merchants for improvement of their skills, business operations and practices. |
| Output 3 | Awareness, education and advocacy events are provided to consumers, policy makers and private sector players for strengthening of knowledge about products, services, rights and responsibilities. |
| Output 4 | Innovative Business models are piloted with FMCG and DFS providers utilizing micro – merchant networks reaching rural low-income consumers through retail -level value chain innovation challenge funding. |

Governance

SHIFT in SAARC Board: Comprising of representatives from UNCDF FIPA, UNCDF Asia Regional Office and the EU, the Board has oversight of programme implementation; provides strategic direction and advice to staff; approves annual work plans (AWPs) and budgets; takes decisions on approving programme plans and revisions, and; provides guidance and oversight on programme risks and mitigation measures. Board meetings are held twice each year.

PSC: Meeting on a semi-annual basis and more frequently based on the needs of the MoF (Ministry of Finance), the PSC includes representatives of the MoF, the Bangladesh Bank (the central bank), and the Bangladesh Telecommunication Regulatory Commission. The PSC is responsible for providing policy guidelines, for monitoring implementation progress, and providing guidance on achieving synergies with related development initiatives in Bangladesh.

Government Partners: SHIFT in SAARC is implemented through a Direct Implementation Modality in Bangladesh. The relevant ministry is the Financial Institution Division of the MoF. The government implementing partner is the Bangladesh Bank and the cooperating partner is BTRC.

Implementing Partners

SHIFT in SAARC in Bangladesh has three formal partners (referred to as co-applicants) with which it has formed a consortium to implement the EU-funded Merchants Development Driving Rural Markets (MDDRM) project: Dnet, BDMS and the FBCCI.

- Dnet is a not-for-profit social enterprise established in 2001 with considerable experience in developing innovative ICT solutions to promote women entrepreneurship. Its methods are rooted in participatory development approaches gained by working at grass root levels. For SHIFT in SAARC, Dnet is responsible for research and data, training of micro-merchants and Kallyani women entrepreneurs, and conducting part of the community awareness activities.
- BDMS is a trade association representing the retail sector. Its network is national and focuses on advocacy as well as on building capacity among retailers on legal and financial issues. BDMS has a strong experience with organizing, supporting and training micro – merchants. All micro-merchant shopkeepers are members of BDMS through local associations. In this programme, the role of BDMS is to build the capacity of local level business associations and micro-merchants.

- FBCCI is the apex trade organization with considerable experience in private sector development. Founded in 1971, FBCCI brings the strength of the 79 Chambers of Commerce and Industry and over 377 Trade and Industrial associations. Among these associations are also FMCG and DFS retail chambers of commerce relevant to this action. FBCCI has solid experience in stimulating investment, developing trade, commerce, industry sectors and organizing large symposiums, trade fairs and conferences. As the apex trade body, it plays a pivotal role in supporting the formulation of commercial, industrial and fiscal policies in Bangladesh working with Ministerial Committees and other related bodies. SHIFT in SAARC also works with other United Nations initiatives, including the UNDP-supported Access to Information initiative (a2i) and alongside the Better Than Cash Alliance to promote digital financial inclusion.

Beneficiaries

SHIFT in SAARC in Bangladesh aims to benefit four different groups, while maintaining a focus on low-income consumers, women, small and growing businesses, and people living in rural areas:

- Government of Bangladesh including policymakers and regulators from the central bank, Ministry of Finance and the BTRC;
- Financial service providers and real economy businesses in the FMCG sector including key stakeholders in the DFS market;
- Market enablers (i.e. industry apex organizations and business associations) including the partners FBCCI, BDMS and Dnet; and
- Low-income people, specifically micro-merchants (shopkeepers) and Kallyani women entrepreneurs (micro-franchisees of the InfoLady programme), based in four poor northern districts of Bangladesh (Jamalpur, Sherpur, Tangail and Sirajgonj) and low-income rural consumers in the same districts.

1.5. MERCHANT DEVELOPMENT DRIVING RURAL MARKETS (MDDRM) COMPONENT IMPLEMENTATION STATUS (OVERVIEW)

Output 1: Relevant information and data sets about micro – merchants are available and accessible to policy makers and private sector actors for information, action and formulation of policies and business decisions. Disbursement: USD 453,421.59 as of January 2020

The objective of activities under this output is to generate essential data about distributive retail markets (micro – merchants) to identify trends and opportunities within this sub sector and thereafter to be used by the regulators and private sector actors to formulate appropriate actions to address market barriers or leverage market opportunities.

The MDDRM component financed by the European Union has conducted and commissioned a number of studies:

- Micro Merchants Landscape Assessment (MMLA) in Bangladesh; The MMLA aimed to describe the location, socio – economic characteristics, business size and conditions, access to financial services, digital financial services uptake and use, and overall uptake and understanding of digital information technologies for business growth among micro merchants . The data set of the MMLA Study has been made available for public usage through the data portal titled ‘Microentrepreneurs Asia ’.
- Consumer behavior among Micro Merchants; This qualitative study undertaken by Dnet, was the basis for the development of training and educational materials for micro merchants. The consortium undertook needs assessment among micro merchants to identify their knowledge and skills gaps and used those findings to develop a training curriculum.

- Participation of Women in the Economy Realized (PoWER);
UNCDF undertook the development of a country strategy on women's economic empowerment in Bangladesh, using the UNCDF PoWER framework, conducting country specific research on Financial Services Access, Usage and Agency for Women's and Girls' Financial Inclusion, including women led small and micro-businesses.
- Landscape Assessment of Retail Micro-Merchants in Bangladesh: A Closer Look at Jamalpur, Sherpur, Sirajganj and Tangail Districts;
This report is essentially a "deep – dive" look at the circumstances of micro-merchants across the four project districts. The data for these districts were gathered in the overall MMLA study, and in 2019 a special publication was prepared to highlight these four districts.
- Gender Centrality of Mobile Financial Services in Bangladesh – A Consumer Behaviour Research;
This research was initiated to recognize and capture meaningful patterns of the drivers of MFS use among women and make recommendations for policy decision-makers and financial services providers (FSPs).
- Digital Transformation of MFIs in Bangladesh: Opportunities, Challenges and Way forward;
This research aimed to answer the question of how and why MFIs should make a switch to digital technologies to better meet their customers' needs, particularly to retail micro-merchants.
- Hrishipara Financial Diary Research (2017 – 2019)
The Financial Diary research in Hrishipara village, Gazipur was initiated to get a better understanding of the way low-income households use financial tools and services available in rural/peri-urban Bangladesh.

Once completed, SHIFT MDDRM has focused on disseminating the research throughout the project period.

In addition, SHIFT – MDDRM conducted a data hackathon in 2019. A two-day "Financial Inclusion Data Hackathon" event was organized, inviting various people (from business, universities, regulatory bodies, non-government organizations, bi/multilaterals) to collaborate (using data – sets such as Micro – merchants dataset on microenterprises) with a goal of creating a functional idea/product to advance financial inclusion and inclusive growth in Bangladesh by the end of the event. Ideas varied in themes and scale, but the most common solutions focused on: a) utilizing tech to solve financial inclusion barriers (such as SMS services, mobile money services, savings); b) enticing consumer behaviour through rewards (such as mobile money reward systems, discount services); and, c) advancing knowledge through social marketing (such as awareness campaigns and programmes).

Output 2: Capacity building tools, information and support services are developed and provided to micro-merchants for improvement of their skills, business operations and practices. Disbursement: USD 1,002,646.41 as of January 2020

The objective of activities under this output, is to build capacity, skills and knowledge of micro – merchants and business development service providers on digital technologies which is intended to enable easy uptake and usage of these technologies and advance business performance among micro – merchants. The approach to capacity development builds and utilizes national Master Trainers as well as IT technologies.

More specifically, capacity development focuses on improving knowledge, skill and capabilities so that market actors in Bangladesh can:

- 1) Respond to DFS emerging issues and enact relevant policies and regulations to support the DFS sector growth;
- 2) Learn about new technologies and find ways to use them to solve societal problems (e.g. access to finance) or advance business performance of micro and small enterprise (MSMEs);
- 3) Have access to and use DFS to improve their lives (e.g. women, small business owners, micro-merchants);
- 4) Improve business operations to reach more customers with products and services (e.g. retail micro-merchants).

In 2017, the consortium decided to use a sequential approach in terms of training of micro merchants. The focus was to start by building the capacity of the consortium members, as well as build a pool of women and master trainers who will on train micro merchants in 2018 and expand thereafter to other target groups.

In 2018, based on the research findings, the training modules were finalized, and a pilot version of a mobile app was developed. The consortium started the capacity development training of the micro merchants, women entrepreneurs, BDS providers and business association trainers. This continued throughout 2019.

Output 3: Awareness, education and advocacy events are provided to consumers, policy makers and private sector players for strengthening of knowledge about products, services, rights and responsibilities. Disbursement: USD 285,801.04 as of January 2020

The objective of activities under Output 3 is to provide greater access to information on expanding choices of Digital Financial Service products. Recognizing the increased complexity as well as shortage of information provided especially in rural areas, this output placed specific importance on consumer education and advocacy targeting private sector and policy makers.

The SHIFT in partnership with Dnet, started with a two-day conference to highlight the importance of developing a long-term vision around financial inclusion through digital pathways, especially targeting the last mile customers, micro-merchants and small businesses. The consortium organized the Bangladesh Digital Financial Inclusion Conference in 2018.

The first round of the SHIFT MDDRM led awareness raising campaign targeted retail merchants in the project districts. It was carried out at national and local level through different modalities. A National campaign was carried out through circulation of different printed materials (wall calendar, desk calendar, fact sheet, etc) with messages on the benefit of DFS in business growth of the local micro merchants. This campaign was conducted in partnership with Dnet (iSocial), FBCCI, BDMS and Bank Asia and local business association i.e. local chambers and merchant associations. A Local campaign was also carried out in Sherpur and Jamalpur districts in 41 hotspots where people are gathered. This was done through drama theater. 3 theatre actors performed to disseminate messages through their performance, accompanied by one local singer (Baul singer). The purpose was to send messages on the use and benefit of digital financial services/digital transactions as well as messages on protection of consumer rights, responsibilities of micro-merchants and producers as per the Consumer Rights Protection Act 2009.

The next wave of the campaign in 2019 aimed to reach out to FMCG retail merchants, distributors, women merchants and customers, and wider customers in the national level. The community-based awareness events were delivered through community fairs and an innovation fair. Additionally, SHIFT-MDDRM has contracted a firm to undertake an educational campaign about DFS targeting micro-merchants through Facebook. This social media platform was chosen because micro-merchants overwhelmingly use Facebook.

Output 4: Innovative Business models are piloted with FMCG and DFS providers utilizing micro – merchant networks reaching rural low-income consumers through retail -level value chain innovation challenge funding. Disbursement: USD 1,312,620.97 as of January 2020

The objective of activities under Output 4 is to leverage the creative power and commercial instincts of Fast-Moving Consumer Goods (FMCG) and DFS providers by stimulating them to test innovative cross – sector business models and end – customer requisition strategies.

SHIFT started by identifying suitable business models to be piloted with micro – merchants. In total, 6 type of business models will be piloted and will run until end of the project. Conceptualization of business innovation pilots and procuring private sector implementing partners for piloting the models was delayed initially due to delays in conducting the Micro Merchant Landscape Assessment Study (MMLA). The approach to procurement of partners for implementing the business models was also adjusted from earlier planned proof of concept approach (that is procuring those business models/ ideas that are yet to be tested) to procuring those business models that have already been tested/ prototyped and piloted and need to be commercially launched/ expanded. To select and launch implementation of the business models, SHIFT followed a competitive bidding method inviting eligible firms/ institutions apply in response to the call for proposals.

SHIFT finalized the design of the innovation models in 2018 and initiated a competitive procurement process to find private sector implementers. SHIFT then evaluated and contracted 6 innovation models. The 6 innovation models piloted with the micro merchants addressing their business needs, were initiated. 1 of those projects, Implementing Business Model That Digitizes Financial Transaction in Merchant Supply Chain has been finalized and contract was signed with Bank Asia, Unilever and MicroSave in October, 2018. Other 5 projects have been launched in May of 2019. These models are designed to address the following issues: 1) Implementing business model that inducts merchant as MFS agents and integrates digital transaction, cash management solution and credit facility. 2) Implementing Aggregator Platforms for Micro-Merchant Value Chains Enabling Digital Transactions. 3) Implementing business model that inducts micro merchants as E-commerce Agents and transaction points through aggregator e-commerce platform. 4) Implementing a Mobile loan and digital payments technology anchored business model that enables micro-retailers without collateral and prior credit history to digitally order merchandise from the distributors, and pay for them using a collateral free digital credit line. 5) Implementing a business model that combines the use of a digital platform with training, skilling and business development support to build women business networks thus enabling rural women to become micro merchants providing products and services for women, children and adolescents in their local communities with integration of digital financial services. As of January 2020, SHIFT SAARC in Bangladesh has six innovative business model pilots on-going.

2. EVALUATION OBJECTIVES

Evaluation during a crisis: COVID-19

Considering the COVID-19 pandemic and resultant restrictions, the proposed evaluation methodology may be subject to change. All work of the evaluation team during the field visit shall be done within the guidelines and protocols set by the local and national government of Bangladesh.

2.1. PURPOSE, SCOPE AND OBJECTIVES OF THE EVALUATIONS

The final evaluation of SHIFT MDDRM is being conducted in accordance with UNCDF’s Evaluation Plan 2018 – 2021, and in line with UNDP’s Evaluation Policy (to which UNCDF is party) which sets out a number of guiding principles and key norms for evaluation in the organization following the standards of the United Nations Evaluation Group.

Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise be independent, and that it provide technically and methodologically credible findings that are useful and relevant to support evidence-based programme management and broader strategic decision making.

In support of this, the evaluation has been designed with the following objectives:

- To assist UNCDF and its partners understand the relevance, coherence, efficiency, effectiveness, and likely impact and sustainability of the programme in the country in which it is active,
- To consider variation in SHIFT MDDRM's performance at all levels (macro, meso and micro) taking into account differences in implementation modality, the evolution of the programme's strategy and the importance of policy and institutional context on SHIFTS results,
- To provide evaluative evidence on the contribution of SHIFT SAARC's MDDRM component's work to financial inclusion in Bangladesh and to UNCDF's broader financial inclusion strategy
- Situate the programme in its broader development cooperation environment, compared to similar approaches that promote financial inclusion by other development actors, as well as across UNCDF's Financial Inclusion Practice Area.

As a final evaluation, the evaluation team is expected to focus particularly on the effectiveness, likely impact and sustainability of programme results to date. Critical to this evaluation is an assessment of the relevance and long-term sustainability of SHIFT's MDDRM approach to the development of the micro merchant sub-sector as a driver of rural markets in Bangladesh, as well as SHIFT's MDDRM approach to innovation through investments as a way to enhance diversification and replication of products, services and business models focusing on meeting the needs of low-income people, especially women and small and growing businesses.

Attention will also be paid to the overall delivery methodology vis-à-vis engagement with policy makers, private sector, FSPs and Micro Merchant, as well as links to the SHIFT SAARC's governance, staffing structure, and effectiveness of the Investment Committee. The evaluation, where appropriate, may give guidance, lessons learned, suggestions for mitigating risks occurred during past programme implementation in a forward-looking fashion – informing any future strategies.

More specifically, the evaluation is expected to provide evidence on the MDDRM component's contribution to:

- Influencing the broader inclusive digital finance systems – (macro)
Influence of the programme on policy makers and the broader policy environment and financial inclusion and inclusive digital finance systems as it relates to the distributive retail market. Here the evaluators should consider the extent to which the programme has been successful through its policy advocacy, data/knowledge and capacity/learning activities in beginning to influence the broader inclusive finance systems (policy, institutions and markets) as it relates to the distributive retail market. This aspect will also consider the extent to which the programme is positioned to support replication and upscaling of its approach by others once it comes to an end.
- Building organisational capacity – (meso)
Changes in organisational and financial performance of FSPs and DFS providers supporting stronger horizontal integration of the FMCG Value chain through digital payments and M-Commerce platforms (knowledge, institutional, financial, network) of financial service providers, telecom companies, regulators and other key ecosystem actors to develop and facilitate the horizontal integration with the FMCG value chain.

- Supporting impact at client level –(micro)
Evidence of any impact to date at client level – micro-merchants – vertical integration of FMCG Value chain as well as customer awareness. distinguishing between impacts on men and women.
- On micro merchants, the focus will be on assessing to the extent possible current or likely impact on the growth and competitiveness of retail merchants in the distributive trade sub-sector.
- On consumers; the focus will be on assessing to the extent possible current or likely impact on consumer awareness about services, products, rights and responsibilities.

2.2. RECOMMENDATIONS

To support the utility of the evaluation, and in no way restricting the scope of the conclusions that evaluators may come to, UNCDF, UNDP and EU are specifically looking for lessons and recommendations along the following lines:

Overall recommendations sought:

- What are findings and lessons from the final evaluation of the current programme that should influence any decision on a future intervention for UNCDF, UNDP, EU and its partners?
- What are the success factors, including approaches and mechanisms, to keep for the future phase and how can shortcomings be factored in to be prevented in the future?

Specific recommendations sought:

- How could the identified positive or negative external factors be mitigated or exploited further for the next programme phase?
- What lessons from the institutional and implementation arrangements could be retained for future interventions?
- What lessons from the programme management arrangements should be considered for the next programme phase?
- To what extent does the broader policy environment remain conducive to the replication of the lessons learnt from the programme?
- Have key factors (external, programme or partnership related) changed, with respect to those existing at the time of the SHIFT MDDRM design, in a way that needs to be taken into consideration for future programming?
- Within UNCDF, how should the programme be adjusted to support the evolving objectives of UNCDF's Leaving No One Behind in the Digital Era Strategy?

2.3. EVALUATION METHODOLOGY:

The evaluation should be transparent, inclusive, participatory and utilization-focused. The overall methodology to be followed should be organized following a theory of change approach, framed by the UN/OECD DAC evaluation criteria , and drawing upon a number of mixed methods (quantitative and qualitative) data to capture direct programme results as well as (likely) contributions to increased growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh.

To do so, the methodology should draw as appropriate on established measurement frameworks for capturing these kinds of development outcomes, such as the approaches of the Consultative Group to Assist the Poor (CGAP) and/or the Donor Committee for Enterprise Development to measuring the development of markets for the poor in situations of complexity.

The approach to the evaluation should also intend to capture progress against UNCDF's 'innovation-to-scale' or maturity model approach whereby UNCDF supported interventions aim to start with piloting/innovation, move to consolidation in additional countries before being scaled up by others in markets and country policy systems more broadly.

In line with good practice in evaluating this type of complex system change-focused intervention , the overall methodology should be based on three concrete pillars:

- i) the programme’s theory of change and the way this has been operationalized into a set of concrete expected results;
- ii) the evaluation matrix grouping key evaluation questions and sub-questions by broad UN/OECD DAC evaluation criterion allowing analysis of programme results at different levels of its results chain
- iii) a data collection toolkit for the evaluation describing the quantitative and qualitative primary and secondary data collection tools that will be deployed to collect and analyse data to answer the evaluation questions.

Theory of change

The main analytical framework for the evaluation is provided by the programme’s theory of change which helps organize the evaluation questions according to the programme’s expected results at each level of its results chain. In doing so, the evaluation should use as far as possible a contribution analysis approach with a view to understanding the influence of relevant contextual factors, and alternative drivers or obstacles to change at the regional, national and local levels that may have influenced the programme’s direct and indirect, intended and unintended results.

In line with UN evaluation practice, the scope of the evaluation should cover all six standard UN/OECD DAC evaluation criteria: relevance/appropriateness of design, coherence, efficiency, effectiveness, and (likelihood of) impact and sustainability. In doing so, the focus of the evaluation goes beyond assessing whether UNCDF and its partners are currently ‘doing things right’ in programme execution and management, to a broader assessment of whether, given available evidence, and in comparison with similar approaches implemented by others, the programme looks to be the ‘right approach’ to achieving the higher-level objectives agreed in the initial phase.

Evaluation Matrix

In proposing how to conduct the evaluation, the evaluators should use an evaluation matrix to operationalize the theory of change and its agreed framework of direct and indirect results into a set of measurable categories of evaluative analysis following the results chain of the intervention. The evaluation matrix should properly address gender equality (GE) and human rights (HR) dimensions, including age, disability, migration, displacement and vulnerability wherever applicable.

The table below presents a set of preliminary questions that the evaluators should address in their proposed approach, following the revised UN/OECD DAC criteria. Bidders are requested to propose a more a more detailed evaluation matrix in their submission to include a set of judgement criteria/performance indicators per question and a set of proposed evaluation techniques (lines of evidence) to answer the evaluation question. The evaluation matrix is expected to be updated during the inception phase on the basis of additional information that will be provided to the evaluators and also to take into account where relevant effects of COVID-19 on the content and progress of programme implementation, including but not limited to impact and limitations.

| Criteria | Sub-questions |
|---|---|
| <p>1. Relevance <i>The extent to which SHIFT MDDRM objectives and design respond to beneficiaries’, global,</i></p> | <p>1.1 How relevant and how well designed is the SHIFT MDDRM’s approach to the priorities of the government of Bangladesh, considering the programme’s intended support to growth and competitiveness of retail micro-merchants in the distributive trade sub-sector in rural Bangladesh?</p> |

| | |
|---|--|
| <p><i>country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.¹⁹¹</i></p> | <p>1.2 How relevant is the support provided by SHIFT MDDRM, including capacity building, knowledge sharing and the performance-based country mechanism, to the needs of micro merchants, consumers, FSPs, TSPs and policy decision-makers and other partners? 1.3 To what extent does the SHIFT MDDRM design incorporate gender equality (GE), human rights (HR) and other cross-cutting issues?¹⁹²</p> |
| <p>2. Coherence <i>The compatibility of SHIFT MDDRM with other interventions in a country, sector or institution.¹⁹³</i></p> | <p>2.1 How distinct/complementary is the SHIFT MDDRM approach to other programmes and initiatives implemented in Bangladesh by government and/or key development partners, particularly the EU and UNDP, with similar sectoral and outcome objectives? 2.2 How compatible is the SHIFT MDDRM intervention to UNCDF's work in Financial Inclusion, Digital Financial Inclusion and MSMEs at the programme and regional levels? 2.3. How compatible is the SHIFT MDDRM intervention to ongoing initiatives of the UN Country Team in Bangladesh? How coherent is it to needs and interests of all stakeholder groups?</p> |
| <p>3. Efficiency <i>The extent to which SHIFT MDDRM is likely to deliver results in an economic and timely way.</i></p> | <p>3.1 How well has SHIFT MDDRM delivered its expected results to date, including in terms of budget allocation and cost-effectiveness of activities and in support of financial and development additionality? 3.2 What is the quality of outputs (deliverables) provided to date? How appropriate is the programme's monitoring system to track direct programme results and their broader contribution to the overall objectives? 3.3 How well is the programme being governed, through the involvement and contributions of key partners such as the EU and the government counterpart? 3.4 How well are resources (financial, time, people) allocated to integrate Human Rights (HR) & Gender Equality (GE) in the implementation of SHIFT MDDRM, and to what extent are HR & GE a priority in the overall intervention budget? To what extent are such resources being used efficiently?</p> |
| <p>4. Effectiveness <i>The extent to which MDDRM is expected to achieve its objectives, and its results, including any differential results across groups.</i></p> | <p>4.1 To what extent have SHIFT MDDRM activities under Output 1 contributed to informing policy makers and the private sector's capacity to formulate appropriate policies and business decisions to address market barriers or leverage market opportunities of the distributive retail market (micro-merchants)? 4.2 To what extent have SHIFT MDDRM activities under Output 2 contributed to build the capacities, skills and knowledge of micro-merchants and business development service providers on digital technologies to enable easier uptake and usage of these technologies and advance business performance among micro-merchants?</p> |

¹⁹¹ 'Respond to' means that the objectives and design of the intervention are sensitive to the economic, environmental, equity, social, political economy and capacity conditions in which it takes place.

¹⁹² This includes, but is not limited to, the extent to which the programme is formulated according to international norms and agreements on HR & GE (e.g. The Convention on the Elimination of all Forms of Discrimination Against Women – CEDAW; the Universal Declaration of Human Rights – UDHR; Convention on the Rights of Persons with Disabilities – CRPD) as well as national policies and strategies to advance HR & GE

¹⁹³ The extent to which other interventions (particularly policies) support or undermine the intervention and vice versa. This includes internal coherence which should address the synergies the interlinkages between the intervention and other interventions carried out by the same institution/government, as well as the consistency of the intervention with the relevant international norms and standards to which that institution/government adheres. External coherence considers the consistency of the intervention with other actors' interventions in the same context, including complementarity, harmonization and coordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

| | |
|--|--|
| | <p>4.3 To what extent have SHIFT MDDRM activities under Output 3 contributed to raising awareness of consumers, policy makers and private sector players about products, services, rights and responsibilities on DFS?</p> <p>4.4. To what extent have SHIFT MDDRM activities under output 4 contributed to leveraging the Fast-Moving Consumer Goods (FMCG) and DFS providers by stimulating them to test innovative cross-sector business models and end-customer requisition strategies.</p> <p>4.5 To what extent is SHIFT MDDRM on track towards progress on HR & GE at the level of the organisations supported by MDRRM? To what degree are the results achieved equitably distributed among the targeted stakeholder groups?</p> |
| <p>5. Likely Impact <i>The extent to which MDDRM is expected to foster growth and competitiveness in the retail merchants distributive trade.</i></p> | <p>5.1 To what extent have SHIFT MDDRM results contributed to a tighter vertical integration with Fast Moving Consumer Goods (FMCG) value chains of the retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> <p>5.2 To what extent have SHIFT MDDRM results contributed to stronger horizontal integration with financial services value chains, especially through digital payments and m-commerce platforms of the retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> <p>5.3 To what extent have SHIFT MDDRM results contributed to greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh through tighter vertical (FMCG value chain) integration and stronger horizontal (Financial Service value chain) integration?</p> <p>5.4 To what extent have SHIFT MDDRM results changed attitudes and behaviors towards HR & GE on various stakeholder groups?</p> |
| <p>6. Sustainability <i>The extent to which the net benefits of MDDRM are likely to continue beyond the life of the intervention¹⁹⁴</i></p> | <p>6.1 To what extent are any changes in the capacity of micro-merchants, policy -makers and private sector players to foster growth and competitiveness of retail merchant in distributive trade likely to continue over time? To what extent are partners like to institutionalize and scale up?</p> <p>6.2 How sustainable are changes in the FMCG value chain likely to be over time?</p> <p>6.3 How sustainable are changes in the inclusive finance system (at macro, meso and micro-levels) likely to be over time?</p> |

Data collection toolkit

Finally, on the basis of the questions included above and the information present elsewhere in this Terms of Reference and on the UNCDF website, the evaluation team should deploy a data collection and analysis toolkit (that includes gender disaggregation and triangulation tools) that will include both existing secondary data as well as new primary data to be gathered during (virtual) field visit which together will be able to answer the initial questions listed above. The toolkit should ensure that evaluation findings can be disaggregated by sex and by other socio-economic groups in line with the instruction for gender- and human rights-responsive evaluation included above.

¹⁹⁴ Note that this should include as far as possible an examination of the financial, economic, social, environmental and institutional capacities of the systems needed to sustain net benefits over time, including analyses of resilience, risks and potential trade-offs.

Evaluation during a crisis: COVID-19

The proposal should outline any adjusted evaluative approaches/ methodologies that may be needed to implement the evaluation effectively, including extended desk reviews, primary use of national consultants and virtual stakeholder meetings and interviews. This will be further detailed in the inception report.

If all or part of the evaluation is to be carried out virtually then remote interviews may be undertaken through telephone or online (skype, zoom etc.). Consideration should be taken for stakeholder availability, ability or willingness to be interviewed remotely.

International consultants can work remotely with national evaluator support in the field if it is safe for them to operate and travel. No stakeholders, consultants or UNCDF staff should be put in harm's way and safety is the key priority.

The combination of primary and secondary tools or separate 'lines of evidence' should number at least five and be designed – as with the rest of the evaluation - with triangulation and complementary assessment of the sub-questions in the matrix in mind.

A preliminary set of possible lines of evidence (which bidders can adjust/complement in line with their broader methodological approach) include:

- Document and literature review;
- Analysis of deliverables and financial reports;
- Structured, semi-structured and/or in-depth interviews;
- Quantitative surveys;
- Direct observations;
- Focus groups including implementing partners

Bidders are requested to focus on how they will measure the results of the SHIFT MDDRM programme to date at the outcome level, using methods built around a contribution analysis approach. Bidders are encouraged to propose additional alternative innovative methods and approaches to ensure credible and useful evaluation findings. In proposing the evaluation methodology, bidders are requested to respect the various quality standards for UNCDF evaluation set out in Annex 4.

The data collection toolkit should be applied in a transparent manner throughout the course of the evaluation with key data used to back up answers to the evaluation questions and the conclusions and recommendations that the team will make.

Case Studies

Interested bidders are also requested to include in their proposal a proposed approach to 'diving more deeply' into programme relevance and performance to date by way of 4 to 6 case studies to be divided between investments supported and broader TA to partners. The choice of case studies will be decided during the inception phase and should be chosen to support the broader evaluation approach and sampling strategy.

Gender and Human Rights

The evaluation must include an assessment of the extent to which the design, implementation, and results of the project have incorporated a gender equality perspective and rights-based approach. The evaluators are requested to review UNEG's Guidance in Integrating Human Rights and Gender Equality in Evaluation during the inception phase. In addition, the methodology used, data collection and analysis methods should be human rights and gender-sensitive to the greatest extent possible, with evaluation data and findings disaggregated. Evaluators should also review the most recent publications by the United Nations on the seven drivers of women's economic empowerment in the context of the SDG focus on 'leaving no one behind'.

The promotion and protection of Human Rights (HR) & Gender Equality (GE) are central principles to the mandate of the UN, and all UN agencies must work to fundamentally enhance and contribute to their realization by addressing underlying causes of human rights violations, including discrimination against women and girls, and utilizing processes that are in line with and support these principles. Those UN interventions that do not consider these principles risk reinforcing patterns of discrimination and exclusion or leaving them unchanged. It is therefore important that evaluations commissioned by UNCDF take these aspects into account.

UNCDF takes seriously its commitments to GE and women's empowerment throughout its programme cycle, including evaluation. In the latest independent review of the quality of UNCDF evaluation reports under the UN's System-Wide Action Plan, overseen by UNEG, its Evaluation Unit was scored as "meeting requirements" and the Unit is committed to guarantee that all the evaluations it designs and manages meet the UNEG GE-related norms and standards and apply the UNEG guidance during all phases of the evaluations.

Management roles and responsibilities

To ensure independence and fulfilment of UN evaluation standards, the Evaluation Unit of UNCDF in New York – supported by M&E colleagues in Bangladesh - is responsible for the design and management of this evaluation and will hire an independent firm (Evaluation Team) to conduct the evaluation.

UNCDF Evaluation Unit: In line with the organisational setup for evaluation at UNCDF, the Evaluation Unit in New York – reporting directly to the Executive Secretary of UNCDF as per UNEG norms on organisational independence of evaluation entities - is responsible for the design and management of this evaluation and for the overall quality of the evaluation report .

Evaluation Team: An independent firm will be hired by the Evaluation Unit to conduct the evaluation. The Evaluation Unit will provide substantive support, including joining the Evaluation Team in the field visit and supporting the implementation of remote/virtual data collection. The Evaluation Team will be closely working with the SHIFT MDDRM programme team (see below). They will be responsible for arranging all meetings and field visits, with support from the programme team and the Evaluation Unit. The Evaluation Team is expected to organize its own travel, visas, accommodation and local transport. The Evaluation Team shall safeguard the rights and confidentiality of information providers, for example, measures to ensure compliance with legal codes governing areas such as provisions to collect and report data . Furthermore, the Evaluation Team will at all times conduct the evaluation in accordance with the principles outlines in the UNEG 'Ethical Guidelines for Evaluations ' based on commonly held and internationally recognized professional ideals to conduct themselves in accordance with the highest standards of integrity as enshrined in the Charter of United Nations. The Evaluation Unit takes its responsibilities very seriously in this regard, particularly given the access that will be given to economically vulnerable populations. Finally, the Evaluation Team will need to sign the UNEG Code of Conduct for Evaluation in the UN System and return a copy to the Evaluation Unit.

SHIFT MDDRM Programme team: The programme staff will provide administrative and logistical support. This will include: timely access to an extensive range of documentation for the desk review; an updated stakeholder list with contact details, including emails, telephone numbers and preferred method of access (if possible); and assistance in scheduling meetings in Bangladesh. The programme staff will also be available for initial briefing and final debriefing in Bangladesh and shall make itself available to answer questions and provide documents. The programme staff may provide office space in Bangladesh for the evaluation team to work upon request.

Advisory Panel: The Panel will be set up and composed of representatives from the National Counterpart and UNCDF, as well as potentially from the EU. The role of the Advisory Panel will be to support the Evaluation Unit in managing the evaluation by participating in the following:

- Reviewing and commenting on the inception report
- Reviewing and commenting upon the draft report
- Being available for interviews with the evaluation team

3. EVALUATION PROCESS

Evaluation during a crisis: COVID-19

Considering the COVID-19 pandemic and resultant restrictions, the proposed evaluation schedule may be subject to change. All work of the evaluation team during the field visit shall be done within the guidelines and protocols set by the local and national government of Bangladesh.

The evaluation process will have 3 distinct phases:

- a) Inception Phase and desk review
- b) In-country phase
- c) Post-Mission Phase: analysis and synthesis stage, including:

For more detailed information on the expectations within each phase please refer to the Terms of Reference (TOR) attached to the Long Term Agreement (LTA).

In drawing up the proposed work plan, the evaluation team should be given sufficient time to complete: i) a thorough review of all relevant programme documentation during the inception phase and preparation of the methodological approach to be followed by the evaluation team; ii) field visit, and iii) a thorough write up phase of the evaluation report, to include analysis and transparent aggregation of the different ‘lines of evidence’ collected during the preceding evaluation phases into investment and TA case studies and then a final evaluation report with relevant annexes.

During the country visit, the expected level of effort for the evaluation should include 5 days (minimum) in country with a minimum of two members of the evaluation team to visit the country. Both team members should be experienced evaluators with relevant technical knowledge of the intervention being assessed. With current pandemic in mind, it is expected that national team members will be key in conducting the country visit and primary data collection. Accordingly, proposed evaluation team composition should include ways to mitigate the constraints imposed by the current pandemic on the country visit.

In total, it is expected that the evaluation will take at a minimum 80 person days to complete, including all team members’ contributions to the inception, country visit and write up phases of the evaluation.

The methodology – including the final sampling strategy of parts of SHIFT MDDRM to explore in detail - will be further developed during the inception phase under the supervision of the Evaluation Unit.

1. Audience and timing

The primary audience for this evaluation is UNCDF and key stakeholders (including programme funders) and partners in Bangladesh. The final evaluation is scheduled as follows:

- Inception phase: October 2020
- Country visits: November – December 2020
- Write up phase and final report: January – February 2020

Main deliverables:

The below proposed timeframe and expected deliverables will be discussed with the evaluation team and refined during the inception phase. The final schedule of deliverables will be presented in the inception report. The Evaluation Unit reserves the right to request revisions to the evaluation deliverables until they meet the quality standards set by the UNCDF’s Evaluation Unit for evaluation reports (please see Annex 4 for more details). The Evaluation Team Leader is responsible for preparing and submitting the following deliverables:

| Deliverables | Description | General Timeframe |
|-------------------------|---|-------------------|
| INCEPTION PHASE: | The inception report presenting a fully developed evaluation matrix, methodology, data collection tool kit | |

| | | |
|---|--|-------------------------------------|
| <p>Inception Report and Data Collection Toolkit</p> | <p>and a detailed work plan with timeline following a template to be provided by the Evaluation Unit.</p> <p>The report must also detail any adjusted evaluative approaches/methodologies that may be needed to implement the evaluation effectively due to COVID-19.</p> | <p>December 2020 – January 2021</p> |
| <p>DATA COLLECTION/IN COUNTRY PHASE:</p> | <p>This includes a country visit to Bangladesh to the programme team, stakeholders and primary data collection.</p> | <p>January – February 2020</p> |
| <p>POST MISSION PHASE:</p> <p>Draft Evaluation Report and organized according to the evaluation sub-question with evaluation findings aggregated and synthesized on the basis of the results of the different data collection and analysis tools.</p> <p>(including up to three rounds of revisions)</p> | <p>a. A report presenting the evaluation findings and recommendations for each program/ evaluation as a whole (max. 35 – 40 pages) plus in annex i) short (10 page) case study of investments and TA made under SHIFT MDDRM ii) summaries of the findings from each of the minimum five 'lines of evidence' used to support the evaluation findings as well as iii) an Executive Summary of maximum 5 pages summarising the main findings and recommendations in English and French.</p> <p>b. All completed tools and datasets making up the different lines of evidence should be made available to the Evaluation Unit upon request (including <u>transcribed highlights</u> from interviews and focus group discussions, details from quantitative analysis).</p> | <p>February – March 2021</p> |
| <p>Power Point Presentation for HQ debriefing (max 15 slides and 20 minutes presentation).</p> | <p>A PPT summarizing the main findings and recommendations.</p> | <p>TBD 2021</p> |
| <p>Final Evaluation Report, including an Executive Summary, and organized according to the evaluation sub-question with evaluation findings aggregated and synthesized on the basis of the results of the different data collection and analysis tools.</p> | <p>A final report that incorporates comments received from all partners.</p> | <p>March 2021</p> |

Audience:

The primary audience for this evaluation is UNCDF, the European Union, UNDP as well as partners in Bangladesh.

4. COMPOSITION OF EVALUATION TEAM:

The evaluation team should present a combination of technical expertise in evaluation and experience in designing and managing interventions in the field of financial inclusion, digital financial services and market development relevant to the programmes, with a focus on MSME development – real economy and retail merchants value chain as well as clear experience and expertise in evaluating gender equality in financial inclusion programmes. Experience in evaluating UN programmes, including UNCDF, is preferred but not mandatory.

The team should be familiar with approaches used to assess program contribution to market development/systemic changes as well as theory-based approaches to programme evaluation, using both quantitative and qualitative analysis of existing secondary data and primary data sources. The team should have comprehensive knowledge of inclusive finance industry best practices and experience in applying CGAP benchmarks and DCED standards around good performance of FSPs and business development in developing countries. Evidence of experience with inclusive finance programmes to support women's empowerment and gender equality.

The evaluation team should also be gender-balanced and include representatives from the programme country in which the programme has been implemented.

Bidders should present a team to conduct the above-mentioned evaluation, with team members to be combined in whichever way bidders feel the objectives of the evaluation, can be best addressed.

The teams should also demonstrate the following experience and expertise:

- Proven experience of designing and leading international development evaluations applying mixed methods evaluation approaches (such as theory of change based, utilization focused, participatory, and gender and equity focused evaluations) and looking at a variety of different modalities in international development cooperation;
- Demonstrated experience in integrating gender equality and women's empowerment in evaluations;
- Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation as well as the evaluation of market system for the poor approaches, such as that of CGAP;
- Familiarity with evaluating market and system development approaches to poverty reduction;
- Experience in developing relevant program recommendations from in-depth evaluative processes
- Proven experience in regional financial market facilitation, funding facilities and market assessment;
- Demonstrated experience in supporting policy making e.g strengthening of financial policy regulators and regulation of inclusive finance markets
- Experience of multi-pronged market development for the poor approaches; low-income market segments; developing electronic payment systems;
- Proven experience in supporting micro-merchants, particularly in the distributive trade sub-sector with emphasis on Fast Moving Consumer Goods;
- Knowledge and awareness of issues related to establishing the business case for savings-led FSPs, underserved markets (rural and women), alternative delivery mechanisms, Digital Financial Services, and financial education.

It is requested that the proposed evaluation team be made up of at least the following roles:

- 1 Team Leader with evaluation/inclusive finance/market development experience
- 1 Team Member(s) with 7 - 10 years relevant experience as per experience and expertise described above.
- The Team Leader or Team member should also have significant gender expertise in financial inclusion programmes and MSMEM development;
- The team should include national consultants with country ecosystem experience to participate in the country visits with knowledge of local language and with the aim of supporting primary data collection.

In order to meet good practice in ensuring sufficient coverage of gender equality and women's empowerment in the evaluation design and conduct, the financial inclusion gender equality expert should support the evaluation team in understanding the distinction between women's financial inclusion versus empowerment, and ensure that the evaluations report this accordingly. The expert should focus on filtering the sex-disaggregated data, and distinguish gender-differentiated impacts at the client level. The expert will have the responsibility for appraising the substance and effectiveness of approaches, products, outcomes and risks of women's financial inclusion.

5. SELECTION PROCESS UNDER THE LTA (LONG TERM AGREEMENT)

Consistent with the principles of fairness, transparency and best value for money prescribed by the United Nations public procurement rules, UNCDF shall "call-off" the services of the LTA holders based on a process of secondary competition. Under the secondary competition, UNCDF will solicit proposals from the LTA holders, and the firm that presents the proposal that achieves the highest combined score will be awarded the call-off in the form of a Purchase Order (PO). The TOR for the call-off shall be attached to the PO.

During the secondary competition, UNCDF will send the TORs to LTA holders and provide a fixed period (two weeks maximum) to submit a technical and financial proposal. The technical proposal -, should include a proposed methodology for the evaluation - not more than 10 pages - as well as the names, CVs and roles of the evaluation experts proposed to conduct the evaluation. The LTA holder shall endeavor to draw from the pre-approved experts under the LTA, and that such experts shall comprise all or a majority of teams that will engage under any call-off.

UNCDF shall perform a comparative analysis and evaluate the proposals received using the 70:30 method, with 70% of scores going to the technical proposal and 30% to the financial offer. The LTA holder who achieves the highest combined score shall receive the call-off PO and perform the assignment. The comparative analysis of the technical proposal will focus on the appropriateness of the proposed methodology and team to the evaluation terms of reference. Methodological innovation will be considered an asset .

The technical proposal shall consist of:

1. A focused proposed methodology, approach and implementation plan no longer than 10 pages.
2. Presentation of the proposed evaluation team (drawn from the pre-approved list of experts in the LTA). For team members sourced outside of the pre-approved list, a complete CV and justification for not sourcing from the pre-approved list will be provided. Please refer to the scoring grid below for more detail.
3. As part of the technical assessment, an interview will be conducted for all proposed team members.

| 1. Proposed Methodology, Approach and Implementation Plan | | Points obtainable |
|---|---|-------------------|
| 1 | <ul style="list-style-type: none"> • Appropriateness of evaluation design to the programme being assessed. This includes but is not limited to: <ul style="list-style-type: none"> ➢ Appropriateness of the overall methodological approach to the evaluation and variety of evaluation methods and techniques/lines of evidence being proposed to answer the evaluation questions, bearing in mind the complex nature of the policy and market systems that UNCDF is seeking to influence and the presence of likely alternative drivers of these changes ➢ Quality and appropriateness of the proposed evaluation matrix including proposed judgement criteria/performance indicators and how the lines of evidence will be deployed to answer the evaluation questions at different levels of the theory of change (at the level of programme execution; at the level of key organisational partners – including MSMEs - that the programme is working with; at the system level; and, if requested in the Terms of Reference, at the programme beneficiary level) ➢ Quality of the data collection strategy to be applied in answering the evaluation questions, including details of the qualitative and quantitative tools that will be used in assessing existing secondary data and generating new primary data to answer the evaluation questions. ➢ Appropriateness of the proposed data analysis strategy, including plans to transform the analysis and aggregation of data into evaluation findings ➢ Appropriateness of the proposed approach to case study analysis that can compare and contrast the results of the different programme instruments being deployed in support of the variety of partners across the portfolio. | 200 |
| 2 | <ul style="list-style-type: none"> • Extent to which the proposal highlights how the evaluation will apply a gender responsive lense at different stages of the evaluation cycle (inception, data collection, draft and final reports) with a view to generating findings that take into account the perspective of women, rural, and un(der)banked population segments, as well as make use of UNCDF's Gender Economic Empowerment Framework | 75 |
| 3 | <ul style="list-style-type: none"> • A detailed evaluation work plan for conducting the evaluation, showing the overall time commitment for the evaluation, as well as specific activities and time allocated to each individual team member. | 75 |
| Total Section 1 | | 350 |

| 2. Management Structure and Key Personnel | | Points obtainable |
|---|---|-------------------|
| 1 | <ul style="list-style-type: none"> • Responsiveness of the proposed evaluation team to the team composition set out in the Terms of Reference. | 350 |

| | | | |
|------------------------|---|--|------------|
| | <p>In the event that the LTA holder wants to propose the engagement of experts that are not in the pre-approved list of experts in the LTA, the LTA holder shall : (a) submit a complete CV that UNCDF will review; and (b) paying attention to the specific expert profiles being sought in the evaluation ToR, provide a justification as to why an expert outside of the pre-approved list is being proposed. Both documents shall be reviewed by UNCDF and shall be considered in the determination of rating of the Technical Proposal.</p> <p>The assessment of not pre-approved experts will be based on scoring grid set-out in the LTA on a pass or fail basis, as well as the responsiveness to the team composition set out in the Terms of Reference (see above). For reference, the scoring grid set-out in the Terms of Reference to the RfP¹⁹⁵ sets out a series of expected attributes for each of the following categories of expert:</p> <ul style="list-style-type: none"> • Project Directors and Team Leaders experienced in managing and conducting international development evaluation in relevant areas to UNCDF; • Technical experts with deep knowledge and expertise of UNCDF's Areas of Work (either Local Development Finance OR Inclusive Finance experts AND MSME Investment Finance experts) in the countries in which we work as well as relevant evaluation experience; • Knowledge and experience of experts of gender-responsive evaluation; • Knowledge and experience of evaluation methodology; • Junior evaluation experts (enumerators, survey designers etc) <p>In case where the non pre-approved proposed experts do not meet the requirements as set-out both in the LTA scoring grid and call-off terms of reference, UNCDF reserves the right to request submission of CVs that meet the both those sets of criteria.</p> | | |
| Total Section 2 | | | 350 |

Only firms totaling > 490 points out of 700 points during the first step of the technical evaluation will be invited to the interview.

| 3. Interview | | | Points obtainable |
|------------------------|--|--|--------------------------|
| 1 | Clarity of presentation on the proposed methodology and evidence of clear division of labour within the team | | 150 |
| 2 | Quality of responses to the questions | | 150 |
| Total Section 3 | | | 300 |

¹⁹⁵ Please see pages 24 – 26 and 39 – 44 for more information.

Annexes

ANNEX 1: SHIFT SAARC PROGRAMME CONTRIBUTION

| | Original Contribution (USD) | Revised Contribution (USD) | Approximate Disbursement Status (USD) |
|--------------|--|---------------------------------------|--|
| BMGF | 3,918,090 | 2,250,000 | 2,250,000 |
| EU | 5,316,137 | 5,310,289.10 | 3,862,447.41 |
| UNCDF | 50,000 | 100,000 | 100,000 |
| Total | 9,284,227 | 7,660,289.10 | 6,212,447.41 |

*as of June, 2020

ANNEX 2: THEORY OF CHANGE – SHIFT SAARC

SHIFT SAARC Theory of Change (ToC) depicts how programme activities lead to short (output), intermediate (outcome) and long term (impact) changes. SHIFT SAARC ToC is based on an understanding that markets are of fundamental importance in the livelihood strategy of low-income people, women and small and growing businesses. Markets are where low-income people and women, as employees and businesses owners, earn their income and where, as consumers, they spend their income to buy food, invest in education, housing, retirement. Low income households, particularly women, have diverse livelihood strategies, encompassing a range of activities. For most, using financial services is a key strategy to achieve livelihood goals and interact with real economy markets. Financial services enable households to take advantage of employment, entrepreneurship and investment opportunities. Interacting with financial markets is therefore an important aspect of the livelihood strategies for many low-income households. However, low income people and especially women, for one reason or the other, are unable to equally participate in financial markets and therefore cannot take full advantage of real markets (be employed, start a business for example) and improve their living standards. For these reasons, improved access to financial markets and better use of financial products is critical in assisting low income people and women to fully benefit from real economy markets, and therefore improving market access is an important element of SHIFT SAARC ToC and strategy.

SHIFT SAARC Theory of change

The SHIFT (SAARC) broad programme goal is to contribute to improved livelihoods and reduced poverty among low income people, especially women in SAARC countries by 2021. The programme's intended outcome is to enable at least one million low income people, 65% of whom are women, and 30,000 small and growing businesses access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.

To achieve intended objectives, SHIFT SAARC is adopting a market facilitation approach in its implementation. This involves looking at the whole eco-system around the delivery and use of financial services and what drives behaviour of market actors - low-income people, businesses and excluded sections within these markets such as women and young people, financial institutions, business development service providers, and regulators. Through this approach SHIFT SAARC attempts to better understand the constraints that prevent the delivery and use of financial services, and also the opportunities that have the potential to transform financial markets and allow low income groups, especially women and small businesses to benefit from and contribute to the delivery and use of financial services.

The ToC (see in Annex 2) hypothesizes that linking real economy markets with financial markets will enable low income people, women and small and growing businesses to access employment, entrepreneurship and investment opportunities to improve their livelihoods.

To achieve intended outcomes and impact, SHIFT SAARC supports four types of interventions:

1. Data and Analysis - The SHIFT in SAARC design calls for expanding and improving data availability for regulators, policymakers, FSPs, meso-level organizations and small businesses to address information gaps within the financial services and the real economy market systems. The design assumes that "people are persuaded by data" and that good quality information will lead government and market actors to make evidence-based decisions to support changes in policy and the design of financial services to meet low-income consumers' needs. Under this pillar, SHIFT in SAARC in Bangladesh conducts research, assessments and analysis on consumer behaviour, DFS and financial inclusion, sectors and policies, and publishes and disseminates the findings and lessons learned. This pillar's expected results

include “to inform DFS practice and policy and to bring Bangladesh’s DFS knowledge and experiences to the global arena.”

2. Capacity Development - To enable market and government actors to keep up with a rapidly-changing DFS market, SHIFT in SAARC seeks to increase targeted stakeholders’ knowledge and skills to increase the development and adoption of solutions, such as new financial products that meet low-income consumers’ needs. The programme conducts capacity self-assessments and facilitates the participation of targeted stakeholders in peer-to-peer exchanges, trainings and events.

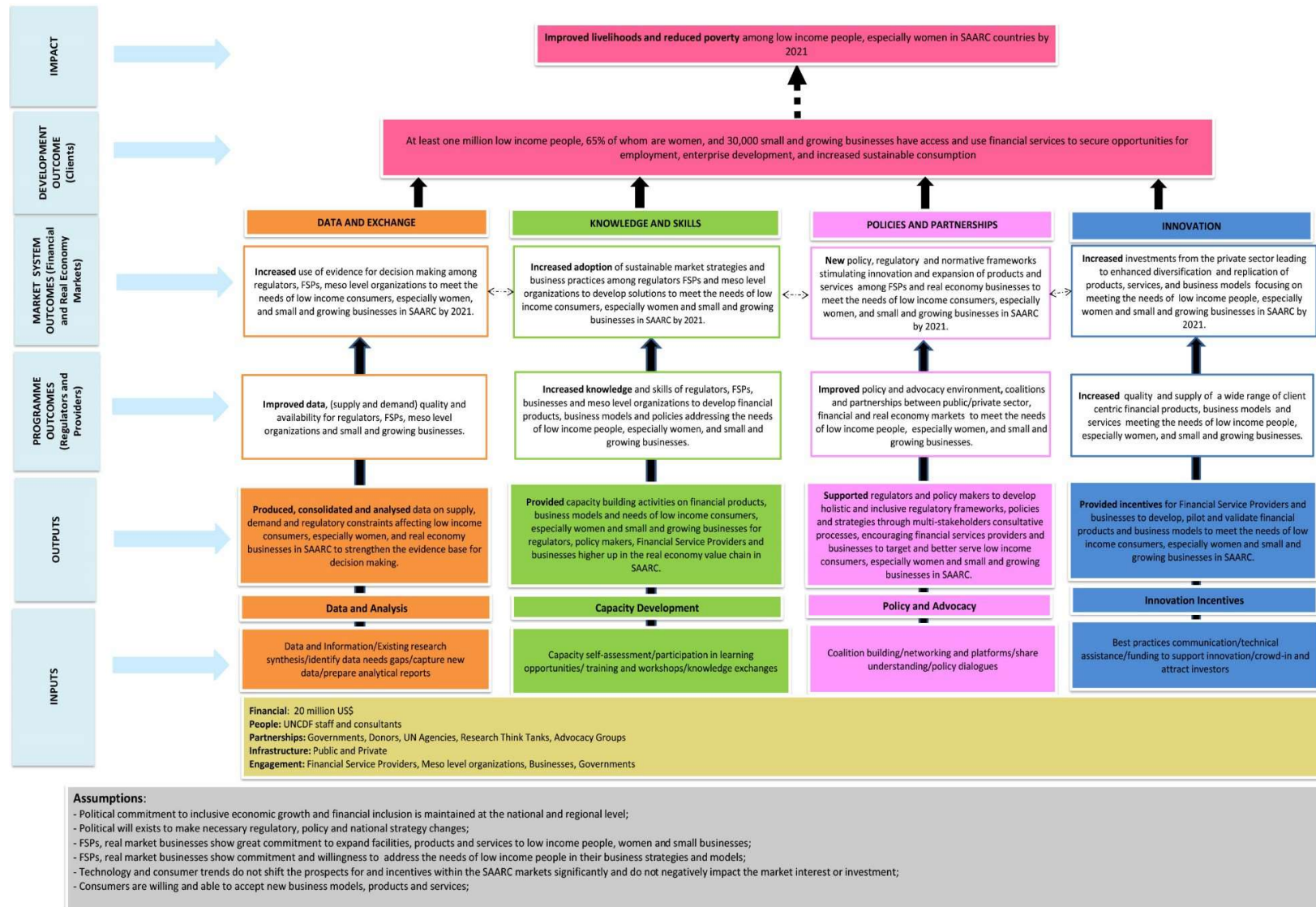
3. Policy and Advocacy - SHIFT in SAARC works to promote new policy and normative frameworks to stimulate innovation among FSPs and real economy businesses within the FMCG value chain to better meet the needs of low-income consumers and micro-merchants. Promotion takes the form of convening workshops and meetings to engage, understand and persuade stakeholders.

4. Innovation Incentives - The design aims of SHIFT in SAARC are to increase private sector investment to improve the quality and supply of client-centred financial products and business models. It addresses the lack of incentives for FSPs to invest in extending last-mile financial infrastructure to low-income markets through targeted, “smart” grants that can alter the risk-return calculus for private sector actors. In Bangladesh, SHIFT in SAARC is offering innovation grants that address the need for affordable access to finance and that promote collaborative private sector partnerships between the FMCG retail market and the DFS financial market.

The expected outcome of these four streams of intervention under SHIFT SAARC is that at least one million low income people, 65% of whom are women, and 30,000 small and growing businesses have access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption.

Mid-Term Evaluation of SHIFT SAARC

In 2018, UNCDF Evaluation Unit commissioned an independent Mid-term Evaluation. The purpose of this MTE was to assess the relevance and performance of the UNCDF SHIFT programme in the SAARC region to date and to support evidence-based programme management and broader strategic decision making at UNCDF. The timing of the evaluation coincided with the mid-point of SHIFT in SAARC’s 60-month life span. The evaluation assesses the SHIFT in SAARC programme from its launch in 2016 through the end of 2018 in Bangladesh. Among other key findings, the evaluation report, highlighted the role of SHIFT in SAARC in developing and disseminating impactful research on key themes related to financial inclusion, DFS and the micro-merchant sector, improved the capacity and potentially improved policy and regulations promoting financial inclusion for low-income consumer. As well as increased information exchange among regulators, the private sector, and expanded and strengthened DFCG coalition .



ANNEX 3: SHIFT SAARC OVERALL RESULTS FRAMEWORK

| Objective | Description |
|--|--|
| Programme Impact | Improved livelihoods and reduced poverty among low-income people, especially women in SAARC countries by 2021. |
| Programme Outcome | At least one million low-income people, 65% of whom are women, and 30,000 small and growing businesses to access and use financial services to secure opportunities for employment, enterprise development, and increased sustainable consumption. |
| Output 1 Data and Analysis | Produced, consolidated and analysed data on supply, demand and regulatory constraints affecting low-income consumers, women and real economy businesses in SAARC to strengthen the evidence base for decision making. |
| Output 2 Capacity Development | Provided capacity building activities on financial products, business models and needs of low-income consumers, especially women, and small and growing businesses for regulators, policymakers, Financial Service Providers and businesses higher up in the real economy value chain in SAARC |
| Output 3 Policy and Advocacy | Supported regulators and policymakers to develop holistic and inclusive regulatory frameworks, policies and strategies through multi-stakeholder consultative processes, encouraging financial services providers and businesses to target and better serve low-income consumers, especially women, and small and growing businesses in SAARC. |
| Output 4 Innovation Incentives | Provided incentives for Financial Service Providers and businesses to develop, pilot and validate financial products and business models to meet the needs of low-income consumers, especially women, and small and growing businesses in SAARC. |

ANNEX 4: QUALITY GRID FOR UNCDF EVALUATIONS

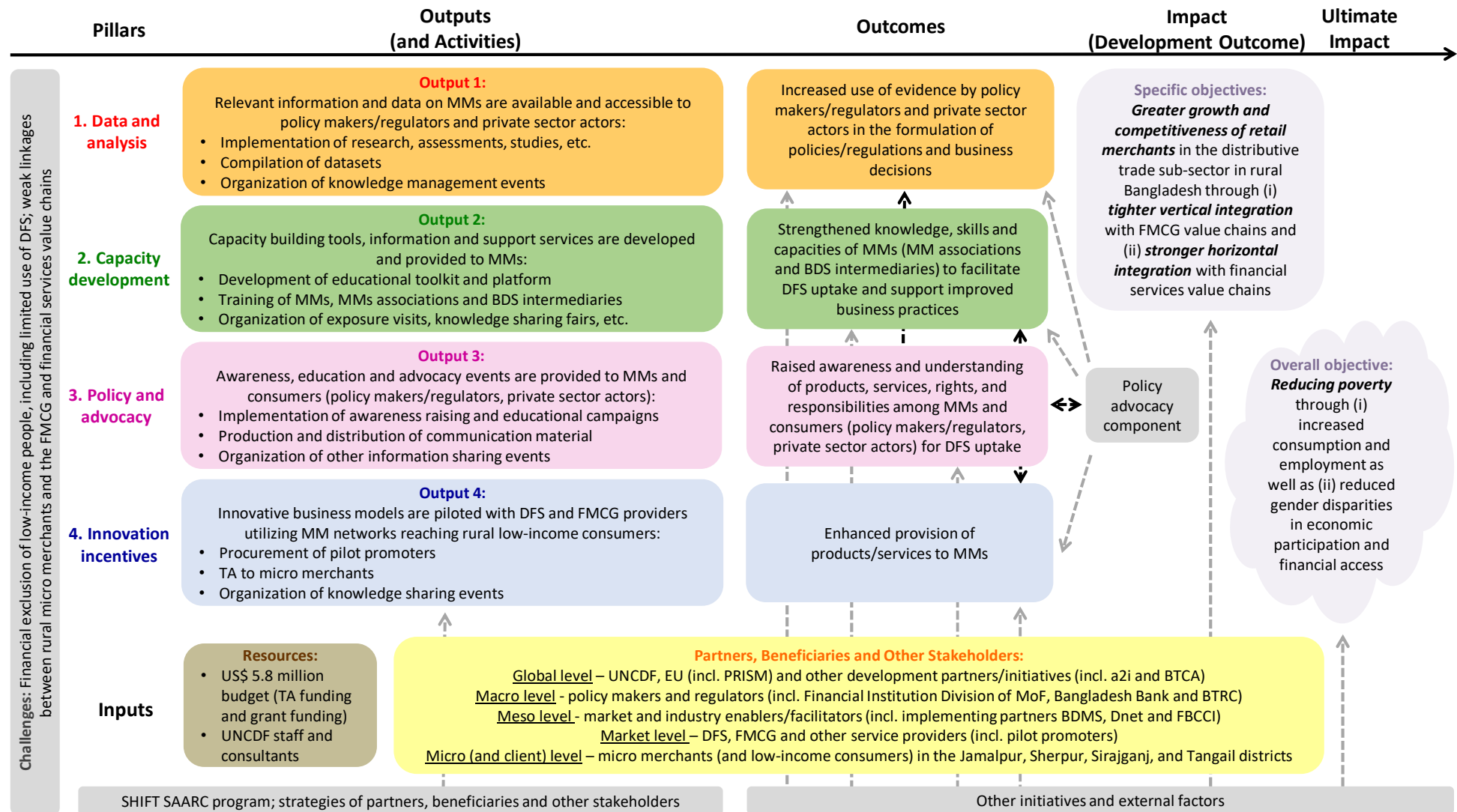
Following UNDP’s Evaluation Policy, to which UNCDF is party, all external evaluations commissioned by UNCDF’s Evaluation Unit are subject to external quality control by UNDP’s Independent Evaluation Office. Bidders are requested to respect the elements of this quality assessment tool in coming up with their proposed approach for the evaluation. Full details of previous UNCDF evaluations can be found here: <https://erc.undp.org/evaluation/units/255>

| |
|--|
| TOR and Design (Weight 15%) |
| 1. Do the Terms of Reference clearly outline the focus for the evaluation in a logical and realistic manner? |
| 2. Do the Terms of Reference detail timescales and budgets for the evaluation? |
| 3. Does the TOR clearly outline the evaluation's planned approach? |
| 4. Is the proposed outline of the evaluation approach and methodology clearly detailed in the ToR? |
| 5. Does the ToR request the evaluator to include gender and vulnerable group issues within the evaluation? |
| Report and Methodology (Weight 30%) |
| STRUCTURE |
| 1. Is the evaluation report well-balanced and structured? |
| 2. Does the Evaluation report clearly address the objectives of the evaluation as outlined in the ToR? |
| METHODOLOGY |
| 3. Is the evaluation's methodological approach clearly outlined? |
| 4. Is the nature and extent of the project/ programmes stakeholders or partnerships and their role and involvement in the project/ programme explained adequately? |
| 5. Does the Evaluation clearly assess the projects/ programmes level of RELEVANCE? |
| 6. Does the Evaluation clearly assess the projects/ programmes level of EFFECTIVENESS? |
| 7. Does the Evaluation clearly assess the projects/ programmes level of EFFICIENCY? |
| 8. Does the Evaluation clearly assess the projects/ programmes level of SUSTAINABILITY? |
| DATA COLLECTION |
| 9. Are data collection methods and analysis clearly outlined? |
| 10. Is the data collection approach and analysis adequate for scope of the evaluation? |
| 11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained? |
| REPORT CONTENT |
| 12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF? |
| 13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support? |
| 14. Does the evaluation detail programme/ project funding and provide funding data? |
| 15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality? |
| 16. Are all indicators in the logical framework assessed individually, with final achievements noted? |
| Crosscutting(Weight 15%) |
| 1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant? |
| 2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as relevant? |

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| 3. Does the report discuss disaster risk reduction and climate change mitigation and adaptation issues where relevant? |
| 4. Does the report discuss crisis prevention and recovery issues, as where relevant? |
| 5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant? |
| 6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant? |
| 7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected? |
| 8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration? |
| 9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated? |
| Evaluation Findings, Conclusions and Recommendations (Weight 40%) |
| FINDINGS AND CONCLUSIONS |
| 11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained? |
| REPORT CONTENT |
| 12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF? |
| 13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support? |
| 14. Does the evaluation detail programme/ project funding and provide funding data? |
| 15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality? |
| 16. Are all indicators in the logical framework assessed individually, with final achievements noted? |
| Crosscutting (Weight 15%) |
| 1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant? |
| 2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as relevant? |
| 3. Does the report discuss disaster risk reduction and climate change mitigation and adaptation issues where relevant? |
| 4. Does the report discuss crisis prevention and recovery issues, as where relevant? |
| 5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant? |
| 6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant? |
| 7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected? |
| 8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration? |
| 9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated? |
| Evaluation Findings, Conclusions and Recommendations (Weight 40%) |
| FINDINGS AND CONCLUSIONS |
| 1. Does the evaluation report contain a concise and logically articulated set of findings? |

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| 2. Does the evaluation report contain a concise and logically articulated set of conclusions? |
| 3. Does the evaluation report contain a concise and logically articulated set of Lessons learned? |
| 4. Do the findings and conclusions relate? |
| 5. Are the findings and conclusions supported with data and interview sources? |
| 6. Do the conclusions build on the findings of the evaluation? |
| 7. Are risks discussed within the evaluation report? |
| RECOMMENDATIONS |
| 8. Are the recommendations clear, concise, realistic and actionable? |
| 9. Are recommendations linked to Country Office outcomes and strategies and actionable by the CO? |

Annex C – MDDRM Theory of Change



Annex D - Evaluation Matrix

Where relevant in the 'Judgment Criteria / Performance Indicators' column, reference is made to indicators included in the MDDRM logframe and dashboard (highlighted in **bold**, with 'by-completion' targets, where available, provided in parentheses) and the RRF of the SHIFT SAARC in Bangladesh project (highlighted in *italics*).

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|---|---|
| 1. RELEVANCE | | |
| The extent to which MDDRM objectives and design respond to the priorities and needs of the country, target entities/groups and final beneficiaries | | |
| EQ1.1 How relevant and well designed are MDDRM objectives and approach to the priorities of the GoB and the country context, considering the intervention's intended support to growth and competitiveness of retail micro merchants in the distributive trade sub-sector in rural Bangladesh? | <ul style="list-style-type: none"> Alignment of MDDRM specific objectives with GoB priorities Positioning of the distributive trade sub-sector within the Bangladeshi economy and in the four target districts – e.g. # of micro merchants (including women), # of total people (including women) engaged in the micro merchant retail segment, value of annual turnover Level of financial inclusion (including DFS use) in Bangladesh and the four target districts Appropriateness of MDDRM approach in relation to the stage of development of the DFS ecosystem and the structure of the distributive trade sub-sector in Bangladesh and the four target districts | <ul style="list-style-type: none"> Review of project/programme documentation (i.e. ProDocs) Review of national policies, etc. Review of MDDRM products (i.e. MMLA) Review of other relevant documentation (e.g. financial inclusion data) Interviews with global, macro, meso, and market level stakeholders and beneficiaries |
| EQ1.2 How relevant is the support provided by MDDRM to the needs of the target entities/groups at the macro, meso and market levels as well as the final beneficiaries at the micro (and client) level? | <ul style="list-style-type: none"> Evidence of the identification of needs based on the assessment/consideration of existing gaps and issues with regard to the institutional capacities of target entities/groups at the macro, meso and market levels – e.g. level of DFS experience, availability of human and financial resources Evidence of the identification of needs based on the assessment/consideration of existing gaps and issues with regard to the knowledge, capacities and linkages among final beneficiaries at the micro (and client) level – e.g. level of DFS literacy among micro merchants (and consumers), degree of integration between micro merchants and FMCG and financial services value chains Suitability of support provided to identified needs among different target entities/groups and final beneficiaries (including women micro merchants and female consumers) | <ul style="list-style-type: none"> Review of project/programme documentation (i.e. ProDocs) Review of MDDRM products (e.g. MMLA)¹⁹⁶ Review of other relevant documentation (e.g. financial inclusion data) Interviews with global, macro, meso, and market level stakeholders and beneficiaries |
| Cross-cutting issues | | |
| EQ1.3 To what extent does the MDDRM design incorporate gender equality and human rights? | <ul style="list-style-type: none"> Alignment of MDDRM preparation with UNCDF/UN guidelines on mainstreaming gender equality and human rights in the design of interventions – e.g. preparatory analysis of specific gender needs/issues, adoption of approaches sensitive to women's needs (and responsibilities and opportunities), inclusion of activities in support of marginalized groups, identification of gender related monitoring indicators and targets Alignment of MDDRM design with national policies/strategies in support of gender equality and human rights | <ul style="list-style-type: none"> Review of project/programme documentation (i.e. ProDocs) Review of UNCDF documentation Review of national policies, etc. Interviews with global and macro level stakeholders and beneficiaries |

¹⁹⁶ For baseline information.

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|---|--|
| 2. COHERENCE The extent to which MDDRM is consistent with UNCDF's work as well as with other interventions in the country | | |
| Internal coherence | | |
| EQ2.1 How compatible is the MDDRM intervention with UNCDF's work in financial inclusion (including digital financial inclusion) and MSMEs at the programme and regional levels? | <ul style="list-style-type: none"> • Coherence with and facilitation of broader UNCDF strategies in support of financial inclusion (including digital financial inclusion) and MSMEs • Consistency with global and regional UNCDF efforts (e.g. SHIFT ASEAN) • Alignment with the objectives and approach of the SHIFT SAARC programme • Complementarity with the policy advocacy component of the SHIFT SAARC in Bangladesh project | <ul style="list-style-type: none"> • Review of project/programme documentation (i.e. ProDocs) • Review of UNCDF documentation • Interviews with global level stakeholders (i.e. project management team, SHIFT SAARC and other UNCDF staff/consultants) |
| External coherence | | |
| EQ2.2 How consistent/complementary is the MDDRM intervention with/to other programmes and initiatives implemented in Bangladesh by other development partners and/or GoB? | <ul style="list-style-type: none"> • # and type of other recent/ongoing initiatives related to financial inclusion and/or merchant/retail support in Bangladesh • Compatibility with UN strategies (i.e. UNDAF 2017-2020) as well as initiatives of the UN Country Team (including the UN-promoted Better than Cash Alliance) • Synergies with or additionality to other similar interventions implemented by other development partners, particularly the EU (including the PRISM project, considering also EU's strategic priorities for Bangladesh) • Consistency with relevant GoB initiatives (including the a2i programme, implemented by the GoB with UNDP funding) | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. ProDocs) • Review of development partner documentation • Review of national policies, etc. (i.e. material on relevant GoB initiatives) • Interviews with global and macro level stakeholders and beneficiaries |
| 3. EFFECTIVENESS The extent to which MDDRM has achieved its intended results | | |
| Output Delivery | | |
| EQ3.1a To what extent have relevant information and data on micro merchants been made available and accessible to policy makers/regulators and private sector actors? Output 1 | <ul style="list-style-type: none"> • # and type of outputs delivered (volume) – e.g. # of research reports/data sets available and accessible for decision making (target: 6), # of knowledge products and researches produced, # of knowledge management events organized, # of online platforms used to upload the knowledge products and researches, # of other channels used for the dissemination of knowledge products • # and type of beneficiaries reached (outreach) – e.g. # of stakeholders with whom research studies and knowledge products have been shared, # of participants in knowledge management events, # of downloads from UNCDF website • Satisfaction with (quality of) outputs delivered – e.g. % of target audiences reporting satisfaction (measured as usefulness, relevance to decision making, quality and timeliness of information) with reports (target: 60%) | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) • Review of MDDRM products (i.e. MDDRM-supported knowledge products) • Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners) |
| EQ3.1b To what extent have capacity building tools, information and support services been developed and provided to micro merchants? Output 2 | <ul style="list-style-type: none"> • # and type of outputs delivered (volume) – e.g. # of educational services/tools developed for micro merchants (target: 3), # of trainings and knowledge exchange visits organized, # of other capacity building events organized | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) |

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|--|--|
| | <ul style="list-style-type: none"> # and type of beneficiaries reached (<i>outreach</i>) – e.g. # of people trained (target: 3,000, including 225 women entrepreneurs, 25 master trainers, 250 micro merchant association trainers, 2,500 micro merchants), # of stakeholders who have received capacity building through trainings, knowledge exchanges etc., # of micro merchants to whom education toolkits have been distributed (target: 10,000)¹⁹⁷, # of participants in other capacity building events, # of individuals having installed the <i>Amar Dokan</i> app <i>Satisfaction</i> with (quality of) outputs delivered – e.g. % of trainees assess capacity building activities as useful against pre agreed scale, % of beneficiaries reporting satisfaction with the <i>Amar Dokan</i> app, #/% of active use of the <i>Amar Dokan</i> app | <ul style="list-style-type: none"> Review of MDDRM products (i.e. MDDRM-supported training material) Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners) Interviews and FGDs with supported micro merchants |
| <p>EQ3.1c To what extent have awareness, education and advocacy events been provided to micro merchants (consumers, policy makers/regulators, private sector actors)?</p> <p>Output 3</p> | <ul style="list-style-type: none"> # and type of outputs delivered (<i>volume</i>) – e.g. # of events undertaken (target: 7, including 1 awareness campaign, 4 community educational campaigns, 1 conference, and 1 gender centric educational web platform), # of communication material produced, # of other channels used for the dissemination of information # and type of beneficiaries reached (<i>outreach</i>) – e.g. # of individuals reached through the events (target: 100,000 low-income people, at least 50% women and micro merchants), # of individuals to whom information material has been disseminated, # of online downloads/views of MDDRM information material <i>Satisfaction</i> with (quality of) outputs delivered – e.g. % of target audience reporting satisfaction with awareness raising activities, % increase of influential stakeholders participating in consultative process | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) Review of MDDRM products (i.e. MDDRM-supported communication material) Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners) Interviews and FGDs with supported micro merchants |
| <p>EQ3.1d To what extent have innovative business models been piloted with DFS and FMCG providers utilizing micro merchant networks reaching rural low-income consumers? Output 4</p> | <ul style="list-style-type: none"> # and type of outputs delivered (<i>volume</i>) – e.g. # of incentives provided (including amount of funding provided to the pilots), # of successfully piloted innovations (target: 6), # of TA activities for micro merchants provided through the pilots, # of case studies on best practices (target: 6), # of dissemination events about best practices (target: 6) # and type of beneficiaries reached (<i>outreach</i>) – e.g. # of micro merchants having received TA through the pilots, # of micro merchants onboarded by the pilots (target: 5,300), # of suppliers onboarded by the pilots <i>Satisfaction</i> with (quality of) outputs delivered – e.g. % of onboarded micro merchant users and suppliers reporting satisfaction with piloted models, #/% of active micro merchant users and suppliers | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of pilot promoters, reports to donors, etc.) Review of MDDRM products (i.e. apps/tools promoted by the piloted business models) Interviews with global and market level stakeholders and beneficiaries (i.e. project management team and pilot promoters) Interviews and FGDs with supported micro merchants |
| Outcome Achievement | | |
| <p>EQ3.2a To what extent have MDDRM activities under Output 1 contributed to increase the use of evidence by policy makers/regulators</p> | <ul style="list-style-type: none"> #/% of policy makers/regulators and private sector actors reporting on increased use of evidence when formulating policies/regulations and business decisions Evidence of MDDRM’s contribution to increased use of evidence in the formulation of policies/regulations and business decisions – e.g. estimation of | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) |

¹⁹⁷ This target corresponds to the 10,000 micro merchants defined as the target group by the MDDRM application form for the EU PRISM grant (p.3).

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|--|---|
| and private sector actors in the formulation of policies/regulations and business decisions? | level of contribution by policy makers/regulators and private sector actors, concrete examples of the use of MDDRM-promoted evidence | <ul style="list-style-type: none"> Interviews with global, macro, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners as well as policy makers/regulators and private sector actors) |
| EQ3.2b To what extent have MDDRM activities under Output 2 contributed to strengthen the knowledge, skills and capacities of micro merchants and BDS providers to facilitate DFS uptake and support new/improved business practices? | <ul style="list-style-type: none"> #/% of trained micro merchants and BDS providers reporting on strengthened knowledge, skills and capacities facilitating DFS uptake and supporting new/improved business practices, % of individuals improved competencies (measured as knowledge, skills, attitudes) as a result of training and educational services/tools (target: 75%) Evidence of MDDRM's contribution to strengthened competencies facilitating DFS uptake and supporting new/improved business practices – e.g. estimation of level of contribution by trained micro merchants and BDS providers, concrete examples of DFS uptake and improved business practices (such as record keeping and business planning) among trained micro merchants facilitated and supported by MDDRM-strengthened competencies, concrete examples of improved service delivery among trained BDS providers promoted by MDDRM-strengthened competencies | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners as well as supported BDS providers) Interviews and FGDs with supported micro merchants |
| EQ3.2c To what extent have MDDRM activities under Output 3 contributed to raise the awareness and understanding of products, services, rights, and responsibilities among micro merchants (consumers, policy makers/regulators, private sector actors) to uptake (promote) DFS? | <ul style="list-style-type: none"> % of target audiences reporting on improved understanding and willingness to uptake [and promote] products and services (target: 75%) Evidence of MDDRM's contribution to improved understanding and willingness to uptake DFS products/services – e.g. estimation of level of contribution by targeted micro merchants (consumers), concrete examples of DFS uptake among targeted micro merchants (consumers) promoted by MDDRM-raised awareness and understanding¹⁹⁸ Evidence of MDDRM's contribution to improved understanding and willingness to promote DFS products/services – e.g. estimation of level of contribution by target policy makers/regulators and private sector actors, concrete examples of policies/regulations and business decisions among target policy makers/regulators and private sector actors informed by MDDRM-raised awareness and understanding¹⁹⁹ | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of implementing partners, reports to donors, etc.) Interviews with global, macro, meso and market level stakeholders and beneficiaries (i.e. project management team and implementing partners as well as policy makers/regulators and private sector actors) Interviews and FGDs with supported micro merchants (Interviews with costumers of supported micro merchants) |
| EQ3.2d To what extent have MDDRM activities under Output 4 contributed to enhance the provision of products/services to micro merchants? | <ul style="list-style-type: none"> Changes in provision and uptake - # of piloted models still operational, # and value of financial transactions and supply orders, # or % of DFS/FMCG providers and micro merchants participating in the pilot express willingness to replicate and scale up the pilot best practices upon the completion of the action (target: 50%), # of DFS/FMCG providers investing in and micro merchants using other digital products/services/models than those piloted | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of pilot promoters, reports to donors, etc.) Interviews with global and market level stakeholders and beneficiaries (i.e. project management team and pilot promoters as well as other DFS/FMCG providers) |

¹⁹⁸ Output 3 has focused mainly on outreach to micro merchants, so evidence on the effects on consumers is expected to be very limited.

¹⁹⁹ Again, since Output 3 has primarily concentrated on outreach to micro merchants, evidence in this regard is expected to be limited (this criterion/indicator also partly overlaps with the last criterion/indicator under EQ3.2a).

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|--|---|
| | <ul style="list-style-type: none"> Evidence of MDDRM's contribution to changes in provision and uptake - e.g. estimation of level of contribution to changes by pilot promoters and onboarded micro merchants, concrete examples of replicated, scaled-up or other provision encouraged by the pilots among pilot promoters, concrete examples of replicated, scaled-up or other uptake encouraged by the pilots among onboarded micro merchants Evidence of possible demonstration/replication effect of MDDRM pilots - e.g. concrete examples of other DFS/FMCG providers and micro merchants stimulated by the piloted models | <ul style="list-style-type: none"> Interviews and FGDs with supported/onboarded micro merchants Interviews with other micro merchants |
| Cross-cutting issues | | |
| <p>EQ3.3 To what extent have MDDRM activities mainstreamed gender equality and human rights and the results achieved been equitably distributed among different target/beneficiary groups?</p> | <ul style="list-style-type: none"> Output delivery (volume) - e.g. #/1% of knowledge products incorporating gender issues, #/% of data sets that are disaggregated by sex, #/1% of knowledge products addressing human rights related issues (Pillar 1); #/1% of training activities/material addressing gender and/or human rights related issues (Pillar 2); #/1% of events/activities addressing gender and/or human rights related issues (Pillar 3); #/1% of incentives targeting women, % women participants in best practice events (target: 30%) (Pillar 4) Output delivery (outreach) - e.g. % of women among participants in knowledge management events (Pillar 1); % of women among trained micro merchants (and master trainers), % of trainees who received training on ways to include gender sensitive approach to inclusive finance (Pillar 2); # of women reached through gender centric web platform (target: 50) (Pillar 3); % of women among onboarded micro merchants (minimum target of 50% of gender and low-income people within the pilots) (Pillar 4) Output delivery (satisfaction) - e.g. level of satisfaction among female beneficiaries, level of active use among female beneficiaries Outcome achievement - e.g. #/1% of concrete examples of policies and business decisions (formulated with the use of MDDRM-promoted evidence) that consider gender (Pillar 1); #/1% of concrete examples of DFS uptake and improved business practices (facilitated and supported by MDDRM-promoted competencies) among micro merchants that consider gender (Pillar 2) | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) Review of MDDRM products (i.e. MDDRM-supported knowledge products, training material and capacity building material, as well as apps/tools promoted by the piloted business models) Interviews with global, macro, meso and market level stakeholders and beneficiaries (i.e. project management team, implementing partners and pilot promoters as well as policy makers/regulators and private sector actors) Interviews and FGDs with supported micro merchants |
| <p>4. EFFICIENCY The extent to which MDDRM has delivered results in an economic, timely and well managed/governed way</p> | | |
| Use of funds and timeliness | | |
| <p>EQ4.1 How efficiently has MDDRM delivered expected results, considering budget allocations/expenditures, cost-effectiveness and timeliness?</p> | <ul style="list-style-type: none"> Commensurability of available financial resources with activities to be implemented / results to be achieved within the four pillars - e.g. budget allocations and expenditures per output area, incidence of cost overruns Appropriateness of expenditures by category - e.g. proportions of costs for international versus national staff/consultants, travel expenses, overhead costs | <ul style="list-style-type: none"> Review of project/programme documentation (e.g. budget allocation/expenditure figures, AWP, progress reports of implementing partners and pilot promoters, reports to donors, etc.) Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project |

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|--|--|
| | <ul style="list-style-type: none"> • Cost/effectiveness or cost/benefit ratios – e.g. cost of training / # of micro merchants trained, cost of pilots / # micro merchants onboarded or value of pilot transactions, cost of awareness campaigns / # of consumers reached • Incidence of and factors causing delays in implementation of activities / achievement of results²⁰⁰ | <p>management team, implementing partners and pilot promoters)</p> |
| Management and oversight | | |
| <p>EQ4.2 How well has MDDRM been managed and governed, also considering the involvement and contributions of key partners?</p> | <ul style="list-style-type: none"> • Suitability of governance structures, e.g. composition, duties and functioning of the SHIFT SAARC Board and PSC, level of engagement of EU and government counterparts • Sufficiency of human resources for the activities to be implemented / results to be achieved – e.g. number and profiles of staff/consultants with the project management team, support from UNCDF regional and headquarter offices • Performance of implementing partners and pilot promoters – e.g. use of PBAs, institutional capacities • Adequacy of reporting mechanisms – e.g. MDDRM reporting to EU, reporting by implementing partners and pilot promoters | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. staff/consultants allocation figures, AWP, PBAs, progress reports of implementing partners and pilot promoters, SHIFT SAARC Board documentation, reports to donors, etc.) • Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team, SHIFT SAARC Board and PSC members as well as implementing partners and pilot promoters) |
| <p>EQ4.3 How appropriate is the MDDRM monitoring system to track direct MDDRM results and their broader contribution to the specific and overall objectives?</p> | <ul style="list-style-type: none"> • Identification of relevant indicators and targets related to all levels of the results chain (i.e. outputs, outcomes and impact) • Inclusion of gender and human rights related indicators and targets • Availability of data for the tracking of defined indicators – e.g. collection of baseline data, regular updating of progress data, collection of data disaggregated by sex | <ul style="list-style-type: none"> • Review of project/programme documentation (i.e. MDDRM logframe/RRF and project monitoring dashboard as well as progress reports of implementing partners and pilot promoters) • Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team, SHIFT SAARC Board and PSC members as well as implementing partners and pilot promoters) |
| Cross-cutting issues | | |
| <p>EQ4.4 How well have resources been utilized to integrate gender equality and human rights in the implementation of MDDRM?</p> | <ul style="list-style-type: none"> • Proportion/sufficiency of budget allocations and expenditures dedicated to gender and human rights related activities • Cost/effectiveness or cost/benefit ratios for gender and human rights related activities – e.g. cost of gender and/or human rights targeted training / # of micro merchants trained, cost of gender centric web platform / # of female consumers reached, cost of (iSocial) pilot targeting women / # female micro merchants onboarded • Proportion/sufficiency of human resources dedicated to gender and human rights related activities | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. budget allocation/expenditure figures, staff/consultants allocation figures, AWP, PBAs, and progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Interviews with global, meso and market level stakeholders and beneficiaries (i.e. project management team, implementing partners and pilot promoters) |

²⁰⁰ This includes an assessment of the effects of the Covid-19 pandemic.

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|---|--|---|
| 5. (LIKELY) IMPACT | | |
| The extent to which MDDRM is expected to reach its specific objectives | | |
| <p>EQ5.1 To what extent have MDDRM results contributed (or are likely to contribute) to a tighter vertical integration with FMCG value chains for retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> | <ul style="list-style-type: none"> • Changes in supported/onboarded micro merchants' positioning within / relations with FMCG supply chains – e.g. greater # of / increased access to suppliers (wholesalers, distributors, sales representatives, and other channels) and products, % ordered online / through mobile app, more direct relationship with manufacturers (including opportunities for branding), stronger control over relationship with suppliers (through for example micro merchant cooperatives or purchase groups) • Evidence of MDDRM's contribution to changes (improvements) in supported/onboarded micro merchants' positioning within / relations with FMCG value chains – e.g. estimation of level of contribution by supported/onboarded micro merchants, concrete examples of contribution • Changes in commercial distribution activities of supported/onboarded suppliers • Evidence of MDDRM's contribution to changes (improvements) in commercial distribution activities of supported/onboarded suppliers – e.g. estimation of level of contribution by supported/onboarded suppliers, concrete examples of contribution • Evidence or likelihood of market demonstration/replication effect among other micro merchants and FMCG providers | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Review of MDDRM products (e.g. MMLA)²⁰¹ • Review of other relevant documentation (i.e. information related to the FMCG supply chain) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project management team, implementing partners, pilot promoters as well as supported/onboarded suppliers and other FMCG providers, relevant policy makers, development partners, etc.) • Interviews and FGDs with supported micro merchants • Interviews with other micro merchants |
| <p>EQ5.2 To what extent have MDDRM results contributed (or are likely to contribute) to a stronger horizontal integration with financial services value chains for retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> | <ul style="list-style-type: none"> • Changes in supported/onboarded micro merchants' access to DFS/other financial services – e.g. increased uptake (# of accounts) of new financial services (digital payments and m-commerce platforms), % of suppliers paid with DFS/MFS, % of customers paying with DFS/MFS, improved savings options, greater opportunities to access credit (based on for example digitally recorded transaction history), more sources of credit, improved conditions/requirements to access financial services • Evidence of MDDRM's contribution to changes (improvements) in supported/onboarded micro merchants' access to DFS/other financial services – e.g. estimation of level of contribution by supported/onboarded micro merchants, concrete examples of contribution • Changes in product/service delivery of supported/onboarded DFS providers • Evidence of MDDRM's contribution to changes (improvements) in product/service delivery of supported/onboarded DFS providers – e.g. estimation of level of contribution by supported/onboarded DFS providers, concrete examples of contribution • Evidence or likelihood of market demonstration/replication effect among other micro merchants and DFS providers | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Review of MDDRM products (e.g. MMLA)²⁰² • Review of other relevant documentation (i.e. information related to the financial services value chain) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project management team, implementing partners, pilot promoters as well as supported/onboarded and other DFS providers, relevant policy makers/regulators, development partners, etc.) • Interviews and FGDs with supported micro merchants • Interviews with other micro merchants |

²⁰¹ For comparison with baseline information.

²⁰² For comparison with baseline information.

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|--|---|--|
| <p>EQ5.3 To what extent have MDDRM results contributed (or are likely to contribute) to greater growth and competitiveness of retail merchants in the distributive trade sub-sector in rural Bangladesh?</p> | <ul style="list-style-type: none"> • Changes related to supported/onboarded micro merchants' <u>supplies</u> – greater variety, enhanced quality, reduced delays in stocking, % paid in instalments / on credit, average value of (monthly) inventory • Changes related to supported/onboarded micro merchants' <u>customers</u> - # of customers, # of regular customers, % paying in installments / on credit, % low income consumers are satisfied with products and services offered by micro merchants (target: 25%) • Changes related to supported/onboarded micro merchants' <u>costs</u> – reduced transportation costs, lower costs of supplies • Changes related to supported/onboarded micro merchants' <u>business performance</u> - average value of (monthly) sales, % of sales paid in installments / on credit, % of targeted micro-merchants who improve business performance (target: 30%) • Changes related to supported/onboarded micro merchants' <u>staff</u> (including women) – e.g. # of employees, # of unpaid family labor • Evidence of MDDRM's contribution to changes (improvements) for supported/onboarded micro merchants' businesses – e.g. estimation of level of contribution by supported/onboarded micro merchants, concrete examples of contribution • Evidence of MDDRM's contribution to changes (also adverse) related to market opportunities (e.g. entry barriers) or other possible effects | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project management team, implementing partners, pilot promoters as well as supported/onboarded and other DFS/FMCG providers, relevant policy makers/regulators, development partners, etc.) • Interviews and FGDs with supported micro merchants • (Interviews with costumers of supported/onboarded micro merchants) |
| Cross-cutting issues | | |
| <p>EQ5.4 To what extent have MDDRM results contributed (or are likely to contribute) to changed attitudes and behaviors towards gender equality and human rights among various stakeholder groups?</p> | <ul style="list-style-type: none"> • <u>Macro level</u> - Concrete examples of MDDRM's contribution to increasing recognition of gender and human rights among MDDRM-supported policy makers and regulators • <u>Meso level</u> - Concrete examples of MDDRM's contribution to increasing recognition of gender and human rights among MDDRM-supported market and industry enablers/facilitators • <u>Market level</u> - Concrete examples of MDDRM's contribution to increasing recognition of gender and human rights among MDDRM-supported/onboarded private sector actors • <u>Micro level</u> - Concrete examples of MDDRM's contribution to increasing recognition of gender and human rights among MDDRM-supported/onboarded micro merchants | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project management team, implementing partners, pilot promoters as well as supported/onboarded and other DFS/FMCG providers, relevant policy makers/regulators, development partners, etc.) • Interviews and FGDs with supported micro merchants |
| 6. SUSTAINABILITY | | |
| The extent to which the results of MDDRM are likely to be sustained / continue beyond the completion of the intervention | | |
| <p>EQ6.1 How sustainable are changes - if any - in the vertical integration with FMCG value chains likely to be over time?</p> | <ul style="list-style-type: none"> • <u>Macro level</u> – level of political commitment/ownership and availability of financial/human resources among policy makers and regulators to provide a conducive environment in support of the distributive trade sub-sector • <u>Meso level</u> – level of institutional commitment/ownership and availability of financial/human resources among FMCG market enablers/facilitators to | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project |

| Evaluation Questions | Judgment Criteria / Performance Indicators | Means and Sources of Verification |
|---|---|---|
| | <p>support linkages between micro merchants (including women) and FMCG value chains</p> <ul style="list-style-type: none"> • <u>Market level</u> – level of commercial commitment/feasibility and availability of financial/human resources among FMCG providers to serve (including through the institutionalization and/or replication of pilots) micro merchants (including women) • <u>Micro level</u> – level of commercial commitment/feasibility and capacity among micro merchants to engage with FMCG providers • Evidence of adequate ‘exit strategies’ in place (i.e. what happens at the end of MDDRM support?) | <p>management team, implementing partners, pilot promoters as well as supported/onboarded and other FMCG providers, relevant policy makers, development partners, etc.)</p> <ul style="list-style-type: none"> • Interviews and FGDs with supported micro merchants |
| <p>EQ6.2 How sustainable are changes – if any - in the inclusive finance system likely to be over time?</p> | <ul style="list-style-type: none"> • <u>Macro level</u> – level of political commitment/ownership and availability of financial/human resources among policy makers and regulators to provide a conducive environment in support of financial inclusion, through DFS, of rural micro merchants and low-income consumers (including female entrepreneurs and women) • <u>Meso level</u> – level of institutional commitment/ownership and availability of financial/human resources among financial services industry enablers/facilitators to support the financial inclusion, through DFS, of micro merchants and low-income consumers (including female entrepreneurs and women) • <u>Market level</u> – level of commercial commitment/feasibility and availability of financial/human resources among DFS providers to serve (including through the institutionalization and/or replication of pilots) micro merchants and low-income consumers (including female entrepreneurs and women) • <u>Micro (and client) level</u> – level of commercial commitment/feasibility and capacity among micro merchants, as well as level of willingness and capacity of low-income consumers, to uptake DFS • Evidence of adequate ‘exit strategies’ in place (i.e. what happens at the end of MDDRM support?) | <ul style="list-style-type: none"> • Review of project/programme documentation (e.g. progress reports of implementing partners and pilot promoters, reports to donors, etc.) • Interviews with global, macro, meso and market level stakeholders and beneficiaries (e.g. project management team, implementing partners, pilot promoters as well as supported/onboarded and other DFS providers, relevant policy makers/regulators, development partners, etc.) • Interviews and FGDs with supported micro merchants |

Annex E – Consulted Documentation

MDDRM/SHIFT SAARC documentation

- Bank Asia, 14 June 2021 email
- BDMS, 2nd installment report (Annex 3), 3rd installment report (Annexes 9 & 10)
- CloudWell, 'MM Status updated Apr'21' file received by email 30 May 2021
- Dnet, 2nd installment report (Annexes 11, 12), 3rd installment report (Annex 5, 6, 7), 4th installment report (Annex 3, 4, 11), 5th installment report (Annexes 3, 4, 7, 8), 6th installment report (Annex 6, 8), 8th installment report (Annexes 3, 7)
- Dnet, 'Amar Dokan app usage report feb to apr21' file
- Dnet, 18 May 2021 email
- ekShop, 'Micro merchant pilot aftermath' file received by email 21 May 2021
- Grant financing agreements with BDMS, Dnet and FBCCI
- Field Buzz 19 May 2021 email
- iMC worldwide for UNCDF, Mid-term evaluation: Shaping Inclusive Finance Transformations (SHIFT) programme in SAARC, 30 August 2019
- iSocial, 13 June 2021 email
- MDDRM application form for EU PRISM grant ('01b Full Proposal-23 November 2016 Revised' file), 2016
- MDDRM grant agreement with the EU ('Bangladesh SHIFT EC PAGODA SC Dec 2016 SIGNED' file), 2016
- MDDRM Interim Narrative Reports to the EU
- Pilot completion reports and/or progress (milestone) reports of pilot promoters and files with baseline information on onboarded MMs
- Policy Advocacy Final Narrative Report to the BMGF, 2019
- SHIFT SAARC in Bangladesh Project Framework Document (as signed by UNCDF, MoF and Bangladesh Bank on 14 December 2016)
- SHIFT SAARC Programme Framework Document, including Annex 1 SHIFT SAARC Theory of Change, Annex 2 SHIFT SAARC Results and Resources Framework and Annex 8 SHIFT SAARC in Bangladesh
- 'Project tracker' file (with updated information from the project monitoring dashboard)
- 'SAARC EU – financial summary' file (with updated expenditures by output area and category of expenses)
- SHIFT SAARC Board presentations (October 2017, 10 March 2020)
- SHIFT SAARC Board Report 2019
- Spectrum Advertising for UNCDF, Final report on community campaign: A consolidate report on the performance made in February, 2020 – August, 2020
- UNCDF, UNCDF SHIFT Communication KM products at a glance, 31 March 2021
- UNCDF, 'SAARC Financial summary 2016-2020 V2' and 'EU expense Jan-Mar 2021' files
- 14 July 2021 email from the MDDRM team

MDDRM products

- Dnet, EU and UNCDF, Understanding micro-merchants in Bangladesh, June 2018
- EU and UNCDF, Digital transformation of MFIs in Bangladesh: Opportunities, challenges and way forward, April 2019
- EU, Innovision and UNCDF, Digital transformation of FMCG supply chain operations and payments in Bangladesh: Challenges, opportunities and way forward, March 2021
- EU and UNCDF, Gender centrality of mobile financial services in Bangladesh, March 2019
- EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh, January 2019
- EU and UNCDF, Landscape assessment of micro-merchants in Bangladesh: A closer look at Jamalpur, Sherpur, Sirajganj and Tangail districts, December 2018
- EU and UNCDF in association with a2i, BFP-B and BRAC, Digital finance for inclusive growth: Bangladesh Digital Financial Inclusion Conference 2018
- UNCDF, A think piece on assessing and improving the micro-merchant segment in Bangladesh' dynamic industry, 2021
- UNCDF, Blog 1: Filling the data gaps: Four research actions to advance DFS in Bangladesh
- UNCDF, Microentrepreneurs Asia: www.microentrepreneursasia.com
- UNCDF SHIFT, Knowledge and communication products at a glance, 31 July 2020

UNCDF documentation

- UNCDF, Leaving no one behind in the digital era UNCDF-Bangladesh, January 2021
- UNCDF, PoWER: <https://www.uncdf.org/power/homepage>
- UNCDF, Strategy on Gender Equality and the Empowerment of Women: 2018-2021; UNDP, Gender Equality Strategy: 2018-2021
- UNCDF, UNCDF FIPA Portfolio Review Synthesis Report, 11 February 2013

Development partner documentation

- BTCA, Bangladesh country diagnostic – Building digital Bangladesh: The way forward for digitizing payments, November 2016
- European Commission, Development cooperation instrument: Multi-annual indicative programme (MIP) 2014-2020, 30 March 2014
- European Commission, Joint Staff Working Document - Gender equality and women's empowerment: Transforming the lives of girls and women through EU external relations 2016 – 2020, 21 September 2015
- UN, United Nations Development Assistance Framework UNDAF 2017-2020, January 2017
- UNDP, Gender Equality Strategy: 2018-2021

National policies, etc.

- Bangladesh Bank, Payment Systems Department Circular No.09/2020, 16 November 2020
- GoB (General Economics Division, Planning Commission), Perspective plan of Bangladesh 2010-2021: Making Vision 2021 a reality, April 2012
- GoB (General Economics Division, Planning Commission), Making Vision 2041 a reality: Perspective plan of Bangladesh 2021-2041, March 2020
- GoB (General Economics Division, Planning Commission), Seventh five year plan FY2016 - FY2020: Accelerating growth, empowering citizens, 11 November 2015
- GoB (General Economics Division, Planning Commission), 8th five year plan July 2020 – June 2025: Promoting prosperity and fostering inclusiveness, December 2020
- GoB, National Financial Inclusion Strategy: Journey towards sustainable and impactful financial inclusion through digitization and innovation, 10 April 2021
- National Industrial Policy of 2016

Other relevant documentation

- a2i.gov.bd
- ADB: www.adb.org/countries/bangladesh/poverty
- Bangladesh Bank (Hasan, Md Rashel and Islam, Md Ezazul), Financial Inclusion Index at District Levels in Bangladesh: A Distance-based Approach, May 2016
- Bangladesh Bank: www.bb.org.bd/fnansys/paymentsys/mfsdata.php
- Bangladesh Bureau of Statistics: bbs.gov.bd
- EBL Securities, FMCG industry review of Bangladesh, 21 June 2018
- Economist Intelligence Unit (EIU), Global Microscope: <http://www.eiu.com/landing/Global-Microscope>
- Groupe Spéciale Mobile Association (GSMA), Economic impact: Bangladesh mobile industry, 2017
- Innovision, Digest 9 - COVID 19 impact on low income population: micro-merchants, 2020
- Newzoo, Global mobile market report, 2017
- shopup.com.bd
- UNDP, Human Development Index
- World Bank, World Development Indicators
- World Bank, Global Findex
- World Bank: <https://www.worldbank.org/en/data/interactive/2016/11/10/bangladesh-poverty-maps>
- World Economic Forum, Global Gender Gap Index
- www.adb.org/projects/36200-023/main
- www.betterthancash.org
- www.bfp-b.org
- www.jamalpur.gov.bd, www.sherpur.gov.bd, www.sirajganj.gov.bd, and www.tangail.gov.bd
- www.unb.com.bd/category/Business/top-fmcg-companies-in-bangladesh-at-a-glance/63105

Annex F – Checklist for Interviews with Stakeholders at Global, Macro, Meso, & Market level

INSTRUCTIONS

- *Introduce yourself(ves).*
- *Thank the interviewee(s) for her/his/their time.*
- *Reintroduce the evaluation for those who do not know MDDRM / SHIFT SAARC: We are working on the final evaluation of the MDDRM project / SHIFT SAARC programme – a project/programme aiming to promote the uptake of digital financial services (DFS) as well as the connection with suppliers among micro merchants in Bangladesh (targeting the Jamalpur, Sherpur, Sirajganj, and Tangail districts).*
- *Explain the purpose of the interview: We are conducting this discussion to receive your feedback on the relevance and quality of support provided by MDDRM / SHIFT SAARC as well as the on the benefits/improvements – if any – this support has brought. We will use this information to assess the support promoted by MDDRM / SHIFT SAARC and provide recommendations for the future.*
- *Make sure that the interviewee(s) understand(s) that the evaluation is independent and as well as that all answers will be treated as strictly confidential and NOT disclosed to any third party and NOT affect their relationships with DFS providers or suppliers.*

Warm up / general information

1. Please explain how you – if at all – have been involved in, or informed on, MDDRM / SHIFT SAARC?
2. In your opinion, what have the been the main achievements and challenges?

Relevance

3. To what extent do you think that MDDRM's objectives of promoting growth and competitiveness within the distributive trade sub-sector through tighter integration with the consumer goods value chain and stronger financial inclusion among micro merchants are/were aligned with the priorities of the GoB? Please explain (any specific reference to national development plans, policies, etc.?) [EQ3.1]
4. To what extent do you think that MDDRM's objectives are/were aligned with the country context? Do you think that the MDDRM approach of focusing on DFS and the retail sector is/was appropriate considering the stage of development of the DFS ecosystem and the structure of the distributive trade sub-sector? Please explain. [EQ1.1]
5. How relevant do you think MDDRM's rural focus is/was? Please explain why or why not. [EQ1.1]
6. To what extent do you think that the MDDRM design is/was appropriate to meet your needs (or the needs the target groups and beneficiaries in general)? Did it fit your needs? Was it designed to address relevant gaps? Was it based on the identification/assessment of actual needs? [EQ1.2]
7. To what extent do you think that the MDDRM design considered gender equality and/or human rights? Please explain. [EQ1.3]

Coherence

8. To what extent do you think that MDDRM's objectives and approach are coherent with SHIFT SAARC in particular and, more broadly, with UNCDF's strategies and other global/regional initiatives? Please explain. [EQ2.1] *for UNCDF staff*

9. What other recent/ongoing initiatives of other development partners and/or GoB target financial inclusion and/or merchant/retail support in Bangladesh? Please provide details on types of interventions, objectives, etc. [EQ2.2]
10. To what extent do you think that MDDRM is compatible with other recent/ongoing similar initiatives? Any synergies, additionalities, or overlaps? [EQ2.2]

Effectiveness

11. To what extent do you think that MDDRM has provided relevant information and data to you (or policy makers/regulators and private sector actors in general)? Has the number/type of knowledge products been sufficient (are there any gaps)? Has outreach been adequate? Please mention any research, reports, etc. that you have received / are aware of or any knowledge management events that you have participated in / are aware of. Please provide details on number/type of knowledge products and events and outreach. [EQ3.1a]
12. To what extent are you (or policy makers/regulators and private sector actors in general) satisfied with the knowledge products? To what extent do you (or policy makers/regulators and private sector actors in general) make increasing use of evidence when formulating policies/regulations or business decisions. To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ3.2a]
13. To what extent do you think that MDDRM has provided relevant training and support services to you (or micro merchants and BDS providers in general)? Have the training events and training material been sufficient (are there any gaps)? Has outreach been adequate? Please mentioned any training material that you have received / are aware of or any training activities that you have participated in / are aware of. Please provide details on number/type of training events and material and outreach. [EQ3.1b]
14. To what extent are you (or micro merchants and BDS providers in general) satisfied with training and support services? To what extent is the *Amar Dokan* app/tool actively used? To what extent have your competencies (or those of micro merchants and BDS providers in general) been strengthened towards facilitating DFS uptake and supporting new/improved business practices (e.g. improved service delivery among BDS providers, improved business practices of micro merchants). To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ3.2b]
15. To what extent do you think that MDDRM has provided relevant communication to you (or micro merchants... consumers, policy makers, private sector actors in general)? Have the communication events and material been sufficient (are there any gaps)? Has outreach been adequate? Please mention any communication material that you have received / are aware of or any communication events that you have participated in / are aware of? Please provide details on number/type of communication events and material and outreach. [EQ3.1c]
16. To what extent are you (or micro merchants... consumers, policy makers, private sector actors in general) satisfied with communication events/material? To what extent have your understanding and willingness (or those of micro merchants... consumers, policy makers, private sector actors in general) to uptake DFS been enhanced? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ3.2c]
17. To what extent do you think that MDDRM has successfully piloted innovative business models? Have the number/type of piloted models been sufficient (are there any gaps)? Has outreach been

adequate? Please mention any pilot models that you have been engaged in / are aware of? Please provide details on piloted model and outreach. [EQ3.1d]

18. To what extent are onboarded micro merchants and suppliers satisfied with the piloted models? How innovative do you think the piloted models were? How many models are still operational, how many users are still active, how many transactions are made, etc.? To what extent are you willing to replicate or scale up piloted models? To what extent do you think that MDDRM has contributed to changes in provision and uptake? Would you have embarked on the pilot even without MDDRM support? Please provide specific examples. [EQ3.2d]
19. To what extent do you think that the MDDRM-promoted pilot models have had a demonstration/replication effect? Have you heard of other (i.e. those not supported by MDDRM) DFS/FMCG providers and micro merchants stimulated by the piloted models. Please provide specific examples. [EQ3.2d]
20. To what extent do you think that MDDRM activities have targeted gender equality and human rights as well as reached out and provided benefits to different target/beneficiary groups? Please provide specific examples. [EQ3.3]

Efficiency

21. To what extent do you think that available financial resources have been sufficient for the activities to be implemented / results to be achieved? [EQ4.1] *for project management team, implementing partners and pilot promoters*
22. Have there been any delays in the implementation of activities / achievement of results? If yes, what factors caused the delays? [EQ4.1] *for project management team, implementing partners and pilot promoters*
23. How adequate do you consider the governance structures to have been? Division of duties and functioning of the SHIFT SAARC Board and PSC? Level of engagement of EU and government counterparts? [EQ4.2] *for project management team and SHIFT SAARC / PSC members*
24. To what extent do you think that human resources (number and profiles of staff/consultants) have been sufficient for the activities to be implemented / results to be achieved? [EQ4.2] *for project management team, implementing partners and pilot promoters*
25. How well have the implementing partners and pilot promoters performed? What factors have influenced their performance (e.g. use of PBAs, institutional capacities, etc.)? [EQ4.2] *for project management team, implementing partners and pilot promoters*
26. How adequate do you consider the reporting mechanism to have been (e.g. level of burden/difficulty of reporting requirements, level of information on performance, etc.)? [EQ4.2] *for project management team and SHIFT SAARC / PSC members as well as implementing partners and pilot promoters*
27. How appropriate do you consider the monitoring system to track results (adequacy of number and type of indicators, availability of data)? [EQ4.3] *for project management team and SHIFT SAARC / PSC members as well as implementing partners and pilot promoters*
28. To what extent do you think the resources have been utilized adequately to integrate gender equality and human rights (sufficiency of budget allocations/expenditures, sufficiency of number/type of human resources)? [EQ4.4]

(Likely) Impact

29. To what extent do you think that there have been changes in micro merchants' positioning within / relations with consumer goods supply chains (e.g. better access to suppliers, more opportunities for branding, etc.)? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ5.1]
30. To what extent do you think that there have been changes in the commercial distribution activities of suppliers? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ5.1]
31. To what extent do you think that there have been changes in micro merchants' access to DFS/other financial services and/or non-financial services? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ5.2]
32. To what extent do you think that there have been changes in the product/service delivery of DFS providers? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ5.2]
33. To what extent do you think that MDDRM has had a demonstration/replication effect? Have you heard of other (i.e. those not supported by MDDRM) micro merchants, suppliers and/or DFS providers stimulated by the MDDRM experience. Please provide specific examples. [EQ5.1&EQ5.2]
34. To what extent do you think that there have been changes in supported micro merchants' business performance in particular and, more broadly, the growth and competitiveness of the distributive trade sub-sector? To what extent do you think MDDRM has contributed to this? Please provide specific examples. [EQ5.3]
35. To what extent do you think that MDDRM has contributed to changing attitudes and behaviors towards gender equality and human rights within various stakeholder groups (i.e. among policy makers/regulators, relevant business associations, DFS providers, suppliers, micro merchants, etc.)? Please provide specific examples. [EQ5.4]

Sustainability

36. To what extent do you think that changes – if any – in micro merchants' integration with the consumer goods value chain are sustainable over time? How do you see the consumer goods sector developing in the coming years? Please consider level of political and institutional commitment/ownership, commercial commitment/feasibility, as well as availability of financial and human resources within various stakeholder groups (i.e. among policy makers/regulators, relevant business associations, suppliers, micro merchants, etc.). Are there any 'exit' strategies in place? Please explain. [EQ6.1]
37. To what extent do you think that changes – if any – in micro merchants' access to DFS/financial services are sustainable over time? How do you see the DFS/financial services sector developing in the coming years? Please consider level of political and institutional commitment/ownership, commercial commitment/feasibility, as well as availability of financial and human resources within various stakeholder groups (i.e. among policy makers/regulators, relevant support organizations, DFS suppliers, micro merchants, etc.). Are there any 'exit' strategies in place? Please explain. [EQ6.2]

Annex G – Interviewed Stakeholders

| Entity | Name (Position) | Date of Interview |
|---|--|----------------------------|
| UNCDF | | |
| SHIFT SAARC / MDDRM team | Rajeev Kumar Gupta (SHIFT SAARC programme manager) | 25 January & 16 April 2021 |
| | Ashrafal Alam (Country project coordinator) | 28 April 2021 |
| | Tahsin Ifnoor Sayeed (Project officer) | 25 January & 12 May 2021 |
| | Kamrul Hassan (Communications officer) | 14 April 2021 |
| | Tasnuha Sinha (M&E and KM consultant) | 25 January 2021 |
| UNCDF Regional Office for Asia | Maria Perdomo (Regional manager, Digital Hub for Asia) | 20 January 2021 |
| | Vincent Wierda (Former regional coordinator, Asia) | 17 May 2021 |
| | Francesca Cioni (M&E officer) | 25 January 2021 |
| UNCDF Headquarters | Preeti Sinha (Executive secretary) | 11 June 2021 |
| | Henri Dommel (Director, Inclusive Finance Practice Area) | 1 June 2021 |
| Development partners/initiatives (global level) | | |
| Asian Development Bank (ADB) | M. Rashed Al Hasan (Senior project officer, Financial Sector) | 19 May 2021 |
| Better Than Cash Alliance (BTCA) | Keyzom Ngodup (Regional technical specialist) | 4 June 2021 |
| Delegation of the EU to Bangladesh | Manfred Fernholz (Former first secretary, Head of Food & Nutrition Security and Sustainable Development Section) | 26 May 2021 |
| | Jui Chakma (Programme manager - Education and Human Development) | 4 February 2021 |
| Poverty Reduction through Inclusive and Sustainable Markets (PRISM) | Ali Sabet (Team leader, Technical Assistance to Bangladesh Small and Cottage Industry Corporation) | 20 April 2021 |
| UN Women | Palash Das (Programme management specialist) | 14 April 2021 |
| GoB partners/initiatives (macro level) | | |
| Access to Information (a2i) | Rezwanul Haque Jami (Head of ecommerce) ²⁰³ | 26 February 2021 |
| Bangladesh Bank | Masud Rana (Joint director, Bangladesh Financial Intelligence Unit) | 26 April 2021 |
| | Shah Zia-ul (Zia) Haque (Joint director, Payment Systems Department) | 27 April 2021 |
| | Md. Mezbaul Haque (General manager, Payment Systems Department) | |
| | Khondkar Morshed Millat (General manager, Sustainable Finance Department) | 29 March 2021 |
| Ministry of Finance | Arijit Chowdhury (Additional secretary, Project & Policy, Financial Institution Division) | 4 April 2021 |
| | Baby Rani Karmakar (Deputy secretary, UN6, Economic Relations Division) | 1 April 2021 |
| Implementing partners (meso level) | | |
| Bangladesh Dokan Malik Samity (BDMS) | Zahirul Haque Bhuiyan (General secretary) | 2 March 2021 |
| Dnet | Md. Forhad Uddin (Chief program officer, Impact and Social Innovation) | 3 March 2021 |
| | Asif Tonmoy | |
| | Alokananda Datta | |
| Other meso level actors | | |
| Bangladesh Women Chamber of Commerce and Industry (BWCCI) | Pejush Datta (Secretary) | 25 May 2021 |
| | Farhana Akhter Nila | |
| Institute for Inclusive Finance and Development (InM) | Mustafa Kamal Mujeri (Executive director) | 2 June 2021 |
| Palli Karma-Sahayak Foundation (PKSF) | Md. Hasan Khaled (General manager) | 31 May 2021 |
| Pilot promoters (market level) | | |

²⁰³ Also ekShop representative (see below).

| Entity | Name (Position) | Date of Interview |
|---|---|--------------------------------|
| Bank Asia | Sarder Akhter Hamid (Senior executive vice president, Deputy managing director - Channel Banking) | 1 March 2021 & 10 June 2021 |
| | Md Ruhul Motin (FAVP & project focal point) | 1 March |
| | Shajedul Hasib Shadhin | |
| | Rumana S Tulee (Upazila officer) | |
| | Rashedul Islam (Upazila officer) | 12 May 2021 |
| BRAC Bank | Mansib Khan (Associate manager, Markets & Products, Business Transformation, Emerging Corporate) | 26 May 2021 |
| Carnival Assure | Md. Al-Beruni (Senior manager) | 25 May 2021 |
| | Imtiaz Noor Sadi | |
| | Rahat Amjad | |
| CloudWell | Mohammad Kudratullah (Chief marketing officer) | 4 March 2021 |
| ekShop/Synesis IT | Rezwanul Haque Jami (Head of ecommerce) ²⁰⁴ | 26 February 2021 |
| | Sarah Zita (Project lead, Micro Merchant Bazar Bondhu) | |
| | Iffat Jahan Pithia (Young professional, ecommerce team) | |
| Field Information Solutions (FieldBuzz) | Habib Ullah Bahar (Co-founder) | 3 March 2021 |
| | Md. Tariquul Islam (Customer success consultant) | |
| Giga Tech | Samira Zuberi Himika (Managing director) | 27 May 2021 |
| | Sarwar Hossain | |
| | Md. Sazzadul Sarker | |
| | Syed Niaz Muhammad | |
| iSocial | Sk. Masudur Rahman (Director) | 24 February 2021 |
| | Tasnim Mustaque (Lead, M&E team) | 24 February 2021 & 28 May 2021 |
| | Md. Ahsan Kabir (Field officer) | 10 May 2021 |
| | Md. Nazmul Hossain (Field officer) | 10 May 2021 |
| Sheba Platform | Md. Tanmoy Abdur Rahman (Head of MSME, sManager) | 24 May 2021 |
| | Maliha Tabassum | |
| | Md. Habib Ullah | |
| SureCash | Shahadat Khan (CEO) | 25 February 2021 |
| | Mohammad Zahirul Islam (Vice president, Strategy and Planning) | 25 February & 3 June 2021 |
| | Suman Kumar Sikder (Assistant vice president, Sales and Distribution) | 25 February 2021 |
| | Md. Harun Or Rashid (Regional coordinator) | 12 May 2021 |
| | Sanjoy Kumar Kundu (Regional coordinator) | 12 May 2021 |
| Other market level actors | | |
| Grameenphone | Rasheda Sultana (Divisional head, Digital & Strategy) | 16 April 2021 |
| Innovision Consulting | Md. Rubaiyath Sarwar (Co-founder and managing director) | 3 May 2021 |
| PRAN-RFL | Uzma Chowdhury (Director, Corporate Finance) | 4 May 2021 |
| | Md. Shaheb Ali (former Sales representative, dairy - Sirajganj) | 8 June 2021 |
| Prime Bank | Md. Majidul Haque (SAVP, Head of Agent & Digital Banking) | 31 May 2021 |
| ShopUp | Afsana Zarin (Chief of staff) | 7 June 2021 |
| | Ifraan Mohammed Abir (Digital credit manager) | |
| T.K. Group of Industries | Rayhan Ahmed (Area officer - Tangail) | 7 June 2021 |
| Unilever Bangladesh | Shadman Sadikin (Head, Customer Development Excellence & Digital Hub) | 27 May 2021 |
| | Maidul Islam (Route-to-market lead) | |
| | Md. Nurannabi (former Sales representative - Sherpur) | 7 June 2021 |

Note: Due to the Covid-19 pandemic all interviews (except BDMS) were carried out online.

²⁰⁴ Same as the a2i representative.

Annex H – Questionnaire for Interviews with Supported/Onboarded MMs

00.0 Interview #: _____

00.1 Interviewer: _____

00.2 Date of interview: _____

00.3 District: _____ 00.4 Sub-district: _____

INSTRUCTIONS

Before the interview

- *Some information, including personal/general information and some information on the business (such average number of customers, value of sales, etc.), is available in the baseline files – please complete this beforehand and cross-check if necessary during the interview.*

Before starting the interview

- *Introduce yourself(ves).*
- *Thank the micro merchant for her/his/their time.*
- *Introduce the evaluation: We are working on the final evaluation of the MDDRM project / SHIFT SAARC programme – a project/programme aiming to promote the uptake of digital financial services (DFS) as well as the connection with suppliers among micro merchants in Bangladesh (targeting the Jamalpur, Sherpur, Sirajganj, and Tangail districts).*
- *Explain the purpose of the interview: We are conducting this interview to understand your needs and your points of view about the quality of support/tool received as well as the benefits/improvements – if any – this support/tool has brought to you and your business. We will use this information to assess the support/tool promoted by MDDRM / SHIFT SAARC and provide recommendations for the future.*
- *Make sure that the interviewee understands that the evaluation is independent and that the exercise is NOT a test/exam as well as that all answers will be treated as strictly confidential and NOT disclosed to any third party and NOT affect their relationships with DFS providers or suppliers.*

Personal/general information

0.1 Name: _____

0.2 Name of store: _____

0.3 Type of store: Groceries Cosmetics Confectionery Stationary Other *please specify*

0.4 Age: _____

0.5 Gender: Female Male Other

0.6 Years in business: _____

0.7 How many days per week is the business open?: _____

0.8 Is this your primary business? Yes No

0.9 Do you have a smartphone? Yes, I have my own Yes, I have access to one through my family/household No

0.10 Do you have a bank account? Yes, a business account Yes, a personal account No

0.11 Do you have a mobile account? Yes, a business account Yes, a personal account No

0.12 Do you consider yourself technologically/digitally 'savvy'? Yes, very Yes, average Yes, a little No, not at all

Information on support/tool provided

1. What kind of support have you received? What kind of app/tool have you used? [EQ3.1b/c/d]

| | |
|---|--|
| App/tool (including TA) promoted by Bank Asia (Merchant Payment Gateway) | |
| App/tool (including TA) promoted by SureCash (TallyKhata) | |
| App/tool (including TA) promoted by iSocial (Insight Suite+/Shujog) | |
| Amar Dokan training, educational booklet and/or app/tool promoted by Dnet <i>please specify</i> | |
| Other training activity/material (by BDMS or others) <i>please specify</i> | |
| Communication activity/material <i>please specify</i> | |
| Other <i>please specify</i> | |

2. How did you become involved? How did you learn of the support provided and/or app/tool used? [EQ3.1b/c/d]

| | |
|------------------------------------|--|
| 'Recruited' directly by promoter | |
| Learned about it through the media | |
| Learned about it through peers | |
| Other <i>please specify</i> | |

Satisfaction and use of support/tool provided

3. To what extent are you satisfied with the provided support and/or app/tool? To what extent were your expectations met? [EQ3.2b/c/d]

| | Yes, to a great extent | Yes, to some extent | Yes, to a limited extent | No, not at all |
|----------------------------------|------------------------|---------------------|--------------------------|----------------|
| App/tool promoted | | | | |
| TA/training from promoters | | | | |
| Amar Dokan training | | | | |
| Amar Dokan booklet | | | | |
| Amar Dokan app/tool | | | | |
| Other training activity/material | | | | |
| Communication activity/material | | | | |
| Other | | | | |

3a. Please explain why or why not (what could have been improved)?

Please take note of any possible gender related considerations.

4. Are you still making use of the provided support and/or app/tool? [EQ3.2b/c/d] Yes No

4a. Please explain why or why not (any particular benefits or challenges, any suggestions for improvements)?

Please take note of any possible gender related considerations.

4b. If you are still making use of the provided support and/or app/tool, which aspects/features do you use?

5. Are you making use of other similar support and/or app/tool(s)? [EQ3.2b/c/d] Yes No

5a. If yes, which one(s)?

6. Would you have attempted using the provided app/tool or other similar app/tool(s) without the support received? [EQ3.2b/c/d] Yes No Maybe

7. Will you continue using the provided or other similar support and/or app/tool(s)? [EQ6.1&EQ6.2] Yes No Maybe

7a. Please explain why or why not?

Please take note of any possible gender related considerations.

8. Have you promoted the provided support and/or app/tool to your peers? [EQ3.2d&EQ6.1&EQ6.2] Yes No

8a. If yes, please explain:

9. Have you heard of an increased use of - or interest in - the provided, or similar, support and/or app/tool among other micro merchants in your area? [EQ3.2d] Yes No

9a. If yes, please provide details:

9b. If yes, to what extent do you think that the increased use (or interest) among other micro merchants in your area has been stimulated by your experience with the provided support and/or app/tool?

| | |
|---------------------|--|
| To a great extent | |
| To some extent | |
| To a limited extent | |
| Not at all | |

Results of the support/tool provided

10. What benefits - if any - have the use of the provided support and/or app/tool brought to you as an entrepreneur/person? [EQ3.2b/c/d] *Please allow the interviewee to respond freely without providing possible answers; only make a couple of suggestions if he/she/they claims that there have been benefits, but is unable to specify what kind.*

| | |
|---|--|
| Increased knowledge of DFS | |
| Improved bookkeeping practices | |
| Improved business planning/forecasting skills | |
| Increased decision-making capacity | |
| Strengthened capacity to interact with suppliers | |
| Greater ability to reduce problems / minimize risks | |
| Other 1 <i>please specify</i> | |
| Other 2 <i>please specify</i> | |
| Other 3 <i>please specify</i> | |

10a. If any, to what extent do you think that the provided support and/or app/tool contributed to benefits for you as an entrepreneur?

| | To a great extent | To some extent | To a limited extent |
|---|-------------------|----------------|---------------------|
| Increased knowledge of DFS | | | |
| Improved bookkeeping practices | | | |
| Improved business planning/forecasting skills | | | |
| Increased decision-making capacity | | | |
| Strengthened capacity to interact with suppliers | | | |
| Greater ability to reduce problems / minimize risks | | | |
| Other 1 | | | |
| Other 2 | | | |
| Other 3 | | | |

10b. Please explain how:

Please take note of any possible gender related considerations.

10c. What other factors might also have contributed to benefits for you as an entrepreneur/person?

11. What changes/improvements – if any - have the use of the provided support and/or app/tool brought to your business' relationship with suppliers? [EQ5.1] *Please allow the interviewee to respond freely without providing possible answers; only make a couple of suggestions if he/she/they claims that there have been changes/improvements, but is unable to specify what kind.*

| | |
|---|--|
| Greater number of / increased access to suppliers and products | |
| Increase in share of suppliers/supplies ordered online / through mobile app | |
| Increased opportunities for branding | |
| Stronger leverage / negotiating power (through cooperatives or purchase groups) | |
| Other 1 <i>please specify</i> | |
| Other 2 <i>please specify</i> | |
| Other 3 <i>please specify</i> | |

11a. If any, to what extent do you think that the provided support and/or app/tool contributed to changes/improvements in your business' relationship with suppliers?

| | To a great extent | To some extent | To a limited extent |
|---|-------------------|----------------|---------------------|
| Greater number of / increased access to suppliers and products | | | |
| Increase in share of suppliers/supplies ordered online / through mobile app | | | |
| Increased opportunities for branding | | | |
| Stronger leverage / negotiating power (through cooperatives or purchase groups) | | | |
| Other 1 | | | |
| Other 2 | | | |
| Other 3 | | | |

11b. Please explain how:

Please take note of any possible gender related considerations.

11c. What other factors might also have contributed to changes/ in your business' relationship with suppliers?

12. Have you heard of other micro merchants in your area increasingly (interested in) integrating with suppliers? [EQ5.1] Yes No

12a. If yes, please provide details:

12b. If yes, to what extent do you think that the increasing (interest in) integration with suppliers among other micro merchants has been stimulated by your experience with the provided support and/or app/tool?

| | |
|---------------------|--|
| To a great extent | |
| To some extent | |
| To a limited extent | |
| Not at all | |

13. What changes/improvements – if any - have the use of the provided support and/or app/tool brought to your business' access to DFS/other financial services? [EQ5.2] *Please allow the interviewee to respond freely without providing possible answers; only make a couple of suggestions if he/she/they claims that there have been changes/improvements, but is unable to specify what kind.*

| | |
|--|--|
| Increased share of suppliers/supplies paid through DFS/MFS | |
| Increased share of customers paying with DFS/MFS | |
| Increased share of female customers paying with DFS/MFS | |
| More secure transactions | |
| Formalization of financial access | |
| Greater use of MFS | |
| Improved credit readiness | |
| More options to access credit | |
| Better conditions to access credit | |
| Other 1 <i>please specify</i> | |
| Other 2 <i>please specify</i> | |
| Other 3 <i>please specify</i> | |

13a. If any, to what extent do you think that the provided support and/or app/tool contributed to changes/improvements in your business' access to DFS/other financial services?

| | To a great extent | To some extent | To a limited extent |
|--|-------------------|----------------|---------------------|
| Increased share of suppliers/supplies paid through DFS/MFS | | | |
| Increased share of customers paying with DFS/MFS | | | |
| Increased share of female customers paying with DFS/MFS | | | |
| More secure transactions | | | |
| Formalization of financial access | | | |
| Greater use of MFS | | | |
| Improved credit readiness | | | |
| More options to access credit | | | |
| Better conditions to access credit | | | |
| Other 1 | | | |
| Other 2 | | | |
| Other 3 | | | |

13b. Please explain how:

Please take note of any possible gender related considerations.

13c. What other factors might also have contributed to changes/improvements in your business' access to DFS/other financial services?

14. Have you heard of other micro merchants in your area increasingly (interested in) accessing DFS/other financial services? [EQ5.2] Yes No

14a. If yes, please provide details:

14b. If yes, to what extent do you think that the increasing (interest in) access to DFS/other financial services among other micro merchants has been stimulated by your experience with the provided support and/or app/tool?

| | |
|---------------------|--|
| To a great extent | |
| To some extent | |
| To a limited extent | |
| Not at all | |

15. Have you heard of other DFS providers and/or suppliers (interested in) providing similar support and/or app/tool(s) to micro merchants? [EQ5.1&EQ5.2] Yes No

15a. If yes, please provide details:

16. What changes/improvements – if any - have the use of the provided support and/or app/tool brought for your business? [EQ5.3] *Please allow the interviewee to respond freely without providing possible answers; only make a couple of suggestions if he/she/they claims that there have been changes/improvements, but is unable to specify what kind. Only take note of changes; if there has been no change, please leave blank.*

Quantitative information

| | #/value/share before | #/value/share after | % change | Comments |
|--|----------------------|---------------------|----------|----------|
| Number of customers ('footfall') | | | | |
| Share of female customers ('footfall') | | | | |
| Number of regular customers ('footfall') | | | | |
| Average value of customers' transaction size | | | | |
| Share of customers paying in instalments (on credit) | | | | |
| Share of supplies paid in instalments (on credit) | | | | |
| Average value of sales | | | | |
| Share of sales paid in instalments (on credit) | | | | |
| Average value of income | | | | |
| Average value of inventory/stock | | | | |
| Number of staff/helpers (also family) | | | | |
| Number of female staff/helpers (also family) | | | | |

| | | | | |
|-------------------------------|--|--|--|--|
| Other 1 <i>please specify</i> | | | | |
| Other 2 <i>please specify</i> | | | | |
| Other 3 <i>please specify</i> | | | | |

Please indicate the value of sales, etc. in BDT.

Complete either the '#/value/share before' and '#/value/share after' columns or the '% change' column. The interviewee might not want to provide sales figures, etc., but could provide an approximate change in %.

There is no need to be too specific with regard to numbers and percentages; approximate values are fine (around BDT 10,000, around 40%, etc.).

In the 'comments' column, please indicate if the number of customers, the value of sales, etc. is on a daily, weekly, monthly, or yearly basis.

Qualitative information

| | Comments | | |
|---|----------|--|--|
| Greater variety of supplies | | | |
| Enhanced quality of supplies | | | |
| Cheaper supplies | | | |
| Reduced delays in stocking | | | |
| Reduced transportation costs | | | |
| More satisfied customers * | | | |
| More modern and innovative image of my business | | | |
| Other 4 <i>please specify</i> | | | |
| Other 5 <i>please specify</i> | | | |
| Other 6 <i>please specify</i> | | | |

** Regarding customer satisfaction, please specify what particular product/service improvement(s) regular customers seem to appreciate. Probe: greater variety of goods, more attentive service, easier transactions, etc.*

16a. If any, to what extent do you think that the provided support and/or app/tool contributed to changes/improvements for your business?

| | To a great extent | To some extent | To a limited extent |
|--|-------------------|----------------|---------------------|
| Number of customers ('footfall') | | | |
| Share of female customers ('footfall') | | | |
| Number of regular customers ('footfall') | | | |
| Average value of customers' transaction size | | | |
| Share of customers paying in instalments (on credit) | | | |
| Share of supplies paid in instalments (on credit) | | | |
| Average value of sales | | | |
| Share of sales paid in instalments (on credit) | | | |
| Average value of income | | | |
| Average value of inventory/stock | | | |
| Number of staff/helpers (also family) | | | |
| Number of female staff/helpers (also family) | | | |
| Other 1 | | | |
| Other 2 | | | |
| Other 3 | | | |
| Greater variety of supplies | | | |
| Enhanced quality of supplies | | | |
| Cheaper supplies | | | |
| Reduced delays in stocking | | | |
| Reduced transportation costs | | | |
| More satisfied customers | | | |
| More modern and innovative image of my business | | | |
| Other 4 | | | |
| Other 5 | | | |
| Other 6 | | | |

16b. Please explain how:

Please take note of any possible gender related considerations.

16c. What other factors might also have contributed to changes/improvements for your business?

17. Please explain if there have been any negative/adverse consequences of the provided support and/or app/tool? [EQ5.3]

Gender equality and/or human rights

18. To what extent do you think that the provided support and/or app/tool and related outreach activities have considered gender equality and/or the inclusion of disadvantaged groups (youth, ethnic minorities, people with disabilities, etc.)? [EQ3.3]

| | |
|---------------------|--|
| To a great extent | |
| To some extent | |
| To a limited extent | |
| Not at all | |
| Don't know | |

18a. If at least 'to a limited extent', please explain how?

19. To what extent do you think that the provided support and/or app/tool have changed your considerations for gender equality and/or the inclusion of disadvantaged groups (youth, ethnic minorities, people with disabilities, etc.)? [EQ5.4]

| | |
|---------------------|--|
| To a great extent | |
| To some extent | |
| To a limited extent | |
| Not at all | |
| Don't know | |

19a. If at least 'to a limited extent', please explain how?

20. Please provide any other relevant comments, observations or recommendations:

Please solicit here any information/feedback on the DFS uptake (mobile accounts, digital payments, etc.) among the micro merchants' customers. Probe: my customers are not really digitally aware or digitally literate, most do not have or use DFS, some have mobile accounts but don't use it for mobile payments, I have seen an increasing use of digital payments in my store etc.

Annex I - Profiles of Interviewed MMs

| | Amar Dokan (21) | Bank Asia (20) | iSocial (23) | SureCash (20) | All (84) |
|--|---|---|--|---|---|
| Sex | 5 females 16 males | 0 females 20 males | 23 females 0 males | 0 females 20 males | 28 females 56 males |
| Age | A: 39 M: 36 R: 25-64 | A: 33 M: 33 R: 23-52 | A: 33 M: 30 R: 21-60 | A: 33 M: 35 R: 21-48 | A: 34 M: 35 R: 21-64 |
| Education | 1 university 0 higher secondary 11 secondary 6 primary (3 not available) | 3 university 4 higher secondary 3 secondary 7 primary (3 not available) | 1 university 4 higher secondary 0 secondary 0 primary (18 not available) | 2 university 5 higher secondary 1 11 secondary 2 primary (0 not available) | 7 university 13 higher secondary 25 secondary 15 primary (24 not available) |
| Smartphone access | 9 own phone 2 other phone 10 no phone | 19 own phone 0 other phone 1 no phone | 13 own phone 3 other phone 7 no phone | 20 own phone 0 other phone 0 no phone | 61 own phone 5 other phone 18 no phone |
| Bank account (business=B; personal=P) | 0 B&P account 1 B account 11 P account 9 no account | 4 B&P account 9 B account 6 P account 1 no account | 1 B&P account 5 B account 10 P account 7 no account | 1 B&P account 3 B account 8 P account 8 no account | 6 B&P account 18 B account 35 P account 25 no account |
| Mobile account | 0 B&P account 0 B account 13 P account 8 no account | 3 B&P account 3 B account 9 P account 5 no account | 0 B&P account 2 B account 11 P account 10 no account | 0 B&P account 7 B account 11 P account 2 no account | 3 B&P account 12 B account 44 P account 25 no account |
| Digital 'savviness' | 7 very 3 average 3 little 8 not at all | 16 very 2 average 1 little 1 not at all | 14 very 1 average 2 little 6 not at all | 19 very 1 average 0 little 0 not at all | 56 very 7 average 6 little 15 not at all |
| Type of store (main business) | 17 groceries, etc. 1 cosmetics 1 confectionery 0 stationary 2 others ²⁰⁵ | 14 groceries, etc. 5 cosmetics 1 confectionery 0 stationary 0 others | 22 groceries, etc. 1 cosmetics 0 confectionery 0 stationary 0 others | 13 groceries, etc. 0 cosmetics 2 confectionery 1 stationary 4 others ²⁰⁶ | 66 groceries, etc. 7 cosmetics 4 confectionery 1 stationary 6 others |
| Years in business | A: 12 M: 8 R: 1-41 | A: 11 M: 8 R: 3-30 | A: 5 M: 3 R: 1-20 | A: 9 M: 8 R: 1-22 | A: 9 M: 7 R: 1-41 |
| # of staff | Not available | 2 three+ staff 7 two staff 7 one staff 1 no staff (3 not available) | Not available | 0 three+ staff 1 two staff 2 one staff 17 no staff (0 not available) | --- |
| # of customers | Not available | 8 250-350 9 100-250 (3 not available) | Not available | A: 89 M: 78 R: 20-250 | --- |
| Average transaction size | Not available | 1 BDT3,000+ 16 BDT500-3,000 (3 not available) | Not available | A: BDT1,243 M: BDT132 R: BDT55-15,000 | --- |
| Average daily sales | A: BDT3,561 M: BDT3,000 R: BDT500-9,000 | 3 BDT20,000+ 7 BDT10-20,000 7 BDT3-10,000 (3 not available) | Not available | A: BDT22,350 M: BDT7,000 R: BDT2,500-100,000 | --- |
| Average daily income | Not available | A: BDT1,976 M: BDT2,000 R: BDT1,000-2,700 | Not available | A: BDT1,248 M: BDT600 R: BDT300-7,000 | --- |

A = average, M = median, R = range

²⁰⁵ 2 tea, betel and cigarettes.

²⁰⁶ 1 medical products, 1 agri-inputs, 1 construction material, 1 beverage services

Annex J - Signed UNEG Code of Conduct Statements

Maria Grandinson (team leader)

(Each UNEG member to create its own forms for signature)

Annex 2: United Nations Evaluation Group Code of Conduct for Evaluation in the UN System

Evaluation Consultants Agreement Form

To be signed by all consultants as individuals (not by or on behalf of a consultancy company) before a contract can be issued.

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: MARIA GRANDINSON

Name of Consultancy Organisation (where relevant): MICROFINANZA

I confirm that I have received and understood and will abide by the United Nations Code of
Conduct for Evaluation.

Signed at (place) on (date)

TRENTO, ITALY 11/1/2021

Signature: 

Etienne Mottet (lead inclusive finance expert)

(Each UNEG member to create its own forms for signature)

Annex 2: United Nations Evaluation Group Code of Conduct for Evaluation in the UN System

Evaluation Consultants Agreement Form

To be signed by all consultants as individuals (not by or on behalf of a consultancy company) before a contract can be issued.

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: Etienne Mottet

Name of Consultancy Organisation (where relevant): Microfinanza

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at (place) on (date)

Signed at Odessa (Ukraine) on 11.01.2021

Signature:  _____

Shibaji Roy (local consultant)

(Each UNEG member to create its own forms for signature)

Annex 2: United Nations Evaluation Group Code of Conduct for Evaluation in the UN System

Evaluation Consultants Agreement Form

To be signed by all consultants as individuals (not by or on behalf of a consultancy company) before a contract can be issued.

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: Shibaji Roy

Name of Consultancy Organisation (where relevant): Microfinanza Srl

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at (place) on (date)

Signature:  _____

Dhaka, 11 January 2021

Mubina Tabassum (local consultant)

(Each UNEG member to create its own forms for signature)

**Annex 2: United Nations Evaluation Group Code of Conduct
for Evaluation in the UN System**

Evaluation Consultants Agreement Form

To be signed by all consultants as individuals (not by or on behalf of a consultancy company) before a contract can be issued.

**Agreement to abide by the Code of Conduct for Evaluation in the UN
System**

Name of Consultant: Mubina Tabassum

Name of Consultancy Organisation (where relevant): MDF Bangladesh Pvt. Ltd

**I confirm that I have received and understood and will abide by the United Nations Code of
Conduct for Evaluation.**

Signed at (place) on (date)

Signature: *Tabassum*
13.01.2021 Dhaka

Mike Zijderduijn (project director)

(Each UNEG member to create its own forms for signature)

Annex 2: United Nations Evaluation Group Code of Conduct for Evaluation in the UN System

Evaluation Consultants Agreement Form

To be signed by all consultants as individuals (not by or on behalf of a consultancy company) before a contract can be issued.

Agreement to abide by the Code of Conduct for Evaluation in the UN System


Name of Consultant: M.J.A. Zijderduijn

Name of Consultancy Organisation (where relevant): MDF Training & Consultancy BV

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at (place) on (date)

Ede, 11 January 2021

Signature:  _____

Annex K – Effectiveness: Output Delivery (Pillars 2 and 3)

Pillar 2 – Capacity development: Other Capacity Building Activities

- **Informative MM meetings** with 196 women MMs in all four target districts towards creating awareness of the benefits of DFS as well as understanding the reasons behind their limited use of such services;²⁰⁷
- **MM knowledge sharing fairs** for 186 MMs (5% women) in Jamalpur, Sherpur and Sirajganj who had previously undergone MM training towards sharing their experiences and benefits of the training;²⁰⁸
- **Informative MM association meetings** for 101 representatives (8% female) of MM associations more or less equally distributed across the four target districts as well as another, respectively, 191 and 40 representatives in Jamalpur and Sherpur towards creating awareness of the benefits of DFS and strengthening the role of their associations in supporting MMs;²⁰⁹
- **Exposure visits** in all four target districts, with a total of 166 participants (including 55 MMs, 66 MM association leaders well as 45 representatives from FSPs, FMCG companies, fintech companies, Bangladesh Bank, media, etc.), towards allowing for exchange of knowledge and experience among stakeholders at the various levels in support of MMs' business growth;²¹⁰
- A **BDS workshop** in Dhaka with 32 participants from DFS providers, MFIs, fintech companies, FMCG companies, and NGOs towards exploring collaboration opportunities in the provision of BDS to MMs;²¹¹ and
- A **FMCG workshop** in Dhaka for 26 representatives (4% female) from 23 different FMCG companies and distributors in all four target districts on the integration of DFS in the FMCH supply chain.²¹²

Pillar 3 – Policy and Advocacy: Other Financial Inclusion Related Events

- 2021 conference on 'Leaving no micro-merchants behind in the digital era';
- 2019 meeting on 'Driving digital finance innovations (launching the first six pilots);
- 2019 International Conference and Inclusion Fair of the Financial Inclusion Network-Bangladesh (FIN-B);
- 2019 FinTech Summit;
- 2019 Microenterprise Summit; and
- Two FBBCI institutional dialogue workshops.

²⁰⁷ Dnet, 6th installment report (Annex 7), 8th installment report (Annex 6).

²⁰⁸ Dnet, 6th installment report (Annex 9), 8th installment report (Annex 4).

²⁰⁹ Dnet, 6th installment report (Annex 4); BDMS, 2nd installment report (Annex 3).

²¹⁰ Dnet, 6th installment report (Annex 10), 8th installment report (Annex 5), Exposure visit report (March 2021).

²¹¹ Dnet, 6th installment report (Annex 5).

²¹² Dnet, 6th installment report (Annex 11).

Annex L – Pilot Partners

1st pilot round

Bank Asia

- 1 FMCG company – Unilever Bangladesh
- 1 MFS provider - Grameenphone²¹³
- 1 Other – MicroSave Consulting

CloudWell

- 1 MFS provider - Nagad

ekShop

- 1 MFS provider - bKash

Field Buzz

- 2 FMCG providers – Maloti Traders and Rahul Group
- 1 MFS provider – OK wallet
- 2 Other – Dnet and Sajida Foundation

iSocial

- 2 FMCG providers - ACI Group and Square
- 1 FSP – Bank Asia
- 1 MFS provider – Nagad

SureCash

- 8 FMCG distributors - M/S. Hrid Enterprise, M/S. Bornali Traders (Sherpur); M/S. Rahman Int, M/S Ariful Alam (Sirajganj); Friend's Enterprise, Babul Enterprise, M/S Vashani Enterprise, and M/S Bhai Bhai Enterprise (Tangail)
- 4 FSPs - BRAC Bank as well as BURO Bangladesh, Society of Social Service and Progress Bangladesh (MFIs)

2nd pilot round

BRAC Bank

- 1 FMCG company – Unilever Bangladesh
- 4 FMCG distributors – M/S New Moriom Trading (Jamalpur), Amin & Company (Sherpur), Mehedi Yarn Enterprise (Sirajganj), and M/S Jupiter Enterprise (Tangail)
- 1 Fintech company - ShopUp

Carnival Assure

- 2 FMCG providers - Tawhid Enterprise and Kazi Dawakhana

Giga Tech

- 2 FSPs – BRAC Bank and Islami Bank Bangladesh
- 1 DFS provider - Trust Axiata Digital
- Other – Tangail *Pouroshava* (local government municipality)

Sheba Platform

- 1 FMCG provider – Shogador.com
- 3 MFS providers – bKash, Nagad and OK wallet

²¹³ The partnership with a Grameenphone only refers to the first phase of the pilot (when Grameenphone agents were used to promote the pilot to MMs) since, upon UNCDP's request, focus was subsequently placed on integrating MMs with FMCG providers.

Annex M – Amar Dokan Case Study

A. Overview

Implementing Partner Profile

Dnet is a not for profit **social enterprise** operating for **20 years** and implements projects to improve the lives of women, children, and youth, supporting those who are marginalized. Dnet has a firm track record on issues of **legal and human rights, governance, social accountability and the right to information**. Its mission is to promote innovative and sustainable solutions integrating social enterprise models that impact the lives of marginalized people in Bangladesh and beyond. Dnet is now developing tools where **data-driven digital systems** and models will help to better understand the ecosystem and to deliver better value to beneficiaries. (<https://dnet.org.bd/>)

Company Development Stage

Not applicable

Identified Problem

The level of business literacy of Bangladeshi Micro-Merchants (MMs) is very low. This leads to poor quality services offered to clients followed by missed opportunities for the MMs. The overall goal of the project was to improve this situation.

Support Objectives

The project general objective was to **support the development of Micro-Merchants in the rural areas** of Bangladesh. The project started with a **research** phase to understand business practices and the capacity building needs of Micro-Merchants. Based on the outputs of the research, the objective was to develop and deliver successfully **knowledge solutions** to enhance the business competencies of Micro-Merchants. These solutions included: Amar Dokan Book, Amar Dokan mobile app, audio content, training and other sharing-experience events.

B. Project Description

B.1. Research Study “UNDERSTANDING MICRO-MERCHANTS IN BANGLADESH”

Dnet project started with an in-depth research on the Micro-Merchants in Bangladesh. The research lasted 9 months and included the following aspects:

- **Advanced profiling of Micro-Merchants** in Bangladesh for understanding who they are and what they do.
- **A study focused on the transactional behavior** of Micro-Merchants and consumers.
- **A capacity development needs assessment** study for business growth.
- **The development of concrete propositions** in terms of communication and educational strategy as well as business development services aiming at helping Micro-Merchant business to become more advanced.

The research showed the need to support the Micro-Merchants through three dimensions:

- **Supply**, through private sector partnership
- **Policy**, by unlocking public private finance
- **Demand**, through efficiency and capacity development which could be composed by the following three aspects:
 - **Awareness**
 - **Enabling tools**
 - **Knowledge**

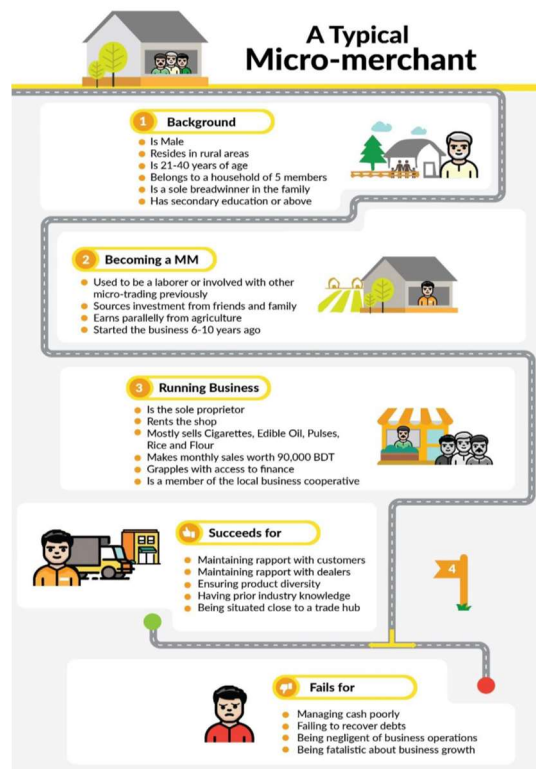


Figure 1 - Source: Research Report UNDERSTANDING MICRO-MERCHANTS IN BANGLADESH

In a subsequent stage, Dnet mainly focused on the demand dimension. Other initiatives part of SHIFT-MDDRM, among which the digital pilot projects, aimed at following these recommendations. This report was also shared with market stakeholders and partners involved later on in the project, including pilot promoters.

B.2. Amar Dokan App

In 2018, Dnet launched an application for mobile phones called “Amar Dokan”. The app aimed at being a key instruments of capacity-building and knowledge-sharing for Micro-Merchants. Amar Dokan was developed on the gaps identified on the research study. The App was developed in local language only and available for download on Google Store.

The functionalities covered by the application are the following:

- **Book keeping function.** Allowing Micro-Merchants to record their daily transactions into the system by typing or through voice recording. It allows to keep track of all income, expenses, bills, etc. It also provides notifications based on business performance status.

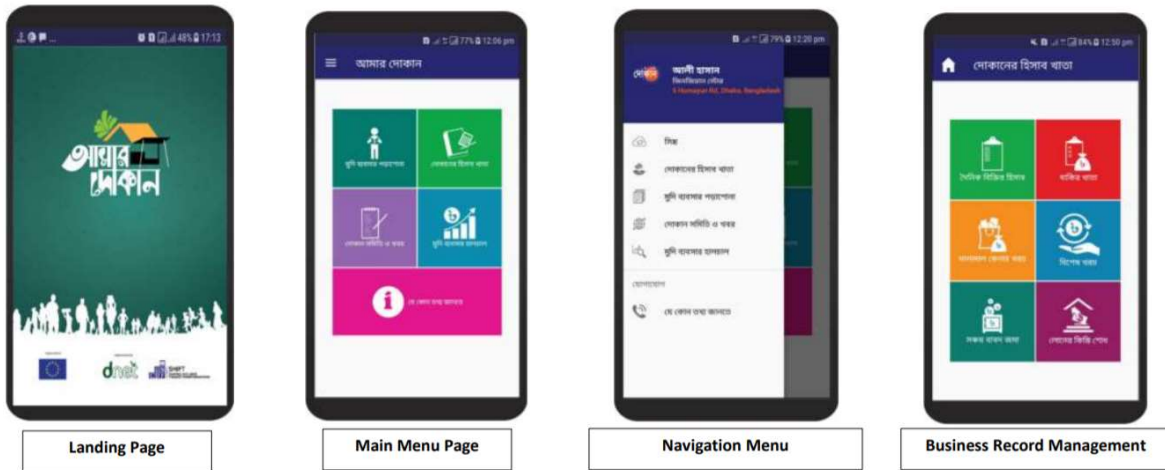


Figure 2 - Source: Amar Dokan Mobile Application_Dnet.pdf

- **Communication functions** allowing Micro-Merchants to send SMS to customers with debt in the shop, keep contacts of fellow Micro-Merchants and communicate with them directly through the app.

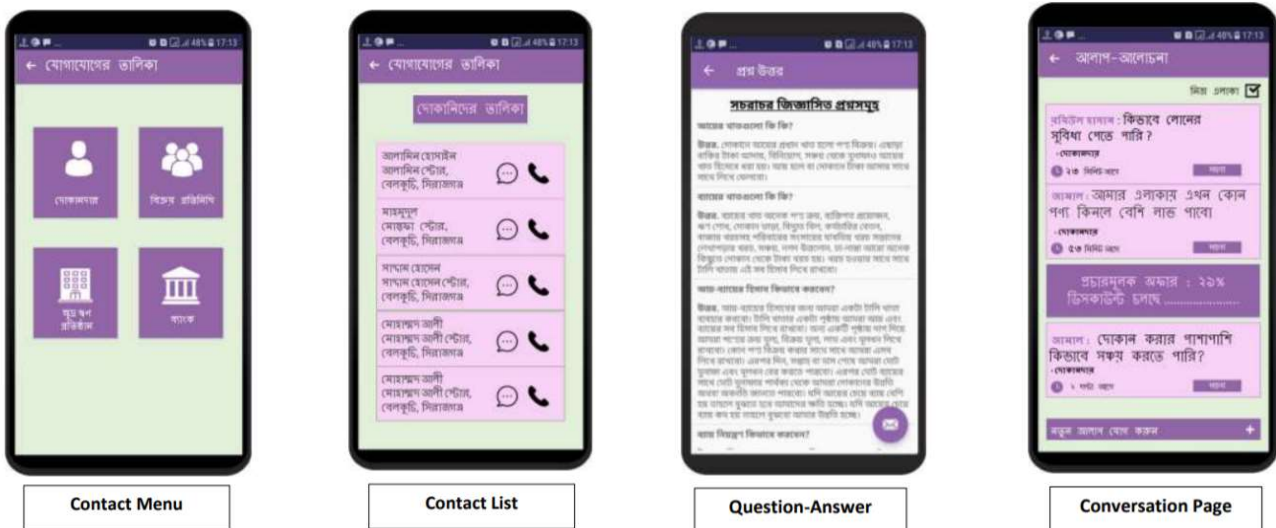


Figure 3 - Source: Amar Dokan Mobile Application_Dnet.pdf

- **Knowledge-sharing and Content Kit** where Micro-Merchants have access to learning contents and tips useful for their daily activity. This part has been used especially to share health-related advices during the COVID19 pandemic.



Figure 4 - Source: Annex 7_Business_Advisory_Report_Dnet_Nov 2020.pdf

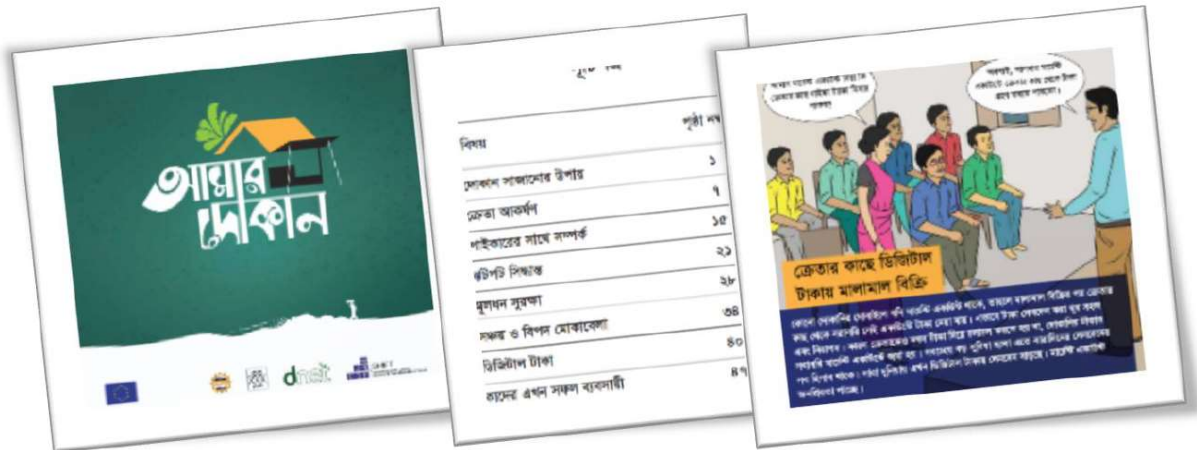
- **Knowledge-sharing content about COVID19 shared through Amar Dokan platform.** The platform has been piloted on the field with 89 Micro-Merchants following a strict methodology to evaluate the usability (effectiveness, usefulness, satisfaction). This piloting allowed to optimize the interface of the App before rolling it out on a larger scale.

B.3. “Amar Dokan” Booklet and Trainings

The capacity-building content taught to Micro-Merchants was first consolidated into the “Amar Dokan” booklet. This 66 page document contained a lot of iconography, which contributed to design a product with accessible contents. The Booklet covered the following topics:

- a) Overview of Micro-Merchants in Bangladesh;
- b) Shop decoration;
- c) Customer attraction;
- d) Capital protection;
- e) Saving practice for risk preparedness;
- f) Importance of digital financial services;
- g) Application of digital tools for business record.

The training conducted last 1 day and was based on the content formalized in this booklet.



Source: Annex 3_Micromerchants Training Report June 2019.pdf

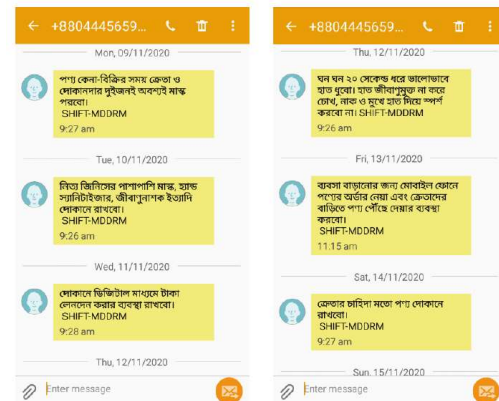
Later on in the project, a 2nd edition of the Amar Dokan booklet was edited.

Quote from Dnet Team: The booklet was very pictorial with real-life stories that illiterates could also benefit from. Acceptance has been high as clients saw their life represented. Some Micro-Merchants told us: “This book changed my life”.

B.4. Other Education Materials

Informative short message services (SMS) were used to disseminate business tips to Micro-Merchants. 27 SMS were developed which reached an average of 6,431 merchants.

Outbound dialers (OBD) are recorded messages delivered by call to Micro-Merchants. 7 OBDs on business advisory were developed and each was successfully delivered on average to 5,836 Micro-Merchants. By 50% of OBDs were listened to whole length.








Source 7_Business_Advisory_Report_Dnet_Nov 2020.pdf

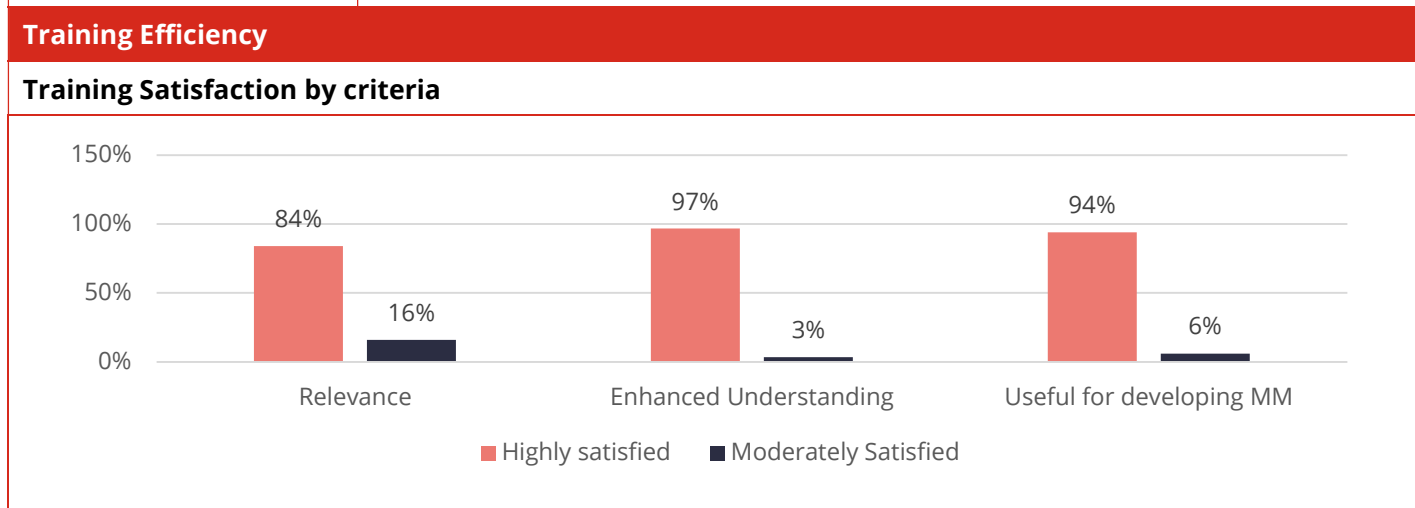
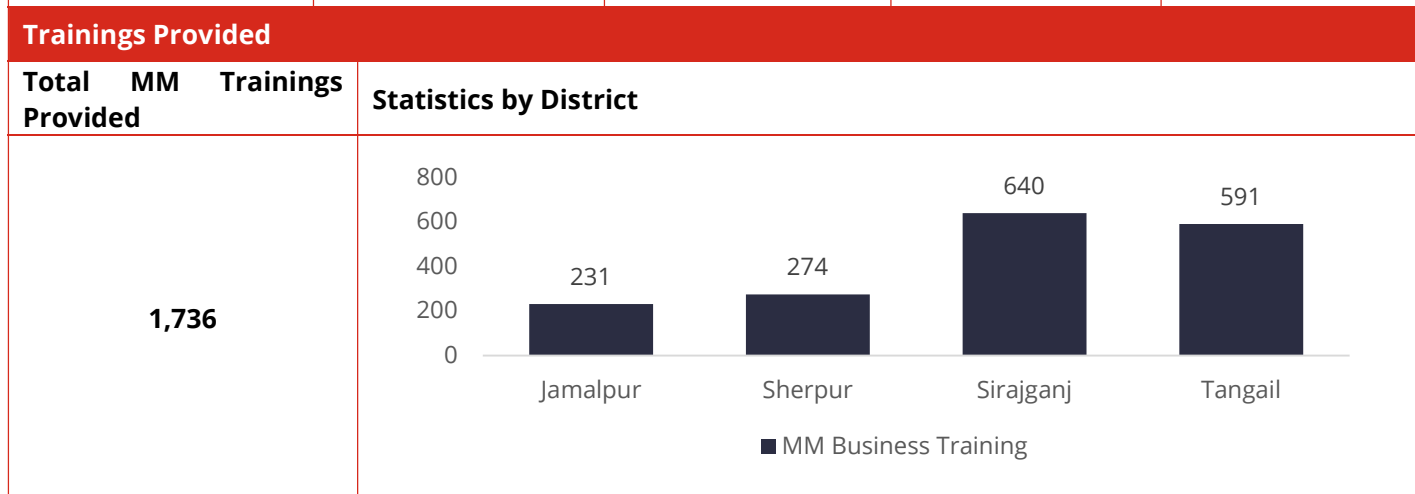
C. Pilot Results

The project through its App as well as through its provided training and event allowed to reach and support a significant number of Micro-Merchants. The profile of the audience included especially small size Micro-Merchants and youth with a low level of education and income. The training were overall efficient and appreciated by the audience. The table below illustrates these different aspects.

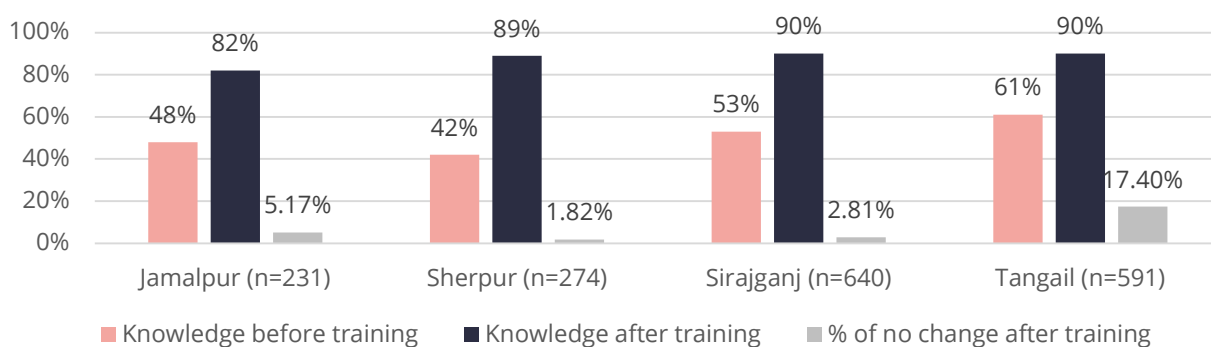
Project Key Achievement Figures

| Amar Dokan App | |
|-----------------|---------------------|
| App Daily users | Total App Downloads |
| 20,000+ | 100,000+ |

| Profile of trained Micro-Merchants | | | | |
|--|--|--|--|---|
| Less than 3000 BDT (USD 35) Daily Income | Less than 3 years in business | Primary Education or less | Below 25 years | % of Women |
|  53% |  29% |  25% |  13% |  8% |

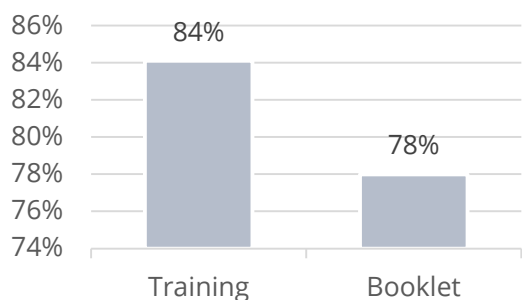


Level of Knowledge Estimate (n=number of trainees)

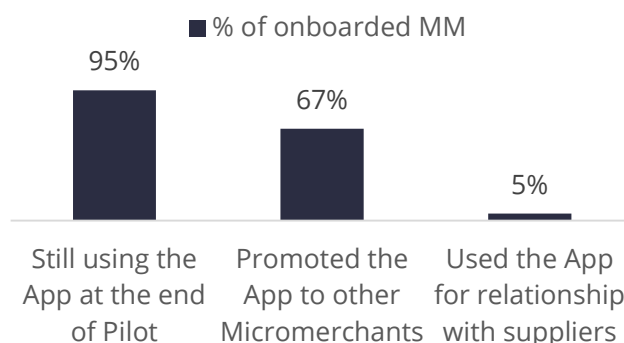


Outputs of Interviews with Micro-Merchants

Satisfaction with Services



Success Statistics



The overall satisfaction with service and the App was confirmed by the interviews. 66% of the merchants promoted the services of Dnet to others. Moreover, almost all the merchants on-boarded on the app were still using the application at pilot completion.

In terms of impact of the service on Micro-Merchants the interviews gave the following results:

| Project Impact Statement | Positive Result |
|--|-------------------------------|
| Improved my general businessman capacities | 85% (18 MMS out of 21) |
| Improved my bookkeeping capacities | 71% (15 MMs out of 21) |
| Improved the number of customers | 28% (6 out of 21) |

Beside that, around two thirds of interviewed MMs mentioned that they reduced their selling on credit after the training.

While the impact on capacities has been confirmed by interviews, only one MM reported an improvement of relationship with suppliers, and only one mentioned an improvement on access to financial services.

D. Challenges and Lessons Learned

Over the course of the project, a certain number of challenges have been faced in the efforts of building capacities of Micro-Merchants.

- **High diversity of profiles among Micro-Merchants.** There are big differences of behaviors and preferences between young and older Micro-Merchants. The level of digital literacy is an issue, especially with seniors and the overall level of education is low.
- **Lack of inspiration for many Micro-Merchants** who basically inherited their business from their father and are running it without ambitions or any idea on developing or securing the situation of the business.

Quote from Dnet:

Micromerchant market is very big, but most people operate in a very informal way. People are reluctant to secure capital to mitigate risk, and develop their business. Some young ones have some business development mindset, others do it just for survival

- **Sales on Credit is a key issue for customers.** This was not a challenge per say, but it was highlighted as a key issue that the Micro-Merchants were facing in their business. After completion of training, many Micro-Merchants took the decision to stop selling on credit, or at least to better monitor this type of practice.

36 yrs-old male, grocery shop from Tangail, Ghatail:

"I reduced my sales on credit by 50% thanks to the training and the booklet which I read".

- **Covid strongly impacted Micro-Merchants** in several different ways. First, Micro-Merchants were allowed to stay open only for some part of the day. The business was reduced due to students going home. The suppliers didn't take back the unsold products and some of it spoiled. The prices of products have increased impacting the relationship with customers as well. Closer relationship between Micro-Merchants and wholesale suppliers could have decreased COVID's negative impact on merchants.
- **High demand for more (physical) training and events.** Among provided services, the most appreciated by Micro-Merchants were face-to-face., like networking and experience-sharing activities. Other organized networking and experience sharing activities have as well been highly appreciated by Micro-Merchants. Networking meetings between MMs' associations received 100% satisfaction as well as as the exposure organized for Micro-Merchants. The app was more used by young Micro-Merchants while the older MMs appreciated the booklet more.

51 yrs-old, male, grocery shop keeper from Tangail, Ghatail:

"The training was very helpful to me. I learnt how to organize my shop and how to run the business. The booklet was also very helpful. I used to read that during my leisure time"

These challenges allowed us to propose a number of lessons learnt from this project:

- **Age of target is key to make efficient capacity building,** Dnet approach was efficient because various enough to adapt to a diverse audience.
- **A closer relationship with suppliers would secure Micro-Merchants' business** as the COVID19 situation highlighted the fact that poor organization and solidarity between merchants and suppliers made Micro-Merchants' business suffering.

- **Physical meetings are not a thing of the past** as they remain the most appreciated method of capacity-building, including training, networking, exposure, and experience sharing events.

Sources:

- Amar Dokan Mobile Application_Dnet.pdf
- Annex 3_Micromerchants Training Report June 2019.pdf
- Annex 3_Training to Micro-Merchants on business Nov 2020.pdf
- Annex 7_Business_Advisory_Report_Dnet_ Nov 2020.pdf
- <https://dnet.org.bd/>

Annex N – Bank Asia Case Study

A. Overview

| Pilot Promoter Profile | |
|--|---|
| <p>This project: ‘Digitizing Financial Transactions in Micro-Merchants Supply Chain in Bangladesh’, was Implemented by Bank Asia Limited with support from MSC (MicroSave Consulting) and in partnership with GrameenPhone Limited and Unilever Bangladesh.</p> <p>Bank Asia Ltd. is a leading private commercial bank which has been operating with a vision to serve people with modern and innovative banking products and services at affordable charge. The Bank was formed in 1999 by acquiring the business of two foreign Banks - The Muslim Commercial Bank and Scotia Bank. Bank Asia has expanded its Branch network all over Bangladesh and diversified channels to provide quality banking services for the customers that include robust branch banking, agent banking, Islamic banking, internet banking, mobile application, ATM, micro branch banking (RMG Digital Banking Booth) and so on.</p> | |
| Partners | |
| <p>MSC is a leading international consulting firm that offers practical, market-led solutions in the areas of Digital Financial Services, Inclusive Finance and Banking, Micro, Small and Medium Enterprises.</p> <p>GrameenPhone Limited is the largest mobile telecommunications operator in Bangladesh in terms of revenue, coverage and subscriber base. With more than 67 million subscribers it is an integral part of the economic life of Bangladesh.</p> <p>Unilever Bangladesh is the Bangladeshi branch of the world’s leading consumer goods company. Unilever makes and sells around 400 brands among which Lipton, Knorr, Dove and Hellmann’s. Every day, 2.5 billion people use Unilever products to “look good, feel good and get more out of life”.</p> | |
| Company development Stage | |
| Growth of Business Activity | |
| Identified Problem | |
| <p>Bank Asia is managing an agent network of around 4600 agents. In spite of this number, this network doesn’t reach well the most rural and remote customers. The project aims at addressing this financial integration issue.</p> | |
| Pilot Objectives | |
| <p>The main objective of the project was to develop and implement a digital payment gateway application allowing Micro-Merchants (MMs) to work as “Human ATM” for Bank Asia customers. This aimed at dramatically increasing the service coverage of Bank Asia. Project targets were set as follow:</p> <ul style="list-style-type: none"> • A platform is developed and allows the following: digital payment services, social safety net payment, bill payments, digitization of supply chain • At least 500 Micro-Merchants are on-boarded on the platform • At least 300 of them stay active at conclusion of the project • 250 Micro-Merchants had their credit worthiness assessed • 50 have received a credit | |
| Implementation Period | Pilot Budget from UNCDF |
| 15 th October 2018 to 30 th September 2020 | 15,978,400 BDT (USD 187,981) |
| Target Districts and Sub-districts | Extension Budget (After Pilot Completion) |
| Sirajganj, Sherpur & Jamalpur districts | 5,152,500 BDT (USD 60,618) |

B. Pilot Description

B.1. Project Context and impact of UNCDF project

Bank Asia started working on a concept of “human ATM” before the pilot project. The objective of this project would be to allow the bank to better reach rural areas. However the bank did not move forward on this project due to a certain number of bottlenecks:

- **Educating Merchants** to join the platform requires significant efforts and investment
- **Profitability of clients in rural areas** is lower than in urban centered
- **The development of a platform** in both English and Bangla would require adapted IT skills and time

Due to these, the board of Bank Asia delayed the start of the initiative.

The support of UNCDF through MDDRM decided the board to move forward with this project. This support helped invest sufficiently in the Micro-Merchants onboarding to secure a successful scaling of the user base and the success of the overall platform in the business model of the bank.

Quote from Bank Asia: “The Buy-in from board was secured by the budget allowing to invest in capacity building and phones for MMs. We could have a huge field mobilization and reach a setup where 9% of loans are from rural areas. The Shift project allows as well to connect with 2 promoters for 2nd round of project: iSocial and Shop-up.”.

B.2. Project Steps

Merchant Payment Gateway Application Development

A business IT team has been setup to supervise the needs requirement writing and the development process. As the IT team of Bank Asia had limited available capacity to develop the payment gateway application itself, the banks collaborated with an external tech company for platform development. Project has been actively sponsored by the managing director. This sponsoring facilitated the smooth implementation of the gateway.

Onboarding Phase 1. Grameenphone Micro-Merchants clients

The first phase of onboarding of Micro-Merchants was done through the clients of the Telco Grameenphone. By October 2019, 20 Micro-Merchants had been on boarded through this channel. This approach has been deprioritized as UNCDF required to put the accent on collaboration with the Fast-Moving Consumer Goods (FMCG) company Unilever. This was seen as a way to stimulate collaboration between actors of the value chain.

Onboarding Phase 2. Unilever Bangladesh products distributing merchants

In a second stage Bank Asia started a collaboration with Unilever to help attract more Micro-Merchants to the user base of the application. The onboarding process with these merchants was as follow:

- Unilever recommended retailers were **pitched one to one by agents**. They were explained the concept of collaboration.
- **780 proposed MMs were pitched** and invited for attending training sessions in Sirajganj, Sherpur and Jamalpur districts in august 2019.
- Training sessions were accomplished with **607 proposed MMs**.
- Out of these, **480 passed a selection process** aiming at ensuring their eligibility to become an app user.
- These selected Micro-Merchants were getting an **individual bank account opened and a mobile phone given** with the installed application.
- After getting accustomed with the application, the merchants started collecting payments from customers and disbursing social safety net payments.

B.3. Role of UNCDF funding

UNCDF funding allowed Bank Asia to affect the right resources to **complete the development of the solution** but as well to put the right resources and incentive in place to **facilitate the onboarding of Micro-Merchants**. In details the funding allowed to:

- a. Hire team members in charge of on-boarding and training the Micro-Merchants
- b. Give smartphones to Micro-Merchants as incentive to start using the application






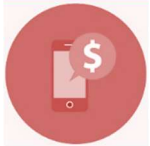

The funding allowed as well to invest in districts where the Bank is not the most developed.



Quote from Bank Asia: "Our primary challenges for rolling out the concepts were the application and front-end development, selling the concept to the users, the need of face to face interviews to educating merchants to join the platform. Covid was an extra additional obstacle"

C. Pilot Results

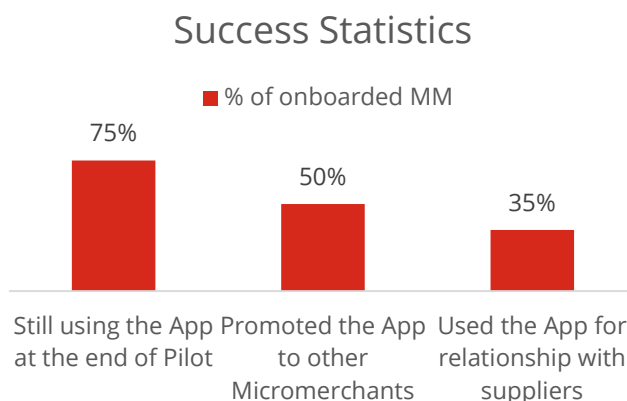
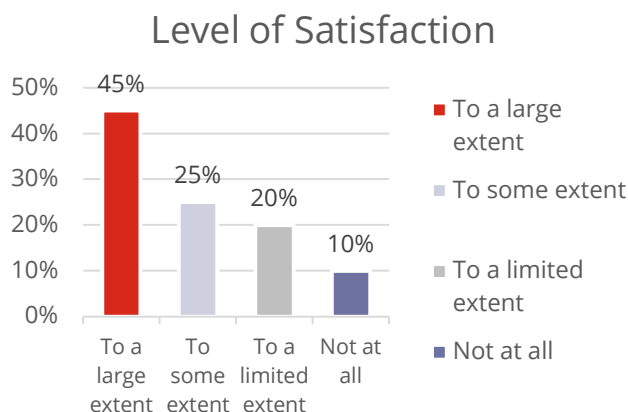
Following the end of the pilot project, the number of payment gateway users kept on increasing to become a mainstream service of Bank Asia. To that extent, the project and its extension can be considered a big success. A few key figures below illustrate this success.

Project Key Achievement Figures

| Merchants on-boarded | | |
|--|--|--|
| End of Pilot (Sept 2020) in targeted districts | June 2021 in Targeted Districts | June 2021, country figures |
|  500 |  3,414 |  36,144 |
| Active Micro-Merchants | | |
| End of Pilot (Sept 2020) in targeted districts | June 2021 in the whole country | |
|  60% (At least 1 transaction during pilot) |  40% (Active on daily basis) | |
| Average Daily Transactions (# of Transactions, Total Amount) | | |
| End of Pilot (Sept 2020) | June 2021 in the whole country | |
|  3,000, \$30k |  6,655, \$100k | |

| Credit activity at pilot end | |
|---|--|
| Micro-Merchants Credit Assessment | Micro-Merchants Credit disbursed |
|  251 |  50 |

Outputs of Interviews with Micro-Merchants



Interviews confirmed the overall satisfaction with the App. Only 10% of users stated not being satisfied with the App. 75% of the on-boarded merchants were still using the app at project completion. Half of interviewed merchants actually recommended the app to other merchants. 35% of the merchants said that the app helped them in the relationship with suppliers.

In terms of impact of the service on Micro-Merchants, the interviews gave the following results:

| Project Impact Statement | Positive Result |
|--|------------------------|
| Helped facilitate relationship with suppliers | 35% (7 MMS out of 20) |
| Improvement in access to microfinance services | 55% (11 MMs out of 20) |
| Increase in number of customers | 35% (7 MMs out of 20) |

Other key achievements

Operational Mobile Payment App



Profitable Business Model



Team and Process in place



Partnership with key FMCG player



D. Challenges and Lessons Learned

While the project has been a great success for the bank as the previous section highlights, a number of challenges and lessons learnt can be extracted from the pilot project experience.

- **Collaboration with Unilever was not seamless.** There were some challenges regarding the sharing of data. Approval had to be obtained from the group. At project conclusion, live data integration was not yet in place. Only now, as the user base is growing, they are starting to see the benefits of digital transactions.

Quote from Bank Asia: “Unilever never worked with any donor or similar project so they asked: Why should we do this, why should we let you have our data? It worked eventually because some of the merchants on boarded were already Unilever partners.”

- **Micro-Merchant knowledge of the platform can be optimized.** A significant proportion of interviewed Micro-Merchants don't have a full understanding of the functional coverage of the Bank Asia application.

32 yrs-old, male, grocery shop from Sherpur:

“It would be good if Bank Asia updates its application to allow us to pay the suppliers through the app”
(Note: The feature is already available)

52 yrs-old, male, grocery shop from Sadard (Jamalpur):

“I want to pay bills using the app, but I don't know how to do that. We need better orientation on app usage”

- **Some speed issues with the platform** have been reported several times by users. It seems the growth of user base created some bottlenecks on the loading speed and the capacity to perform transactions.

41 yrs-old, female, cosmetic shop from Sadar (Jamalpur):

“The app needs to be faster. The app is quite slow”

29 yrs-old, male, library shop from Sadar (Jamalpur):

“The app server behaves problematic sometime which is embarrassing in front of the customers. Once I was trying to pay electricity bill of one of my customers using the app but I could not because of the server issue. If they can fix the server issues that would be helpful”

- **Lack of support on provided smartphone was an issue** as some of the on boarded micro-merchants stopped using the app because they got technical issues with the free smartphone provided. Some of them seems could not smoothly download and start using the app from a different smartphone. Therefor the distribution of free smartphone, while being a good incentive to onboard micro-merchants, created sometimes frustration and dissatisfaction with the service.

23 yrs-old, male, cosmetics and confectionery shop from Sadar (Jamalpur):

“I received a smartphone from Bank Asia. But I lost the phone 6 months back. I asked Bank Asia to download the app to his own smartphone but I got no answer. That's why I don't use the app for the last 6 months. I used to use the app for paying electric bill and withdraw remittance”

- **There is space for improvement on usability of the application** as a few micro-merchants reported having faced issues in the overall process of learning how to use the system. It seems that digital literacy and interface optimization remain bottlenecks for better appropriation of the app by micro-merchants

36 yrs-old, male, grocery and bakery shop from Nalitabari (Sherpur):

"I think the Bank Asia app is hard to use and I do not feel safe to use the app. That's why I uses it through the promoter's app. More promotional activities are required. We need to work on financial literacy. School based program would be more effective as the kids are fluent in using technology and they can show their parents use of those"

These challenges allow us to propose a number of lessons learnt from this project:

- **Ergonomic of application and continuous supports are crucial** as digital literacy of users remains a bottleneck to get MMs use all functions provided.
- **Don't underestimate the challenges of initiating a collaboration with big FMCGs.** Consider partnering with smaller providers could make sense.
- **Offering free devices is not riskless**, without proper support it can generate frustrations and damages to client relationships.

Sources

- Interviews Supported Micromerchants 20210624
- Minutes of Interviews with Bank Asia (Bank-asia.docx)
- ProjectClosureReport.pdf
- 200928 Initial learning and rollout report Bank Asia MM project.pdf

Annex O – iSocial Case Study

A. Overview

| Pilot Promoter Profile | |
|--|---|
| <p>Infolady Social Enterprise Ltd. (iSocial) is an end-mile woman to women business network. It aims at providing technology-enabled offerings of goods and services for women, children and adolescent girls in Bangladesh. iSocial’s core component is ‘Kallyani model’. A ‘Kallyani’ is a woman in a rural community, who is trained (by iSocial) and digitally equipped to deliver services and products to women of the community.</p> | |
| Company Development stage | |
| <p>Profitable Business Model Research</p> | |
| Identified Problems | |
| <p>Women Micro-Merchants (WMMs) who are a key part of iSocial model still lack digital education and digital tools to help grow their business. As well, the cost of data collection is an important bottleneck for the development of a profitable business model. It prevents iSocial and its Kallyani model from growing faster. This project was/ is aiming at addressing these problems.</p> | |
| Pilot Objectives | |
| <p>To implement a business model Tech+ that combines the use of digital technologies with training, skilling and business development support to build women business networks. It should enable women to become micro-merchants providing products and services for women, children and adolescents.</p> <p>In figures, the objectives of the pilot project were to implement the digital solution in minimum 2 of the selected districts and achieve the following outreach:</p> <ul style="list-style-type: none"> • At least 200 women micro-merchants are on-boarded as Kallyani women and digital solution user. • At least 50% percent of women place the order and pay to the distributors using a digital payment. • 70% of the Women Micro-Merchants remain as active user of the platform by the end of the program. | |
| Partners | |
| <p>2 FMCG companies: Square (squaregroup.com) and ACI Group (aci-bd.com) are 2 big bangladeshi retail groups with important product lines in pharmaceutical products. Objective was to include them in the technological ecosystem to allow Micro-Merchants to perform orders to them right from the application.</p> <p>2 financial service providers: Nagad and Bank-Asia. They would be included in the ecosystem with the objective to provide financial services to the Micro-Merchants facilitating their stock management and investment based on an analysis of their need. This would be made possible by the analysis of data collected through the application.</p> <p>No full partnership with Tech Company was launched. For what relates to the development of the digital application, internal development resources were used with some support from external experts.</p> | |
| Implementation Period | UNCDF Pilot Budget |
| 13th January 2019 to 30th September 2020 | 13,357,621 BDT (USD 157,148) |
| Target Districts and Sub-districts | UNCDF Extension Budget (After Pilot Completion) |
| Sherpur and Sirajganj districts | 3,500,000 BDT (USD 41,176) |

B. Pilot Description

B.1. Pilot Objectives

The project was defined with 3 major objectives:

- a) **Design and operationalization of an extended digital platform** for relevant players of the micro-merchant ecosystem with a special focus on women micro-merchant.
- b) Building a system for women to become Micro-Merchants with a **reduced entry barrier**.
- c) Integration of Women Micro-Merchants to **digital supply chain and payment system**.

B.2. Pilot as part of iSocial Business Model

iSocial is a social business generating revenues through the following channels:

- The collection of **membership fees** from Kallyani women
- **Revenue from e-commerce** and Hub-Shops (B2C)
- **Commercial partnerships** with different companies having interest in linking with the Kallyani network and their clients (B2B)
- **Valorization of the data collected** through the Kallyani Network

Through this project iSocial aimed at **improving the quality of service** to Kallyani women through the convenience brought by the digital app for placing orders to FMCGs. Also, they aimed at using the app as a **channel to collect better data about activities** and purchase habits of Kallyani of their clients. Data that could be later-on valorized through partnerships.

B.3. Activities

The activities lead by iSocial team through the project were structured along 2 main components:

1. **Technology and Business Model Operationalization**
2. **Onboarding, Communication and Transaction Service**

The first of these 2 components was the most innovative one for iSocial. It included the development of the **Mobile Application for Micro-Merchants called Insight Suite+** and later renamed Shujug. As well, it included the development of partnerships with Fast Moving Consumer Goods (FMCG) companies and financial institutions.

The second one was closer to the usual activities of iSocial. It consisted in the **onboarding of women aiming at getting them become Kallyani**. It included in the training a section dedicated to the usage of the newly developed digital platform.

B.4. Implementation Modality

The project was mainly consisting **in using the existing teams and instruments of training and onboarding of Kallyani women to develop the Kallyani network in the targeted regions** of the project, and meanwhile **add to the onboarding package the digital solution** aiming at facilitating the entry into the model. iSocial on-boarding team therefore trained 200 women to the Kalyani system as well as introduced them the application.

It included at management level **advanced discussions with FMCGs** to get them join the ecosystem and allow Kalyanis to directly place orders to them through the platform

Quote from iSocial: "The Biggest success of the project was to put us in a position to scale up the model"

B.5. Results of activities

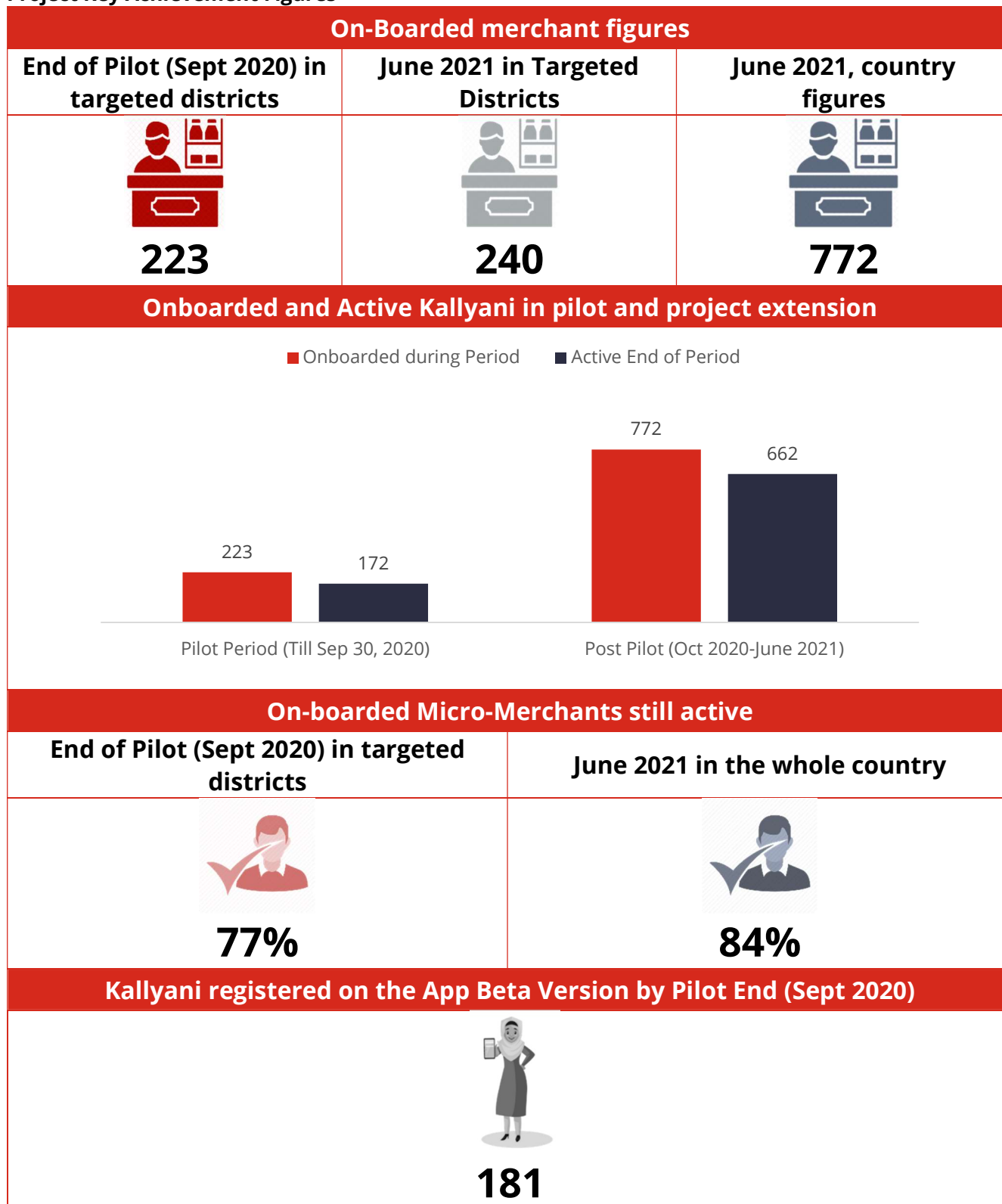
The first version of the Mobile application has been developed by internal IT resources. By end of the pilot in September 2020, **no female MMs had effectively been on-boarded** on the enhanced digital platform since it was launched only in March 2021. At the end of the pilot period 181 Kallyani had only registered to use (but not actually use) the early version of the platform (Insight Suite+). Therefore the effective results of the App development activity are limited.

The training and onboarding of WMMS to become Kallyani women has been performed more successfully. 223 of women were on boarded in the targeted districts and close **to 80% of them were still active Kallyani at the end of the pilot**.

C. Pilot Results

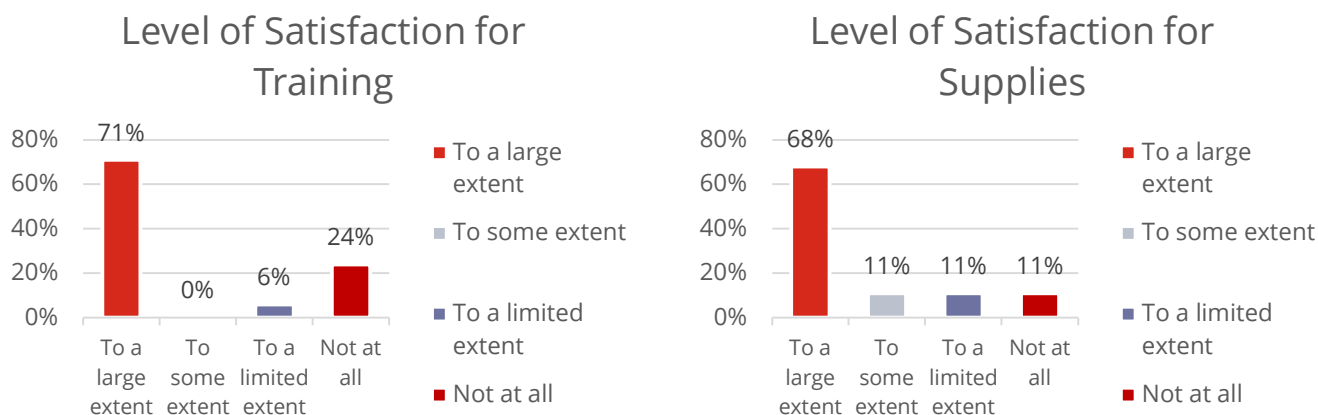
Kalyani Women onboarding objectives have been reached by iSocial. As well, the project helped iSocial educates itself on digital topics and expand its model in project targeted regions.

Project Key Achievement Figures



Unfortunately the app developed was only a Beta version and it seems no Micro-Merchants have been using it actively. Therefore no data is available in terms of Kallyani women still using the application at this stage.

Outputs of Interviews with Micro-Merchants



Performed interviews highlighted an overall good level of satisfaction with provided training and supply services.

In terms of impact of the service on Micro-Merchants, the interviews gave the following results:

| Project Impact Statement | Positive Answers |
|--|------------------------|
| Improved my general business management capacities | 43% (10 MMS out of 23) |
| Improved my number of clients | 52% (12 MMs out of 23) |
| Improved my income | 65% (15 MMs out of 23) |
| Improved my access to suppliers | 30% (7 MMs out of 23) |

While the impact on business results and access to suppliers were good, no impact has been reported in terms of access to financial services.

Other key achievements

A Beta Version of Mobile App



Learnings on Technology Project



Kallyani Model Scale-up in Sherpur and Sirajganj districts



Initiate relationship with 2 local FMCGs



After Pilot completion, a budget extension has been given allowing iSocial to keep onboarding new Kallyani women. The project extension allowed to onboard a significant number of new Micro-Merchants. We notice as well that the program started being open to men Micro-Merchants. But from Q2, the number of on boarded Micro-Merchants has dropped.

D. Challenges and Lessons Learned

While the project successfully allowed iSocial to **expend its model of Kallyani** in the targeted regions, several challenges have been faced for what relates to the development of the digital based ecosystem aiming at empowering Kallyani's and create synergies between stakeholders. Target was put on spreading the network of Kallyani women maybe to the detriment of depth of training and quality of some relationship.

This is being assessed as a conclusion of interviews performed with both pilot promoters and women entrepreneurs served through the project.

The main challenges identified through the project were the following:

- **Delays in development the Application.** Pilot promoter testified to some delays in delivering the platform compared to planned schedule. Some interviewed merchants said that the platform was not fully completed when introduced to them. 10 digital team members were involved in the development. By the end of the pilot the first Beta version Insight Suite+ was available. The final version Shugij was launched in March 2021 only.
- **Unclear appropriation of the application by Micro-Merchant.** Out of the interviewed Micro-Merchants none of them are actually still using the application. The functional value of the platform could not be verified.

21 yrs-old, groceries and hygiene products shop from Sherpur

"The app was installed to my phone but I did not use that. I can do it over the phone -it is more comfortable doing by phone, why use it when I can call".

- **Onboarding and follow-up not always pro-active.** Interviews with Micro-Merchants highlighted some weaknesses in the process of onboarding of Micro-Merchants. Out of the 20 interviewed Micro-Merchants, 8 didn't operate (some because of the lack of supplies), a few claimed to not have received training.

50 yrs-old, groceries and hygiene products shop from Sherpur

"I was not involved as Kallyani. Not even received any training. The promoter came and just hanged one signboard. That was it. Nobody ever had any more communication. You are the first one who communicated regarding this after we received the signboard".

- **Attracting FMCGs to the platform was difficult.** It seems their system maturity and operational practices didn't allow to easily include them in the eco-system and allow Micro-Merchants to directly place orders to them through the platform.

Quote from iSocial: "BoP FMCG sector not fully digitizes the last mile sales and distribution. We had development delays with the software, but we also knew that some FMCG companies would have difficulties, so we acted as de facto distributor, link between them and Kallyani. Such companies like Unilever can use brute force, others struggle to reach (such as square) out. Building an ecosystem product, alignment on so many levels is difficult".

These challenges allow us to propose a number of lessons learnt from this project:

- **Developing and rolling-out successfully a digital application can be a challenge for non-IT Companies like iSocial.** Partnership non-IT/IT should be considered.
- **Pilot partners would likely deliver better on activities close to their core business,** like iSocial on Kallyani onboarding.

- **Better invest in development of good training** and onboarding process than push to reach some target numbers with an on-boarded process not fully completed.
- **Don't underestimate the challenges of getting FMCGs to open their process** and connect an external digital application to their systems.

Sources:

- Interviews Supported Micro-Merchants 20210624
- Interview with iSocial Management
- UNCDF Final Report_September 2020_iSocial - Revised.pdf
- OUTLINE OF THE FEATURES OF THE TECHNICAL PLATFORM DOCUMENT.pdf
- Field Activation Plan for Promotion, Micro-Merchant Acquisition and Support.pdf

Annex P – SureCash/TallyKhata Case Study

A. Overview

| Pilot Promoter Profile | |
|--|---|
| <p>Progoti Systems Limited (PSL) is one the fastest growing fintech in Bangladesh. It currently offers mobile based digital products and services. PSL provides technical solution and service, and manages the distribution channel for SureCash MFS services, a co-branded MFS services with 4 commercial banks – Rupali Bank Limited, First Security Islami Bank Limited, Bangladesh Commerce Bank Limited, and Jamuna Bank Limited. PSL has around 23 million customers who are using SureCash MFS services for education, utility and bill payment, regular cash-in and cash-out services, receiving payments or benefits for various safety net products.</p> | |
| Company development Stage | |
| <p>Fintech Growth Phase</p> | |
| Identified Problem | |
| <p>An important service gap exists in Bangladesh in terms of digital application and financial services for Micro-merchants (MM). A recent UNCDF surveys exposed the following situation:</p> <ul style="list-style-type: none"> • 31% micro-merchants are using smartphones and 30% have mobile financial services (MFS) wallets but 0% have merchant type wallets • Among the MFS user micro- merchants, 43% uses MFS for their business but only 5.6% are using the wallet for paying to their suppliers • 61% of all micro-merchants took loans only for their business but only 13% from banks and 68% from Micro Finance Institutes (MFIs). <p>These figures highlight great opportunities to fill this gap with adapted digital and Fintech services for Micro-merchants in Bangladesh. This project aimed at seizing these opportunities.</p> | |
| Pilot Objectives | |
| <p>The project (namely: “Implementing Business Model that Inducts Merchants as MFS Agents and Integrates Digital Transaction, Cash Management Solution and Credit Facility”) was being implemented to develop use cases of digital innovations associated with the micro-merchants (MMs, retailers or grocery shops). The concrete objectives of the pilot project were:</p> <ul style="list-style-type: none"> • Allow MMs to perform personal and Merchant payments through dedicated app • Allow MMs to pay supplier through the app • Allow MMs to generate revenues acting as MFS agents • Allow MMs to improve their financial management through a digital book keeping app for their daily retail business • Build a reliable record of transactions for MM retailers • Offer credit service to micro-merchants based on their transaction history | |
| Implementation Period | UNCDF Pilot Budget |
| April 2019-March 2021 | 15,259,278 BDT (USD 179,521) |
| Target Districts and Sub-districts | Extension Budget (After Pilot Completion) |
| Sherpur, Jamalpur, Tangail & Sirajgonj; 5 upazilas in 4 districts | 1,610,783 BDT (USD 18,950) |

B. Pilot Description

B.1. Context of the Pilot Project and UNCDF project impact

The pilot project focused on delivering the following 3 tools to Micro-merchants:

- **The book keeping application** for Micro-merchants called TallyKhata,
- **A Surecash merchant wallet app** to turn MMs into agents,
- **An access to a credit facility** with low interest through partnership with financial institutions and valorization of Tallykhata transaction history.

Surecash was planning to launch a book-keeping application for some time. However the lack of time and budget prevented them from starting. Surecash is a digital company first and performing physical onboarding of merchants is not their core know-how. Therefore Surecash had a prudent approach. The financing of UNCDF helped convince them to move forward with the project.

B.2. TallyKhata App Bookkeeping and MFS functions development

Tallykhata Book keeping app

The development of Tallykhata was done leveraging at its maximum the skill and experience of Surecash in developing user-friendly and convenient applications. The developed app was made downloadable on Google Play. It can be used both online and offline and allows micro-merchants to perform the following transactions and actions:

- Cash sales
- Credit sales
- Digital sales
- Credit reconciliation
- See daily/monthly income and expense statement
- Daily expense entry
- Supplier payments through SureCash
- Collect payments from customer through SureCash

Several usability tricks were included among which a calculator function allowing the MM to directly input the result of a calculation as an entry for a transaction.

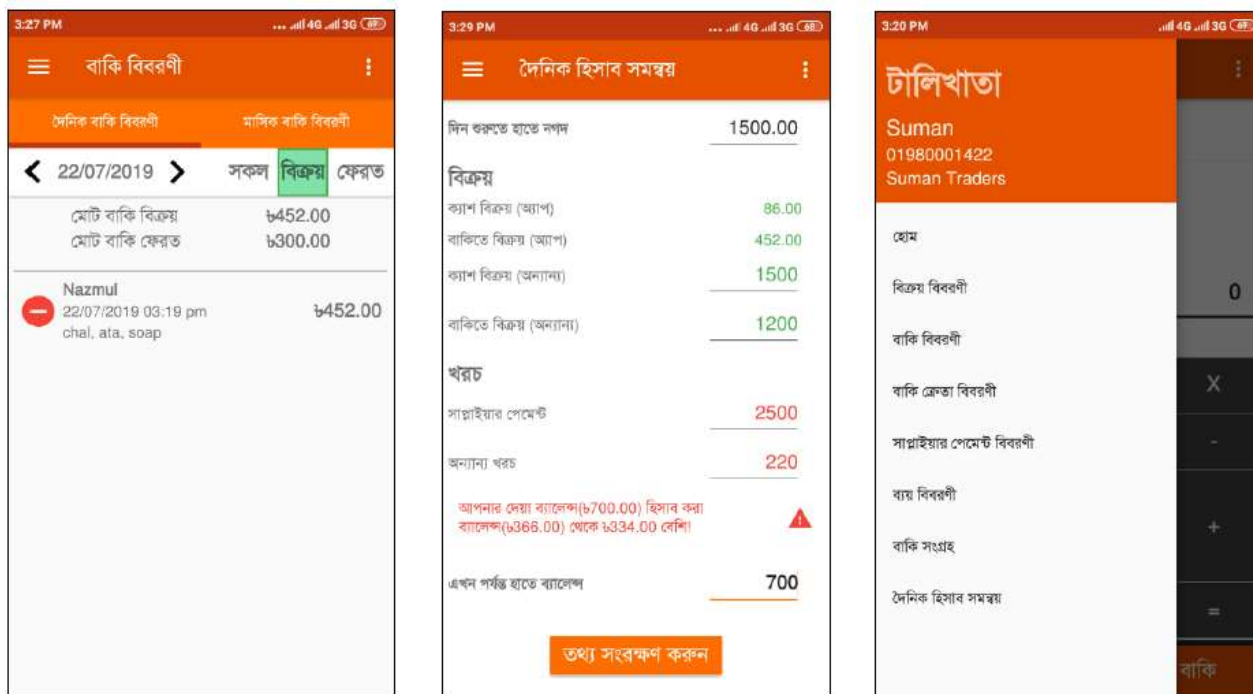


Figure 5 - Screenshots from Tallykhata - Sources: UNCDF Project Closing Report 0321 v10.pdf

Mobile Finance Service (MFS) Integration

It was originally planned to create a separate app to handle the MFS services for MMs. However after thorough analysis, it has been decided to develop the MFS functions within the Tallykhata application.

This extra functions allowed the MMs and the partner suppliers or FMCG Distributors to perform a series of transactions right from the application. In details:

| Micro-Merchants | Suppliers/FMCG Distributors |
|--|--|
| <ul style="list-style-type: none"> • Receive payment from customers • Reverse payment • Cash-out from agents • Pay to suppliers • PIN change • Check balance • Mini Statement | <ul style="list-style-type: none"> • Receive payments from MM • Reverse payment • Cash out from Bank • PIN Change • Check balance • Mini Statement |

Internal team of SureCash performed the development. 40 team members out of the 150 employees of Surecash were involved in the development of Tallykhata.

B.3. Phased-out, Multichannel Onboarding Campaign

The initial testing and onboarding of MMs on the Tallykhata application has been done by phase and using several channels of acquisition.

Initial roll-out, testing and adjustments

The very first testing of the Tallykhata application was performed on a **testing sample of 10 Micro-merchants** from Sherpur district and one supplier. The testing people received the application, a Surecash merchant wallet, and hands-on, onsite training from business promoters (BP).

This initial testing validated the key functions and transactions available in the application while identifying a number of weaknesses requiring adjustments in the system. Among others we can mention the addition of a function allowing MMs to easily send a payment request to the customers with debts. Payment can then be performed by the customers just by entering his PIN in the payment request received.

Field Activation

Once the application was judged ready the deployment on the field was initiated. This deployment was performed first through onsite marketing at MM's place:

- **22 Business promoters (BPs), 5 supervisors and 2 coordinators** were hired, trained and dispatched through 5 upazilas with Tallykhata branded Tshirts
- **Marketing materials were developed** to support the work of BPs
- **Promotion process and route plan** were developed and trained to the deployment team
- **3,232 MMS and 8 supplier partners** were onboarded through this phase

Digital Onboarding

Surecash marketing team rolled-out a dynamic digital marketing campaign to onboard micro-merchants through the following channels and actions:

- **Google Playstore** with systematic sharing of app links in post to improve the referencing of the app
- **Active SMS marketing campaigns** were lead to update registered users about new features and push them to share link to download the app
- **Bonus and Cashback** on mobile recharge were offered for Micro-merchants having mobile wallet to incentivize users to perform transactions
- **A dedicated Tallykhata website** was developed for the application

A monitoring dashboard was put in place to follow the progress in terms of registered micro-merchants and activity on the platform.

B.4. Partnership development with Banks

Communication has been initiated with local banks to propose credit services to clients through the platform. Eventually 4 agreements were reached with financial institutions to initiate disbursements of loans: Brac Bank Limited and 3 micro-finance institutes named BURO Bangladesh, Society of Social Service and Progress Bangladesh.

B.5. Result in a nutshell

Both Surecash and Tallykhata app were promoted in targeted districts during the pilot. However after pilot completion, the priority has been put on Tallykhata app, as very good traction was being seen in term of downloads and usage of the app. **TallyKhata app is now a very well-known and appreciated tool**, used not only by MMs but reportedly also be regular workers and students as well as organizations for keeping track of payments and other financial transactions. Several interviewed non-SureCash/TallyKhata MMs also mention that they or other MMs in their communities use the TallyKhata app.

Quote from Surecash: "TallyKhata is a pioneer in this market Workers, TallyKhata app is becoming popular"




B.6. Extension Rapid Scale-up Program

After pilot completion a rapid up scale up program was run in March 2021 to onboard additional 1,000 FMCG micro-merchants on TallyKhata in at least 2 of the 4 target districts by March 31. Target was set to ensure that 70% of the newly on boarded micro-merchants on TallyKhata app are engaged with at least one transaction. This was done through various target specific digital campaigns among which Facebook marketing and GoogleAds.

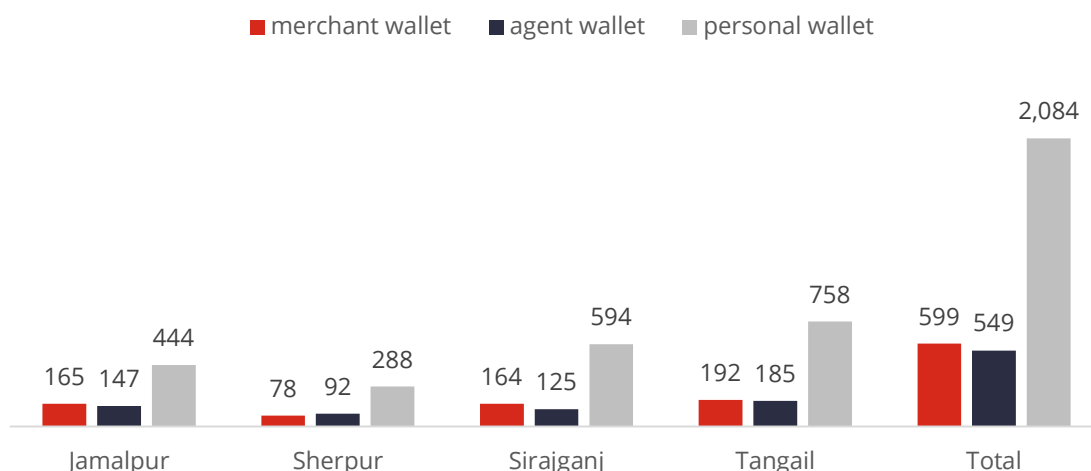
C. Pilot Results

The project outreach has been very good in the targeted districts. It allowed the Tallykhata app to grow very fast all over the country after project completion. The figures below illustrate this success.

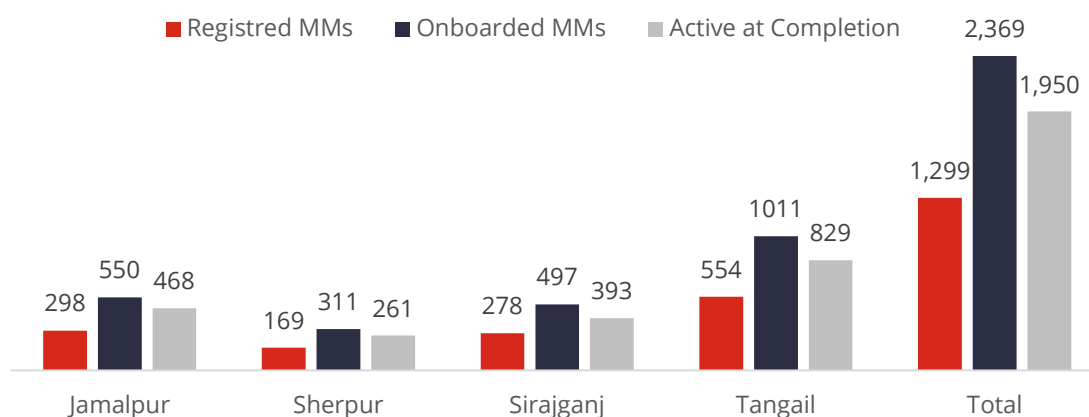
Project Key Achievement Figures

| Merchants On-boarded | | |
|--|--|---|
| End of Pilot (Sept 20) users of <u>Surecash</u> and <u>Tallykhata</u> in targeted districts | June 2021 <u>Tallykhata</u> <u>Users</u> in Targeted Districts | June 21, country figures for Tallykhata App |
|  3,232 |  61,000 |  2,400,000 |

On-Boarded MMs by wallet types at pilot completion (Sept 2020)



Rapid Scale-up Results (March 2021)



Active Micro-merchants in the Apps

End of Pilot (Sept 20) wallet active users in targeted districts



37%

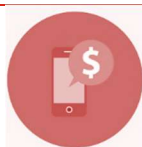
Rapid Scale-up TK active users in June 2021



82%

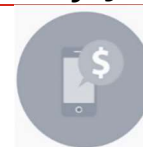
Transactions

End of Pilot Micro-Merchants wallet transactions (Sept 20)





47,000

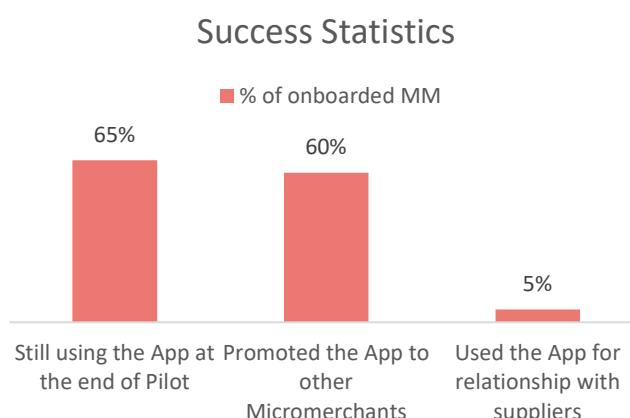
Monthly Tally Khata Transactions over the Country (June 2021)



15M

| | |
|---|--|
| \$ 3.16M Payments+Cashouts+cashins for agents and merchant wallets | |
| Credit activity at pilot end | |
| Micro-Merchants Credit Disbursed | Micro-Merchants Credit disbursed |
|  101 |  \$125k |

Outputs of Interviews with Micro-Merchants



The satisfaction with the application was good as 65% of interviewed people were still using the platform at pilot completion. More than half of interviewed people recommended it to other micro-merchants.

In terms of impact of the service on micro-merchants the interviews gave the following results:

| Project Impact Statement | Positive Result |
|--|-------------------------------|
| Improved my general businessman capacities | 10% (2 MMS out of 20) |
| Improved my bookkeeping capacities | 70% (14 MMs out of 20) |

While the impact on bookkeeping capacities has been confirmed by interviews, no impact has been reported in terms of access to financial services. Only one user said he is using the application to keep transactions ongoing with suppliers.

D. Challenges and Lessons Learned

While overall the project can be considered to have been very successful a number of challenges have been faced.

- **Challenges working with Banks.** While the banks seemed motivated to collaborate, a lot of obstacle were being faced. The approval structures and procedures of the banks were not very flexible. It created issues to concretize a partnership to loan to micro-merchants.

Quote from SureCash: “On digital project, we did well. When there was need of more direct contact with banks for credit, it was more difficult. Merchants are very dynamic but banks less so- At the top they seem dynamic but actual procedures are not so. This was a learning for us because we’re a tech company. Banks want digital model plus their model – our 15 data points and then theirs on top. It becomes too complex. We are now approaching MFIs who seem more dynamic.”

- **Some users don’t know all the features of the application** in spite of the user friendliness of the application. It seems some extra guidance to help use the system in all its capacity could be useful.

Quote from regional coordinator at Surecash: “The product is extremely easy to use. However, many MMs are not aware of all the features and uses. Interestingly many other types of users use the app who are not targeted audience such as many NGO.

Workers use the app for keeping record of repayments, Internet service providers use the app to keep the record. Some students also use the app to keep record of their financial matters”

- **Rising Competitors** have been reported several times through interviews with customers. Some customers actually clearly stated preferring some other available applications at least for what relates to transactions. The most quoted competitors are bKash, Rocket and Nagad for wallets option and sManager for book keeping.
- **Lack of direct contact is still a weakness.** Some micro-merchants complain that more frequent visit from Tallykhata promoters to their shop would help increase the value they get out of the application.

39 yrs-old, male, grocery shop and bKash agent from Sirajganj (Sadar):

“Tallykhata was good but the market promoters don't visit regularly. If they follow up regularly, it feels good. I don't use Tallykhata anymore, I use sManager.

These challenges allow us to propose a number of lessons learnt from this project:

- **Banking sector must gain in flexibility** to facilitate collaborating with FinTech actors such as Surecash and Tallykhata and reach more easily micro-merchant segment in their products. Support projects could focus on that.
- **There are drawbacks to the full digital**, especially when the digital literacy of clients is not high like it is sometime the case for micro-merchants in Bangladesh. It seems that frequent client visits is still needed to maintain clients’ fidelity.

Sources:

- Interviews Supported Micromerchants 20210624
- Interview with Surecash management. Annex Surecash.docx
- UNCDF Project Closing Report 0321 v10.pdf

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